



**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
(A Component Unit of the Nebraska State College System)

Financial Statements

June 30, 2006

(With Independent Auditors' Report Thereon)

# NEBRASKA STATE COLLEGES FACILITIES CORPORATION

(A Component Unit of the Nebraska State College System)

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## **Independent Auditors' Report**

The Board of Trustees  
Nebraska State College System:

We have audited the accompanying statement of net assets (deficit) relating to the Nebraska State Colleges Facilities Corporation (the Corporation), a component unit of the Nebraska State College System, as of June 30, 2006, and the related statements of revenues, expenses, and changes in net assets (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 Corporation'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 audit provides a reasonable basis for our opinion.

As discussed in note 1, the financial statements related to the Corporation are intended to present the financial position and the change in financial position and cash flows of only that portion of the business-type activities of the Corporation that is attributable to the transactions of the Corporation. They do not purport to, and do not, present fairly the financial position of the Nebraska State College System as of June 30, 2006, and the change in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets (deficit) of the Nebraska State Colleges Facilities Corporation as of June 30, 2006, and the changes in its financial position and cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information on pages 14 through 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit 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.

KPMG LLP

Lincoln, Nebraska  
October 16, 2006

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
(A Component Unit of the Nebraska State College System)

Management's Discussion and Analysis

June 30, 2006

**Introduction**

The following is an overview of the financial position and changes in net assets (deficit) of the Nebraska State Colleges Facilities Corporation, a component unit of the Nebraska State College System. Management has prepared the following discussion and analysis, and it is intended to be read in conjunction with the financial statements and related footnotes that follow this section.

Nebraska State Colleges Facilities Corporation (the Corporation) was organized by the board of trustees of the Nebraska State College System (the System) to finance buildings and related improvements. The Corporation is a component unit of the System. These facilities are not reflected in the accompanying financial statements as they have been transferred to the System and are reported in the System's financial statements. The bonds are secured by a pledge of the System's fee revenues and legislative appropriations.

The financial statements include the bonded projects for the year ended June 30, 2006 for the following:

<b>Facility</b>	<b>Financing objective</b>
Deferred Maintenance Project (Series 1999 Bonds)	Deferred Maintenance Projects—Chadron, Peru, and Wayne State Colleges
Peru State College/Wayne State College Project (Series 2002 Bonds)	Renovate Library and Academic Resource Center at Peru State College; purchase and renovate Energy Plant at Wayne State College

**Financial Highlights**

Revenue sources include state appropriations and designated fee revenues. The State of Nebraska legislature has reaffirmed the appropriation of funds for its portion of the debt service pertaining to the Peru State College/Wayne State College Project and the Deferred Maintenance Project, the latter of which is combined with designated System capital improvement fee revenues for debt service.

**Using the Financial Statements**

The financial statements of the Corporation include the statement of net assets (deficit); the statement of revenues, expenses, and changes in net assets (deficit); and the statement of cash flows. These statements are prepared in accordance with Governmental Accounting Standards Board (GASB) No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*. The statements are presented on a combined basis to focus on the combined acquisition, construction, and related financing activities of the entity as a whole.

The statement of net assets (deficit) includes the trustee accounts of the two bond issues. The statement of revenues, expenses, and changes in net assets (deficit) depicts nonoperating revenues and expenses that provide resources for the purchase, construction, and renovation of designated facilities and for debt service. The statement of cash flows show the sources and uses of cash from issuance of bonds, investments, trustee activity, and other capital and financing activities.

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
(A Component Unit of the Nebraska State College System)

Management's Discussion and Analysis

June 30, 2006

**The Statements**

Condensed statements in an all-inclusive format are presented below for the Corporation for the years ended June 30, 2006 and 2005.

Current assets include resources held by the bond trustee and state treasurer, which are restricted by the bond covenants for construction, bond reserve funds, and related retirement of indebtedness accounts. This is reflected in the condensed statement of net assets (deficit), which amounts to \$479,637 and \$1,882,520 classified as restricted expendable amounts for project construction and debt service, respectively, at June 30, 2006. The reduction in the restricted expendable amount for project construction reflects the disbursement of deferred maintenance bond proceeds for designated deferred maintenance projects, and the disbursement of Peru State College/Wayne State College Project bond proceeds for renovation of the Library and Academic Resource Center and purchase and renovation of the Energy Plant. The bond reserve account balances for each of the separate bond issues are included in the debt service allocation and meet the individual reserve required by each resolution.

The condensed statement of revenues, expenses, and changes in net assets (deficit) includes investment income, revenues designated for debt service, interest expense, and other capital-related revenues and expenses.

**Condensed Statement of Net Assets (Deficit)**

	<b>2006</b>	<b>2005</b>
Assets:		
Current assets	\$ 2,509,781	2,518,990
Noncurrent assets	41,213	65,754
Total assets	2,550,994	2,584,744
Liabilities:		
Current liabilities	2,517,624	2,280,750
Noncurrent liabilities	7,704,906	10,120,753
Total liabilities	10,222,530	12,401,503
Net assets (deficit):		
Invested in capital assets, net of related debt	(10,033,693)	(12,334,999)
Restricted:		
Debt service	1,882,520	2,480,898
Project construction	479,637	37,342
Total net assets (deficit)	\$ (7,671,536)	(9,816,759)

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
(A Component Unit of the Nebraska State College System)

Management's Discussion and Analysis

June 30, 2006

**Condensed Statement of Revenues, Expenses, and Changes in Net Assets (Deficit)**

	<b>2006</b>	<b>2005</b>
Nonoperating revenues (expenses):		
State appropriations	\$ 2,409,360	2,409,360
Investment income	67,904	57,218
Amortization expense	(24,540)	(19,553)
Interest expense	(646,914)	(594,475)
Administrative and other expenses	(8,000)	(9,839)
Other revenue	—	78
Net nonoperating revenue	1,797,810	1,842,789
Capital facilities fees	400,000	400,000
Transfers to the System for capital projects	(52,587)	(228,659)
Increase in net assets	2,145,223	2,014,130
Net assets (deficit), beginning of year	(9,816,759)	(11,830,889)
Net assets (deficit), end of year	\$ (7,671,536)	(9,816,759)

The decrease in transfers to the System for capital projects is due to the fact that capital projects related to the outstanding bond issues are either complete or very near completion. Most of the construction funds for the projects have been expended.

**Long-term Debt Activity**

The Corporation issued no new bonds during the year. The decrease of \$2,280,000 was primarily related to debt service payments.

**Economic Outlook and Subsequent Events That Will Affect the Future**

Management believes that the Corporation will continue to realize sufficient resources to cover debt service. For the Series 1999 bonds, one-half of the repayment comes from state appropriations and one-half from a dedicated, per-credit-hour fee paid by all the System's students. For the 2002 series, repayment comes from 100% state appropriations.

The biennial appropriations bill for 2006 – 2007 and 2007 – 2008 fiscal years (LB 424, 2005) includes the state appropriations for both years for these projects and acknowledges the future commitment to the remaining appropriations for the subsequent years to the completion of the repayment. For the fiscal year ending June 30, 2006, \$1,098,726 was realized from the per-credit-hour fee at Chadron, Peru, and Wayne State Colleges. The first priority for funds from this source is the \$400,000 annual debt repayment for the Series 1999 bonds. In April 2006, the Board of Trustees of the Nebraska State Colleges approved a 17% Capital Improvement fee increase (from \$6 to \$7 per credit hour) for 2006 – 2007. Preliminary enrollment figures at the colleges for fall 2006 indicate a slight increase in enrollment, which should ensure that more than enough resources will be available to meet the \$400,000 debt service commitment for fees.

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
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Management's Discussion and Analysis

June 30, 2006

**Additional Information**

For additional information with respect to the management's discussion and analysis or for information concerning the financial statements, please contact Carolyn Murphy, Vice Chancellor for Finance and Administration, P. O. Box 94605, Lincoln, NE 68509 or [cmurphy@nscs.edu](mailto:cmurphy@nscs.edu).



**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
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Statement of Net Assets (Deficit)

June 30, 2006

Assets:

Current assets:

Cash and cash equivalents—restricted	\$ 1,037,382
Investments—restricted	1,447,128
Accrued interest receivable	24,396
Prepaid expenses	875
Total current assets	2,509,781

Noncurrent assets:

Bond issue costs, net of accumulated amortization	41,213
Total assets	2,550,994

Liabilities:

Current liabilities:

Accrued interest	147,624
Bonds payable	2,370,000
Total current liabilities	2,517,624

Noncurrent liabilities:

Bonds payable, net of current portion	7,635,000
Bond premium, net of accumulated amortization	69,906
Total noncurrent liabilities	7,704,906
Total liabilities	10,222,530

Net assets (deficit):

Invested in capital assets, net of related debt	(10,033,693)
Restricted:	
Debt service	1,882,520
Project construction	479,637
Total net assets (deficit)	\$ (7,671,536)

See accompanying notes to financial statements.

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**

(A Component Unit of the Nebraska State College System)

Statement of Revenues, Expenses, and Changes in Net Assets (Deficit)

Year ended June 30, 2006

Nonoperating revenues (expenses):	
State appropriations	\$ 2,409,360
Investment income	67,904
Amortization expense	(24,540)
Interest expense	(646,914)
Administrative and other expenses	(8,000)
Total nonoperating revenues, net	<u>1,797,810</u>
Transfers in (out):	
Capital facilities fees	400,000
Transfers to the System for capital projects	(52,587)
Total transfers in, net	<u>347,413</u>
Increase in net assets	2,145,223
Net assets (deficit):	
Net assets (deficit), beginning of year	<u>(9,816,759)</u>
Net assets (deficit), end of year	<u>\$ (7,671,536)</u>

See accompanying notes to financial statements.

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
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Statement of Cash Flows

Year ended June 30, 2006

Cash flows from capital and related financing activities:	
State appropriations	\$ 2,409,360
Capital facilities fees	400,000
Principal paid on bonds payable	(2,280,000)
Interest paid on bond payable	(545,137)
Administrative expenses	(9,625)
Transfers to the System for capital projects	(52,587)
	<hr/>
Net cash flows used in capital and related financing activities	(77,989)
	<hr/>
Cash flows from investing activities:	
Net cash flows provided by investing activities—interest received on investments	110,292
	<hr/>
Increase in cash and cash equivalents	32,303
Cash and cash equivalents, beginning of year	1,005,079
	<hr/>
Cash and cash equivalents, end of year	\$ <u><u>1,037,382</u></u>

See accompanying notes to financial statements.

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
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Notes to Financial Statements

June 30, 2006

**(1) Summary of Significant Accounting Policies**

The Nebraska State Colleges Facilities Corporation (the Corporation) is a nonprofit corporation incorporated in 1983 created by the Nebraska State College System (the System) to finance their repair or construction of buildings or the acquisition of equipment for use by the System. The Corporation is a component unit of the System and is exempt from state and Federal income taxes.

These statements have been prepared in accordance with U.S. generally accepted accounting principles, as prescribed by the Governmental Accounting Standards Board (GASB). The GASB has issued GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities*. The Corporation follows the “business-type” activities requirements of GASB Statement No. 34. This statement requires the following components of the financial statements:

- Management’s discussion and analysis
- Financial statements, including a statement of net assets; statement of revenues, expenses, and changes in net assets; and statement of cash flows
- Notes to the financial statements

The Corporation applies all applicable pronouncements of the Financial Accounting Standards Board (FASB) in accounting and reporting for enterprise activities issued on or before November 30, 1989, unless these pronouncements conflict with applicable GASB guidance, as prescribed by GASB Statement No. 20. No pronouncements of the FASB issued after November 30, 1989 have been adopted.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an organization’s principal ongoing operations; therefore, all revenues and expenses are from nonoperating items as all activities related to construction of capital assets or its financing thereof.

***Basis of Presentation***—The financial statements are presented on the accrual basis and include all accounts cited in the resolutions issued by the Corporation in conjunction with the following:

- Deferred Maintenance Project (Series 1999 Bonds)
- Peru State College/Wayne State College Project (Series 2002 Bonds)

As required by the resolutions, separate financial records are maintained for transactions relating to the bonds and to the revenues and expenses of each project.

Assets relating to capital project costs have not been reflected in the accompanying financial statements as these assets have been transferred to the System and are reported in the System’s financial statements.

***Cash and Cash Equivalents—Restricted***—This caption includes cash and investments with an original maturity of three months or less when purchased held by the bond trustee or deposited with the Nebraska

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Notes to Financial Statements

June 30, 2006

state treasurer on a pooled basis in a state fund. Income earned by the pool is allocated to the System based upon average daily balances.

For purposes of the accompanying statement of cash flows, the Corporation considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

**State Appropriations**—This source of funds represents a designated appropriation of funds from the State of Nebraska to pay debt service for the bonds.

**Amortization of Bond Issuance Costs**—Bond issuance costs are being amortized over the life of the bonds on a method that approximates the level yield method.

**Amortization of Bond Premium or Discount**—Bond premiums or discounts are being accreted to interest expense on a method that approximates the level yield method.

**Use of Estimates**—The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(2) Investments**

As of June 30, 2006, the Corporation had the following investments:

	<b>Maturities</b>	<b>Fair value</b>
U.S. agency securities:		
Federal National Mortgage Association	02/15/2009	\$ 722,470
Federal Home Loan Bank	02/02/2009	660,450
Federal Farm Credit Bank	03/22/2007	64,208
		\$ 1,447,128

A decrease in fair value of investments of \$43,640 is included in investment income.

**Interest Rate Risk.** The Corporation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** The Corporation may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. The Corporation's investments in the U.S. agencies were rated AAA.

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Notes to Financial Statements

June 30, 2006

**Concentration of Credit Risk.** The Corporation places no limit on the amount that may be invested in any one issuer. Of the Corporation's investments, 50% are Federal National Mortgage Association securities and 46% Federal Home Loan Bank securities.

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation will be able to recover the value of its investments that are in the possession of an outside party. All U.S. agencies are held by the investment's counterparty, not in the name of the Corporation.

**(3) Bonds Payable**

Bonds payable is as follows for the year ended June 30, 2006:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Bonds payable	\$ 12,285,000	—	(2,280,000)	10,005,000	2,370,000
Bond premium, net of accumulated amortization	115,753	—	(45,847)	69,906	—
	<u>\$ 12,400,753</u>	<u>—</u>	<u>(2,325,847)</u>	<u>10,074,906</u>	<u>2,370,000</u>

**(a) Bond Resolutions**

**General**

The bonds are not obligations of the State of Nebraska, and no tax shall ever be levied to raise the funds for the principal payment thereof or the interest or premium thereon. The bonds do not constitute debt of the board of trustees of the Nebraska State Colleges, but shall be payable solely out of moneys derived from designated fee revenues and legislative appropriations.

At June 30, 2006, management believes the Corporation is in compliance with requirements of the respective bond resolutions.

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
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Notes to Financial Statements

June 30, 2006

Bonds payable at June 30, 2006 is comprised of the following individual issues:

<u>Amount</u>	<u>Original Issued</u>	<u>Issue</u>	<u>Interest rate</u>	<u>Series due</u>	<u>Outstanding at June 30, 2006</u>
\$ 6,845,000	07/15/99	Deferred Maintenance Project	4.00 – 5.05%	2000 – 2009	\$ 3,505,000
11,375,000	01/29/02	Peru State College/ Wayne State College Project	2.00 – 5.00%	2002 – 2008	<u>6,500,000</u>
		Total			<u>\$ 10,005,000</u>

None of the bonds are callable.

**(b) Annual Maturities—All Projects**

Annual maturities of principal and interest subject to redemption are as follows:

	<u>Deferred Maintenance Project Series 1999</u>		<u>Peru State College/Wayne State College Project Series 2002</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	2006	\$ 655,000	157,382	1,715,000
2007	690,000	125,093	1,790,000	218,666
2008	720,000	90,540	2,995,000	149,750
2009	<u>1,440,000</u>	<u>36,360</u>	<u>—</u>	<u>—</u>
	<u>\$ 3,505,000</u>	<u>409,375</u>	<u>6,500,000</u>	<u>659,968</u>

**(4) Subsequent Event**

On August 29, 2006, the Nebraska State Colleges Facilities Corporation issued Deferred Maintenance Bonds, Series 2006 to finance the construction of certain renewal and renovation projects at each of the three college campuses. Principal and interest payments will be paid from appropriations from the State of Nebraska and capital improvement fee revenues. The 2006 Project states that if, at any time, the assigned revenues are insufficient to pay principal and interest of the Series 2006 bonds as they become due, the deficiency will be paid from certain defined cash funds or other funds of the Board of Trustees available for such purposes.

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
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Additional Information

Combining Schedule—Statement of Net Assets (Deficit)

June 30, 2006

	<b>Deferred maintenance</b>	<b>Library and plant</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents—restricted	\$ 559,723	477,659	1,037,382
Investments—restricted	724,658	722,470	1,447,128
Accrued interest receivable	14,728	9,668	24,396
Prepaid expenses	—	875	875
Total current assets	1,299,109	1,210,672	2,509,781
Noncurrent assets:			
Bond issue costs, net of accumulated amortization	12,213	29,000	41,213
Total assets	1,311,322	1,239,672	2,550,994
<b>Liabilities:</b>			
Current liabilities:			
Accrued interest	50,440	97,184	147,624
Bonds payable	655,000	1,715,000	2,370,000
Total current liabilities	705,440	1,812,184	2,517,624
Noncurrent liabilities:			
Bonds payable, net of current portion	2,850,000	4,785,000	7,635,000
Bond premium, net of accumulated amortization	—	69,906	69,906
Total noncurrent liabilities	2,850,000	4,854,906	7,704,906
Total liabilities	3,555,440	6,667,090	10,222,530
<b>Net assets (deficit):</b>			
Invested in capital assets, net of related debt	(3,492,787)	(6,540,906)	(10,033,693)
Restricted:			
Debt service	1,237,930	644,590	1,882,520
Project construction	10,739	468,898	479,637
Total net assets (deficit)	\$ (2,244,118)	(5,427,418)	(7,671,536)

See accompanying independent auditors' report.



**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
(A Component Unit of the Nebraska State College System)

Additional Information

Combining Schedule—Statement of Revenues, Expenses, and Changes Net Assets (Deficit)

Year ended June 30, 2006

	<b>Deferred maintenance</b>	<b>Library and plant</b>	<b>Total</b>
Nonoperating revenues (expenses):			
State appropriations	\$ 400,000	2,009,360	2,409,360
Investment income	24,653	43,251	67,904
Amortization expense	(5,634)	(18,906)	(24,540)
Interest expense	(238,025)	(408,889)	(646,914)
Administrative and other expenses	(875)	(7,125)	(8,000)
Total nonoperating revenues, net	180,119	1,617,691	1,797,810
Transfers in (out):			
Capital facilities fees	400,000	—	400,000
Transfers to the System for capital projects	(12,292)	(40,295)	(52,587)
Total transfers, net	387,708	(40,295)	347,413
Increase in net assets	567,827	1,577,396	2,145,223
Net assets (deficit):			
Net assets (deficit), beginning of year	(2,811,945)	(7,004,814)	(9,816,759)
Net assets (deficit), end of year	\$ (2,244,118)	(5,427,418)	(7,671,536)

See accompanying independent auditors' report.

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
(A Component Unit of the Nebraska State College System)

Additional Information

Combining Schedule—Statement of Cash Flows

Year ended June 30, 2006

	<b>Deferred maintenance</b>	<b>Library and plant</b>	<b>Total</b>
Cash flows from capital and related financing activities:			
State appropriations	\$ 400,000	2,009,360	2,409,360
Capital facilities fees	400,000	—	400,000
Principal paid on bonds payable	(630,000)	(1,650,000)	(2,280,000)
Interest paid on bonds payable	(187,585)	(357,552)	(545,137)
Administrative expenses	(1,625)	(8,000)	(9,625)
Transfers to the System for capital projects	(12,292)	(40,295)	(52,587)
Net cash flows used in capital and related financing activities	(31,502)	(46,487)	(77,989)
Cash flows from investing activities:			
Net cash flows provided by investing activities— interest received on investments	44,028	66,264	110,292
Increase in cash and cash equivalents	12,526	19,777	32,303
Cash and cash equivalents, beginning of year	547,197	457,882	1,005,079
Cash and cash equivalents, end of year	\$ 559,723	477,659	1,037,382

See accompanying independent auditors' report.

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
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Additional Information

Deferred Maintenance Project (Series 1999 Bonds)  
Statement of Revenues, Expenses, and Changes in Net Assets (Deficit) by Account  
Year ended June 30, 2006

	Construction account	General account	Bond account	Bond reserve account	Retirement of indebtedness			Total retirement of indebtedness	Total
					Principal and interest account	Rebate account			
Nonoperating revenues (expenses):									
State appropriations	—	—	400,000	—	—	—	400,000	400,000	400,000
Investment income	670	10	12,476	9,460	111	1,926	23,973	24,653	24,653
Amortization expense	—	—	—	—	(5,634)	—	(5,634)	(5,634)	(5,634)
Interest expense	—	—	—	—	(238,025)	—	(238,025)	(238,025)	(238,025)
Administrative and other expenses	—	(875)	—	—	—	—	—	(875)	(875)
Total nonoperating revenues (expenses), net	670	(865)	412,476	9,460	(243,548)	1,926	180,314	180,119	180,119
Transfers:									
Capital facilities fees	—	—	400,000	—	—	—	400,000	400,000	400,000
Transfers to the System for capital projects	(12,292)	—	—	—	—	—	—	(12,292)	(12,292)
Total transfers, net	(12,292)	—	400,000	—	—	—	400,000	387,708	387,708
Increase (decrease) in net assets before interfund transfers	(11,622)	(865)	812,476	9,460	(243,548)	1,926	580,314	567,827	567,827
Interfund transfers in (out), net	—	1,000	(801,117)	(16,367)	817,484	(1,000)	(1,000)	—	—
Increase (decrease) in net assets	(11,622)	135	11,359	(6,907)	573,936	926	579,314	567,827	567,827

See accompanying independent auditors' report.

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
(A Component Unit of the Nebraska State College System)

Additional Information

Peru State College/Wayne State College Project (Series 2002 Bonds)

Statement of Revenues, Expenses, and Changes in Net Assets (Deficit) by Account  
Year ended June 30, 2006

	Construction account	General account	Bond account	Bond reserve account	Retirement of indebtedness		Total
					Principal and interest account	retirement of indebtedness	
Nonoperating revenues (expenses):							
State appropriations	\$ 17,715	—	2,009,360	—	—	2,009,360	2,009,360
Investment income	—	69	1,781	2,361	21,325	25,467	43,251
Amortization expense	—	—	—	—	(18,906)	(18,906)	(18,906)
Interest expense	—	—	—	—	(408,889)	(408,889)	(408,889)
Administrative and other expenses	—	(7,125)	—	—	—	—	(7,125)
Total nonoperating revenues (expenses), net	17,715	(7,056)	2,011,141	2,361	(406,470)	1,607,032	1,617,691
Transfers:	(40,295)	—	—	—	—	—	(40,295)
Transfers to the System for capital projects							
Increase (decrease) in net assets before interfund transfers	(22,580)	(7,056)	2,011,141	2,361	(406,470)	1,607,032	1,577,396
Interfund transfers in (out), net	20,466	9,119	(2,013,551)	(26,975)	2,010,941	(29,585)	—
Increase (decrease) in net assets	(2,114)	2,063	(2,410)	(24,614)	1,604,471	1,577,447	1,577,396

See accompanying independent auditors' report.

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
(A Component Unit of the Nebraska State College System)

Additional Information

Schedule of Project Authorization, Accumulated Costs, and Unexpended Authorization

Year ended June 30, 2006

<u>Projects authorized</u>	<u>Prior authorization</u>	<u>Prior years</u>	<u>Accumulated costs</u>		<u>Unexpended authorization June 30, 2006</u>
			<u>Year ended June 30, 2006</u>	<u>Total</u>	
Deferred Maintenance Project:					
CSC Memorial Hall renov.	\$ 2,145,984	2,145,984	—	2,145,984	—
PSC Campus Svcs—renov./addn.	1,912,720	1,912,720	—	1,912,720	—
WSC Ramsey Theater renov.	1,827,196	1,827,196	—	1,827,196	—
WSC Broadcast Studio relocation	295,000	280,013	12,292	292,305	2,695
WSC Hahn Admin. asbestos srvy.	40,000	39,738	—	39,738	262
WSC Memorial Stadium planning	25,000	25,000	—	25,000	—
CSC chilled water piping extens.	250,000	250,000	—	250,000	—
PSC boiler replcmnt./distrib sys.	155,463	155,463	—	155,463	—
WSC Mem. Stadm. impr./Rice Auditorium floor replacement	328,000	320,218	—	320,218	7,782
Total Deferred Maintenance Project	\$ 6,979,363	6,956,332	12,292	6,968,624	10,739
Library and Plant Project:					
PSC Library/ARC renov.	\$ 6,958,089	6,709,289	40,295	6,749,584	208,505
WSC Energy Plant purch/renov.	4,385,278	4,124,885	—	4,124,885	260,393
Total Library and Plant Project	\$ 11,343,367	10,834,174	40,295	10,874,469	468,898

See accompanying independent auditors' report.

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
(A Component Unit of the Nebraska State College System)

Additional Information

Schedule of Interest and Principal Payments

Deferred Maintenance Project—Series 1999 Bonds

June 30, 2006

<u>Fiscal year</u>	<u>Due dates</u>	<u>Principal due</u>	<u>Interest rate</u>	<u>Interest due</u>	<u>Fiscal year debt service</u>
2006	September 15	\$ 655,000	4.75%	\$ 86,469	812,382
	March 15	—		70,913	—
2007	September 15	690,000	4.85	70,913	815,093
	March 15	—		54,180	—
2008	September 15	720,000	4.95	54,180	810,540
	March 15	—		36,360	—
2009	September 15	1,440,000	5.05	36,360	1,476,360
		<u>\$ 3,505,000</u>		<u>\$ 409,375</u>	<u>3,914,375</u>

See accompanying independent auditors' report.

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
(A Component Unit of the Nebraska State College System)

Additional Information

Schedule of Interest and Principal Payments

Peru State College/Wayne State College Project—Series 2002 Bonds

June 30, 2006

<u>Fiscal year</u>	<u>Due dates</u>	<u>Principal due</u>	<u>Interest rate</u>	<u>Interest due</u>	<u>Fiscal year debt service</u>
2006	September 1	\$ —	4.25%	\$ 145,776	145,776
	March 1	1,715,000		145,776	1,860,776
2007	September 1	—	3.85	109,333	109,333
	March 1	1,790,000		109,333	1,899,333
2008	September 1	—	5.00	74,875	74,875
	March 1	2,995,000		74,875	3,069,875
		<u>\$ 6,500,000</u>		<u>\$ 659,968</u>	<u>7,159,968</u>

See accompanying independent auditors' report.