

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program

Independent Auditor's Report and Financial Statements

June 30, 2017 and 2016



Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
June 30, 2017 and 2016

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Independent Auditor's Report

The Board of Trustees
Nebraska State Colleges Student Fees and Facilities Revenue and Refunding Bond Program
Lincoln, Nebraska

We have audited the accompanying financial statements of the Nebraska State Colleges Student Fees and Facilities Revenue and Refunding Bond Program (the Program), a program of the Nebraska State College System, as of June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements 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 Student Fees and Facilities Revenue and Refunding Bond Program 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Program's basic financial statements. Schedules 1-9 as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 1-5, 7 and 8 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, Schedules 1-5, 7 and 8 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Schedules 6 and 9 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BKD, LLP

Lincoln, Nebraska
October 30, 2017

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
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 College Systems Student Fees and Facilities Revenue and Refunding Bond Program (the Program). 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 Board, for the benefit of the Nebraska State Colleges, issues bonds to finance the construction, repair, and maintenance of revenue bond buildings owned and operated by the Board of Trustees of the Nebraska State College System. The Program provides funding for general operations as well as funding for various construction and renovation projects as specified by the individual bond documents. The Program is designed to provide greater flexibility to finance revenue bond projects at the three Colleges. The current revenue bond master resolution was approved in 2002 by the Board.

The financial statements include the following bonded projects for the years ended June 30, 2017 and 2016:

Bonds	Financing Objective
Student Fees and Facilities Revenue Bonds Series 2010	Pile Hall Improvements at Wayne State College
Student Fees and Facilities Revenue Bonds Series 2011	Morgan Hall Improvements at Peru State College
Student Fees and Facilities Revenue Refunding Bonds Series 2012	Refund Series 2002 Bonds for Peru State College and Wayne State College
Student Fees and Facilities Revenue Bonds Series 2013	Eagle Ridge Housing and Various Roof Repairs for Chadron State College
Student Fees and Facilities Revenue Refunding Bonds Series 2014	Refund Series 2003 Bonds for Chadron State College
Student Fees and Facilities Revenue Bonds Series 2015	Delzell Hall Improvements at Peru State College
Student Fees and Facilities Revenue Bonds Series 2016	Bowen Hall Improvements at Wayne State College
Student Fees and Facilities Revenue Refunding Bonds Series 2016B	Refund Series 2010 Bonds for Wayne State College
Student Fees and Facilities Revenue Refunding Bonds Series 2016C	Refund Series 2011 Bonds for Peru State College

Financial Highlights

The financial position of the Program remained favorable during the year ended June 30, 2017, with operating income that provided a debt service coverage ratios of 191% for Chadron State College, 233% for Peru State College and 235% for Wayne State College. Debt service coverage ratios were 206% for Chadron State College, 320% for Peru State College and 364% for Wayne State College in 2016 and 875% for Chadron State College, 332% for Peru State College and 371% for Wayne State College in 2015. This performance is in line with expectations. The debt service ratio required by the Master Resolution is 110%;

Nebraska State Colleges

Student Fees and Facilities Revenue and Refunding Bond Program

Management's Discussion and Analysis

Years Ended June 30, 2017 and 2016

however, Board policy requires Chadron State College and Wayne State College maintain a minimum 125% debt service coverage and Peru State College maintain a 135% debt service coverage ratio.

Operations of the Program declined in fiscal year 2017 with operating income posting a 69.60% decrease over 2016. This compares with a decrease of 16.09% from fiscal year 2015 to 2016. From fiscal year 2016 to 2017, revenues decreased by 6.83% while expenses increased by 2.81%, creating the operating income decrease of \$1,963,544. From fiscal year 2015 to 2016, revenues increased by 2.03% while expenses increased 5.52%, creating an operating income decrease of \$541,074. Cash flows from operations were \$2,665,925 in 2017 compared to \$4,316,857 in 2016 and \$4,795,954 in 2015.

The student fee portion of the Program is dictated by a per credit hour fee. For fiscal year 2017 the revenue bond portion of the facilities fee was \$16 per credit hour at Chadron State College, \$24 per credit hour at Peru State College and \$18.15 per credit hour (\$244.20 maximum per semester) at Wayne State College. The revenue bond portion of the facilities fee was \$16 and \$16 per credit hour at Chadron State College, \$22 and \$20 per credit hour at Peru State College and \$16.75 and \$16.50 per credit hour (\$225 and \$198 maximum per semester) at Wayne State College for fiscal years 2016 and 2015, respectively. Student fee revenue generated through this per credit facilities fee was \$3,264,446, \$3,231,066 and \$3,179,003 for fiscal years 2017, 2016 and 2015, respectively. The overall increase in facilities fee revenue from 2015 to 2017 was \$85,443 or 2.69%.

Overall Program occupancy of residence halls declined for fiscal year 2017 with a 67% combined occupancy rate for the fall semester and a 58% combined occupancy rate for the spring semester, mostly due to two residence halls offline for renovations. In 2016 and 2015, respectively, the combined occupancy rates for the fall semester were 77% and 80% and for the spring semester were 66% and 67%.

Using the Financial Statements

The financial statements of the Program 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 revenue-producing activities and the trusteed accounts of the Program as a single reporting entity.

The statements of net position include the operating facilities of the Program and the related trusteed accounts of the respective bond issues. The statements of revenues, expenses and changes in net position depict the combined operating revenues and expenses of the Program, which, when combined with the nonoperating revenues and expenses, provide resources for debt service as well as the purchase, construction and renovation of the designated facilities. The statements of cash flows show the sources and uses of cash from operations, investing activities and capital and other financing activities.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Management's Discussion and Analysis
Years Ended June 30, 2017 and 2016

The Statements

Condensed statements are presented below in an all-inclusive format for the Program for the fiscal years ended June 30, 2017, 2016 and 2015.

Current assets consist of resources held by the bond trustee that are designated or restricted by the bond covenants for current maturities of bonds and related interest. Noncurrent assets are primarily capital assets that are presented net of accumulated depreciation of \$33,680,090, \$32,243,921 and \$30,829,217 at June 30, 2017, 2016 and 2015, respectively, and resources held by the bond trustee for debt service and Program expenditures.

Current liabilities comprise accounts and accrued interest payable and amounts due the next year for accrued compensated absences, capital lease payable, bond obligations payable and unearned revenues. Noncurrent liabilities represent accrued compensated absences, capital lease obligations due after one year and bond obligations due after one year along with the noncurrent portion of unearned revenue related to longevity bonus revenues and investment (improvement) revenues from food service and/or vending contractors.

The classification of net position includes amounts restricted for debt service of \$1,768,620, \$1,401,110 and \$1,516,118 as of June 30, 2017, 2016 and 2015, respectively. These amounts include bond reserves.

Condensed Statements of Net Position

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets			
Current Assets	\$ 17,602,050	\$ 18,357,596	\$ 18,142,606
Noncurrent Assets	63,359,844	62,495,271	41,383,929
Total assets	<u>80,961,894</u>	<u>80,852,867</u>	<u>59,526,535</u>
Deferred Outflows of Resources	<u>39,737</u>	<u>43,515</u>	<u>47,293</u>
Liabilities			
Current Liabilities	5,949,450	4,088,253	3,318,654
Noncurrent Liabilities	42,939,927	45,150,634	26,678,040
Total liabilities	<u>48,889,377</u>	<u>49,238,887</u>	<u>29,996,694</u>
Net Position			
Net investment in capital assets	18,000,511	16,114,191	14,002,452
Restricted for			
Debt service	1,768,620	1,401,110	1,516,118
By enabling legislation	12,343,123	14,142,194	14,058,564
Total net position	<u>\$ 32,112,254</u>	<u>\$ 31,657,495</u>	<u>\$ 29,577,134</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Management's Discussion and Analysis
Years Ended June 30, 2017 and 2016

The condensed statements of revenues, expenses and changes in net position depict the combined financial activities of the Program. The operating income provides resources to pay debt service on bond obligations. The operating income is net of depreciation of \$1,606,390, \$1,630,316 and \$1,604,386 for the years ended June 30, 2017, 2016 and 2015, respectively.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2017	2016	2015
Operating Revenues			
Rentals	\$ 7,377,973	\$ 8,036,450	\$ 7,965,011
Food Service	8,611,546	9,235,217	9,026,729
Facilities	3,264,446	3,231,066	3,179,003
Bookstore	202,085	239,328	225,944
Other	290,311	451,216	375,930
Total operating revenues	<u>19,746,361</u>	<u>21,193,277</u>	<u>20,772,617</u>
Operating Expenses			
Food Service	5,890,745	6,027,822	5,833,914
Other	12,997,771	12,344,066	11,576,240
Total operating expenses	<u>18,888,516</u>	<u>18,371,888</u>	<u>17,410,154</u>
Operating Income	857,845	2,821,389	3,362,463
Nonoperating Revenue (Expenses)	(403,086)	(741,028)	(461,359)
Increase in Net Position	<u>454,759</u>	<u>2,080,361</u>	<u>2,901,104</u>
Net Position, Beginning of Year	31,657,495	29,577,134	26,676,030
Net Position, End of Year	<u>\$ 32,112,254</u>	<u>\$ 31,657,495</u>	<u>\$ 29,577,134</u>

Long Term Debt Activity

No new debt was issued during fiscal year 2015.

During fiscal year 2016, two new money revenue bond issues and one refunding revenue bond issuance occurred. On December 17, 2015, the Program settled \$8,935,000 in Student Fee and Facilities Revenue Bonds, Series 2015 for the renovation of Delzell Hall at Peru State College. On January 21, 2016, the Program settled \$11,270,000 in Student Fee and Facilities Revenue Bonds, Series 2016 for the renovation of Bowen Hall at Wayne State College. On March 18, 2016, the Program settled \$3,810,000 in Student Fee and Facilities Revenue Refunding Bonds, Series 2016B to current refund Series 2010 Bonds. Refunding of the Series 2010 Bonds resulted in a present value savings of \$380,673 to Wayne State College.

During fiscal year 2017, one refunding revenue bond issuance occurred. On December 19, 2016, the Program settled \$2,865,000 in Student Fee and Facilities Revenue Refunding Bonds, Series 2016C to current refund Series 2011 Bonds. Refunding of the Series 2011 Bonds resulted in a present value savings of \$407,674 to Peru State College.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Management's Discussion and Analysis
Years Ended June 30, 2017 and 2016

At the end of fiscal years 2017, 2016 and 2015, the Program had \$44,150,000, \$45,590,000 and \$27,015,000, respectively, in outstanding debt. Debt service repayment will be entirely through charges for services and facility fees. Debt service payments and debt refundings decreased bonds payable by \$4,305,000 in 2017, \$5,440,000 in 2016 and \$885,000 in 2015.

Economic Outlook and Subsequent Events That Will Affect the Future

It is management's belief that the Program will continue to realize revenues sufficient to cover debt service. Each College budgets expenses prudently while allocating sufficient funds to adequately repair and maintain the facilities so that services can be offered at competitive prices to students.

Residence halls opened with lower occupancies in fall 2017 when compared to fall 2016 and 2015. Food service revenues and student fee revenue are projected to also decline somewhat, with a corresponding decrease in food service expenditures.

Chadron State College began construction of the Eagle Ridge Complex in November of 2013 to replace the West Court Housing Complex. In the fall of 2014 the Eagle Ridge Complex was opened for use. The West Court Housing Complex had limited occupancy usage for 2015 and 2016. Demolition of the West Court Housing Complex has occurred in phases. Phase I demolition took place in the summer of 2015. Phase II demolition took place in the summer of 2016. Phase III demolition took place in the summer of 2017.

Upcoming revenue bond and contingency maintenance projects include: Chadron State College Andrews Hall fire alarm and elevator upgrades, Edna Work Wing and Crites Hall window replacements, and High Rise shower upgrades; Peru State College Centennial Complex, Morgan Hall and Student Center fire sprinklers and fire alarm system projects, Centennial Complex electrical panels and wiring, and residence hall, apartment and Student Center replace/repair mechanical systems; and Wayne State campuswide fiber improvements, Anderson Hall ceiling replacement and fire sprinklers, Student Center HVAC upgrade, and Neihardt Hall voice over fire alarm and panel upgrade.

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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Lincoln, Nebraska 68508 or
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Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Statements of Net Position
June 30, 2017 and 2016

Assets and Deferred Outflows of Resources

Current Assets	2017	2016
Restricted cash and cash equivalents	\$ 17,260,207	\$ 17,743,538
Accounts receivable, net	295,243	533,554
Interest receivable	27,161	35,333
Prepaid expenses and other charges	6,481	2,200
Deposit with vendor	12,958	42,971
	<hr/>	<hr/>
Total current assets	17,602,050	18,357,596
	<hr/>	<hr/>
Noncurrent Assets		
Restricted cash and cash equivalents	5,985,830	21,582,829
Investments held by trustee-restricted	604,238	605,121
Capital assets, net of accumulated depreciation	56,769,776	40,307,321
	<hr/>	<hr/>
Total noncurrent assets	63,359,844	62,495,271
	<hr/>	<hr/>
Total assets	80,961,894	80,852,867
	<hr/>	<hr/>
Deferred Outflows of Resources		
Unamortized bond refunding amount, net	39,737	43,515
	<hr/>	<hr/>
Total deferred outflows of resources	39,737	43,515
	<hr/>	<hr/>

Liabilities

Current Liabilities		
Accounts payable and accrued liabilities	3,149,392	1,692,796
Accrued compensated absences	20,314	23,299
Unearned revenue	398,049	320,244
Interest payable	604,346	614,902
Capital lease payable-current portion	33,148	32,712
Revenue bonds payable-current portion	1,740,000	1,400,000
Deposits held in custody for others	100	200
Other	4,101	4,100
	<hr/>	<hr/>
Total current liabilities	5,949,450	4,088,253
	<hr/>	<hr/>
Noncurrent Liabilities		
Accrued compensated absences	269,883	309,532
Unearned revenue	244,505	605,667
Capital lease payable, net of current portion	30,774	63,922
Revenue bonds payable, net of current portion	42,394,765	44,171,513
	<hr/>	<hr/>
Total noncurrent liabilities	42,939,927	45,150,634
	<hr/>	<hr/>
Total liabilities	48,889,377	49,238,887
	<hr/>	<hr/>

Net Position

Net investment in capital assets	18,000,511	16,114,191
Restricted		
Expendable		
Debt service	1,768,620	1,401,110
By enabling legislation	12,343,123	14,142,194
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Total net position	\$ 32,112,254	\$ 31,657,495
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Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2017 and 2016

	2017	2016
Operating Revenues		
Rentals	\$ 7,377,973	\$ 8,036,450
Food service	8,537,817	9,161,921
Food service commission	73,729	73,296
Facilities fees	3,264,446	3,231,066
Application fee	85,150	79,970
Bookstore	202,085	239,328
Parking permits	17,960	89,612
Vending	56,991	94,543
Recreation center	3,593	10,245
Other	126,617	176,846
	<hr/>	<hr/>
Total operating revenues	19,746,361	21,193,277
	<hr/>	<hr/>
Operating Expenses		
Compensation and benefits	4,612,664	4,674,275
Contractual services	420,125	584,001
Supplies, materials and other	1,269,690	999,945
Depreciation	1,606,390	1,630,316
Utilities	1,724,230	2,012,588
Repairs and maintenance	3,252,455	2,202,751
Communications	112,217	240,190
Food service	5,890,745	6,027,822
	<hr/>	<hr/>
Total operating expenses	18,888,516	18,371,888
	<hr/>	<hr/>
Operating Income	857,845	2,821,389
	<hr/>	<hr/>
Nonoperating Revenue (Expenses)		
Investment income	508,977	291,261
Interest expense	(867,867)	(712,410)
Bond issuance costs	(44,103)	(318,876)
Other nonoperating expenses	(93)	(1,003)
	<hr/>	<hr/>
Net nonoperating expenses	(403,086)	(741,028)
	<hr/>	<hr/>
Increase in Net Position	454,759	2,080,361
	<hr/>	<hr/>
Net Position, Beginning of Year	31,657,495	29,577,134
	<hr/>	<hr/>
Net Position, End of Year	\$ 32,112,254	\$ 31,657,495
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Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Statements of Cash Flows
Years Ended June 30, 2017 and 2016

Operating Activities	2017	2016
Rentals	\$ 7,429,063	\$ 8,003,911
Food service	8,210,637	8,807,488
Food service commission	134,537	74,404
Facilities fees	3,254,800	3,233,157
Application fee	86,030	80,120
Bookstore	250,831	238,586
Parking permits	17,960	89,651
Vending	38,503	103,872
Recreation center	3,593	10,245
Payment to vendors	(12,284,118)	(11,775,203)
Payments to employees	(4,654,024)	(4,665,023)
Other	178,113	115,649
	<hr/>	<hr/>
Net cash provided by operating activities	2,665,925	4,316,857
	<hr/>	<hr/>
Capital and Related Financing Activities		
Proceeds from bonds	2,840,648	24,083,796
Purchase of capital assets	(16,502,818)	(2,108,095)
Principal paid on bonds payable	(4,305,000)	(5,440,000)
Principal paid on capital lease	(32,712)	(32,283)
Interest paid on capital lease and bonds payable	(1,244,656)	(715,393)
Bond issuance costs	(19,750)	(318,876)
	<hr/>	<hr/>
Net cash provided by (used in) capital and related financing activities	(19,264,288)	15,469,149
	<hr/>	<hr/>
Investing Activities		
Purchase of investment	-	(605,000)
Investment income	518,033	274,267
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	518,033	(330,733)
	<hr/>	<hr/>
Increase (Decrease) in Cash and Cash Equivalents	(16,080,330)	19,455,273
	<hr/>	<hr/>
Cash and Cash Equivalents, Beginning of Year	39,326,367	19,871,094
	<hr/>	<hr/>
Cash and Cash Equivalents, End of Year	\$ 23,246,037	\$ 39,326,367
	<hr/>	<hr/>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Restricted cash and cash equivalents - current	\$ 17,260,207	\$ 17,743,538
Restricted cash and cash equivalents - noncurrent	5,985,830	21,582,829
	<hr/>	<hr/>
Total cash and cash equivalents	\$ 23,246,037	\$ 39,326,367
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Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Statements of Cash Flows - Continued
Years Ended June 30, 2017 and 2016

	2017	2016
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 857,845	\$ 2,821,389
Depreciation expense	1,606,390	1,630,316
Changes in operating assets and liabilities		
Accounts receivable	238,218	(92,279)
Prepays	(4,281)	773
Unearned revenue	(283,357)	(274,779)
Accounts payable and accrued liabilities	263,829	210,895
Accrued compensated absences	(42,634)	21,042
Other assets and liabilities	29,915	(500)
	\$ 2,665,925	\$ 4,316,857
Net Cash Provided by Operating Activities	\$ 2,665,925	\$ 4,316,857
Supplemental Cash Flows Information		
Accounts payable incurred for capital asset purchases	\$ 1,949,215	\$ 756,448

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
Years Ended June 30, 2017 and 2016

Note 1: Description of the Entity and Program

The Board of Trustees (the Board) of the Nebraska State College System (NSCS) was established in 1919 under a provision of the state constitution. The Board has seven members, six of whom are appointed by the governor to six-year terms with legislative approval. The Nebraska Commissioner of Education serves as an ex-officio member. The Board is responsible for policy and oversight of Nebraska's three state Colleges: Chadron State College (established in 1911), Peru State College (established in 1867) and Wayne State College (established in 1910).

The Board, for the benefit of the Nebraska State Colleges, issues bonds to finance the construction, repair and maintenance of revenue bond buildings owned and operated by the three state Colleges (the Colleges). The Student Fees and Facilities Revenue and Refunding Bond Program (the Program) provides funding for general operations as well as funding for various construction and renovation projects as specified by the individual bond documents. The Program is designed to provide greater flexibility to finance revenue bond projects at the three Colleges. The current revenue bond master resolution was approved in 2002 by the Board.

Note 2: Basis of Presentation

The accompanying financial statements of the Program, which include Bond Series 2010, 2011, 2012, 2013, 2014, 2015 and 2016, have been prepared in accordance with U.S. generally accepted accounting principles, as prescribed by the Governmental Accounting Standards Board (GASB) using the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from nonexchange activities are recognized when all applicable eligibility requirements are met. Nonexchange transactions that are not program specific, investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses.

Note 3: Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents held by the Nebraska State Treasurer are deposited on a pooled basis in a State fund. Income earned by the pool is allocated to the Program based upon average daily balances. From time to time, the Nebraska State Investment Officer, as allowed by statute, participates in securities lending transactions, which make use of amounts on deposit from the

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
Years Ended June 30, 2017 and 2016

Note 3: Summary of Significant Accounting Policies - Continued

Cash and Cash Equivalents - Continued

Program. Securities lending transactions cannot be specifically identified as amounts on deposit from the Program and, as such, are not included in the financial statements for the years ended June 30, 2017 and 2016.

The Program considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2017 and 2016, cash equivalents consisted of money market accounts held by the bond trustee and pooled funds invested by the Nebraska State Investment Officer. All amounts are considered restricted, either for debt service or by enabling legislation.

Investments and Investment Income

All investments are carried at fair value. Fair value is determined using quoted market prices. Investment income consists of dividend income and the net change for the year in the fair value of investments carried at fair value.

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, expense and other changes in net position during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

The Program's accounts receivable consist primarily of charges for student room and board and facilities fees, charges for room and board for various summer camps, a guaranteed bookstore commission and vending contract receivable. The accounts receivable for charges for student room and board and facilities fees are recorded net of estimated uncollectible amounts. The allowance for uncollectible amounts was \$418,038 and \$389,159 at June 30, 2017 and 2016, respectively. Management does not believe an allowance for doubtful accounts is necessary for the other accounts receivable at June 30, 2017 and 2016.

Capital Assets

The Program's capital assets are recorded at cost as of the date of acquisition, or acquisition value at the date of donation if acquired by gift. The Program follows the capitalization policy set forth by the Board for the NSCS. Generally, equipment that has a cost in excess of \$5,000 at the date of acquisition and has an expected useful life of two or more years is capitalized. Also, all land,

Nebraska State Colleges
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Notes to the Financial Statements
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Note 3: Summary of Significant Accounting Policies - Continued

Capital Assets - Continued

buildings, infrastructure and construction in progress are capitalized if they are expected to meet the Program's capitalization threshold as dictated by the capitalization policy. In addition, interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Art objects, specimens, artifacts and collections are expensed so long as the items meet three conditions in accordance with GASB 34. Asset depreciation is computed using the straight-line method over the estimated useful life of each asset beginning with the month of purchase. The following estimated useful lives are being used by the NSCS:

Buildings and improvements	25-50 years
Infrastructure	10-30 years
Furniture, fixtures and equipment	3-10 years

Compensated Absences

The NSCS's policies permit most employees to accumulate vacation benefits. Staff earn 12 to 25 days of vacation each year and may accrue vacation up to the maximums established in Board policy and/or in the respective bargaining agreements. An employee's accrued vacation is paid out to the employee upon termination. Expense and the related liability are recognized as vacation benefits when earned whether the employee is expected to realize the benefit as time off or cash. In addition, professional and support staff receive a cash payment of one-fourth of accrued sick leave upon retirement from the NSCS. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as an expense when the time off occurs.

Unearned Revenue

Unearned revenue represents facilities fees collected in advance for the summer term for which the College has not met all the applicable eligibility requirements and longevity bonus revenues and investment (improvement) revenues from food service and/or vending contractors, which are being amortized over the life of the contracts.

Income Taxes

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

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
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Note 3: Summary of Significant Accounting Policies - Continued

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred outflow of resources is a consumption of net position by the Program that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the Program 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 outflows of resources of the Program consist of unamortized bond refunding amounts. The Program has no deferred inflows of resources as of June 30, 2017 and 2016.

Classification of Revenues and Expenses

The Program has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating revenues include activities that have the characteristics of exchange transactions, such as 1) student tuition and fees, net of waivers and 2) sales and services of auxiliary enterprises. Operating expenses represent the full cost of providing the services and goods associated with operating revenues. These expenses are accrued when incurred and measurable.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions and investment income. Nonoperating expenses include debt service expenses.

Application of Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the Program's policy to use restricted resources first, and then unrestricted resources as they are needed.

Net Position

Net position of the Program is required to be classified into three components – net investment in capital assets, restricted and unrestricted. The Program has no unrestricted net position component as any Program revenues not restricted by other sources are restricted for the purpose of the operation and maintenance of the Program per enabling legislation. The Program's net position is classified as follows:

The net investment in capital assets component of net position represents the total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to the acquisition, construction or improvement of those capital assets. Deferred outflows and inflows of resources that are attributable to the acquisition, construction or improvement of those assets, if any, are included in this component of net position. If there are significant unspent related debt

Nebraska State Colleges
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Notes to the Financial Statements
Years Ended June 30, 2017 and 2016

Note 3: Summary of Significant Accounting Policies - Continued

Net Position - Continued

proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

The restricted expendable component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors, or law or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Waivers

Room and board are reported net of institutional waiver allowances in the statements of revenues, expenses and changes in net position. The institutional waivers on room and board for the Program for the years ended June 30, 2017 and 2016, were approximately \$1,831,000 and \$1,912,000, respectively.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements to confirm to the 2017 financial statement presentation. These reclassifications had no effect on the change in net position.

Note 4: Deposits, Investments and Investment Income

Deposits

All Program deposits are either insured or collateralized. By state statute, the State Treasurer is required to ensure that all state funds are either insured by the Federal Deposit Insurance Corporation (FDIC), collateralized by securities held by the cognizant Federal Reserve Bank or invested in U.S. government obligations. The Program's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitations, deposited in banks or invested as the State Treasurer may determine. Interest on funds held by the State Treasurer is periodically disbursed to the participating agencies. These funds are considered to be cash and cash equivalents which are available for expenditures as needed.

At June 30, 2017 and 2016, cash and cash equivalents of \$13,074,513 and \$21,796,135 on the statements of net position represents the Program's equity position in the State Treasurer's Short-term Investment Pool (STIP) funds. Additional information on the deposit and investment risk associated with STIP funds may be obtained from the State of Nebraska's Comprehensive Annual Financial Report (CAFR). An electronic version of this report is available by accessing the Nebraska Auditor of Public Accounts website (www.auditor.nebraska.gov) and clicking "APA Reports Issued."

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
Years Ended June 30, 2017 and 2016

Note 4: Cash and Investments - Continued

Cash Equivalents

At June 30, 2017 and 2016, the Program has money market mutual funds and cash accounts held by the bond trustee totaling \$10,171,524 and \$17,530,232, respectively, which were entirely covered by collateral in the trustee's name. All money market mutual funds are redeemable in full immediately and are shown as restricted cash and cash equivalents in the statements of net position as they are held for the Program's debt service and expenditures. One money market mutual fund is rated AAAM by S&P and Aaa by Moody's and the other money market mutual fund is rated AAAM by S&P and Aaa-mf by Moody's.

Investments

Management of Program funds is delegated to the bond trustee as appointed by the Board. The bond trustee invests Program funds in accordance with the bond resolution.

At June 30, 2017, the Program had the following investments and maturities:

	Fair Value	Maturities in Years		
		Less than 1	1-5	6-10
Investment type:				
Debt securities:				
Federal National Mortgage Association	\$ 604,238	\$ -	\$ 604,238	\$ -

At June 30, 2016, the Program had the following investments and maturities:

	Fair Value	Maturities in Years		
		Less than 1	1-5	6-10
Investment type:				
Debt securities:				
Federal National Mortgage Association	\$ 605,121	\$ -	\$ 605,121	\$ -

The Program categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All debt securities are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities.

Interest Rate Risk. The Program 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.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
Years Ended June 30, 2017 and 2016

Note 4: Cash and Investments - Continued

Credit Risk. The bond resolution allows investment of Program funds in various securities and obligations including U.S. government and U.S. agency obligations; bank demand deposits; bonds, notes or other obligations of any agency or instrumentality of the U.S.; bank repurchase agreements; shares of any open-end diversified management investment company; or within the State Treasurer's Short Term Investment Pool (STIP). The Program's one investment in the Federal National Mortgage Association was rated AAA by Moody's and AA+ by S&P.

Concentration of Credit Risk. The Program places no limit on the amount that may be invested in any one issuer. At June 30, 2017 and 2016, the Program's investments were in one debt issuer.

Custodial Risk. For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the Program will not be able to recover the value of its investments that are in the possession of an outside party. The Program does not have a formal policy for custodial credit risk. All securities are held by the investment's counterparty, not in the name of the Program.

Note 5: Capital Assets

The Program's capital assets activity for the year ended June 30, 2017, was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Assets					
Land	\$ 498,649	\$ -	\$ -	\$ -	\$ 498,649
Building and improvements	67,500,295	-	(160,421)	928,459	68,268,333
Equipment	974,055	80,417	(9,800)	-	1,044,672
Infrastructure	617,129	-	-	-	617,129
Construction in progress	2,961,114	17,988,428	-	(928,459)	20,021,083
Total assets	72,551,242	18,068,845	(170,221)	-	90,449,866
Accumulated depreciation					
Building and improvements	31,528,462	1,449,566	(160,421)	-	32,817,607
Equipment	528,375	118,807	(9,800)	-	637,382
Infrastructure	187,084	38,017	-	-	225,101
Total accumulated depreciation	32,243,921	1,606,390	(170,221)	-	33,680,090
Net capital assets	\$ 40,307,321	\$ 16,462,455	\$ -	\$ -	\$ 56,769,776

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
Years Ended June 30, 2017 and 2016

Note 5: Capital Assets - Continued

The Program's capital assets activity for the year ended June 30, 2016, was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Assets					
Land	\$ 498,649	\$ -	\$ -	\$ -	\$ 498,649
Building and improvements	66,634,112	-	(209,099)	1,075,282	67,500,295
Equipment	862,333	118,235	(6,513)	-	974,055
Infrastructure	617,129	-	-	-	617,129
Construction in progress	1,365,753	2,670,643	-	(1,075,282)	2,961,114
Total assets	69,977,976	2,788,878	(215,612)	-	72,551,242
Accumulated depreciation					
Building and improvements	30,229,329	1,508,232	(209,099)	-	31,528,462
Equipment	450,867	84,021	(6,513)	-	528,375
Infrastructure	149,021	38,063	-	-	187,084
Total accumulated depreciation	30,829,217	1,630,316	(215,612)	-	32,243,921
Net capital assets	\$ 39,148,759	\$ 1,158,562	\$ -	\$ -	\$ 40,307,321

Interest expense capitalized, net of related interest income for the Program, was \$373,260 and \$280,355 for the fiscal years ended June 30, 2017 and 2016, respectively.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
Years Ended June 30, 2017 and 2016

Note 6: Long-Term Liabilities

The following is a summary of long-term obligation transactions for the Program for the year ended June 30, 2017:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Accrued compensated absences	\$ 332,831	\$ 20,314	\$ (62,948)	\$ 290,197	\$ 20,314
Capital lease payable	96,634	-	(32,712)	63,922	33,148
Bonds payable	45,590,000	2,865,000	(4,305,000)	44,150,000	1,740,000
Bond premium, net of accumulated amortization	216,873	-	(8,902)	207,971	-
Bond discount, net of accumulated amortization	(235,360)	-	12,154	(223,206)	-
Total long-term liabilities	<u>\$ 46,000,978</u>	<u>\$ 2,885,314</u>	<u>\$ (4,397,408)</u>	<u>\$ 44,488,884</u>	<u>\$ 1,793,462</u>

The following is a summary of long-term obligation transactions for the Program for the year ended June 30, 2016:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Accrued compensated absences	\$ 311,790	\$ 23,299	\$ (2,258)	\$ 332,831	\$ 23,299
Capital lease payable	128,917	-	(32,283)	96,634	32,712
Bonds payable	27,015,000	24,015,000	(5,440,000)	45,590,000	1,400,000
Bond premium, net of accumulated amortization	36,230	186,232	(5,589)	216,873	-
Bond discount, net of accumulated amortization	(128,317)	(117,436)	10,393	(235,360)	-
Total long-term liabilities	<u>\$ 27,363,620</u>	<u>\$ 24,107,095</u>	<u>\$ (5,469,737)</u>	<u>\$ 46,000,978</u>	<u>\$ 1,456,011</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
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Note 7: Capital Lease

The State of Nebraska, through the Department of Administrative Services (DAS) – Accounting Division, has a Master Lease Agreement to be used by various agencies to purchase equipment. Peru State College used this financing arrangement to finance equipment for their wireless internet upgrade. Payback of this lease will be funded 43% through the Program and 57% through Peru State College general funds. Peru State College’s Master Lease expires in fiscal year 2019.

Future minimum Master Lease payments for the Program as of June 30, 2017, were:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2018	\$ 33,148	\$ 645	\$ 33,793
2019	<u>30,774</u>	<u>204</u>	<u>30,978</u>
	<u>\$ 63,922</u>	<u>\$ 849</u>	<u>\$ 64,771</u>

Note 8: Revenue and Refunding Bonds Outstanding

Under the bond resolutions for the Student Fees and Facilities Revenue and Refunding Bond Program, revenues and earnings derived from operations of all revenue facilities and special student fees are pledged for payment of the principal and interest amount of the bonds. The bonds are not obligations of the State of Nebraska, and no tax funds shall be appropriated for payment of principal and interest.

Student Fees and Facilities Revenue Bonds Series 2010

In September 2010, the Board authorized the issuance of \$5,000,000 of Student Fees and Facilities Revenue Bonds Series 2010. The purpose of the issuance was to finance improvements to Wayne State’s Pile Hall.

Bonds maturing on or after July 1, 2016, were redeemable on or after January 1, 2016. On March 18, 2016, the Series 2010 debt, with principal outstanding of \$3,925,000, was refunded using Student Fees and Facilities Revenue Refunding Bonds Series 2016B proceeds.

Student Fees and Facilities Revenue Bonds Series 2011

In November 2010, the Board authorized the issuance of \$3,600,000 of Student Fees and Facilities Revenue Bonds Series 2011. The purpose of the issuance was to finance improvements to Peru State’s Morgan Hall.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
Years Ended June 30, 2017 and 2016

Note 8: Revenue and Refunding Bonds Outstanding - Continued

Student Fees and Facilities Revenue Bonds Series 2011 - Continued

Bonds outstanding as of June 30, 2016 totaled \$3,050,000. Bonds maturing on or after July 1, 2017, are able to be redeemed, in part or in whole, on or after July 1, 2016. On December 19, 2016, the Series 2011 debt, with principal outstanding of \$2,905,000, was refunded using Student Fees and Facilities Revenue Refunding Bonds Series 2016C proceeds.

Student Fees and Facilities Revenue Refunding Bonds Series 2012

In April 2012, the Board authorized the issuance of \$8,750,000 of Student Fees and Facilities Revenue Refunding Bonds Series 2012 (Series 2012A - \$6,045,000 and Series 2012B - \$2,705,000). The purpose of the issuance was to redeem in full the outstanding principal amount of the Student Fees and Facilities Revenue and Refunding Bonds Series 2002.

On July 1, 2012, the net proceeds from Series 2012 bonds were used to redeem the Series 2002 bonds. This advanced refunding reduced total debt service payments over the remaining 15 years by \$2,264,673. Bond refunding resulted in an estimated economic gain of \$1,515,352. 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 new debt, which is same as the life of the refunded debt.

Bonds outstanding as of June 30, 2017 and 2016, totaled \$6,585,000 and \$7,140,000, respectively, and consisted of Series 2012A (Wayne State College Project - \$4,545,000 and \$4,925,000, respectively) and Series 2012B (Peru State College Project - \$2,040,000 and \$2,215,000, respectively). Annual principal installments are due on July 1. Series 2012A annual installments range from \$375,000 to \$460,000 through July 1, 2027, with interest rates ranging from 1.00% to 3.20%. Series 2012B annual installments range from \$170,000 to \$205,000 through July 1, 2027, with interest rates ranging from 1.00% to 3.20%.

Bonds maturing on or after July 1, 2018, are able to be redeemed, in part or in whole, on or after July 1, 2017.

Student Fees and Facilities Revenue Bonds Series 2013

In September 2012, the Board authorized the issuance of \$7,735,000 of Student Fees and Facilities Revenue Bonds Series 2013. The purpose of the issuance was to finance the construction of Chadron State's Eagle Ridge housing and maintenance to several revenue bond building roofs.

Bonds outstanding as of June 30, 2017 and 2016, totaled \$7,025,000 and \$7,380,000, respectively. Annual principal installments are due on July 1 in variable amounts ranging from \$360,000 to \$435,000 through July 1, 2028, and term bonds of \$2,360,000 due on July 1, 2033, with mandatory sinking fund redemption payments ranging from \$445,000 to \$500,000, with interest ranging from 0.90% to 3.00%.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
Years Ended June 30, 2017 and 2016

Note 8: Revenue and Refunding Bonds Outstanding - Continued

Student Fees and Facilities Revenue Bonds Series 2013 - Continued

Bonds maturing on or after July 1, 2018, are able to be redeemed, in part or in whole, on or after January 3, 2018.

Student Fees and Facilities Revenue Refunding Bonds Series 2014

In April 2014, the Board authorized the issuance of \$4,270,000 of Student Fees and Facilities Revenue Refunding Bonds Series 2014. The purpose of the issuance was to redeem in full the outstanding principal amount of the Student Fees and Facilities Revenue Bonds Series 2003A.

On June 5, 2014, the net proceeds from Series 2014 bonds were used to redeem the Series 2003A bonds. This current refunding reduced total debt service payments over the remaining 14 years by \$1,085,523. Bond refunding resulted in an estimated economic gain of \$654,661. 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 new debt, which is same as the life of the refunded debt.

Bonds outstanding as of June 30, 2017 and 2016, totaled \$3,730,000 and \$4,005,000, respectively. Annual principal installments are due on July 1 in variable amounts ranging from \$275,000 to \$360,000 through July 1, 2028, with interest ranging from 1.75% to 4.00%.

Bonds maturing on or after July 1, 2020, are able to be redeemed, in part or in whole, on or after July 1, 2019.

Student Fees and Facilities Revenue Bonds Series 2015

In November 2015, the Board authorized the issuance of \$8,935,000 of Student Fees and Facilities Revenue Bonds Series 2015. The purpose of the issuance was to finance improvements to Peru State's Delzell Hall.

Bonds outstanding as of June 30, 2017 and 2016, totaled \$8,935,000. Annual principal installments are due on July 1 in variable amounts ranging from \$210,000 to \$280,000 through July 1, 2031, term bonds of \$1,550,000 due on July 1, 2036, with mandatory sinking fund redemption payments ranging from \$290,000 to \$330,000, term bonds of \$1,840,000 due on July 1, 2041, with mandatory sinking fund redemption payments ranging from \$340,000 to \$395,000 and term bonds of \$2,205,000 due on July 1, 2046, with mandatory sinking fund redemption payments ranging from \$410,000 to \$475,000, with interest ranging from 1.10% to 3.75%.

Bonds maturing on or after July 1, 2026, are able to be redeemed, in part or in whole, on or after July 1, 2025.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
Years Ended June 30, 2017 and 2016

Note 8: Revenue and Refunding Bonds Outstanding - Continued

Student Fees and Facilities Revenue Bonds Series 2016

In November 2015, the Board authorized the issuance of \$11,270,000 of Student Fees and Facilities Revenue Bonds Series 2016. The purpose of the issuance was to finance improvements to Wayne State's Bowen Hall.

Bonds outstanding as of June 30, 2017 and 2016, totaled \$11,270,000. Annual principal installments are due on July 1 in variable amounts ranging from \$225,000 to \$355,000 through July 1, 2031, term bonds of \$1,965,000 due on July 1, 2036, with mandatory sinking fund redemption payments ranging from \$370,000 to \$420,000, term bonds of \$2,305,000 due on July 1, 2041, with mandatory sinking fund redemption payments ranging from \$430,000 to \$495,000 and term bonds of \$2,735,000 due on July 1, 2046, with mandatory sinking fund redemption payments ranging from \$510,000 to \$585,000, with interest ranging from 2.00% to 5.00%.

Bonds maturing on or after July 1, 2026, are able to be redeemed, in part or in whole, on or after January 1, 2026.

Student Fees and Facilities Revenue Refunding Bonds Series 2016B

In January 2016, the Board authorized the issuance of \$3,810,000 of Student Fees and Facilities Revenue Refunding Bonds Series 2016B. The purpose of the issuance was to redeem in full the outstanding principal amount of the Student Fees and Facilities Revenue Bonds Series 2010.

On March 18, 2016, the net proceeds from Series 2016B bonds were used to redeem the Series 2010 bonds. This current refunding reduced total debt service payments over the remaining 14 years by \$611,743. Bond refunding resulted in an estimated economic gain of \$380,673. The reacquisition price equaled the net carrying amount of the old debt and therefore no amount was required to be deferred and amortized.

Bonds outstanding as of June 30, 2017 and 2016, totaled \$3,740,000 and \$3,810,000, respectively. Annual principal installments are due on July 1 in variable amounts ranging from \$245,000 to \$300,000 through July 1, 2030, with interest ranging from 0.85% to 2.80%.

Bonds maturing on or after July 1, 2021, are able to be redeemed, in part or in whole, on or after March 18, 2021.

Student Fees and Facilities Revenue Refunding Bonds Series 2016C

In November 2016, the Board authorized the issuance of \$2,865,000 of Student Fees and Facilities Revenue Refunding Bonds Series 2016C. The purpose of the issuance was to redeem in full the outstanding principal amount of the Student Fees and Facilities Revenue Bonds Series 2011.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
Years Ended June 30, 2017 and 2016

Note 8: Revenue and Refunding Bonds Outstanding - Continued

Student Fees and Facilities Revenue Refunding Bonds Series 2016C - Continued

On December 19, 2016, the net proceeds from Series 2016C bonds were used to redeem the Series 2011 bonds. This current refunding reduced total debt service payments over the remaining 14 years by \$604,271. Bond refunding resulted in an estimated economic gain of \$407,674. The reacquisition price equaled the net carrying amount of the old debt and therefore no amount was required to be deferred and amortized.

Bonds outstanding as of June 30, 2017, totaled \$2,865,000. Annual principal installments are due on July 1 in variable amounts ranging from \$90,000 to \$230,000 through July 1, 2031, with interest ranging from 0.95% to 3.20%.

Bonds maturing on or after July 1, 2022, are able to be redeemed, in part or in whole, on or after December 19, 2021.

Bond Maturities

Maturities of revenue and refunding bonds outstanding and related interest payments as of June 30, 2017, are as follows:

<u>Chadron State College</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2018	\$ 635,000	\$ 256,604	\$ 891,604
2019	640,000	247,888	887,888
2020	655,000	238,108	893,108
2021	655,000	227,578	882,578
2022	675,000	213,044	888,044
2023 – 2027	3,605,000	808,015	4,413,015
2028 – 2032	2,905,000	337,110	3,242,110
2033 – 2034	985,000	29,775	1,014,775
	<u>\$ 10,755,000</u>	<u>\$ 2,358,122</u>	<u>\$ 13,113,122</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
Years Ended June 30, 2017 and 2016

Note 8: Revenue and Refunding Bonds Outstanding - Continued

Bond Maturities – Continued

<u>Peru State College</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2018	\$ 260,000	\$ 391,202	\$ 651,202
2019	560,000	384,565	944,565
2020	570,000	377,430	947,430
2021	570,000	369,111	939,111
2022	585,000	359,488	944,488
2023 – 2027	3,115,000	1,604,039	4,719,039
2028 – 2032	2,585,000	1,210,381	3,795,381
2033 – 2037	1,550,000	888,363	2,438,363
2038 – 2042	1,840,000	586,265	2,426,265
2043 – 2047	2,205,000	212,719	2,417,719
	<u>\$ 13,840,000</u>	<u>\$ 6,383,563</u>	<u>\$ 20,223,563</u>

<u>Wayne State College</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2018	\$ 845,000	\$ 548,215	\$ 1,393,215
2019	860,000	535,968	1,395,968
2020	880,000	521,024	1,401,024
2021	890,000	504,476	1,394,476
2022	905,000	486,184	1,391,184
2023 – 2027	4,900,000	2,044,754	6,944,754
2028 – 2032	3,270,000	1,377,859	4,647,859
2033 – 2037	1,965,000	1,031,313	2,996,313
2038 – 2042	2,305,000	678,509	2,983,509
2043 – 2047	2,735,000	245,788	2,980,788
	<u>\$ 19,555,000</u>	<u>\$ 7,974,090</u>	<u>\$ 27,529,090</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
Years Ended June 30, 2017 and 2016

Note 8: Revenue and Refunding Bonds Outstanding - Continued

Bond Maturities – Continued

<u>Nebraska State Colleges (Total)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2018	\$ 1,740,000	\$ 1,196,021	\$ 2,936,021
2019	2,060,000	1,168,421	3,228,421
2020	2,105,000	1,136,562	3,241,562
2021	2,115,000	1,101,165	3,216,165
2022	2,165,000	1,058,716	3,223,716
2023 – 2027	11,620,000	4,456,808	16,076,808
2028 – 2032	8,760,000	2,925,350	11,685,350
2033 – 2037	4,500,000	1,949,451	6,449,451
2038 – 2042	4,145,000	1,264,774	5,409,774
2043 – 2047	4,940,000	458,507	5,398,507
	<u>\$ 44,150,000</u>	<u>\$ 16,715,775</u>	<u>\$ 60,865,775</u>

Bond Covenants

The bond resolution requires the revenues of the facilities paid into the revenue bond fund during any fiscal year shall, after deducting these from the costs of operations and maintenance of the facilities and food service costs during such fiscal year, be at least equal to 110% of the amount of principal and interest maturing during such year. Board policy is more restrictive than the bond resolution and requires Chadron State College and Wayne State College maintain a minimum 125% debt service coverage and Peru State College maintain a 135% debt service coverage ratio. The debt service coverage for the year ended June 30, 2017 and 2016, was as follows:

	<u>2017</u>	<u>2016</u>
Chadron State College	191 %	206 %
Peru State College	233	320
Wayne State College	235	364

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
Years Ended June 30, 2017 and 2016

Note 9: Pension Plan

The Nebraska State Colleges have a defined contribution retirement plan currently in effect, which was established by the Board of Trustees and may be amended by the Board in accordance with Neb. Rev. Stat. § 85-320 (Reissue 2014). The plan covers all faculty, professional staff and support staff, and provides investment options and annuity contracts administered by the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and may be amended by action of the Board of Trustees. Contribution rates for both 2017 and 2016, expressed as a percentage of covered payroll, were 6% for plan members and 8% for the Nebraska State Colleges. Contributions actually made for the fiscal years ended June 30, 2017 and 2016, by plan members and the Nebraska State Colleges related to the Program were approximately \$134,000 and \$134,400; and \$178,700 and \$136,700, respectively. A total of 90 and 95 Program employees participated in the plan during fiscal years 2017 and 2016, respectively.

Membership in the plan was mandatory for all full-time faculty and staff who attained the age of thirty. Voluntary membership is permitted for all full-time faculty and staff upon reaching the second anniversary of their employment and the attainment of age twenty-five. The plan benefits are fully vested at the date of contribution.

The NSCS also sponsors a supplemental retirement annuity (SRA) plan, Roth individual retirement account (403(b)), and 457 deferred compensation supplemental plan. Program plan members contributed approximately \$24,800 to the SRA, \$14,800 to the Roth 403(b), and \$0 to the 457 plan in 2017 and contributed approximately \$28,000 to the SRA, \$6,500 to the Roth 403(b), and \$0 to the 457 plan in 2016. The NSCS does not contribute to these supplemental plans.

Note 10: Commitments and Contingencies

The Board has approved resolutions for capital improvements and extraordinary repairs to be made from Contingency Maintenance and Surplus Funds held by the bond fund trustee. At June 30, 2017, the unexpended balance of outstanding Board resolutions under construction commitments totaled:

Chadron State College	\$ 1,434,000
Peru State College	834,000
Wayne State College	<u>2,050,000</u>
	<u>\$ 4,318,000</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
Years Ended June 30, 2017 and 2016

Note 10: Commitments and Contingencies - Continued

Included in the table above are Board-approved resolutions for capital improvements and extraordinary repairs, which were approved at the March 24, 2017, Board meeting for \$1,000,000, \$765,000 and \$1,200,000 for Chadron State College, Peru State College, and Wayne State College, respectively. These funds are restricted from use until July 1, 2017.

The Board has also authorized and approved construction commitments of approximately \$776,698 at Peru State College and \$732,814 at Wayne State College as of June 30, 2017, related to the Program.

Supplementary Information

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Schedules of Net Position
June 30, 2017

	Chadron	Peru	Wayne	Total
Assets and Deferred Outflows of Resources				
Current Assets				
Restricted cash and cash equivalents	\$ 5,649,581	\$ 3,329,367	\$ 8,281,259	\$ 17,260,207
Accounts receivable, net	33,239	191,074	70,930	295,243
Interest receivable	5,226	4,670	17,265	27,161
Prepaid expenses and other charges	6,062	419	-	6,481
Deposit with vendor	12,958	-	-	12,958
Total current assets	<u>5,707,066</u>	<u>3,525,530</u>	<u>8,369,454</u>	<u>17,602,050</u>
Noncurrent Assets				
Restricted cash and cash equivalents	900,218	2,587,515	2,498,097	5,985,830
Investments held by trustee-restricted	-	-	604,238	604,238
Capital assets, net of accumulated depreciation	12,180,879	15,167,365	29,421,532	56,769,776
Total noncurrent assets	<u>13,081,097</u>	<u>17,754,880</u>	<u>32,523,867</u>	<u>63,359,844</u>
Total assets	<u>18,788,163</u>	<u>21,280,410</u>	<u>40,893,321</u>	<u>80,961,894</u>
Deferred Outflows of Resources				
Unamortized bond refunding amount, net	21,514	6,491	11,732	39,737
Total deferred outflows of resources	<u>21,514</u>	<u>6,491</u>	<u>11,732</u>	<u>39,737</u>
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	409,857	919,562	1,819,973	3,149,392
Accrued compensated absences	8,462	2,211	9,641	20,314
Unearned revenue	3,981	-	394,068	398,049
Interest payable	130,315	197,340	276,691	604,346
Capital lease payable-current portion	-	33,148	-	33,148
Revenue bonds payable-current portion	635,000	260,000	845,000	1,740,000
Deposits held in custody for others	-	-	100	100
Other	4,101	-	-	4,101
Total current liabilities	<u>1,191,716</u>	<u>1,412,261</u>	<u>3,345,473</u>	<u>5,949,450</u>
Noncurrent Liabilities				
Accrued compensated absences	112,421	29,374	128,088	269,883
Unearned revenue	-	-	244,505	244,505
Capital lease payable, net of current portion	-	30,774	-	30,774
Revenue bonds payable, net of current portion	10,074,372	13,457,536	18,862,857	42,394,765
Total non-current liabilities	<u>10,186,793</u>	<u>13,517,684</u>	<u>19,235,450</u>	<u>42,939,927</u>
Total liabilities	<u>11,378,509</u>	<u>14,929,945</u>	<u>22,580,923</u>	<u>48,889,377</u>
Net Position				
Net investment in capital assets	2,393,239	3,956,300	11,650,972	18,000,511
Restricted				
Expendable				
Debt service	636,776	279,605	852,239	1,768,620
By enabling legislation	4,401,153	2,121,051	5,820,919	12,343,123
Total net position	<u>\$ 7,431,168</u>	<u>\$ 6,356,956</u>	<u>\$ 18,324,130</u>	<u>\$ 32,112,254</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Schedules of Net Position
June 30, 2016

	Chadron	Peru	Wayne	Total
Assets and Deferred Outflows of Resources				
Current Assets				
Restricted cash and cash equivalents	\$ 6,109,696	\$ 3,037,888	\$ 8,595,954	\$ 17,743,538
Accounts receivable, net	86,042	302,576	144,936	533,554
Interest receivable	4,768	1,912	28,653	35,333
Prepaid expenses and other charges	1,208	992	-	2,200
Deposit with vendor	42,971	-	-	42,971
Total current assets	<u>6,244,685</u>	<u>3,343,368</u>	<u>8,769,543</u>	<u>18,357,596</u>
Noncurrent Assets				
Restricted cash and cash equivalents	900,218	9,197,498	11,485,113	21,582,829
Investments held by trustee-restricted	-	-	605,121	605,121
Capital assets, net of accumulated depreciation	<u>12,576,794</u>	<u>7,801,593</u>	<u>19,928,934</u>	<u>40,307,321</u>
Total noncurrent assets	<u>13,477,012</u>	<u>16,999,091</u>	<u>32,019,168</u>	<u>62,495,271</u>
Total assets	<u>19,721,697</u>	<u>20,342,459</u>	<u>40,788,711</u>	<u>80,852,867</u>
Deferred Outflows of Resources				
Unamortized bond refunding amount, net	<u>23,470</u>	<u>7,140</u>	<u>12,905</u>	<u>43,515</u>
Total deferred outflows of resources	<u>23,470</u>	<u>7,140</u>	<u>12,905</u>	<u>43,515</u>
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	434,902	166,756	1,091,138	1,692,796
Accrued compensated absences	9,884	2,098	11,317	23,299
Unearned revenue	4,126	-	316,118	320,244
Interest payable	132,471	239,971	242,460	614,902
Capital lease payable-current portion	-	32,712	-	32,712
Revenue bonds payable-current portion	630,000	320,000	450,000	1,400,000
Deposits held in custody for others	-	-	200	200
Other	4,100	-	-	4,100
Total current liabilities	<u>1,215,483</u>	<u>761,537</u>	<u>2,111,233</u>	<u>4,088,253</u>
Noncurrent Liabilities				
Accrued compensated absences	131,308	27,874	150,350	309,532
Unearned revenue	-	-	605,667	605,667
Capital lease payable, net of current portion	-	63,922	-	63,922
Revenue bonds payable, net of current position	<u>10,707,391</u>	<u>13,752,596</u>	<u>19,711,526</u>	<u>44,171,513</u>
Total non-current liabilities	<u>10,838,699</u>	<u>13,844,392</u>	<u>20,467,543</u>	<u>45,150,634</u>
Total liabilities	<u>12,054,182</u>	<u>14,605,929</u>	<u>22,578,776</u>	<u>49,238,887</u>
Net Position				
Net investment in capital assets	2,163,091	2,837,001	11,114,099	16,114,191
Restricted				
Expendable				
Debt service	630,567	320,278	450,265	1,401,110
By enabling legislation	<u>4,897,327</u>	<u>2,586,391</u>	<u>6,658,476</u>	<u>14,142,194</u>
Total net position	<u>\$ 7,690,985</u>	<u>\$ 5,743,670</u>	<u>\$ 18,222,840</u>	<u>\$ 31,657,495</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Schedules of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2017

	<u>Chadron</u>	<u>Peru</u>	<u>Wayne</u>	<u>Total</u>
Operating Revenues				
Rentals	\$ 2,699,187	\$ 1,659,813	\$ 3,018,973	\$ 7,377,973
Food service	2,836,776	1,602,110	4,098,931	8,537,817
Food service commission	-	-	73,729	73,729
Facilities fees	1,045,375	1,028,584	1,190,487	3,264,446
Application fee	29,800	16,500	38,850	85,150
Bookstore	34,711	37,374	130,000	202,085
Parking permits	-	-	17,960	17,960
Vending	7,096	4,483	45,412	56,991
Recreation center	-	-	3,593	3,593
Other	55,520	23,329	47,768	126,617
	<u>6,708,465</u>	<u>4,372,193</u>	<u>8,665,703</u>	<u>19,746,361</u>
Total operating revenues				
Operating Expenses				
Compensation and benefits	1,795,006	658,742	2,158,916	4,612,664
Contractual services	80,072	133,752	206,301	420,125
Supplies, materials and other	395,910	271,356	602,424	1,269,690
Depreciation	432,800	304,573	869,017	1,606,390
Utilities	591,547	277,362	855,321	1,724,230
Repairs and maintenance	1,288,297	637,927	1,326,231	3,252,455
Communications	52,510	8,066	51,641	112,217
Food service	2,133,265	1,296,701	2,460,779	5,890,745
	<u>6,769,407</u>	<u>3,588,479</u>	<u>8,530,630</u>	<u>18,888,516</u>
Total operating expenses				
Operating Income (Loss)	<u>(60,942)</u>	<u>783,714</u>	<u>135,073</u>	<u>857,845</u>
Nonoperating Revenue (Expenses)				
Investment income	65,691	125,851	317,435	508,977
Interest expense	(264,566)	(252,176)	(351,125)	(867,867)
Bond issuance costs	-	(44,103)	-	(44,103)
Other nonoperating expense	-	-	(93)	(93)
	<u>(198,875)</u>	<u>(170,428)</u>	<u>(33,783)</u>	<u>(403,086)</u>
Net nonoperating expenses				
Increase (Decrease) in Net Position	<u>(259,817)</u>	<u>613,286</u>	<u>101,290</u>	<u>454,759</u>
Net Position, Beginning of Year	<u>7,690,985</u>	<u>5,743,670</u>	<u>18,222,840</u>	<u>31,657,495</u>
Net Position, End of Year	<u>\$ 7,431,168</u>	<u>\$ 6,356,956</u>	<u>\$ 18,324,130</u>	<u>\$ 32,112,254</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Schedules of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2016

	<u>Chadron</u>	<u>Peru</u>	<u>Wayne</u>	<u>Total</u>
Operating Revenues				
Rentals	\$ 2,820,182	\$ 1,656,496	\$ 3,559,772	\$ 8,036,450
Food service	2,885,559	1,596,276	4,680,086	9,161,921
Food service commission	-	-	73,296	73,296
Facilities fees	1,078,523	970,740	1,181,803	3,231,066
Application fee	30,220	15,300	34,450	79,970
Bookstore	38,422	40,906	160,000	239,328
Parking permits	-	9,463	80,149	89,612
Vending	47,205	4,489	42,849	94,543
Recreation center	-	-	10,245	10,245
Other	65,160	17,586	94,100	176,846
	<u>6,965,271</u>	<u>4,311,256</u>	<u>9,916,750</u>	<u>21,193,277</u>
Total operating revenues				
Operating Expenses				
Compensation and benefits	1,816,613	578,384	2,279,278	4,674,275
Contractual services	94,219	266,732	223,050	584,001
Supplies, materials and other	258,800	212,842	528,303	999,945
Depreciation	459,462	315,496	855,358	1,630,316
Utilities	614,087	320,318	1,078,183	2,012,588
Repairs and maintenance	1,279,363	228,004	695,384	2,202,751
Communications	146,659	10,004	83,527	240,190
Food service	2,151,791	1,312,672	2,563,359	6,027,822
	<u>6,820,994</u>	<u>3,244,452</u>	<u>8,306,442</u>	<u>18,371,888</u>
Total operating expenses				
Operating Income	<u>144,277</u>	<u>1,066,804</u>	<u>1,610,308</u>	<u>2,821,389</u>
Nonoperating Revenue (Expenses)				
Investment income	65,561	24,765	200,935	291,261
Interest expense	(268,879)	(193,111)	(250,420)	(712,410)
Bond issuance costs	-	(119,214)	(199,662)	(318,876)
Other nonoperating expense	-	-	(1,003)	(1,003)
	<u>(203,318)</u>	<u>(287,560)</u>	<u>(250,150)</u>	<u>(741,028)</u>
Net nonoperating expenses				
Increase (Decrease) in Net Position	(59,041)	779,244	1,360,158	2,080,361
Net Position, Beginning of Year	<u>7,750,026</u>	<u>4,964,426</u>	<u>16,862,682</u>	<u>29,577,134</u>
Net Position, End of Year	<u>\$ 7,690,985</u>	<u>\$ 5,743,670</u>	<u>\$ 18,222,840</u>	<u>\$ 31,657,495</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Schedules of Cash Flows
Year Ended June 30, 2017

	Chadron	Peru	Wayne	Total
Operating Activities				
Rentals	\$ 2,735,162	\$ 1,676,331	\$ 3,017,570	\$ 7,429,063
Food service	2,859,291	1,550,007	3,801,339	8,210,637
Food service commission	-	59,539	74,998	134,537
Facilities fees	1,061,015	1,018,603	1,175,182	3,254,800
Application fee	29,783	17,397	38,850	86,030
Bookstore	36,533	30,077	184,221	250,831
Perking permits	-	-	17,960	17,960
Vending	5,838	4,602	28,063	38,503
Recreation center	-	-	3,593	3,593
Payment to vendors	(4,560,298)	(2,585,034)	(5,138,786)	(12,284,118)
Payment to employees	(1,819,322)	(656,795)	(2,177,907)	(4,654,024)
Other	56,320	67,608	54,185	178,113
	<u>404,322</u>	<u>1,182,335</u>	<u>1,079,268</u>	<u>2,665,925</u>
Net cash provided by operating activities				
Capital and Related Financing Activities				
Proceeds from bonds	-	2,840,648	-	2,840,648
Purchase of capital assets	(36,885)	(6,724,399)	(9,741,534)	(16,502,818)
Principal paid on bonds payable	(630,000)	(3,225,000)	(450,000)	(4,305,000)
Principal paid on capital lease	-	(32,712)	-	(32,712)
Interest paid on capital lease and bonds payable	(262,786)	(462,719)	(519,151)	(1,244,656)
Bond issuance costs	-	(19,750)	-	(19,750)
	<u>(929,671)</u>	<u>(7,623,932)</u>	<u>(10,710,685)</u>	<u>(19,264,288)</u>
Net cash used in capital and related financing activities				
Investing Activities				
Investment income	65,234	123,093	329,706	518,033
	<u>65,234</u>	<u>123,093</u>	<u>329,706</u>	<u>518,033</u>
Net cash provided by investing activities				
Decrease in Cash and Cash Equivalents	(460,115)	(6,318,504)	(9,301,711)	(16,080,330)
Cash and Cash Equivalents, Beginning of Year	7,009,914	12,235,386	20,081,067	39,326,367
Cash and Cash Equivalents, End of Year	<u>\$ 6,549,799</u>	<u>\$ 5,916,882</u>	<u>\$ 10,779,356</u>	<u>\$ 23,246,037</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Restricted cash and cash equivalents - current	\$ 5,649,581	\$ 3,329,367	\$ 8,281,259	\$ 17,260,207
Restricted cash and cash equivalents - noncurrent	900,218	2,587,515	2,498,097	5,985,830
	<u>\$ 6,549,799</u>	<u>\$ 5,916,882</u>	<u>\$ 10,779,356</u>	<u>\$ 23,246,037</u>
Total cash and cash equivalents				

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Schedules of Cash Flows - Continued
Year Ended June 30, 2017

Reconciliation of Net Operating Income (Loss)
to Net Cash Provided by Operating Activities

	Chadron	Peru	Wayne	Total
Operating income (loss)	\$ (60,942)	\$ 783,714	\$ 135,073	\$ 857,845
Depreciation expense	432,800	304,573	869,017	1,606,390
Changes in operating assets and liabilities				
Accounts receivable	52,803	111,502	73,913	238,218
Prepays	(4,854)	573	-	(4,281)
Unearned revenue	(145)	-	(283,212)	(283,357)
Accounts payable and accrued liabilities	(25,045)	(19,640)	308,514	263,829
Accrued compensated absences	(20,309)	1,613	(23,938)	(42,634)
Other assets and liabilities	30,014	-	(99)	29,915
Net Cash Provided by Operating Activities	\$ 404,322	\$ 1,182,335	\$ 1,079,268	\$ 2,665,925

Supplemental Cash Flows Information

Accounts payable incurred for capital asset purchases	\$ -	\$ 772,446	\$ 1,176,769	\$ 1,949,215
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Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Schedules of Cash Flows
Year Ended June 30, 2016

	<u>Chadron</u>	<u>Peru</u>	<u>Wayne</u>	<u>Total</u>
Operating Activities				
Rentals	\$ 2,818,392	\$ 1,636,495	\$ 3,549,024	\$ 8,003,911
Food service	2,901,542	1,498,332	4,407,614	8,807,488
Food service commission	-	-	74,404	74,404
Facilities fees	1,079,471	962,475	1,191,211	3,233,157
Application fee	30,570	15,100	34,450	80,120
Bookstore	35,975	39,810	162,801	238,586
Perking permits	-	9,463	80,188	89,651
Vending	47,205	4,667	52,000	103,872
Recreation center	-	-	10,245	10,245
Payment to vendors	(4,131,936)	(2,271,970)	(5,371,297)	(11,775,203)
Payment to employees	(1,815,655)	(571,667)	(2,277,701)	(4,665,023)
Other	13,573	8,234	93,842	115,649
	<u>979,137</u>	<u>1,330,939</u>	<u>2,006,781</u>	<u>4,316,857</u>
Net cash provided by operating activities				
Capital and Related Financing Activities				
Proceeds from bonds	-	8,817,564	15,266,232	24,083,796
Purchase of capital assets	-	(929,431)	(1,178,664)	(2,108,095)
Principal paid on bonds payable	(620,000)	(305,000)	(4,515,000)	(5,440,000)
Principal paid on capital lease	-	(32,283)	-	(32,283)
Interest paid on capital lease and bonds payable	(266,471)	(180,471)	(268,451)	(715,393)
Bond issuance costs	-	(119,214)	(199,662)	(318,876)
	<u>(886,471)</u>	<u>7,251,165</u>	<u>9,104,455</u>	<u>15,469,149</u>
Net cash provided by (used in) capital and related financing activities				
Investing Activities				
Purchase of investment	-	-	(605,000)	(605,000)
Investment income	65,062	24,284	184,921	274,267
	<u>65,062</u>	<u>24,284</u>	<u>(420,079)</u>	<u>(330,733)</u>
Net cash provided by (used in) investing activities				
Increase in Cash and Cash Equivalents	157,728	8,606,388	10,691,157	19,455,273
Cash and Cash Equivalents, Beginning of Year	<u>6,852,186</u>	<u>3,628,998</u>	<u>9,389,910</u>	<u>19,871,094</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,009,914</u>	<u>\$ 12,235,386</u>	<u>\$ 20,081,067</u>	<u>\$ 39,326,367</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Restricted cash and cash equivalents - current	\$ 6,109,696	\$ 3,037,888	\$ 8,595,954	\$ 17,743,538
Restricted cash and cash equivalents - noncurrent	900,218	9,197,498	11,485,113	21,582,829
	<u>900,218</u>	<u>9,197,498</u>	<u>11,485,113</u>	<u>21,582,829</u>
Total cash and cash equivalents	<u>\$ 7,009,914</u>	<u>\$ 12,235,386</u>	<u>\$ 20,081,067</u>	<u>\$ 39,326,367</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Schedules of Cash Flows - Continued
Year Ended June 30, 2016

**Reconciliation of Net Operating Income
to Net Cash Provided by Operating Activities**

	Chadron	Peru	Wayne	Total
Operating income	\$ 144,277	\$ 1,066,804	\$ 1,610,308	\$ 2,821,389
Depreciation expense	459,462	315,496	855,358	1,630,316
Changes in operating assets and liabilities				
Accounts receivable	(7,493)	(107,721)	22,935	(92,279)
Prepays	(15)	788	-	773
Unearned revenue	4,126	-	(278,905)	(274,779)
Accounts payable and accrued liabilities	376,625	49,080	(214,810)	210,895
Accrued compensated absences	2,155	6,492	12,395	21,042
Other assets and liabilities	-	-	(500)	(500)

Net Cash Provided by Operating Activities

	<u>\$ 979,137</u>	<u>\$ 1,330,939</u>	<u>\$ 2,006,781</u>	<u>\$ 4,316,857</u>
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Supplemental Cash Flows Information

Accounts payable incurred for capital asset purchases	\$ -	\$ -	\$ 756,448	\$ 756,448
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Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Schedules of Revenues, Expenses and Changes in Net Position by Fund Type
Year Ended June 30, 2017

	Operation and Maintenance Funds				Funds Held by Trustee and State of Nebraska Operations				Plant				Overall Total
	Chadron State College	Peru State College	Wayne State College	Total	Chadron State College	Peru State College	Wayne State College	Total	Chadron State College	Peru State College	Wayne State College	Total	
Operating Revenues													
Rentals	\$ 2,699,187	\$ 1,659,813	\$ 3,018,973	\$ 7,377,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,377,973
Food service	2,836,776	1,602,110	4,098,931	8,537,817	-	-	-	-	-	-	-	-	8,537,817
Food service commission	-	-	73,729	73,729	-	-	-	-	-	-	-	-	73,729
Facilities fees	1,045,375	1,028,584	1,190,487	3,264,446	-	-	-	-	-	-	-	-	3,264,446
Application fee	29,800	16,500	38,850	85,150	-	-	-	-	-	-	-	-	85,150
Bookstore	34,711	37,374	130,000	202,085	-	-	-	-	-	-	-	-	202,085
Parking permits	-	-	17,960	17,960	-	-	-	-	-	-	-	-	17,960
Vending	7,096	4,483	45,412	56,991	-	-	-	-	-	-	-	-	56,991
Recreation center	-	-	3,593	3,593	-	-	-	-	-	-	-	-	3,593
Other	55,520	23,329	47,768	126,617	-	-	-	-	-	-	-	-	126,617
Total operating revenues	6,708,465	4,372,193	8,665,703	19,746,361	-	-	-	-	-	-	-	-	19,746,361
Operating Expenses													
Compensation and benefits	1,795,006	658,742	2,158,916	4,612,664	-	-	-	-	-	-	-	-	4,612,664
Contractual services	62,362	133,752	206,301	402,415	17,710	-	-	17,710	-	-	-	-	420,125
Supplies, materials, and other	332,235	271,356	602,424	1,206,015	63,675	-	-	63,675	-	-	-	-	1,269,690
Depreciation	-	-	-	-	-	-	-	-	432,800	304,573	869,017	1,606,390	1,606,390
Utilities	591,547	277,362	855,321	1,724,230	-	-	-	-	-	-	-	-	1,724,230
Repairs and maintenance	101,690	30,877	372,718	505,285	1,186,607	607,050	953,513	2,747,170	-	-	-	-	3,252,455
Communications	52,510	8,066	51,641	112,217	-	-	-	-	-	-	-	-	112,217
Food service	-	-	-	-	2,133,265	1,296,701	2,460,779	5,890,745	-	-	-	-	5,890,745
Total operating expenses	2,935,350	1,380,155	4,247,321	8,562,826	3,401,257	1,903,751	3,414,292	8,719,300	432,800	304,573	869,017	1,606,390	18,888,516
Operating Income (Loss)	3,773,115	2,992,038	4,418,382	11,183,535	(3,401,257)	(1,903,751)	(3,414,292)	(8,719,300)	(432,800)	(304,573)	(869,017)	(1,606,390)	857,845
Nonoperating Revenue (Expenses)													
Investment income	9,525	24,346	21,398	55,269	56,166	101,505	296,037	453,708	-	-	-	-	508,977
Interest expense	-	-	-	-	(264,566)	(252,176)	(351,125)	(867,867)	-	-	-	-	(867,867)
Bond issuance costs	-	-	-	-	-	(44,103)	-	(44,103)	-	-	-	-	(44,103)
Other nonoperating expense	-	-	(93)	(93)	-	-	-	-	-	-	-	-	(93)
Net nonoperating revenues (expenses)	9,525	24,346	21,305	55,176	(208,400)	(194,774)	(55,088)	(458,262)	-	-	-	-	(403,086)
Income (Loss) Before Other Revenues, Expenses, Gains or (Losses)	3,782,640	3,016,384	4,439,687	11,238,711	(3,609,657)	(2,098,525)	(3,469,380)	(9,177,562)	(432,800)	(304,573)	(869,017)	(1,606,390)	454,759
Other Revenues, Expenses, Gains or (Losses)													
Transfers in (out), net	(3,607,020)	-	(3,972,456)	(7,579,476)	3,570,135	-	(6,389,159)	(2,819,024)	36,885	-	10,361,615	10,398,500	-
Net other revenues, expenses, gains or (losses)	(3,607,020)	-	(3,972,456)	(7,579,476)	3,570,135	-	(6,389,159)	(2,819,024)	36,885	-	10,361,615	10,398,500	-
Increase (Decrease) in Net Position	175,620	3,016,384	467,231	3,659,235	(39,522)	(2,098,525)	(9,858,539)	(11,996,586)	(395,915)	(304,573)	9,492,598	8,792,110	454,759
Net Position, Beginning of Year	(17,190)	535,885	(547,767)	(29,072)	(4,868,619)	(2,593,808)	(1,158,327)	(8,620,754)	12,576,794	7,801,593	19,928,934	40,307,321	31,657,495
Net Position, End of Year	\$ 158,430	\$ 3,552,269	\$ (80,536)	\$ 3,630,163	\$ (4,908,141)	\$ (4,692,333)	\$ (11,016,866)	\$ (20,617,340)	\$ 12,180,879	\$ 7,497,020	\$ 29,421,532	\$ 49,099,431	\$ 32,112,254

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Schedules of Revenues, Expenses and Changes in Net Position by Fund Type
Year Ended June 30, 2016

	Funds Held by Trustee and State of Nebraska Operations												Overall Total
	Operation and Maintenance Funds				Investment Pool				Plant				
	Chadron State College	Peru State College	Wayne State College	Total	Chadron State College	Peru State College	Wayne State College	Total	Chadron State College	Peru State College	Wayne State College	Total	
Operating Revenues													
Rentals	\$ 2,820,182	\$ 1,656,496	\$ 3,559,772	\$ 8,036,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8,036,450
Food service	2,885,559	1,596,276	4,680,086	9,161,921	-	-	-	-	-	-	-	-	9,161,921
Food service commission	-	-	73,296	73,296	-	-	-	-	-	-	-	-	73,296
Facilities fees	1,078,523	970,740	1,181,803	3,231,066	-	-	-	-	-	-	-	-	3,231,066
Application fee	30,220	15,300	34,450	79,970	-	-	-	-	-	-	-	-	79,970
Bookstore	38,422	40,906	160,000	239,328	-	-	-	-	-	-	-	-	239,328
Parking permits	-	9,463	80,149	89,612	-	-	-	-	-	-	-	-	89,612
Vending	47,205	4,489	42,849	94,543	-	-	-	-	-	-	-	-	94,543
Recreation center	-	-	10,245	10,245	-	-	-	-	-	-	-	-	10,245
Other	65,160	17,586	94,100	176,846	-	-	-	-	-	-	-	-	176,846
Total operating revenues	6,965,271	4,311,256	9,916,750	21,193,277	-	-	-	-	-	-	-	-	21,193,277
Operating Expenses													
Compensation and benefits	1,816,613	578,384	2,279,278	4,674,275	-	-	-	-	-	-	-	-	4,674,275
Contractual services	94,219	266,732	223,050	584,001	-	-	-	-	-	-	-	-	584,001
Supplies, materials and other	258,800	212,842	528,303	999,945	-	-	-	-	-	-	-	-	999,945
Depreciation	-	-	-	-	-	-	-	-	459,462	315,496	855,358	1,630,316	1,630,316
Utilities	614,087	320,318	1,078,183	2,012,588	-	-	-	-	-	-	-	-	2,012,588
Repairs and maintenance	123,350	87,411	236,988	447,749	1,156,013	140,593	458,396	1,755,002	-	-	-	-	2,202,751
Communications	146,659	10,004	83,527	240,190	-	-	-	-	-	-	-	-	240,190
Food service	-	-	-	-	2,151,791	1,312,672	2,563,359	6,027,822	-	-	-	-	6,027,822
Total operating expenses	3,053,728	1,475,691	4,429,329	8,958,748	3,307,804	1,453,265	3,021,755	7,782,824	459,462	315,496	855,358	1,630,316	18,371,888
Operating Income (Loss)	3,911,543	2,835,565	5,487,421	12,234,529	(3,307,804)	(1,453,265)	(3,021,755)	(7,782,824)	(459,462)	(315,496)	(855,358)	(1,630,316)	2,821,389
Nonoperating Revenue (Expenses)													
Investment income	9,780	10,922	27,291	47,993	55,781	13,843	173,644	243,268	-	-	-	-	291,261
Interest expense	-	-	-	-	(268,879)	(193,111)	(250,420)	(712,410)	-	-	-	-	(712,410)
Bond issuance costs	-	-	(1,377)	(1,377)	-	(119,214)	(198,285)	(317,499)	-	-	-	-	(318,876)
Other nonoperating expense	-	-	(1,003)	(1,003)	-	-	-	-	-	-	-	-	(1,003)
Net nonoperating revenues (expenses)	9,780	10,922	24,911	45,613	(213,098)	(298,482)	(275,061)	(786,641)	-	-	-	-	(741,028)
Income (Loss) Before Other Revenues, Expenses, Gains or (Losses)	3,921,323	2,846,487	5,512,332	12,280,142	(3,520,902)	(1,751,747)	(3,296,816)	(8,569,465)	(459,462)	(315,496)	(855,358)	(1,630,316)	2,080,361
Other Revenues, Expenses, Gains or (Losses)													
Transfers in (out), net	(3,968,789)	(2,649,451)	(5,314,756)	(11,932,996)	3,968,789	1,768,683	3,406,646	9,144,118	-	880,768	1,908,110	2,788,878	-
Net other revenues, expenses, gains or (losses)	(3,968,789)	(2,649,451)	(5,314,756)	(11,932,996)	3,968,789	1,768,683	3,406,646	9,144,118	-	880,768	1,908,110	2,788,878	-
Increase (Decrease) in Net Position	(47,466)	197,036	197,576	347,146	447,887	16,936	109,830	574,653	(459,462)	565,272	1,052,752	1,158,562	2,080,361
Net Position, Beginning of Year	30,276	338,849	(745,343)	(376,218)	(5,316,506)	(2,610,744)	(1,268,157)	(9,195,407)	13,036,256	7,236,321	18,876,182	39,148,759	29,577,134
Net Position, End of Year	\$ (17,190)	\$ 535,885	\$ (547,767)	\$ (29,072)	\$ (4,868,619)	\$ (2,593,808)	\$ (1,158,327)	\$ (8,620,754)	\$ 12,576,794	\$ 7,801,593	\$ 19,928,934	\$ 40,307,321	\$ 31,657,495

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Trustee's Account Activity
Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)

Chadron State College

	2017					Total	
	Revenue Fund	Surplus Fund	Bond Fund	Reserve Fund 2013	Reserve Fund 2014	2017	2016
Receipts							
Board of trustees deposits	\$ 6,751,870	\$ -	\$ -	\$ -	\$ -	\$ 6,751,870	\$ 6,718,930
Income from investments	294	53,679	64	1,662	56	55,755	55,387
Receipts before transfer of funds	6,752,164	53,679	64	1,662	56	6,807,625	6,774,317
Transfer of funds, net	(1,645,058)	750,000	896,776	(1,662)	(56)	-	-
Total receipts	5,107,106	803,679	896,840	-	-	6,807,625	6,774,317
Disbursements							
Remitted to operation and maintenance fund	3,025,000	-	-	-	-	3,025,000	2,765,000
Payments on food service contract	2,103,252	-	-	-	-	2,103,252	2,176,104
Remitted to paying agent:							
Bond principal	-	-	630,000	-	-	630,000	620,000
Bond interest	-	-	262,786	-	-	262,786	266,471
Other	-	-	1	-	-	1	-
Payments to contractors and others	-	1,345,238	-	-	-	1,345,238	797,069
Total disbursements	5,128,252	1,345,238	892,787	-	-	7,366,277	6,624,644
Excess (deficiency) of receipts over disbursements	(21,146)	(541,559)	4,053	-	-	(558,652)	149,673
Balance at Beginning of Year	864,531	4,239,189	763,038	518,310	381,908	6,766,976	6,617,303
Balance at End of Year	\$ 843,385	\$ 3,697,630	\$ 767,091	\$ 518,310	\$ 381,908	\$ 6,208,324	\$ 6,766,976
Balance at End of Year Consisted of							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 518,310
Savings and money market accounts	843,385	1,391,995	767,091	518,310	381,908	3,902,689	3,796,597
State of Nebraska Operating Investment Pool	-	2,305,635	-	-	-	2,305,635	2,452,069
	\$ 843,385	\$ 3,697,630	\$ 767,091	\$ 518,310	\$ 381,908	\$ 6,208,324	\$ 6,766,976

**Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Trustee's Account Activity
Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	Peru State College								2017	Total 2016
	Revenue Fund	Surplus Fund	Bond Fund	Project Fund 2015	Reserve Fund 2011	Reserve Fund 2012B	Reserve Fund 2015	Reserve Fund 2016C		
Receipts										
Bond issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,743,851
Board of trustees deposits	4,350,162	-	-	-	-	-	-	-	4,350,162	4,149,451
Income from investments	153	13,637	37	84,154	15	714	72	22	98,804	13,656
Receipts before transfer of funds	4,350,315	13,637	37	84,154	15	714	72	22	4,448,966	12,906,958
Transfer of funds, net	(1,448,354)	719,905	763,182	-	(276,135)	(714)	(862)	242,978	-	-
Total receipts	2,901,961	733,542	763,219	84,154	(276,120)	-	(790)	243,000	4,448,966	12,906,958
Disbursements										
Remitted to operation and maintenance fund	1,500,000	-	-	-	-	-	-	-	1,500,000	1,500,000
Payments on food service contract	1,237,425	-	-	-	-	-	-	-	1,237,425	1,387,928
Remitted to paying agent:										
Bond principal	-	-	559,899	-	-	-	-	-	559,899	305,000
Bond interest	-	-	163,614	-	-	-	-	-	163,614	178,960
Other	-	-	123,189	-	-	-	(2,218)	(1,750)	119,221	45,500
Payments to contractors and others	-	557,435	19,750	6,664,196	-	-	-	-	7,241,381	1,072,742
Total disbursements	2,737,425	557,435	866,452	6,664,196	-	-	(2,218)	(1,750)	10,821,540	4,490,130
Excess (deficiency) of receipts over disbursements	164,536	176,107	(103,233)	(6,580,042)	(276,120)	-	1,428	244,750	(6,372,574)	8,416,828
Balance at Beginning of Year	910,722	1,123,694	560,178	8,203,936	276,120	222,653	494,790	-	11,792,093	3,375,265
Balance at End of Year	\$ 1,075,258	\$ 1,299,801	\$ 456,945	\$ 1,623,894	\$ -	\$ 222,653	\$ 496,218	\$ 244,750	\$ 5,419,519	\$ 11,792,093
Balance at End of Year Consisted of										
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 222,653
Savings and money market accounts	1,075,258	58,082	456,945	856,288	-	222,653	496,218	244,750	3,410,194	10,991,299
State of Nebraska Operating Investment Pool	-	1,241,719	-	767,606	-	-	-	-	2,009,325	578,141
	\$ 1,075,258	\$ 1,299,801	\$ 456,945	\$ 1,623,894	\$ -	\$ 222,653	\$ 496,218	\$ 244,750	\$ 5,419,519	\$ 11,792,093

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Trustee's Account Activity
Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)

Wayne State College

	2017							Total	
	Revenue Fund	Surplus Fund	Bond Fund	Project Fund 2016	Reserve Fund 2012A	Reserve Fund 2016	Reserve Fund 2016B	2017	2016
Receipts									
Bond issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,139,346
Board of trustees deposits	8,438,283	-	-	-	-	-	-	8,438,283	9,622,423
Income from investments	119	138,324	1,786	162,288	-	5,168	46	307,731	159,402
Receipts before transfer of funds	8,438,402	138,324	1,786	162,288	-	5,168	46	8,746,014	24,921,171
Transfer of funds, net	(1,298,000)	(100,000)	1,403,570	-	-	(5,524)	(46)	-	-
Total receipts	7,140,402	38,324	1,405,356	162,288	-	(356)	-	8,746,014	24,921,171
Disbursements									
Remitted to operation and maintenance fund	4,500,000	-	-	-	-	-	-	4,500,000	4,425,000
Payments on food service contract	2,460,779	-	-	-	-	-	-	2,460,779	2,563,359
Remitted to paying agent:									
Bond principal	-	-	450,000	-	-	-	-	450,000	4,515,000
Bond interest	-	-	519,151	-	-	-	-	519,151	268,451
Other	-	-	-	-	-	-	-	-	71,600
Payments to contractors and others	-	1,180,774	-	9,149,831	-	-	-	10,330,605	1,928,691
Total disbursements	6,960,779	1,180,774	969,151	9,149,831	-	-	-	18,260,535	13,772,101
Excess (deficiency) of receipts over disbursements	179,623	(1,142,450)	436,205	(8,987,543)	-	(356)	-	(9,514,521)	11,149,070
Balance at Beginning of Year	117,897	7,087,083	692,725	10,676,388	489,780	607,811	316,255	19,987,939	8,838,869
Balance at End of Year	\$ 297,520	\$ 5,944,633	\$ 1,128,930	\$ 1,688,845	\$ 489,780	\$ 607,455	\$ 316,255	\$ 10,473,418	\$ 19,987,939
Balance at End of Year Consisted of									
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 692,725
Savings and money market accounts	297,520	118,491	1,128,930	226,622	-	3,217	316,255	2,091,035	1,212,454
State of Nebraska Operating Investment Pool	-	5,826,142	-	1,462,223	489,780	-	-	7,778,145	17,477,639
Investment	-	-	-	-	-	604,238	-	604,238	605,121
	\$ 297,520	\$ 5,944,633	\$ 1,128,930	\$ 1,688,845	\$ 489,780	\$ 607,455	\$ 316,255	\$ 10,473,418	\$ 19,987,939

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Rentals
Years Ended June 30, 2017 and 2016

Chadron State College	2017	2016
Facility		
High Rise Dormitory	\$ 1,060,508	\$ 1,022,681
Andrews Hall	657,501	691,815
Kent Hall	634,257	624,333
Edna Work Hall	247,350	239,732
Edna Work Wing	217,603	223,290
Brooks Hall	144,946	188,651
Eagle Ridge	233,997	222,500
Family housing	40,784	109,975
Guest housing	69,345	75,344
Less room waivers	(607,104)	(578,139)
	<u>\$ 2,699,187</u>	<u>\$ 2,820,182</u>
Total rentals		
	<u>\$ 2,699,187</u>	<u>\$ 2,820,182</u>
Peru State College	2017	2016
Facility		
Centennial Complex	\$ 1,154,720	\$ 795,533
Eliza Morgan Hall	540,123	464,436
Delzell Hall	-	422,688
Guest and temporary housing	23,974	50,576
Faculty housing	47,083	42,351
Oak Hill	103,680	82,637
Less room waivers	(209,767)	(201,725)
	<u>\$ 1,659,813</u>	<u>\$ 1,656,496</u>
Total rentals		
	<u>\$ 1,659,813</u>	<u>\$ 1,656,496</u>
Wayne State College	2017	2016
Facility		
Bowen Hall	\$ -	\$ 995,906
Berry Hall	912,950	792,976
Morey Hall	659,029	554,215
Neihardt Hall	527,034	491,259
Anderson Hall	492,784	455,575
Pile Hall	491,031	445,902
Terrace Hall	404,642	403,735
Guest housing	89,205	66,772
Less room waivers	(557,702)	(646,568)
	<u>\$ 3,018,973</u>	<u>\$ 3,559,772</u>
Total rentals		
	<u>\$ 3,018,973</u>	<u>\$ 3,559,772</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Operation and Maintenance Fund Expenditures
Years Ended June 30, 2017 and 2016

Chadron State College	2017	2016
Salaries, payroll taxes and benefits	\$ 1,795,006	\$ 1,816,613
Utilities	591,547	614,087
Communication services	52,510	146,659
Supplies, materials and other	332,235	258,800
Repairs and maintenance	101,690	123,350
Professional and contractual services	62,362	94,219
	<u>62,362</u>	<u>94,219</u>
Total operation and maintenance fund expenditures	<u>\$ 2,935,350</u>	<u>\$ 3,053,728</u>
Peru State College	2017	2016
Salaries, payroll taxes and benefits	\$ 658,742	\$ 578,384
Utilities	277,362	320,318
Communications	8,066	10,004
Supplies, materials and other	271,356	212,842
Repairs and maintenance	30,877	87,411
Professional and contractual services	133,752	266,732
	<u>133,752</u>	<u>266,732</u>
Total operation and maintenance fund expenditures	<u>\$ 1,380,155</u>	<u>\$ 1,475,691</u>
Wayne State College	2017	2016
Salaries, payroll taxes and benefits	\$ 2,158,916	\$ 2,279,278
Utilities	855,321	1,078,183
Communication services	51,641	83,527
Supplies, materials and other	602,424	528,303
Repairs and maintenance	372,718	236,988
Professional and contractual services	206,301	223,050
	<u>206,301</u>	<u>223,050</u>
Total operation and maintenance fund expenditures	<u>\$ 4,247,321</u>	<u>\$ 4,429,329</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Insurance in Force
(Unaudited)
Year Ended June 30, 2017

Chadron State College

Type	Coverage Amount
Business interruption value	\$ 9,000,000
Blanket contents	4,277,510
Fire and extended coverage:	
Dormitories and housing facilities, 90% coinsurance	52,592,929
Student union and other buildings, 90% coinsurance	13,776,351

Peru State College

Type	Coverage Amount
Business interruption value	\$ 6,498,085
Blanket contents	2,180,681
Fire and extended coverage:	
Dormitories and housing facilities, 90% coinsurance	18,989,829
Student union and other buildings, 90% coinsurance	5,698,054

Wayne State College

Type	Coverage Amount
Business interruption value	\$ 18,240,712
Blanket contents	6,259,013
Fire and extended coverage:	
Dormitories and housing facilities, 90% coinsurance	46,000,394
Student union and other buildings, 90% coinsurance	24,099,940

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Debt Service Coverage
Years Ended June 30, 2017 and 2016

<u>Chadron State College</u>	<u>2017</u>	<u>2016</u>
Receipts		
Rentals	\$ 2,699,187	\$ 2,820,182
Facilities fees	1,045,375	1,078,523
Food service	2,836,776	2,885,559
Other	127,127	181,007
Total receipts	<u>6,708,465</u>	<u>6,965,271</u>
Interest earned	<u>65,691</u>	<u>65,561</u>
Total additions	<u>6,774,156</u>	<u>7,030,832</u>
Deductions		
Operation and maintenance expenditures (note)	2,935,350	3,053,728
Food service contract payments	2,133,265	2,151,791
Total deductions	<u>5,068,615</u>	<u>5,205,519</u>
Available for debt service, reserves, etc.	<u>\$ 1,705,541</u>	<u>\$ 1,825,313</u>
Debt service, principal and interest requirement (note)	892,786	886,471
Debt service coverage	191%	206%

Note: In accordance with the debt agreement, expenditures paid for capital improvements and extraordinary repairs that were charged to surplus and construction funds held by the trustee in the amount of \$1,267,992 and \$1,156,013 during the years ended June 30, 2017 and 2016, respectively, have not been deducted in arriving at the debt service coverage. The debt service requirement amount includes principal and interest payments due in 2017 and 2016.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Debt Service Coverage
Year Ended June 30, 2017 and 2016

<u>Peru State College</u>	<u>2017</u>	<u>2016</u>
Receipts		
Rentals	\$ 1,659,813	\$ 1,656,496
Facilities fees	1,028,584	970,740
Food service	1,602,110	1,596,276
Other	81,686	87,744
Total receipts	<u>4,372,193</u>	<u>4,311,256</u>
Interest earned	<u>125,851</u>	<u>24,765</u>
Total additions	<u>4,498,044</u>	<u>4,336,021</u>
Deductions		
Operation and maintenance expenditures (note)	1,380,155	1,475,691
Food service contract payments	<u>1,296,701</u>	<u>1,312,672</u>
Total deductions	<u>2,676,856</u>	<u>2,788,363</u>
Available for debt service, reserves, etc.	<u>\$ 1,821,188</u>	<u>\$ 1,547,658</u>
Debt service, principal and interest requirement (note)	782,349	483,960
Debt service coverage	233%	320%

Note: In accordance with the debt agreement, expenditures paid for capital improvements and extraordinary repairs that were charged to surplus and construction funds held by the trustee in the amount of \$607,050 and \$140,593 during the years ended June 30, 2017 and 2016, respectively, have not been deducted in arriving at the debt service coverage. The debt service requirement amount includes principal and interest payments due in 2017 and 2016.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Debt Service Coverage
Years Ended June 30, 2017 and 2016

<u>Wayne State College</u>	<u>2017</u>	<u>2016</u>
Receipts		
Rentals	\$ 3,018,973	\$ 3,559,772
Facilities fees	1,190,487	1,181,803
Food service	4,172,660	4,753,382
Other	283,583	421,793
	<u>8,665,703</u>	<u>9,916,750</u>
Total receipts		
Interest earned	<u>317,435</u>	<u>200,935</u>
	<u>8,983,138</u>	<u>10,117,685</u>
Total additions		
Deductions		
Operation and maintenance expenditures (note)	4,247,321	4,429,329
Food service contract payments	2,460,779	2,563,359
	<u>6,708,100</u>	<u>6,992,688</u>
Total deductions		
Available for debt service, reserves, etc.	<u>\$ 2,275,038</u>	<u>\$ 3,124,997</u>
Debt service, principal and interest requirement (note)	969,151	858,451
Debt service coverage	235%	364%

Note: In accordance with the debt agreement, expenditures paid for capital improvements and extraordinary repairs that were charged to surplus and construction funds held by the trustee in the amount of \$953,513 and \$458,396 during the year ended June 30, 2017 and 2016, respectively, have not been deducted in arriving at the debt service coverage. The debt service requirement amount includes principal and interest payments due in 2017 and 2016.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Bonds Outstanding
Year Ended June 30, 2017

Chadron State College	Principal Amount, Series 2013 and Series 2014
Maturing July 1:	
2017	\$ 635,000
2018	640,000
2019	655,000
2020	655,000
2021	675,000
2022	690,000
2023	700,000
2024	715,000
2025	740,000
2026	760,000
2027	780,000
2028	750,000
2029	445,000
2030	460,000
2031	470,000
2032	485,000
2033	500,000
Total	\$ 10,755,000

Note: The schedule above has been prepared using the mandatory sinking fund redemption requirements for term bonds rather than the actual maturity date.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Bonds Outstanding
Year Ended June 30, 2017

Peru State College	Principal Amount, Series 2012B, Series 2015 and Series 2016C
Maturing July 1:	
2017	\$ 260,000
2018	560,000
2019	570,000
2020	570,000
2021	585,000
2022	600,000
2023	605,000
2024	620,000
2025	635,000
2026	655,000
2027	650,000
2028	470,000
2029	485,000
2030	500,000
2031	480,000
2032	290,000
2033	300,000
2034	310,000
2035	320,000
2036	330,000
2037	340,000
2038	355,000
2039	370,000
2040	380,000
2041	395,000
2042	410,000
2043	425,000
2044	440,000
2045	455,000
2046	475,000
Total	\$ 13,840,000

Note: The schedule above has been prepared using the mandatory sinking fund redemption requirements for term bonds rather than the actual maturity date.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Bonds Outstanding
Year Ended June 30, 2017

Wayne State College	Principal Amount, Series 2012A, Series 2016 and Series 2016B
Maturing July 1:	
2017	\$ 845,000
2018	860,000
2019	880,000
2020	890,000
2021	905,000
2022	920,000
2023	950,000
2024	980,000
2025	1,005,000
2026	1,045,000
2027	1,040,000
2028	620,000
2029	640,000
2030	615,000
2031	355,000
2032	370,000
2033	380,000
2034	390,000
2035	405,000
2036	420,000
2037	430,000
2038	445,000
2039	460,000
2040	475,000
2041	495,000
2042	510,000
2043	530,000
2044	545,000
2045	565,000
2046	585,000
Total	\$ 19,555,000

Note: The schedule above has been prepared using the mandatory sinking fund redemption requirements for term bonds rather than the actual maturity date.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Occupancy
(Unaudited)
Year Ended June 30, 2017

	Chadron State College											
	Summer session 2016			First term			Second term			Summer summer 2017		
	Capacity	Number	Percentage	Capacity	Number	Percentage	Capacity	Number	Percentage	Capacity	Number	Percentage
High Rise Dormitory	422	2	1 %	422	284	67 %	422	263	62 %	422	4	1 %
Edna Work/Wing Hall	186	5	3	186	115	62	186	107	58	186	1	1
Kent Hall	275	—	-	275	191	70	275	148	54	275	2	1
Andrews Hall	284	1	-	284	176	62	284	162	57	284	—	-
Brooks Hall	84	1	1	84	43	51	84	27	32	84	1	1
Eagle Ridge	69	2	3	69	49	71	69	45	65	69	1	1
Family housing*	16	12	75	16	15	94	16	8	50	16	—	-
	<u>1,336</u>	<u>23</u>		<u>1,336</u>	<u>873</u>		<u>1,336</u>	<u>760</u>		<u>1,336</u>	<u>9</u>	

* One West Court unit was taken offline in Fall 2014. In the Summer of 2015 and 2016 Chadron State College demolished several more of the West Court units. Several additional units were demolished in the Summer of 2016.

	Peru State College								
	First term			Second term			Summer session 2017		
	Capacity	Number	Percentage	Capacity	Number	Percentage	Capacity	Number	Percentage
Centennial Complex	296	313	106 %	296	250	84 %	296	—	-
Eliza Morgan Hall	148	137	93	148	119	80	148	—	-
Delzell Hall	146	—	-	151	—	-	151	—	-
Faculty housing	8	8	100	8	8	100	8	4	50
Oak Hill**	11	11	100	11	11	100	11	4	36
	<u>609</u>	<u>469</u>		<u>614</u>	<u>388</u>		<u>614</u>	<u>8</u>	

** Oak Hill is apartment housing which has been converted to student housing. Students are paying the regular housing rates on a per bed basis. The 11 apartment units can house up to 40 students. Occupancy for first and second term were 24 and 21 beds, respectively.

	Wayne State College										
	Summer - July 2016			First term		Second term		Summer - May 2017		Summer - June 2017	
	Capacity	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Anderson Hall	159	—	-	146	92 %	134	84 %	—	-	—	-
Bery Hall	306	—	-	272	89	236	77	—	-	—	-
Bowen Hall	435	—	-	—	-	—	-	—	-	—	-
Morey Hall	231	—	-	195	84	175	76	—	-	—	-
Neihardt Hall	161	—	-	140	87	129	80	—	-	—	-
Pile Hall	139	—	-	135	97	119	86	—	-	—	-
Terrace Hall	140	7	5	114	81	106	76	6	4	6	4
	<u>1,571</u>	<u>7</u>		<u>1,002</u>		<u>899</u>		<u>6</u>		<u>6</u>	

Note: Occupancy numbers are based on occupancy levels at the end of each term and do not reflect changes that may occur during the course of each term. The occupancy percentages are based on the number of beds occupied, as the rooms were designed. In many cases, students elect to pay a higher rate for a two-bed room and occupy it as a private room. The "room occupancy" rate, which is higher at all three colleges than the bed occupancy percentages, gives a clearer picture of the situation that exists.