



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

Financial Statements

June 30, 2009

(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, 2009, 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, 2009, 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 2 through 5 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 13 through 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

Lincoln, Nebraska
October 5, 2009

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

Management’s Discussion and Analysis (Unaudited)

June 30, 2009

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, 2009 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 provided final appropriations during FY 2008 – 09 for the Deferred Maintenance Projects of 1999 and 2002. The final debt service payment was made during FY 2008 – 09 on the Series 2002 Bonds and the final debt service payment is scheduled on September 15, 2009 on the Deferred Maintenance Projects of 1999. The State of Nebraska Legislature has reaffirmed the appropriation of funds for its portion of the debt service pertaining to the Deferred Maintenance Projects of 2006, which is combined with designated System capital improvement fee revenues for debt service. During fiscal year 2008 – 2009, there was a significant transfer to the System for Capital Projects in the amount of \$4,230,606, which is 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*

NEBRASKA STATE COLLEGES FACILITIES CORPORATION

(A Component Unit of the Nebraska State College System)

Management's Discussion and Analysis (Unaudited)

June 30, 2009

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 outstanding 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, 2009 and 2008.

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 \$1,874,417 and \$2,377,476, respectively, at June 30, 2009. The reduction in unrestricted net assets 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.

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

Management's Discussion and Analysis (Unaudited)

June 30, 2009

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)

	2009	2008
Assets:		
Current assets	\$ 4,702,958	10,798,329
Noncurrent assets	403,131	453,952
Total assets	5,106,089	11,252,281
Liabilities:		
Current liabilities	2,713,695	5,667,490
Noncurrent liabilities	20,219,329	22,530,971
Total liabilities	22,933,024	28,198,461
Net assets (deficit):		
Restricted:		
Debt service	2,377,476	3,127,843
Project construction	1,874,417	211,073
Unrestricted	(22,078,828)	(20,285,096)
Total net deficit	\$ (17,826,935)	(16,946,180)

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

	2009	2008
Nonoperating revenues (expenses):		
State appropriations	\$ 3,365,474	3,534,360
Investment income	89,412	778,050
Amortization expense	(50,821)	(56,094)
Interest expense	(1,031,437)	(1,171,386)
Administrative and other expenses	(22,777)	(12,650)
Net nonoperating revenue	2,349,851	3,072,280
Capital facilities fees	1,000,000	800,000
Transfers to the System for capital projects	(4,230,606)	(14,283,960)
Decrease in net assets	(880,755)	(10,411,680)
Net deficit, beginning of year	(16,946,180)	(6,534,500)
Net deficit, end of year	\$ (17,826,935)	(16,946,180)

NEBRASKA STATE COLLEGES FACILITIES CORPORATION

(A Component Unit of the Nebraska State College System)

Management's Discussion and Analysis (Unaudited)

June 30, 2009

Long-Term Debt Activity

The Corporation issued no new bonds during the year. The decrease of \$4,320,000 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 final state appropriation for this issue was received during FY 2008 – 09 and the final debt service payment is scheduled for September 15, 2009. For the 2002 series, repayment came from 100% state appropriations. The final debt service payment was completed on this issue during FY 2008 – 09. 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 2009 – 2010 and 2010 – 2011 fiscal years (LB 320, 2007) includes the state appropriations for both years for the Series 2006 bonds 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, 2009, \$1,853,306 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 \$1,200,000 annual debt repayment for the Series 2006 bonds for fiscal year 2009 – 2010. In June 2009, the Board of Trustees of the Nebraska State Colleges approved an 11% Capital Improvement fee increase (from \$9 to \$10 per credit hour) for 2009 – 2010. This follows a \$1 increase in the fee in each of the prior three fiscal years. Preliminary enrollment figures at the colleges for fall 2010 indicate an increase in enrollment, which should ensure that more than enough resources will be available to meet the \$1,200,000 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.

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

Statement of Net Assets (Deficit)

June 30, 2009

Assets:	
Current assets:	
Cash and cash equivalents – restricted	\$ 3,332,931
Investments – restricted	1,369,997
Accrued interest receivable	30
	4,702,958
Total current assets	4,702,958
Noncurrent assets:	
Bond issue costs, net of accumulated amortization	403,131
	403,131
Total assets	5,106,089
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	16,271
Accrued interest	432,424
Bonds payable	2,265,000
	2,713,695
Total current liabilities	2,713,695
Noncurrent liabilities:	
Bonds payable, net of current portion	19,985,000
Bond premium, net of accumulated amortization	234,329
	20,219,329
Total noncurrent liabilities	20,219,329
Total liabilities	22,933,024
Net assets (deficit):	
Restricted:	
Debt service	2,377,476
Project construction	1,874,417
Unrestricted	(22,078,828)
Total net deficit	\$ (17,826,935)

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, 2009

Nonoperating revenues (expenses):	
State appropriations	\$ 3,365,474
Investment income	89,412
Amortization expense	(50,821)
Interest expense	(1,031,437)
Administrative and other expenses	(22,777)
	<hr/>
Total nonoperating revenues, net	2,349,851
	<hr/>
Transfers in (out):	
Capital facilities fees	1,000,000
Transfers to the System for capital projects	(4,230,606)
	<hr/>
Total transfers out, net	(3,230,606)
	<hr/>
Decrease in net assets	(880,755)
Net deficit:	
Net deficit, beginning of year	(16,946,180)
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Net deficit, end of year	\$ (17,826,935)
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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, 2009

Cash flows from capital and related financing activities:	
State appropriations	\$ 3,365,474
Capital facilities fees	1,000,000
Principal paid on bonds payable	(4,320,000)
Interest paid on bonds payable	(1,148,376)
Administrative and other expenses	(21,900)
Transfers to the System for capital projects	<u>(5,058,764)</u>
Net cash used in capital and related financing activities	<u>(6,183,566)</u>
Cash flows from investing activities:	
Interest received on investments	113,894
Purchase of investments	(1,369,005)
Proceeds received from sale of investments	<u>763,000</u>
Net cash used in investing activities	<u>(492,111)</u>
Net decrease in cash and cash equivalents	(6,675,677)
Cash and cash equivalents, beginning of year	<u>10,008,608</u>
Cash and cash equivalents, end of year	<u>\$ 3,332,931</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, 2009

(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 its 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 financial 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

In reporting the financial activity of the Corporation, 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. 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. During the year end June 30, 2009, the Series 2002 bonds were paid in full.

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

Notes to Financial Statements

June 30, 2009

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 and Investments – 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
(A Component Unit of the Nebraska State College System)

Notes to Financial Statements

June 30, 2009

(2) Investments

As of June 30, 2009, the Corporation had the following investment:

	Maturities	Fair value
HSBC Finance Corp Bond	09/15/2009	\$ 1,369,997

An increase in fair value of investments of \$992 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 several investment securities, including but not limited to government securities, interest-bearing demand or time deposits, and commercial paper rated in either of the two highest classifications by Moody’s and S&P. The Corporation’s investments in commercial paper 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 HSBC Finance Corp 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 investments 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, 2009:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Bonds payable	\$ 26,570,000	—	(4,320,000)	22,250,000	2,265,000
Bond premium, net of accumulated amortization	280,971	—	(46,642)	234,329	21,222
	\$ 26,850,971	—	(4,366,642)	22,484,329	2,286,222

(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, 2009

Bonds payable at June 30, 2009 comprise the following individual issues:

<u>Original amount</u>	<u>Original issued</u>	<u>Issue</u>	<u>Interest rate</u>	<u>Series due</u>	<u>Outstanding at June 30, 2009</u>
\$ 6,845,000	07/15/99	Deferred Maintenance Project	4.95 – 5.05%	2000 – 2009	\$ 1,440,000
21,915,000	08/29/06	Deferred Maintenance Project	3.60 – 5.00%	2007 – 2020	<u>20,810,000</u>
		Total			<u>\$ 22,250,000</u>

None of the bonds are callable at June 30, 2009.

(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>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>
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	716,782	1,575,000	716,782
2014	—	—	1,635,000	644,407	1,635,000	644,407
2015 – 2019	—	—	9,435,000	1,966,277	9,435,000	1,966,277
2020 – 2022	—	—	4,370,000	186,299	4,370,000	186,299
	<u>\$ 1,440,000</u>	<u>36,360</u>	<u>20,810,000</u>	<u>6,012,467</u>	<u>22,250,000</u>	<u>6,048,827</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, 2009

	Deferred maintenance (1999 Series)	Library and plant (2002 Series)	Deferred maintenance (2006 Series)	Total
Assets:				
Current assets:				
Cash and cash equivalents – restricted	\$ 76,334	3,329	3,253,268	3,332,931
Investments – restricted	1,369,997	—	—	1,369,997
Accrued interest receivable	1	—	29	30
Total current assets	1,446,332	3,329	3,253,297	4,702,958
Noncurrent assets:				
Bond issue costs, net of accumulated amortization	959	—	402,172	403,131
Total assets	1,447,291	3,329	3,655,469	5,106,089
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	—	—	16,271	16,271
Accrued interest	21,210	—	411,214	432,424
Bonds payable	1,440,000	—	825,000	2,265,000
Total current liabilities	1,461,210	—	1,252,485	2,713,695
Noncurrent liabilities:				
Bonds payable, net of current portion	—	—	19,985,000	19,985,000
Bond premium, net of accumulated amortization	—	—	234,329	234,329
Total noncurrent liabilities	—	—	20,219,329	20,219,329
Total liabilities	1,461,210	—	21,471,814	22,933,024
Net assets (deficit):				
Restricted:				
Debt service	1,426,081	—	951,395	2,377,476
Project construction	—	—	1,874,417	1,874,417
Unrestricted	(1,440,000)	3,329	(20,642,157)	(22,078,828)
Total net assets (deficit)	\$ (13,919)	3,329	(17,816,345)	(17,826,935)

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, 2009

	Deferred maintenance (1999 Series)	Library and plant (2002 Series)	Deferred maintenance (2006 Series)	Total
Nonoperating revenues (expenses):				
State appropriations	\$ 483,000	1,757,474	1,125,000	3,365,474
Investment income	9,118	36,945	43,349	89,412
Amortization expense	(3,853)	(10,545)	(36,423)	(50,821)
Interest expense	(80,145)	(74,413)	(876,879)	(1,031,437)
Administrative and other expenses	(1,500)	(2,877)	(18,400)	(22,777)
Total nonoperating revenues, net	<u>406,620</u>	<u>1,706,584</u>	<u>236,647</u>	<u>2,349,851</u>
Transfers in (out):				
Capital facilities fees	400,000	—	600,000	1,000,000
Transfers to the System for capital projects	—	—	(4,230,606)	(4,230,606)
Total transfers, net	<u>400,000</u>	<u>—</u>	<u>(3,630,606)</u>	<u>(3,230,606)</u>
Increase (decrease) in net assets	806,620	1,706,584	(3,393,959)	(880,755)
Net assets (deficit):				
Net deficit, beginning of year	<u>(820,539)</u>	<u>(1,703,255)</u>	<u>(14,422,386)</u>	<u>(16,946,180)</u>
Net assets (deficit), end of year	<u>\$ (13,919)</u>	<u>3,329</u>	<u>(17,816,345)</u>	<u>(17,826,935)</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, 2009

	Deferred maintenance (1999 Series)	Library and plant	Deferred maintenance (2006 Series)	Total
Cash flows from capital and related financing activities:				
State appropriations	\$ 483,000	1,757,474	1,125,000	3,365,474
Capital facilities fees	400,000	—	600,000	1,000,000
Principal paid on bonds payable	(720,000)	(2,995,000)	(605,000)	(4,320,000)
Interest paid on bonds payable	(90,540)	(149,750)	(908,086)	(1,148,376)
Administrative expenses	(1,500)	(2,000)	(18,400)	(21,900)
Transfers to the System for capital projects	—	—	(5,058,764)	(5,058,764)
Net cash provided by (used in) capital and related financing activities	<u>70,960</u>	<u>(1,389,276)</u>	<u>(4,865,250)</u>	<u>(6,183,566)</u>
Cash flows from investing activities:				
Interest received on investments	10,106	48,421	55,367	113,894
Purchase of investments	(1,369,005)	—	—	(1,369,005)
Proceeds from sale of investments	—	763,000	—	763,000
Net cash provided by (used in) investing activities	<u>(1,358,899)</u>	<u>811,421</u>	<u>55,367</u>	<u>(492,111)</u>
Net decrease in cash and cash equivalents	(1,287,939)	(577,855)	(4,809,883)	(6,675,677)
Cash and cash equivalents, beginning of year	<u>1,364,273</u>	<u>581,184</u>	<u>8,063,151</u>	<u>10,008,608</u>
Cash and cash equivalents, end of year	<u>\$ 76,334</u>	<u>3,329</u>	<u>3,253,268</u>	<u>3,332,931</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, 2009

	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	\$ —	—	483,000	—	—	—	483,000	483,000
Investment income	—	2	3,208	5,401	—	507	9,116	9,118
Amortization expense	—	—	—	—	(3,853)	—	(3,853)	(3,853)
Interest expense	—	—	—	—	(80,145)	—	(80,145)	(80,145)
Administrative and other expenses	—	—	—	—	—	(1,500)	(1,500)	(1,500)
Total nonoperating revenues (expenses), net	—	2	486,208	5,401	(83,998)	(993)	406,618	406,620
Transfers:								
Capital facilities fees	—	—	400,000	—	—	—	400,000	400,000
Transfers to the System for capital projects	—	—	—	—	—	—	—	—
Total transfers, net	—	—	400,000	—	—	—	400,000	400,000
Increase (decrease) in net assets before interfund transfers	—	2	886,208	5,401	(83,998)	(993)	806,618	806,620
Interfund transfers in (out), net	—	—	(762,162)	(48,378)	810,540	—	—	—
Increase (decrease) in net assets	\$ —	2	124,046	(42,977)	726,542	(993)	806,618	806,620

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, 2009

	<u>Construction account</u>	<u>General account</u>	<u>Retirement of indebtedness</u>			<u>Total retirement of indebtedness</u>	<u>Total</u>
			<u>Bond account</u>	<u>Bond reserve account</u>	<u>Principal and interest account</u>		
Nonoperating revenues (expenses):							
State appropriations	\$ —	—	1,757,474	—	—	1,757,474	1,757,474
Investment income	16,001	500	1,207	13,752	5,485	20,444	36,945
Amortization expense	—	—	—	—	(10,545)	(10,545)	(10,545)
Interest expense	—	—	—	—	(74,413)	(74,413)	(74,413)
Administrative and other expenses	—	(2,877)	—	—	—	—	(2,877)
Total nonoperating revenues (expenses), net	16,001	(2,377)	1,758,681	13,752	(79,473)	1,692,960	1,706,584
Transfers:							
Transfers to the System for capital projects	—	—	—	—	—	—	—
Increase (decrease) in net assets before interfund transfers	16,001	(2,377)	1,758,681	13,752	(79,473)	1,692,960	1,706,584
Interfund transfers in (out), net	—	97,064	(1,963,585)	(1,268,546)	3,135,067	(97,064)	—
Increase (decrease) in net assets	\$ 16,001	94,687	(204,904)	(1,254,794)	3,055,594	1,595,896	1,706,584

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, 2009

	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	39,576	303	3,470	—	3,470	43,349
Amortization expense	—	—	(36,423)	—	(36,423)	(36,423)
Interest expense	—	—	(876,879)	—	(876,879)	(876,879)
Administrative and other expenses	—	—	(18,400)	—	(18,400)	(18,400)
Total nonoperating revenues (expenses), net	39,576	303	196,768	—	196,768	236,647
Transfers:						
Capital facilities fees	—	—	600,000	—	600,000	600,000
Transfers to the System for capital projects	(4,230,606)	—	—	—	—	(4,230,606)
Increase (decrease) in net assets before interfund transfers	(4,191,030)	303	796,768	—	796,768	(3,393,959)
Interfund transfers in (out), net	—	—	(5,265)	5,265	—	—
Increase (decrease) in net assets	\$ (4,191,030)	303	791,503	5,265	796,768	(3,393,959)

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, 2009

Projects authorized	Prior authorization	Accumulated costs			Unexpended authorization June 30, 2009
		Prior years	Year ended June 30, 2009	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	297,235	—	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	6,980,354	—	6,980,354	(991)
Library and Plant Project:					
PSC Library/ARC renov.	\$ 6,958,089	6,758,530	—	6,758,530	199,559
WSC Energy Plant purch/renov.	4,385,278	4,149,219	—	4,149,219	236,059
Total Library and Plant Project	\$ 11,343,367	10,907,749	—	10,907,749	435,618
Deferred Maintenance Projects (2006):					
CSC Administration Building	\$ 4,915,322	2,774,722	1,594,709	4,369,431	545,891
CSC Street/Drainage Improvement	500,000	—	53,093	53,093	446,907
PSC Al Wheeler Activities Center	5,862,097	5,189,650	542,269	5,731,919	130,178
PSC Emergency Power	652,537	577,033	56,843	633,876	18,661
WSC Carhart Science	800,000	—	137,357	137,357	662,643
WSC Campus Services	5,185,466	4,980,111	125,003	5,105,114	80,352
WSC Streets Project	1,516,000	1,516,000	—	1,516,000	—
WSC Rice Auditorium Basement	3,766,611	2,038,849	1,721,332	3,760,181	6,430
Total Deferred Maintenance Projects (2006)	\$ 23,198,033	17,076,365	4,230,606	21,306,971	1,891,062

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, 2009

<u>Fiscal year</u>	<u>Due date</u>	<u>Principal due</u>	<u>Interest rate</u>	<u>Interest due</u>	<u>Fiscal year debt service</u>
2010	September 15	\$ 1,440,000	5.05%	\$ 36,360	1,476,360
		\$ 1,440,000		\$ 36,360	1,476,360

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, 2009

<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>
2010	July 1	\$ 825,000	3.65%	\$ 448,597	1,707,138
	January 1	—		433,541	—
2011	July 1	1,455,000	4.00	433,541	2,292,982
	January 1	—		404,441	—
2012	July 1	1,515,000	4.00	404,441	2,293,582
	January 1	—		374,141	—
2013	July 1	1,575,000	4.00	374,141	2,291,782
	January 1	—		342,641	—
2014	July 1	1,635,000	5.00	342,641	2,279,407
	January 1	—		301,766	—
2015	July 1	1,720,000	5.00	301,766	2,280,532
	January 1	—		258,766	—
2016	July 1	1,805,000	4.25	258,766	2,284,175
	January 1	—		220,409	—
2017	July 1	1,880,000	5.00	220,409	2,273,818
	January 1	—		173,409	—
2018	July 1	1,975,000	4.00	173,409	2,282,318
	January 1	—		133,909	—
2019	July 1	2,055,000	4.13	133,909	2,280,434
	January 1	—		91,525	—
2020	July 1	2,140,000	4.13	91,525	2,278,913
	January 1	—		47,388	—
2021	July 1	2,230,000	4.25	47,386	2,277,386
		<u>\$ 20,810,000</u>		<u>\$ 6,012,467</u>	<u>26,822,467</u>

See accompanying independent auditors' report.