

**Nebraska State Colleges Facilities Corporation**  
**A Component Unit**  
**of the Nebraska State College System**  
Independent Auditor's Report and Financial Statements  
June 30, 2017 and 2016



**Nebraska State Colleges Facilities Corporation**  
**A Component Unit of the Nebraska State College System**  
**June 30, 2017 and 2016**

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## Independent Auditor's Report

Board of Directors  
Nebraska State Colleges Facilities Corporation  
Lincoln, Nebraska

We have audited the accompanying financial statements of the Nebraska State Colleges Facilities Corporation, a component unit of the Nebraska State College System, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Nebraska State Colleges Facilities Corporation's basic financial statement as listed in the table of contents.

### *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, 2017 and 2016, 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 29, 2017

**Nebraska State Colleges Facilities Corporation**  
**A Component Unit of the Nebraska State College System**  
**Management’s Discussion and Analysis**  
**Years Ended June 30, 2017 and 2016**

***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, 2017 and 2016, for the following:

<b>Bonds</b>	<b>Financing Objective</b>
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
Deferred Maintenance Refunding (Series 2016 Bonds)	Deferred Maintenance Projects – Chadron, Peru and Wayne State Colleges & Refunding of Deferred Maintenance Projects (Series 2006 Bonds)

***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 Refunding of 2016 for the 2017-2019 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 2017-2019 biennium. During fiscal year 2016-2017, there was a transfer to the System for capital projects in the amount of \$2,211,770, which is due to projects underway from the Deferred Maintenance Refunding 2016 Series issue and from projects completed under the Building Projects 2014 Series issue. During fiscal years 2015-2016 and 2014-2015, transfers to the System for capital projects totaled \$5,264,535 and \$8,747,773, respectively.

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**Years Ended June 30, 2017 and 2016**

***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 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, 2017, 2016 and 2015.

Current assets include certain resources held by the bond trustees, which are restricted by the bond covenants for construction and related retirement of indebtedness accounts. Net position classified as restricted expendable amounts for debt service are \$1,210,500, \$2,137,528 and \$1,987,273, respectively, at June 30, 2017, 2016 and 2015. Decreases in assets, liabilities and net position from fiscal year 2015 to 2016 reflects the use of bond proceeds for construction costs and the payment of debt principal. Increases in assets, liabilities, deferred inflows and net position from fiscal year 2016 to 2017 reflects the issuance of Series 2016 Bonds. 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 completed during fiscal year 2017. Refunding of the Series 2006 Bonds with Series 2016 bond proceeds was completed in September 2016 while deferred maintenance projects related to the Series 2016 Bonds were either in the planning stages and/or under construction during fiscal year 2017.

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**Condensed Statements of Net Position**

	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Assets</b>			
Current assets	\$ 21,421,636	\$ 3,329,348	\$ 9,224,747
Noncurrent assets	1,446,349	1,375,725	1,385,497
Total assets	<u>22,867,985</u>	<u>4,705,073</u>	<u>10,610,244</u>
<b>Liabilities</b>			
Current liabilities	3,568,745	4,586,943	5,249,207
Noncurrent liabilities	<u>36,452,351</u>	<u>18,417,119</u>	<u>22,188,610</u>
Total liabilities	<u>40,021,096</u>	<u>23,004,062</u>	<u>27,437,817</u>
<b>Deferred Inflows of Resources</b>	<u>34,355</u>	-	-
<b>Net Position</b>			
Restricted for			
Debt service	1,210,500	2,137,528	1,987,273
Unrestricted	<u>(18,397,966)</u>	<u>(20,436,517)</u>	<u>(18,814,846)</u>
Total net position	<u>\$ (17,187,466)</u>	<u>\$ (18,298,989)</u>	<u>\$ (16,827,573)</u>

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 2017, 2016 and 2015 are due to expenditures for designated projects under the Series 2014 and Series 2016 Bonds.

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Nonoperating Revenues (Expenses)</b>			
State appropriations	\$ 3,341,000	\$ 3,341,000	\$ 3,341,000
Capital improvement fees	1,212,456	1,219,702	1,217,088
Investment income	20,349	740	268
Interest expense	(894,241)	(749,336)	(858,005)
Bond issuance costs	(339,993)	-	-
Administrative and other expenses	(16,314)	(18,987)	(17,726)
Other revenue	<u>36</u>	<u>-</u>	<u>-</u>
Net nonoperating revenues	3,323,293	3,793,119	3,682,625
<b>Transfers to the System for Capital Projects</b>	<u>(2,211,770)</u>	<u>(5,264,535)</u>	<u>(8,747,773)</u>
<b>Increase (Decrease) in Net Position</b>	1,111,523	(1,471,416)	(5,065,148)
<b>Net Position, Beginning of Year</b>	<u>(18,298,989)</u>	<u>(16,827,573)</u>	<u>(11,762,425)</u>
<b>Net Position, End of Year</b>	<u>\$ (17,187,466)</u>	<u>\$ (18,298,989)</u>	<u>\$ (16,827,573)</u>

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***Long Term Debt Activity***

For fiscal years 2017, 2016 and 2015, 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.

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, the construction of applied technology programmatic space at Wayne State College and other allowable projects as determined by the Board of Trustees. 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. Debt service repayment on the Series 2016 Bonds will be through state appropriations and designated fee revenues.

The issuance described above increased Deferred Maintenance Bonds payable by \$16,325,000 in the year ended June 30, 2017. Debt service payments decreased Deferred Maintenance Projects Bonds payable by \$1,805,000 and \$1,720,000 in the years ended June 30, 2016 and 2015, respectively. Debt service payments decreased Building Project Bonds payable by \$1,625,000, \$1,580,000 and \$1,550,000 in the years ended June 30, 2017, 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 2016 debt service is cumulatively paid 45% from state appropriations and 55% 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.

The biennial appropriations bill for the 2017-2018 and 2018-2019 fiscal years (LB330, 2017) includes the state appropriations for both years for the Series 2016 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, 2017, \$2,093,753 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 \$1,844,068 annual debt service repayment for the Series 2016 Bonds for fiscal year 2017-2018. In fiscal year 2021, the capital improvement fee contribution transfer for debt service is required to increase from \$1,200,000 to \$1,440,000. In anticipation of this increase, the capital improvement fee rate for fiscal year 2017-2018 will increase by \$0.50 to \$11 per credit hour. Further modest capital improvement fee rate increases are planned for the next few fiscal years. In

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fiscal year 2017, the capital improvement fee increased by \$0.50 to \$10.50 per credit hour. In the six fiscal years previous to fiscal year 2017, the capital improvement fee remained at the same \$10 per credit hour level. Preliminary enrollment figures at the Colleges for Fall 2017 indicate relatively stable enrollments, which should ensure that more than enough resources will be available to meet the 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:

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Vice Chancellor for Finance and Administration,  
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Lincoln, NE 68508 or  
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**Nebraska State Colleges Facilities Corporation**  
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**Statements of Net Position**  
**June 30, 2017 and 2016**

**Assets**

	<u>2017</u>	<u>2016</u>
<b>Current Assets</b>		
Restricted cash and cash equivalents	\$ 21,402,393	\$ 3,318,426
Interest receivable	7,564	143
Other receivable	-	50
Prepaid expenses	11,679	10,729
	<u>21,421,636</u>	<u>3,329,348</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	1,346,000	1,346,000
Prepaid expenses	100,349	29,725
	<u>1,446,349</u>	<u>1,375,725</u>
Total assets	<u>22,867,985</u>	<u>4,705,073</u>

**Liabilities and Deferred Inflows of Resources**

<b>Current Liabilities</b>		
Accounts payable	492,484	858,531
Interest payable	441,261	223,412
Bonds payable - current portion	2,635,000	3,505,000
	<u>3,568,745</u>	<u>4,586,943</u>
<b>Noncurrent Liabilities</b>		
Bond premium, net of accumulated amortization	3,727,351	1,312,119
Bonds payable, net of current portion	32,725,000	17,105,000
	<u>36,452,351</u>	<u>18,417,119</u>
Total liabilities	<u>40,021,096</u>	<u>23,004,062</u>
<b>Deferred Inflows of Resources</b>		
Deferred gain on bond refunding	34,355	-
	<u>34,355</u>	<u>-</u>
<b>Net Position</b>		
Restricted for:		
Debt Service	1,210,500	2,137,528
Unrestricted	(18,397,966)	(20,436,517)
	<u>(17,187,466)</u>	<u>(18,298,989)</u>
Total net position	<u>\$ (17,187,466)</u>	<u>\$ (18,298,989)</u>

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**Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Nonoperating Revenues (Expenses)</b>		
State appropriations	\$ 3,341,000	\$ 3,341,000
Capital improvement fees	1,212,456	1,219,702
Investment income	20,349	740
Interest expense	(894,241)	(749,336)
Bond issuance costs	(339,993)	-
Administrative and other expenses	(16,314)	(18,987)
Other revenue	36	-
	<u>3,323,293</u>	<u>3,793,119</u>
<b>Transfer to the System for Capital Projects</b>	<u>(2,211,770)</u>	<u>(5,264,535)</u>
Increase (decrease) in net position	1,111,523	(1,471,416)
<b>Net Position, Beginning of Year</b>	<u>(18,298,989)</u>	<u>(16,827,573)</u>
<b>Net Position, End of Year</b>	<u><u>\$ (17,187,466)</u></u>	<u><u>\$ (18,298,989)</u></u>

**Nebraska State Colleges Facilities Corporation**  
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**Statements of Cash Flows**  
**Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Capital and Related Financing Activities</b>		
State appropriations	\$ 3,341,000	\$ 3,341,000
Capital improvement fees	1,212,456	1,220,315
Proceeds from bond issuance	29,243,870	-
Principal paid on bonds payable	(11,905,000)	(3,385,000)
Interest paid on bonds payable	(1,142,264)	(1,043,075)
Bond issuance costs	(84,086)	-
Administrative and other expenses	(17,206)	(20,315)
Other revenue	36	-
Transfer to the System for capital projects	<u>(2,577,767)</u>	<u>(6,009,216)</u>
Net cash provided by (used in) capital and related financing activities	<u>18,071,039</u>	<u>(5,896,291)</u>
<b>Investing Activities</b>		
Interest received on investments	<u>12,928</u>	<u>618</u>
Net cash provided by investing activities	<u>12,928</u>	<u>618</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<u>18,083,967</u>	<u>(5,895,673)</u>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>4,664,426</u>	<u>10,560,099</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 22,748,393</u></u>	<u><u>\$ 4,664,426</u></u>
<b>Supplemental Cash Flows Information</b>		
Accounts payable incurred for System capital projects	\$ 492,484	\$ 858,531
Bond issuance costs paid directly with bond proceeds	\$ 255,907	\$ -

**Nebraska State Colleges Facilities Corporation**  
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**Notes to Financial Statements**  
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**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), the Building Projects (Series 2014 Bonds) and the Deferred Maintenance Refunding (Series 2016 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, 2017 and 2016, cash equivalents consisted of money market accounts with brokers. Cash equivalents are restricted for debt service and project construction.

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**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, 2017 and 2016, was \$548,749 and \$266,491, 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, 2017 and 2016, 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, 2017 and 2016. In addition, \$12,456 and \$19,702, respectively, were also transferred to pay for administrative expenses of the Corporation for the years ended June 30, 2017 and 2016.

***Deferred Outflows of Resources and Deferred Inflows of Resources***

A deferred outflow of resources is a consumption of net position by the Corporation that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the Corporation that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statements of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources of the Corporation consist of the unamortized deferred gain on bond refunding. The Corporation has no deferred outflows of resources as of June 30, 2017 and 2016.

***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.

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

***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.

***Reclassifications***

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 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, 2017 and 2016, the Corporation's investments consisted of money market mutual funds totaling \$22,748,393 and \$4,664,426, respectively, held by the bond trustees, which were entirely covered by collateral in the trustee's name. 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 by Moody's and AAAM by S&P and the other is rated Aaa-mf by Moody's and AAAM by S&P.

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**Notes to Financial Statements**

**June 30, 2017 and 2016**

**Note 3: Bonds Payable**

The following is a summary of bonds payable transactions for the Corporation for the years ended June 30, 2017 and 2016:

	<b>2017</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Bonds payable	\$ 20,610,000	\$ 26,655,000	\$ (11,905,000)	\$ 35,360,000	\$ 2,635,000
Bond premium, net of accumulated amortization	1,312,119	2,963,981	(548,749)	3,727,351	-
Total bonds payable	<u>\$ 21,922,119</u>	<u>\$ 29,618,981</u>	<u>\$ (12,453,749)</u>	<u>\$ 39,087,351</u>	<u>\$ 2,635,000</u>
	<b>2016</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
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>

**Deferred Maintenance Bonds Payable**

On August 29, 2006, the Corporation issued \$21,915,000 of Series 2006 Bonds. The bonds were scheduled to bear interest, payable semiannually, at rates of 3.55% to 5.00%. Principal maturities, due in annual installments, began July 15, 2007. Proceeds from the issuance of these bonds were used to complete deferred maintenance projects at Chadron, Peru and Wayne State Colleges. Bonds maturing on or after July 15, 2017, were callable at the option of the Corporation beginning July 15, 2016.

On August 17, 2016, the Corporation issued \$26,655,000 in Series 2016 Deferred Maintenance Refunding Bonds, of which, \$7,360,000 was used to advance refund \$8,400,000 of Series 2006 Bonds on September 19, 2016. The remaining \$19,295,000 of Series 2016 Bonds are being used to fund various projects at Chadron State College, Peru State College and Wayne State College.

**Nebraska State Colleges Facilities Corporation**  
**A Component Unit of the Nebraska State College System**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

**Note 3: Bonds Payable - Continued**

***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 were used to help build a portion of the Rangeland Center at Chadron State College and were also used to help 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.

***Deferred Maintenance Refunding Bonds Payable***

In June 2016, the Corporation authorized the issuance of Deferred Maintenance Refunding Bonds Series 2016. The purpose of the issuance was to redeem in full the outstanding principal amount of the Deferred Maintenance Series 2006 Bonds and allow for the issuance of new bond proceeds 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.

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 advanced refunding reduced total debt service payments over the remaining 3 years by \$854,784, and resulted in an economic gain of \$471,674. The difference between the reacquisition price and the net carrying amount of the old debt has been deferred and is amortized over the remaining life of the old bonds.

The bonds bear interest, payable semiannually, at rates of 2.00% to 5.00%. Principal maturities, due in annual installments, begin July 15, 2017, and continue until July 15, 2030. 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. Bonds maturing on or after July 15, 2027, are able to be redeemed, in part or in whole, on or after July 15, 2026.

**Nebraska State Colleges Facilities Corporation**  
**A Component Unit of the Nebraska State College System**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

**Note 3: Bonds Payable - Continued**

***Debt Service Requirements***

The debt service requirements as of June 30, 2017, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 2,635,000	\$ 1,349,318	\$ 3,984,318
2019	3,215,000	1,240,568	4,455,568
2020	3,325,000	1,122,168	4,447,168
2021	4,800,000	976,843	5,776,843
2022	1,790,000	728,968	2,518,968
2023 - 2027	10,020,000	2,606,490	12,626,490
2028 - 2031	9,575,000	532,639	10,107,639
	<u>\$ 35,360,000</u>	<u>\$ 8,556,994</u>	<u>\$ 43,916,994</u>

## **Supplementary Information**

**Nebraska State Colleges Facilities Corporation**  
**A Component Unit of the Nebraska State College System**  
**Schedule of Project Authorization, Accumulated Costs and Unexpended Authorization**  
**Year Ended June 30, 2017**

Projects authorized	Authorization	Accumulated Costs			Unexpended Authorization June 30, 2017
		Prior Years	Year Ended June 30, 2017	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	\$ 3,696,470	\$ -	\$ 3,696,470	\$ -
WSC Library	12,000,000	11,901,956	98,044	12,000,000	-
Total Building Projects (2014)	<u>\$ 15,696,470</u>	<u>\$ 15,598,426</u>	<u>\$ 98,044</u>	<u>\$ 15,696,470</u>	<u>\$ -</u>
Deferred Maintenance Refunding (2016):					
CSC Stadium	\$ 6,205,766	\$ -	\$ 565,489	\$ 565,489	\$ 5,640,277
PSC Theatre/Event Center	6,138,234	-	753,942	753,942	5,384,292
WSC Applied Technology	8,931,000	-	794,295	794,295	8,136,705
Total Deferred Maintenance Refunding (2016)	<u>\$ 21,275,000</u>	<u>\$ -</u>	<u>\$ 2,113,726</u>	<u>\$ 2,113,726</u>	<u>\$ 19,161,274</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, 2017**  
**(With Comparative Totals for 2016)**

	2017						
	Retirement of Indebtedness				2017		
	Construction Account	General Account	Debt Service Account	Rebate Account		Total Retirement of Indebtedness	Total
<b>Nonoperating Revenues (Expenses):</b>							
State appropriations	\$ -	\$ -	\$ 281,250	\$ -	\$ 281,250	\$ 281,250	\$ 1,125,000
Capital improvement fee	-	-	300,000	-	300,000	300,000	1,202,000
Investment income	-	-	660	-	660	660	327
Interest expense	-	-	(77,313)	-	(77,313)	(77,313)	(432,648)
Administrative and other expenses	-	(2,500)	(322)	-	(322)	(2,822)	(1,920)
	-	(2,500)	504,275	-	504,275	501,775	1,892,759
<b>Transfers:</b>							
Transfers to the System for capital projects	-	-	-	-	-	-	-
	-	(2,500)	504,275	-	504,275	501,775	1,892,759
<b>Interfund Transfers in (out), Net</b>	-	43	(43)	-	(43)	-	-
	\$ -	\$ (2,457)	\$ 504,232	\$ -	\$ 504,232	\$ 501,775	\$ 1,892,759

Note: Additional administrative and other expenses of \$11,206 and \$15,815 in fiscal years 2017 and 2016, 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**  
**Statement of Revenues, Expenses and Changes in Net Position by Account**  
**Building Projects (Series 2014 Bonds)**  
**Year Ended June 30, 2017**  
**(With Comparative Totals for 2016)**

	2017						Total 2017	Total 2016
	Rangeland Construction Account	Library Construction Account	Cost of Issuance Account	Retirement of Indebtedness				
				Debt Service Account	Debt Service Reserve Account	Total Retirement of Indebtedness		
<b>Nonoperating Revenues (Expenses):</b>								
State appropriations	\$ -	\$ -	\$ -	\$ 2,216,000	\$ -	\$ 2,216,000	\$ 2,216,000	\$ 2,216,000
Capital improvement fee	-	-	-	1,250	-	1,250	1,250	1,887
Investment income	-	21	-	311	400	711	732	413
Interest expense	-	-	-	(267,901)	-	(267,901)	(267,901)	(316,688)
Administrative and other expenses	-	-	-	(1,248)	-	(1,248)	(1,248)	(1,252)
Total net nonoperating revenues	-	21	-	1,948,412	400	1,948,812	1,948,833	1,900,360
<b>Transfers:</b>								
Transfers to the System for capital projects	-	(98,044)	-	-	-	-	(98,044)	(5,264,535)
Increase (decrease) in net position before interfund transfers	-	(98,023)	-	1,948,412	400	1,948,812	1,850,789	(3,364,175)
<b>Interfund Transfers in (out), Net</b>	-	(326)	-	615	(289)	326	-	-
Increase (decrease) in net position	<u>\$ -</u>	<u>\$ (98,349)</u>	<u>\$ -</u>	<u>\$ 1,949,027</u>	<u>\$ 111</u>	<u>\$ 1,949,138</u>	<u>\$ 1,850,789</u>	<u>\$ (3,364,175)</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, 2017**

<b>Fiscal Year</b>	<b>Due Dates</b>	<b>Principal Due</b>	<b>Interest Rate</b>	<b>Interest Due</b>	<b>Fiscal Year Debt Service</b>
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>\$ 8,705,000</u>		<u>\$ 1,211,750</u>	<u>\$ 9,916,750</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 Refunding (Series 2016 Bonds)**  
**Year Ended June 30, 2017**  
**(With Comparative Totals for 2016)**

	2017								
	Stadium Renov Construction Account	Theatre/Event Cntr Construction Account	Applied Tech Construction Account	General Account	Retirement of Indebtedness			2017	Total 2016
					Debt Service Account	Debt Service Reserve Account	Total Retirement of Indebtedness		
<b>Nonoperating Revenues (Expenses):</b>									
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ 843,750	\$ -	\$ 843,750	\$ 843,750	\$ -
Capital improvement fee	-	-	-	-	900,000	-	900,000	900,000	-
Investment income	5,241	5,145	7,479	76	1,016	-	1,016	18,957	-
Bond issuance cost	-	-	-	-	(339,993)	-	(339,993)	(339,993)	-
Interest expense	-	-	-	-	(549,027)	-	(549,027)	(549,027)	-
Administrative and other expenses	-	-	-	-	(1,038)	-	(1,038)	(1,038)	-
Other revenue	-	-	-	36	-	-	-	36	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total net nonoperating revenues	5,241	5,145	7,479	112	854,708	-	854,708	872,685	-
<b>Transfers:</b>									
Transfers to the System for capital projects	(565,489)	(753,942)	(794,295)	-	-	-	-	(2,113,726)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Increase (decrease) in net position before interfund transfers	(560,248)	(748,797)	(786,816)	112	854,708	-	854,708	(1,241,041)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Interfund Transfers in (out), Net</b>	-	-	-	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Increase (decrease) in net position	\$ (560,248)	\$ (748,797)	\$ (786,816)	\$ 112	\$ 854,708	\$ -	\$ 854,708	\$ (1,241,041)	\$ -
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**Nebraska State Colleges Facilities Corporation**  
**A Component Unit of the Nebraska State College System**  
**Schedule of Interest and Principal Payments**  
**Deferred Maintenance Refunding (Series 2016 Bonds)**  
**June 30, 2017**

<b>Fiscal Year</b>	<b>Due Dates</b>	<b>Principal Due</b>	<b>Interest Rate</b>	<b>Interest Due</b>	<b>Fiscal Year Debt Service</b>
2018	July 15	\$ 930,000	2.000 %	\$ 461,684	\$ 1,844,068
	January 15	-		452,384	-
2019	July 15	1,420,000	2.000	452,384	2,310,568
	January 15	-		438,184	-
2020	July 15	1,445,000	2.000	438,184	2,306,918
	January 15	-		423,734	-
2021	July 15	1,475,000	5.000	423,734	2,285,593
	January 15	-		386,859	-
2022	July 15	1,790,000	5.000	386,859	2,518,968
	January 15	-		342,109	-
2023	July 15	1,880,000	3.000	342,109	2,536,018
	January 15	-		313,909	-
2024	July 15	1,935,000	3.000	313,909	2,533,793
	January 15	-		284,884	-
2025	July 15	1,995,000	3.000	284,884	2,534,843
	January 15	-		254,959	-
2026	July 15	2,055,000	5.000	254,959	2,513,543
	January 15	-		203,584	-
2027	July 15	2,155,000	5.000	203,584	2,508,293
	January 15	-		149,709	-
2028	July 15	2,265,000	4.000	149,709	2,519,118
	January 15	-		104,409	-
2029	July 15	2,355,000	4.000	104,409	2,516,718
	January 15	-		57,309	-
2030	July 15	2,450,000	2.250	57,309	2,537,056
	January 15	-		29,747	-
2031	July 15	<u>2,505,000</u>	2.375	<u>29,747</u>	<u>2,534,747</u>
		<u>\$ 26,655,000</u>		<u>\$ 7,345,244</u>	<u>\$ 34,000,244</u>