

Nebraska State Colleges Facilities Corporation
A Component Unit
of the Nebraska State College System
Independent Auditor's Report and Financial Statements
June 30, 2016 and 2015



Nebraska State Colleges Facilities Corporation
A Component Unit of the Nebraska State College System
June 30, 2016 and 2015

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Independent Auditor's Report

Board of Directors
Nebraska State Colleges Facilities Corporation
Lincoln, Nebraska

We have audited the accompanying basic financial statements, which are comprised of statements of net position as of June 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position and of cash flows for the years then ended and the related notes to the financial statements, as listed in the table of contents, of the Nebraska State Colleges Facilities Corporation, a component unit of the Nebraska State College System.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nebraska State Colleges Facilities Corporation as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Nebraska State Colleges Facilities Corporation's basic financial statements. The schedules listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Lincoln, Nebraska
September 23, 2016

Nebraska State Colleges Facilities Corporation
A Component Unit of the Nebraska State College System
Management’s Discussion and Analysis
Years Ended June 30, 2016 and 2015

Introduction

The following is an overview of the financial position and changes in net position of the Nebraska State Colleges Facilities Corporation (the Corporation), a component unit of the Nebraska State College System (the 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.

The Corporation was organized by the Board of Trustees of the System to finance buildings and related improvements. The Corporation is a component unit of the System. The buildings and related improvements financed by the Corporation 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 issued by the Corporation are secured by a pledge of the System’s fee revenues and legislative appropriations.

The financial statements include the bonded projects for the years ended June 30, 2016 and 2015, for the following:

Bonds	Financing Objective
Deferred Maintenance Projects (Series 2006 Bonds)	Deferred Maintenance Projects – Chadron, Peru and Wayne State Colleges
Building Projects (Series 2014 Bonds)	Rangeland Center Construction at Chadron and U.S. Conn Library Renovation at Wayne

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 Deferred Maintenance Projects of 2006 for the 2015-2017 biennium, which is combined with designated System capital improvement fee revenues for debt service. The Legislature has also reaffirmed the appropriation of funds for the debt service pertaining to the Building Projects of 2014 for the 2015-2017 biennium. During fiscal year 2015-2016, there was a transfer to the System for capital projects in the amount of \$5,264,535, which is due to projects underway from the Building Projects 2014 Series issue. During fiscal years 2014-2015 and 2013-2014, transfers to the System for capital projects totaled \$8,747,773 and \$1,586,118, respectively.

Using the Financial Statements

The financial statements of the Corporation include the statements of net position; the statements of revenues, expenses and changes in net position; and the statements of cash flows. These statements are prepared in accordance with Governmental Accounting Standards Board (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*

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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 statements of net position include the trustee accounts of the outstanding bond issues. The statements of revenues, expenses and changes in net position depict nonoperating revenues and expenses that provide resources for the purchase, construction and renovation of designated facilities and for debt service. The statements of cash flows show 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, 2016, 2015 and 2014.

Current assets include certain resources held by the bond trustees, which are restricted by the bond covenants for construction, bond reserve funds, and related retirement of indebtedness accounts. Net position classified as restricted expendable amounts for debt service are \$2,137,528, \$1,987,273 and \$3,747,166, respectively, at June 30, 2016, 2015 and 2014. Decreases in assets, liabilities and net position from fiscal year 2014 to 2015, and from fiscal year 2015 to 2016, reflects the use of bond proceeds for construction costs and the payment of debt principal. The bond reserve account balances for the Series 2014 Bond issue are included in the debt service allocation and meet the individual reserve required by the bond resolution. All deferred maintenance projects related to the Series 2006 Bonds were completed in fiscal year 2013. The Rangeland project related to the Series 2014 Bonds was completed during fiscal year 2016 while the Library project was still under construction at June 30, 2016.

Condensed Statements of Net Position

	2016	2015	2014
Assets			
Current assets	\$ 3,329,348	\$ 9,224,747	\$ 16,738,081
Noncurrent assets	1,375,725	1,385,497	1,395,270
Total assets	4,705,073	10,610,244	18,133,351
Liabilities			
Current liabilities	4,586,943	5,249,207	4,055,674
Noncurrent liabilities	18,417,119	22,188,610	25,840,102
Total liabilities	23,004,062	27,437,817	29,895,776
Net Position			
Restricted for			
Debt service	2,137,528	1,987,273	3,747,166
Unrestricted	(20,436,517)	(18,814,846)	(15,509,591)
Total net position	\$ (18,298,989)	\$ (16,827,573)	\$ (11,762,425)

Nebraska State Colleges Facilities Corporation
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Management's Discussion and Analysis
Years Ended June 30, 2016 and 2015

The condensed statements of revenues, expenses and changes in net position include investment income, revenues designated for debt service, interest expense and other capital related revenues and expenses. The significant transfers to the System for capital projects in fiscal years 2016, 2015 and 2014 are due to expenditures for designated projects under the Series 2014 Bonds.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2016	2015	2014
Nonoperating Revenues (Expenses)			
State appropriations	\$ 3,341,000	\$ 3,341,000	\$ 3,341,000
Capital improvement fees	1,219,702	1,217,088	1,214,650
Investment income	740	268	145
Interest expense	(739,564)	(848,232)	(755,148)
Bond issuance costs	-	-	(172,121)
Administrative and other expenses	(28,759)	(27,499)	(24,792)
Net nonoperating revenues	3,793,119	3,682,625	3,603,734
Transfers to the System for Capital Projects	(5,264,535)	(8,747,773)	(1,586,118)
Increase (Decrease) in Net Position	(1,471,416)	(5,065,148)	2,017,616
Net Position, Beginning of Year	(16,827,573)	(11,762,425)	(13,780,041)
Net Position, End of Year	\$ (18,298,989)	\$ (16,827,573)	\$ (11,762,425)

Long Term Debt Activity

On January 3, 2014, the Corporation issued Building Projects Bonds, Series 2014 to finance the construction of the Rangeland Center at Chadron State College and the renovation of the U.S. Conn Library at Wayne State College. Bond proceeds from this issuance totaled \$15,299,519. Debt service repayment on the Series 2014 Bonds will be entirely through state appropriations. For fiscal years 2016, 2015 and 2014, the Legislature appropriated \$3,341,000 in General funds for bond repayment for the payment of Series 2006 and 2014 Bonds. The Corporation did not issue bonds during the years ended June 30, 2016 and 2015. Debt service payments decreased Deferred Maintenance Bonds payable by \$1,805,000, \$1,720,000 and \$1,635,000 in years ended June 30, 2016, 2015 and 2014, respectively. Debt service payments decreased Building Project Bonds payable by \$1,580,000 and \$1,550,000 in the years ended June 30, 2016 and 2015, respectively.

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. The Series 2006 debt service is cumulatively paid 52.24% from state appropriations and 47.76% from the dedicated, per credit hour fee paid by all the System's students. For the Series 2014 debt service, repayment comes from 100% state appropriations.

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The biennial appropriations bill for the 2015-2016 and 2016-2017 fiscal years (LB660, 2015) includes the state appropriations for both years for the Series 2006 and 2014 Bonds and acknowledges the future commitment to the remaining appropriations for the subsequent years through completion of the repayment. For the fiscal year ended June 30, 2016, \$2,058,282 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 transfer required by the appropriations bill to be used toward the \$2,273,818 annual debt service repayment for the Series 2006 Bonds for fiscal year 2016-2017. The Capital Improvement Fee rate for fiscal year 2016-2017 will increase by \$0.50 to \$10.50 per credit hour. In the previous six fiscal years, the Capital Improvement Fee remained at the same \$10 per credit hour level. Preliminary enrollment figures at the Colleges for fall 2016 indicate stable enrollments, which should ensure that more than enough resources will be available to meet the debt service commitment for fees.

During the 2016 legislative session, the Legislature passed LB 957 which extended the appropriations related to the Series 2006 Bonds to fiscal year 2030. The extension of the appropriation was to allow for the refunding of the Series 2006 Bonds and the issuance of new bond proceeds in order to help fund the renovation of the stadium at Chadron State College, the renovation of the Theatre/Event Center at Peru State College, and the construction of applied technology programmatic space at Wayne State College. At the June 10, 2016, Board of Directors meeting, the Board approved a resolution to authorize the issuance of deferred maintenance and refunding bonds, Series 2016. On August 17, 2016, the Corporation issued \$26,655,000 in Series 2016 Bonds, of which \$19,295,000 was related to new bonds and \$7,360,000 was related to refunding bonds. Settlement of these bonds took place on September 1, 2016. The Series 2006 Bonds were advance refunded on September 19, 2016. This advance refunding reduced total debt service payments by \$854,784 and resulted in an estimated economic gain of \$471,674.

Additional Information

For additional information with respect to the management's discussion and analysis or for information concerning the financial statements, please contact:

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Nebraska State Colleges Facilities Corporation
A Component Unit of the Nebraska State College System
Statements of Net Position
June 30, 2016 and 2015

Assets

	<u>2016</u>	<u>2015</u>
Current Assets		
Restricted cash and cash equivalents	\$ 3,318,426	\$ 9,214,099
Interest receivable	143	21
Capital improvement fee receivable	-	613
Other receivable	50	-
Prepaid expenses	<u>10,729</u>	<u>10,014</u>
 Total current assets	 <u>3,329,348</u>	 <u>9,224,747</u>
Noncurrent Assets		
Restricted cash and cash equivalents	1,346,000	1,346,000
Prepaid expenses	<u>29,725</u>	<u>39,497</u>
 Total noncurrent assets	 <u>1,375,725</u>	 <u>1,385,497</u>
 Total assets	 <u>4,705,073</u>	 <u>10,610,244</u>

Liabilities

Current Liabilities		
Accounts payable	858,531	1,603,775
Interest payable	223,412	260,432
Bonds payable - current portion	<u>3,505,000</u>	<u>3,385,000</u>
 Total current liabilities	 <u>4,586,943</u>	 <u>5,249,207</u>
Noncurrent Liabilities		
Bond premium, net of accumulated amortization	1,312,119	1,578,610
Bonds payable, net of current portion	<u>17,105,000</u>	<u>20,610,000</u>
 Total noncurrent liabilities	 <u>18,417,119</u>	 <u>22,188,610</u>
 Total liabilities	 <u>23,004,062</u>	 <u>27,437,817</u>
Net Position		
Restricted for:		
Debt Service	2,137,528	1,987,273
Unrestricted	<u>(20,436,517)</u>	<u>(18,814,846)</u>
 Total net position	 <u>\$ (18,298,989)</u>	 <u>\$ (16,827,573)</u>

Nebraska State Colleges Facilities Corporation
A Component Unit of the Nebraska State College System
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Nonoperating Revenues (Expenses)		
State appropriations	\$ 3,341,000	\$ 3,341,000
Capital improvement fees	1,219,702	1,217,088
Investment income	740	268
Interest expense	(739,564)	(848,232)
Administrative and other expenses	<u>(28,759)</u>	<u>(27,499)</u>
Net nonoperating revenues	<u>3,793,119</u>	<u>3,682,625</u>
Transfer to the System for Capital Projects	<u>(5,264,535)</u>	<u>(8,747,773)</u>
Decrease in net position	(1,471,416)	(5,065,148)
Net Position, Beginning of Year	<u>(16,827,573)</u>	<u>(11,762,425)</u>
Net Position, End of Year	<u><u>\$ (18,298,989)</u></u>	<u><u>\$ (16,827,573)</u></u>

Nebraska State Colleges Facilities Corporation
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Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Capital and Related Financing Activities		
State appropriations	\$ 3,341,000	\$ 3,341,000
Capital improvement fees	1,220,315	1,216,475
Principal paid on bonds payable	(3,385,000)	(3,270,000)
Interest paid on bonds payable	(1,043,075)	(1,155,431)
Administrative and other expenses	(20,315)	(16,475)
Transfer to the System for capital projects	(6,009,216)	(7,629,146)
	<u>(5,896,291)</u>	<u>(7,513,577)</u>
Net cash used in capital and related financing activities		
Investing Activities		
Interest received on investments	618	266
	<u>618</u>	<u>266</u>
Net cash provided by investing activities		
	<u>618</u>	<u>266</u>
Decrease in Cash and Cash Equivalents	<u>(5,895,673)</u>	<u>(7,513,311)</u>
Cash and Cash Equivalents, Beginning of Year	<u>10,560,099</u>	<u>18,073,410</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,664,426</u>	<u>\$ 10,560,099</u>
Supplemental Cash Flows Information		
Accounts payable incurred for System capital projects	\$ 858,531	\$ 1,603,162

Nebraska State Colleges Facilities Corporation
A Component Unit of the Nebraska State College System
Notes to Financial Statements
June 30, 2016 and 2015

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

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.

Basis of Accounting and Presentation

The financial statements of the Corporation have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally state appropriations) are recognized when all applicable eligibility requirements are met. Government-mandated nonexchange transactions that are not program specific (state appropriations), investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses.

The financial statements include all accounts cited in the bond resolution issued by the Corporation in conjunction with the Deferred Maintenance Projects (Series 2006 Bonds) and the Building Projects (Series 2014 Bonds). 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Restricted Cash Equivalents

The Corporation considers all liquid investments with original maturities of three months or less to be cash equivalents. These funds are held by the bond trustees. At June 30, 2016 and 2015, cash equivalents consisted of money market accounts with brokers. Cash equivalents are restricted for debt service and project construction.

Nebraska State Colleges Facilities Corporation
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Notes to Financial Statements
June 30, 2016 and 2015

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Unamortized Bond Premium

The bond premiums incurred on the deferred maintenance and building project bond issues are being amortized over the life of the bonds using the straight-line method. Total amortization for the years ended June 30, 2016 and 2015, was \$266,491 and \$266,492, respectively.

State Appropriations

State appropriations consist of designated appropriations of funds from the State of Nebraska to pay debt service for the bonds. Total appropriations for the years ended June 30, 2016 and 2015, were \$3,341,000 each year.

Capital Improvement Fees

Capital improvement fees are a per credit hour fee charged to students of Chadron, Peru and Wayne State Colleges (Colleges). The fees are collected by the Colleges and a designated amount is appropriated from the State of Nebraska to pay debt service for the bonds. Funds of \$1,200,000 were appropriated each year from the State of Nebraska for the years ended June 30, 2016 and 2015. In addition, \$19,702 and \$17,088, respectively, were also transferred to pay for administrative expenses of the Corporation for the years ended June 30, 2016 and 2015.

Net Position

Net position of the Corporation is classified in two components. Restricted expendable net position consists of noncapital assets that must be used for a particular purpose as specified by creditors external to the Corporation, including amounts deposited with trustees as required by bond indentures, and state legislation, reduced by the outstanding balances of any related borrowings. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted. The Corporation first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Income Taxes

As a state institution, the income of the Corporation is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the Corporation is subject to federal income tax on any unrelated business taxable income.

Nebraska State Colleges Facilities Corporation
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Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Reclassifications

Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 financial statement presentation. These reclassifications had no effect on the change in net position.

Note 2: Investments

All investments of the Corporation are held by the bond trustee and invested in accordance with the bond resolution. The bond resolution allows investment of bond proceeds in various securities and obligations including U.S. government and U.S. agency obligations; bonds, notes or other obligations of the State or any political subdivision thereof (rated in either of the two highest rating categories at the time of purchase); bank repurchase agreements; certificates of deposit or other securities or investments within the State investing guidelines.

At June 30, 2016 and 2015, the Corporation's investments consisted of money market mutual funds totaling \$4,664,426 and \$10,560,099, respectively, held by the bond trustees. All investments are redeemable in full immediately, but are shown as restricted cash and cash equivalents in the statements of net position as they are held for debt service or project construction. All money market mutual funds are valued using amortized cost. One money market mutual fund is rated Aaa-mf by Moody's and AAAm by S&P and the other is rated Aaa by Moody's and AAAm by S&P.

Nebraska State Colleges Facilities Corporation
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Notes to Financial Statements
June 30, 2016 and 2015

Note 3: Bonds Payable

The following is a summary of bonds payable transactions for the Corporation for the years ended June 30, 2016 and 2015:

	2016				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds payable	\$23,995,000	\$ -	\$ (3,385,000)	\$20,610,000	\$ 3,505,000
Bond premium, net of accumulated amortization	1,578,610	-	(266,491)	1,312,119	-
Total bonds payable	<u>\$25,573,610</u>	<u>\$ -</u>	<u>\$ (3,651,491)</u>	<u>\$21,922,119</u>	<u>\$ 3,505,000</u>
	2015				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds payable	\$27,265,000	\$ -	\$ (3,270,000)	\$23,995,000	\$ 3,385,000
Bond premium, net of accumulated amortization	1,845,102	-	(266,492)	1,578,610	-
Total bonds payable	<u>\$29,110,102</u>	<u>\$ -</u>	<u>\$ (3,536,492)</u>	<u>\$25,573,610</u>	<u>\$ 3,385,000</u>

Deferred Maintenance Bonds Payable

On August 29, 2006, the Corporation issued \$21,915,000 of Series 2006 bonds. The bonds bear interest, payable semiannually, at rates of 3.55% to 5.00%. Principal maturities, due in annual installments, began July 15, 2007, and continue until July 15, 2020. Proceeds from the issuance of these bonds were used to complete deferred maintenance projects at Chadron, Peru and Wayne State Colleges. 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. Payments of bond principal are also secured by an insurance policy issued by a commercial insurer. Bonds maturing on or after July 15, 2017, are callable at the option of the Corporation beginning July 15, 2016.

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Note 3: Bonds Payable - Continued

Deferred Maintenance Bonds Payable - Continued

On August 17, 2016, the Corporation issued \$26,655,000 in Series 2016 Deferred Maintenance Refunding Bonds of which \$7,360,000 were used to advance refund the Series 2006 Bonds. The advance refunding reduced total debt service payments by \$854,784 and resulted in an estimated economic gain of \$471,674. The remaining \$19,295,000 will be used to fund various projects at Chadron State College, Peru State College and Wayne State College.

Building Bonds Payable

On January 3, 2014, the Corporation issued \$13,460,000 of Series 2014 bonds. The bonds bear interest, payable semiannually, at rates of 2.00% to 5.00%. Principal maturities, due in annual installments, began June 15, 2015, and continue until June 15, 2021. Proceeds from the issuance of these bonds will be used to help build a portion of the Rangeland Center at Chadron State College and will be used to renovate the U.S. Conn Library at Wayne State College. 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 legislative appropriations. The bonds are not subject to redemption prior to maturity.

Debt Service Requirements

The debt service requirements as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 3,505,000	\$ 910,318	\$ 4,415,318
2018	3,680,000	742,568	4,422,568
2019	3,850,000	575,434	4,425,434
2020	4,020,000	399,162	4,419,162
2021	5,555,000	213,638	5,768,638
	<u>\$ 20,610,000</u>	<u>\$ 2,841,120</u>	<u>\$ 23,451,120</u>

Supplementary Information

Nebraska State Colleges Facilities Corporation
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Schedule of Project Authorization, Accumulated Costs and Unexpended Authorization
Year Ended June 30, 2016

Projects authorized	Authorization	Accumulated Costs			Unexpended Authorization June 30, 2016
		Prior Years	Year Ended June 30, 2016	Total	
Deferred Maintenance Projects (2006):					
CSC Administration Building	\$ 4,912,803	\$ 4,912,803	\$ -	\$ 4,912,803	\$ -
CSC Street/Drainage Improvement	500,000	500,000	-	500,000	-
PSC Al Wheeler Activities Center	5,862,097	5,862,097	-	5,862,097	-
PSC Emergency Power	633,876	633,876	-	633,876	-
WSC Carhart Science	800,000	800,000	-	800,000	-
WSC Campus Services	5,185,466	5,185,466	-	5,185,466	-
WSC Streets Project	1,516,000	1,516,000	-	1,516,000	-
WSC Rice Auditorium Basement	3,766,611	3,766,611	-	3,766,611	-
Total Deferred Maintenance Projects (2006)	<u>\$ 23,176,853</u>	<u>\$ 23,176,853</u>	<u>\$ -</u>	<u>\$ 23,176,853</u>	<u>\$ -</u>
Building Projects (2014):					
CSC Rangeland	\$ 3,696,470	\$ 2,808,634	\$ 887,836	\$ 3,696,470	\$ -
WSC Library	12,000,000	7,525,257	4,376,699	11,901,956	98,044
Total Building Projects (2014)	<u>\$ 15,696,470</u>	<u>\$ 10,333,891</u>	<u>\$ 5,264,535</u>	<u>\$ 15,598,426</u>	<u>\$ 98,044</u>

Nebraska State Colleges Facilities Corporation
A Component Unit of the Nebraska State College System
Statement of Revenues, Expenses and Changes in Net Position by Account
Deferred Maintenance Projects (Series 2006 Bonds)
Year Ended June 30, 2016
(With Comparative Totals for 2015)

	2016					2016	Total 2015
	Construction Account	General Account	Retirement of Indebtedness				
			Debt Service Account	Rebate Account	Total Retirement of Indebtedness		
Nonoperating Revenues (Expenses):							
State appropriations	\$ -	\$ -	\$ 1,125,000	\$ -	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000
Capital improvement fee	-	2,000	1,200,000	-	1,200,000	1,202,000	1,201,500
Investment income	-	-	327	-	327	327	131
Interest expense	-	-	(422,876)	-	(422,876)	(422,876)	(499,873)
Administrative and other expenses	-	(1,920)	(9,772)	-	(9,772)	(11,692)	(11,273)
	<u>-</u>	<u>(1,920)</u>	<u>(9,772)</u>	<u>-</u>	<u>(9,772)</u>	<u>(11,692)</u>	<u>(11,273)</u>
Total net nonoperating revenues	-	80	1,892,679	-	1,892,679	1,892,759	1,815,485
Transfers:							
Transfers to the System for capital projects	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in net position before interfund transfers	-	80	1,892,679	-	1,892,679	1,892,759	1,815,485
Interfund Transfers in (out), Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 1,892,679</u>	<u>\$ -</u>	<u>\$ 1,892,679</u>	<u>\$ 1,892,759</u>	<u>\$ 1,815,485</u>

Note: Additional administrative and other expenses of \$15,815 and \$15,588 in fiscal years 2016 and 2015, respectively, were paid directly by the Nebraska State College System from the capital improvement fund and were not transferred to the bond trustee accounts.

Nebraska State Colleges Facilities Corporation
A Component Unit of the Nebraska State College System
Schedule of Interest and Principal Payments
Deferred Maintenance Projects (Series 2006 Bonds)
June 30, 2016

Fiscal Year	Due Dates	Principal Due	Interest Rate	Interest Due	Fiscal Year Debt Service
2017	July 15	\$ 1,880,000	5.000 %	\$ 220,409	\$ 2,273,818
	January 15	-		173,409	-
2018	July 15	1,975,000	4.000	173,409	2,282,318
	January 15	-		133,909	-
2019	July 15	2,055,000	4.125	133,909	2,280,434
	January 15	-		91,525	-
2020	July 15	2,140,000	4.125	91,525	2,278,913
	January 15	-		47,388	-
2021	July 15	<u>2,230,000</u>	4.250	<u>47,387</u>	<u>2,277,387</u>
		<u>\$ 10,280,000</u>		<u>\$ 1,112,870</u>	<u>\$ 11,392,870</u>

Nebraska State Colleges Facilities Corporation
A Component Unit of the Nebraska State College System
Statement of Revenues, Expenses and Changes in Net Position by Account
Building Projects (Series 2014 Bonds)
Year Ended June 30, 2016
(With Comparative Totals for 2015)

	2016						2016	Total 2015
	Rangeland Construction Account	Library Construction Account	Cost of Issuance Account	Retirement of Indebtedness				
				Debt Service Account	Debt Service Reserve Account	Total Retirement of Indebtedness		
Nonoperating Revenues (Expenses):								
State appropriations	\$ -	\$ -	\$ -	\$ 2,216,000	\$ -	\$ 2,216,000	\$ 2,216,000	\$ 2,216,000
Capital improvement fee	-	-	-	1,887	-	1,887	1,887	-
Investment income	16	204	-	90	103	193	413	137
Interest expense	-	-	-	(316,688)	-	(316,688)	(316,688)	(348,360)
Administrative and other expenses	-	-	-	(1,252)	-	(1,252)	(1,252)	(637)
Total net nonoperating revenues	16	204	-	1,900,037	103	1,900,140	1,900,360	1,867,140
Transfers:								
Transfers to the System for capital projects	(887,836)	(4,376,699)	-	-	-	-	(5,264,535)	(8,747,773)
Increase (decrease) in net position before interfund transfers	(887,820)	(4,376,495)	-	1,900,037	103	1,900,140	(3,364,175)	(6,880,633)
Interfund Transfers in (out), Net	-	-	-	-	-	-	-	-
Increase (decrease) in net position	<u>\$ (887,820)</u>	<u>\$ (4,376,495)</u>	<u>\$ -</u>	<u>\$ 1,900,037</u>	<u>\$ 103</u>	<u>\$ 1,900,140</u>	<u>\$ (3,364,175)</u>	<u>\$ (6,880,633)</u>

Nebraska State Colleges Facilities Corporation
A Component Unit of the Nebraska State College System
Schedule of Interest and Principal Payments
Building Projects (Series 2014 Bonds)
June 30, 2016

Fiscal Year	Due Dates	Principal Due	Interest Rate	Interest Due	Fiscal Year Debt Service
2017	December 15	\$ -		\$ 258,250	\$ -
	June 15	1,625,000	5.000 %	258,250	2,141,500
2018	December 15	-		217,625	-
	June 15	1,705,000	5.000	217,625	2,140,250
2019	December 15	-		175,000	-
	June 15	1,795,000	5.000	175,000	2,145,000
2020	December 15	-		130,125	-
	June 15	1,880,000	5.000	130,125	2,140,250
2021	December 15	-		83,125	-
	June 15	<u>3,325,000</u>	5.000	<u>83,125</u>	<u>3,491,250</u>
		<u>\$ 10,330,000</u>		<u>\$ 1,728,250</u>	<u>\$ 12,058,250</u>