



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

Financial Statements

June 30, 2008

(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, 2008, 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, 2008, and the changes in its financial position and cash flows 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 23 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 12, 2008

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

Management’s Discussion and Analysis (Unaudited)

June 30, 2008

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 notes 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, 2008 for the following:

<u>Facility</u>	<u>Financing objective</u>
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. During fiscal year 2007 – 2008, there was a significant transfer to the System for Capital Projects in the amount of \$14,283,960, which is primarily due to projects underway from the Deferred Maintenance (2006 Series) bond issue.

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.

NEBRASKA STATE COLLEGES FACILITIES CORPORATION

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Management's Discussion and Analysis (Unaudited)

June 30, 2008

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 shows the sources and uses of cash from issuance of bonds, investments, trustee activity, and other capital and financing activities.

The Statements

Condensed statements in an all-inclusive format are presented below for the Corporation for the years ended June 30, 2008 and 2007.

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. Net assets classified as restricted expendable amounts for project construction and debt service are \$211,073 and \$3,127,843, respectively, at June 30, 2008. The reduction in the investment on capital assets, net of related debt 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, which are then transferred to the System. 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 statements of revenues, expenses, and changes in net assets (deficit) include investment income, revenues designated for debt service, interest expense, and other capital-related revenues and expenses.

Condensed Statements of Net Assets (Deficit)

	<u>2008</u>	<u>2007</u>
Assets:		
Current assets	\$ 10,798,329	24,474,104
Noncurrent assets	453,952	510,047
Total assets	<u>11,252,281</u>	<u>24,984,151</u>
Liabilities:		
Current liabilities	5,667,490	4,608,326
Noncurrent liabilities	22,530,971	26,910,325
Total liabilities	<u>28,198,461</u>	<u>31,518,651</u>
Net assets (deficit):		
Invested in capital assets, net of related debt	(20,285,096)	(10,794,124)
Restricted:		
Debt service	3,127,843	3,807,524
Project construction	211,073	452,100
Total net assets (deficit)	<u>\$ (16,946,180)</u>	<u>(6,534,500)</u>

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

Management's Discussion and Analysis (Unaudited)

June 30, 2008

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

	2008	2007
Nonoperating revenues (expenses):		
State appropriations	\$ 3,534,360	3,534,360
Investment income	778,050	1,067,580
Amortization expense	(56,094)	(38,054)
Interest expense	(1,171,386)	(1,174,095)
Administrative and other expenses	(12,650)	(15,000)
Net nonoperating revenue	3,072,280	3,374,791
Capital facilities fees	800,000	600,000
Transfers to the System for capital projects	(14,283,960)	(2,837,755)
(Decrease) increase in net assets	(10,411,680)	1,137,036
Net assets (deficit), beginning of year	(6,534,500)	(7,671,536)
Net assets (deficit), end of year	\$ (16,946,180)	(6,534,500)

Long-term Debt Activity

The Corporation issued no new bonds during the year. The decrease of \$2,980,000 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. 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 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 2008 – 2009 and 2009 – 2010 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 ended June 30, 2008, \$1,637,257 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 \$1,000,000 annual debt repayment; \$400,000 for the Series 1999 bonds and \$600,000 for the Series 2006 bonds for fiscal year 2008 – 2009. In April 2008, the Board of Trustees of the Nebraska State Colleges approved a 12.5% Capital Improvement fee increase (from \$8 to \$9 per credit hour) for 2008 – 2009. This follows a \$1 increase in the fee in each of the prior two fiscal years. Preliminary enrollment figures at the colleges for fall 2008 indicate an increase in enrollment, which should ensure that more than enough resources will be available to meet the \$1,000,000 debt service commitment for fees.

NEBRASKA STATE COLLEGES FACILITIES CORPORATION

(A Component Unit of the Nebraska State College System)

Management's Discussion and Analysis (Unaudited)

June 30, 2008

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.

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

Statement of Net Assets (Deficit)

June 30, 2008

Assets:

Current assets:

Cash and cash equivalents – restricted	\$ 10,008,608
Investments – restricted	764,908
Accrued interest receivable	23,938
Prepaid expenses	875
Total current assets	10,798,329

Noncurrent assets:

Bond issue costs, net of accumulated amortization	453,952
Total assets	11,252,281

Liabilities:

Current liabilities:

Accounts payable and accrued liabilities	844,772
Accrued interest	502,718
Bonds payable	4,320,000
Total current liabilities	5,667,490

Noncurrent liabilities:

Bonds payable, net of current portion	22,250,000
Bond premium, net of accumulated amortization	280,971
Total noncurrent liabilities	22,530,971
Total liabilities	28,198,461

Net assets (deficit):

Invested in capital assets, net of related debt	(20,285,096)
Restricted:	
Debt service	3,127,843
Project construction	211,073
Total net assets (deficit)	\$ (16,946,180)

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, 2008

Nonoperating revenues (expenses):	
State appropriations	\$ 3,534,360
Investment income	778,050
Amortization expense	(56,094)
Interest expense	(1,171,386)
Administrative and other expenses	(12,650)
Total nonoperating revenues, net	<u>3,072,280</u>
Transfers in (out):	
Capital facilities fees	800,000
Transfers to the System for capital projects	(14,283,960)
Total transfers out, net	<u>(13,483,960)</u>
Decrease in net assets	(10,411,680)
Net assets (deficit):	
Net assets (deficit), beginning of year	<u>(6,534,500)</u>
Net assets (deficit), end of year	<u>\$ (16,946,180)</u>

See accompanying notes to financial statements.

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

Statement of Cash Flows

Year ended June 30, 2008

Cash flows from capital and related financing activities:	
State appropriations	\$ 3,534,360
Capital facilities fees	800,000
Principal paid on bonds payable	(2,980,000)
Interest paid on bonds payable	(1,271,606)
Administrative and other expenses	(12,650)
Transfers to the System for capital projects	<u>(14,523,928)</u>
Net cash used in capital and related financing activities	<u>(14,453,824)</u>
Cash flows from investing activities:	
Interest received on investments	832,818
Proceeds received from sale of investments	<u>680,001</u>
Net cash provided by investing activities	<u>1,512,819</u>
Net decrease in cash and cash equivalents	(12,941,005)
Cash and cash equivalents, beginning of year	<u>22,949,613</u>
Cash and cash equivalents, end of year	<u>\$ 10,008,608</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2008

(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.

(a) 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.

NEBRASKA STATE COLLEGES FACILITIES CORPORATION
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Notes to Financial Statements

June 30, 2008

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.

(b) *Cash and Cash Equivalents – Restricted*

This caption includes cash and investments with an original maturity of three months or less when purchased. These funds are 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.

(c) *State Appropriations*

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

(d) *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.

(e) *Amortization of Bond Premium*

Bond premiums or discounts are being accreted to interest expense on a method that approximates the level yield method.

(f) *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.

NEBRASKA STATE COLLEGES FACILITIES CORPORATION
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Notes to Financial Statements

June 30, 2008

(2) Investments

As of June 30, 2008, the Corporation had the following investment:

	Maturities		Fair value
U.S. agency securities:			
Federal National Mortgage Association	02/15/2009	\$	764,908

An increase in fair value of investments of \$35,023 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.

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, 100% are Federal National Mortgage Association 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, 2008:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Bonds payable	\$ 29,550,000	—	(2,980,000)	26,570,000	4,320,000
Bond premium, net of accumulated amortization	340,325	—	(59,354)	280,971	46,643
	\$ 29,890,325	—	(3,039,354)	26,850,971	4,366,643

(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.

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

Notes to Financial Statements

June 30, 2008

Bonds payable at June 30, 2008 is comprised of the following individual issues:

<u>Original amount</u>	<u>Original issued</u>	<u>Issue</u>	<u>Interest rate</u>	<u>Series due</u>
\$ 6,845,000	07/15/99	Deferred Maintenance Project	4.95% – 5.05%	2000 – 2009
11,375,000	01/29/02	Peru State College/ Wayne State College Project	5.00%	2002 – 2008
21,915,000	08/29/06	Deferred Maintenance Project	3.60% – 5.00%	2007 – 2020
Total				

None of the bonds are callable at June 30, 2008.

(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>Deferred Maintenance Project Series 2006</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 720,000	90,540	2,995,000	149,750	605,000	908,084	4,320,000	1,148,374
2010	1,440,000	36,360	—	—	825,000	882,138	2,265,000	918,498
2011	—	—	—	—	1,455,000	837,982	1,455,000	837,982
2012	—	—	—	—	1,515,000	778,582	1,515,000	778,582
2013	—	—	—	—	1,575,000	716,781	1,575,000	716,781
2014 – 2018	—	—	—	—	9,015,000	2,385,250	9,015,000	2,385,250
2019 – 2022	—	—	—	—	6,425,000	411,734	6,425,000	411,734
	<u>\$ 2,160,000</u>	<u>126,900</u>	<u>2,995,000</u>	<u>149,750</u>	<u>21,415,000</u>	<u>6,920,551</u>	<u>26,570,000</u>	<u>7,197,201</u>

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

Additional Information

Combining Schedule – Statement of Net Assets (Deficit)

June 30, 2008

	Deferred maintenance (1999 Series)	Library and plant	Deferred maintenance (2006 Series)	Total
Assets:				
Current assets:				
Cash and cash equivalents – restricted	\$ 1,364,273	581,184	8,063,151	10,008,608
Investments – restricted	—	764,908	—	764,908
Accrued interest receivable	1,981	9,570	12,387	23,938
Prepaid expenses	—	875	—	875
Total current assets	1,366,254	1,356,537	8,075,538	10,798,329
Noncurrent assets:				
Bond issue costs, net of accumulated amortization	4,812	10,545	438,595	453,952
Total assets	1,371,066	1,367,082	8,514,133	11,252,281
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	—	—	844,772	844,772
Accrued interest	31,605	49,917	421,196	502,718
Bonds payable	720,000	2,995,000	605,000	4,320,000
Total current liabilities	751,605	3,044,917	1,870,968	5,667,490
Noncurrent liabilities:				
Bonds payable, net of current portion	1,440,000	—	20,810,000	22,250,000
Bond premium, net of accumulated amortization	—	25,420	255,551	280,971
Total noncurrent liabilities	1,440,000	25,420	21,065,551	22,530,971
Total liabilities	2,191,605	3,070,337	22,936,519	28,198,461
Net assets (deficit):				
Invested in capital assets, net of related debt	(2,155,187)	(3,009,872)	(15,120,037)	(20,285,096)
Restricted:				
Debt service	1,258,011	1,222,958	646,874	3,127,843
Project construction	76,637	83,659	50,777	211,073
Total net assets (deficit)	\$ (820,539)	(1,703,255)	(14,422,386)	(16,946,180)

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 in Net Assets (Deficit)

Year ended June 30, 2008

	Deferred maintenance (1999 Series)	Library and plant	Deferred maintenance (2006 Series)	Total
Nonoperating revenues (expenses):				
State appropriations	\$ 400,000	2,009,360	1,125,000	3,534,360
Investment income	48,813	100,640	628,597	778,050
Amortization expense	(3,853)	(15,818)	(36,423)	(56,094)
Interest expense	(115,332)	(157,563)	(898,491)	(1,171,386)
Administrative and other expenses	(1,500)	(5,650)	(5,500)	(12,650)
Total nonoperating revenues, net	<u>328,128</u>	<u>1,930,969</u>	<u>813,183</u>	<u>3,072,280</u>
Transfers in (out):				
Capital facilities fees	400,000	—	400,000	800,000
Transfers to the System for capital projects	(4,930)	(12,544)	(14,266,486)	(14,283,960)
Total transfers, net	<u>395,070</u>	<u>(12,544)</u>	<u>(13,866,486)</u>	<u>(13,483,960)</u>
Increase (decrease) in net assets	723,198	1,918,425	(13,053,303)	(10,411,680)
Net assets (deficit):				
Net assets (deficit), beginning of year	<u>(1,543,737)</u>	<u>(3,621,680)</u>	<u>(1,369,083)</u>	<u>(6,534,500)</u>
Net assets (deficit), end of year	<u>\$ (820,539)</u>	<u>(1,703,255)</u>	<u>(14,422,386)</u>	<u>(16,946,180)</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, 2008

	Deferred maintenance (1999 Series)	Library and plant	Deferred maintenance (2006 Series)	Total
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	—	400,000	800,000
Principal paid on bonds payable	(690,000)	(1,790,000)	(500,000)	(2,980,000)
Interest paid on bonds payable	(125,092)	(218,665)	(927,849)	(1,271,606)
Administrative expenses	(1,500)	(5,650)	(5,500)	(12,650)
Transfers to the System for capital projects	(4,930)	(12,544)	(14,506,454)	(14,523,928)
Net cash used in capital and related financing activities	<u>(21,522)</u>	<u>(17,499)</u>	<u>(14,414,803)</u>	<u>(14,453,824)</u>
Cash flows from investing activities:				
Interest received on investments	51,401	75,805	705,612	832,818
Proceeds from sale of investments	680,001	—	—	680,001
Net cash provided by investing activities	<u>731,402</u>	<u>75,805</u>	<u>705,612</u>	<u>1,512,819</u>
Net (decrease) increase in cash and cash equivalents	709,880	58,306	(13,709,191)	(12,941,005)
Cash and cash equivalents, beginning of year	<u>654,393</u>	<u>522,878</u>	<u>21,772,342</u>	<u>22,949,613</u>
Cash and cash equivalents, end of year	<u>\$ 1,364,273</u>	<u>581,184</u>	<u>8,063,151</u>	<u>10,008,608</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, 2008

	Construction account	General account	Retirement of indebtedness				Total retirement of indebtedness	Total
			Bond account	Bond reserve account	Principal and interest account	Rebate account		
Nonoperating revenues (expenses):								
State appropriations	—	—	400,000	—	—	—	400,000	400,000
Investment income	158	13	12,198	33,886	—	—	48,642	48,813
Amortization expense	—	—	—	—	(3,853)	—	(3,853)	(3,853)
Interest expense	—	—	—	—	(115,332)	—	(115,332)	(115,332)
Administrative and other expenses	—	—	—	—	—	(1,500)	(1,500)	(1,500)
Total nonoperating revenues (expenses), net	158	13	412,198	33,886	(119,185)	1,058	327,957	328,128
Transfers:								
Capital facilities fees	—	—	400,000	—	—	—	400,000	400,000
Transfers to the System for capital projects	(4,930)	—	—	—	—	—	—	(4,930)
Total transfers, net	(4,930)	—	400,000	—	—	—	400,000	395,070
Increase (decrease) in net assets before interfund transfers	(4,772)	13	812,198	33,886	(119,185)	1,058	727,957	723,198
Interfund transfers in (out), net	—	—	(815,050)	—	815,050	—	—	—
Increase (decrease) in net assets	(4,772)	13	(2,852)	33,886	695,865	1,058	727,957	723,198

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, 2008

	Construction account	General account	Bond account	Retirement of indebtedness			Total
				Bond reserve account	Principal and interest account	retirement of indebtedness	
Nonoperating revenues (expenses):							
State appropriations	—	—	2,009,360	—	—	2,009,360	2,009,360
Investment income	21,019	2,561	1,749	50,291	25,020	77,060	100,640
Amortization expense	—	—	—	—	(15,818)	(15,818)	(15,818)
Interest expense	—	—	—	—	(157,563)	(157,563)	(157,563)
Administrative and other expenses	—	(5,650)	—	—	—	—	(5,650)
Total nonoperating revenues (expenses), net	21,019	(3,089)	2,011,109	50,291	(148,361)	1,913,039	1,930,969
Transfers:							
Transfers to the System for capital projects	(12,544)	—	—	—	—	—	(12,544)
Increase (decrease) in net assets before interfund transfers	8,475	(3,089)	2,011,109	50,291	(148,361)	1,913,039	1,918,425
Interfund transfers in (out), net	—	—	(1,975,091)	—	1,975,091	—	—
Increase (decrease) in net assets	8,475	(3,089)	36,018	50,291	1,826,730	1,913,039	1,918,425

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, 2008

	Construction account	General account	Retirement of indebtedness			Total
			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
Investment income	607,641	1,217	19,739	—	19,739	628,597
Amortization expense	—	—	(36,423)	—	(36,423)	(36,423)
Interest expense	—	—	(898,491)	—	(898,491)	(898,491)
Administrative and other expenses	—	—	(5,500)	—	(5,500)	(5,500)
Total nonoperating revenues (expenses), net	607,641	1,217	204,325	—	204,325	813,183
Transfers:						
Capital facilities fees	—	—	400,000	—	400,000	400,000
Transfers to the System for capital projects	(14,266,486)	—	—	—	—	(14,266,486)
Increase (decrease) in net assets before interfund transfers	(13,658,845)	1,217	604,325	—	604,325	(13,053,303)
Interfund transfers in (out), net	—	—	(37,233)	37,233	—	—
Increase (decrease) in net assets	<u><u>\$ (13,658,845)</u></u>	<u><u>1,217</u></u>	<u><u>567,092</u></u>	<u><u>37,233</u></u>	<u><u>604,325</u></u>	<u><u>(13,053,303)</u></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, 2008

Projects authorized	Prior authorization	Prior years	Accumulated costs		Unexpended authorization June 30, 2008
			Year ended June 30, 2008	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	4,930	297,235	(2,235)
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	327,018	—	327,018	982
Total Deferred Maintenance Projects (1999)	\$ 6,979,363	6,975,424	4,930	6,980,354	(991)
Library and Plant Project:					
PSC Library/ARC renov.	\$ 6,958,089	6,749,584	8,946	6,758,530	199,559
WSC Energy Plant purch/renov.	4,385,278	4,145,622	3,597	4,149,219	236,059
Total Library and Plant Project	\$ 11,343,367	10,895,206	12,543	10,907,749	435,618
Deferred Maintenance Projects (2006):					
CSC Administration Building	\$ 4,865,322	278,201	2,496,521	2,774,722	2,090,600
CSC Street/Drainage Improvement	500,000	—	—	—	500,000
PSC Al Wheeler Activities Center	5,530,473	753,407	4,436,243	5,189,650	340,823
PSC Emergency Power	832,500	70,253	507,121	577,374	255,126
WSC Carhart Science	500,000	—	—	—	500,000
WSC Campus Services	5,185,466	1,044,927	3,935,183	4,980,110	205,356
WSC Streets Project	1,516,000	534,791	981,209	1,516,000	—
WSC Rice Auditorium Basement	3,766,611	128,639	1,910,210	2,038,849	1,727,762
Total Deferred Maintenance Projects (2006)	\$ 22,696,372	2,810,218	14,266,487	17,076,705	5,619,667

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, 2008

<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>
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>\$ 2,160,000</u>		<u>\$ 126,900</u>	<u>2,286,900</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, 2008

<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>
2008	September 1	\$ —	5.00%	\$ 74,875	3,144,750
	March 1	2,995,000	—	74,875	—
		<u>\$ 2,995,000</u>		<u>\$ 149,750</u>	<u>3,144,750</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, 2008

<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>
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>\$ 21,415,000</u>		<u>\$ 6,920,551</u>	<u>28,335,551</u>

See accompanying independent auditors' report.