

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

Independent Auditor's Report and Financial Statements

June 30, 2018 and 2017



Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
June 30, 2018 and 2017

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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 and for the years ended June 30, 2018 and 2017, 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, 2018 and 2017, and the changes in financial position and 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 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a 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 audits 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 audits 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 audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BKD, LLP

Lincoln, Nebraska
October 22, 2018

Nebraska State Colleges

Student Fees and Facilities Revenue and Refunding Bond Program

Management's Discussion and Analysis

Years Ended June 30, 2018 and 2017

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, 2018 and 2017:

<u>Bonds</u>	<u>Financing Objective</u>
Student Fees and Facility 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 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	Refunding 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, 2018, with operating income that provided debt service coverage ratios of 150% for Chadron State College, 290% for Peru State College and 249% for Wayne State College. Debt service coverage ratios were 191% for Chadron State College, 233% for Peru State College and 235% for Wayne State College in 2017 and 206% for Chadron State College, 320% for Peru State College and 364% for Wayne State College in 2016. This performance is in line with expectations for Peru State College and Wayne State College. Chadron State College was lower than anticipated for the year ended June 30, 2018 due to decreased occupancy levels. The debt service ratio required by the Master Resolution is 110%; 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.

Nebraska State Colleges

Student Fees and Facilities Revenue and Refunding Bond Program

Management's Discussion and Analysis

Years Ended June 30, 2018 and 2017

Operations of the Program increased in fiscal year 2018 with operating income posting a 120.97% increase over 2017. This compares with a decrease of 69.60% from fiscal year 2016 to 2017. From fiscal year 2017 to 2018, revenues increased by 2.44% while expenses decreased by 2.94%, creating the operating income increase of \$1,037,749. From fiscal year 2016 to 2017, revenues decreased by 6.83% while expenses increased 2.81%, creating an operating income decrease of \$1,963,544. Cash flows from operations were \$1,632,276 in 2018 compared to \$2,665,925 in 2017 and \$4,316,857 in 2016.

The student fee portion of the Program is dictated by a per credit hour fee. For fiscal year 2018 the revenue bond portion of the facilities fee was \$16 per credit hour at Chadron State College, \$26 per credit hour at Peru State College and \$19.05 per credit hour (\$255 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, \$24 and \$22 per credit hour at Peru State College and \$18.15 and \$16.75 per credit hour (\$244.20 and \$225 maximum per semester) at Wayne State College for fiscal years 2017 and 2016, respectively. Student fee revenue generated through this per credit facilities fee was \$3,315,525, \$3,264,446 and \$3,231,066 for fiscal years 2018, 2017 and 2016, respectively. The overall increase in facilities fee revenue from 2016 to 2018 was \$84,459 or 2.61%.

Overall Program occupancy of residence halls for fiscal year 2018 slightly declined with a 66% combined occupancy rate for the fall semester and increased slightly with a 59% combined occupancy rate for the spring semester, mostly due to slightly lower undergraduate enrollment. In 2017 and 2016, respectively, the combined occupancy rates for the fall semester were 67% and 77% and for the spring semester were 58% and 66%.

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 trustee accounts of the Program as a single reporting entity.

The statements of net position include the operating facilities of the Program and the related trustee 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, 2018 and 2017

The Statements

Condensed statements are presented below in an all-inclusive format for the Program for the fiscal years ended June 30, 2018, 2017 and 2016.

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 \$35,533,868, \$33,680,090 and \$32,243,921 at June 30, 2018, 2017 and 2016, 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 \$2,085,398, \$1,768,620 and \$1,401,110 as of June 30, 2018, 2017 and 2016, respectively. These amounts include bond reserves.

Condensed Statements of Net Position

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets			
Current assets	\$ 18,189,205	\$ 17,602,050	\$ 18,357,596
Noncurrent assets	59,319,462	63,359,844	62,495,271
Total assets	<u>77,508,667</u>	<u>80,961,894</u>	<u>80,852,867</u>
Deferred Outflows of Resources	<u>35,959</u>	<u>39,737</u>	<u>43,515</u>
Liabilities			
Current liabilities	3,813,688	5,949,450	4,088,253
Noncurrent liabilities	40,580,450	42,939,927	45,150,634
Total liabilities	<u>44,394,138</u>	<u>48,889,377</u>	<u>49,238,887</u>
Net Position			
Net investment in capital assets	16,926,490	18,000,511	16,114,191
Restricted for			
Debt service	2,085,398	1,768,620	1,401,110
By enabling legislation	14,138,600	12,343,123	14,142,194
Total net position	<u>\$ 33,150,488</u>	<u>\$ 32,112,254</u>	<u>\$ 31,657,495</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017

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 \$2,016,932, \$1,606,390 and \$1,630,316 for the years ended June 30, 2018, 2017 and 2016, respectively.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2018	2017	2016
Operating Revenues			
Rentals	\$ 7,703,203	\$ 7,377,973	\$ 8,036,450
Food service	8,727,143	8,611,546	9,235,217
Facilities	3,315,525	3,264,446	3,231,066
Bookstore	183,229	202,085	239,328
Other	299,567	290,311	451,216
Total operating revenues	<u>20,228,667</u>	<u>19,746,361</u>	<u>21,193,277</u>
Operating Expenses			
Food service	5,483,374	5,890,745	6,027,822
Other	12,849,699	12,997,771	12,344,066
Total operating expenses	<u>18,333,073</u>	<u>18,888,516</u>	<u>18,371,888</u>
Operating Income	1,895,594	857,845	2,821,389
Nonoperating Revenue (Expenses)	<u>(857,360)</u>	<u>(403,086)</u>	<u>(741,028)</u>
Increase in Net Position	1,038,234	454,759	2,080,361
Net Position, Beginning of Year	<u>32,112,254</u>	<u>31,657,495</u>	<u>29,577,134</u>
Net Position, End of Year	<u>\$ 33,150,488</u>	<u>\$ 32,112,254</u>	<u>\$ 31,657,495</u>

Capital Assets and Debt Administration

As of June 30, 2018, the Program had recorded \$55.9 million in the carrying value of capital assets. This includes land, buildings and improvements, equipment, and infrastructure, and is net of accumulated depreciation. This was a decrease of \$0.9 million from the previous year. The gross book value change in buildings and improvements of \$20.9 million is due to the substantial completion of Delzell Hall at Peru and Bowen Hall at Wayne during fiscal year 2018, resulting in the transfer from construction in progress to buildings and improvements.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017

The following table details the capital asset totals at fiscal year-end for 2018 and 2017. More detailed information is available in the notes to the financial statements.

	2018	2017
Land	\$ 498,649	\$ 498,649
Buildings and improvements	89,149,777	68,268,333
Equipment	1,130,061	1,044,672
Infrastructure	617,129	617,129
Construction in progress	62	20,021,083
Accumulated depreciation	<u>(35,533,868)</u>	<u>(33,680,090)</u>
Total	<u>\$ 55,861,810</u>	<u>\$ 56,769,776</u>

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.

No new debt was issued during fiscal year 2018.

At the end of fiscal years 2018, 2017 and 2016, the Program had \$42,410,000, \$44,150,000 and \$45,590,000, 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 \$1,740,000 in 2018, \$4,305,000 in 2017 and \$5,440,000 in 2016.

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 2018 when compared to fall 2017 and 2016.

Chadron State College's 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 finished in the summer of 2017, with one remaining unit being used for office space.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Management's Discussion and Analysis
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Upcoming revenue bond and contingency maintenance projects include: Chadron State College Andrews Hall Elevator Upgrade, Crites Hall ADA Ramp, Revenue Bond Buildings Mechanical Room Upgrades, Asbestos Abatement, Door & Cabinet Repairs/Replacement, Envelope Repairs, Furnishings, and Replacement Flooring, and Student Center Lighting Upgrade and Specialty Equipment; Peru State College Apartments Upgrades, Campuswide Furnishings, Centennial Complex Switchboard, Residence Halls, Student Center & Apartments Infrastructure Repair, and Student Center Food Service Equipment; Wayne State College Anderson Hall Electrical & Restroom Upgrades, Berry Hall Fire Sprinklers, Campuswide Grounds/Improvements/Equipment, Morey Hall Fire Sprinklers, Neihardt Hall Water Heater, Rec Center Equipment/Repairs/Furniture/Flooring, Food Service Repairs & Equipment, and Student Center Equipment/Repairs/Furniture/Flooring.

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, 2018 and 2017

Assets and Deferred Outflows of Resources	2018	2017
Current Assets		
Restricted cash and cash equivalents	\$ 17,766,105	\$ 17,260,207
Accounts receivable, net	331,897	284,400
Interest receivable	31,394	27,161
Prepaid expenses and other charges	3,009	3,465
Other receivables	56,800	26,817
	<hr/>	<hr/>
Total current assets	18,189,205	17,602,050
Noncurrent Assets		
Restricted cash and cash equivalents	2,138,358	5,244,862
Investments held by trustee-restricted	1,319,294	1,345,206
Capital assets, net of accumulated depreciation	55,861,810	56,769,776
	<hr/>	<hr/>
Total noncurrent assets	59,319,462	63,359,844
Total assets	<hr/>	<hr/>
	77,508,667	80,961,894
Deferred Outflows of Resources		
Unamortized bond refunding amount, net	35,959	39,737
	<hr/>	<hr/>
Total deferred outflows of resources	35,959	39,737
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	703,130	3,149,392
Accrued compensated absences	26,937	20,314
Unearned revenue	396,978	398,049
Interest payable	591,768	604,346
Capital lease payable-current portion	30,774	33,148
Revenue bonds payable-current portion	2,060,000	1,740,000
Deposits held in custody for others	-	100
Other	4,101	4,101
	<hr/>	<hr/>
Total current liabilities	3,813,688	5,949,450
Noncurrent Liabilities		
Accrued compensated absences	242,431	269,883
Unearned revenue	-	244,505
Capital lease payable, net of current portion	-	30,774
Revenue bonds payable, net of current portion	40,338,019	42,394,765
	<hr/>	<hr/>
Total noncurrent liabilities	40,580,450	42,939,927
Total liabilities	<hr/>	<hr/>
	44,394,138	48,889,377
Net Position		
Net investment in capital assets	16,926,490	18,000,511
Restricted		
Expendable		
Debt service	2,085,398	1,768,620
By enabling legislation	14,138,600	12,343,123
	<hr/>	<hr/>
Total net position	\$ 33,150,488	\$ 32,112,254
	<hr/>	<hr/>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Rentals	\$ 7,703,203	\$ 7,377,973
Food service	8,657,907	8,537,817
Food service commission	69,236	73,729
Facilities fees	3,315,525	3,264,446
Application fee	69,400	85,150
Bookstore	183,229	202,085
Parking permits	17,096	17,960
Vending	71,774	56,991
Recreation center	1,340	3,593
Other	139,957	126,617
	<u>20,228,667</u>	<u>19,746,361</u>
Operating Expenses		
Compensation and benefits	4,536,366	4,612,664
Contractual services	908,907	420,125
Supplies, materials and other	1,154,351	1,269,690
Depreciation	2,016,932	1,606,390
Utilities	1,840,526	1,724,230
Repairs and maintenance	2,283,163	3,252,455
Communications	109,454	112,217
Food service	5,483,374	5,890,745
	<u>18,333,073</u>	<u>18,888,516</u>
Operating Income	<u>1,895,594</u>	<u>857,845</u>
Nonoperating Revenue (Expenses)		
Investment income	331,869	508,977
Interest expense	(1,191,121)	(867,867)
Bond issuance costs	-	(44,103)
Other	1,892	(93)
	<u>(857,360)</u>	<u>(403,086)</u>
Net nonoperating expenses		
	<u>(857,360)</u>	<u>(403,086)</u>
Increase in Net Position	1,038,234	454,759
Net Position, Beginning of Year	<u>32,112,254</u>	<u>31,657,495</u>
Net Position, End of Year	<u>\$ 33,150,488</u>	<u>\$ 32,112,254</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Operating Activities		
Rentals	\$ 7,666,647	\$ 7,429,063
Food service	8,372,329	8,210,637
Food service commission	78,900	134,537
Facilities fees	3,309,783	3,254,800
Application fee	69,485	86,030
Bookstore	170,016	250,831
Parking permits	17,096	17,960
Vending	52,393	38,503
Recreation center	1,340	3,593
Payment to vendors	(13,065,664)	(12,284,118)
Payments to employees	(4,549,246)	(4,654,024)
Other	176,425	178,113
	<u>2,299,504</u>	<u>2,665,925</u>
Net cash provided by operating activities		
Capital and Related Financing Activities		
Proceeds from bonds	-	2,840,648
Purchase of capital assets	(2,285,734)	(16,502,818)
Principal paid on bonds payable	(1,740,000)	(4,305,000)
Principal paid on capital lease	(33,148)	(32,712)
Interest paid on capital lease and bonds payable	(1,196,668)	(1,244,656)
Other	1,892	(19,750)
	<u>(5,253,658)</u>	<u>(19,264,288)</u>
Net cash used in capital and related financing activities		
Investing Activities		
Purchase of investment	-	(737,000)
Investment income	353,548	514,065
	<u>353,548</u>	<u>(222,935)</u>
Net cash provided by (used in) investing activities		
Decrease in Cash and Cash Equivalents	(2,600,606)	(16,821,298)
Cash and Cash Equivalents, Beginning of Year	<u>22,505,069</u>	<u>39,326,367</u>
Cash and Cash Equivalents, End of Year	<u>\$ 19,904,463</u>	<u>\$ 22,505,069</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Restricted cash and cash equivalents - current	\$ 17,766,105	\$ 17,260,207
Restricted cash and cash equivalents - noncurrent	2,138,358	5,244,862
	<u>\$ 19,904,463</u>	<u>\$ 22,505,069</u>
Total cash and cash equivalents		

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Statements of Cash Flows - Continued
Years Ended June 30, 2018 and 2017

	2018	2017
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating income	\$ 1,895,594	\$ 857,845
Depreciation expense	2,016,932	1,606,390
Changes in operating assets and liabilities		
Accounts receivable	(77,481)	238,218
Prepays	457	(4,281)
Unearned revenue	(246,808)	(283,357)
Accounts payable and accrued liabilities	(1,286,525)	263,829
Accrued compensated absences	(3,796)	(42,634)
Other assets and liabilities	1,131	29,915
	\$ 2,299,504	\$ 2,665,925
Net Cash Provided by Operating Activities		
	\$ 2,299,504	\$ 2,665,925
Supplemental Cash Flows Information		
Accounts payable incurred for capital asset purchases	\$ -	\$ 1,949,215

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
June 30, 2018 and 2017

Note 1: Description of the Entity and Program

The Board of Trustees (the Board) of the Nebraska State Colleges 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 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.

Nebraska State Colleges
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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 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, 2018 and 2017.

The Program considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2018 and 2017, 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 \$440,891 and \$418,038 at June 30, 2018 and 2017, respectively. Management does not believe an allowance for doubtful accounts is necessary for the other accounts receivable at June 30, 2018 and 2017.

Nebraska State Colleges
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Note 3: Summary of Significant Accounting Policies - Continued

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, 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. Prior to fiscal year 2018, interest cost incurred during the construction phase of capital assets was included as part of the capitalized value of the assets constructed. For 2018, NSCS adopted GASB 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*, which requires such costs to be expensed in the period incurred. GASB 89 provisions have been applied prospectively in accordance with the transition provisions of the pronouncement. Accordingly, adoption of GASB 89 had no effect on beginning net position at July 1, 2016 or change in net position for the year ended June 30, 2017. 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.

Nebraska State Colleges
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Note 3: Summary of Significant Accounting Policies - Continued

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.

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, 2018 and 2017.

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:

Nebraska State Colleges
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Note 3: Summary of Significant Accounting Policies - Continued

Net Position - Continued

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 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, 2018 and 2017, were approximately \$2,038,000 and \$1,831,000, respectively.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 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.

Nebraska State Colleges
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Notes to the Financial Statements
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Note 4: Cash and Investments - Continued

Deposits - Continued

At June 30, 2018 and 2017, cash and cash equivalents of \$11,933,127 and \$13,842,119 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."

Cash Equivalents

At June 30, 2018 and 2017, the Program has money market mutual funds and cash accounts held by the bond trustee totaling \$7,971,336 and \$8,662,950, 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, 2018, 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	\$ 602,259	\$ -	\$ 602,259	\$ -
Fixed income				
Negotiable certificates of deposit	717,035	-	717,035	-
Total	<u>\$ 1,319,294</u>	<u>\$ -</u>	<u>\$ 1,319,294</u>	<u>\$ -</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
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Note 4: Cash and Investments - Continued

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	\$ -
Fixed income				
Negotiable certificates of deposit	740,968	-	740,968	-
Total	<u>\$ 1,345,206</u>	<u>\$ -</u>	<u>\$ 1,345,206</u>	<u>\$ -</u>

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. Negotiable certificates of deposit are classified in Level 2 of the fair value hierarchy description of valuation technique and are valued using quoted prices for markets that are not active.

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.

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. The Program's investments in negotiable certificates of deposit are unrated.

Concentration of Credit Risk. The Program places no limit on the amount that may be invested in any one issuer. At June 30, 2018 and 2017, the Program's investments were in one debt issuer. As of June 30, 2018 and 2017, the Program's investments in negotiable certificates of deposit were in two issuers.

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.

Nebraska State Colleges
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Note 5: Capital Assets

The Program's capital assets activity for the year ended June 30, 2018, was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Assets					
Land	\$ 498,649	\$ -	\$ -	\$ -	\$ 498,649
Building and improvements	68,268,333	-	(152,074)	21,033,518	89,149,777
Equipment	1,044,672	96,469	(11,080)	-	1,130,061
Infrastructure	617,129	-	-	-	617,129
Construction in progress	<u>20,021,083</u>	<u>1,012,497</u>	<u>-</u>	<u>(21,033,518)</u>	<u>62</u>
Total assets	90,449,866	1,108,966	(163,154)	-	91,395,678
Accumulated depreciation					
Building and improvements	32,817,607	1,863,771	(152,074)	-	34,529,304
Equipment	637,382	115,144	(11,080)	-	741,446
Infrastructure	<u>225,101</u>	<u>38,017</u>	<u>-</u>	<u>-</u>	<u>263,118</u>
Total accumulated depreciation	<u>33,680,090</u>	<u>2,016,932</u>	<u>(163,154)</u>	<u>-</u>	<u>35,533,868</u>
Net capital assets	<u>\$ 56,769,776</u>	<u>\$ (907,966)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,861,810</u>

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	<u>2,961,114</u>	<u>17,988,428</u>	<u>-</u>	<u>(928,459)</u>	<u>20,021,083</u>
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	<u>187,084</u>	<u>38,017</u>	<u>-</u>	<u>-</u>	<u>225,101</u>
Total accumulated depreciation	<u>32,243,921</u>	<u>1,606,390</u>	<u>(170,221)</u>	<u>-</u>	<u>33,680,090</u>
Net capital assets	<u>\$ 40,307,321</u>	<u>\$ 16,462,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,769,776</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
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Note 5: Capital Assets - Continued

Interest costs capitalized, net of related interest income for the Program, was \$0 due to early implementation of GASB 89 (Note 3) for the fiscal year ended June 30, 2018 and \$373,260 for fiscal year ended 2017.

Note 6: Long-Term Liabilities

The following is a summary of long-term obligation transactions for the Program for the year ended June 30, 2018:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Accrued compensated absences	\$ 290,197	\$ 25,000	\$ (45,829)	\$ 269,368	\$ 26,937
Capital lease payable	63,922	-	(33,148)	30,774	30,774
Bonds payable	44,150,000	-	(1,740,000)	42,410,000	2,060,000
Bond premium, net of accumulated amortization	207,971	-	(8,901)	199,070	-
Bond discount, net of accumulated amortization	(223,206)	-	12,155	(211,051)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total long-term liabilities	<u>\$ 44,488,884</u>	<u>\$ 25,000</u>	<u>\$ (1,815,723)</u>	<u>\$ 42,698,161</u>	<u>\$ 2,117,711</u>

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)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
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>

Nebraska State Colleges
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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 operating budget. Peru State College’s Master Lease expires in fiscal year 2019.

Future minimum Master Lease payments for the Program as of June 30, 2018, were:

Year(s) ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 30,774	\$ 204	\$ 30,978
	<u>\$ 30,774</u>	<u>\$ 204</u>	<u>\$ 30,978</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 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.

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.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
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Note 8: Revenue and Refunding Bonds Outstanding - Continued

Student Fees and Facilities Revenue Refunding Bonds Series 2012 - Continued

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, 2018 and 2017, totaled \$6,040,000 and \$6,585,000, respectively, and consisted of Series 2012A (Wayne State College Project - \$4,170,000 and \$4,545,000, respectively) and Series 2012B (Peru State College Project - \$1,870,000 and \$2,040,000, respectively). Annual principal installments are due on July 1. Series 2012A annual installments range from \$385,000 to \$460,000 through July 1, 2027, with interest rates ranging from 1.00% to 3.20%. Series 2012B annual installments range from \$175,000 to \$205,000 through July 1, 2027, with interest rates ranging from 1.25% 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, 2018 and 2017, totaled \$6,665,000 and \$7,025,000, 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 1.05% to 3.00%.

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

Nebraska State Colleges
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Note 8: Revenue and Refunding Bonds Outstanding - Continued

Student Fees and Facilities Revenue Refunding Bonds Series 2014 - Continued

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, 2018 and 2017, totaled \$3,455,000 and \$3,730,000, respectively. Annual principal installments are due on July 1 in variable amounts ranging from \$280,000 to \$360,000 through July 1, 2028, with interest ranging from 2.00% 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, 2018 and 2017, 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.

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, 2018 and 2017, totaled \$11,045,000 and \$11,270,000, respectively. Annual principal installments are due on July 1 in variable amounts ranging from \$230,000 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 3.00% to 5.00%.

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Note 8: Revenue and Refunding Bonds Outstanding - Continued

Student Fees and Facilities Revenue Bonds Series 2016 - Continued

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, 2018 and 2017, totaled \$3,495,000 and \$3,740,000, 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 1.00% 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.

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, 2018 and 2017, totaled \$2,775,000 and \$2,865,000, respectively. Annual principal installments are due on July 1 in variable amounts ranging from \$175,000 to \$230,000 through July 1, 2031, with interest ranging from 1.15% 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.

Nebraska State Colleges
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Note 8: Revenue and Refunding Bonds Outstanding - Continued

Bond Maturities

Maturities of revenue and refunding bonds outstanding and related interest payments as of June 30, 2018, are as follows:

<u>Chadron State College</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
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	690,000	195,690	885,690
2024 – 2028	3,695,000	716,290	4,411,290
2029 – 2033	2,610,000	255,420	2,865,420
2034	500,000	7,500	507,500
	<u>\$ 10,120,000</u>	<u>\$ 2,101,518</u>	<u>\$ 12,221,518</u>
<u>Peru State College</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
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	600,000	348,431	948,431
2024 – 2028	3,165,000	1,527,803	4,692,803
2029 – 2033	2,225,000	1,137,209	3,362,209
2034 – 2038	1,600,000	832,983	2,432,983
2039 – 2043	1,910,000	517,623	2,427,623
2044 – 2047	1,795,000	137,718	1,932,718
	<u>\$ 13,580,000</u>	<u>\$ 5,992,361</u>	<u>\$ 19,572,361</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
June 30, 2018 and 2017

Note 8: Revenue and Refunding Bonds Outstanding - Continued

Bond Maturities - Continued

<u>Wayne State College</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
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	920,000	466,124	1,386,124
2024 – 2028	5,020,000	1,891,833	6,911,833
2029 – 2033	2,600,000	1,296,025	3,896,025
2034 – 2038	2,025,000	966,206	2,991,206
2039 – 2043	2,385,000	599,047	2,984,047
2044 – 2047	2,225,000	158,988	2,383,988
	<u>\$ 18,710,000</u>	<u>\$ 7,425,875</u>	<u>\$ 26,135,875</u>
<u>Nebraska State Colleges (Total)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
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	2,210,000	1,010,245	3,220,245
2024 – 2028	11,880,000	4,135,926	16,015,926
2029 – 2033	7,435,000	2,688,654	10,123,654
2034 – 2038	4,125,000	1,806,689	5,931,689
2039 – 2043	4,295,000	1,116,670	5,411,670
2044 – 2047	4,020,000	296,706	4,316,706
	<u>\$ 42,410,000</u>	<u>\$ 15,519,754</u>	<u>\$ 57,929,754</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
June 30, 2018 and 2017

Note 8: Revenue and Refunding Bonds Outstanding - Continued

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, 2018 and 2017, was as follows:

	2018	2017
Chadron State College	150 %	191 %
Peru State College	290	233
Wayne State College	249	235

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 2018 and 2017, 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, 2018 and 2017, by plan members and the Nebraska State Colleges related to the Program were approximately \$133,000 and \$134,000; and \$177,700 and \$178,700, respectively. A total of 90 Program employees participated in the plan during fiscal years 2018 and 2017.

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 \$13,700 to the SRA, \$23,900 to the Roth 403(b), and \$0 to the 457 plan in 2018 and contributed approximately \$24,800 to the SRA, \$14,800 to the Roth 403(b), and \$0 to the 457 plan in 2017. The NSCS does not contribute to these supplemental plans.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Notes to the Financial Statements
June 30, 2018 and 2017

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, 2018, the unexpended balance of outstanding Board resolutions under construction commitments totaled:

Chadron State College	\$ 1,211,000
Peru State College	1,123,000
Wayne State College	<u>2,372,000</u>
	<u>\$ 4,706,000</u>

Included in the table above are Board-approved resolutions for capital improvements and extraordinary repairs, which were approved at the April 20, 2018, Board meeting for \$650,000, \$750,000 and \$1,400,000 for Chadron State College, Peru State College, and Wayne State College, respectively. These funds are restricted from use until July 1, 2018.

The Board has also authorized and approved construction commitments of approximately \$310,000 at Chadron State College, \$135,000 at Peru State College and \$181,000 at Wayne State College as of June 30, 2018, related to the Program.

Supplementary Information

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Schedules of Net Position
June 30, 2018

	Chadron	Peru	Wayne	Total
Assets and Deferred Outflows of Resources				
Current Assets				
Restricted cash and cash equivalents	\$ 5,068,320	\$ 4,084,707	\$ 8,613,078	\$ 17,766,105
Accounts receivable, net	10,503	212,004	109,390	331,897
Interest receivable	8,405	5,901	17,088	31,394
Prepaid expenses and other charges	2,137	872	-	3,009
Other receivables	7,558	49,242	-	56,800
Total current assets	<u>5,096,923</u>	<u>4,352,726</u>	<u>8,739,556</u>	<u>18,189,205</u>
Noncurrent Assets				
Restricted cash and cash equivalents	900,218	426,347	811,793	2,138,358
Investments held by trustee-restricted	-	717,035	602,259	1,319,294
Capital assets, net of accumulated depreciation	11,795,024	15,336,345	28,730,441	55,861,810
Total noncurrent assets	<u>12,695,242</u>	<u>16,479,727</u>	<u>30,144,493</u>	<u>59,319,462</u>
Total assets	<u>17,792,165</u>	<u>20,832,453</u>	<u>38,884,049</u>	<u>77,508,667</u>
Deferred Outflow of Resources				
Unamortized bond refunding amount, net	19,558	5,842	10,559	35,959
Total deferred outflow of resources	<u>19,558</u>	<u>5,842</u>	<u>10,559</u>	<u>35,959</u>
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	213,376	145,690	344,064	703,130
Accrued compensated absences	11,283	3,584	12,070	26,937
Unearned revenue	3,983	-	392,995	396,978
Interest payable	126,289	193,955	271,524	591,768
Capital lease payable-current portion	-	30,774	-	30,774
Revenue bonds payable-current portion	640,000	560,000	860,000	2,060,000
Other	4,101	-	-	4,101
Total current liabilities	<u>999,032</u>	<u>934,003</u>	<u>1,880,653</u>	<u>3,813,688</u>
Noncurrent Liabilities				
Accrued compensated absences	101,551	32,253	108,627	242,431
Revenue bonds payable, net of current portion	9,436,353	12,902,477	17,999,189	40,338,019
Total noncurrent liabilities	<u>9,537,904</u>	<u>12,934,730</u>	<u>18,107,816</u>	<u>40,580,450</u>
Total liabilities	<u>10,536,936</u>	<u>13,868,733</u>	<u>19,988,469</u>	<u>44,394,138</u>
Net Position				
Net investment in capital assets	2,638,447	2,992,180	11,295,863	16,926,490
Restricted				
Expendable				
Debt service	649,291	564,239	871,868	2,085,398
By enabling legislation	3,987,049	3,413,143	6,738,408	14,138,600
Total net position	<u>\$ 7,274,787</u>	<u>\$ 6,969,562</u>	<u>\$ 18,906,139</u>	<u>\$ 33,150,488</u>

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	180,231	70,930	284,400
Interest receivable	5,226	4,670	17,265	27,161
Prepaid expenses and other charges	3,046	419	-	3,465
Other receivables	15,974	10,843	-	26,817
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	1,846,547	2,498,097	5,244,862
Investments held by trustee-restricted	-	740,968	604,238	1,345,206
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 Outflow of Resources				
Unamortized bond refunding amount, net	21,514	6,491	11,732	39,737
Total deferred outflow 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 position	10,074,372	13,457,536	18,862,857	42,394,765
Total noncurrent 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 Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2018

	Chadron	Peru	Wayne	Total
Operating Revenues				
Rentals	\$ 2,432,946	\$ 1,730,848	\$ 3,539,409	\$ 7,703,203
Food service	2,702,415	1,654,979	4,300,513	8,657,907
Food service commission	-	-	69,236	69,236
Facilities fees	969,584	1,063,795	1,282,146	3,315,525
Application fee	25,600	-	43,800	69,400
Bookstore	27,686	39,693	115,850	183,229
Parking permits	-	-	17,096	17,096
Vending	26,371	-	45,403	71,774
Recreation center	-	-	1,340	1,340
Other	63,814	2,678	73,465	139,957
	<u>6,248,416</u>	<u>4,491,993</u>	<u>9,488,258</u>	<u>20,228,667</u>
Operating Expenses				
Compensation and benefits	1,816,466	706,695	2,013,205	4,536,366
Contractual services	93,348	557,682	257,877	908,907
Supplies, materials and other	383,023	203,610	567,718	1,154,351
Depreciation	400,506	528,192	1,088,234	2,016,932
Utilities	577,453	246,119	1,016,954	1,840,526
Repairs and maintenance	808,305	35,120	1,439,738	2,283,163
Communications	44,745	10,756	53,953	109,454
Food service	2,110,990	1,256,314	2,116,070	5,483,374
	<u>6,234,836</u>	<u>3,544,488</u>	<u>8,553,749</u>	<u>18,333,073</u>
	<u>13,580</u>	<u>947,505</u>	<u>934,509</u>	<u>1,895,594</u>
Operating Income				
Nonoperating Revenue (Expenses)				
Investment income	86,553	59,154	186,162	331,869
Interest expense	(256,514)	(394,053)	(540,554)	(1,191,121)
Other	-	-	1,892	1,892
	<u>(169,961)</u>	<u>(334,899)</u>	<u>(352,500)</u>	<u>(857,360)</u>
	<u>(156,381)</u>	<u>612,606</u>	<u>582,009</u>	<u>1,038,234</u>
Increase (Decrease) in Net Position				
	<u>7,431,168</u>	<u>6,356,956</u>	<u>18,324,130</u>	<u>32,112,254</u>
Net Position, Beginning of Year				
	<u>\$ 7,274,787</u>	<u>\$ 6,969,562</u>	<u>\$ 18,906,139</u>	<u>\$ 33,150,488</u>
Net Position, End of Year				

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

	Chadron	Peru	Wayne	Total
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	-	-	(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 Cash Flows
Year Ended June 30, 2018

	Chadron	Peru	Wayne	Total
Operating Activities				
Rentals	\$ 2,436,421	\$ 1,690,816	\$ 3,539,410	\$ 7,666,647
Food service	2,704,530	1,594,443	4,073,356	8,372,329
Food service commission	-	-	78,900	78,900
Facilities fees	971,612	1,058,530	1,279,641	3,309,783
Application fee	25,685	-	43,800	69,485
Bookstore	27,622	40,988	101,406	170,016
Perking permits	-	-	17,096	17,096
Vending	25,839	-	26,554	52,393
Recreation center	-	-	1,340	1,340
Payment to vendors	(4,191,521)	(3,092,145)	(5,781,998)	(13,065,664)
Payment to employees	(1,819,191)	(699,518)	(2,030,537)	(4,549,246)
Other	60,622	42,338	73,465	176,425
	<u>241,619</u>	<u>635,452</u>	<u>1,422,433</u>	<u>2,299,504</u>
Net cash provided by operating activities				
Capital and Related Financing Activities				
Purchase of capital assets	(14,650)	(697,172)	(1,573,912)	(2,285,734)
Principal paid on bonds payable	(635,000)	(260,000)	(845,000)	(1,740,000)
Principal paid on capital lease	-	(33,148)	-	(33,148)
Interest paid on capital lease and bonds payable	(256,604)	(391,848)	(548,216)	(1,196,668)
Other	-	-	1,892	1,892
	<u>(906,254)</u>	<u>(1,382,168)</u>	<u>(2,965,236)</u>	<u>(5,253,658)</u>
Net cash used in capital and related financing activities				
Investing Activities				
Investment income	83,374	81,856	188,318	353,548
	<u>83,374</u>	<u>81,856</u>	<u>188,318</u>	<u>353,548</u>
Net cash provided by investing activities				
Decrease in Cash and Cash Equivalents	(581,261)	(664,860)	(1,354,485)	(2,600,606)
Cash and Cash Equivalents, Beginning of Year	6,549,799	5,175,914	10,779,356	22,505,069
Cash and Cash Equivalents, End of Year	<u>\$ 5,968,538</u>	<u>\$ 4,511,054</u>	<u>\$ 9,424,871</u>	<u>\$ 19,904,463</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Restricted cash and cash equivalents - current	\$ 5,068,320	\$ 4,084,707	\$ 8,613,078	\$ 17,766,105
Restricted cash and cash equivalents - noncurrent	900,218	426,347	811,793	2,138,358
	<u>\$ 5,968,538</u>	<u>\$ 4,511,054</u>	<u>\$ 9,424,871</u>	<u>\$ 19,904,463</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, 2018

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

	Chadron	Peru	Wayne	Total
Operating income	\$ 13,580	\$ 947,505	\$ 934,509	\$ 1,895,594
Depreciation expense	400,506	528,192	1,088,234	2,016,932
Changes in operating assets and liabilities				
Accounts receivable	31,151	(70,172)	(38,460)	(77,481)
Prepays	910	(453)	-	457
Unearned revenue	1	(1,231)	(245,578)	(246,808)
Accounts payable and accrued liabilities	(196,481)	(773,872)	(316,172)	(1,286,525)
Accrued compensated absences	(8,048)	4,252	-	(3,796)
Other assets and liabilities	-	1,231	(100)	1,131
Net Cash Provided by Operating Activities	\$ 241,619	\$ 635,452	\$ 1,422,433	\$ 2,299,504

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>
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)
Other	-	(19,750)	-	(19,750)
	<u>(929,671)</u>	<u>(7,623,932)</u>	<u>(10,710,685)</u>	<u>(19,264,288)</u>
Investing Activities				
Purchase of investment	-	(737,000)	-	(737,000)
Investment income	65,234	119,125	329,706	514,065
	<u>65,234</u>	<u>(617,875)</u>	<u>329,706</u>	<u>(222,935)</u>
Decrease in Cash and Cash Equivalents				
	(460,115)	(7,059,472)	(9,301,711)	(16,821,298)
Cash and Cash Equivalents, Beginning of Year				
	<u>7,009,914</u>	<u>12,235,386</u>	<u>20,081,067</u>	<u>39,326,367</u>
Cash and Cash Equivalents, End of Year				
	<u>\$ 6,549,799</u>	<u>\$ 5,175,914</u>	<u>\$ 10,779,356</u>	<u>\$ 22,505,069</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	1,846,547	2,498,097	5,244,862
	<u>\$ 6,549,799</u>	<u>\$ 5,175,914</u>	<u>\$ 10,779,356</u>	<u>\$ 22,505,069</u>

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 Revenues, Expenses and Changes in Net Position by Fund Type
 Year Ended June 30, 2018

	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	\$ 2,432,946	\$ 1,730,848	\$ 3,539,409	\$ 7,703,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,703,203
Food service	2,702,415	1,654,979	4,300,513	8,657,907	-	-	-	-	-	-	-	-	8,657,907
Food service commission	-	-	69,236	69,236	-	-	-	-	-	-	-	-	69,236
Facilities fees	969,584	1,063,795	1,282,146	3,315,525	-	-	-	-	-	-	-	-	3,315,525
Application fee	25,600	-	43,800	69,400	-	-	-	-	-	-	-	-	69,400
Bookstore	27,686	39,693	115,850	183,229	-	-	-	-	-	-	-	-	183,229
Parking permits	-	-	17,096	17,096	-	-	-	-	-	-	-	-	17,096
Vending	26,371	-	45,403	71,774	-	-	-	-	-	-	-	-	71,774
Recreation center	-	-	1,340	1,340	-	-	-	-	-	-	-	-	1,340
Other	63,814	2,678	73,465	139,957	-	-	-	-	-	-	-	-	139,957
Total operating revenues	6,248,416	4,491,993	9,488,258	20,228,667	-	-	-	-	-	-	-	-	20,228,667
Operating Expenses													
Compensation and benefits	1,816,466	706,695	2,013,205	4,536,366	-	-	-	-	-	-	-	-	4,536,366
Contractual services	54,638	215,431	257,877	527,946	38,710	342,251	-	380,961	-	-	-	-	908,907
Supplies, materials, and other	323,191	203,610	567,718	1,094,519	59,832	-	-	59,832	-	-	-	-	1,154,351
Depreciation	-	-	-	-	-	-	-	-	400,506	528,192	1,088,234	2,016,932	2,016,932
Utilities	577,453	246,119	1,016,954	1,840,526	-	-	-	-	-	-	-	-	1,840,526
Repairs and maintenance	73,458	24,841	178,232	276,531	734,847	10,279	1,261,506	2,006,632	-	-	-	-	2,283,163
Communications	44,745	10,756	53,953	109,454	-	-	-	-	-	-	-	-	109,454
Food service	-	-	-	-	2,110,990	1,256,314	2,116,070	5,483,374	-	-	-	-	5,483,374
Total operating expenses	2,889,951	1,407,452	4,087,939	8,385,342	2,944,379	1,608,844	3,377,576	7,930,799	400,506	528,192	1,088,234	2,016,932	18,333,073
Operating Income (Loss)	3,358,465	3,084,541	5,400,319	11,843,325	(2,944,379)	(1,608,844)	(3,377,576)	(7,930,799)	(400,506)	(528,192)	(1,088,234)	(2,016,932)	1,895,594
Nonoperating Revenue (Expenses)													
Investment income	10,318	33,641	26,479	70,438	76,235	25,513	159,683	261,431	-	-	-	-	331,869
Interest expense	-	-	-	-	(256,514)	(393,432)	(540,554)	(1,190,500)	-	(621)	-	(621)	(1,191,121)
Other	-	-	1,892	1,892	-	-	-	-	-	-	-	-	1,892
Net nonoperating revenues (expenses)	10,318	33,641	28,371	72,330	(180,279)	(367,919)	(380,871)	(929,069)	-	(621)	-	(621)	(857,360)
Income (Loss) Before Other Revenues, Expenses, Gains or (Losses)	3,368,783	3,118,182	5,428,690	11,915,655	(3,124,658)	(1,976,763)	(3,758,447)	(8,859,868)	(400,506)	(528,813)	(1,088,234)	(2,017,553)	1,038,234
Other Revenues, Expenses, Gains or (Losses)													
Transfers in (out), net	(3,461,496)	(2,184,591)	(5,438,761)	(11,084,848)	3,446,846	1,453,626	5,041,618	9,942,090	14,650	730,965	397,143	1,142,758	-
Net other revenues, expenses, gains or (losses)	(3,461,496)	(2,184,591)	(5,438,761)	(11,084,848)	3,446,846	1,453,626	5,041,618	9,942,090	14,650	730,965	397,143	1,142,758	-
Increase (Decrease) in Net Position	(92,713)	933,591	(10,071)	830,807	322,188	(523,137)	1,283,171	1,082,222	(385,856)	202,152	(691,091)	(874,795)	1,038,234
Net Position, Beginning of Year	158,430	603,155	(80,536)	681,049	(4,908,141)	(9,349,596)	(11,016,866)	(25,274,603)	12,180,879	15,103,397	29,421,532	56,705,808	32,112,254
Net Position, End of Year	\$ 65,717	\$ 1,536,746	\$ (90,607)	\$ 1,511,856	\$ (4,585,953)	\$ (9,872,733)	\$ (9,733,695)	\$ (24,192,381)	\$ 11,795,023	\$ 15,305,549	\$ 28,730,441	\$ 55,831,013	\$ 33,150,488

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

	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	\$ 2,699,187	\$ 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	-	-	(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)	(2,949,114)	(3,972,456)	(10,528,590)	3,570,135	(4,657,263)	(6,389,159)	(7,476,287)	36,885	7,606,377	10,361,615	18,004,877	-
Net other revenues, expenses, gains or (losses)	(3,607,020)	(2,949,114)	(3,972,456)	(10,528,590)	3,570,135	(4,657,263)	(6,389,159)	(7,476,287)	36,885	7,606,377	10,361,615	18,004,877	-
Increase (Decrease) in Net Position	175,620	67,270	467,231	710,121	(39,522)	(6,755,788)	(9,858,539)	(16,653,849)	(395,915)	7,301,804	9,492,598	16,398,487	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	\$ 603,155	\$ (80,536)	\$ 681,049	\$ (4,908,141)	\$ (9,349,596)	\$ (11,016,866)	\$ (25,274,603)	\$ 12,180,879	\$ 15,103,397	\$ 29,421,532	\$ 56,705,808	\$ 32,112,254

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Cash Receipts and Disbursements, Trustee's Account
Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)

	Chadron State College						Total	2017
	2018							
	Revenue Fund	Surplus Fund	Bond Fund	Reserve Fund 2013	Reserve Fund 2014	2018		
Receipts								
Board of trustees deposits	\$ 6,163,700	\$ -	\$ -	\$ -	\$ -	\$ 6,163,700	\$ 6,751,870	
Income from investments	10,286	53,406	2,304	4,952	2,147	73,095	55,755	
Receipts before transfer of funds	6,173,986	53,406	2,304	4,952	2,147	6,236,795	6,807,625	
Transfer of funds, net	(1,290,689)	400,000	897,788	(4,952)	(2,147)	-	-	
Total receipts	4,883,297	453,406	900,092	-	-	6,236,795	6,807,625	
Disbursements								
Remitted to operation and maintenance fund	2,779,000	-	-	-	-	2,779,000	3,025,000	
Payments on food service contract	2,101,978	-	-	-	-	2,101,978	2,103,252	
Remitted to paying agent:								
Bond principal	-	-	635,000	-	-	635,000	630,000	
Bond interest	-	-	256,604	-	-	256,604	262,786	
Other	(278)	-	-	-	-	(278)	1	
Payments to contractors and others	-	1,051,644	-	-	-	1,051,644	1,345,238	
Total disbursements	4,880,700	1,051,644	891,604	-	-	6,823,948	7,366,277	
Excess (deficiency) of receipts over disbursements	2,597	(598,238)	8,488	-	-	(587,153)	(558,652)	
Balance at Beginning of Year	843,385	3,697,630	767,091	518,310	381,908	6,208,324	6,766,976	
Balance at End of Year	\$ 845,982	\$ 3,099,392	\$ 775,579	\$ 518,310	\$ 381,908	\$ 5,621,171	\$ 6,208,324	
Balance at End of Year Consisted of								
Savings and money market accounts	\$ 845,982	\$ 744,263	\$ 775,579	\$ 518,310	\$ 381,908	\$ 3,266,042	\$ 3,902,689	
State of Nebraska Operating Investment Pool	-	2,355,129	-	-	-	2,355,129	2,305,635	
	\$ 845,982	\$ 3,099,392	\$ 775,579	\$ 518,310	\$ 381,908	\$ 5,621,171	\$ 6,208,324	

Nebraska State Colleges
 Student Fees and Facilities Revenue and Refunding Bond Program
 Cash Receipts and Disbursements, Trustee's Account
 Year Ended June 30, 2018
 (With Comparative Totals for June 30, 2017)

Peru State College										
2018										
	Revenue Fund	Surplus Fund	Bond Fund	Project Fund 2015	Reserve Fund 2011	Reserve Fund 2012B	Reserve Fund 2015	Reserve Fund 2016C	Total 2018	Total 2017
Receipts										
Board of trustees deposits	\$ 3,634,873	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,634,873	\$ 4,350,162
Income from investments	4,338	16,773	2,177	7,567	-	2,127	11,656	5,269	49,907	98,804
Receipts before transfer of funds	3,639,211	16,773	2,177	7,567	-	2,127	11,656	5,269	3,684,780	4,448,966
Transfer of funds, net	(1,548,102)	600,000	950,229	-	-	(2,127)	-	-	-	-
Total receipts	2,091,109	616,773	952,406	7,567	-	-	11,656	5,269	3,684,780	4,448,966
Disbursements										
Remitted to operation and maintenance fund	1,500,000	-	-	-	-	-	-	-	1,500,000	1,500,000
Payments on food service contract	1,286,446	-	-	-	-	-	-	-	1,286,446	1,237,425
Remitted to paying agent:										
Bond principal	-	-	260,000	-	-	-	-	-	260,000	559,899
Bond interest	-	-	391,202	-	-	-	-	-	391,202	163,614
Other	-	-	-	-	-	-	16,292	7,640	23,932	119,221
Payments to contractors and others	-	352,866	-	1,444,691	-	-	-	-	1,797,557	7,241,381
Total disbursements	2,786,446	352,866	651,202	1,444,691	-	-	16,292	7,640	5,259,137	10,821,540
Excess (deficiency) of receipts over disbursements	(695,337)	263,907	301,204	(1,437,124)	-	-	(4,636)	(2,371)	(1,574,357)	(6,372,574)
Balance at Beginning 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	\$ 379,921	\$ 1,563,708	\$ 758,149	\$ 186,770	\$ -	\$ 222,653	\$ 491,582	\$ 242,379	\$ 3,845,162	\$ 5,419,519
Balance at End of Year Consisted of										
Savings and money market accounts	\$ 379,921	\$ 1,306,306	\$ 758,149	\$ 112,711	\$ -	\$ 222,653	\$ 11,657	\$ 5,269	\$ 2,796,666	\$ 2,669,226
State of Nebraska Operating Investment Pool	-	257,402	-	74,059	-	-	-	-	331,461	2,009,325
Investments	-	-	-	-	-	-	479,925	237,110	717,035	740,968
	\$ 379,921	\$ 1,563,708	\$ 758,149	\$ 186,770	\$ -	\$ 222,653	\$ 491,582	\$ 242,379	\$ 3,845,162	\$ 5,419,519

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Cash Receipts and Disbursements, Trustee's Account
Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)

Wayne State College

	2018							2018	Total	2017
	Revenue Fund	Surplus Fund	Bond Fund	Project Fund 2016	Reserve Fund 2012A	Reserve Fund 2016	Reserve Fund 2016B			
Receipts										
Board of trustees deposits	\$ 9,915,601	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,915,601	\$ 8,438,283	
Income from investments	3,542	135,497	5,526	7,765	-	5,631	1,778	159,739	307,731	
Receipts before transfer of funds	9,919,143	135,497	5,526	7,765	-	5,631	1,778	10,075,340	8,746,014	
Transfer of funds, net	(3,195,304)	1,800,000	1,402,151	-	-	(5,069)	(1,778)	-	-	
Total receipts	6,723,839	1,935,497	1,407,677	7,765	-	562	-	10,075,340	8,746,014	
Disbursements										
Remitted to operation and maintenance fund	4,550,000	-	-	-	-	-	-	4,550,000	4,500,000	
Payments on food service contract	2,116,070	-	-	-	-	-	-	2,116,070	2,460,779	
Remitted to paying agent:										
Bond principal	-	-	845,000	-	-	-	-	845,000	450,000	
Bond interest	-	-	548,215	-	-	-	-	548,215	519,151	
Payments to contractors and others	-	1,331,704	-	1,696,610	-	-	-	3,028,314	10,330,605	
Total disbursements	6,666,070	1,331,704	1,393,215	1,696,610	-	-	-	11,087,599	18,260,535	
Excess (deficiency) of receipts over disbursements	57,769	603,793	14,462	(1,688,845)	-	562	-	(1,012,259)	(9,514,521)	
Balance at Beginning 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	\$ 355,289	\$ 6,548,426	\$ 1,143,392	\$ -	\$ 489,780	\$ 608,017	\$ 316,255	\$ 9,461,159	\$ 10,473,418	
Balance at End of Year Consisted of										
Savings and money market accounts	\$ 355,289	\$ 87,934	\$ 1,143,392	\$ -	\$ -	\$ 5,758	\$ 316,255	\$ 1,908,628	\$ 2,091,035	
State of Nebraska Operating Investment Pool	-	6,460,492	-	-	489,780	-	-	6,950,272	7,778,145	
Investment	-	-	-	-	-	602,259	-	602,259	604,238	
	\$ 355,289	\$ 6,548,426	\$ 1,143,392	\$ -	\$ 489,780	\$ 608,017	\$ 316,255	\$ 9,461,159	\$ 10,473,418	

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Rentals
Years Ended June 30, 2018 and 2017

Chadron State College	2018	2017
Facility		
High Rise Dormitory	\$ 1,059,290	\$ 1,060,508
Andrews Hall	667,098	657,501
Kent Hall	535,678	634,257
Edna Work Hall	244,286	247,350
Edna Work Wing	247,055	217,603
Brooks Hall	60,924	144,946
Eagle Ridge	238,304	233,997
Family housing	-	40,784
Guest housing	66,460	69,345
Less room waivers	(686,149)	(607,104)
	<u>\$ 2,432,946</u>	<u>\$ 2,699,187</u>
Total rentals	<u>\$ 2,432,946</u>	<u>\$ 2,699,187</u>
Peru State College	2018	2017
Facility		
Centennial Complex	\$ 612,626	\$ 1,154,720
Eliza Morgan Hall	626,451	540,123
Delzell Hall	540,169	-
Guest and temporary housing	30,249	23,974
Faculty housing	46,288	47,083
Oak Hill	97,480	103,680
Less room waivers	(222,415)	(209,767)
	<u>\$ 1,730,848</u>	<u>\$ 1,659,813</u>
Total rentals	<u>\$ 1,730,848</u>	<u>\$ 1,659,813</u>
Wayne State College	2018	2017
Facility		
Bowen Hall	\$ 1,471,210	\$ -
Berry Hall	392,493	912,950
Morey Hall	348,223	659,029
Neihardt Hall	606,484	527,034
Anderson Hall	399,864	492,784
Pile Hall	521,790	491,031
Terrace Hall	396,866	404,642
Guest housing	37,795	89,205
Less room waivers	(635,316)	(557,702)
	<u>\$ 3,539,409</u>	<u>\$ 3,018,973</u>
Total rentals	<u>\$ 3,539,409</u>	<u>\$ 3,018,973</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Operation and Maintenance Fund Expenditures
Years Ended June 30, 2018 and 2017

Chadron State College	2018	2017
Salaries, payroll taxes and benefits	\$ 1,816,466	\$ 1,795,006
Utilities	577,453	591,547
Communication services	44,745	52,510
Supplies, materials and other	323,191	332,235
Repairs and maintenance	73,458	101,690
Professional and contractual services	54,638	62,362
	<u>54,638</u>	<u>62,362</u>
Total operation and maintenance fund expenditures	<u>\$ 2,889,951</u>	<u>\$ 2,935,350</u>
Peru State College	2018	2017
Salaries, payroll taxes and benefits	\$ 706,695	\$ 658,742
Utilities	246,119	277,362
Communications	10,756	8,066
Supplies, materials and other	203,610	271,356
Repairs and maintenance	24,841	30,877
Professional and contractual services	215,431	133,752
	<u>215,431</u>	<u>133,752</u>
Total operation and maintenance fund expenditures	<u>\$ 1,407,452</u>	<u>\$ 1,380,155</u>
Wayne State College	2018	2017
Salaries, payroll taxes and benefits	\$ 2,013,205	\$ 2,158,916
Utilities	1,016,954	855,321
Communication services	53,953	51,641
Supplies, materials and other	567,718	602,424
Repairs and maintenance	178,232	372,718
Professional and contractual services	257,877	206,301
	<u>257,877</u>	<u>206,301</u>
Total operation and maintenance fund expenditures	<u>\$ 4,087,939</u>	<u>\$ 4,247,321</u>

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Insurance in Force
(Unaudited)
Year Ended June 30, 2018

Chadron State College

Type	Coverage Amount
Business interruption value	\$ 9,962,350
Blanket contents	4,320,285
Fire and extended coverage:	
Dormitories and housing facilities, 90% coinsurance	52,540,337
Student union and other buildings, 90% coinsurance	13,762,575

Peru State College

Type	Coverage Amount
Business interruption value	\$ 6,664,974
Blanket contents	2,202,488
Fire and extended coverage:	
Dormitories and housing facilities, 90% coinsurance	18,970,839
Student union and other buildings, 90% coinsurance	5,692,356

Wayne State College

Type	Coverage Amount
Business interruption value	\$ 16,238,460
Blanket contents	6,321,603
Fire and extended coverage:	
Dormitories and housing facilities, 90% coinsurance	45,954,394
Student union and other buildings, 90% coinsurance	24,075,840

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Debt Service Coverage
Years Ended June 30, 2018 and 2017

Chadron State College	2018	2017
Receipts		
Rentals	\$ 2,432,946	\$ 2,699,187
Facilities fees	969,584	1,045,375
Food service	2,702,415	2,836,776
Other	143,471	127,127
Total receipts	6,248,416	6,708,465
Interest earned	86,553	65,691
Total additions	6,334,969	6,774,156
Deductions		
Operation and maintenance expenditures (note)	2,889,951	2,935,350
Food service contract payments	2,110,990	2,133,265
Total deductions	5,000,941	5,068,615
Available for debt service, reserves, etc.	<u>\$ 1,334,028</u>	<u>\$ 1,705,541</u>
Debt service, principal and interest requirement (note)	891,604	892,786
Debt service coverage	150%	191%

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 \$833,389 and \$1,267,992 during the years ended June 30, 2018 and 2017, respectively, have not been deducted in arriving at the debt service coverage. The debt service requirement amount includes principal and interest payments due in 2018 and 2017.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Debt Service Coverage
Years Ended June 30, 2018 and 2017

<u>Peru State College</u>	<u>2018</u>	<u>2017</u>
Receipts		
Rentals	\$ 1,730,848	\$ 1,659,813
Facilities fees	1,063,795	1,028,584
Food service	1,654,979	1,602,110
Other	<u>42,371</u>	<u>81,686</u>
Total receipts	4,491,993	4,372,193
Interest earned	<u>59,154</u>	<u>125,851</u>
Total additions	<u>4,551,147</u>	<u>4,498,044</u>
Deductions		
Operation and maintenance expenditures (note)	1,407,452	1,380,155
Food service contract payments	<u>1,256,314</u>	<u>1,296,701</u>
Total deductions	<u>2,663,766</u>	<u>2,676,856</u>
Available for debt service, reserves, etc.	<u>\$ 1,887,381</u>	<u>\$ 1,821,188</u>
Debt service, principal and interest requirement (note)	651,202	782,349
Debt service coverage	290%	233%

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 \$352,530 and \$607,050 during the years ended June 30, 2018 and 2017, respectively, have not been deducted in arriving at the debt service coverage. The debt service requirement amount includes principal and interest payments due in 2018 and 2017.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Debt Service Coverage
Years Ended June 30, 2018 and 2017

Wayne State College	2018	2017
Receipts		
Rentals	\$ 3,539,409	\$ 3,018,973
Facilities fees	1,282,146	1,190,487
Food service	4,369,749	4,172,660
Other	296,954	283,583
Total receipts	9,488,258	8,665,703
Interest earned	186,162	317,435
Total additions	9,674,420	8,983,138
Deductions		
Operation and maintenance expenditures (note)	4,087,939	4,247,321
Food service contract payments	2,116,070	2,460,779
Total deductions	6,204,009	6,708,100
Available for debt service, reserves, etc.	\$ 3,470,411	\$ 2,275,038
Debt service, principal and interest requirement (note)	1,393,215	969,151
Debt service coverage	249%	235%

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 \$1,261,506 and \$953,513 during the year ended June 30, 2018 and 2017, respectively, have not been deducted in arriving at the debt service coverage. The debt service requirement amount includes principal and interest payments due in 2018 and 2017.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Bonds Outstanding
Year Ended June 30, 2018

Chadron State College	Principal Amount, Series 2013 and Series 2014
Maturing July 1:	
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
	500,000
Total	\$ 10,120,000

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, 2018

Peru State College	Principal Amount, Series 2012B, Series 2015 and Series 2016C
Maturing July 1:	
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
	\$ 13,580,000
Total	\$ 13,580,000

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, 2018

Wayne State College	Principal Amount, Series 2012A, Series 2016 and Series 2016B
Maturing July 1:	
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	\$ 18,710,000

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, 2018

	Chadron State College											
	Summer session 2017			First term			Second term			Summer session 2018		
	Capacity	Number	Percentage	Capacity	Number	Percentage	Capacity	Number	Percentage	Capacity	Number	Percentage
High Rise Dormitory	422	4	1%	422	286	68%	422	231	55%	422	4	1%
Edna Work/Wing Hall	186	1	1%	186	115	62%	186	107	58%	186	13	7%
Kent Hall	275	2	1%	275	163	59%	275	101	37%	275	4	1%
Andrews Hall	284	—	0%	284	177	62%	284	149	52%	284	—	0%
Brooks Hall**	84	1	1%	84	9	11%	—	—	N/A	—	—	N/A
Eagle Ridge	69	1	1%	69	54	78%	69	39	57%	69	—	0%
Family housing*	16	—	0%	—	—	N/A	—	—	N/A	—	—	N/A
	<u>1,336</u>	<u>9</u>		<u>1,320</u>	<u>804</u>		<u>1,236</u>	<u>627</u>		<u>1,236</u>	<u>21</u>	

*One West Court unit was turned into office space during fiscal year 2018, all others were previously demolished.

**Brooks Hall was closed December 15, 2018. Students moved to another dorm or off campus.

	Peru State College								
	First term			Second term			Summer session 2018		
	Capacity	Number	Percentage	Capacity	Number	Percentage	Capacity	Number	Percentage
Centennial Complex*	296	149	50%	296	135	46%	296	8	3%
Eliza Morgan Hall	148	142	96%	148	127	86%	148	—	0%
Delzell Hall	146	137	94%	151	107	71%	151	—	0%
Faculty housing	8	8	100%	8	8	100%	8	6	75%
Oak Hill**	11	11	100%	11	11	100%	11	—	0%
	<u>609</u>	<u>447</u>		<u>614</u>	<u>388</u>		<u>614</u>	<u>14</u>	

*Clayburn/Mathews Halls closed for sprinkler system upgrade, reopen Fall 2018

** 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.

Nebraska State Colleges
Student Fees and Facilities Revenue and Refunding Bond Program
Occupancy - Continued
(Unaudited)
Year Ended June 30, 2018

	Wayne State College										
	Summer - July 2017			First term		Second term		Summer - May 2018		Summer - June 2018	
	Capacity	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Anderson Hall	155	—	0.0%	108	69.7%	102	65.8%	—	0.0%	—	0.0%
Berry Hall	304	—	0.0%	107	35.2%	96	31.6%	—	0.0%	—	0.0%
Bowen Hall	418	—	0.0%	363	86.8%	334	79.9%	—	0.0%	—	0.0%
Morey Hall	229	—	0.0%	90	39.3%	91	39.7%	—	0.0%	—	0.0%
Neihardt Hall	162	—	0.0%	151	93.2%	135	83.3%	—	0.0%	—	0.0%
Pile Hall	140	—	0.0%	133	95.0%	120	85.7%	—	0.0%	—	0.0%
Terrace Hall	138	6	4.3%	100	72.5%	96	69.6%	7	5.1%	8	5.8%
	<u>1,546</u>	<u>6</u>		<u>1,052</u>		<u>974</u>		<u>7</u>		<u>8</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.