



**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Statements of Revenues Collected and Expenditures Paid
and Changes in Fund Balances and Schedules

Years Ended June 30, 2006 and 2005

(With Independent Auditors' Report Thereon)

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

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Independent Auditors' Report

The Board of Trustees
Nebraska State Colleges:

We have audited the accompanying statements of revenues collected and expenditures paid and changes in fund balances of Student Fees and Facilities Revenue and Refunding Bond Funds, Series 2002 and Revenue Bonds, Series 2003 (Revenue and Refunding Bond Funds) of the Nebraska State Colleges (the College) for the years ended June 30, 2006 and 2005. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1, these financial statements were prepared on the basis of cash receipts and disbursements of the Revenue and Refunding Bond Funds of the College pursuant to the bond agreements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles, and are not intended to be a complete presentation of the College's assets, liabilities, revenues, and expenses on the basis described.

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenues collected and expenditures paid and changes in fund balances for the Revenue and Refunding Bond Funds for the years ended June 30, 2006 and 2005 in conformity with the basis of accounting described in note 1.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Revenue and Refunding Bond Funds of the College has not presented management's discussion and analysis that U.S. generally accepted accounting principles has determined is necessary to supplement, although not required to be part of, the basic financial statements.

KPMG LLP

Omaha, Nebraska
October 19, 2006

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Statements of Revenues Collected and Expenditures Paid
and Changes in Fund Balances

Years ended June 30, 2006 and 2005

	2006				2005			
	Revenue bond funds	Operation and maintenance funds	Funds held by trustee and by State of Nebraska Operating Investment Pool	Total	Revenue bond funds	Operation and maintenance funds	Funds held by trustee and by State of Nebraska Operating Investment Pool	Total
Revenues collected:								
Rentals	\$ 4,891,825	—	—	4,891,825	4,726,097	—	—	4,726,097
Food service	4,642,652	—	—	4,642,652	4,441,439	—	—	4,441,439
Facilities fees	1,341,461	—	—	1,341,461	1,202,570	—	—	1,202,570
Deposits forfeited and damages collected	44,994	—	—	44,994	46,010	—	—	46,010
Installment fees	—	—	—	—	40	—	—	40
Food service commission	224,734	—	—	224,734	15,567	—	—	15,567
Vending machine	128,854	—	—	128,854	180,314	—	—	180,314
Bookstore	217,818	—	—	217,818	208,308	—	—	208,308
Parking permits	122,213	—	—	122,213	122,006	—	—	122,006
Convention housing	66,086	—	—	66,086	79,153	—	—	79,153
Recreation center	8,327	—	—	8,327	6,004	—	—	6,004
Investment income	3,246	25,712	360,118	389,076	3,437	20,921	271,653	296,011
Office rent	66,735	—	—	66,735	37,720	—	—	37,720
Student union snack bar	4,095	—	—	4,095	24,046	—	—	24,046
Lease income	—	—	52,931	52,931	—	—	29,961	29,961
Other	82,963	—	—	82,963	68,121	—	—	68,121
Total revenues collected	11,846,003	25,712	413,049	12,284,764	11,160,832	20,921	301,614	11,483,367
Less rent fees and board refunds	(15,449)	—	—	(15,449)	(14,853)	—	—	(14,853)
Net revenues collected	11,830,554	25,712	413,049	12,269,315	11,145,979	20,921	301,614	11,468,514
Expenditures paid:								
Operations and maintenance	—	6,057,265	—	6,057,265	—	6,053,528	—	6,053,528
Food service contract	—	—	3,346,240	3,346,240	—	—	2,815,428	2,815,428
Interest	—	—	861,441	861,441	—	—	899,786	899,786
Other	133	—	—	133	4,262	—	1,525	5,787
Capital improvements and extraordinary repair	—	—	2,300,083	2,300,083	—	—	4,105,212	4,105,212
Total expenditures paid	133	6,057,265	6,507,764	12,565,162	4,262	6,053,528	7,821,951	13,879,741
Excess (deficiency) of revenues collected over expenditures paid before bond transactions and transfers	11,830,421	(6,031,553)	(6,094,715)	(955,847)	11,141,717	(6,032,607)	(7,520,337)	(2,411,227)
Redemption of bonds	—	—	(730,000)	(730,000)	—	—	(610,000)	(610,000)
Transfers in (out), net	(11,837,200)	6,101,000	5,736,200	—	(11,143,393)	5,839,000	5,304,393	—
Excess (deficiency) of revenues collected over expenditures paid	(6,779)	69,447	(1,088,515)	(1,025,847)	(1,676)	(193,607)	(2,825,944)	(3,021,227)
Fund balance, beginning of year	14,810	115,627	9,051,053	9,181,490	16,486	309,234	11,876,997	12,202,717
Fund balance, end of year	\$ 8,031	185,074	7,962,538	8,155,643	14,810	115,627	9,051,053	9,181,490

See accompanying notes to financial statements.

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Notes to Financial Statements

June 30, 2006 and 2005

(1) Organization and Summary of Significant Accounting Policies

(a) Ownership and Operation

Nebraska State Colleges Revenue and Refunding Bond Funds (the Funds), which are funds of Chadron State College, Peru State College, and Wayne State College, were established to account for revenues and earnings derived from the operation of all revenue facilities and special student fees, which are pledged for the payment of principal and interest of the revenue bonds. The Funds are not subject to income taxes. Nebraska has three state colleges under the control and management of the Board: Chadron State College was established in 1911, Peru State College was established in 1867, and Wayne State College was established in 1910. The board of trustees (the Board) was established in 1919 under a provision of the state constitution. Prior to that time, its predecessor agency was charged with the responsibility of operating state institutions for higher education and training of teachers. The Board, with the exception of the state commissioner of education as an ex-officio member, is appointed by the governor, with two members being appointed every other year.

(b) Basis of Accounting

The statements of revenues collected and expenditures paid and changes in fund balances of the Funds are prepared on the basis of cash receipts and disbursements and, consequently, do not reflect receivables, fixed assets, notes payable, bonds payable, accounts payable, and accrued items. Revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the statements are not intended to be a complete presentation of the College's or Funds' financial position and results of operations in conformity with U.S. generally accepted accounting principles.

(2) Revenue and Refunding Bonds Outstanding

(a) Chadron State College

Revenue and refunding bonds outstanding as of June 30, 2006 totaled \$6,760,000 and consist of Nebraska State Colleges Student Fees and Facilities Revenue and Refunding Bonds, Series 2002C due in annual principal installments on July 1 in variable amounts ranging from \$45,000 to \$345,000 through July 1, 2011, with interest rates ranging from 2.70% to 3.85%, and Chadron State College Revenue Bonds, Series 2003A due in annual principal installments on July 1 in variable amounts ranging from \$190,000 to \$415,000 through July 1, 2028, with interest rates ranging from 3.55% to 5.00%.

(b) Peru State College

Revenue and refunding bonds outstanding as of June 30, 2006 totaled \$3,405,000 and consist of Student Fees and Facilities Revenue and Refunding Bonds, Series 2002B due in annual principal installments on July 1 in variable amounts ranging from \$100,000 to \$240,000 through July 1, 2027, with interest rates ranging from 2.30% to 5.00%.

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Notes to Financial Statements

June 30, 2006 and 2005

(c) **Wayne State College**

Revenue and refunding bonds outstanding as of June 30, 2006 totaled \$9,345,000 and consist of Student Fees and Facilities Revenue and Refunding Bonds, Series 2002A due in annual principal installments on July 1 in variable amounts ranging from \$215,000 to \$535,000 through July 1, 2027, with interest rates ranging from 2.30% to 5.00%, and Wayne State College Revenue Bonds, Series 2003B due in annual principal installments on July 1 in variable amounts ranging from \$110,000 to \$165,000 through July 1, 2018, with interest rates ranging from 1.60% to 4.50%.

Maturities of revenue and refunding bonds outstanding and related interest payments are as follows:

<u>Chadron State College</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2007	\$ 305,000	293,043	598,043
2008	320,000	284,126	604,126
2009	320,000	274,046	594,046
2010	340,000	262,816	602,816
2011	345,000	250,483	595,483
2012 – 2016	1,075,000	1,117,882	2,192,882
2017 – 2021	1,260,000	872,761	2,132,761
2022 – 2026	1,610,000	509,256	2,119,256
2027 – 2029	1,185,000	90,875	1,275,875
	<u>\$ 6,760,000</u>	<u>3,955,288</u>	<u>10,715,288</u>

<u>Peru State College</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2007	\$ 100,000	151,123	251,123
2008	100,000	148,272	248,272
2009	105,000	145,040	250,040
2010	110,000	141,383	251,383
2011	110,000	137,423	247,423
2012 – 2016	630,000	615,984	1,245,984
2017 – 2021	780,000	463,253	1,243,253
2022 – 2026	1,000,000	210,560	1,210,560
2027 – 2028	470,000	23,750	493,750
	<u>\$ 3,405,000</u>	<u>2,036,788</u>	<u>5,441,788</u>

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Notes to Financial Statements

June 30, 2006 and 2005

<u>Wayne State College</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2007	\$ 335,000	399,687	734,687
2008	340,000	390,835	730,835
2009	350,000	380,663	730,663
2010	360,000	369,219	729,219
2011	375,000	356,481	731,481
2012 – 2016	2,095,000	1,550,584	3,645,584
2017 – 2021	2,225,000	1,064,377	3,289,377
2022 – 2026	2,215,000	549,295	2,764,295
2027 – 2028	1,050,000	53,000	1,103,000
	<u>\$ 9,345,000</u>	<u>5,114,141</u>	<u>14,459,141</u>

<u>Nebraska State Colleges (Total)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2007	\$ 740,000	843,853	1,583,853
2008	760,000	823,233	1,583,233
2009	775,000	799,749	1,574,749
2010	810,000	773,418	1,583,418
2011	830,000	744,387	1,574,387
2012 – 2016	3,655,000	3,260,746	6,915,746
2017 – 2021	4,410,000	2,424,095	6,834,095
2022 – 2026	4,825,000	1,269,111	6,094,111
2027 – 2029	2,705,000	167,625	2,872,625
	<u>\$ 19,510,000</u>	<u>11,106,217</u>	<u>30,616,217</u>

Bond activity for the year ended June 30, 2006 is as follows:

	<u>Beginning balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending balance</u>	<u>Current portion</u>
Chadron State College	\$ 7,065,000	—	305,000	6,760,000	305,000
Peru State College	3,505,000	—	100,000	3,405,000	100,000
Wayne State College	9,670,000	—	325,000	9,345,000	335,000
Total	<u>\$ 20,240,000</u>	<u>—</u>	<u>730,000</u>	<u>19,510,000</u>	<u>740,000</u>

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Notes to Financial Statements

June 30, 2006 and 2005

Bond activity for the year ended June 30, 2005 is as follows:

	<u>Beginning balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending balance</u>	<u>Current portion</u>
Chadron State College	\$ 7,360,000	—	295,000	7,065,000	305,000
Peru State College	3,605,000	—	100,000	3,505,000	100,000
Wayne State College	<u>9,885,000</u>	<u>—</u>	<u>215,000</u>	<u>9,670,000</u>	<u>325,000</u>
Total	<u>\$ 20,850,000</u>	<u>—</u>	<u>610,000</u>	<u>20,240,000</u>	<u>730,000</u>

Under the bond resolution for Student Fees and Facilities Revenue and Refunding Bonds, revenues and earnings derived from the operation of all revenue facilities and special student fees are pledged for payment of the principal and interest amount of the bonds. The bonds are not an obligation of the state of Nebraska and no tax funds shall be appropriated for payment of principal and interest.

(3) Bond Covenants

The bond resolution requires the revenues of the facilities paid into the revenue bond fund during any fiscal year shall, after deducting there from the costs of operations and maintenance of the facilities and food service costs during such fiscal year, be at least equal to 110% of the amount of principal and interest maturing during such year. The debt service coverage for the years ended June 30, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Chadron State College	154%	128%
Peru State College	176	205
Wayne State College	204	201

(4) Outstanding Board Resolutions

The Board has approved resolutions for capital improvements and extraordinary repairs to be made from Contingency Maintenance and Surplus Funds held by the bond fund trustee. At June 30, 2006, the unexpended balance of outstanding Board resolutions under construction commitments is approximately as follows:

	<u>2006</u>
Chadron State College	\$ 122,000
Peru State College	437,000
Wayne State College	<u>705,000</u>
Total construction commitments	<u>\$ 1,264,000</u>

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Notes to Financial Statements

June 30, 2006 and 2005

(5) Room and Board Waivers

Room and board waivers not included in rentals and food service revenues for the years ending June 30, 2006 and 2005 are approximately as follows:

	<u>2006</u>	<u>2005</u>
Chadron State College	\$ 271,000	274,000
Peru State College	141,000	167,000
Wayne State College	488,000	458,000
Total room and board waivers	<u>\$ 900,000</u>	<u>899,000</u>

(6) Lease Purchase Agreement

Peru State College

In April 2002, Peru State College entered into a capital lease purchase agreement with the Peru Achievement Foundation, Inc. whereby Peru State College will lease the Student Center Servedy Remodel for a term of eight years for a total lease price of \$203,560, plus interest at the rate of 6% per annum, with an annual payment due of \$32,780.

Future lease payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2007	\$ 25,965	6,815	32,780
2008	27,523	5,257	32,780
2009	29,174	3,606	32,780
2010	30,925	1,855	32,780
	<u>\$ 113,587</u>	<u>17,533</u>	<u>131,120</u>

NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS

Student Fees and Facilities Revenue and Refunding Bonds, Series 2002 and Revenue Bonds, Series 2003

Combined Statements of Revenues Collected and Expenditures Paid
and Changes in Fund Balances

Years ended June 30, 2005

	2005			2005			2005			2005			Total	Combined
	Revenue Bond Funds			Operation and Maintenance Funds			Funds held by trustee and State of Nebraska			Operations Investment Pool				
	Chadron State College	Peru State College	Wayne State College	Chadron State College	Peru State College	Wayne State College	Chadron State College	Peru State College	Wayne State College	Chadron State College	Peru State College	Wayne State College		
Revenues collected:														
Rentals	1,714,281	910,628	2,101,188	—	—	—	—	—	—	—	—	—	—	—
Food service	1,432,902	761,341	2,247,196	—	—	—	—	—	—	—	—	—	—	—
Facilities fees	424,647	110,298	667,625	—	—	—	—	—	—	—	—	—	—	—
Deposits forfeited and damages collected	20,994	15,429	9,587	—	—	—	—	—	—	—	—	—	—	—
Installment fees	—	—	40	—	—	—	—	—	—	—	—	—	—	—
Food service commissioner	—	—	40	—	—	—	—	—	—	—	—	—	—	—
Vending machine	86,266	58,172	15,567	—	—	—	—	—	—	—	—	—	—	—
Bookstore	84,854	—	35,876	—	—	—	—	—	—	—	—	—	—	—
Parking permits	54,951	—	123,454	—	—	—	—	—	—	—	—	—	—	—
Convention housing	—	—	67,055	—	—	—	—	—	—	—	—	—	—	—
Recreation center	—	—	79,153	—	—	—	—	—	—	—	—	—	—	—
Investment income	—	—	6,004	—	—	—	—	—	—	—	—	—	—	—
Office rent	37,720	296	3,437	7,203	3,871	9,847	20,921	—	—	110,253	38,716	122,684	271,653	—
Student union snack bar	24,046	—	37,720	—	—	—	—	—	—	—	—	—	—	—
Lease income	—	—	24,046	—	—	—	—	—	—	—	—	—	—	—
Other	6,709	527	60,885	—	—	—	—	—	—	—	—	—	—	—
Total revenues collected	3,887,370	1,856,691	5,416,771	7,203	3,871	9,847	20,921	—	—	110,253	68,677	122,684	301,614	11,483,367
Less rent fees and board refunds	(5,370)	—	(9,483)	—	—	—	—	—	—	—	—	—	—	(14,853)
Net revenues collected	3,882,000	1,856,691	5,407,288	7,203	3,871	9,847	20,921	—	—	110,253	68,677	122,684	301,614	11,468,514
Expenditures paid:														
Operations and maintenance	—	—	—	2,332,962	697,390	3,023,176	6,053,528	—	—	869,909	706,447	1,239,072	2,815,428	6,053,528
Food service contract	—	—	—	—	—	—	—	—	—	326,428	155,698	417,660	899,786	2,815,428
Interest	—	—	—	—	—	—	—	—	—	1,122	—	403	1,525	899,786
Other	—	—	—	4,262	—	—	—	—	—	—	—	—	—	5,787
Capital improvements and extraordinary repairs	—	—	—	—	—	—	—	—	—	2,817,459	127,454	1,160,299	4,105,212	4,105,212
Total expenditures paid	—	—	—	2,332,962	697,390	3,023,176	6,053,528	—	—	4,014,918	989,599	2,817,434	7,821,951	13,879,741
Excess (deficiency) of revenues collected over expenditures paid before bond transactions and transfers	3,882,000	1,856,691	5,403,026	(2,325,759)	(693,519)	(3,013,329)	(6,032,607)	—	—	(3,904,665)	(920,922)	(2,694,750)	(7,520,337)	(2,411,227)
Transfers in (out), net	(3,887,004)	(1,856,895)	(5,399,494)	2,200,000	714,000	2,925,000	5,839,000	—	—	1,687,004	1,142,895	2,474,494	5,304,393	(610,000)
Excess (deficiency) of revenues collected over expenditures paid	(5,004)	(204)	3,532	(125,759)	20,481	(88,329)	(193,607)	—	—	(2,512,661)	121,973	(435,256)	(2,825,944)	(3,021,227)
Fund balance, beginning of year	6,049	5,728	4,709	163,245	39,269	106,720	309,234	—	—	5,454,927	1,308,530	5,113,540	11,876,997	12,202,717
Fund balance, end of year	1,045	5,524	8,241	37,486	59,750	18,391	115,627	—	—	2,942,266	1,430,503	4,678,284	9,051,053	9,181,490

See accompanying notes to financial statements.

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Student Fees and Facilities Revenue and Refunding Bonds, Series 2002C and
Chadron State College Revenue Bonds, Series 2003A

Cash Receipts and Disbursements, Trustee's Account

Year ended June 30, 2006

(With comparative totals for June 30, 2005)

	Chadron State College					
	2006					
	Revenue Fund 2002C	Bond Fund 2002C	Reserve Fund 2002C	Surplus Fund 2002C	Reserve Fund 2003A	Construction Fund 2003A
						Total
	2006	2005	2006	2005	2006	2005
Receipts:						
Board of trustees deposits	4,227,311	—	—	—	—	4,227,311
Income from investments	32,847	8,338	11,608	27,608	18,886	110,623
Receipts before transfer of funds	4,260,158	8,338	11,608	27,608	18,886	4,337,934
Transfer of funds, net	(979,622)	602,400	(8,745)	381,405	(6,033)	—
Total receipts	3,280,536	610,738	2,863	409,013	12,853	4,337,934
Disbursements:						
Remitted to operation and maintenance fund	2,305,000	—	—	—	—	2,305,000
Payments on food service contract	1,159,038	—	—	—	—	1,159,038
Remitted to paying agent:						
Bond principal	—	305,000	—	—	—	305,000
Bond interest	—	300,668	—	—	—	300,668
Other	—	—	—	—	—	—
Payments to contractors and others	—	—	—	208,064	—	852,779
Total disbursements	3,464,038	605,668	—	208,064	—	4,922,485
Excess (deficiency) of receipts over disbursements	(183,502)	5,070	2,863	200,949	12,853	(584,551)
Balance at beginning of year	593,711	463,947	267,049	500,080	449,983	2,942,266
Balance at end of year	\$ 410,209	469,017	269,912	701,029	462,836	2,357,715
Balance at end of year consisted of:						
Cash	9,157	—	—	—	—	9,157
Savings and money market accounts	401,052	469,017	121,277	479,554	275,666	1,746,579
State of Nebraska Operating Investment Pool	—	—	—	221,475	—	266,174
United States Government securities, at cost (fair value 2006, \$305,955; 2005, \$321,394)	—	—	148,635	—	187,170	335,805
	\$ 410,209	469,017	269,912	701,029	462,836	2,357,715

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Student Fees and Facilities Revenue and Refunding Bond Funds, Series 2002B

Cash Receipts and Disbursements, Trustee's Account

Year ended June 30, 2006

(With comparative totals for June 30, 2005)

Peru State College

	2006				2005	
	Revenue Bond Fund 2002B	Surplus Fund 2002B	Bond Fund 2002B	Reserve Fund 2002B	Construction Fund 2002B	Totals
Receipts:	\$ 1,849,076	—	—	—	—	1,849,076
Board of trustees deposits	52,931	—	—	—	—	52,931
Majors Hall lease income	11,731	32,984	3,226	13,523	—	61,464
Income from investments	1,913,738	32,984	3,226	13,523	—	1,963,471
Receipts before transfer of funds	(356,816)	110,000	252,000	(5,184)	—	—
Transfer of funds, net	1,556,922	142,984	255,226	8,339	—	1,963,471
Total receipts	733,000	—	—	—	—	733,000
Disbursements:	817,050	—	—	—	—	817,050
Remitted to operation and maintenance fund	—	—	100,000	—	—	100,000
Payments on food service contract	—	—	153,623	—	—	153,623
Remitted to paying agent:	—	139,706	—	—	—	139,706
Bond principal	—	—	—	—	—	—
Bond interest	—	—	—	—	—	—
Payments to contractors and others	1,550,050	139,706	253,623	—	—	1,943,379
Total disbursements	6,872	3,278	1,603	8,339	—	20,092
Excess (deficiency) of receipts over disbursements	51,531	926,812	179,612	272,548	—	1,430,503
Balance at beginning of year	58,403	930,090	181,215	280,887	—	1,450,595
Balance at end of year	\$ 58,403	392,216	181,215	27,657	—	659,491
Balance at end of year consisted of:	—	537,874	—	—	—	537,874
Savings and money market accounts	—	—	—	253,230	—	253,230
State of Nebraska Operating Investment Pool	—	—	—	280,887	—	280,887
United States Government securities, at cost	—	—	—	—	—	—
(fair value 2006, \$230,719; 2005, \$242,363)	58,403	930,090	181,215	280,887	—	1,450,595
	\$ 58,403	930,090	181,215	280,887	—	1,430,503

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Rentals

Years ended June 30, 2006 and 2005

Chadron State College	2006	2005
Facility:		
High Rise Dormitory	\$ 630,248	627,347
Andrews Hall	407,394	410,649
Kent Hall	371,362	416,639
Edna Work Hall	153,758	118,015
Edna Work Wing	98,852	—
Brooks Hall	50,484	62,711
Family housing	164,155	178,477
Guest housing	82,026	65,620
Less room waivers	(172,749)	(165,177)
Total rentals	<u>\$ 1,785,530</u>	<u>1,714,281</u>
Peru State College	2006	2005
Facility:		
Centennial Complex	\$ 487,322	500,330
Eliza Morgan Hall	255,145	206,849
Delzell Hall	213,092	266,796
Guest and temporary housing	3,040	6,434
Faculty housing	32,478	30,832
Married student housing	35,279	39,583
Less room waivers	(114,125)	(140,196)
Total rentals	<u>\$ 912,231</u>	<u>910,628</u>
Wayne State College	2006	2005
Facility:		
Bowen Hall	\$ 486,786	538,794
Berry Hall	554,964	512,549
Morey Hall	405,624	396,713
Anderson Hall	258,408	178,622
Neihardt Hall	321,452	288,306
Pile Hall	249,370	247,612
Terrace Hall	294,538	283,197
Family housing	258	6,020
Less room waivers	(377,336)	(350,625)
Total rentals	<u>\$ 2,194,064</u>	<u>2,101,188</u>

See accompanying independent auditors' report.

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Operation and Maintenance Fund Expenditures

Years ended June 30, 2006 and 2005

Chadron State College	2006	2005
Salaries, payroll taxes, and benefits	\$ 1,361,518	1,463,720
Utilities	421,617	444,154
Cable television	91,775	100,046
Supplies	221,574	215,200
Repairs and maintenance	76,519	49,045
Insurance	28,431	28,754
Professional and contractual services	7,000	13,304
Equipment and furnishings	24,695	1,778
Miscellaneous	25,492	16,961
Total operation and maintenance fund expenditures	<u>\$ 2,258,621</u>	<u>2,332,962</u>
Peru State College	2006	2005
Salaries, payroll taxes, and benefits	\$ 266,503	244,496
Communication service	75,056	69,955
Utilities	229,704	229,964
Repairs and maintenance	5,981	17,448
Supplies	59,446	37,253
Professional and contractual services	43,467	66,536
Insurance	25,150	29,607
Miscellaneous	4,665	2,131
Total operation and maintenance fund expenditures	<u>\$ 709,972</u>	<u>697,390</u>
Wayne State College	2006	2005
Salaries, payroll taxes, and benefits	\$ 1,776,213	1,638,067
Utilities	682,486	608,687
Supplies	144,570	210,631
Equipment and furnishings	21,598	104,591
Communication services	139,442	190,578
Repairs	87,286	42,821
Contractual services	85,142	91,093
Insurance	24,992	33,764
Printing	8,407	10,815
Miscellaneous	118,536	92,129
Total operation and maintenance fund expenditures	<u>\$ 3,088,672</u>	<u>3,023,176</u>

See accompanying independent auditors' report.

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Insurance in Force

(Unaudited)

June 30, 2006

Chadron State College

Type	Coverage amount
Business interruption value	\$ 2,600,000
Blanket contents	3,814,581
Fire and extended coverage:	
Dormitories and housing facilities, 90% coinsurance	42,477,659
Student union and other buildings, 90% coinsurance	12,731,563

Peru State College

Type	Coverage amount
Business interruption value	\$ 1,937,090
Blanket contents	2,454,725
Fire and extended coverage:	
Dormitories and housing facilities, 90% coinsurance	19,790,054
Student union and other buildings, 90% coinsurance	4,757,206

Wayne State College

Type	Coverage amount
Business interruption value	\$ 11,090,586
Blanket contents	5,211,642
Fire and extended coverage:	
Dormitories and housing facilities, 90% coinsurance	39,187,578
Student union and other buildings, 90% coinsurance	20,198,875

See accompanying independent auditors' report.

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Debt Service Coverage

Years ended June 30, 2006 and 2005

Chadron State College	2006	2005
Receipts:		
Dormitories	\$ 1,621,375	1,535,804
Family housing	164,155	178,477
Facilities fees	529,217	424,647
Food service and student union snack bar	1,626,198	1,456,948
Other	290,339	291,494
Total receipts	4,231,284	3,887,370
Less refunds	(4,018)	(5,370)
Net receipts	4,227,266	3,882,000
Interest earned	120,251	117,456
Total additions	4,347,517	3,999,456
Deductions:		
Operation and maintenance expenditures (note)	2,258,621	2,332,962
Food service contract payments	1,159,038	869,909
Other	—	1,122
Total deductions	3,417,659	3,203,993
Available for debt service, reserves, etc.	\$ 929,858	795,463
Debt service, principal, and interest requirement (note)	\$ 605,668	621,428
Debt service coverage	154%	128%

Note: In accordance with the debt agreement, expenditures paid for capital improvements and extraordinary repairs that were charged to surplus and construction funds held by the trustee in the amount of \$852,779 and \$2,817,459 during the years ended June 30, 2006 and 2005, respectively, have not been deducted in arriving at the debt service coverage. The debt service requirement amount includes principal and interest payments due in 2006 and 2005, respectively.

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Debt Service Coverage

Years ended June 30, 2006 and 2005

<u>Peru State College</u>	<u>2006</u>	<u>2005</u>
Receipts:		
Rentals	\$ 912,231	910,628
Facilities fees	105,534	110,298
Food service	772,363	761,341
Lease income	52,931	29,961
Other	63,638	74,128
Net receipts	<u>1,906,697</u>	<u>1,886,356</u>
Interest earned	<u>65,973</u>	<u>42,883</u>
Total additions	1,972,670	1,929,239
Deductions:		
Operation and maintenance expenditures (note)	709,972	697,390
Food service contract payments	817,050	706,447
Total deductions	<u>1,527,022</u>	<u>1,403,837</u>
Available for debt service, reserves, etc.	<u>\$ 445,648</u>	<u>525,402</u>
Debt service, principal, and interest requirement (note)	\$ 253,623	255,698
Debt service coverage	176%	205%

Note: In accordance with the debt agreement, expenditures paid for capital improvements and extraordinary repairs that were charged to surplus and construction funds held by the trustee in the amount of \$139,706 and \$127,454 during the years ended June 30, 2006 and 2005, respectively, have not been deducted in arriving at the debt service coverage. The debt service requirement amount includes principal and interest payments due in 2006 and 2005, respectively.

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Debt Service Coverage

Years ended June 30, 2006 and 2005

<u>Wayne State College</u>	<u>2006</u>	<u>2005</u>
Receipts:		
Dormitories	\$ 2,194,064	2,095,168
Food service and commission	2,472,921	2,262,763
Facilities fees	706,710	667,625
Family housing	—	6,020
Other	384,012	382,054
Total receipts	<u>5,757,707</u>	<u>5,413,630</u>
Less refunds	<u>(6,341)</u>	<u>(9,483)</u>
Net receipts	5,751,366	5,404,147
Interest earned	<u>202,852</u>	<u>135,672</u>
Total additions	5,954,218	5,539,819
Deductions:		
Operation and maintenance expenditures (note)	3,088,672	3,023,176
Food service contract payments	1,370,152	1,239,072
Other	133	4,665
Total deductions	<u>4,458,957</u>	<u>4,266,913</u>
Available for debt service, reserves, etc.	<u>\$ 1,495,261</u>	<u>1,272,906</u>
Debt service, principal, and interest requirement (note)	\$ 732,150	632,660
Debt service coverage	204%	201%

Note: In accordance with the debt agreement, expenditures paid for capital improvements and extraordinary repairs that were charged to surplus and construction funds held by the trustee in the amount of \$1,307,598 and \$1,160,299 during the years ended June 30, 2006 and 2005, respectively, have not been deducted in arriving at the debt service coverage. The debt service requirement amount includes principal and interest payments due in 2006 and 2005, respectively.

See accompanying independent auditors' report.

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Bonds Outstanding

June 30, 2006

Chadron State College	Principal amount, Series 2002C & Series 2003A
Maturing July 1:	
2006	\$ 305,000
2007	320,000
2008	320,000
2009	340,000
2010	345,000
2011	235,000
2012	200,000
2013	205,000
2014	215,000
2015	220,000
2016	230,000
2017	240,000
2018	250,000
2019	265,000
2020	275,000
2021	290,000
2022	305,000
2023	320,000
2024	340,000
2025	355,000
2026	375,000
2027	395,000
2028	415,000
Total	\$ 6,760,000

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Bonds Outstanding

June 30, 2006

Peru State College	Principal amount, Series 2002B
Maturing July 1:	
2006	\$ 100,000
2007	100,000
2008	105,000
2009	110,000
2010	110,000
2011	120,000
2012	120,000
2013	125,000
2014	130,000
2015	135,000
2016	145,000
2017	145,000
2018	155,000
2019	165,000
2020	170,000
2021	180,000
2022	190,000
2023	200,000
2024	210,000
2025	220,000
2026	230,000
2027	240,000
	\$ 3,405,000

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**

Bonds Outstanding

June 30, 2006

Wayne State College	Principal amount, Series 2002A & Series 2003B
Maturing July 1:	
2006	\$ 335,000
2007	340,000
2008	350,000
2009	360,000
2010	375,000
2011	385,000
2012	400,000
2013	420,000
2014	435,000
2015	455,000
2016	470,000
2017	485,000
2018	515,000
2019	370,000
2020	385,000
2021	400,000
2022	420,000
2023	445,000
2024	465,000
2025	485,000
2026	515,000
2027	535,000
Total	\$ 9,345,000

See accompanying independent auditors' report.

NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS

Occupancy
(Unaudited)

Year ended June 30, 2006

Chadron State College

	Summer session 2005			Second term			Summer session 2006		
	Capacity	Number	Percent	Capacity	Number	Percent	Capacity	Number	Percent
High Rise Dormitory	422	18	4%	422	266	63%	422	17	4%
Edna Work/Wing Hall	186	—	—	186	93	50	50	3	2
Kent Hall	275	—	—	275	147	54	275	1	—
Andrews Hall	284	—	—	284	170	60	284	—	—
Brooks Hall	84	—	—	84	22	26	84	—	—
Family housing	53	36	68	41	40	98	41	27	66
	1,304	54		1,292	738			48	

Peru State College

	First term			Second term			Summer session		
	Capacity	Number	Percent	Capacity	Number	Percent	Capacity	Number	Percent
Centennial Complex	260	199	77%	260	156	60%	—	—	—
Eliza Morgan Hall	98	87	89	98	84	86	—	—	—
Delzell Hall	144	96	67	144	85	59	—	—	—
Faculty housing	8	8	100	8	7	88	8	8	100
Married student housing	12	9	75	12	10	83	12	5	42
	522	399		522	342		20	13	

Wayne State College

	Summer session July 2005			Second term			Summer session May 2006			Summer session June 2006		
	Capacity	Number	Percent	Capacity	Number	Percent	Capacity	Number	Percent	Capacity	Number	Percent
Anderson Hall	160	—	—	160	126	79%	160	113	71%	160	1	1%
Berry Hall	310	—	—	310	257	83	310	244	79	310	3	1
Bowen Hall	436	—	—	436	301	69	436	142	33	436	—	—
Morey Hall	229	—	—	229	186	81	229	169	74	229	—	—
Neuhardt Hall	177	—	—	177	137	77	177	133	75	177	1	1
Pile Hall	136	—	—	136	97	71	136	101	74	136	1	1
Terrace Hall	136	19	14	136	120	88	136	116	85	136	24	18
Family housing	3	—	—	3	—	—	3	—	—	3	—	—
	1,587	19		1,224			1,018	51		1,018	30	

Note: Occupancy numbers are based on occupancy levels at the end of each term and do not reflect changes that may occur during the course of each term. The occupancy percentages are based on the number of beds occupied, as the rooms were designed. In many cases, students elect to pay a higher rate for a two-bed room and occupy it as a private room. The "room occupancy" rate, which is higher at all three colleges than the bed occupancy percentages, gives a clearer picture of the situation that exists.

See accompanying independent auditors' report.