



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

Financial Statements

June 30, 2007

(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, 2007, 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.

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, 2007, 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 7 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 15 through 24 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  
September 11, 2007

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

Management's Discussion and Analysis

June 30, 2007

**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, 2007 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
Deferred Maintenance Project (Series 2006 Bonds)	Deferred Maintenance Projects—Chadron, Peru, and Wayne State Colleges

**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 Projects of 1999 and 2006, the latter two of which are 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 three 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.

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Management's Discussion and Analysis

June 30, 2007

**The Statements**

Condensed statements in an all-inclusive format are presented below for the Corporation for the years ended June 30, 2007 and 2006.

The increases in assets and liabilities in the statement are reflective of the new Series 2006 deferred maintenance bond issue. 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 \$452,100 and \$3,807,524 classified as restricted expendable amounts for project construction and debt service, respectively, at June 30, 2007. 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>2007</b>	<b>2006</b>
Assets:		
Current assets	\$ 24,474,104	2,509,781
Noncurrent assets	510,047	41,213
Total assets	24,984,151	2,550,994
Liabilities:		
Current liabilities	4,608,326	2,517,624
Noncurrent liabilities	26,910,325	7,704,906
Total liabilities	31,518,651	10,222,530
Net assets (deficit):		
Invested in capital assets, net of related debt	(10,794,124)	(10,033,693)
Restricted:		
Debt service	3,807,524	1,882,520
Project construction	452,100	479,637
Total net assets (deficit)	\$ (6,534,500)	(7,671,536)

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

	<b>2007</b>	<b>2006</b>
Nonoperating revenues (expenses):		
State appropriations	\$ 3,534,360	2,409,360
Investment income	1,067,580	67,904
Amortization expense	(38,054)	(24,540)
Interest expense	(1,174,095)	(646,914)
Administrative and other expenses	(15,000)	(8,000)
Net nonoperating revenue	3,374,791	1,797,810
Capital facilities fees	600,000	400,000
Transfers to the System for capital projects	(2,837,755)	(52,587)
Increase in net assets	1,137,036	2,145,223
Net assets (deficit), beginning of year	(7,671,536)	(9,816,759)
Net assets (deficit), end of year	\$ (6,534,500)	(7,671,536)

The increases in State appropriations, investment income, and interest expense are all related to the issuance of the LB605 deferred maintenance bonds in 2006. The increase in transfers to the System for capital projects is due to expenditures for designated projects under the deferred maintenance bonds issued in 2006.

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Management's Discussion and Analysis

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**Long-term Debt Activity**

On August 6, 2006, the Corporation issued Deferred Maintenance Bonds, Series 2006 to finance the construction of certain renewal and renovation projects at each of the three college campuses. Debt service repayment on the bonds is anticipated according to the following schedule:

**Bond Issue Repayment Plan**

Years	State Portion	The System Fee Portion	Total Payment
2006-07	1,125,000	200,000	1,325,000
2007-08	1,125,000	400,000	1,525,000
2008-09	1,125,000	600,000	1,725,000
2009-10	1,125,000	1,200,000	2,325,000
2010-11	1,125,000	1,200,000	2,325,000
2011-12	1,125,000	1,200,000	2,325,000
2012-13	1,125,000	1,200,000	2,325,000
2013-14	1,125,000	1,200,000	2,325,000
2014-15	1,125,000	1,200,000	2,325,000
2015-16	1,125,000	1,200,000	2,325,000
2016-17	1,125,000	1,200,000	2,325,000
2017-18	1,125,000	1,200,000	2,325,000
2018-19	1,125,000	1,200,000	2,325,000
2019-20	1,125,000	1,200,000	2,325,000
Totals	15,750,000	14,400,000	30,150,000
Percent	52.24%	47.76%	100.00%

The System debt service commitment from capital facilities fees increases significantly in 2009 – 2010 as the System fee commitment to the 1999 deferred maintenance bonds is completed.

**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. The 1999 debt service will be completed during the 2008 – 2009 fiscal year. For the 2002 series, repayment comes from 100% state appropriations. The Series 2006 debt service, as shown in the chart above, is paid by 52.24% from state appropriation and 47.76% from the dedicated, per-credit-hour fee paid by all the System's students.

The biennial appropriations bill for 2007 – 2008 and 2008 – 2009 fiscal years (LB 320, 2007) 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, 2007, \$1,098,727 was realized from the per-credit-hour fee at Chadron, Peru, and Wayne State Colleges. The



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first priority for funds from this source is the \$800,000 annual debt repayment; \$400,000 for the Series 1999 bonds and \$400,000 for the Series 2006 bonds for fiscal year 2007 – 2008. In April 2006, the Board of Trustees of the Nebraska State Colleges approved a 14% Capital Improvement fee increase (from \$7 to \$8 per credit hour) for 2007 – 2008. This follows and \$1 increase in the fee in each of the prior two fiscal years. Preliminary enrollment figures at the colleges for fall 2007 indicate an increase in enrollment, which should ensure that more than enough resources will be available to meet the \$800,000 debt service commitment for fees.

**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, 2007

Assets:

Current assets:

Cash and cash equivalents—restricted	\$ 22,949,613
Investments—restricted	1,409,885
Accrued interest receivable	113,731
Prepaid expenses	875
Total current assets	24,474,104

Noncurrent assets:

Bond issue costs, net of accumulated amortization	510,047
Total assets	24,984,151

Liabilities:

Current liabilities:

Accounts payable and accrued liabilities	1,084,740
Accrued interest	543,586
Bonds payable	2,980,000
Total current liabilities	4,608,326

Noncurrent liabilities:

Bonds payable, net of current portion	26,570,000
Bond premium, net of accumulated amortization	340,325
Total noncurrent liabilities	26,910,325
Total liabilities	31,518,651

Net assets (deficit):

Invested in capital assets, net of related debt	(10,794,124)
Restricted:	
Debt service	3,807,524
Project construction	452,100
Total net assets (deficit)	\$ (6,534,500)

See accompanying notes to financial statements.

**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
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Statement of Revenues, Expenses, and Changes in Net Assets (Deficit)

Year ended June 30, 2007

Nonoperating revenues (expenses):	
State appropriations	\$ 3,534,360
Investment income	1,067,580
Amortization expense	(38,054)
Interest expense	(1,174,095)
Administrative and other expenses	(15,000)
Total nonoperating revenues, net	<u>3,374,791</u>
Transfers in (out):	
Capital facilities fees	600,000
Transfers to the System for capital projects	(2,837,755)
Total transfers in, net	<u>(2,237,755)</u>
Increase in net assets	1,137,036
Net assets (deficit):	
Net assets (deficit), beginning of year	<u>(7,671,536)</u>
Net assets (deficit), end of year	<u>\$ (6,534,500)</u>

See accompanying notes to financial statements.

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

Year ended June 30, 2007

Cash flows from capital and related financing activities:	
State appropriations	\$ 3,534,360
Capital facilities fees	600,000
Proceeds from issuance of bonds	22,210,343
Principal paid on bonds payable	(2,370,000)
Interest paid on bond payable	(803,057)
Administrative expenses	(15,000)
Bond issuance costs	(506,888)
Transfers to the System for capital projects	<u>(1,753,015)</u>
Net cash flows provided by capital and related financing activities	<u>20,896,743</u>
Cash flows from investing activities:	
Interest received on investments	950,488
Proceeds received from sale of investments	<u>65,000</u>
Net cash flows provided by investing activities	<u>1,015,488</u>
Increase in cash and cash equivalents	21,912,231
Cash and cash equivalents, beginning of year	<u>1,037,382</u>
Cash and cash equivalents, end of year	<u><u>\$ 22,949,613</u></u>

See accompanying notes to financial statements.

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

June 30, 2007

**(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)
- Deferred Maintenance Project (Series 2006 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.

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Notes to Financial Statements

June 30, 2007

**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 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 amounts 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, 2007, the Corporation had the following investments:

	<b>Maturities</b>	<b>Fair value</b>
U.S. agency securities:		
Federal National Mortgage Association	02/15/2009	\$ 739,874
Federal Home Loan Bank	02/02/2009	670,011
		\$ 1,409,885

An increase in fair value of investments of \$27,878 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, 2007

**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, 52% are Federal National Mortgage Association securities and 48% 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 are as follows for the year ended June 30, 2007:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Bonds payable	\$ 10,005,000	21,915,000	(2,370,000)	29,550,000	2,980,000
Bond premium, net of accumulated amortization	<u>69,906</u>	<u>295,343</u>	<u>(24,924)</u>	<u>340,325</u>	—
	<u>\$ 10,074,906</u>	<u>22,210,343</u>	<u>(2,394,924)</u>	<u>29,890,325</u>	<u>2,980,000</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, 2007, management believes the Corporation is in compliance with the financial requirements of the respective financial bond resolutions.

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Notes to Financial Statements

June 30, 2007

Bonds payable at June 30, 2007 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, 2007</u>
\$ 6,845,000	07/15/99	Deferred Maintenance Project	4.00 – 5.05%	2000 – 2009	\$ 2,850,000
11,375,000	01/29/02	Peru State College/ Wayne State College Project	2.00 – 5.00%	2002 – 2008	4,785,000
21,915,000	08/29/06	Deferred Maintenance Project	3.55 – 5.00%	2007 – 2020	<u>21,915,000</u>
		Total			<u>\$ 29,550,000</u>

None of the bonds are callable at June 30, 2007.

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

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

		Peru State College/Wayne State College Project						Total	
		Deferred Maintenance Project Series 1999		Series 2002		Deferred Maintenance Project Series 2006		Total	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$	690,000	125,093	1,790,000	218,666	500,000	927,849	2,980,000	1,271,608
2008		720,000	90,540	2,995,000	149,750	605,000	908,084	4,320,000	1,148,374
2009		1,440,000	36,360	—	—	825,000	882,138	2,265,000	918,498
2010		—	—	—	—	1,455,000	837,982	1,455,000	837,982
2011		—	—	—	—	1,515,000	778,582	1,515,000	778,582
2012 – 2016		—	—	—	—	8,615,000	2,794,714	8,615,000	2,794,714
2017 – 2020		—	—	—	—	8,400,000	719,051	8,400,000	719,051
	\$	<u>2,850,000</u>	<u>251,993</u>	<u>4,785,000</u>	<u>368,416</u>	<u>21,915,000</u>	<u>7,848,400</u>	<u>29,550,000</u>	<u>8,468,809</u>



**NEBRASKA STATE COLLEGES FACILITIES CORPORATION**  
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Additional Information

Combining Schedule—Statement of Net Assets (Deficit)

June 30, 2007

	<b>Deferred maintenance (1999 Series)</b>	<b>Library and plant</b>	<b>Deferred maintenance (2006 Series)</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents—restricted	\$ 654,393	522,878	21,772,342	22,949,613
Investments—restricted	670,011	739,874	—	1,409,885
Accrued interest receivable	14,559	9,769	89,403	113,731
Prepaid expenses	—	875	—	875
Total current assets	<u>1,338,963</u>	<u>1,273,396</u>	<u>21,861,745</u>	<u>24,474,104</u>
Noncurrent assets:				
Bond issue costs, net of accumulated amortization	8,666	26,363	475,018	510,047
Total assets	<u>1,347,629</u>	<u>1,299,759</u>	<u>22,336,763</u>	<u>24,984,151</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	—	—	1,084,740	1,084,740
Accrued interest	41,366	72,888	429,332	543,586
Bonds payable	690,000	1,790,000	500,000	2,980,000
Total current liabilities	<u>731,366</u>	<u>1,862,888</u>	<u>2,014,072</u>	<u>4,608,326</u>
Noncurrent liabilities:				
Bonds payable, net of current portion	2,160,000	2,995,000	21,415,000	26,570,000
Bond premium, net of accumulated amortization	—	63,551	276,774	340,325
Total noncurrent liabilities	<u>2,160,000</u>	<u>3,058,551</u>	<u>21,691,774</u>	<u>26,910,325</u>
Total liabilities	<u>2,891,366</u>	<u>4,921,439</u>	<u>23,705,846</u>	<u>31,518,651</u>
<b>Net assets (deficit):</b>				
Invested in capital assets, net of related debt	(2,841,334)	(4,822,188)	(3,130,602)	(10,794,124)
Restricted:				
Debt service	1,293,658	752,347	1,761,519	3,807,524
Project construction	3,939	448,161	—	452,100
Total net assets (deficit)	<u>\$ (1,543,737)</u>	<u>(3,621,680)</u>	<u>(1,369,083)</u>	<u>(6,534,500)</u>

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, 2007

	<b>Deferred maintenance (1999 Series)</b>	<b>Library and plant</b>	<b>Deferred maintenance (2006 Series)</b>	<b>Total</b>
Nonoperating revenues (expenses):				
State appropriations	\$ 400,000	2,009,360	1,125,000	3,534,360
Investment income	60,535	91,904	915,141	1,067,580
Amortization expense	(3,547)	(2,637)	(31,870)	(38,054)
Interest expense	(148,307)	(261,152)	(764,636)	(1,174,095)
Administrative and other expenses	(1,500)	(11,000)	(2,500)	(15,000)
Total nonoperating revenues, net	<u>307,181</u>	<u>1,826,475</u>	<u>1,241,135</u>	<u>3,374,791</u>
Transfers in (out):				
Capital facilities fees	400,000	—	200,000	600,000
Transfers to the System for capital projects	(6,800)	(20,737)	(2,810,218)	(2,837,755)
Total transfers, net	<u>393,200</u>	<u>(20,737)</u>	<u>(2,610,218)</u>	<u>(2,237,755)</u>
Increase (decrease) in net assets	700,381	1,805,738	(1,369,083)	1,137,036
Net assets (deficit):				
Net assets (deficit), beginning of year	<u>(2,244,118)</u>	<u>(5,427,418)</u>	<u>—</u>	<u>(7,671,536)</u>
Net assets (deficit), end of year	<u>\$ (1,543,737)</u>	<u>(3,621,680)</u>	<u>(1,369,083)</u>	<u>(6,534,500)</u>

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, 2007

	<b>Deferred maintenance (1999 Series)</b>	<b>Library and plant</b>	<b>Deferred maintenance (2006 Series)</b>	<b>Total</b>
Cash flows from capital and related financing activities:				
State appropriations	\$ 400,000	2,009,360	1,125,000	3,534,360
Capital facilities fees	400,000	—	200,000	600,000
Proceeds from issuance of bonds	—	—	22,210,343	22,210,343
Principal paid on bonds payable	(655,000)	(1,715,000)	—	(2,370,000)
Interest paid on bonds payable	(157,381)	(291,803)	(353,873)	(803,057)
Administrative expenses	(1,500)	(11,000)	(2,500)	(15,000)
Bond issuance costs	—	—	(506,888)	(506,888)
Transfers to the System for capital projects	(6,800)	(20,737)	(1,725,478)	(1,753,015)
Net cash flows provided by (used in) capital and related financing activities	<u>(20,681)</u>	<u>(29,180)</u>	<u>20,946,604</u>	<u>20,896,743</u>
Cash flows from investing activities:				
Interest received on investments	50,351	74,399	825,738	950,488
Proceeds from sale of investments	65,000	—	—	65,000
Net cash flows provided by investing activities	<u>115,351</u>	<u>74,399</u>	<u>825,738</u>	<u>1,015,488</u>
Increase in cash and cash equivalents	94,670	45,219	21,772,342	21,912,231
Cash and cash equivalents, beginning of year	<u>559,723</u>	<u>477,659</u>	<u>—</u>	<u>1,037,382</u>
Cash and cash equivalents, end of year	<u>\$ 654,393</u>	<u>522,878</u>	<u>21,772,342</u>	<u>22,949,613</u>

See accompanying independent auditors' report.

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

Additional Information

Deferred Maintenance Projects (Series 1999 Bonds)

Statement of Revenues, Expenses, and Changes in Net Assets (Deficit) by Account  
Year ended June 30, 2007

	Construction account	General account	Bond account	Retirement of indebtedness				Total
				Bond reserve account	Principal and interest account	Rebate account	retirement of indebtedness	
Nonoperating revenues (expenses):								
State appropriations	—	—	400,000	—	—	—	400,000	400,000
Investment income	265	18	16,966	39,010	501	3,775	60,252	60,535
Amortization expense	—	—	—	—	(3,547)	—	(3,547)	(3,547)
Interest expense	—	—	—	—	(148,307)	—	(148,307)	(148,307)
Administrative and other expenses	—	—	—	—	—	(1,500)	(1,500)	(1,500)
Total nonoperating revenues (expenses), net	265	18	416,966	39,010	(151,353)	2,275	306,898	307,181
Transfers:								
Capital facilities fees	—	—	400,000	—	—	—	400,000	400,000
Transfers to the System for capital projects	(6,800)	—	—	—	—	—	—	(6,800)
Total transfers, net	(6,800)	—	400,000	—	—	—	400,000	393,200
Increase (decrease) in net assets before interfund transfers	(6,535)	18	816,966	39,010	(151,353)	2,275	706,898	700,381
Interfund transfers in (out), net	—	—	(782,560)	(29,353)	811,913	—	—	—
Increase (decrease) in net assets	(6,535)	18	34,406	9,657	660,560	2,275	706,898	700,381

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, 2007

	Retirement of indebtedness					Total
	Construction account	General account	Bond account	Bond reserve account	Principal and interest account	
Nonoperating revenues (expenses):						
State appropriations	—	—	2,009,360	—	—	2,009,360
Investment income	19,713	1,526	1,838	42,621	26,206	91,904
Amortization expense	—	—	—	—	(2,637)	(2,637)
Interest expense	—	(250)	—	—	(260,902)	(261,152)
Administrative and other expenses	—	(11,000)	—	—	—	(11,000)
Total nonoperating revenues (expenses), net	19,713	(9,724)	2,011,198	42,621	(237,333)	1,816,486
Transfers:						
Transfers to the System for capital projects	(20,737)	—	—	—	—	(20,737)
Increase (decrease) in net assets before interfund transfers	(1,024)	(9,724)	2,011,198	42,621	(237,333)	1,805,738
Interfund transfers in (out), net	—	84,945	(2,011,198)	(37,991)	1,964,244	(84,945)
Increase (decrease) in net assets	(1,024)	75,221	—	4,630	1,726,911	1,731,541

See accompanying independent auditors' report.

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

Additional Information

Deferred Maintenance Projects (Series 2006 Bonds)

Statement of Revenues, Expenses, and Changes in Net Assets (Deficit) by Account  
Year ended June 30, 2007

	Retirement of indebtedness					Total
	Construction account	General account	Debt Service account	Debt Service reserve account	Total retirement of indebtedness	
Nonoperating revenues (expenses):						
State appropriations	\$ —	—	1,125,000	—	1,125,000	1,125,000
Capital facilities fees	—	—	200,000	—	200,000	200,000
Investment income	890,673	—	24,468	—	24,468	915,141
Amortization expense	—	—	(31,870)	—	(31,870)	(31,870)
Interest expense	—	—	(764,636)	—	(764,636)	(764,636)
Administrative and other expenses	(2,500)	—	—	—	—	(2,500)
Total nonoperating revenues (expenses), net	888,173	—	552,962	—	552,962	1,441,135
Transfers:						
Transfers to the System for capital projects	(2,810,218)	—	—	—	—	(2,810,218)
Increase (decrease) in net assets before interfund transfers	(1,922,045)	—	552,962	—	552,962	(1,369,083)
Interfund transfers in (out), net	—	—	—	—	—	—
Increase (decrease) in net assets	<u>(1,922,045)</u>	—	<u>552,962</u>	—	<u>552,962</u>	<u>(1,369,083)</u>

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, 2007

Projects authorized	Prior authorization	Prior years	Accumulated costs		Unexpended authorization June 30, 2007
			Year ended June 30, 2007	Total	
Deferred Maintenance Projects (1999):					
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	292,305	—	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	6,800	327,018	982
Total Deferred Maintenance Projects (1999)	\$ 6,979,363	6,968,624	6,800	6,975,424	3,939
Library and Plant Project:					
PSC Library/ARC renov.	\$ 6,958,089	6,749,584	—	6,749,584	208,505
WSC Energy Plant purch/renov.	4,385,278	4,124,885	20,737	4,145,622	239,656
Total Library and Plant Project	\$ 11,343,367	10,874,469	20,737	10,895,206	448,161
Deferred Maintenance Projects (2006):					
CSC Administration Building	\$ 4,865,322	—	278,201	278,201	4,587,121
PSC Al Wheeler Activities Center	5,230,473	—	753,407	753,407	4,477,066
PSC Emergency Power	832,500	—	70,253	70,253	762,247
WSC Campus Services	5,185,466	—	1,044,927	1,044,927	4,140,539
WSC Streets Project	1,516,000	—	534,791	534,791	981,209
WSC Rice Auditorium Basement	3,766,611	—	128,639	128,639	3,637,972
Total Deferred Maintenance Projects (2006)	\$ 21,396,372	—	2,810,218	2,810,218	18,586,154

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, 2007

<b>Fiscal year</b>	<b>Due dates</b>	<b>Principal due</b>	<b>Interest rate</b>	<b>Interest due</b>	<b>Fiscal year debt service</b>
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>\$ 2,850,000</u>		<u>\$ 251,993</u>	<u>3,101,993</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, 2007

<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>
2007	September 1	\$ —	3.85%	\$ 109,333	2,008,666
	March 1	1,790,000		109,333	—
2008	September 1	—	5.00	74,875	3,144,750
	March 1	2,995,000		74,875	—
		<u>\$ 4,785,000</u>		<u>\$ 368,416</u>	<u>5,153,416</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

Deferred Maintenance Project - Series 2006 Bonds

June 30, 2007

<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>
2007	July 1	\$ 500,000	3.55%	\$ 468,362	1,427,849
	January 1	—		459,487	—
2008	July 1	605,000	3.60	459,487	1,513,084
	January 1	—		448,597	—
2009	July 1	825,000	3.65	448,597	1,707,138
	January 1	—		433,541	—
2010	July 1	1,455,000	4.00	433,541	2,292,982
	January 1	—		404,441	—
2011	July 1	1,515,000	4.00	404,441	2,293,582
	January 1	—		374,141	—
2012	July 1	1,575,000	4.00	374,141	2,291,782
	January 1	—		342,641	—
2013	July 1	1,635,000	5.00	342,641	2,279,407
	January 1	—		301,766	—
2014	July 1	1,720,000	5.00	301,766	2,280,532
	January 1	—		258,766	—
2015	July 1	1,805,000	4.25	258,766	2,284,175
	January 1	—		220,409	—
2016	July 1	1,880,000	5.00	220,409	2,273,818
	January 1	—		173,409	—
2017	July 1	1,975,000	4.00	173,409	2,282,318
	January 1	—		133,909	—
2018	July 1	2,055,000	4.13	133,909	2,280,434
	January 1	—		91,525	—
2019	July 1	2,140,000	4.13	91,525	2,278,913
	January 1	—		47,388	—
2020	July 1	2,230,000	4.25	47,386	2,277,386
		<u>\$ 21,915,000</u>		<u>\$ 7,848,400</u>	<u>29,763,400</u>

See accompanying independent auditors' report.