

**ATTESTATION REPORT
OF THE
NEBRASKA DEPARTMENT OF LABOR
JULY 1, 2005 THROUGH JUNE 30, 2006**

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the Auditor of Public Accounts.**

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Issued on March 21, 2007

NEBRASKA DEPARTMENT OF LABOR

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NEBRASKA DEPARTMENT OF LABOR

BACKGROUND

The Nebraska Department of Labor (Department) protects the welfare of working Nebraskans. It enforces State and Federal laws and distributes Federal funds relating to unemployment compensation insurance, job development and placement activities, special job training and employment programs, and worker health and safety. It also enforces labor laws and does boiler, elevator, and amusement ride inspections.

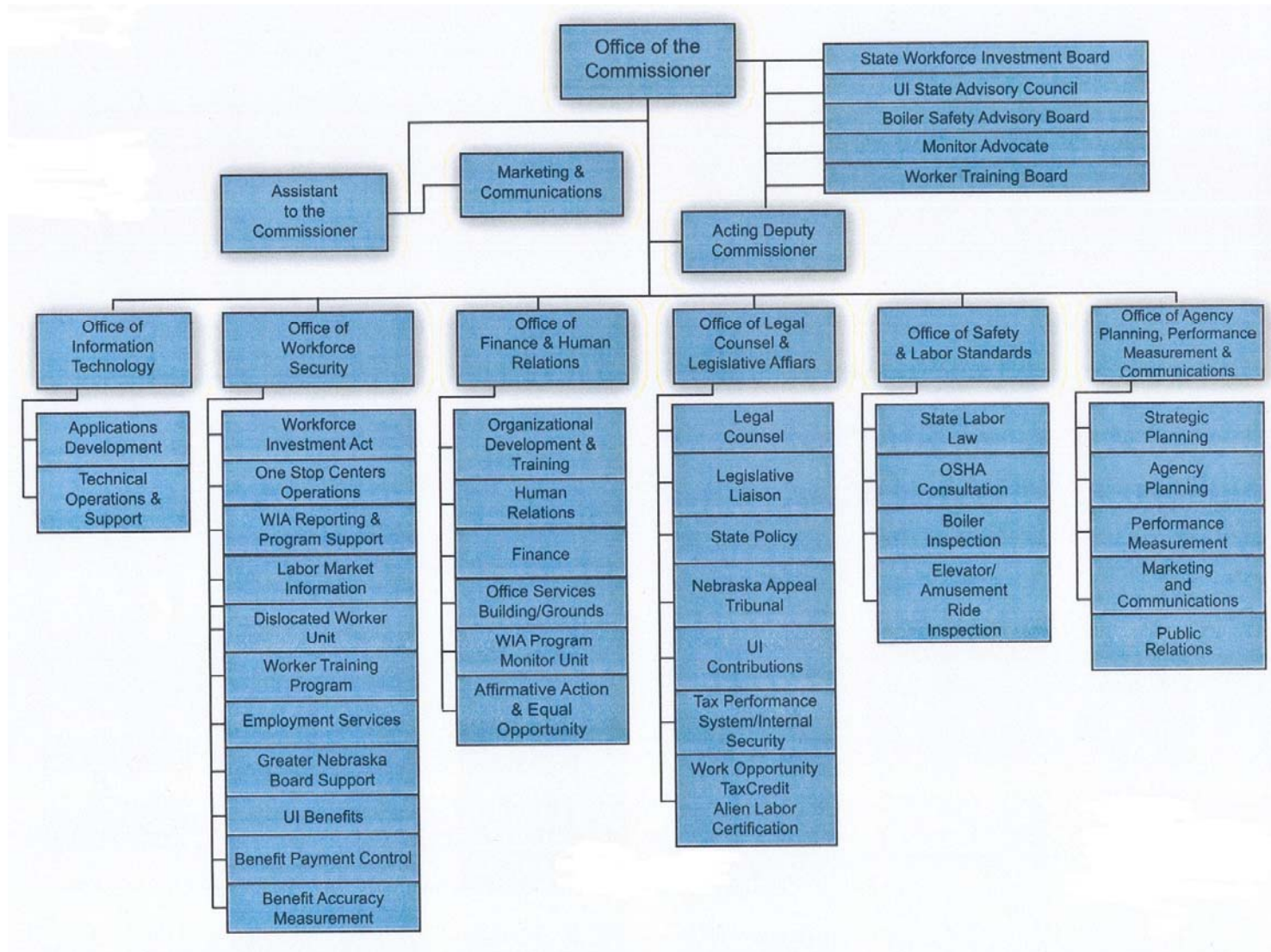
Elements of the current Department were initially established in 1877 through the creation of a Bureau of Labor, Census, and Industrial Statistics. The Labor Commissioner, who is appointed by and serves at the pleasure of the Governor, heads the Department. The Department is organized into the Office of Workforce Security, the Office of Safety and Labor Standards, the Office of Legal Counsel and Legislative Affairs, the Office of Information Technology, and the Office of Finance and Human Resources.

MISSION STATEMENT

Nebraska Workforce Development (NWD) provides a framework for a system that focuses on meeting the needs of businesses for skilled workers; and the training, education, and employment needs of Nebraska's citizens.

NEBRASKA DEPARTMENT OF LABOR

ORGANIZATIONAL CHART



NEBRASKA DEPARTMENT OF LABOR

EXIT CONFERENCE

An exit conference was held February 26, 2007, with the Department to discuss the results of our examination. Those in attendance for the Nebraska Department of Labor were:

NAME	TITLE
Fernando "Butch" Lecuona	Commissioner
Kay Marti	Deputy Commissioner
Jolee Wheatley	U.I. Trust Fund Supervisor
Donna Hink	Benefits Administrator
Chris Nider	Federal Aid Administrator
Becky Tejral	Budget Officer III
Denise Schroder	Business Manager
John Albin	Agency Legal Counsel
Bill Hetzler	Executive Director, Safety & Labor Standards
Bill Ellingrud	Human Relations
Dennis Lacquement	Administrator OWS
Bob Shanahan	Executive Director, Office of Information Technology
Sue DeMoss	OFHR Monitor
Gary Zook	U.I. Tax Administrator
Kathie Lueke	OWS Administrator

NEBRASKA DEPARTMENT OF LABOR

SUMMARY OF COMMENTS

During our examination of the Nebraska Department of Labor, we noted certain matters involving the internal control over financial reporting and other operational matters that are presented here.

1. ***NIS Batch Management:*** During our review of batch management, we noted two employees were able to prepare, approve, and post their own documents on the Nebraska Information System (NIS).
2. ***Internal Controls Over Payroll:*** We noted there was no documented independent review of the final payroll or a reconciliation of the payroll input to the final NIS payroll register to ensure the information was correct.
3. ***Employee Payroll Documents:*** We noted two I-9 forms were not on file and five employees had deductions which did not agree with W-4 forms on file.
4. ***Internal Controls Over Boiler and Elevator Inspection Receipts and Receivables:*** During our review of Boiler and Elevator Inspection receipts, we noted three individuals were in charge of all key receipt and receivable processes for their location or division. We also noted no documented independent review of receivables aging reports.
5. ***Internal Controls Over Amusement Ride Permits:*** We noted a lack of internal controls over the Amusement Ride Inspection receipts and permits including permits were not pre-numbered, voided or spoiled permits were not kept on file, and spreadsheet to track permits was not uniformly completed.
6. ***Internal Controls Over Fixed Assets:*** We noted there was no documented independent review of NIS fixed asset reports, fixed assets were not coded properly or added to the NIS fixed asset ledger, and there was no documented independent review of the annual fixed asset inventory.
7. ***TSB Billings and Expenditures:*** During our review of Transportation Services Bureau (TSB) billings and expenditures, we noted mileage was not reasonable based on the most direct route of travel, travel could not be traced to supporting documentation, and mileage logs did not have all points of destination recorded.

More detailed information on the above items is provided hereafter. It should be noted this report is critical in nature as it contains only our comments and recommendations on the areas noted for improvement.

Draft copies of this report were furnished to the Department to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Responses have been

NEBRASKA DEPARTMENT OF LABOR

SUMMARY OF COMMENTS
(Concluded)

objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time, but will be verified in the next examination.

We appreciate the cooperation and courtesy extended to our staff during the course of the examination.

NEBRASKA DEPARTMENT OF LABOR

COMMENTS AND RECOMMENDATIONS

1. NIS Batch Management

Good internal control requires batch management in the Nebraska Information System (NIS) be set up to ensure employees are not able to prepare, approve, and post their own documents.

During our review of NIS batch management, we noted two employees were able to prepare, approve, and post their own documents.

There is an increased risk of loss or misappropriation of State assets when employees are able to prepare, approve, and post their own documents on NIS.

We recommend the Department develop and implement policies and procedures to ensure employees are not able to prepare, approve, and post their own documents on NIS.

Department's Response: These two employees need to be able to prepare purchase orders and receive against them. Based on NIS instructions for receipting of goods and services they need to be able to "approve" their own documents. After the receipt is complete, the document is segregated by completion of payment by accounting staff.

Auditor's Response: We disagree with the Department's response that the NIS instructions indicate the need to be able to "approve" their own documents for receipting of goods and services. Other state agencies have the ability to receive goods and services without the ability of an individual to prepare and approve their own documents. We continue to recommend no individual have the ability to prepare, approve, and post their own documents on NIS.

2. Internal Controls Over Payroll

Good internal control requires a documented independent review of the final NIS payroll register. Good internal control also requires a reconciliation of payroll data input to the final NIS payroll register.

We noted the employees responsible for the review of the final payroll register also had access to the payroll processing function on NIS and there was no documented independent review of the final payroll register. Further, there was no reconciliation of the payroll data input to the final NIS payroll register to ensure the information was correct.

Without adequate controls there is an increased risk that errors or irregularities related to payroll could occur and go undetected.

NEBRASKA DEPARTMENT OF LABOR

COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Internal Controls Over Payroll** (Concluded)

We recommend the Department implement procedures to ensure a documented independent review of the final payroll register is performed. We also recommend the Department ensure payroll data input is reconciled to the final NIS payroll register.

Department's Response: Data input into NIS is being reviewed and verified for accuracy by HR staff and reconciliation occurs at each step as the process progresses. All items are reconciled with the final payroll register. The HR area will develop documentation procedures to record the reconciliation in writing.

3. **Employee Payroll Documents**

The Employment Eligibility Verification (I-9) Form states, "All employees, citizens and non-citizens, hired after November 6, 1986, must complete Section 1 of this form at the time of hire, which is the actual beginning of employment. The employer is responsible for ensuring that Section 1 is timely and properly completed."

Good internal control requires all employees complete Form W-4 in order to ensure the correct amount of Federal income tax is withheld from gross pay.

During our review of payroll expenditures for 25 employees we noted:

- Two employees did not have I-9 forms on file with the Department.
- One employee had an additional \$50 withheld from each paycheck for Federal taxes in NIS; however, his W-4 indicated only an additional \$30 was to be withheld.
- One employee elected to have Federal taxes withheld at the married rate per the W-4; however, State tax amount was being withheld at the single rate. There was no documentation to support the amount being withheld for State tax.
- Two separate employees elected two exemptions per their W-4; however, their withholding was based on zero exemptions and three exemptions respectively.
- One employee did not have a W-4 on file with the Department.

The Department is not in compliance with the Employment Eligibility Verification (I-9) Form requirements. There is an increased risk that employee tax withholdings are incorrect if accurate W-4 forms are not maintained.

COMMENTS AND RECOMMENDATIONS
(Continued)

3. Employee Payroll Documents (Concluded)

We recommend the Department implement procedures to ensure Employment Eligibility Verification (I-9) Forms are completed for all employees hired after November 6, 1986. We also recommend the Department ensure current W-4 Forms are maintained for all employees.

Department's Response: Each situation listed above is in process or has been corrected and the appropriate forms have been requested by the individuals. The HR staff will follow a required check list and the files will be reviewed and signed off as complete.

4. Internal Controls Over Boiler and Elevator Inspection Receipts and Receivables

Good internal control requires an adequate segregation of duties to ensure no one individual is in a position to both perpetrate and conceal errors or irregularities.

During our review of Boiler and Elevator Inspection receipts, we noted three individuals were in charge of all key receipt and receivable processes for their location or division. The individuals received money for permits, entered receipts into the computer systems, and applied receipts to receivables, resulting in the issuance of permits. No other individuals were involved in these key processes and there were no compensating controls. In addition, a documented independent review of receivables aging reports was not performed.

Without an adequate segregation of duties there is an increased risk that errors or irregularities related to boiler and elevator inspections could occur and go undetected.

We recommend the Department implement procedures to ensure an adequate segregation of duties over boiler and elevator inspection receipts and receivables.

Department's Response: In the Boiler section, we will segregate duties as recommended. There is very limited staff in the Elevator program in the Omaha area, but we will examine using other personnel to verify appropriate steps are followed.

The outstanding receivables will be reviewed monthly, contacts will be made with the customer and all will be initialed and dated by the person conducting the review.

NEBRASKA DEPARTMENT OF LABOR

COMMENTS AND RECOMMENDATIONS

(Continued)

5. Internal Controls Over Amusement Ride Permits

Good internal control requires permits be inventoried periodically, permits issued be reconciled to receipts recorded on NIS, voided or spoiled permits be maintained for subsequent review, and information regarding issued permits be recorded consistently. Sound business practices require money due the State be deposited directly into the State treasury or authorized bank account.

Neb. Rev. Stat. Section 48-1810 R.R.S. 2004 states, "There is hereby created the Nebraska Amusement Ride Fund. All permit fees collected pursuant to the Nebraska Amusement Ride Act shall be remitted to the State Treasurer for credit to the fund and shall be used for the sole purpose of administering the provisions of the act."

During our review of amusement ride inspection receipts, we noted a lack of internal controls including:

- Amusement ride permits were not pre-numbered and annual inventory counts and reconciliations were not performed.
- Voided or spoiled permits were not kept on file for subsequent review. We noted some voided permits were kept, but per discussion with the Department, an undetermined number of other voided permits were destroyed.
- The spreadsheet to track permits was not uniformly completed. All Safety Division staff associated with the amusement ride inspection program had access to enter or change data in the spreadsheet. During our review of the spreadsheet, we noted permit numbers not recorded on the spreadsheet, duplicate permit numbers issued, and permit numbers not issued. During calendar year 2005, 13 permit numbers were not included in the spreadsheet and 2 duplicate permit numbers were issued. In calendar year 2006, 1 permit number was not issued and 16 duplicate permit numbers were issued.

We also noted an inspector receipted \$1,980 in cash from an amusement ride company and deposited the receipt in their personal bank account. Two days after the cash was received the inspector wrote a personal check to the Department. The inspector's personal check was deposited into a State authorized bank account 11 days later.

Amusement ride permits are issued on a calendar year basis. During calendar years 2005 and 2006, the Division of Safety issued 296 and 312 permits, respectively.

Without adequate internal controls over amusement ride permits there is an increased risk that errors or irregularities related to amusement ride permits would go undetected.

NEBRASKA DEPARTMENT OF LABOR

COMMENTS AND RECOMMENDATIONS

(Continued)

5. **Internal Controls Over Amusement Ride Permits** (Concluded)

We recommend the Department develop and implement procedures to ensure adequate internal controls over amusement ride permits. This would include improved recordkeeping of permits issued, voided or spoiled permits retained and not destroyed, and an annual inventory of all unissued permits be performed and said inventory reconciled to the number of permits issued.

Department's Response: The Elevator/Amusement Ride program is getting a new database that will greatly improve recordkeeping of amusement ride permits issued. The program should preclude skipping permit numbers as well as issuing duplicate numbers. Also, a count of all permits on hand at the beginning of the year will be made and this will be reconciled against permits issued and permits remaining on hand at the end of the year. Any permits voided/spoiled will be kept on hand.

The \$1,980 in cash that was received by an inspector and deposited in his personal bank account was because we do not have banks designated in the areas where the inspections were conducted and he did not want to have the cash in his possession. Also, when the inspector deposited this money he notified his Manager who in turn notified the Director of Safety and Labor Standards who both approved of his actions in this case. It was decided after this that any inspector with a large sum of cash would buy a money order made out to the Department of Labor and the inspector would be reimbursed for the money order fee. We are also looking into locating banks that will accept the state deposits.

6. **Internal Controls Over Fixed Assets**

Good internal control requires an adequate segregation of duties to ensure no one individual be in a position to both perpetrate and conceal errors or irregularities. Good internal control also requires procedures to ensure fixed assets are properly stated, consistently reported, and properly depreciated.

During our review of fixed assets, we noted the following:

- There was not an adequate segregation of duties, as a documented review of NIS Fixed Asset Reports was not performed by an individual that did not have the ability to process fixed asset transactions on NIS. The NIS Fixed Asset Reports include: Additions and Retirements Report, Fixed Assets Category Code Omissions Integrity Report, Business Unit Integrity Report, and Item Code Object Account Integrity Report.

COMMENTS AND RECOMMENDATIONS

(Continued)

6. Internal Controls Over Fixed Assets (Concluded)

- The NIS Fixed Asset Passed Report shows all transactions coded to a NIS fixed asset expenditure object account that were “passed” instead of posted to the fixed asset ledger on NIS. During our review of this report we noted two of three items tested on this report were less than the capitalization threshold and the Department did not perform the correcting journal entry to code the expenditure to an operating expense object account. We also noted improvements to a building totaling \$136,108 were incorrectly passed on and should have been posted to the NIS fixed asset ledger.
- An inventory is performed annually. Buyer II sends the inventory list to the various Department offices. The manager of each office reviews the inventory listing to ensure the correct items are listed; however, this review is not documented. After their review, the managers send the inventory listings back to Buyer II.

Without a documented independent review of fixed asset reports and of the annual inventory there is an increased risk that errors or irregularities could occur and go undetected.

We recommend the Department implement procedures to ensure

- a documented independent review of NIS Fixed Asset Reports is performed,
- the “Passed Fixed Asset Report” be reviewed in detail to ensure all fixed asset transactions passed on were appropriate and correcting journal entries performed if necessary, and
- a documented independent review of the Department’s annual inventory be performed.

Department’s Response:

Effective immediately, the Acting Deputy Commissioner will do the final review and initial and date each fixed asset report.

A journal entry will be completed to reverse the object code from a capitalized to a non-capitalized expense for both documents. The \$136,108 was removed from the passed report and was then posted on 3/2/07.

Beginning with the next annual inventory, we will be requesting the managers to initial and date the report before sending to Finance. A support staff employee within each office usually performs the physical inventory so this would create segregation.

NEBRASKA DEPARTMENT OF LABOR

COMMENTS AND RECOMMENDATIONS

(Continued)

7. TSB Billings and Expenditures

Good internal control requires that the dates, times, locations, and amounts of travel agree to supporting documentation.

Neb. Rev. Stat. Section 81-1176 R.R.S 1999 states that mileage is calculated based on the most direct route of travel.

Neb. Rev. Stat. Section 81-1025(1) R.R.S. 1999 states “Each operator of a state-owned motor vehicle ... shall report the points between which the motor vehicle traveled each time used, the odometer readings at such points, the time of arrival and departure, the necessity and purpose for such travel, the license number of such motor vehicle, and the department to which such motor vehicle belongs.”

State of Nebraska, Transportation Service Bureau (TSB), Policies and Procedures Section V states “... All travel shall be recorded in the respective columns on the face of the form. Each official stopping and starting point included in the travel is to be recorded as an individual line entry ...”

We noted the following:

- Mileage was not reasonable based on the most direct route of travel for one of five documents tested. A permanently assigned vehicle over-claimed 32 miles on the TSB mileage log. Mileage claimed was 286 miles and actual map mileage was 254 miles. Another vehicle over-claimed 159 miles. Mileage claimed was 353 miles and actual map mileage was 194 miles. Total mileage over-claimed was 191 miles.
- Travel could not be traced to supporting documentation for one of eight documents tested. During testing of the monthly DAS-TSB billing, the boiler inspector driving the permanently assigned vehicle noted on the TSB mileage log that travel was from Beatrice to Bellevue and back. However, the inspection reports from that date noted six inspections performed in Lincoln, not in Bellevue.
- Four of four TSB vehicles tested did not report all the points of destination and did not include each official stopping and starting point. Per review of daily inspection sheets, not all points of destination were noted on the TSB logs.

There is an increased risk of loss or misuse of State assets if travel mileage is not properly recorded and supporting documentation does not agree to the mileage logs.

NEBRASKA DEPARTMENT OF LABOR

COMMENTS AND RECOMMENDATIONS

(Continued)

7. **TSB Billings and Expenditures** (Concluded)

We recommend the Department implement procedures to ensure all mileage recorded on DAS-TSB logs is reasonable based on the most direct route of travel, the travel agrees to supporting documentation, and all points of destination are documented on the TSB logs for each vehicle.

Department's Response: Beginning immediately, employees who drive TSB vehicles will be instructed to detail their travel from each individual city that is traveled within one day. I.E. Lincoln to Vedigre, Vedigre to Litchfield, Litchfield to Columbus, Columbus to Lincoln instead of just listing Lincoln – Columbus. The Agency TSB Coordinator will also run Mapquest for verification, as needed.

The managers will ensure that each travel is recorded correctly as to which cities inspections were completed.

STATE OF NEBRASKA
Auditor of Public Accounts



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NEBRASKA DEPARTMENT OF LABOR

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Department of Labor
Lincoln, Nebraska

We have examined the accompanying schedules of revenues, expenditures, and changes in fund balances as listed in the table of contents for the Nebraska Department of Labor (Department) for the fiscal year ended June 30, 2006. The Department's management is responsible for the schedule of revenues, expenditures, and changes in fund balances. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the schedules referred to above present, in all material respects, the revenues, expenditures, and changes in fund balances of the Nebraska Department of Labor for the fiscal year ended June 30, 2006, based on the accounting system and procedures prescribed by the State of Nebraska Director of Administrative Services as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2007, on our consideration of the Nebraska Department of Labor's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an attestation engagement performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our examination.

This report is intended solely for the information and use of the Department and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

February 26, 2007


Assistant Deputy Auditor

NEBRASKA DEPARTMENT OF LABOR
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NEBRASKA INFORMATION SYSTEM
For the Fiscal Year Ended June 30, 2006

	General Fund 10000	NE Amusement Ride Fund 22300	Farm Labor Contractors Fund 22310	Employment Sec SP Cont Fund 22320	Elevator Inspection Fund 22340	Workplace Safety Consult Fund 22350
REVENUES:						
Appropriations	\$ 400,803	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Sales & Charges	1,680	62,624	2,250	-	490,807	-
Miscellaneous	-	2,241	84	603,558	12,867	-
TOTAL REVENUES	402,483	64,865	2,334	603,558	503,674	-
EXPENDITURES:						
Personal Services	301,919	36,451	9,532	-	385,051	-
Operating	86,080	4,090	3	294,866	46,004	-
Travel	12,804	3,072	-	3,877	37,873	-
Capital Outlay	-	-	-	204,105	-	-
Government Aid	-	-	-	-	-	-
TOTAL EXPENDITURES	400,803	43,613	9,535	502,848	468,928	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,680	21,252	(7,201)	100,710	34,746	-
OTHER FINANCING SOURCES (USES):						
Sales of Assets	673	-	-	-	-	-
Deposit to General Fund	(2,353)	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,680)	-	-	-	-	-
Net Change in Fund Balances	-	21,252	(7,201)	100,710	34,746	-
FUND BALANCES, JULY 1, 2005	310	44,883	9,544	2,007,318	308,042	195
FUND BALANCES, JUNE 30, 2006	<u>\$ 310</u>	<u>\$ 66,135</u>	<u>\$ 2,343</u>	<u>\$ 2,108,028</u>	<u>\$ 342,788</u>	<u>\$ 195</u>
FUND BALANCES CONSIST OF:						
General Cash	\$ -	\$ 66,135	\$ 2,343	\$ 2,108,002	\$ 341,913	\$ -
NSF Items	-	-	-	25	-	-
Deposits with Vendors	310	-	-	-	-	-
Accounts Receivable Invoiced	-	-	-	-	875	-
Due to Vendors	-	-	-	-	-	-
Tax Refunds Payable	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Due to Fund	-	-	-	1	-	195
TOTAL FUND BALANCES	\$ 310	\$ 66,135	\$ 2,343	\$ 2,108,028	\$ 342,788	\$ 195

The accompanying notes are an integral part of the schedule.

(Continued)

NEBRASKA DEPARTMENT OF LABOR
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NEBRASKA INFORMATION SYSTEM
For the Fiscal Year Ended June 30, 2006

	Contractor Registration Fund 22360	Boiler Inspection Fund 22370	Federal Letter of Credit Fund 40000	Employment Sec Adm Fund 42310	Occupational Safety & Health Administration Fund 42320	Welfare to Work Fund 42330
REVENUES:						
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	72,485	26,504,957	533,608	-
Sales & Charges	107,300	342,319	-	410,266	-	-
Miscellaneous	4,288	19,048	(36)	53,201	189	(868)
TOTAL REVENUES	111,588	361,367	72,449	26,968,424	533,797	(868)
EXPENDITURES:						
Personal Services	62,774	271,149	50,578	17,348,233	394,361	-
Operating	24,692	103,180	16,334	7,324,970	79,367	-
Travel	-	24,667	5,537	334,139	44,211	-
Capital Outlay	-	-	-	469,193	-	-
Government Aid	-	-	-	689,106	-	-
TOTAL EXPENDITURES	87,466	398,996	72,449	26,165,641	517,939	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	24,122	(37,629)	-	802,783	15,858	(868)
OTHER FINANCING SOURCES (USES):						
Sales of Assets	-	-	-	2,248	-	-
Deposit to General Fund	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	2,248	-	-
Net Change in Fund Balances	24,122	(37,629)	-	805,031	15,858	(868)
FUND BALANCES, JULY 1, 2005	93,853	473,195	-	511,846	248	734
FUND BALANCES, JUNE 30, 2006	<u>\$ 117,975</u>	<u>\$ 435,566</u>	<u>\$ -</u>	<u>\$ 1,316,877</u>	<u>\$ 16,106</u>	<u>\$ (134)</u>
FUND BALANCES CONSIST OF:						
General Cash	\$ 117,975	\$ 435,401	\$ -	\$ 1,306,687	\$ 15,985	\$ -
NSF Items	-	-	-	-	-	-
Deposits with Vendors	-	-	-	1,135	216	-
Accounts Receivable Invoiced	-	165	-	27,265	-	(134)
Due to Vendors	-	-	-	(15,947)	(95)	-
Tax Refunds Payable	-	-	-	(431)	-	-
Deposits	-	-	-	(1,832)	-	-
Due to Fund	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ 117,975	\$ 435,566	\$ -	\$ 1,316,877	\$ 16,106	\$ (134)

The accompanying notes are an integral part of the schedule.

(Continued)

NEBRASKA DEPARTMENT OF LABOR
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NEBRASKA INFORMATION SYSTEM
For the Fiscal Year Ended June 30, 2006

	Workforce Investment Act Greater Omaha Fund 42340	NE Job Training Fund 42350	Job Training Fund 42360	America's Job Link Grant Fund 42370	Reed Account Funds Fund 42380	State Unemployment Insurance Fund 62310
REVENUES:						
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,121,542	2,451,884	5,428,853	-	4,525,976	-
Sales & Charges	-	1,437,056	226,550	-	-	-
Miscellaneous	141	(490)	1,840	15,690	(29)	1,185,938
TOTAL REVENUES	1,121,683	3,888,450	5,657,243	15,690	4,525,947	1,185,938
EXPENDITURES:						
Personal Services	233,892	1,332,503	649,553	-	594,332	-
Operating	130,267	407,155	737,228	-	3,739,031	-
Travel	5,626	110,093	58,455	-	318	-
Capital Outlay	-	283	12,598	-	167,502	-
Government Aid	581,472	1,892,188	3,852,626	-	-	-
TOTAL EXPENDITURES	951,257	3,742,222	5,310,460	-	4,501,183	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	170,426	146,228	346,783	15,690	24,764	1,185,938
OTHER FINANCING SOURCES (USES):						
Sales of Assets	-	-	-	-	-	-
Deposit to General Fund	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	(250,000)	-	-	(1,164,744)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(250,000)	-	-	(1,164,744)
Net Change in Fund Balances	170,426	146,228	96,783	15,690	24,764	21,194
FUND BALANCES, JULY 1, 2005	-	8,016	(10,990)	375,709	-	28,886,746
FUND BALANCES, JUNE 30, 2006	\$ 170,426	\$ 154,244	\$ 85,793	\$ 391,399	\$ 24,764	\$ 28,907,940
FUND BALANCES CONSIST OF:						
General Cash	\$ 170,426	\$ 61,072	\$ 84,240	\$ 391,399	\$ 47,579	\$ 28,907,940
NSF Items	-	-	-	-	-	-
Deposits with Vendors	-	2,370	205	-	-	-
Accounts Receivable Invoiced	-	90,219	1,209	-	-	-
Due to Vendors	-	-	-	-	(22,815)	-
Tax Refunds Payable	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Due to Fund	-	583	139	-	-	-
TOTAL FUND BALANCES	\$ 170,426	\$ 154,244	\$ 85,793	\$ 391,399	\$ 24,764	\$ 28,907,940

The accompanying notes are an integral part of the schedule.

(Continued)

NEBRASKA DEPARTMENT OF LABOR
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NEBRASKA INFORMATION SYSTEM
For the Fiscal Year Ended June 30, 2006

	NE Training and Support Fund 62320	Income Tax Setoff Fund 72310	UI Benefits Administration Fund 72320	Totals (Memorandum Only)
REVENUES:				
Appropriations	\$ -	\$ -	\$ -	\$ 400,803
Intergovernmental	-	-	-	40,639,305
Sales & Charges	-	-	-	3,080,852
Miscellaneous	111,621	-	-	2,009,283
TOTAL REVENUES	111,621	-	-	46,130,243
EXPENDITURES:				
Personal Services	56,722	-	-	21,727,050
Operating	9,868	-	-	13,003,135
Travel	689	-	-	641,361
Capital Outlay	-	-	-	853,681
Government Aid	930,112	-	-	7,945,504
TOTAL EXPENDITURES	997,391	-	-	44,170,731
Excess (Deficiency) of Revenues Over (Under) Expenditures	(885,770)	-	-	1,959,512
OTHER FINANCING SOURCES (USES):				
Sales of Assets	-	-	-	2,921
Deposit to General Fund	-	-	-	(2,353)
Operating Transfers In	1,414,744	-	-	1,414,744
Operating Transfers Out	-	-	-	(1,414,744)
TOTAL OTHER FINANCING SOURCES (USES)	1,414,744	-	-	568
Net Change in Fund Balances	528,974	-	-	1,960,080
FUND BALANCES, JULY 1, 2005	2,476,909	467	-	35,187,025
FUND BALANCES, JUNE 30, 2006	\$ 3,005,883	\$ 467	\$ -	\$ 37,147,105
FUND BALANCES CONSIST OF:				
General Cash	\$ 3,005,901	\$ 30,917	\$ 861	\$ 37,094,776
NSF Items	-	-	-	25
Deposits with Vendors	-	-	-	4,236
Accounts Receivable Invoiced	-	-	-	119,599
Due to Vendors	(18)	-	-	(38,875)
Tax Refunds Payable	-	-	-	(431)
Deposits	-	(20,529)	(861)	(23,222)
Due to Fund	-	(9,921)	-	(9,003)
TOTAL FUND BALANCES	\$ 3,005,883	\$ 467	\$ -	\$ 37,147,105

The accompanying notes are an integral part of the schedule.

(Concluded)

NEBRASKA DEPARTMENT OF LABOR
**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**
UNEMPLOYMENT COMPENSATION FUND
For the Fiscal Year Ended June 30, 2006

	Unemployment Compensation Fund
REVENUES:	
Contributions	\$ 155,088,695
Interest and Penalties	535,700
State Unemployment Insurance Tax (SUIT)	10,408
Interest on Trust Fund	7,673,293
Reimbursement from Other States	1,897,839
Federal Benefit Program	2,430,019
Interest on Reed Act Funds	1,157
TOTAL REVENUES	<u>167,637,111</u>
EXPENDITURES:	
Benefits Paid	104,363,829
Reimbursement to Other States	5,659,106
TOTAL EXPENDITURES	<u>110,022,935</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>57,614,176</u>
OTHER FINANCING SOURCES (USES):	
Operating Transfers In	-
Operating Transfers Out	(5,055,034)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,055,034)</u>
Net Change in Fund Balance	52,559,142
FUND BALANCE, JULY 1, 2005 - as restated, see Note 8	<u>163,885,476</u>
FUND BALANCE, JUNE 30, 2006	<u><u>\$ 216,444,618</u></u>

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF LABOR

NOTES TO THE SCHEDULES

For the Fiscal Year Ended June 30, 2006

1. **Criteria**

NIS:

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

Per Neb. Rev. Stat. Section 81-1107(2) R.S.Supp., 2004, the State of Nebraska Director of Administrative Services duties include “The keeping of general accounts and the adoption and promulgation of appropriate rules, regulations, and administrative orders designed to assure a uniform and effective system of accounts and accounting, the approval of all vouchers, and the preparation and issuance of warrants for all purposes.”

The Nebraska Information System (NIS) is the official accounting system prescribed by DAS for the State of Nebraska. Policies and procedures are detailed in the Nebraska State Accounting Manual published by DAS – Accounting Division and available to the public. The financial information used to prepare the schedule of revenues, expenditures, and changes in fund balances for the Department was obtained directly from the NIS. NIS records accounts receivable and accounts payable as transactions occur. As such certain revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounts payable liability recorded on NIS, and thus recorded as expenditures, as of June 30, 2006, includes only those payables posted to NIS before June 30, 2006, and not yet paid as of that date. The amount recorded as expenditures as of June 30, 2006, **does not** include amounts for goods and services received before June 30, 2006, which had not been posted to NIS as of June 30, 2006.

NIS also records other liabilities (primarily in the Distributive Fund Type) in accounts titled Tax Refund Payable, Deposits, Due to Fund, and Due to Vendors for the Department. The assets in these funds are being held by the State as an agent and will be used to pay those liabilities to individuals, private organizations, other governments, and/or other funds. The recording of those liabilities reduces the fund balance/equity.

The Department had accounts receivable not included in the Schedule of \$56,621 from private companies for boiler and elevator inspection fees. DAS did not require the Department to record their receivables on the NIS system and these amounts are not reflected in revenues or fund balances on the Schedule. The NIS system does not include liabilities for accrued payroll and compensated absences.

NEBRASKA DEPARTMENT OF LABOR

NOTES TO THE SCHEDULES

(Continued)

1. **Criteria** (Continued)

Unemployment Compensation Fund:

The Unemployment Compensation Fund is maintained by the Nebraska Department of Labor Commissioner, per Neb. Rev. Stat. Section 48-618 R.R.S. 2004, and is on the cash basis of accounting. Under the cash basis of accounting, revenues are recognized when received and expenditures when paid. This presentation differs from governmental generally accepted accounting principles (GAAP), which requires the use of the modified accrual basis for governmental and expendable trust fund types. Under the modified accrual basis of accounting, revenues are recognized when they are considered susceptible to accrual and expenditures are recognized when the liability is incurred.

Per Neb. Rev. Stat. Section 48-618 R.R.S. 2004, the Commissioner of Labor shall designate a treasurer and custodian of the fund, who shall be selected in accordance with Neb. Rev. Stat. Section 48-609 R.R.S. 2004, and who shall administer such in accordance with the directions of the Commissioner and shall issue his or her own warrants upon it in accordance with such rules and regulations as the Commission shall prescribe.

The Unemployment

Compensation Fund had accounts receivable of \$36,154,364 from outstanding contributions and penalties.

The fund types established by NIS that are used by the Department are:

10000 – General Fund – accounts for all financial resources not required to be accounted for in another fund.

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

40000 – Federal Funds – account for all federal grants and contracts received by the State. Expenditures must be made in accordance with applicable federal requirements.

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

70000 – Distributive Funds – account for assets held by the State as an agent for individuals, private organizations, other governments, and/or other funds. The Department intercepts State income tax refunds to offset outstanding obligations derived from the overpayment of unemployment benefits in the Income Tax Setoff Fund. The Department recoups a percentage of unemployment benefit overpayment receipts for legal fees incurred by their legal staff in the UI Benefits Administration Fund.

NEBRASKA DEPARTMENT OF LABOR

NOTES TO THE SCHEDULES
(Continued)

1. Criteria (Continued)

The major revenue object account codes established by NIS used by the Department are:

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

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

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

Miscellaneous – Revenue from sources not covered by other major categories, such as investment income and the transfer of interest and penalties from the Unemployment Insurance Compensation Fund.

The major revenue account codes established for the Unemployment Compensation Fund are:

Contributions – The share of combined tax that is paid by employers quarterly and credited to the State's account in the Unemployment Trust Fund. Contributions together with State Unemployment Insurance Tax make up the combined tax.

Interest and Penalties – Penalties for failure to file a required tax report and interest on late payments.

State Unemployment Insurance Tax (SUIT) Receipts – When SUIT is in effect, twenty percent of the combined tax paid by employers is paid into the State Unemployment Insurance Trust Fund. Principal is to be used exclusively for payment of unemployment benefits. Interest generated by this fund is transferred into the Nebraska Training and Support Trust Fund and is used to award training grants for incumbent workers.

Interest on Trust Fund – Interest earned on amounts on deposit with the Secretary of the U.S. Treasury.

Reimbursement from Other States – Multi-state claims initially paid by Nebraska and billed to the other states quarterly.

Federal Benefit Programs – Money from the Federal government for various Federal unemployment programs.

NEBRASKA DEPARTMENT OF LABOR

NOTES TO THE SCHEDULES
(Continued)

1. Criteria (Continued)

Interest on Reed Act Funds – A refund distribution amount paid by the Federal government to the states to purchase tangible assets.

The major expenditure object account titles established by NIS used by the Department are:

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

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

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

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

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

The major expenditure account codes established for the Unemployment Compensation Fund are:

Benefits Paid – Payments to an individual with respect to their unemployment.

Reimbursement to Other States – Multi-state claims initially paid by another state and billed to Nebraska by the other states.

Other significant object account codes established by NIS and used by the Department include:

Assets – Resources owned or held by a government that have monetary value. Assets include cash accounts, deposits with vendors, and receivable accounts. Accounts receivable are recorded as an increase to revenues and an increase to fund balance on the schedule. Cash accounts and deposits with vendors are also included in fund balance and are reported as recorded on NIS.

Liabilities – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Accounts payable transactions increase expenditures and decrease fund balance. Other liabilities recorded on NIS for

NEBRASKA DEPARTMENT OF LABOR

NOTES TO THE SCHEDULES

(Continued)

1. Criteria (Concluded)

the Department's funds at June 30, 2006, included Tax Refund Payable, Deposits, Due to Fund, and Due to Vendor. The activity of these accounts are not recorded on the Schedule of Revenues, Expenditures, and Changes in Fund Balances as they are not recorded through revenue and expenditure accounts.

Other Financing Sources – Operating transfers and proceeds of fixed asset dispositions.

2. State Agency

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

The Nebraska Department of Labor is part of the primary government for the State of Nebraska.

3. Totals - NIS

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

4. General Cash - NIS

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

5. Capital Assets - NIS

Under NIS, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures. Capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) would be reported for the State of Nebraska in the Comprehensive Annual Financial Report (CAFR). The Department values all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment

NEBRASKA DEPARTMENT OF LABOR

NOTES TO THE SCHEDULES

(Continued)

5. **Capital Assets - NIS** (Concluded)

that has a cost of \$1,000 at the date of acquisition and has an expected useful life of three or more years is capitalized. Substantially all initial building costs, land, and land improvements costing in excess of \$1,000 are capitalized. Building improvements and renovations in excess of \$1,000 are capitalized if a substantial portion of the life of the asset has expired and if the useful life of the asset has been extended as a result of the renovation or improvement. Depreciation expenses would be reported in the CAFR in the funds used to acquire or construct them for the State of Nebraska. The cost of normal maintenance and repairs that does not add to the value of the asset or extend the asset's life is not capitalized.

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

Buildings	40 years
Equipment	Three to ten years

Capital asset activity of the Department for the fiscal year ended June 30, 2006, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets				
Land	\$ 184,000	\$ -	\$ -	\$ 184,000
Buildings	3,313,707	65,024	-	3,378,731
Equipment	3,996,030	642,630	566,216	4,072,444
Total	<u>\$ 7,493,737</u>	<u>\$ 707,654</u>	<u>\$ 566,216</u>	<u>7,635,175</u>
Less accumulated depreciation for:				
Buildings				1,549,476
Equipment				3,161,747
Total				<u>4,711,223</u>
Total capital assets, net of depreciation				<u>\$ 2,923,952</u>

6. **Changes in Deposits**

The Department utilizes Fund 72310 to record unemployment benefit overpayment reimbursements intercepted from State income tax refunds and the distribution of these reimbursements to the Unemployment Compensation Fund.

Fund	Balance July 1, 2005	In	Out	Balance June 30, 2006
Income Tax Setoff Fund	\$ 28,934	\$ 652,435	\$ 660,840	\$ 20,529

NEBRASKA DEPARTMENT OF LABOR

NOTES TO THE SCHEDULES

(Continued)

7. Transfers

NIS:

Transfers recorded on NIS include the quarterly transfer of interest earned from the State Unemployment Insurance Fund to the Nebraska Training and Support Fund and the transfer of Workforce Investment Act (WIA) Governor's Reserve funds from the Job Training Fund to the Nebraska Training and Support Fund for incumbent worker training.

Unemployment Compensation Fund:

Transfers recorded in the Unemployment Compensation Fund include the quarterly transfer of interest and penalties to the NIS Employment Security Special Contingencies Fund (these transfers were recorded on NIS as revenue from interest and penalties) and the transfer of funds for expenditures related to the modernization of the Benefits Payment System (BPS) to the NIS Reed Account Funds Fund (these transfers were recorded on NIS as revenues from Federal drawdowns).

8. Beginning Fund Balance - Unemployment Compensation Fund

In December 2003, the Department began processing child support payments paid from unemployment benefits electronically, instead of by check. The Department inadvertently included the electronic payment amounts in the outstanding check balance. The total amount of electronic child support payments also recorded as outstanding checks through June 30, 2006, was \$5,733,840. The beginning fund balance was increased by this amount.

9. Reconciliation of Bank Records to the Nebraska Information System

Through their bank reconciliation procedures, DAS State Accounting Division (State Accounting) has identified a large unknown statewide variance between the State Treasurer's bank statements and the State's balances in the general ledger. This unknown variance indicates the bank records are short as compared to the accounting records. Some adjustments to the accounting records may be needed and may affect the fund balances of the Department. At this time, it has not been determined how or when adjustments to the accounting records might be made. State Accounting is unable to determine the affect of such adjustment, if any, on the Department's balances; however, State Accounting believes it will not have a material impact on the Department's operations.

STATE OF NEBRASKA
Auditor of Public Accounts



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NEBRASKA DEPARTMENT OF LABOR
**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN EXAMINATION OF THE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Nebraska Department of Labor
Lincoln, Nebraska

We have examined the accompanying schedules of revenues, expenditures, and changes in fund balances of the Nebraska Department of Labor for the fiscal year ended June 30, 2006, and have issued our report thereon dated February 26, 2007. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our examination, we considered the Nebraska Department of Labor's internal control over financial reporting in order to determine our procedures for the purpose of expressing our opinion on the schedules of revenues, expenditures, and changes in fund balances, and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Nebraska Department of Labor's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial schedule. A reportable condition is described in the Comments Section of the report as Comment Number 2 (Internal Controls Over Payroll).

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial schedule being examined may occur and not be detected within a timely period by

employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nebraska Department of Labor's schedule of revenues, expenditures, and changes in fund balances, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional items that we reported to management of the Nebraska Department of Labor in the Comments Section of this report as Comment Number 1 (NIS Batch Management), Comment Number 3 (Employee Payroll Documents), Comment Number 4 (Internal Controls Over Boiler and Elevator Inspection Receipts and Receivables), Comment Number 5 (Internal Controls Over Amusement Ride Permits), Comment Number 6 (Internal Controls Over Fixed Assets), and Comment Number 7 (TSB Billings and Expenditures).

This report is intended solely for the information and use of the Department and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

February 26, 2007

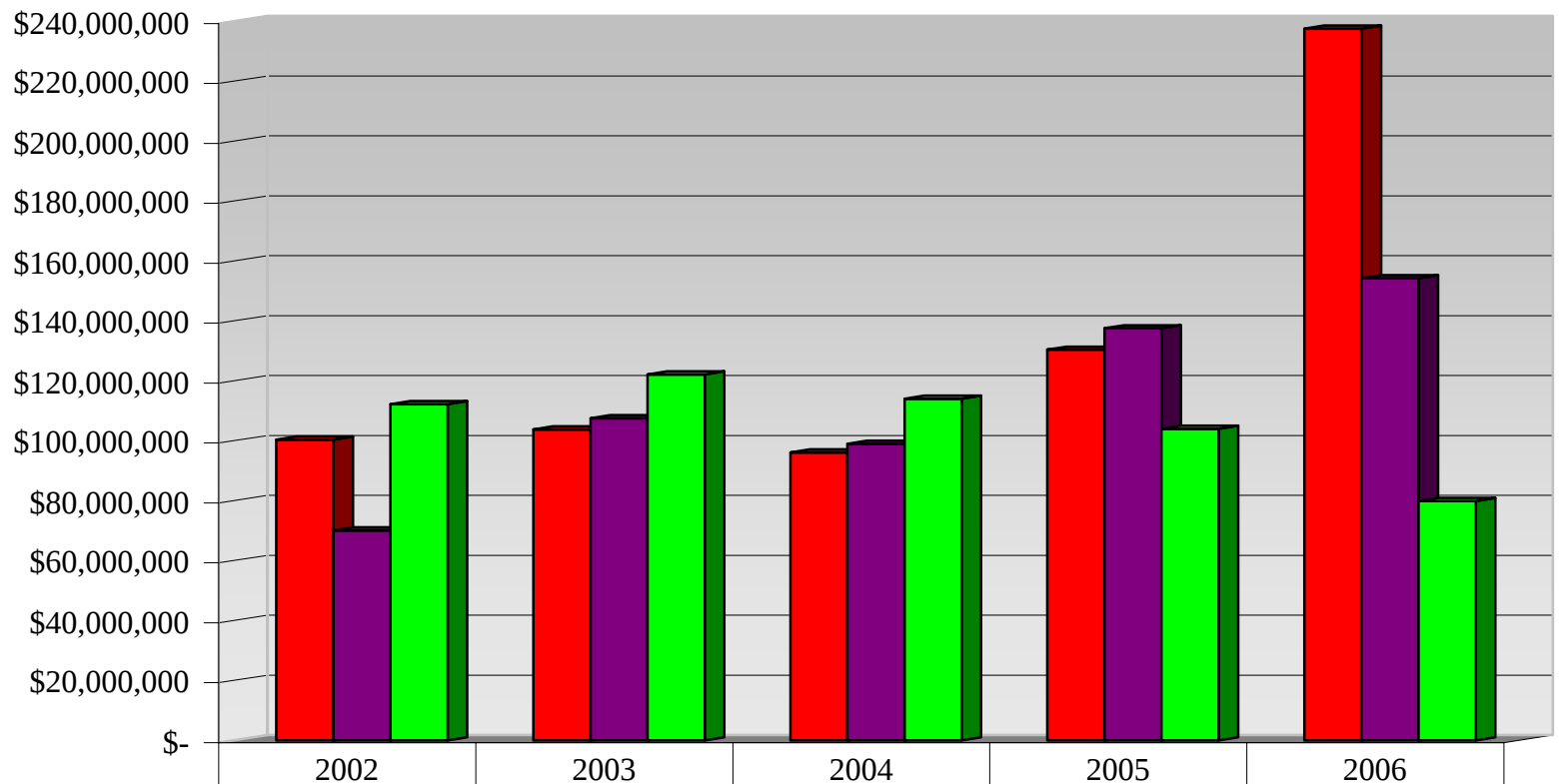

Assistant Deputy Auditor

NEBRASKA DEPARTMENT OF LABOR

STATISTICAL SECTION

Our examination was conducted for the purpose of forming an opinion on the schedule of revenues, expenditures, and changes in fund balances. Statistical Section information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the schedule of revenues, expenditures, and changes in fund balances, and, accordingly, we express no opinion on it.

NEBRASKA DEPARTMENT OF LABOR
UNEMPLOYMENT COMPENSATION FUND
For Calendar Years 2002 Through 2006



Trust Fund Balance at December 31	\$100,368,714	\$103,805,365	\$96,124,993	\$130,390,916	\$237,530,696
Employer Contributions	\$70,089,504	\$107,516,966	\$98,972,427	\$137,579,505	\$154,245,560
Net Benefits Paid	\$112,228,180	\$122,120,404	\$114,031,510	\$104,001,756	\$79,887,867

Note: Only employer contributions and net benefits paid are included on the graph, other miscellaneous receipts and expenditures are not included.

**NEBRASKA DEPARTMENT OF LABOR
UNEMPLOYMENT BENEFIT CLAIMS**

For the Federal Fiscal Years Ending September 30, 2002 to 2006

	2002	2003	2004	2005	2006
Total Initial Claims ¹	87,490	86,985	82,443	76,815	73,988
Monetary Determinations ²	61,157	65,550	62,431	57,318	49,734
Number of Benefit Payments Issued ³	586,218	647,267	603,678	545,244	453,258

1: Total Initial Claims from the ETA 5159 Report - Includes new claims established in new benefit year plus reopened claims plus claims by people who live in Nebraska but worked in another state and that state does not have electronic filing so they file in Nebraska plus claims by people who worked in Nebraska but live in another state.

2: Total # of original monetary determinations issued, from the ETA 218 Reports - Monetary determinations are determinations as to whether a claimant, who has filed a new initial claim, has sufficient base period wages to establish a benefit year under the State Unemployment Insurance Compensation Program.

3: Benefit Payments Issued from ETA 5159 Report - # of weeks that were paid for total, part-total, or partial unemployment.

NEBRASKA DEPARTMENT OF LABOR
WORKFORCE INVESTMENT ACT PERFORMANCE
For the Program Years Ending June 30, 2002, 2003, 2004, 2005

ADULTS

Entered Employment Rate
Employment Retention Rate

2002		2003		2004		2005	
Negotiated Performance Level	Actual Performance Level	Negotiated Performance Level	Actual Performance Level	Negotiated Performance Level	Actual Performance Level	Negotiated Performance Level	Actual Performance Level
72.0%	77.1%	72.0%	81.2%	74.0%	87.9%	85.0%	84.1%
72.0%	85.4%	72.0%	84.4%	76.0%	91.6%	86.0%	89.3%

DISLOCATED WORKER

Entered Employment Rate
Employment Retention Rate

78.0%	86.4%	79.0%	91.0%	82.0%	95.8%	90.0%	92.9%
86.0%	91.9%	87.0%	93.8%	89.0%	95.6%	92.0%	90.9%

OLDER YOUTH

Entered Employment Rate
Employment Retention Rate

51.0%	76.7%	51.0%	71.2%	62.0%	87.7%	79.0%	80.4%
78.0%	87.5%	79.0%	78.6%	80.0%	92.2%	89.0%	86.2%

YOUNGER YOUTH

Skill Attainment Rate
Diploma or Equivalent Attainment Rate
Retention Rate

51.0%	73.9%	51.0%	80.5%	75.0%	74.9%	81.0%	67.4%
38.0%	44.0%	42.0%	73.0%	52.0%	81.4%	77.0%	78.9%
55.0%	71.4%	55.0%	54.4%	60.0%	73.0%	61.0%	75.3%

Entered Employment Rate: Is the percentage of program participants employed one quarter after program completion.
Employment Retention Rate: Is the percentage of program participants still employed three quarters after program completion.

Note: The Nebraska Department of Labor negotiates with the Federal government to establish performance measure standards. If the negotiated standard is not met, Federal funding for the program may be decreased. If the negotiated standard is exceeded, the program is eligible for incentive funds.