



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

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

June 30, 2007 and 2006

(With Independent Auditors' Report Thereon)

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

Table of Contents

	Page
Independent Auditors' Report	1
Statements of Revenues Collected and Expenditures Paid and Changes in Fund Balances	3
Notes to Financial Statements	4
Supplementary Schedules:	
1 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	9
2 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	11
Student Fees and Facilities Revenue and Refunding Bond Funds, Series 2002B – Cash Receipts and Disbursements, Trustee's Account	12
Student Fees and Facilities Revenue and Refunding Bonds, Series 2002A and Wayne State College Revenue Bonds, Series 2003B – Cash Receipts and Disbursements, Trustee's Account	13
3 Rentals	14
4 Operation and Maintenance Fund Expenditures	15
5 Insurance in Force	16
6 Debt Service Coverage	17
7 Bonds Outstanding	20
8 Occupancy	23



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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, 2007 and 2006. 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, 2007 and 2006 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
September 11, 2007

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

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

Years ended June 30, 2007 and 2006

	2007				2006			
	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	\$ 5,247,376	—	—	5,247,376	4,891,825	—	—	4,891,825
Food service	5,102,118	—	—	5,102,118	4,642,652	—	—	4,642,652
Facilities fees	1,410,550	—	—	1,410,550	1,341,461	—	—	1,341,461
Deposits forfeited and damages collected	24,584	—	—	24,584	44,994	—	—	44,994
Installment fees	17,710	—	—	17,710	—	—	—	—
Food service commission	307,659	—	—	307,659	224,734	—	—	224,734
Vending machine	117,187	—	—	117,187	128,854	—	—	128,854
Bookstore	220,552	—	—	220,552	217,818	—	—	217,818
Parking permits	130,840	—	—	130,840	122,213	—	—	122,213
Convention housing	58,055	—	—	58,055	66,086	—	—	66,086
Recreation center	9,258	—	—	9,258	8,327	—	—	8,327
Investment income	5,614	31,300	412,988	449,902	3,246	360,118	—	389,076
Office rent	54,569	—	—	54,569	66,735	—	—	66,735
Student union snack bar	5,213	—	—	5,213	4,095	—	—	4,095
Lease income	—	—	57,525	57,525	—	—	52,931	52,931
Other	86,604	—	—	86,604	82,963	—	—	82,963
Total revenues collected	12,797,889	31,300	470,513	13,299,702	11,846,003	413,049	—	12,284,764
Less rent fees and board refunds	(20,585)	—	—	(20,585)	(15,449)	—	—	(15,449)
Net revenues collected	12,777,304	31,300	470,513	13,279,117	11,830,554	413,049	—	12,269,315
Expenditures paid:								
Operations and maintenance	—	6,304,048	—	6,304,048	—	6,057,265	—	6,057,265
Food service contract	—	—	3,704,256	3,704,256	—	—	3,346,240	3,346,240
Interest	—	—	843,854	843,854	—	—	861,441	861,441
Other	244	—	—	244	133	—	—	133
Capital improvements and extraordinary repairs	—	—	1,307,962	1,307,962	—	—	2,300,083	2,300,083
Total expenditures paid	244	6,304,048	5,856,072	12,160,364	133	6,057,265	6,507,764	12,565,162
Excess (deficiency) of revenues collected over expenditures paid before bond transactions and transfers	12,777,060	(6,272,748)	(5,385,559)	1,118,753	11,830,421	(6,031,553)	(6,094,715)	(295,847)
Redemption of bonds	—	—	(740,000)	(740,000)	—	—	(730,000)	(730,000)
Transfers in (out), net	(12,766,232)	6,440,000	6,326,232	—	(11,837,200)	6,101,000	5,736,200	—
Excess (deficiency) of revenues collected over expenditures paid	10,828	167,252	200,673	378,753	(6,779)	69,447	(1,088,515)	(1,025,847)
Fund balance, beginning of year	8,031	185,074	7,962,538	8,155,643	14,810	115,627	9,051,053	9,181,490
Fund balance, end of year	18,859	352,326	8,163,211	8,534,396	8,031	185,074	7,962,538	8,155,643

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2007 and 2006

(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 of trustees (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 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 Nebraska State College System's or the 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, 2007 totaled \$6,455,000 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 5.25%.

(b) Peru State College

Revenue and refunding bonds outstanding as of June 30, 2007 totaled \$3,305,000 and consist of Nebraska State Colleges 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 3.00% to 5.00%.

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

Notes to Financial Statements

June 30, 2007 and 2006

(c) *Wayne State College*

Revenue and refunding bonds outstanding as of June 30, 2007 totaled \$9,010,000 and consist of Nebraska State Colleges Student Fees and Facilities Revenue and Refunding Bonds, Series 2002A due in annual principal installments on July 1 in variable amounts ranging from \$230,000 to \$535,000 through July 1, 2027, with interest rates ranging from 3.00% 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 2.35% 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:			
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	235,000	239,861	474,861
2013 – 2017	1,070,000	1,075,163	2,145,163
2018 – 2022	1,320,000	810,043	2,130,043
2023 – 2027	1,695,000	424,706	2,119,706
2028 – 2029	810,000	41,000	851,000
	<u>\$ 6,455,000</u>	<u>3,662,244</u>	<u>10,117,244</u>

<u>Peru State College</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 100,000	148,272	248,272
2009	105,000	145,040	250,040
2010	110,000	141,383	251,383
2011	110,000	137,422	247,422
2012	120,000	133,078	253,078
2013 – 2017	655,000	589,653	1,244,653
2018 – 2022	815,000	425,226	1,240,226
2023 – 2027	1,050,000	196,155	1,246,155
2028	240,000	6,000	246,000
	<u>\$ 3,305,000</u>	<u>1,922,229</u>	<u>5,227,229</u>

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

Notes to Financial Statements

June 30, 2007 and 2006

<u>Wayne State College</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
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	385,000	342,529	727,529
2013 – 2017	2,180,000	1,463,745	3,643,745
2018 – 2022	2,155,000	961,318	3,116,318
2023 – 2027	2,330,000	436,290	2,766,290
2028	535,000	13,375	548,375
	<u>\$ 9,010,000</u>	<u>4,714,455</u>	<u>13,724,455</u>

<u>Nebraska State Colleges (total)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
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	740,000	715,468	1,455,468
2013 – 2017	3,905,000	3,128,561	7,033,561
2018 – 2022	4,290,000	2,196,587	6,486,587
2023 – 2027	5,075,000	1,057,151	6,132,151
2028 – 2029	1,585,000	60,375	1,645,375
	<u>\$ 18,770,000</u>	<u>10,298,929</u>	<u>29,068,929</u>

Bond activity for the year ended June 30, 2007 is as follows:

	<u>Beginning balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending balance</u>	<u>Current portion</u>
Chadron State College	\$ 6,760,000	—	305,000	6,455,000	320,000
Peru State College	3,405,000	—	100,000	3,305,000	100,000
Wayne State College	9,345,000	—	335,000	9,010,000	340,000
Total	<u>\$ 19,510,000</u>	<u>—</u>	<u>740,000</u>	<u>18,770,000</u>	<u>760,000</u>

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

Notes to Financial Statements

June 30, 2007 and 2006

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>

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, 2007 and 2006 is as follows:

	<u>2007</u>	<u>2006</u>
Chadron State College	176%	154%
Peru State College	208	176
Wayne State College	232	204

(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, 2007, the unexpended balance of outstanding Board resolutions under construction commitments is approximately as follows:

	<u>2007</u>	<u>2006</u>
Chadron State College	\$ 355,000	122,000
Peru State College	238,000	437,000
Wayne State College	797,000	705,000
Total construction commitments	<u>\$ 1,390,000</u>	<u>1,264,000</u>

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

Notes to Financial Statements

June 30, 2007 and 2006

(5) Room and Board Waivers

Room and board waivers not included in rentals and food service revenues for the years ending June 30, 2007 and 2006 are approximately as follows:

	2007	2006
Chadron State College	\$ 319,000	271,000
Peru State College	132,000	141,000
Wayne State College	527,000	488,000
Total room and board waivers	\$ 978,000	900,000

(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:

	Principal	Interest	Total
Year ending June 30:			
2008	\$ 27,523	5,257	32,780
2009	29,174	3,606	32,780
2010	30,925	1,855	32,780
	\$ 87,622	10,718	98,340

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, 2007 and 2006

	2007			2007			2007			2007			Total	Combined
	Revenue Bond Funds			Operation and Maintenance Funds			Funds held by trustee and State of Nebraska			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	1,874,198	944,752	2,428,426	—	—	—	—	—	—	—	—	—	—	5,247,376
Food service	1,551,545	803,913	2,746,660	—	—	—	—	—	—	—	—	—	—	5,102,118
Facilities fees	581,812	102,438	726,300	—	—	—	—	—	—	—	—	—	—	1,410,550
Deposits forfeited and damages collected	—	18,293	6,291	—	—	—	—	—	—	—	—	—	—	24,584
Insurance fees	17,710	—	—	—	—	—	—	—	—	—	—	—	—	17,710
Registration and admission	279,077	—	28,582	—	—	—	—	—	—	—	—	—	—	307,659
Vending machine	45,008	40,485	31,694	—	—	—	—	—	—	—	—	—	—	117,187
Bookstore	94,946	—	125,606	—	—	—	—	—	—	—	—	—	—	220,552
Parking permits	44,584	—	86,256	—	—	—	—	—	—	—	—	—	—	130,840
Convention housing	—	—	58,055	—	—	—	—	—	—	—	—	—	—	58,055
Recreation center	—	—	9,258	—	—	—	—	—	—	—	—	—	—	9,258
Investment income	—	282	5,332	10,048	5,865	15,387	—	—	—	—	—	—	—	412,988
Office rent	—	—	—	—	—	—	—	—	—	—	—	—	—	449,902
Student union snack bar	—	—	—	—	—	—	—	—	—	—	—	—	—	54,569
Lease income	—	—	—	—	—	—	—	—	—	—	—	—	—	57,525
Other	28,903	1,051	56,650	—	—	—	—	—	—	—	—	—	—	86,604
Total revenues collected	4,577,565	1,911,214	6,309,110	10,048	5,865	15,387	—	—	—	—	—	—	—	13,299,702
Less: rent fees and bond refunds	(4,935)	(5,953)	(9,697)	—	—	—	—	—	—	—	—	—	—	(20,585)
Net revenues collected	4,572,630	1,905,261	6,299,413	10,048	5,865	15,387	—	—	—	—	—	—	—	13,279,117
Expenditures paid:														
Operations and maintenance	—	—	—	2,278,813	725,279	3,299,956	—	—	—	—	—	—	—	6,304,048
Food service contract	—	—	—	—	—	—	—	—	—	—	—	—	—	1,382,212
Interest	—	—	—	—	—	—	—	—	—	—	—	—	—	293,043
Other	—	—	—	—	—	—	—	—	—	—	—	—	—	244
Capital improvements and extraordinary repairs	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total expenditures paid	—	—	—	2,278,813	725,279	3,299,956	—	—	—	—	—	—	—	6,304,048
Excess (deficiency) of revenues collected over expenditures paid before bond transactions and transfers	4,572,630	1,905,261	6,299,169	(2,268,765)	(719,414)	(3,284,569)	(6,272,748)	(1,688,905)	(305,000)	(335,000)	(335,000)	(2,938,624)	(5,385,559)	1,118,753
Redemption of bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	(740,000)
Transfers in (out), net	(4,572,630)	(1,904,978)	(6,288,624)	2,350,000	740,000	3,350,000	6,440,000	2,222,630	1,164,978	1,164,978	2,938,624	6,326,232	6,326,232	(740,000)
Excess (deficiency) of revenues collected over expenditures paid	—	—	—	81,235	20,586	65,431	167,252	258,725	(305,000)	(335,000)	(335,000)	2,006,624	200,673	378,753
Fund balance, beginning of year	1,000	5,416	1,615	93,493	86,994	4,587	185,074	2,357,715	1,450,595	1,450,595	4,154,228	7,962,538	8,155,643	8,155,643
Fund balance, end of year	1,000	5,699	12,160	174,728	107,580	70,018	352,326	2,616,440	1,380,487	1,380,487	4,166,284	8,163,211	8,334,396	8,334,396

**NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS**
Student Fees and Facilities Revenue and Refunding Bonds, Series 2002 and Revenue Bonds, Series 2003
and Changes in Fund Balances
Combined Statements of Revenues Collected and Expenditures Paid
Years ended June 30, 2007 and 2006

	Revenue Bond Funds			2006 Operation and Maintenance Funds			Funds held by trustee and State of Nebraska			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	Total	Chadron State College	Peru State College	Wayne State College	Total	Combined
Revenues collected:															
Rentals	1,785,530	912,231	2,194,064	—	—	—	—	—	—	—	—	—	—	—	4,891,825
Food service	1,418,549	772,363	2,451,740	—	—	—	—	—	—	—	—	—	—	—	4,642,652
Facilities fees	529,217	105,534	706,710	—	—	—	—	—	—	—	—	—	—	—	1,341,461
Deposits forfeited and damages collected	20,440	15,466	9,088	—	—	—	—	—	—	—	—	—	—	—	44,994
Food service commission	20,685	21,374	21,774	—	—	—	—	—	—	—	—	—	—	—	22,833
Vending machine	41,545	48,172	30,137	—	—	—	—	—	—	—	—	—	—	—	128,854
Bookstore	89,050	—	128,768	—	—	—	—	—	—	—	—	—	—	—	217,818
Parking permits	50,405	—	71,808	—	—	—	—	—	—	—	—	—	—	—	122,213
Convention housing	—	—	66,086	—	—	—	—	—	—	—	—	—	—	—	66,086
Recreation center	—	—	8,327	—	—	—	—	—	—	—	—	—	—	—	8,327
Investment income	—	293	3,246	9,628	4,216	11,868	—	—	—	110,623	61,464	188,031	360,118	389,076	
Office rent	66,735	—	2,953	—	—	—	—	—	—	—	—	—	—	—	66,735
Student union snack bar	4,095	—	—	—	—	—	—	—	—	—	52,931	—	—	—	4,095
Lease income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	52,931
Other	22,165	—	60,798	—	—	—	—	—	—	—	—	—	—	—	82,965
Total revenues collected	4,231,284	1,854,059	5,760,660	9,628	4,216	11,868	—	—	—	110,623	114,395	188,031	413,049	12,284,764	
Less rent fees and board refunds	(4,018)	(5,090)	(6,341)	—	—	—	—	—	—	—	—	—	—	(15,449)	
Net revenues collected	4,227,266	1,848,969	5,754,319	9,628	4,216	11,868	—	—	—	110,623	114,395	188,031	413,049	12,269,315	
Expenditures paid:															
Operation and maintenance	—	—	—	2,258,621	709,972	3,088,672	—	—	—	1,159,038	817,050	1,370,152	3,346,240	6,057,265	
Food service contract	—	—	—	—	—	—	—	—	—	300,668	153,623	407,150	861,441	3,346,240	
Interest	—	—	—	—	—	—	—	—	—	—	—	—	—	133	
Other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Capital improvements and extraordinary repairs	—	—	—	—	—	—	—	—	—	852,779	139,706	1,307,598	2,300,083	8,327	
Total expenditures paid	—	—	—	2,258,621	709,972	3,088,672	—	—	—	2,312,485	1,110,379	3,084,900	6,507,764	12,565,162	
Excess (deficiency) of revenues collected over expenditures paid before bond transactions and transfers	4,227,266	1,848,969	5,754,186	(2,248,993)	(705,756)	(3,076,804)	(6,031,553)	(6,031,553)	(6,031,553)	(2,201,862)	(995,984)	(2,896,869)	(6,094,715)	(295,847)	
Redemption of bonds	—	—	—	—	—	—	—	—	—	(305,000)	(100,000)	(325,000)	(730,000)	(730,000)	
Transfers in (out), net	(4,227,311)	(1,849,077)	(5,760,812)	2,305,000	733,000	3,063,000	6,101,000	6,101,000	6,101,000	1,922,311	1,116,076	2,697,813	5,736,200	(730,000)	
Excess (deficiency) of revenues collected over expenditures paid	(45)	(108)	(6,626)	56,007	27,244	(13,804)	69,447	69,447	69,447	(584,551)	20,092	(524,056)	(1,088,515)	(1,025,847)	
Fund balance, beginning of year	1,045	5,524	8,241	37,486	59,750	18,391	115,627	115,627	115,627	2,942,266	1,430,503	4,678,284	9,051,053	9,181,490	
Fund balance, end of year	1,000	5,416	1,615	93,493	86,994	4,587	185,074	185,074	185,074	2,357,715	1,450,595	4,154,228	7,962,538	8,155,443	

**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, 2007

(With comparative totals for June 30, 2006)

	Chadron State College					
	2007		2006		Total	
	Revenue Fund 2002C	Reserve Fund 2002C	Surplus Fund 2002C	Reserve Fund 2003A	Construction Fund 2003A	
Receipts:						
Board of trustees deposits	\$ 4,572,630	—	—	—	—	4,572,630
Income from investments	48,442	13,369	32,131	22,668	853	129,024
Receipts before transfer of funds	4,621,072	13,369	32,131	22,668	853	4,701,654
Transfer of funds, net	(591,085)	(5,652)	—	(11,477)	(186)	—
Total receipts	4,029,987	7,717	32,131	11,191	667	4,701,654
Disbursements:						
Remitted to operation and maintenance fund	2,350,000	—	—	—	—	2,350,000
Payments on food service contract	1,382,212	—	—	—	—	1,382,212
Remitted to paying agent:						
Bond principal	—	—	—	—	—	305,000
Bond interest	—	—	—	—	—	293,043
Other	—	—	—	—	—	—
Payments to contractors and others	—	—	67,295	—	45,379	112,674
Total disbursements	3,732,212	—	67,295	—	45,379	4,442,929
Excess (deficiency) of receipts over disbursements	297,775	7,717	(35,164)	11,191	(44,712)	258,725
Balance at beginning of year	410,209	269,912	701,029	462,836	44,712	2,357,715
Balance at end of year	\$ 707,984	277,629	665,865	474,027	—	2,616,440
Balance at end of year consisted of:						
Cash	\$ 4,213	—	—	—	—	4,213
Savings and money market accounts	703,771	128,994	433,765	286,857	—	2,044,322
State of Nebraska Operating Investment Pool	—	—	232,100	—	—	232,100
U.S. government securities, at cost (fair value 2007, \$306,525; 2006, \$305,955)	—	148,635	—	187,170	—	335,805
	\$ 707,984	277,629	665,865	474,027	—	2,616,440

**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, 2007

(With comparative totals for June 30, 2006)

	Peru State College				
	2007	Surplus Fund 2002B	Bond Fund 2002B	Reserve Fund 2002B	Total
Receipts:					
Board of trustees deposits	\$ 1,904,978	—	—	—	1,904,978
Major's Hall lease income	57,525	—	—	—	57,525
Income from investments	18,364	32,660	4,373	14,296	69,693
Receipts before transfer of funds	1,980,867	32,660	4,373	14,296	2,032,196
Transfer of funds, net	(446,508)	200,000	249,600	(3,092)	—
Total receipts	1,534,359	232,660	253,973	11,204	2,032,196
Disbursements:					
Remitted to operation and maintenance fund	740,000	—	—	—	740,000
Payments on food service contract	795,648	—	—	—	795,648
Remitted to paying agent:					
Bond principal	—	—	100,000	—	100,000
Bond interest	—	—	151,123	—	151,123
Payments to contractors and others	—	315,533	—	—	315,533
Total disbursements	1,535,648	315,533	251,123	—	2,102,304
Excess (deficiency) of receipts over disbursements	(1,289)	(82,873)	2,850	11,204	(70,108)
Balance at beginning of year	58,403	930,090	181,215	280,887	1,450,595
Balance at end of year	\$ 57,114	847,217	184,065	292,091	1,380,487
Balance at end of year consisted of:					
Savings and money market accounts	\$ 57,114	284,057	184,065	38,861	564,097
State of Nebraska Operating Investment Pool	—	563,160	—	—	563,160
U.S. government securities, at cost	—	—	—	253,230	253,230
(fair value 2007, \$231,150; 2006, \$230,719)	—	—	—	292,091	1,380,487
	\$ 57,114	847,217	184,065	292,091	1,380,487
					1,450,595

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

Student Fees and Facilities Revenue and Refunding Bonds, Series 2002A and
Wayne State College Revenue Bonds, Series 2003B

Cash Receipts and Disbursements, Trustee's Account

Year ended June 30, 2007

(With comparative totals for June 30, 2006)

	Wayne State College							
	2007		2006		Total			
	Revenue Fund 2002A	Surplus Fund 2002A	Construction Fund 2002A	Reserve Fund 2002A	Construction Fund 2003B	Reserve Fund 2003B	2007	2006
Receipts:								
Board of trustees deposits	6,288,624	—	—	—	—	—	6,288,624	5,760,813
Bond issuance proceeds	—	—	—	—	—	—	—	—
Income from investments	91,570	13,439	1,726	31,891	2,124	9,013	214,271	188,031
Receipts before transfer of funds	6,380,194	64,508	1,726	31,891	2,124	9,013	6,502,895	5,948,844
Transfer of funds, net	(1,401,556)	735,600	—	(6,834)	—	(6,024)	—	—
Total receipts	4,978,638	749,039	1,726	25,057	2,124	2,989	6,502,895	5,948,844
Disbursements:								
Remitted to operation and maintenance fund	3,350,000	—	—	—	—	—	3,350,000	3,063,000
Payments on food service contract	1,526,396	—	—	—	—	—	1,526,396	1,370,152
Remitted to paying agent:								
Bond principal	—	335,000	—	—	—	—	335,000	325,000
Bond interest	—	399,687	—	—	—	—	399,687	407,150
Other	—	—	—	—	—	—	—	925
Payments to contractors and others	—	747,819	24,599	—	107,336	—	879,754	1,306,673
Total disbursements	4,876,396	734,687	24,599	—	107,336	—	6,490,837	6,472,900
Excess (deficiency) of receipts over disbursements	102,242	(4,497)	(22,873)	25,057	(105,212)	2,989	12,058	(524,056)
Balance at beginning of year	1,416,470	1,198,182	53,496	626,440	120,999	185,186	4,154,228	4,678,284
Balance at end of year	1,518,712	1,193,685	30,623	651,497	15,787	188,175	4,166,286	4,154,228
Balance at end of year consisted of:								
Cash	7,000	—	—	—	—	—	7,000	2,426,963
Savings and money market accounts	1,511,712	315,243	30,623	84,482	15,787	111,105	2,636,759	1,083,180
State of Nebraska Operating Investment Pool	—	878,442	—	—	—	—	878,442	—
U.S. government securities, at cost (fair value 2007, \$587,925; 2006, \$586,831)	—	—	—	567,015	—	77,070	644,085	644,085
	1,518,712	1,193,685	30,623	651,497	15,787	188,175	4,166,286	4,154,228

See accompanying independent auditors' report.

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

Rentals

Years ended June 30, 2007 and 2006

Chadron State College	2007	2006
Facility:		
High Rise Dormitory	\$ 673,136	630,248
Andrews Hall	429,515	407,394
Kent Hall	423,732	371,362
Edna Work Hall	160,442	153,758
Edna Work Wing	141,676	98,852
Brooks Hall	11,710	50,484
Family housing	146,938	164,155
Guest housing	98,095	82,026
Less room waivers	(211,046)	(172,749)
Total rentals	\$ 1,874,198	1,785,530
Peru State College	2007	2006
Facility:		
Centennial Complex	\$ 464,183	487,322
Eliza Morgan Hall	256,092	255,145
Delzell Hall	251,023	213,092
Guest and temporary housing	11,020	3,040
Faculty housing	29,725	32,478
Married student housing	41,123	35,279
Less room waivers	(108,414)	(114,125)
Total rentals	\$ 944,752	912,231
Wayne State College	2007	2006
Facility:		
Bowen Hall	\$ 719,696	486,786
Berry Hall	581,179	554,964
Morey Hall	416,838	405,624
Anderson Hall	256,202	258,408
Neihardt Hall	347,630	321,452
Pile Hall	240,702	249,370
Terrace Hall	278,145	294,538
Family housing	216	258
Less room waivers	(412,182)	(377,336)
Total rentals	\$ 2,428,426	2,194,064

See accompanying independent auditors' report.

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

Operation and Maintenance Fund Expenditures

Years ended June 30, 2007 and 2006

Chadron State College	2007	2006
Salaries, payroll taxes, and benefits	\$ 1,301,300	1,361,518
Utilities	481,503	421,617
Cable television	92,122	91,775
Supplies	201,671	221,574
Repairs and maintenance	84,720	76,519
Insurance	31,253	28,431
Professional and contractual services	7,367	7,000
Equipment and furnishings	53,585	24,695
Miscellaneous	25,292	25,492
Total operation and maintenance fund expenditures	<u>\$ 2,278,813</u>	<u>2,258,621</u>
Peru State College	2007	2006
Salaries, payroll taxes, and benefits	\$ 255,811	266,503
Communication service	74,797	75,056
Utilities	240,000	229,704
Repairs and maintenance	15,787	5,981
Supplies	52,103	59,446
Professional and contractual services	51,997	43,467
Insurance	30,825	25,150
Miscellaneous	3,959	4,665
Total operation and maintenance fund expenditures	<u>\$ 725,279</u>	<u>709,972</u>
Wayne State College	2007	2006
Salaries, payroll taxes, and benefits	\$ 1,810,707	1,776,213
Utilities	744,019	682,486
Supplies	148,240	144,570
Equipment and furnishings	35,527	21,598
Communication services	238,927	139,442
Repairs	89,581	87,286
Contractual services	150,968	85,142
Insurance	39,726	24,992
Printing	1,747	8,407
Miscellaneous	40,514	118,536
Total operation and maintenance fund expenditures	<u>\$ 3,299,956</u>	<u>3,088,672</u>

See accompanying independent auditors' report.

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

Insurance in Force

(Unaudited)

June 30, 2007

Chadron State College

Type	Coverage amount
Business interruption value	\$ 2,625,000
Blanket contents	14,859,453
Fire and extended coverage:	
Dormitories and housing facilities, 90% coinsurance	42,381,180
Student union and other buildings, 90% coinsurance	67,076,946

Peru State College

Type	Coverage amount
Business interruption value	\$ 2,181,916
Blanket contents	2,454,725
Fire and extended coverage:	
Dormitories and housing facilities, 90% coinsurance	20,482,705
Student union and other buildings, 90% coinsurance	4,923,708

Wayne State College

Type	Coverage amount
Business interruption value	\$ 8,729,575
Blanket contents	5,394,049
Fire and extended coverage:	
Dormitories and housing facilities, 90% coinsurance	40,396,199
Student union and other buildings, 90% coinsurance	20,905,838

See accompanying independent auditors' report.

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

Debt Service Coverage

Years ended June 30, 2007 and 2006

Chadron State College	2007	2006
Receipts:		
Dormitories	\$ 1,727,260	1,621,375
Family housing	146,938	164,155
Facilities fees	581,812	529,217
Food service and student union snack bar	1,835,835	1,626,198
Other	285,720	290,339
Total receipts	4,577,565	4,231,284
Less refunds	(4,935)	(4,018)
Net receipts	4,572,630	4,227,266
Interest earned	139,072	120,251
Total additions	4,711,702	4,347,517
Deductions:		
Operation and maintenance expenditures (note)	2,278,813	2,258,621
Food service contract payments	1,382,212	1,159,038
Total deductions	3,661,025	3,417,659
Available for debt service, reserves, etc.	\$ 1,050,677	929,858
Debt service, principal, and interest requirement (note)	\$ 598,043	605,668
Debt service coverage	176%	154%

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 \$112,674 and \$852,779 during the years ended June 30, 2007 and 2006, respectively, have not been deducted in arriving at the debt service coverage. The debt service requirement amount includes principal and interest payments due in 2007 and 2006, respectively.

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

Debt Service Coverage

Years ended June 30, 2007 and 2006

<u>Peru State College</u>	<u>2007</u>	<u>2006</u>
Receipts:		
Rentals	\$ 944,752	912,231
Facilities fees	102,438	105,534
Food service	803,913	772,363
Lease income	57,525	52,931
Other	58,778	63,638
Net receipts	<u>1,967,406</u>	<u>1,906,697</u>
Interest earned	<u>75,840</u>	<u>65,973</u>
Total additions	<u>2,043,246</u>	<u>1,972,670</u>
Deductions:		
Operation and maintenance expenditures (note)	725,279	709,972
Food service contract payments	795,648	817,050
Total deductions	<u>1,520,927</u>	<u>1,527,022</u>
Available for debt service, reserves, etc.	<u>\$ 522,319</u>	<u>445,648</u>
Debt service, principal, and interest requirement (note)	\$ 251,123	253,623
Debt service coverage	208%	176%

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 \$315,533 and \$139,706 during the years ended June 30, 2007 and 2006, respectively, have not been deducted in arriving at the debt service coverage. The debt service requirement amount includes principal and interest payments due in 2007 and 2006, respectively.

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

Debt Service Coverage

Years ended June 30, 2007 and 2006

<u>Wayne State College</u>	<u>2007</u>	<u>2006</u>
Receipts:		
Dormitories	\$ 2,428,426	2,194,064
Food service and commission	2,775,242	2,472,921
Facilities fees	726,300	706,710
Family housing	—	—
Other	373,810	384,012
Total receipts	<u>6,303,778</u>	<u>5,757,707</u>
Less refunds	<u>(9,697)</u>	<u>(6,341)</u>
Net receipts	6,294,081	5,751,366
Interest earned	<u>234,990</u>	<u>202,852</u>
Total additions	6,529,071	5,954,218
Deductions:		
Operation and maintenance expenditures (note)	3,299,956	3,088,672
Food service contract payments	1,526,396	1,370,152
Other	244	133
Total deductions	<u>4,826,596</u>	<u>4,458,957</u>
Available for debt service, reserves, etc.	<u>\$ 1,702,475</u>	<u>1,495,261</u>
Debt service, principal, and interest requirement (note)	\$ 734,688	732,150
Debt service coverage	232%	204%

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 \$879,755 and \$1,307,598 during the years ended June 30, 2007 and 2006, respectively, have not been deducted in arriving at the debt service coverage. The debt service requirement amount includes principal and interest payments due in 2007 and 2006, respectively.

See accompanying independent auditors' report.

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

Bonds Outstanding

June 30, 2007

Chadron State College	Principal amount, Series 2002C & Series 2003A
Maturing July 1:	
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	\$ <u>6,455,000</u>

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

Bonds Outstanding

June 30, 2007

Peru State College	Principal amount, Series 2002B
Maturing July 1:	
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
	\$ 3,305,000

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

Bonds Outstanding

June 30, 2007

Wayne State College	Principal amount, Series 2002A & Series 2003B
Maturing July 1:	
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	\$ 9,010,000

See accompanying independent auditors' report.

NEBRASKA STATE COLLEGES
REVENUE AND REFUNDING BOND FUNDS

Occupancy
(Unaudited)
Year ended June 30, 2007

Chadron State College

	Summer session 2006			First term			Second term			Summer session 2007		
	Capacity	Number	Percent	Number	Percent	Capacity	Number	Percent	Number	Percent	Number	Percent
High Rise Dormitory	422	17	4%	283	67%	422	261	62%	23	5%	23	5%
Edna Work/Wing Hall	186	2	1	126	68	186	60	60	2	1	2	1
Kent Hall	275	1	—	220	80	275	154	56	—	—	—	—
Andrews Hall	284	—	—	187	66	284	168	59	—	—	—	—
Brooks Hall	84	—	—	—	—	84	—	—	—	—	—	—
Family housing	41	29	70	40	98	41	31	76	—	—	32	77
	1,292	49		856		1,292	725				57	

Peru State College

	First term			Second term			Summer session		
	Capacity	Number	Percent	Capacity	Number	Percent	Capacity	Number	Percent
Centennial Complex	260	194	58%	260	150	58%	260	—	—
Eliza Morgan Hall	98	90	92	98	78	80	98	—	—
Delzell Hall	144	105	73	144	100	69	144	—	—
Faculty housing	8	6	75	8	6	75	8	7	88
Married student housing	12	10	83	12	8	67	12	8	67
	522	405		522	342		522	15	

Wayne State College

	Summer session July 2006			First term			Second term			Summer session May 2007			Summer session June 2007		
	Capacity	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Anderson Hall	160	—	—	119	74%	115	72%	1	1%	—	—	—	—	—	—
Berry Hall	310	—	—	265	85	244	79	—	—	—	—	—	—	—	—
Bowen Hall	436	—	—	343	79	287	66	—	—	—	—	—	—	—	—
Morey Hall	229	—	—	189	83	170	74	—	—	—	—	—	—	—	—
Neihardt Hall	177	—	—	135	76	129	73	35	20	16	9	1	1	1	1
Pile Hall	136	—	—	101	74	92	68	—	—	—	—	—	—	—	—
Terrace Hall	136	10	7	108	79	105	77	—	—	—	—	—	—	—	—
Family housing	3	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	1,587	10		1,260		1,142	36			17					

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.