

AGENDA
THE BOARD OF REGENTS
OF THE UNIVERSITY OF NEBRASKA
Varner Hall
Saturday, January 18, 2003
8:30 a.m.

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN ON DECEMBER 14, 2002.
- IV. ELECTION OF OFFICERS: Chairperson
Vice Chairperson
- V. KUDOS AND RESOLUTIONS
- VI. STRATEGIC OR POLICY ISSUES:
ACADEMIC LIBRARIES: CHALLENGES AND STRATEGIC DIRECTIONS
- VII. HEARINGS
- VIII. PUBLIC COMMENT

The Standing Rules of the Board provide that any person may appear and address the Board of Regents on any item on the agenda for this meeting. Each person will be given up to five minutes to make his or her remarks.
- IX. COMMITTEE REPORTS AND APPROPRIATE ACTION
- X. UNIVERSITY CONSENT AGENDA
 - A. ACADEMIC AFFAIRS
 - B. BUSINESS AFFAIRS
- XI. UNIVERSITY ADMINISTRATIVE AGENDA
 - A. ACADEMIC AFFAIRS
 - B. BUSINESS AFFAIRS
 - C. FOR INFORMATION ONLY
 - D. REPORTS
- XII. ADDITIONAL BUSINESS

X. UNIVERSITY CONSENT AGENDA

A. ACADEMIC AFFAIRS

1. President's Personnel Recommendations. Addendum X-A-1
2. Change the Department of Family and Consumer Sciences to the Department of Family Studies and Interior Design at the University of Nebraska at Kearney. Addendum X-A-2
3. Approve the policy on Criteria for Renewal of Undergraduate Regents Scholarships. Addendum X-A-3
4. Approve the Joint Resolution Providing for the Establishment of the Scholarship Committee to Make Awards Authorized by the Nebraska Minority Scholarship Program Act (Neb. Rev. Stat. §§ 85-9,177 to 85-9,182). Addendum X-A-4

B. BUSINESS AFFAIRS

Central Administration

1. Approve Amendment of the 2003 Retirement Incentive Program for Tenured Faculty. Addendum X-B-1
2. Approve the Resolution providing for certain required declarations and actions of the Board relating to HIPAA. Addendum X-B-2

University of Nebraska-Lincoln

3. Approve an Interlocal Agreement between the City and the Board of Regents for joint use of an inactive underground steam tunnel for telecommunications facilities. Addendum X-B-3
4. Approve the Resolution providing for expenditures of up to \$1,855,255 for capital improvements for University Housing facilities from the Replacement Fund of the Student Fees and Facilities Revenue Bonds and waive the requirement for program statement approval. Addendum X-B-4
5. Approve the revised Program Statement and budget for the UNL Natural Resources & Research Complex. Addendum X-B-5
6. Authorize the University of Nebraska-Lincoln Vice Chancellor for Business and Finance to execute on behalf of the Board of Regents sub-awards in excess of \$200,000 in conjunction with the NSF agreement for "A Protein Interaction Database for Rice Protein Kinases." Addendum X-B-6

University of Nebraska at Kearney

7. Approve an increase in the project budget of the Utilities Extension from the Spillway to Bruner Hall of Science from \$937,500 to \$1,150,000. Addendum X-B-7

President's Personnel Recommendations
Meeting Date: January 18, 2003

University of Nebraska at Omaha

Leave of Absence***

***Members of the public and news media may obtain a copy of the item with the Leaves of Absences in the Office of the University Corporation Secretary, 3835 Holdrege Street, Lincoln, NE 68583, between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except university holidays.

TO: The Board of Regents
Academic Affairs

MEETING DATE: January 18, 2003

SUBJECT: Department name change for the Department of Family and Consumer Sciences

RECOMMENDED ACTION: Change the Department of Family and Consumer Sciences to the Department of Family Studies and Interior Design.

PREVIOUS ACTION: None

EXPLANATION: The University of Nebraska at Kearney proposes to change the name of the Department of Family and Consumer Sciences to the Department of Family Studies and Interior Design. The change will more accurately reflect the programs offered within the department. This action will cause no significant change in the function, costs, or budget of the Department.

SPONSOR: Galen D. Hadley, Senior Vice Chancellor for Academic Affairs

APPROVAL: _____
Douglas Kristensen, Chancellor
University of Nebraska at Kearney

DATE: December 12, 2002

TO: The Board of Regents
Academic Affairs

MEETING DATE: January 18, 2003

SUBJECT: Criteria for Renewal of Undergraduate Regents Scholarships

RECOMMENDED ACTION: Approve the attached policy on Criteria for Renewal of Undergraduate Regents Scholarships.

PREVIOUS ACTION: None

EXPLANATION: The attached policy on the renewal of Undergraduate Regents Scholarships has been developed in consultation with the Council of Academic Officers and the President's Council. This policy is intended to apply to multi-year renewable scholarships. Professional and Graduate Regents Scholarships will continue to be administered by each campus.

The policy also includes the rules for the transfer of Undergraduate Regents Scholarships between campuses, consistent with existing policy.

PROGRAM COSTS: Regents Scholarships are funded from tuition remission funds.

APPROVAL: _____
Jay Noren
Executive Vice President and Provost

DATE: December 17, 2002

UNDERGRADUATE REGENTS SCHOLARSHIPS*

Criteria for Renewal

1. Regents Scholarships may be awarded as one-year scholarships or as multi-year renewable scholarships.
2. Multi-year Regents Scholarships will be renewed for those full time students (successfully completing 12 credit hours or more in each of fall and spring semesters, including nine or more hours graded on the regular A+ through F scale [i.e. not counting P/NP or P/F]) who:
 - EITHER**
 - a. Have maintained a cumulative GPA that meets or exceeds a GPA chosen by their campus (in the range of 3.25 - 3.5)
 - OR**
 - a. Have a percentile rank in their College that is at or above the equivalent campus-wide percentile rank derived from the campus GPA referred to in (a) above. (This rank is expected to be in the range of 70th to 75th percentile.)
3. Students who receive Regents scholarships will receive tuition remission for a total of 135 hours of classes, or for a period of five years, or until receipt of a bachelors degree, whichever comes first.
4. Each campus will have a process that will allow students to appeal a decision not to renew their Regents Scholarship. A campus may permit a student who loses a Regents Scholarship to petition to reacquire it once, on the occasion when their cumulative GPA has risen to the level required for renewal for current scholarship holders.

Transfer of Regents Scholarships Between Campuses

1. The recipient must use the award at the original awarding campus for the first academic year.
2. The recipient must meet the criteria for continuation of the award at the original awarding campus to qualify for transferring the award.
3. The discipline (degree objective) sought by the recipient must not be available at the original awarding campus.
4. An award can transfer only one time and only for one academic year. The amount that can transfer is the **lesser** of:
 - a. An amount equal to the dollar level based on credit hours the recipient completed the preceding academic year (two semesters) calculated at the tuition rate of the original awarding campus for the new academic year.
 - OR**
 - b. An amount equal to the dollar level based on the number of hours required to attain the 135 hour maximum calculated at the tuition rate of the original awarding campus for the new academic year.
5. The original awarding campus must approve and transfer funds to the new campus. The new campus may choose to supplement a transfer award up to full tuition, unless the full tuition is less at the new campus.
6. The recipient of a transfer award must meet eligibility requirements of the new campus to continue the award for a subsequent academic year.
7. Specific cases of hardship or exception to these transfer policies will be considered on an individual basis by the appropriate campus officers.

* Professional and Graduate Regents Scholarships will be determined by each campus.

TO: The Board of Regents
Academic Affairs

MEETING DATE: January 18, 2003

SUBJECT: Establishment of the Scholarship Committee to Make Awards Authorized by the Nebraska Minority Scholarship Program Act.

RECOMMENDED ACTION: Approve the Joint Resolution Providing for the Establishment of the Scholarship Committee to Make Awards Authorized by the Nebraska Minority Scholarship Program Act (Neb. Rev. Stat. §§ 85-9,177 to 85-9,182).

PREVIOUS ACTION: On March 3, 2001, the Regents approved an amended and restated agency agreement with the University of Nebraska Foundation for management and administration of the University of Nebraska Minority Scholarships Fund.

EXPLANATION: The Legislature has enacted the Minority Scholarship Program Act (Neb. Rev. Stat. §§ 85-9,177 to 85-9,182, R.S.Supp., 2002) to replace the minority scholarship provisions of Neb. Rev. Stat. § 85-1,125 and to expand the Minority Scholarships Program to serve students attending the State Colleges and Community Colleges of Nebraska. § 85-9,182 of the Act provides:

Awards of scholarships under the Minority Scholarship Program Act shall be determined by a committee selected by the Board of Regents of the University of Nebraska, the Board of Trustees of the Nebraska State Colleges, and the community college boards of governors.

The principal amounts appropriated by the Legislature under the Act have now earned sufficient interest to allow the awarding of scholarships to state college and community college students. The attached joint resolution is being proposed to the governing boards of the University, the State Colleges and the Community Colleges in accordance with § 85-9,182 of the Act to establish a process for the appointment of individuals to serve on the scholarship committee to make awards authorized by the Act.

SPONSOR: Jay Noren
Executive Vice President and Provost

APPROVAL: _____
L. Dennis Smith
President

DATE: January 3, 2003

**Joint Resolution For the Establishment of the Scholarship Committee
to Make Awards Authorized by the Nebraska Minority Scholarship Program Act
(Neb. Rev. Stat §§ 85-9,177 to 85-9,182)**

In accordance with the provisions of the Minority Scholarship Program Act, the Board of Regents of the University of Nebraska, the State College Board of Trustees, and the Board of Governors for each of the six Nebraska Community College Areas (Central, Metropolitan, Mid-Plains, Northeast, Southeast, and Western Nebraska), adopt this Joint Resolution providing for the selection of members for the Scholarships Committee as required by § 85-9,182 of said Act:

RECITALS

- A. The Ninety-First Legislature of Nebraska, 1989 Session, enacted LR 97 and LB 813, providing the sum of \$800,000 to establish an endowed scholarship fund to support a program of undergraduate scholarships for under-represented Black, American Indian and Hispanic students (the “Minority Scholarships Program”) at the University of Nebraska-Lincoln (“UNL”) and the University of Nebraska at Omaha (“UNO”).
- B. LR 97 concluded that “the State of Nebraska has a compelling interest in eliminating the statistically significant under-representation of Black, American Indian and Hispanic students in the student population”.
- C. The Ninety-First Legislature of Nebraska, 1990 Session, enacted § 1 of LB 543, codified as Neb. Rev. Stat. § 85-1,125, authorizing the Board of Regents to implement the Minority Scholarships Program at UNL and UNO.
- D. The Ninety-Fifth Legislature of Nebraska, 1997 Session, enacted § 1 of LB 476, amending §85-1,125 to permit the Minority Scholarships Program to serve students on all campuses of the University of Nebraska, and appropriated an additional sum of \$500,000 for this purpose.
- E. The Ninety-Sixth Legislature of Nebraska, 2000 Session, enacted LB 1379, the Minority Scholarship Program Act (“the Act”) to replace § 85-1,125 and to expand the Minority Scholarships Program to also serve students attending the State Colleges and the Community Colleges of Nebraska, and appropriated an additional sum of \$800,000 to the University to carry out the duties and responsibilities assigned to the Board of Regents of the University in the Act. The Ninety-Sixth Legislature of Nebraska, 2000 Session, also appropriated the sum of \$200,000 to the Board of Trustees of the Nebraska State Colleges to carry out the duties and responsibilities assigned to them under LB 1379.
- F. The Act declares that the State of Nebraska has a compelling interest to provide access to all of the State’s public institutions of postsecondary education for Black, American Indian and Hispanic minority students and that the financial requirements of postsecondary education often represent major obstacles to such students because of the lack of financial resources available to them.
- G. The purposes of the Act are (i) to provide total and partial undergraduate scholarships for tuition, fees and books to students from Black, American Indian and Hispanic groups which are under-represented in the student populations of the State’s public institutions of postsecondary education and who cannot afford such educational expenses due to lack of

financial resources available to the, and (ii) to develop a more racially diverse student body at each of the State's public institutions of postsecondary education.

H. The Act provides:

- (1) That funds appropriated by the Legislature for the Minority Scholarships Program in years prior to fiscal year 2000-01 shall be used, administered and distributed only for the benefit of students at the University of Nebraska in such manner as the Board of Regents of the University shall determine.
- (2) That funds appropriated by the Legislature for the Minority Scholarships Program for fiscal year 2000-01 and each fiscal year thereafter shall be used for the benefit of students pursuant to the Act at all of the State's institutions of public postsecondary education.
- (3) That funds appropriated by the Legislature for the benefit of students at the University and students attending any Community College who are enrolled in general academic transfer courses, as defined in Neb. Rev. Stat. § 85-1503, with the intention of transferring to the University, shall be used, administered and invested in such manner as the Board of Regents of the University, in consultation with the boards of governors of each participating Community College shall determine.
- (4) That awards of all scholarships under the Act shall be determined by a committee selected by the Board of Regents of the University, the Board of Trustees of the Nebraska State Colleges, and the Community College boards of governors, which committee shall include under-represented minority groups and private donors to the endowed scholarship funds created by the Act.
- (5) That awards of scholarships shall be consistent with the intent of the Act.
- (6) The funds appropriated by the Legislature for scholarships pursuant to the Act shall be used in coordination with private donations for such scholarships and in consultation with the major donors thereof and in coordination with federal grant funds available to minority students so as to maximize the level of benefits and accomplish the purposes of the Act.
- (7) That funds appropriated by the Legislature for scholarships pursuant to the Act shall be used to support endowed scholarship funds which shall be held, managed, and invested as authorized by Neb. Rev. Stat. § 72-1246 with only the income therefrom expended for scholarships.

I. The University of Nebraska Foundation has established the R.H. "Rick" Davis Minority Scholarship Fund from private donations to provide funds for minority students scholarships similar to the Minority Scholarships Program provided for in the Act.

J. By written agreement between the University of Nebraska and the University of Nebraska Foundation, dated March 3, 2001, a Minority Scholarships Fund was established under the management and administration of the University of Nebraska Foundation. Said Fund is a temporary endowment comprised of the \$800,000 appropriated in the 1989 Legislative Session, the \$500,000 appropriated in the 1997 Legislative Session, the \$800,000

appropriated in the 2000 Legislative Session, and any funds which may be appropriated to the University in future Legislative Sessions for use pursuant to the Act. The income of the Minority Scholarships Fund is to be used for the purpose of providing scholarships to under-represented minority students as authorized by legislation; and in coordination with the R.H. “Rick” Davis Minority Scholarship Fund administered by the Foundation, other private financial resources administered by the Foundation and available to minority students for the expenses of an undergraduate postsecondary education, and funds available from the endowment established by the State College Board of Trustees to manage and administer the \$200,000 appropriated during the 2000 Legislative Session.

JOINT RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, that the eight boards identified above as the governing authorities of the postsecondary educational institutions eligible to participate in the Minority Scholarship Fund, agree as follows:

Section 1. Membership of the Minority Scholarships Committee

- (a) The Minority Scholarship Committee shall consist of thirteen (13) members, seven (7) serving as community representatives, and six (6) serving as representatives of the higher education institutions eligible to participate in the Minority Scholarships Program.
- (b) The seven community members will be appointed by agreement of the President of the University of Nebraska and the President of the University of Nebraska Foundation (“the appointing officials”), acting with authority assigned to them by the governing boards participating in this Joint Resolution.
 - (1) Before appointing any of the seven (7) community members, the appointing officials will first consult with a representative of the family that established the R.H. “Rick” Davis Minority Scholarship at the University of Nebraska Foundation.
 - (2) In appointing the seven (7) community members, the appointing officials will assure that there is at least one member from each of the under-represented minority groups from which students are eligible to receive minority scholarship awards.
 - (3) In appointing the seven (7) community members, the appointing officials will assure that there is at least one representative of the private donors to the endowed minority scholarship funds administered by the University of Nebraska Foundation.
 - (4) In appointing the seven (7) community members, every effort should be made to name at least one appointee who is a member of the family that established the R.H. “Rick” Davis Minority Scholarship at the University of Nebraska Foundation.

- (c) The six institutional members will represent the following postsecondary educational entities: the University of Nebraska-Lincoln, the University of Nebraska Medical Center, the University of Nebraska at Omaha, the University of Nebraska at Kearney, the Nebraska State Colleges, and the Nebraska Community Colleges.
- (1) The institutional representative for each of the four campuses of the University of Nebraska shall be the Chief Student Affairs Officer serving on each campus.
 - (2) The institutional representative for the Nebraska State Colleges shall be a senior-administrator at one of the Nebraska State Colleges or a senior administrator serving the State College Board of Trustees. The Executive Director of the State College Board of Trustees shall appoint this institutional member after consulting with the three State College Presidents.
 - (3) The institutional representative for the Nebraska Community Colleges shall be a senior administrator at one of the Nebraska Community Colleges or a senior administrator at the Nebraska Community College Association. The Executive Director of the Nebraska Community College Association shall designate this institutional member after consulting with the Association's Council of Chief Executive Officers.

Section 2. Terms of Appointment and Eligibility to be Reappointed:

- (a) The term of appointment for Minority Scholarship Committee members shall be four years, except that the four University of Nebraska representatives shall serve as long as they hold the position of Chief Student Affairs Officer on their respective campuses.
- (b) Members appointed to four-year terms shall begin their term of service upon official notification of their appointment. Copies of official appointment letters shall be sent to the Vice Chancellor for Student Affairs at the University of Nebraska-Lincoln, who will serve as Secretary of the Committee, and in whose office the official records of the committee will be kept. The mailing address is:

106 Canfield Administration Building
P.O. Box 880423
University of Nebraska-Lincoln
Lincoln, Nebraska 68588-0423
- (c) Members appointed to four-year terms are eligible to be reappointed for successive terms, without limit.

TO: The Board of Regents
Business Affairs

MEETING DATE: January 18, 2003

SUBJECT: 2003 Retirement Incentive Program for Tenured Faculty

RECOMMENDED ACTION: Approve Amendment of the 2003 Retirement Incentive Program for Tenured Faculty

PREVIOUS ACTION: August 30, 2002 – The Board of Regents approved the 2003 Retirement Incentive Program for Tenured Faculty.

EXPLANATION: It is recommended that the Regents approve three substantive amendments to the 2003 Retirement Incentive Program.

The first proposed amendment is to subsections (c) and (d) of Section 2 of the policy to extend the deadline for commencement of participation in the program from July 1, 2003, to September 1, 2003. This amendment will permit any tenured faculty member who meets the minimum eligibility requirements of 59½ years of age and ten years of service prior to the beginning of the first calendar month after the start of the 2003-04 academic year to participate in the program. Since most faculty members are employed on an academic year basis rather than a fiscal year basis, it is recommended that the participation time be extended to include all tenured faculty who will meet the minimum eligibility requirements up to shortly after the beginning of the next academic year.

The second proposed amendment would change in subsections (1) and (2) of Section 2(d) the manner of compensating for health and dental insurance benefits under Options 1 and 2 of the policy. In order to comply with the Internal Revenue Code provisions applicable to the University's group health and dental insurance and cafeteria plans and to prevent adverse personal income tax consequences to participants, it is necessary that compensation be paid to the participant who, in turn, will be able to purchase the health and dental insurance benefits under both options.

The third proposed amendment would change Option 2 in subsection (2) of Section 2(d) of the policy so as to only permit part-time employment for up to three years at no less than .5 FTE. The anti-discrimination provisions of the Internal Revenue Code with respect to not favoring highly compensated employees (which would include most eligible tenured faculty) in the University's health, dental and cafeteria employee benefit plans, prohibit the University from extending health and dental insurance coverage exclusively to participants employed at less than .5 FTE.

The foregoing amendments are shown in the attached revised policy.

SPONSOR:

David E. Lechner
Vice President for Business & Finance

APPROVAL:

L. Dennis Smith
President

DATE:

December 12, 2002

ag121202

**BOARD OF REGENTS POLICY FOR
2003 RETIREMENT INCENTIVE PROGRAM FOR TENURED FACULTY
(REVISED)**

1. **Purpose.**

The 2003 Retirement Incentive Program for Tenured Faculty (the “Program”) is a benefit program of the University which is available only to eligible tenured faculty members as provided in this Policy. The Program shall exist separate and apart from and in addition to all other University employee benefits. The purpose of the Program is to provide tenured faculty members with (i) an incentive for full retirement from University service, or (ii) an incentive for moving to part-time employment for specified period to be followed by full retirement from University service.

2. **Program Terms and Conditions.**

(a) **Eligible Faculty.** Only full-time tenured faculty (faculty members holding a Continuous Appointment) who are at least 59½ years of age on the date of beginning participation in the Program and who have at least ten (10) years of service to the University. There is no upper age limit, which means that eligible tenured faculty who are 65 years of age and older will be eligible to elect to participate in the Program during the Effective Period.

(b) **Effective Period for Program.** The Program shall take effect on January 6, 2003, and shall terminate at 5:00 p.m. on April 30, 2003 (the “Effective Period”). Eligible faculty may elect to participate in the Program only during the effective period. The Program will be discontinued at the end of the Effective Period and will not be available after that time.

(c) **Deadline for Beginning Participation in the Program.** Eligible faculty members who make a timely election to participate in the Program must begin participation under Option 1 or Option 2 of the Program Benefits by not later than ~~July 1~~ September 1, 2003.

(d) **Program Benefits.**

(1) Option 1

Eligible faculty under 65 years of age will fully retire at an agreed upon time that is not later than ~~July 1~~ September 1, 2003, and will receive taxable compensation which may be used to purchase fully paid University health and dental insurance coverage to age 65 plus taxable compensation which may be used to pay for the employer portion of the premium for University health and dental insurance coverage from age 65 to age 68; or

Eligible faculty 65 years of age and older will fully retire at an agreed upon time that is not later than ~~July 1~~ September 1, 2003, and receive taxable compensation which may be used to pay for the employer portion of the premium for University health and dental insurance coverage for a period of three (3) years from the date of full retirement.

(2) Option 2

Eligible faculty will resign their tenured faculty appointment by an agreed upon time that is not later than ~~July 1~~ September 1, 2003. On the effective date of resignation of their tenured faculty appointment they will be appointed to a part-time Special Appointment of not less than ~~.3 FTE nor more than~~ .5 FTE for a period up to three (3) academic years during which time they will receive (i) a part-time salary based upon multiplying their full-time salary immediately prior to entering the program by the fraction of their part-time FTE, (ii) plus taxable supplemental compensation to make up the loss of the employer contribution to their retirement account if they had remained a full-time employee, (iii) plus ~~be eligible to receive taxable supplemental compensation to make up the loss of the employer contribution for health and dental insurance coverage normally that they would have received by full-time employees if they had remained a full-time employee.~~¹ At the end of such Special Appointment the faculty member will fully retire, or in special circumstances by mutual agreement with the University may be reappointed to an additional part-time Special Appointment on the same terms and conditions. At the time of full retirement the participant will be eligible to receive the remainder of the taxable compensation which may be used for University health and dental insurance benefits under Option 1, if any, that the participant would have received if he or she would have elected to participate only in Option 1.²

¹ The exact part-time FTE will be determined by mutual consent of the participating faculty member and the Dean based upon the faculty member's continued contribution to the University.

² For example, this means that a faculty member who enters the program at age 61 and elects to take a 3 year part-time special appointment and then fully retires will receive compensation which may be used to purchase fully paid health and dental insurance for one year to age 65 and the employer portion of the health insurance premium to age 68. A faculty member who enters the program at age 66 and elects a 2 year part-time special appointment and then fully retires will receive the employer portion of the health insurance premium for one year after retirement. A faculty member who enters the program at age 66 and elects a 3 year part-time special appointment and then fully retires will receive no further benefits upon retirement.

3. **Election to Participate in the Program.**

During the Effective Period any eligible faculty member who desires to participate in the program must deliver to his or her Dean a written election to participate in the Program. Any written election to participate in the program received by a Dean after 5:00 p.m. on April 30, 2003, will not be effective and will not be honored. Written election by an eligible faculty member to participate in the Program will not be binding until the signing of mutually agreed to contract within the terms and conditions of this Policy.

4. **Death Benefit.**

In the event of the death of a participant prior to receiving the total benefits under Option 1 or Option 2, a surviving spouse shall eligible to receive the remainder of the cash compensation which may be used to purchase the University health and dental insurance benefit that the deceased faculty member would have received had he or she survived. For the purposes of a deceased participant in Option 2, the date of death shall be treated as the date for full retirement.

5. **Contract.**

The terms of each eligible faculty member's participation in the Program shall be reduced to a written contract that will be duly executed by the participant and the University.

6. **Participant Access to Retirement Accounts Under Option 2 Contingent Upon Lawful Amendment of University of Nebraska Retirement Plan.**

Notwithstanding any other provision of this Policy, participants in the Program who elect to receive benefits under Option 2 of the Program Benefits shall not be permitted to receive distributions from their retirement account balances unless and until there have been necessary lawful amendments to the University of Nebraska Retirement Plan to change the normal retirement age in the Plan to 59½ and the completion of ten years of service so as to permit in-service distribution of retirement account balances to participants receiving benefits under Option 2 of the Program Benefits.

TO: The Board of Regents
Business Affairs

MEETING DATE: January 18, 2003

SUBJECT: Implementing Resolution Relating to the Health Insurance Portability and Accountability Act of 1996 (HIPAA)

RECOMMENDED ACTION: Approve the Resolution providing for certain required declarations and actions of the Board relating to HIPAA.

PREVIOUS ACTION: None

EXPLANATION: Title II of the Health Insurance Portability and Accountability Act (HIPAA or the Act) requires that the Board of Regents take certain actions to initiate University-wide HIPAA compliance activities and ensure accountability with the Act that are incorporated in the attached Resolution. Among those activities are:

- Acknowledging that the University is a covered entity and designating it as a “hybrid” entity (only some of its functions are covered).
- Making HIPAA compliance a mandate.
- Requiring a compliance policy empowering work at the different campuses and establishing accountability.
- Appointing a Compliance and Privacy Officer at Central Administration responsible for developing and implementing compliance plans reaching all covered components.
- Authorizing the University to join Nebraska Health System, University Medical Associates and University Dental Associates in an affiliated entity arrangement for HIPAA purposes with a four-party compliance plan which will cover activities at the University of Nebraska Medical Center.

PROJECT COST: \$75,000

SOURCE OF FUNDS: Trust Funds

SPONSOR: David E. Lechner
Vice President for Business & Finance

APPROVAL: _____
L. Dennis Smith
President

DATE: December 18, 2002

RESOLUTION

COMPLIANCE WITH HIPAA ADMINISTRATIVE SIMPLIFICATION MANDATES

RECITALS

1. When used in this Resolution, HIPAA refers to the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. §1320d *et seq.*, together with regulations of the United States Department of Health and Human Services issued and to be issued thereunder.
2. HIPAA is a federal legal mandate which imposes (i) electronic transaction standards, (ii) privacy standards, and (iii) electronic security standards on covered entities.
3. The Board of Regents (“Board”) has determined that the University of Nebraska is a covered entity under HIPAA, because it conducts certain covered functions on its campuses.
4. The Board is committed to complying with the applicable requirements of HIPAA.
5. The Board has determined that it shares common ownership and control sufficient to join in an “affiliated covered entity” arrangement under HIPAA with the following legal entities:

Nebraska Health System
University Medical Associates
University Dental Associates

6. The Board desires to create the position of Compliance and Privacy Officer whose responsibilities will include serving as University privacy official with responsibilities as further assigned by the President.

THEREFORE, BE IT RESOLVED that:

1. The Board declares its commitment to complying with HIPAA and directs the issuance of a Compliance Policy directing University-wide compliance and establishing accountability for everyone subject to University policy.
2. The Board declares that it is a “hybrid” entity as defined in the HIPAA Privacy Rule, in that only certain components of the University perform covered functions. The President, through policy or other means, shall identify and document the covered components.
3. The Board approves entering into an affiliated covered entity arrangement with Nebraska Health System, University Medical Associates and University Dental Associates for HIPAA purposes, and authorizes the President to approve and execute an affiliated covered entity agreement on its behalf.
4. The Board creates the position of Compliance and Privacy Officer reporting to the Vice President for Business and Finance. The Compliance and Privacy Officer’s responsibilities will include acting as the University Privacy Officer under HIPAA, responsible to assure the development and implementation of HIPAA policies, procedures and safeguards for the University.

TO: The Board of Regents
Business Affairs

MEETING DATE: January 18, 2003

SUBJECT: Interlocal Agreement between the City of Lincoln (the City) and the Board of Regents for joint use of an inactive underground steam tunnel and/or conduit for telecommunication facilities.

RECOMMENDED ACTION: Approve an Interlocal Agreement between the City and the Board of Regents for joint use of an inactive underground steam tunnel for telecommunications facilities.

PREVIOUS ACTION: None

EXPLANATION: In July, 1929 the City adopted Ordinance 3060 approving a request by the Joint Commission of the Capitol Commission and the University of Nebraska to construct and maintain an underground steam tunnel and conduit along the City's right-of-way on 14th Street from the State Capitol to the University of Nebraska-Lincoln (UNL) campus on "R" Street for the purpose of furnishing heat to the buildings on the UNL City Campus and the State Capitol Building.

In June, 1999 UNL discontinued use of the steam tunnel and conduit. This project will reutilize the inactive steam tunnel and/or conduit for telecommunication installations that will facilitate communications for UNL and the City.

Pursuant to the Agreement, one or more telecommunication providers would provide and install telecommunication facilities within the steam tunnel and/or conduit for use by UNL, the City, and the providers at no cost to UNL and the City. The terms and conditions of agreements or licenses with the telecommunication providers would be developed by the administrative officers of UNL and the City.

The Agreement has an initial term of ten years and automatically renews for like periods unless terminated by either party after the initial term.

PROJECT COST: None

SOURCE OF FUNDS: Not Applicable

SPONSOR: Christine A. Jackson
Vice Chancellor for Business & Finance

APPROVAL: _____
Harvey Perlman, Chancellor
University of Nebraska-Lincoln

DATE: December 12, 2002

INTERLOCAL AGREEMENT
THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA AND THE CITY
OF LINCOLN, NEBRASKA

THIS AGREEMENT is entered into this ____ day of _____, 2003, by and between **THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA**, a public body corporate and agency of the State of Nebraska, for and on behalf of the University of Nebraska at Lincoln, hereinafter referred to as UNL, and the **CITY OF LINCOLN, NEBRASKA**, a municipal corporation, hereinafter referred to as City.

WHEREAS, *Neb. Rev. Stat. § 13-801 et seq. (Reissue 1997)* permits units of local government in the State of Nebraska to cooperate with one another for the purpose of jointly exercising governmental authority and responsibilities they share in common; and

WHEREAS, UNL owns an underground steam tunnel and conduit under and along the City's right-of-way, 14th Street from the State Capitol to "R" Street, as authorized by City Ordinance 3060 dated July 29, 1929, for such specific use; and

WHEREAS, since UNL no longer uses such tunnel and conduit for heating purposes, UNL and the City agree that it would be mutually beneficial to jointly engage in certain telecommunications efforts in the City of Lincoln by using such tunnel and/or conduit for telecommunication purposes, all in accordance with the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties agree as follows:

1. The purpose of the joint effort is to develop telecommunications assets in the underground steam tunnel and/or conduit located as described above in order to facilitate the needs of both UNL and the City for greater data and other telecommunication capabilities.

2. In return for the joint use of such steam tunnel and conduit, the City shall expand the authorization of Ordinance 3060 to allow UNL to utilize such steam tunnel and conduit for telecommunication purposes.

3. The work to be accomplished in developing telecommunication assets by using such steam tunnel and/or conduit may be undertaken by one or more telecommunication providers under certain terms and conditions. Such terms and conditions shall require the telecommunication providers to provide and install telecommunication facilities within the steam tunnel and/or conduit for use by UNL, the City, and the telecommunication providers at no cost to UNL and the City. The parties may also negotiate for terms to satisfy other telecommunication needs in lieu of providing such facilities along 14th Street. The specific tasks to be performed by each of the parties to this Agreement and any telecommunication providers shall be specified in agreements or licenses with such telecommunication providers. The administrative officers of UNL and the City are hereby authorized to jointly execute such agreements or licenses.

4. No agreements or licenses for exclusive use of such steam tunnel and/or conduit shall be granted to any telecommunication provider. All agreements or licenses with telecommunication providers shall, at a minimum, require there be no costs to UNL or the City for any item, including materials, supplies, facilities, labor or future maintenance.

5. Each party shall maintain their own books, documents, papers, accounting records, and other evidence pertaining to the uses of such steam tunnel and/or conduit and shall make such material available at its office at all reasonable times.

6. This Agreement shall remain in effect for a term of ten (10) years unless earlier terminated by written agreement of the parties. This Agreement shall automatically renew at the end of the initial term and each successive ten (10) year period unless one party sends written notice to the other party that this Agreement shall terminate at the end of the respective term. Such notice shall be sent at least six months prior to the end of the respective term.

EXECUTED this ____ day of _____, 2003.

ATTEST:

**THE BOARD OR REGENTS OF THE
UNIVERSITY OF NEBRASKA**

Kim M. Robak
Corporation Secretary

L. Dennis Smith, President

EXECUTED this ____ day of _____, 2003.

CITY OF LINCOLN, NEBRASKA

Don Wesely

APPROVED AS TO FORM
this ____ day of _____, 2003.

Assistant City Attorney

TO: The Board of Regents

Business Affairs

MEETING DATE: January 18, 2003

SUBJECT: Capital Improvements for University Housing Facilities

RECOMMENDED ACTION: Approve the Resolution providing for expenditures of up to \$1,855,255 for capital improvements for University Housing facilities from the Replacement Fund of the Student Fees and Facilities Revenue Bonds and waive the requirement for program statement approval.

PREVIOUS ACTION: During the last five years the Board of Regents has approved similar requests as follows:

<u>Prior Approvals</u>	<u>Amount</u>
October, 2002	\$1,066,890
October, 2001	749,197
September, 2000	993,850
October, 1999	1,470,989
October, 1998	1,214,890
February, 1998	800,000

The October, 2002 approval included \$320,700 for installing double-pane, energy-efficient window units in the second through the tenth floors of Harper Hall.

EXPLANATION: Section 6.2 of the Bond Resolution (December 1, 1964) requires the Board of Regents to keep the "facilities" in good repair, working order and condition, and to make all necessary and proper repairs, etc. Section 6.12 of the Resolution requires the Board to comply with all statutes of the State of Nebraska. The improvements below are among the highest priority needs that have been identified by residents, user groups, and managers of these facilities.

In planning to secure bids for the Harper Hall window unit replacement project authorized in October, 2002, the UNL Facilities Management staff recommended that the first floor store front windows for Harper Hall and first floor store front windows and upper floor window units for Schramm and Smith Halls be replaced at the same time. Because Harper, Schramm, and Smith Halls form a single housing complex, it is important that the window units in all three buildings are identical. This complex was built in the 1960s, and the single-pane window units in all three halls leak air. Some window units in each hall are also leaking water, causing damage to interior finishes. The new window units will be multi-pane and energy-efficient. Additionally, it is believed that a lower cost per window may be obtained by bidding the window units for all three halls at the same time.

PROJECT COST: \$1,855,255

SOURCE OF FUNDS: Student Fees and Facilities Revenue Bonds Replacement Fund

SPONSORS: James V. Griesen
Vice Chancellor for Student Affairs

Christine A. Jackson
Vice Chancellor for Business & Finance

APPROVAL: _____
Harvey Perlman, Chancellor
University of Nebraska-Lincoln

DATE: January 15, 2003

RESOLUTION

BE IT RESOLVED by The Board of Regents of the University of Nebraska (the "Board") as follows:

1. The Board hereby finds and determines:
 - (a) Pursuant to its Bond Resolution dated as of December 1, 1964, authorizing the issuance of Revenue Bonds by the Board (the "Resolution"), the Board has heretofore issued revenue bonds payable from the revenues and fees derived from the ownership and operation of the dormitories and other facilities for the housing and boarding of students, student unions, student health facilities and other facilities for the activities of students located on the campus of the University of Nebraska-Lincoln, under which a 1986 Surplus Fund was created;
 - (b) Section 6.2 of the Resolution requires the Board to operate the Facilities (as defined in the Resolution) in an efficient, sound and economical manner and to keep all Facilities and betterments thereto in good repair, working order and condition and to make all necessary and proper repairs, renewals, replacements, additions, extensions and betterments thereto, so that at all times the business carried on in connection therewith shall be properly and advantageously conducted.
 - (c) The "Facilities" include all facilities and structures for the housing and boarding of students located and currently or hereafter existing on the campus of the University of Nebraska-Lincoln, which student housing facilities require certain renewals, replacements, additions, betterments and extensions to maintain the Revenues and Fees. In order to accomplish such renewals, replacements, additions, betterments and extensions, the sum of \$1,855,255 should be expended from the Replacement Fund for window unit replacements in Schramm and Smith Halls.
2. Authorization. The Board hereby authorizes the transfer of up to \$1,855,255 from the 1986 Surplus Fund established pursuant to the Resolution to the Replacement Fund, and the expenditure of up to \$1,855,255 from the Replacement Fund for the project herein identified. Such expenditures shall be made for such purposes upon review thereof by the Coordinating Commission for Postsecondary Education and approval by the Executive Board of the Legislative Council. The Vice Chancellor for Business and Finance at the University of Nebraska-Lincoln is hereby designated as the University representative who may certify to the Trustee the specific payments to be made from the Replacement Fund.
3. 1986 Surplus Fund. There currently are monies or investments in the 1986 Surplus Fund including accruals in excess of \$1,855,255.

UNIVERSITY HOUSING IMPROVEMENT REQUEST

University of Nebraska-Lincoln

January, 2003

Project	Location	Funding Required	Justification
Replace 1 st floor store front windows	Harper Hall	\$377,783	Install multi-pane and energy-efficient window units
Replace store front and upper floor window units	Schramm Hall	720,960	Install multi-pane and energy-efficient window units
Replace store front and upper floor window units	Smith Hall	756,512	Install multi-pane and energy-efficient window units
Total		\$1,855,255	

TO: The Board of Regents
Business Affairs

MEETING DATE: January 18, 2003

SUBJECT: University of Nebraska-Lincoln (UNL) Natural Resources & Research Complex

RECOMMENDED ACTION: Approve the revised Program Statement and budget for the UNL Natural Resources & Research Complex

PREVIOUS ACTION: April 7, 2001- The Board approved the firm of Alley Poyner Architecture to provide design services.

November 3, 2000 - The Board approved 1) Program statement for the Natural Resources & Research Complex Phase I, and 2) Request For Proposal (RFP) and procedure for award of a contract for Construction Manager at Risk for the construction of the facility and authorized the Administration to award a contract in accord with such procedure.

April 5, 1997 - The Board approved the project statement for the replacement of the UNL Biochemistry Hall as part of seven capital projects included in the University's major renovation/deferred maintenance initiative.

EXPLANATION: The revised project concerns moving the entire Natural Resources and Research Program into the Clifford Hardin Nebraska Center for Continuing Education Building. The existing building will be partially renovated and an addition is proposed to accommodate laboratory functions. The primary benefit of this revised program is the ability to consolidate the entire School of Natural Resources Sciences and its affiliated units (Conservation Survey Division, Nebraska Forest Service, and Nebraska Statewide Arboretum) into a single complex in an expedited time frame rather than in two phases separated by many years.

Subsequent to the approval of the original Program Statement, the U.S. Department of Agriculture (USDA) has informed the University that \$400,000 of the \$10,000,000 grant will be withheld for administration of the grant. Consequently, the project cost must be reduced by \$400,000.

Members of the public and news media may obtain a copy of the program statement in the Office of the University Corporation Secretary, 3835 Holdrege Street, Lincoln, Nebraska 68583, between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except University holidays.

Proposed start of construction: December, 2003
Proposed completion of construction: June, 2005

PROJECT COST: \$16,255,000

ON-GOING FISCAL	Annual Operating Costs	\$782,000
IMPACT:	2% Assessment	325,100

SOURCE OF FUNDS:	University of Nebraska Facilities Corporation	
	Series 1998 Bonds	
	(Deferred Maintenance Project) LB1100	\$6,655,000
	U.S. Department of Agriculture Grant	9,600,000

SPONSORS:

John C. Owens
NU Vice President for Agriculture and Natural Resources
IANR Vice Chancellor

Christine A. Jackson
Vice Chancellor for Business & Finance

APPROVAL:

Harvey Perlman, Chancellor
University of Nebraska-Lincoln

DATE: December 12, 2002

TO: The Board of Regents
Business Affairs

MEETING DATE: January 18, 2003

SUBJECT: National Science Foundation (NSF) agreement for "A Protein Interaction Database for Rice Protein Kinases."

RECOMMENDED ACTION: Authorize the University of Nebraska-Lincoln (UNL) Vice Chancellor for Business and Finance to execute on behalf of the Board of Regents sub-awards in excess of \$200,000 in conjunction with the NSF agreement for "A Protein Interaction Database for Rice Protein Kinases."

PREVIOUS ACTION: None

EXPLANATION: The UNL Center for Biotechnology/Plant Science Initiative/Plant Genome Center (Principal Investigator, Dr. Michael Fromm) applied for and received a cooperative agreement from NSF that will award UNL more than \$6 million over a five year period. The award entitled "A Protein Interaction Database for Rice Protein Kinases," involves investigators at UNL, the University of Arizona, the University of California-Davis, the University of California-San Diego, and the University of Florida.

Under current Board of Regents policies, sub-awards in excess of \$200,000 require approval of the Board of Regents.

Under the terms of the agreement with NSF, UNL will be required to make sub-awards to the other participating universities that will exceed \$200,000.

Approval of this item will authorize the UNL Vice Chancellor for Business and Finance to execute on behalf of the Board of Regents sub-awards in excess of \$200,000 in conjunction with this NSF agreement during its term.

PROJECT COST: \$6,100,000

SOURCE OF FUNDS: National Science Foundation

SPONSORS: Prem S. Paul
Vice Chancellor for Research

Christine A. Jackson
Vice Chancellor for Business & Finance

APPROVAL: _____
Harvey Perlman, Chancellor
University of Nebraska-Lincoln

DATE: December 20, 2002

TO: The Board of Regents
Business Affairs

MEETING DATE: January 18, 2003

SUBJECT: Utilities Extension from the Spillway to Bruner Hall of Science

RECOMMENDED ACTION: Approve an increase in the project budget of the Utilities Extension from the Spillway to Bruner Hall of Science from \$937,500 to \$1,150,000.

PREVIOUS ACTION: January 19, 2002 – The Board approved the budget of \$937,500.

EXPLANATION: This project was originally approved in January of 2002. Bids received exceeded the project budget. The project budget has been revised with the LB 309 Task Force for Building Renewal providing the majority of the additional funds needed.

The project would extend the utilities line east from the spillway to the eastern portion of the campus. As part of their master plan, the Kearney campus has gradually continued to upgrade and modernize its utility infrastructure. A major component of this plan is to move away from stand-alone, building-by-building chillers to providing steam and chilled water through central plant operations. This plan was developed in a coordinated effort with the LB 309 Task Force for Building Renewal. The Task Force had supported past improvements and has now designated funding for the extension of the utility lines from the Spillway to the eastern portion of the campus.

The change in project budget is primarily due to re-routing of the utilities connection from an overhead configuration to a below grade design which passes through the Health and Sports Center. Design work after the Board's approval of the initial budget concluded that structurally this change was essential. Along with the reconfiguration, this additional design work and inflationary factors contributed to the budget increase as well.

PROJECT COSTS: \$1,150,000

SOURCE OF FUNDS: LB 309 Task Force for Building Renewal \$885,000
University Operating Budget \$265,000

SPONSOR: Randal L. Haack
Vice Chancellor for Business and Finance

APPROVAL: _____
Douglas A. Kristensen, Chancellor
University of Nebraska at Kearney

DATE: December 12, 2002

XI. UNIVERSITY ADMINISTRATIVE AGENDA

A. ACADEMIC AFFAIRS

1. Approve the recommendation to establish a peer group for the University of Nebraska System. Addendum XI-A-1
2. Approve Joint Doctor of Philosophy major in Information Technology at the University of Nebraska-Lincoln and the University of Nebraska at Omaha. Addendum XI-A-2

B. BUSINESS AFFAIRS

None.

TO: The Board of Regents
Academic Affairs

MEETING DATE: January 18, 2003

SUBJECT: Recommendation to establish a peer group for the University of Nebraska System.

RECOMMENDED ACTION: Approve the recommendation to establish a peer group for the University of Nebraska System.

PREVIOUS ACTION: The Board of Regents has previously approved peer groups for the University of Nebraska-Lincoln, the University of Nebraska at Kearney, the University of Nebraska at Omaha, and the University of Nebraska Medical Center

EXPLANATION: An advisory panel consisting of Dr. Charles B. Reed, Chancellor, California State University System, and Chancellor Emeritus Dr. Donald N. Langenberg, University of Maryland System, was asked to make an objective analysis of various data, and then recommend a set of peer institutions that would comprise a reasonable comparative group for the University of Nebraska System.

As a result of these analyses and consultation with individuals and groups within and without the University, the consultants recommend that the peer group should consist of:

- Texas A&M University System
- University of Colorado System
- University of Illinois System
- University of Missouri System
- University of Oregon System
- University of Tennessee System
- University of Wisconsin System

APPROVAL: _____
L. Dennis Smith
President

DATE: December 12, 2002

TO: The Board of Regents
Academic Affairs

MEETING DATE: January 18, 2003

SUBJECT: Joint Ph.D. in Information Technology

RECOMMENDED ACTION: Approve Joint Doctor of Philosophy major in Information Technology at the University of Nebraska-Lincoln (UNL) and the University of Nebraska at Omaha (UNO)

PREVIOUS ACTION: None

EXPLANATION: UNL and UNO propose to offer a new joint Doctor of Philosophy (Ph.D.) degree major in Information Technology, a multidisciplinary program that integrates theory and practice in applied computing, information systems, Internet technologies, and advances in telecommunications and the management of information technologies. Information technology is a broad concept that encompasses a variety of areas. The joint program allows the two campuses to share expertise and avoid duplication of effort. The UNO component emphasizes breadth in IT by focusing on information systems, Internet technologies, and telecommunications in addition to applied computing. The UNL component offers a number of specific areas including software engineering, information networking, enterprise systems, and informatics. The Ph.D. program will require two core courses in four specialty areas; i.e., eight courses that represent the sub-disciplines within IT that each campus will be focusing on.

The proposed program of study has wide spread support. The external reviewers of the proposal noted “very few multidisciplinary or cross-disciplinary programs in Information Technology have yet to emerge in university settings.” Further, the reviewers stated that “The proposed Ph.D. in IT program...could have the impact of placing a Nebraska brand on IT and thereby become a signature program helping to move the University of Nebraska into the top ranks of universities, nationally and internationally, that are leaders in technology fields.” Industry and government representatives have been supportive of the proposal. Development of a doctoral program in IT was one of the early charges to the University of Nebraska Peter Kiewit Institute for Information Science, Technology & Engineering. The Institute’s Board of Policy Advisors continues to affirm industry interest in a doctoral level program offering in IT. Various advisory committees, including the business advisory committee for the College of Information Science and Technology, have voiced similar support. In addition, information technology programs are listed among the academic priority areas for both campuses.

The new major will not duplicate existing instructional programs within the University of Nebraska or in surrounding states. An annual enrollment of about 40 students within the first five years is projected.

This proposal is presented to the Board of Regents with the unanimous approval of the Executive Graduate Council of the system-wide Graduate College, and the Council of Academic Officers.

PROGRAM COSTS:

The participating units project the need for seven additional faculty positions over a five-year period (four at UNO and three at UNL). The program can begin with existing faculty numbers. Over a five-year period, an estimated \$749,000 would be needed for the program. Secretarial and administrative support costs are estimated at 2.0 FTE for each campus over the five-year period; although the need for this assistance is fairly immediate. Estimated cost for the total 4.0 FTE is \$125,000. The proposal recommends establishing 23 graduate assistantships over the five-year period, with 15 for the Omaha campus and 8 for the Lincoln campus. Estimated cost for graduate assistantships is \$573,000.

Revenue sources for supporting the program include: priority funding, reallocation of existing funds, and tuition and fees generated from doctoral student instructional duties. Additional support for graduate students will come from external grants and contracts and industry scholarships.

SPONSORS:

Harvey Perlman, Chancellor
University of Nebraska-Lincoln

Nancy Belck, Chancellor
University of Nebraska at Omaha

Richard Edwards
Senior Vice Chancellor for Academic Affairs, UNL

Derek Hodgson
Vice Chancellor for Academic Affairs and Dean of Graduate Studies,
UNO

Prem S. Paul
Vice Chancellor for Research and Dean of Graduate Studies, UNL

APPROVAL:

Jay Noren
Dean of Graduate College
Executive Vice President and Provost

DATE:

December 18, 2002

Proposal for a Joint Ph.D. in Information Technology

I. DESCRIPTIVE INFORMATION

A. Institution Proposing the Program

University of Nebraska at Omaha (UNO)
University of Nebraska-Lincoln (UNL)

B. Name of the Program (major)

Information Technology

C. Degrees/credentials to be offered in program

Doctor of Philosophy (Ph.D.)

D. Administrative Units for the Program

UNO: Graduate Studies
Department of Computer Science
Department of Information Systems and Quantitative Analysis

UNL: Graduate Studies
Department of Computer Science and Engineering
Department of Computer and Electronics Engineering

E. Brief Description of the Program

The proposed Ph.D. program in Information Technology (PhD in IT) is a multidisciplinary program that integrates the theory and practice of applied computing, information systems, Internet technologies, and the advances in telecommunications and management of information technology. The program responds to the urgent and growing need for a new kind of specialist who understands the unique intersection of these fields. The vision of the doctoral program in IT is to combine the disciplines of Computer Science, Information Systems, and Telecommunications to develop technology specialists who are uniquely positioned to advance research and practice in contemporary technologies. The program is designed as a research-oriented program with the goal to prepare students to conduct high level applied research. The program is geared towards motivated traditional students and technology specialists who are ready to expand their knowledge of contemporary technologies and become research specialists in academic and organizational settings. Graduates will be able to use their preparation to apply information technology to solve problems in various fields in a comprehensive, competitive and effective way. The program is 90 credit hours and consists of a common required core, doctoral seminars and colloquia, a major field of study, and a minor field of study. As with most doctoral programs, the specific program plan pursued by a doctoral student will be highly personalized in terms of course work and research training depending on their interests and interactions with faculty advisors. After fulfilling all course requirements and successfully completing comprehensive examinations in the major and minor field of study as needed, the student must present and defend the dissertation research. Students may enter the doctoral program on either the Omaha or Lincoln campus. A Joint Doctoral Program Committee will be responsible for formulating policies and requirements for the program while admission into the program and monitoring of progress will be carried out by unit-specific subcommittees. The respective Deans of Graduate Studies at UNO and UNL shall appoint the

members of the Doctoral Program Committee.

II. ABSTRACT OF PROPOSAL

A. Background

As we prepare to embrace the only millennium of our lifetime, we cannot ignore the importance of the "information technology" (IT) phenomenon revolutionizing the way we learn, educate, work, play, live, buy and sell goods, communicate, socialize, and operate businesses and nations. IT is pervasive in every aspect of our lives. Organizations that manipulate and use IT as a part of their long-term thinking are achieving and maintaining a competitive advantage in this global marketplace. Graduate education is essential for many of these organizations to develop quality products and services in the IT arena. In such an environment, providing a high level of education for technology workers and leaders at all levels is a high priority for organizations and, ultimately, it is important for a competitive and economically strong nation. The U.S. Department of Labor has identified computer systems analysts, engineers, and scientists as the fastest growing occupations through 2008. "Employment of computing professionals is expected to increase much faster than average as technology becomes more sophisticated and organizations continue to adopt and integrate these technologies." According to various private national reports, even though the number of unfilled positions in the IT area has diminished in the past year, the demand for skilled IT professionals in specific technical areas such as networking, database and software engineering persists (ITAA, 2001). At the doctoral level, the demand for Ph.D.s in various IT specializations in R&D departments of organizations and in the academy far outstrips the supply (CRA.ORG, 2001).

Currently, only a handful of Ph.D. programs in IT exist in the United States, mostly in high-profile universities such as Stanford, Harvard, and George Mason Universities. These programs outline the broad interpretation of Information Technology and the diversity created by an inherently cross-disciplinary field. For example, the Information Technology and Management Ph.D. program at Harvard (http://www.deas.harvard.edu/graduate/infotech_management/) is a joint program between Engineering and Applied Science and Harvard Business School with an even mix of business and computer science involvement. The Stanford Business School offers a Ph.D. in Operations, Information, and Technology (<http://www.gsb.stanford.edu/phd/fields/oit/>) at the intersection of business and technology, but focusing more on manufacturing and operations research aspects of the IT field. The Ph.D. in Information Technology at George Mason University (<http://ite.gmu.edu/PhDprogr/plan.htm>), offered through the School of Information Technology and Engineering, involves a broad set of disciplines, from Civil Engineering to e-Commerce.

Other Ph.D. in IT offerings from such institutions as New Jersey Institute of Technology and the University of North Carolina at Charlotte, are as diverse as the field itself. Such diversity is an indicator of a nascent and open discipline with many opportunities to become a leader in specific markets. An innovative Ph.D. program in IT will send a powerful message of commitment by the University for having the foresight to be at the leading edge of the technology wave rather than trailing from behind. In addition, the economic viability of the State of Nebraska will benefit by positioning itself educationally to be competitive in vying for companies to relocate, to encourage existing companies to stay, and to encourage the creation of new companies. Ultimately a state's future is dependent on its ability to retain the brightest and best of its young talent and in its ability to attract talent from other locales. Information Technology is increasingly at the core of economically viable regions, and the University can help provide that impetus by producing Ph.D. students with the expertise to succeed in a knowledge-oriented age that is based on advances in IT.

From the onset, The Peter Kiewit Institute and College of Information Science and Technology have been positioned to contribute to the IT revolution. In the August 2001 issue of *Communications of the ACM* (Association for Computing Machinery), Peter Denning spoke to the issue of developing IT schools. Today, such schools number in the dozens. But five path breaking institutions were noted, including the College of Information Science and Technology at the University of Nebraska

at Omaha. The University of Nebraska needs to have the means for continued partnership with industry in paving the way to defining educational needs in the IT industry and the economic viability that is certain to follow.

The University of Nebraska-Lincoln has specific competencies and resources in Software Engineering and Enterprise Resource Planning that have great potential for becoming leaders in education for these IT disciplines. The J. D. Edwards Honors program, another University of Nebraska business partnership, attracts students with test scores that rank higher than institutions such as Stanford and Harvard. The program's innovative program integrates business and computer science principles and combines them in a two-year Software Design Studio where student teams develop software for industry. A recent large grant from FIPSE is being used to create the Great Plains Software Technology Initiative for the New Economy. These funds will be used to create the Applied Software Engineering Laboratory, a university-industry consortium designed to create innovative educational outreach programs and research in software development disciplines. This initiative will enhance economic development in IT industries in the region, while attracting some of the best students in the field. A Ph.D. program in Information Technology is essential to the success of all of these University of Nebraska initiatives.

B. Degree Program

Based on its strategic plan; its five-year record of curriculum development, student recruitment, and faculty hiring; and its strong support from the business community, the College of Information Science and Technology is poised to work jointly with other colleges to advance graduate program offerings in IT. One important component of this expansion is to address the college's statewide mandate for graduate education in information science and technology. Another is to address the expectations of the business community, as reflected in the PKI Business Plan, that the college offer doctoral level work. The J. D. Edwards Honors program, while attracting national attention for the quality of the program and its students, is a masters-terminal degree. A PhD component would allow students in this program to continue their IT studies, if they so desire. While traditional doctoral programs around the nation are graduating students with particular expertise, the emergence of an applied IT era requires that we develop an IT-centric doctoral program that will serve the current and future needs of industry and academe. Although traditional management information systems (MIS) and Computer Science (CS) programs exist in the University of Nebraska, there is no advanced, in-depth and integrated IT doctoral program.

In view of the above, the proposed doctoral program will integrate the theory of computer science, software engineering, information systems, and the advances in telecommunications and management of technology. Graduates will be required to possess multi-dimensional knowledge in the various areas related to information technology. Such knowledge will be invaluable in applying information technology to solve problems in various fields in a comprehensive, competitive, and effective way. In addition, the multi-dimensional skills acquired by graduates will prepare them to meet evolving challenges that are part of the rapidly growing advances in information technology. Our students and researchers are eager to participate in this unique opportunity to play a leading role in the exciting development of the information technology field and to have a significant positive impact on the Nebraska business community and the University of Nebraska.

The vision of the doctoral program in IT is to combine the disciplines of Computer Science, Software Engineering, Information Systems, and Telecommunications to develop technology specialists who are uniquely positioned to advance research and practice in contemporary technologies. This program is for motivated traditional students and technology specialists who are ready to expand their knowledge of contemporary technologies and become research specialists in academic and organizational settings. The doctoral program in IT is designed as a research-oriented program with the goal to prepare students to conduct basic and applied research. As with most doctoral programs, the specific program pursued by a doctoral student will be highly personalized in terms of course work and research training.

C. Program Structure

The program will be 90 credit hours and consist of a common required core, required doctoral seminars and colloquia, a major field of study and a minor field of study. The common core will consist of coursework from these thematic areas: Applied Computing, Information Systems, Telecommunications Engineering, Software Engineering, Internet Technologies, Enterprise Systems, Informatics, and Information Networking.

The doctoral seminars and colloquia in the program will cover topics such as research foundations, technical and process issues, behavioral and organizational issues and pedagogical issues. The major field of study areas will mirror the core themes allowing doctoral students to develop in-depth knowledge and expertise in various information technology specialties such as human-computer design, software development tools and techniques, decision support systems, Internet technologies, database systems, communication and network systems. Candidates may also choose to specialize in an associated minor field of study that is different from the major area.

D. Faculty Credentials

- 1) Leadership for the UNO Campus Program will be provided by the Department of Computer Science and the Department of Information Systems and Quantitative Analysis, both units of the College of Information Science and Technology. The college faculty are well established in their fields of research and teaching, as evidenced by the quality of research output and recognition by their peers. They are currently involved in teaching and supervising graduate students in the Master of Science programs housed in the college. The faculty members also serve on PhD committees in programs offered by other entities in the Nebraska system. Currently, more than 300 graduate students are enrolled in IS&T graduate programs and nearly 75 are working on graduate theses supervised by the faculty from the college.
- 2) Leadership for the UNL Campus Program will be provided by the Department of Computer Science and Engineering (CSE), College of Arts and Sciences, and the Department of Computer and Electronics Engineering, College of Engineering and Technology. The CSE department already offers a PhD program in Computer Science and Masters programs in Computer Science, Computer Engineering, and Software Engineering. Currently more than 160 students are enrolled in CSE graduate programs, with about 100 students working on Master's theses and 60 students working on PhD degrees supervised by CSE faculty members.
- 3) Other Involvement: In addition to drawing on faculty and courses from the UNL campus program, the UNO campus program will draw on the faculty and courses from the College of Business Administration and to a lesser extent from the College of Arts and Sciences (especially the departments of Mathematics and Communications), the College of Public Affairs and Community Service (especially the departments of Public Administration and Criminal Justice) and several units within the University of Nebraska Medical Center.

Similarly, the UNL campus program will draw on the faculty and courses from the College of Business Administration, the J. D. Edwards Honors Program, the Departments of Industrial Engineering and Electrical Engineering in the College of Engineering and Technology, and the Department of Mathematics and Statistics.

The IS&T faculty have recently generated nearly 3 million dollars in grants from local, state, federal and private sources such as the National Science Foundation, Department of Defense, Nebraska Research Initiative, First Data Corporation, and Union Pacific. In addition, the faculty has been very productive in communicating their research through journals and conferences, producing an average of 100 peer-reviewed articles per year. A majority of these articles have

been published or presented in the leading academic journals and conferences in IT-related fields.

The UNL-CSE faculty has an established record of excellence in research publications and funding. Several members of the faculty have won prestigious awards from NSF, including the CAREER and the Information Technology Research (ITR) awards. The faculty is involved in several large multidisciplinary research projects in software engineering, simulation and high-performance computing, geospatial decision support, bioinformatics, artificial intelligence, networking, and distributed computing. They publish in highly selective journals and conferences and are invited to organize conferences or serve on conference program committees in the areas of their expertise.

A list of faculty in the participating units and their area of expertise appears in Appendix I.

E. Program Management

A Joint Doctoral Program Committee, with two Co-Chairs, will be responsible for planning, policymaking, and program evaluation. This Joint Committee will ensure uniformity of academic standards and policies between the two campuses, in relation to admissions, transfers, and students' progress through the program. Complementing the Joint Committee's role will be a Subcommittee within each participating unit with the responsibilities of admitting students into the unit, conducting examinations, recommending appointment of Supervisory Committees, and monitoring student progress. The Supervisory Committee of every student will have at least one member from outside the participating unit. Further details regarding program management appear in Section 1.3.

F. Program Budget

It is anticipated that allocation of funds through University of Nebraska prioritization process will provide the needed support for the proposed doctoral program.

TABLE 1: PROJECTED INCREMENTAL PROGRAM EXPENSES (UNO)

STAFF	(FY <u>2002-03</u>) Year 1		FY (2003-04) Year 2		FY (2004-05) Year 3		FY (2005-06) Year 4		FY (2006-07) Year 5	
	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost
<i>Staffing: Additional Faculty</i>	2.0	220,000	1.0	113,500	1.0	120,000				
<i>Additional Non-Teaching Staff Administrative</i>	1.0	25,000								
<i>Professional</i>	1.0	50,000								
<i>Support (GAs)</i>	10.0	246,000	2.0	51,000	3.0	79,000				
<i>Sub-Total of Personnel Expenses</i>	541,000		164,500		199,000					
<i>Program Budget: Normal Operating Expenses</i>	\$20,000		\$5,000		\$10,000					
<i>Equipment</i>	20,000				5,000		5,000		5,000	
<i>Facilities</i>										
<i>Additional Library Resources</i>	10,000									
<i>Additional Other Expenses</i>										
<i>Sub-Total of Program Budget</i>	50,000		5,000		15,000		5,000		5,000	
Total Program Expenses	591,000		169,500		214,000		5,000		5,000	

Notes:

1. An yearly increment rate of 3.5% has been assumed in the personnel expenses.

TABLE 2: REVENUE SOURCES FOR PROJECTED INCREMENTAL EXPENSES (UNO)

REVENUE	(FY 2002-03) Year 1	(FY 2003-04) Year 2	(FY 2004-05) Year 3	(FY 2005-06) Year 4	(FY 2006-07) Year 5
PRIORITIZATION FUND	531,000	109,500	104,000		
REQUIRED NEW PUBLIC FUNDS					
1. STATE FUNDS					
2. LOCAL FUNDS					
TUITION AND FEES REVENUES	60,000	60,000	10,000	5,000	5,000
OTHER FUNDING					
1.					
2.					
3.					
4.					
5.					
*TOTAL REVENUE	591,000	169,500	214,000	5,000	5,000

TABLE 3: PROJECTED INCREMENTAL PROGRAM EXPENSES (UNL)

STAFF	(FY02/03) Year 1		(FY03/04) Year 2		(FY04/05) Year 3		(FY05/06) Year 4		(FY06/07) Year 5	
	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost
<i>Staffing:</i>										
<i>Additional Faculty</i>	1	98,400	1	98,400	0	0	1	98,400	0	0
<i>Additional Non-Teaching Staff Administrative</i>	1	19,680	0	0	0	0	0	0	0	0
<i>Professional</i>	1	30,750	0	0	0	0	0	0	0	0
<i>Support (Grad Assistants)</i>	8	196,800	0	0	0	0	0	0	0	0
<i>Sub-Total of Personnel Expenses</i>		345,630		98,400		0		98,400		0
<i>Incremental Program Budget: General Operating Expenses</i>		15,000		5,000		0		5,000		0
<i>Equipment</i>		20,000		0		5,000		0		5,000
<i>Facilities</i>										
<i>Additional Library Resources*</i>		10,000		0		0		0		0
<i>Additional Other Expenses</i>										
<i>Sub-Total of Program Budget</i>		45,000		5,000		5,000		5,000		5,000
Total Proposed Program Expenses		390,630		103,400		5,000		103,400		5,000

Note:

* The additional library resources are primarily in the form of digital libraries and publications related to IT.

TABLE 4: REVENUE SOURCES FOR PROJECTED INCREMENTAL EXPENSES (UNL)

REVENUE	(FY02/03) Year 1	(FY03/04) Year 2	(FY04/05) Year 3	(FY05/06) Year 4	(FY06/07) Year 5
<i>REALLOCATION OF EXISTING FUNDS</i>	390,630	103,400	5,000	103,400	5,000
<i>REQUIRED NEW PUBLIC FUNDS</i>					
1. <i>STATE FUNDS</i>					
2. <i>LOCAL FUNDS</i>					
<i>TUITION AND FEES REVENUES</i>					
<i>OTHER FUNDING</i>					
1.					
2.					
3.					
4.					
5.					
*TOTAL REVENUE	390,630	103,400	5,000	103,400	5,000

C. FOR INFORMATION ONLY

None.

D. REPORTS

1. University of Nebraska Financial Statements for the year ending June 30, 2002.
Addendum XI-D-1
2. Report on examination of financial statements relating to University Dental Associates for the years ending June 30, 2001 and June 30, 2002.
Addendum XI-D-2
3. Report on examination of financial statements relating to University Medical Associates for the years ending June 30, 2001 and June 30, 2002.
Addendum XI-D-3
4. Annual audit of UNeMed Corporation for the fiscal year ending December 31, 2001, in accordance with the Bylaws of UNeMed Corporation as approved by the Board of Regents. Addendum XI-D-4
5. Report of Bids and Contracts for the period ended December 12, 2002.
Addendum XI-D-5

TO: The Board of Regents
Business Affairs

MEETING DATE: January 18, 2003

SUBJECT: Report on the audit of the University of Nebraska's financial statements for the year ended June 30, 2002.

RECOMMENDED ACTION: Report.

PREVIOUS ACTION: None

EXPLANATION: Deloitte & Touche LLP, the audit firm engaged by the State Auditor of Public Accounts and the University, has delivered their independent auditors' report covering the attached financial statements of the University of Nebraska for the year ended June 30, 2002. As required, Deloitte & Touche LLP, has provided the subject documents of the Auditor of Public Accounts.

This is the 30th consecutive year, since the inception of the external audit program, that the auditors have expressed an unqualified opinion on the University's financial statements.

The Business & Finance departments of each campus are to be commended for their efforts in working with the auditors to complete the report and for continuing to provide excellent financial leadership during the past year.

SPONSOR: Keith L. Lauber
Director of University Accounting

APPROVAL: _____
David E. Lechner
Vice President for Business & Finance

DATE: December 12, 2002



Comprehensive Annual Financial Report

For the year ended June 30, 2002
(A component unit of the State of Nebraska)

THE UNIVERSITY OF NEBRASKA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2002

(A Component Unit of the State of Nebraska)

Office of the Vice President for Business and Finance

THE UNIVERSITY OF NEBRASKA
(A Component Unit of the State of Nebraska)

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2002
TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	3
Board of Regents of the University of Nebraska	9
Listing of Principal University Business Officials	10
Certificate of Achievement	11
Organizational Chart	12

FINANCIAL SECTION

Independent Auditors' Report.....	15
Management's Discussion and Analysis (Unaudited)	16
Basic Financial Statements:	
Statement of Net Assets	22
Statement of Revenues, Expenses and Changes in Net Assets.....	23
Statement of Cash Flows	24
Notes to the Financial Statements.....	25
Report Required by Government Auditing Standards:	
Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based Upon the Audit Performed in Accordance with <i>Government Auditing Standards</i>	42
Additional Information:	
Combining Financial Statements:	
Combining Statement of Net Assets	47
Combining Statement of Revenues, Expenses and Changes in Net Assets.....	48
Combining Statement of Cash Flows	49
Combining Financial Statements by Campus:	
University of Nebraska - Lincoln	50
University of Nebraska Medical Center	54
University of Nebraska at Omaha.....	58
University of Nebraska at Kearney.....	62
University of Nebraska Central Administration and University-Wide Activities	66
University of Nebraska Facilities Corporation	70

(continued)

THE UNIVERSITY OF NEBRASKA
(A Component Unit of the State of Nebraska)

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2002
TABLE OF CONTENTS (continued)

Page

STATISTICAL SECTION (UNAUDITED)*

Revenue Bond Debt Service Coverage.....	77
Fall Enrollment by Gender, Residency and Level of Instruction	82
Freshman Enrollment Data	85
Tenure Density Data	86
Degrees Granted by Campus and Level.....	87
Accreditation.....	88

*Tables Relating to Property Tax Levies, Assessed Values, Property Tax Rates, Legal Debt Margin, Bonded Debt to Assessed Value, Direct and Overlapping Debt, and Principal Taxpayers are omitted, as they are not applicable to the University of Nebraska.

Introductory Section



January 17, 2003

Dr. L. Dennis Smith, President
Members of the Board of Regents
University of Nebraska

Dear Dr. Smith and Board Members:

We enclose for your review and use the comprehensive annual financial report for the University of Nebraska as of and for the fiscal year ended June 30, 2002.

The report consists of management's representations concerning the finances of the University of Nebraska (University). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the University has established a comprehensive internal control framework that is designed both to protect the institution's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the University of Nebraska's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the University's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The University of Nebraska's financial statements have been audited by Deloitte & Touche LLP, a public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2002, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the University of Nebraska's financial statements for the fiscal year ended June 30, 2002 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented in the financial section of this document.

Dr. L. Dennis Smith and Board Members
January 17, 2003

The independent audit of the financial statements of the University was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to provide additional reports on the University's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the University's separately issued Single Audit Report.

Generally accepted accounting principles require that management provide a Management's Discussion and Analysis immediately preceding the general purpose financial statements. This letter of transmittal is designed to complement and should be read in conjunction with that discussion and analysis.

Profile of the University

History. The University of Nebraska was founded on February 15, 1869, less than two years after Nebraska became the nation's 37th state. The original goal of this new land-grant university was, "To afford the inhabitants of this state with the means of acquiring a thorough knowledge of the various branches of literature, science, and the arts." This goal has stood the test of time, inspiring the University's dedication to the education of students, research in a broad range of disciplines, and service to the state's citizens.

The University of Nebraska is the state's only public university. It became the first institution west of the Mississippi River to offer graduate education in 1903 and joined the prestigious Association of American Universities in 1909. Founded in Lincoln, the University included a medical center in Omaha beginning in 1902.

The University was reorganized under a 1968 act of the Nebraska Legislature. The legislation provided for the addition of the University of Nebraska at Omaha (formerly the municipal University of Omaha) and designated the University of Nebraska-Lincoln and the University of Nebraska Medical Center as separate campuses. In 1991, the University of Nebraska at Kearney (formerly Kearney State College) became a campus of the university. In addition to the four campuses, the University also includes many research, extension, and service facilities statewide.

Governance. The University of Nebraska system operates under a single president and Board of Regents. The members of the Board are elected by district on six year terms. The Board exercises the final authority in government of the University within the limits of the Constitution, the laws of the State of Nebraska, and the laws of the United States. The Board delegates to the President of the University, and through him to the appropriate administrative officers, general authority and responsibility to carry out the policies and directions of the Board.

Dr. L. Dennis Smith and Board Members
January 17, 2003

The President, in concert with the Board, appoints Chancellors for each of the four campuses of the University. The Chancellors, in turn, are responsible for the operation of each of their respective campuses within the policies, procedures and operational guidelines established by the Board and the President.

The Campuses of the University of Nebraska. In addition to being a strong economic driver for the State of Nebraska, the University and its four campuses provide a diversity of educational, research, and outreach opportunities to students, faculty and citizens of the State of Nebraska;

University of Nebraska at Kearney: The University of Nebraska at Kearney (UNK) is Nebraska's public, residential university that is distinguished by a commitment to excellence in undergraduate education. A mid-sized, comprehensive university, it is especially noted for small classes, a scholarly faculty devoted to teaching students first, and an enviable location in a thriving regional population center. Personalized attention for students is a hallmark of education at UNK.

University of Nebraska-Lincoln: Founded in 1869, the Lincoln campus of the University of Nebraska (UNL) is the state's land-grant university. Through its three primary missions of learning, discovery and engagement, the University of Nebraska is the state's intellectual center and has been recognized by the Legislature as the primary research and doctoral-degree granting institution in the state. UNL is one of a select group of research universities that holds membership in the Association of American Universities - a distinction granted in 1909. Today, it is one of the top 50 American universities in the number of doctoral degrees granted annually. It is of national and international influence, with students from every state and more than 100 nations.

University of Nebraska Medical Center: The University of Nebraska Medical Center (UNMC) is the only public academic health science center in Nebraska. Its mission is to improve the health of Nebraskans through premier educational programs, innovative research, the highest quality patient care and outreach to underserved populations. Its success in this endeavor is marked by the fact that nearly half of Nebraska's physicians, dental professionals, pharmacists, bachelor-prepared nurses and allied health professionals have graduated from UNMC. The vision and strategic plan for UNMC: to become a world renowned health sciences center and system, repositioning the Medical Center from a regional to a national center of excellence in the 21st century.

University of Nebraska at Omaha: The University of Nebraska at Omaha (UNO) is located in the heart of Nebraska's largest city and serves as the state's metropolitan university. UNO offers nearly 200 programs of study in a learning environment that features a small-school atmosphere within Nebraska's largest city. UNO has enjoyed many recent successes in its move to becoming a metropolitan university of high distinction. Among these major landmarks is the Peter Kiewit Institute for Information Science, Technology and Engineering education which presents a new dynamic in how business and academia partner with each other to achieve common goals. This and the addition of residential units are among the factors leading to strong growth in numbers of students at UNO.

Enrollment. Figures for the four campuses as of Fall, 2002 are as follows:

<u>Campus</u>	<u>Enrollment (Headcount)</u>			
	<u>Undergrad</u>	<u>Graduate</u>	<u>Professional</u>	<u>Total</u>
Kearney	5,366	1,029	--	6,395
Lincoln	18,118	4,380	490	22,988
Medical Center	699	536	1,584	2,819
Omaha	<u>11,333</u>	<u>3,118</u>	--	<u>14,451</u>
Totals	<u>35,516</u>	<u>9,063</u>	<u>2,074</u>	<u>46,653</u>

Factors Affecting Financial Condition

State Economy. The national malaise, fueled by a lack of consumer confidence, corporate misconduct, and the global concerns about the middle east, impacted the broader economy and had its impact locally.

The economy in the State of Nebraska, like many other states, is currently attempting to work its way through this softness. Growth in non-farm jobs in Nebraska was virtually flat for the year, with losses in manufacturing and construction offset by gains in the services sector. The recessionary cycle has generated shortfalls in the State budget in excess of \$600 million which must be dealt with in the coming legislative session. It is expected that the remedies will include both cost and revenue side solutions.

In terms of recovery, the Bureau of Business Research at UNL echoes the sentiments of many in their November/December 2002 issue of *Business in Nebraska*. "In general, the [Nebraska Business Forecast] council sees only moderate growth in most Nebraska businesses in 2002, somewhat larger increases in 2003 and a return to near normal growth in 2004."

Dr. L. Dennis Smith and Board Members
January 17, 2003

Cash Management. Substantially all of the University's cash and temporary investments are deposited in a pooled state fund managed by the Nebraska State Investment Council. The State pools these funds in a short-term investment pool, which is comprised of short-term investments. Interest earnings are credited to the respective investing funds on a monthly basis.

As disclosed in the Notes to the Financial Statements, State statutes require investments be made in accordance with the prudent man rule. As such, the University seeks to minimize credit, custodial, and market risks while maintaining a competitive yield on the portfolio. No derivatives or similar financial products are held in portfolio at June 30, 2002.

Risk Management. Through the University's Office of the Vice President for Business and Finance, the Board of Regents provides for protection against comprehensive general liability and property losses through a partially self-insured general liability program. The University has also purchased all-risk blanket policies for certain risks that are not covered by the partially self-insured general liability program.

The University provides for medical liability coverage through the purchase of commercial insurance to meet the financial responsibility required by the Nebraska Hospital-Medical Act. The University also participates in the State Excess Liability Fund which provides coverage in excess of commercial insurance as described in the Notes to the Financial Statements.

Employee group health and dental benefits are provided for through a split-funded minimum premium insurance program.

Pension Benefits. The University of Nebraska sponsors a defined contribution benefit plan that covers eligible faculty, administrative and classified staff with investment options administered by third parties. The University's policy is to fund costs on an annual basis.

Awards and Acknowledgements

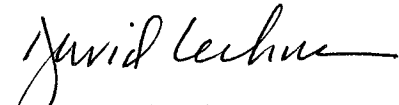
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the University of Nebraska for its comprehensive annual financial report for the fiscal year ended June 30, 2001. The University has been awarded the Certificate for ten of the last eleven years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Dr. L. Dennis Smith and Board Members
January 17, 2003

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the staff of the Vice President for Business and Finance and campus business and finance personnel. We would like to express our appreciation to all members of those departments who assisted and contributed to preparation of this report. Credit also must be given to President Smith and the Board of Regents for their active support for maintaining the highest standards of professionalism in the management of the University of Nebraska's finances.

Respectfully submitted,



David E. Lechner
Vice President for Business and Finance



Keith L. Lauber
Director of University Accounting

**THE UNIVERSITY OF NEBRASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**The Board of Regents of the University of Nebraska
For the year 2003**

Randolph M. Ferlic, Omaha, Chair

Don S. Blank, McCook

Chuck Hassebrook, Lyons

Howard L. Hawks, Omaha

Jim McClurg, Lincoln

Drew Miller, Papillion

Kent Schroeder, Kearney

Charles S. Wilson, Lincoln

Student Regents

Joe Bilek, UNO

Ryan Hatt, UNK

Casey Johnston, UNMC

Ryan Wilkins, UNL

**THE UNIVERSITY OF NEBRASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Principal University Business Officials

University of Nebraska Officers

L. Dennis Smith, President
Jay Noren, Executive Vice President and Provost
Kim M. Robak, Vice President for External Affairs and Corporation Secretary
David E. Lechner, Vice President for Business and Finance
Linda W. Mannering, Assistant Vice President for Planning/Budget/Information Management
Michael D. Justus, Assistant Vice President for Business and Finance
Keith L. Lauber, Director of University Accounting

University of Nebraska-Lincoln Administration

Harvey Perlman, Chancellor
Christine Jackson, Vice Chancellor for Business and Finance
Kim A. Phelps, Assistant Vice Chancellor for Fiscal Affairs

University of Nebraska Medical Center Administration

Harold M. Mauer, Chancellor
Donald S. Leuenberger, Vice Chancellor for Business and Finance
Delmer D. Lee, Associate Vice Chancellor for Business and Finance
Robert J. Lindberg, Manager of General Accounting

University of Nebraska at Omaha Administration

Nancy G. Belck, Chancellor
Gary L. Carrico, Vice Chancellor for Business and Finance
Julie Totten, Assistant Vice Chancellor for Business and Finance
Joseph L. Huebner, Controller

University of Nebraska at Kearney Administration

Douglas Kristensen, Chancellor
Randal L. Haack, Vice Chancellor for Business and Finance
Larry Riessland, Director of the Department of Finance

University of Nebraska Facilities Corporation

Howard L. Hawks, President
Kent Schroeder, Vice President
David E. Lechner, Secretary-Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

University of Nebraska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

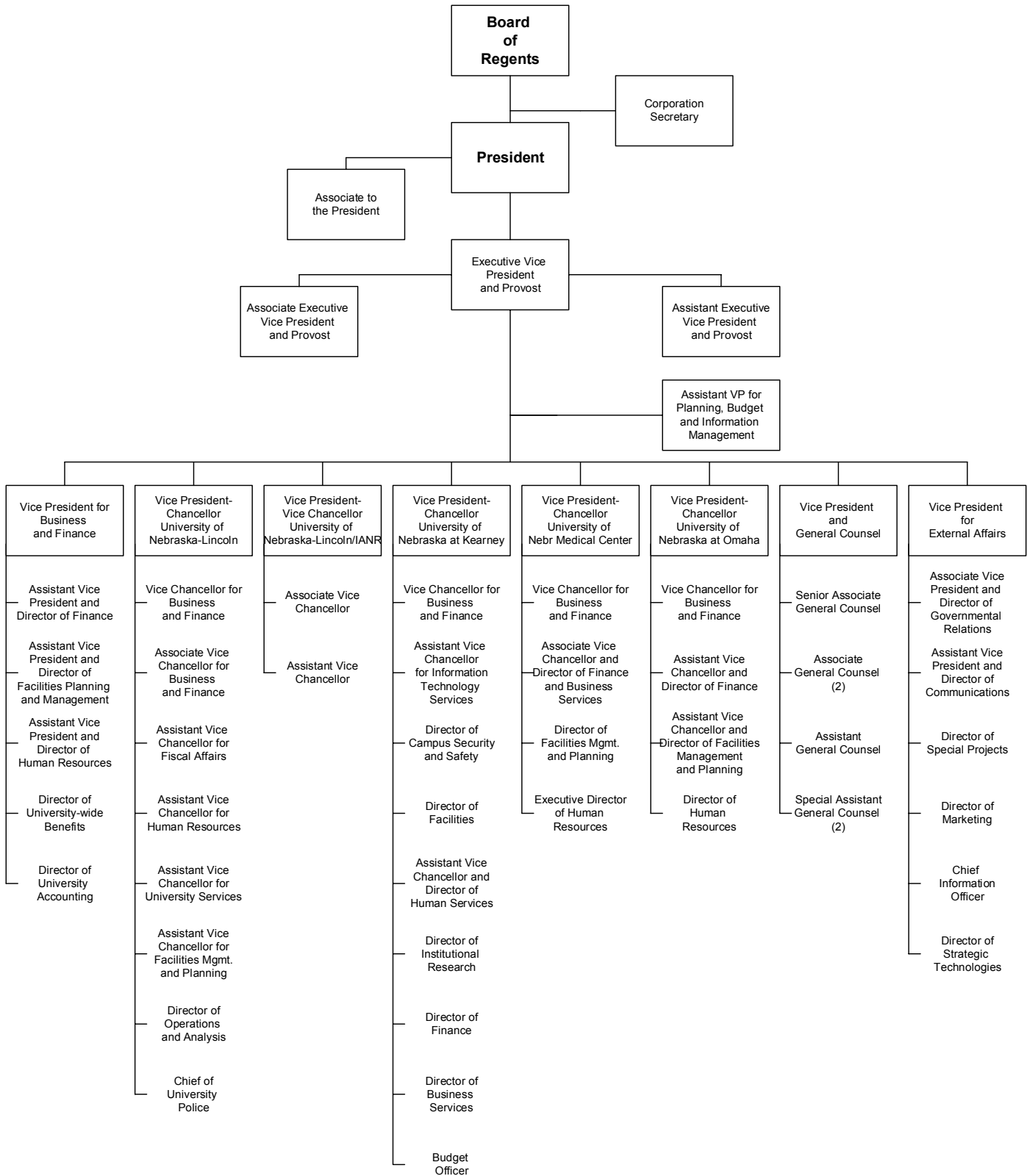
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



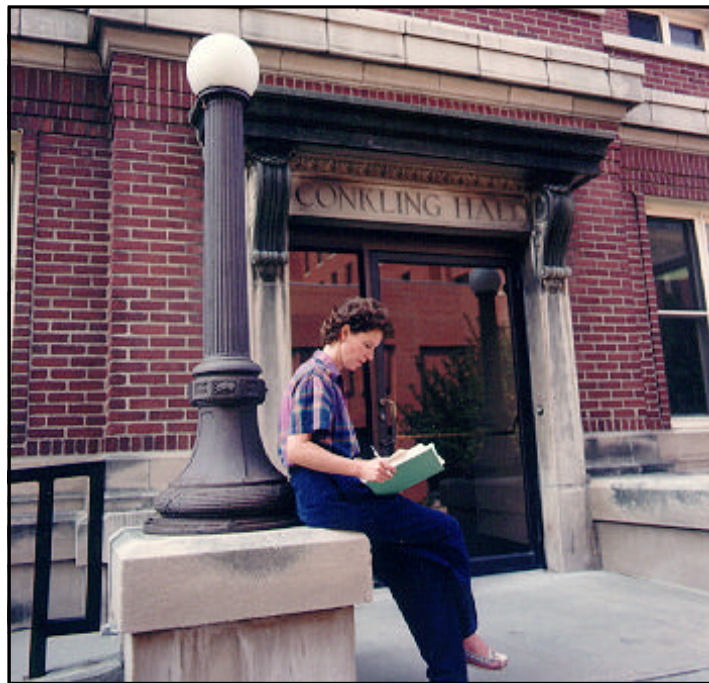
Thomas A. Drew
President

Jeffrey L. Esser
Executive Director

University of Nebraska Business Affairs Organizational Chart 2002



Financial Section



THE UNIVERSITY OF NEBRASKA

Pulitzer Prize-winning author Willa Cather –an 1895 graduate– described the University of Nebraska as having “an atmosphere of endeavor, expectancy, and bright hopefulness.” Today’s university continues that tradition. It provides the state of Nebraska with an indispensable scientific and cultural enrichment that fires the state’s pioneering spirit. Nebraskans –and their university– have always been pioneers.

Today’s University of Nebraska stands proudly in the company of America’s great public universities, with an outstanding faculty and staff and a student body that is intellectually strong and dedicated.

The University of Nebraska is the state’s only public university and became the first institution west of the Mississippi to offer graduate education in 1903. It joined the prestigious Association of American Universities in 1909. It included a medical center beginning in 1902.

The University of Nebraska became a multi-campus university in 1968, when the original campus was designated the University of Nebraska-Lincoln, and the University of Nebraska Medical Center and the University of Nebraska at Omaha (formerly a municipal institution) were designated by the state legislature as separate campuses. The University of Nebraska at Kearney (formerly a state college) was added in 1991.

The University of Nebraska has 46,000 students on its four campuses and operates many research, extension, and service facilities statewide. It continues to pioneer new frontiers.



INDEPENDENT AUDITORS' REPORT

Board of Regents of the University of Nebraska and the
Auditor of Public Accounts of the State of Nebraska
Lincoln, Nebraska

We have audited the accompanying statement of net assets of the University of Nebraska ("the University"), a component unit of the State of Nebraska, as of June 30, 2002, and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the University of Nebraska as of June 30, 2002, and its changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the University has implemented a new financial reporting model as required by the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*.

The Management's Discussion and Analysis on pages 16 through 21 is not a required part of the basic financial statements, but is supplementary information required by GASB. This supplementary information is the responsibility of the University's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the management of the University. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2002, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

November 22, 2002

THE UNIVERSITY OF NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2002 (UNAUDITED)

Introduction

The following is an overview of the financial position and activities of the University of Nebraska for the year ended June 30, 2002. This analysis has been prepared by management of the University of Nebraska and it is intended to be read with the financial statements and related footnotes that follow this section.

The University of Nebraska is a comprehensive public institution of higher education, research, and public service with approximately 47,000 students on four campuses. It was founded in Lincoln on February 15, 1869. The University became a multi-campus institution in 1968 by an act of the Nebraska Legislature that provided for the addition of the University of Nebraska at Omaha (formerly the municipal University of Omaha) and, at the same time, designated the University of Nebraska-Lincoln and University of Nebraska Medical Center as separate campuses. In 1991, the former Kearney State College became the fourth campus as the University of Nebraska at Kearney.

The University's four campuses provide a diversity of offerings. The University of Nebraska-Lincoln (UNL) offers a wide range of undergraduate majors and has primary responsibility for graduate education, particularly at the doctoral level, and in the non-medical professions. UNL also includes the Institute of Agriculture and Natural Resources, which operates research extension centers across the State as well as offering major educational and research programs on campus. The University of Nebraska Medical Center (UNMC) features undergraduate, graduate, and professional degree programs that prepare students for a wide variety of careers in health sciences. The University of Nebraska at Omaha (UNO) is a metropolitan university located in the heart of Nebraska's largest city offering a broad range of undergraduate programs, as well as doctoral programs in criminal justice and public administration. The University of Nebraska at Kearney (UNK) is a mid-sized, residential campus with a commitment to excellence in undergraduate education. UNK offers undergraduate degrees in the arts and sciences, education, and business and technology, with a wide range of majors.

Financial and Operating Highlights

- **Growth in Net Assets.** Net assets of the University grew by approximately 1%. Unrestricted net assets represent 15% of total operating expenses before depreciation and health and other insurance claims. Maintenance of a prudent level of reserves is key to the long-term success of the University.
- **Increase in Federal Grants and Contracts.** Revenues from federal grants and contracts rose 19% over the prior year. Growth in this strategic area is a priority in distinguishing the University and fueling additional growth.
- **Strong Support from Private Gifts.** Revenue from gifts for both capital and other purposes was a combined \$76 million.
- **Enrollment Increases.** Enrollment, both in terms of headcount and full-time equivalents, is up over the prior year.
- **Positive Performance in Bonded Activities.** Operating results in auxiliary segments continue to be strong with all of the revenue bond-related entities meeting or exceeding requirements of bond covenants.

Using the Financial Statements

The University of Nebraska's financial statements are prepared in accordance with principles established by the Governmental Accounting Standards Board (GASB). During fiscal year 2001-2002, the University was required to adopt GASB Statement No. 35, *Basic Financial Statements - Management's Discussion and Analysis - for Public Colleges and Universities*. This GASB statement requires that the University's financial statements include a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows followed by the footnotes to the statements that are presented on a combined basis to focus on the University as a whole. Previous financial statements focused on individual fund groups rather than on the University as an entity. Since this is a transition year for this format, only one year of financial data is presented. In future years, comparative information will be presented.

Other significant changes to the financial statements include the following:

- Capital assets are presented net of accumulated depreciation. Previously, financial statements for colleges and universities did not require capital assets to be depreciated. Under this change, depreciation expense is also recognized as an operating expense in the statement of activities, which represents a ratable charge to operations in recognition of the exhaustible nature of the underlying assets.
- Revenues and expenses are classified as either operating or non-operating. Revenues realized from operating activities are offset by operating expenses, including depreciation, resulting in an operating income or loss. Most significantly, GASB requires that certain funding sources that are significant to the University, including state appropriations, gifts, and investment income, be classified as non-operating revenues. In large public land grant institutions, this, by definition, will invariably create an operating loss on the statement of activities and negative cash flows from operations in the statement of cash flows.
- Scholarships and fellowships granted to students are now shown as a reduction of tuition and other revenues, while stipends and other cash payments made directly to students continue to be reported as scholarship and fellowship expenses. All scholarships and fellowships were previously reported as an expense.

Condensed Statement of Net Assets

Assets:	
Current assets	\$ 530,165
Non-current assets	<u>1,281,176</u>
Total assets	<u>1,811,341</u>
Liabilities:	
Current liabilities	170,488
Non-current liabilities	<u>288,310</u>
Total liabilities	<u>458,798</u>
Net Assets:	
Invested in capital assets, net of related debt	\$ 607,793
Restricted:	
Nonexpendable:	
Permanent endowment	139,323
Investment in joint venture	119,645
Expendable:	
Externally restricted funds	61,002
Loan funds	39,775
Plant construction	157,118
Debt service	56,593
Unrestricted	<u>171,294</u>
Total net assets	<u>\$ 1,352,543</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

Operating revenues	\$ 691,891
Operating expenses	<u>1,148,835</u>
Operating loss	(456,944)
Non-operating revenues (expenses)	<u>440,789</u>
Loss before other revenues, expenses, gains or losses	(16,155)
Other revenues, (expenses), gains and losses	<u>37,797</u>
Increase in net assets	21,642
Net assets:	
Net assets-beginning of year	<u>1,330,901</u>
Net assets-end of year	<u>\$ 1,352,543</u>

Condensed Statement of Cash Flows

Net cash flows from operating activities	\$ (412,905)
Net cash flows from non-capital financing activities	449,467
Net cash flows from capital and related financing activities	22,449
Net cash flows from investing activities	<u>(18,437)</u>
Net increase in cash	40,574
Cash and cash equivalents - beginning of year	<u>337,528</u>
Cash and cash equivalents - end of year	<u>\$ 378,102</u>
Reconciliation of operating to net cash from operating activities:	
Operating loss	\$ (456,944)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation expense	40,266
Changes in net assets and liabilities	<u>3,773</u>
Net cash from operating activities	<u>\$ (412,905)</u>

Statement of Net Assets

The Statement of Net Assets includes all of the assets and liabilities of the University on the accrual basis of accounting. The difference between total assets and total liabilities represents the net assets of the University and is one indicator of its overall current financial condition. Over time, increases or decreases in the University's net assets indicate whether its financial health is improving or deteriorating.

The University's current assets of \$530 million compare favorably to its current liabilities of \$170 million, indicating management has exercised prudent actions to provide for adequate liquidity and working capital. Cash and cash equivalents and investments account for \$413 million of current assets and represent approximately four months of total expenses, excluding depreciation.

Assets classified as non-current are those that are expected to mature beyond a one year period or represent special accounts such as those established to comply with revenue bond covenants.

At June 30, 2002, the University had approximately \$881 million invested in capital assets, net of accumulated depreciation of \$429 million. Depreciation charges for the current year totaled \$40 million.

Net assets are divided into three parts:

- Invested in capital assets: the University's total investment in capital assets less accumulated depreciation and outstanding bond obligations incurred to acquire, construct or improve those assets.
- Restricted net assets:
 - Expendable: funds externally restricted by creditors, grantors or contributors and includes grant and research funds, student loan programs, and funds for plant construction and debt service on bond obligations.
 - Nonexpendable: permanent endowments and an investment in joint venture.
- Unrestricted net assets: comprised of balances designated as quasi endowments by the Board of Regents of \$26 million, healthcare blended entities of \$49 million, and the balance representing designated departmental balances and funds for encumbrances and working capital.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets discloses how the net assets of the University changed during the year. The University generated \$692 million of operating revenues during 2002, while operating expenses incurred amounted to approximately \$1,149 million, yielding an operating loss of \$457 million. As disclosed earlier, because of the mandated financial reporting regarding classification of state appropriations and other funding sources, statements of activities for large public land grant universities will invariably disclose an operating loss.

Toward the operating shortfall, the Nebraska Legislature provided appropriations to support academic programs and general operating expenses for the year of \$410 million. The University, in conjunction with the University of Nebraska Foundation, generated gifts amounting to approximately \$76 million and other non-operating revenues and expenses which netted an overall increase in net assets of about \$22 million.

Grants and contracts from all sources amount to 42% of operating revenues, reflecting the continued efforts of management to diversify the revenue stream and University-wide efforts to seek funding from private sources to support the overall mission of the University. All campuses received increased support from the University of Nebraska Foundation again this year, with the total amount received being about \$69 million. The Foundation and alumni remain valued partners in the University's commitment to excellence.

The University's expenses are labor intensive with compensation and benefits amounting to 71% of total operating expenses, excluding depreciation, scholarships and fellowships.

Statement of Cash Flows

The Statement of Cash Flows provides information about the sources and uses of cash and cash equivalents during the year. The net cash used in operating activities of \$413 million is expected due to the classification of state appropriations as a non-operating source of cash. Were state appropriations to have been classified as operating, cash flow from operations would have been nearly break-even. As disclosed in the statement, the overall increase in cash flows of \$41 million results primarily from non-capital and capital gifts and grants.

Debt Activity

The University, through related entities, had two bond issues that were successfully marketed during the year ended June 30, 2002.

The larger of these issues relates to the Durham Research Center, a state-of-the-art research and educational facility being constructed on the UNMC campus. The facility will offer 284,000 square feet of space to further the Medical Center campus' research and recruitment goals. Total estimated cost of the structure and adjacent parking facility is \$93 million. Of this amount, approximately \$57 million was borrowed by the University of Nebraska Facilities Corporation and is supported by and structured around donations.

The second issue emanates from the Nebraska Utilities Corporation (NUCorp), an interlocal organization formed with a Lincoln, Nebraska-based utility. The proceeds from the debt, approximating \$22 million, are being utilized to address energy conservation and utility upgrades on the University of Nebraska - Lincoln campus. Utility savings generated from these projects will provide funds for repayment of the borrowings.

The University continues to have a positive debt profile, with scheduled debt service for 2003 of \$23 million representing 2% of 2002 operating expenses.

Economic Outlook and Subsequent Events That Will Affect the Future

The State of Nebraska, like the majority of other states, continues to face challenges in climbing out of the current economic downturn. The State's challenges, in turn, impact the University. The University was originally slated to receive appropriation increases for the year ended June 30, 2002 of 6.4% with an additional 6.7% for the year ending June 30, 2003. The Legislature has subsequently cut those increases to 4.1% and 1.2% respectively. These reductions in appropriations have been managed through a number of measures:

- Tuition increases. Increases of 10% for 2002 and 2003 were implemented. Although these percentages are large at face, they compare to increases in peer institutions that, for the same time frame, ranged from 14-22%. Management believes our tuition pricing remains attractive relative to peer institutions of similar quality. True to our roots of being a land grant university, we continue to be sensitive to accessibility issues when addressing tuition issues by increasing scholarships and grants-in-aid.

- Increased enrollment. Student credit hours were up on an overall basis. This trend continues a climb from when enrollment standards were implemented in 1998. Recruitment continues to be a high priority and enrollment growth will help the University to continue to diversify its revenue streams away from State dependence.
- Research successes. Continued success in gaining grants and contracts in strategic areas of research complement the effort to diversify revenue sources. This effort has the added benefit of aiding in attracting and retaining top faculty and students.
- Fundraising successes. The University of Nebraska Foundation continues to enjoy fundraising success and provided \$69 million in support to the University to fund scholarships, faculty support, and capital projects. Two examples of what this support means to the continued success of the institution are the state-of-the-art Durham Research Center being built in Omaha (total cost of \$93 million) and the recently completed Othmer Hall Chemical Engineering Complex (total of \$27 million), both of which are the result of Foundation fundraising efforts.

The State will likely have growth at less than historical levels over the next two to three years. The State must re-examine revenue sources and funding priorities in light of pressures created by rapidly burgeoning budgets in areas other than higher education.

Management of the University believes that a strong university and support for higher education is the highest priority in creating long-term growth for the State. Through our role as Nebraska's dominant four-year institution, through our leadership in research, and through our continued outreach and engagement efforts, the University of Nebraska has been, and will continue to be, a strong economic driver and a valuable resource for the State.

THE UNIVERSITY OF NEBRASKA
A Component Unit of the State of Nebraska
Statement of Net Assets (thousands)
June 30, 2002

ASSETS

Current Assets:

Cash and cash equivalents	\$ 168,810
Cash and cash equivalents - restricted	168,116
Investment of capital reserve	40,844
Investments	35,716
Accounts receivable and unbilled charges	95,915
Loans to students	5,956
Other current assets	14,808
Total current assets	<u>530,165</u>

Non-current Assets:

Cash and cash equivalents - restricted	332
Investments	228,555
Investment in joint venture	119,645
Loans to students	28,760
Capital assets, net of accumulated depreciation	880,535
Other non-current assets	23,349
Total non-current assets	<u>1,281,176</u>

Total assets	<u>1,811,341</u>
--------------	------------------

LIABILITIES

Current Liabilities:

Accounts payable	50,224
Accrued salaries, wages, and post-retirement benefits	24,546
Accrued compensated absences	8,659
Bond obligations payable	11,605
Capital lease obligations	2,729
Deferred revenues and credits	61,038
Health and other insurance claims	11,687
Total current liabilities	<u>170,488</u>

Non-current Liabilities:

Accrued salaries, wages, and post-retirement benefits	240
Accrued compensated absences	27,906
Bond obligations payable	224,960
Capitalized lease obligations	30,091
Deferred revenues and credits	5,113
Total non-current liabilities	<u>288,310</u>

Total liabilities	<u>458,798</u>
-------------------	----------------

NET ASSETS

Invested in capital assets, net of related debt	607,793
---	---------

Restricted for:

Nonexpendable:

Permanent endowment	139,323
Investment in joint venture	119,645

Expendable:

Externally restricted funds	61,002
Loan funds	39,775
Plant construction	157,118
Debt service	56,593

Unrestricted	<u>171,294</u>
--------------	----------------

Total net assets	<u>\$ 1,352,543</u>
------------------	---------------------

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA
A Component Unit of the State of Nebraska
Statement of Revenues, Expenses, and Changes in Net Assets (thousands)
For The Year Ended June 30, 2002

OPERATING REVENUES

Tuition and fees (net of scholarship allowances of \$32,744)	\$ 139,429
Federal grants and contracts-restricted	192,189
State and local grants and contracts - restricted	28,470
Private grants and contracts - restricted	70,880
Sales and services of educational activities	37,684
Sales and services of health care entities	77,108
Sales and services of auxiliary operations	88,956
Sales and services of auxiliary segments (net of scholarship allowances of \$4,589)	45,076
Other operating revenues	12,099
Total operating revenues	<u>691,891</u>

OPERATING EXPENSES

Salaries and wages	592,561
Benefits	133,796
Total compensation and benefits	<u>726,357</u>
Supplies and materials	158,484
Contractual services	59,737
Repairs and maintenance	46,292
Utilities	22,104
Communications	13,941
Depreciation	40,266
Scholarships and fellowships	81,654
Total operating expenses	<u>1,148,835</u>

Operating loss (456,944)

NON-OPERATING REVENUES (EXPENSES)

State noncapital appropriations	410,163
Gifts	42,378
Investment income (net of investment management fees of \$143)	16,798
Decrease in fair value of investments	(20,568)
Interest on loans receivable	673
Interest on bond obligations	(8,655)
Net non-operating revenues	<u>440,789</u>

Loss before other revenues, expenses, gains or losses (16,155)

State capital appropriations	11,776
Capital grants and gifts	33,322
US Government advances	642
Additions to permanent endowments	1,078
Loss on disposal of plant assets	(9,021)
Increase in net assets	<u>21,642</u>

NET ASSETS

Net assets, beginning of year	1,330,901
Net assets, end of year	<u>\$ 1,352,543</u>

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA
A Component Unit of the State of Nebraska
Statement of Cash Flows (thousands)
For The Year Ended June 30, 2002

Cash Flows From Operating Activities:	
Grants and contracts	\$ 292,187
Tuition and fees	138,164
Sales and services of health care entities	88,595
Sales and services of auxiliary operations	82,499
Sales and services of auxiliary segments	44,078
Sales and services of educational activities	39,876
Other receipts	12,550
Student loans collected	9,932
Payments to employees	(677,793)
Payments to vendors	(351,120)
Scholarships paid to students	(81,572)
Student loans issued	(10,301)
Net cash flows from operating activities	<u>(412,905)</u>
Cash Flows From Noncapital Financing Activities:	
State noncapital appropriations	409,873
Private gifts and grants for operating use	38,516
Private gifts and bequests for endowment use	1,078
Net cash flows from noncapital financing activities	<u>449,467</u>
Cash Flows From Capital and Related Financing Activities:	
Proceeds from the issuance of bonds	78,575
Grants and contracts	38,193
Proceeds from the issuance of capital leases	15,866
State capital appropriations	11,957
US Government Advances	642
Purchases of capital assets	(99,250)
Principal paid on bond obligations	(10,505)
Interest paid on bond obligations	(7,029)
Payments made on lease obligations	(6,000)
Net cash flows from capital and related financing activities	<u>22,449</u>
Cash Flows From Investing Activities:	
Proceeds from sales and maturities of investments	136,098
Interest on investments	16,551
Interest on loans receivable	672
Purchases of investments	(171,758)
Net cash flows from investing activities	<u>(18,437)</u>
Net increase in cash and cash equivalents	40,574
Cash and cash equivalents - beginning of year	337,528
Cash and cash equivalents - end of year	<u>\$ 378,102</u>
Cash and cash equivalents - end of year as presented in Statement of Net Assets:	
Cash and cash equivalents (Current)	\$ 168,810
Cash and cash equivalents - restricted (Current)	168,116
Investment of capital reserve (Current)	40,844
Cash and cash equivalents (Non-current)	332
Cash and cash equivalents - end of year	<u>\$ 378,102</u>
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	\$ (456,944)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Depreciation expense	40,266
Changes in assets and liabilities:	
Investment in joint venture	4,099
Accounts receivable	3,251
Loans to students	(94)
Other current assets	(10,451)
Accounts payable	(3,792)
Accrued compensation	4,506
Deferred revenues and credits	6,254
Net cash flows from operating activities	<u>\$ (412,905)</u>

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA

A COMPONENT UNIT OF THE STATE OF NEBRASKA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2002 (thousands)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The University of Nebraska (the University) is a land-grant University founded in 1869 and governed by an elected eight-member University of Nebraska Board of Regents (the Board of Regents). University activities are conducted at four primary campuses with two located in Omaha and one each in Lincoln and Kearney, Nebraska. While the University is a legally separate entity, it is a component unit of the State of Nebraska (State) because it is financially accountable to the State. The major accounting principles and practices followed by the University are presented below to assist the reader in evaluating the financial statements and the accompanying notes.

These statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The GASB has issued GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The University follows the "business-type" activities reporting format of GASB Statement No. 34. This reporting format requires the following elements:

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Assets
 - Statement of Revenues, Expenses and Changes in Net Assets
 - Statement of Cash Flows
- Notes to financial statements

Certain 2001 fiscal year net asset amounts have been reclassified and restated to conform to the required 2002 format as follows:

Previously reported fund balance, June 30, 2001	\$ 1,780,092
Accumulated depreciation	(417,485)
Deferred revenues	<u>(31,706)</u>
	<u>(449,191)</u>
Net assets, June 30, 2001, as restated	<u>\$ 1,330,901</u>

Reporting Entity - Certain affiliated organizations for which the Board of Regents has oversight responsibility are included in the University's financial statements as component units. The financial activity for other affiliated organizations and foundations (including the University of Nebraska Foundation) for which the University does not have oversight responsibility is not included in the University's financial statements.

The University's financial reporting entity consists of the following component units and their balances and transactions are blended into the accompanying financial statements and reported in a manner similar to the balances and transactions of the University itself.

- The University of Nebraska Facilities Corporation (UNFC) was organized to finance the construction, repair, and renovation of buildings and the acquisition of land and equipment and to hold them in trust for the University. UNFC is governed by a Board of Directors comprised of the Board of Regents.
- The University Medical Associates (UMA) was organized for the purpose of billing, collecting and distributing medical service fees generated by clinicians employed by the University of Nebraska Medical Center (UNMC). UMA is governed by the Board of Regents. The distribution of fees is governed by the terms of the University of Nebraska Medical Services Plan applicable to the member clinicians.
- UNEMed was organized to develop and market biomedical technologies for the University and pay all related patent costs, and acts under the authority of the Board of Regents.
- The University Dental Associates (UDA) was organized for the purpose of billing, collecting and distributing dental service fees generated by dentists employed by the UNMC. UDA is governed by the Board of Regents. The distribution of fees is governed by the terms of the University of Nebraska Dental Service Plan applicable to the member dentists.
- Nebraska Utility Corporation (NUCorp) is a not-for-profit corporation formed under the Nebraska Interlocal Cooperation Act between the Board of Regents and Lincoln Electric System. The purpose of NUCorp is to purchase, lease, construct and finance activities relating to furnishing energy requirements and utility and infrastructure facilities for the University of Nebraska-Lincoln. NUCorp is governed by a five member Board, three of which are University of Nebraska officials.

Separate financial statements for UNFC, UMA, UNEMed, UDA, and NUCorp may be obtained from the University of Nebraska Central Administration, Varner Hall, 3835 Holdrege, Lincoln, Nebraska 68583-0742.

Basis of Presentation - The financial statements of the University have been prepared on the accrual basis. The University recognizes revenues net of discounts and allowances, when it becomes measurable and available. The University first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. All significant revenues and expenses resulting from intra-University transactions have been eliminated.

Cash and Cash Equivalents - Cash and cash equivalents are stated at fair value. Cash is deposited with the Nebraska State Treasurer on a pooled basis in a State fund. Income earned by the pool is allocated to the University 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 University. Securities lending transactions cannot be specifically identified to amounts on deposit from the University and as such are not included in the financial statements for the year ended June 30, 2002.

For purposes of the statement of cash flows, cash includes cash and cash equivalents, both unrestricted and restricted, investments with an original maturity of three months or less when purchased, and investment of capital reserve.

Investment of Capital Reserve - The investment of capital reserve represents amounts designated for the repair and replacement of equipment for the Medical Center Health Facilities. These amounts are on deposit with the Nebraska State Treasurer.

Investments - Investments are stated at fair value. Securities that are publicly traded are valued based on quoted market prices. Investments that do not have an established market are reported at estimated fair value. Investments received from donors as gifts are recognized as revenue at fair value at the date of the gift. Income from investments is recognized as earned and includes unrealized gains and losses.

Investment in Joint Venture - Investment in joint venture is accounted for under the equity method.

Capital Assets - Land improvements, building and equipment are stated at cost at the date of acquisition. Depreciation is calculated using the straight-line method over the estimated useful life of the related assets. The estimated useful lives are 50 years for buildings, 20 to 30 years for land improvements, and 2 to 10 years for equipment. Maintenance, repairs and minor replacements are charged to expense as incurred. The University maintains various collections of inexhaustible assets to which no value can be determined. Such collections include contributed works of art, historical treasures and literature.

Accrued Compensated Absences - University faculty and staff earn 12 to 25 days of vacation each year and may carry over up to one year of accrued vacation into the next year. In future years, accrued vacation may be used or received as a cash payment upon retirement or termination. In addition, certain classified staff receive a cash payment of one-fourth of accrued sick leave upon retirement from the University. The University has recognized a liability for sick and annual leave earned but not yet taken by its faculty and staff. Certain University faculty and staff also earn four floating holidays each year, which may be taken at any time during the year. Unused floating holidays expire at calendar year end.

Deferred Revenues and Credits - These consist of advance payments on athletic tickets, fall semester dormitory contracts, tuition deposits, unamortized bond premiums on the sale of bonds, unearned income on direct financing leases and cash received in advance for grants and contracts.

Classification of Revenues - The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state and local grants and contracts and federal appropriations, and (4) interest on student loans.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations and investment income.

Unrestricted Gifts - Unrestricted gifts are recognized as revenue when received.

Scholarships and Fellowships - The University receives funds which are restricted by donors and grantors for aid to students. When these funds are granted to students, or when scholarships and fellowships are provided through student tuition waiver, the University records the expense for student aid and the corresponding revenue. Accordingly, Federal grants and contracts include Pell grant awards amounting to \$18,486 and Ford direct student loans amounting to \$54,107. The combined awards of \$72,593 are also included in Scholarships and Fellowships expense. For employee tuition waivers, the University records a benefit expense and corresponding revenue.

Health and Other Insurance Claims - The University is partially self-insured for comprehensive general liability, property losses, and group health and dental liability. Its estimated liability is being funded annually and reflected as an expense.

Tax Status - The University qualifies as non-profit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is required. However, income from unrelated activities is subject to federal and state income taxes. No provision is deemed necessary for any income taxes associated with unrelated activities.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements - In May of 2002 GASB issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units an Amendment of GASB 14*. This statement provides guidance to determine whether certain organizations for which the University is not financially accountable should be reported as a component unit based on the nature and significance of the relationship. This statement is effective for periods beginning after June 15, 2003. The University has not yet determined the effect this statement will have on the financial statements.

B. CASH AND CASH EQUIVALENTS

The University's cash and cash equivalents are deposited in a pooled State fund managed by the Nebraska State Treasurer or in financial institutions. Bank balances of cash and cash equivalents deposited in banks amounted to approximately \$1,876 (book balance of approximately \$1,223), with approximately \$1,257 covered by federal depository insurance at June 30, 2002. Of the remaining bank balance, approximately \$364 was collateralized with securities held by the pledging financial institution, but not in the University's name, and approximately \$251 was uninsured and uncollateralized. Interest income amounted to approximately \$11,066 and is included in other sources of revenue.

C. INVESTMENTS

Funds held for the support of University operations, excluding trust funds, are invested according to State statute by the State Investment Officer. Regulatory oversight is provided by the Nebraska Investment Council. The University's fair value in the Investment Council's investment pool is equal to its pool units. University trust funds are invested by the University in accordance with the prudent person rule as established by the University. The prudent person rule places no restrictions on the investment of these funds.

For reporting purposes, the carrying amount of investments is classified into three categories of credit risk. Category 1 includes investments that are insured or registered with securities held by the University or its agent in the name of the University. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the name of the University. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent but not in the University's name.

Investments are stated at fair value and are uninsured, unregistered and are held by the trustee or an agent but not in the name of the University as follows:

	<u>June 30, 2002</u>
U.S. Government Securities	\$ 77,756
Government Agencies	18,253
Corporate Bonds	<u>89,157</u>
	\$ 185,166
Investments not subject to categorization:	
Mutual fund	<u>79,105</u>
Total current and non-current investments	<u>\$ 264,271</u>

D. ACCOUNTS RECEIVABLE, UNBILLED CHARGES AND LOANS TO STUDENTS

Substantially all amounts included in accounts receivable and unbilled charges represent tuition receivables, grant reimbursements, unbilled charges, patient accounts receivable and other receivables. Balances are stated net of allowances for doubtful accounts and contractual adjustments of approximately \$15,122. In addition, the University maintains an allowance for doubtful collections of student loans of approximately \$1,608 at June 30, 2002.

E. INVESTMENT IN JOINT VENTURE

On October 1, 1997, the University and Bishop Clarkson Memorial Hospital (Clarkson) entered into a Joint Operating Agreement with UNMC forming the Nebraska Health System (NHS), a Nebraska nonprofit corporation. A Board of Directors comprised of six members appointed by Clarkson and six members appointed by the University govern NHS. Upon dissolution of NHS, the University and Clarkson will share equally in the remaining net assets. Because the University has an ongoing financial interest in NHS, the University is accounting for the joint venture under the equity method. The University has recorded fifty percent equity in the change in net assets of NHS for the year ended June 30, 2002 totaling approximately \$(1,099). In addition, to the extent that sufficient funds are available as determined by the NHS Board of Directors, the University will receive an annual capital distribution. A distribution was declared for fiscal year 2001, of which UNMC received \$3,000 in August 2001. There were no distributions declared in fiscal year 2002.

Separate financial statements of NHS can be obtained from the Nebraska Health System, 42nd Street and Dewey Avenue, Omaha, Nebraska 68105.

In conjunction with the Joint Operating Agreement, the University of Nebraska entered into an agreement to lease the former hospital building to NHS under a five year operating lease. On October 1, 2000, the agreement was amended to extend thirty-seven years. The hospital building is valued at approximately \$131,000 and is included in the University's financial statements. Following are the minimum lease rental payments due from NHS:

Fiscal Year Ending June 30:

2003	\$ 4,001
2004	4,006
2005	4,002
2006	4,009
2007	4,000
2008-2012	<u>17,845</u>
	<u>\$ 37,863</u>

In addition, the University and NHS have entered into an Academic Affiliation Agreement for Education and Research. In connection with the agreement, NHS has agreed to financially support certain educational, research, operational and clinical activities of the University College of Medicine that further the mission and objectives of NHS. During the fiscal year ended June 30, 2002, the University received approximately \$15,815 of support in connection with the agreement.

F. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2002 is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 43,950	\$ 185	\$ -	\$ 44,135
Land improvements	71,321	2,688	(2,558)	71,451
Building	820,006	55,443	(11,306)	864,143
Equipment	210,241	23,925	(23,041)	211,125
Construction work in progress	<u>95,144</u>	<u>68,880</u>	<u>(45,064)</u>	<u>118,960</u>
Total capital assets	<u>\$ 1,240,662</u>	<u>\$ 151,121</u>	<u>\$ (81,969)</u>	<u>\$ 1,309,814</u>
Less accumulated depreciation for:				
Land improvements	\$ 28,052	\$ 2,666	\$ (2,552)	\$ 28,166
Building	260,975	19,460	(6,607)	273,828
Equipment	<u>128,458</u>	<u>18,140</u>	<u>(19,313)</u>	<u>127,285</u>
Total accumulated depreciation	<u>417,485</u>	<u>40,266</u>	<u>(28,472)</u>	<u>429,279</u>
Capital assets, net	<u>\$ 823,177</u>	<u>\$ 110,855</u>	<u>\$ (53,497)</u>	<u>\$ 880,535</u>

G. ACCRUED COMPENSATED ABSENCES

Accrued compensated absences are as follows for the year ended June 30, 2002:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	<u>\$ 35,660</u>	<u>\$ 21,308</u>	<u>\$ (20,403)</u>	<u>\$ 36,565</u>	<u>\$ 8,659</u>

H. BOND OBLIGATIONS PAYABLE

Bond obligations payable is as follows for the year ended June 30, 2002:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bond obligations payable	<u>\$ 168,495</u>	<u>\$ 78,575</u>	<u>\$ (10,505)</u>	<u>\$ 236,565</u>	<u>\$ 11,605</u>

Bond obligations payable at June 30, 2002, consist of the following:

	Interest Rate	Annual Installment	Principal Amount Outstanding
University of Nebraska - Lincoln:			
Student Fees and Facilities 1995 and 1996 Revenue Bonds, due through July 2016	4.70 - 5.65%	\$ 765 to 2,995	\$ 16,740
Parking Revenue Bonds Series 1995, 1996, and 2000 due through June 2020	4.70 - 5.80%	\$ 1,895 to 9,225	30,235
University of Nebraska Medical Center:			
Student Housing Revenue Refunding Bonds Series 1992, due through August 2003	5.80 - 5.90%	\$ 125 to 245	370
University of Nebraska at Omaha:			
Student Center Revenue Bonds Series 1993, due through May 2014	4.60 - 5.35%	\$ 370 to 1,560	6,815
University of Nebraska at Kearney:			
Student Fees and Facilities Series of 1966 and Supplemental Resolutions, Refunding Series of 1993 and 1994, and Series of 2000, due through July 2020	4.30 - 5.75%	\$ 320 to 1,305	<u>12,980</u>
Total University Bonds Payable			67,140
University of Nebraska Facilities Corporation:			
Series 1997 Bonds (Memorial Stadium Project), Series 1998 Bonds (Deferred Maintenance Project), Series 1998 Bonds (UNMC Electrical System Project), and Series 2002 Bonds (UNMC Research Center Project), due through July 2015	3.50 - 5.25%	\$ 3,470 to 21,215	147,545
Nebraska Utility Corporation:			
Series 2001 Revenue Bonds (University of Nebraska- Lincoln 2001 Project), due through January 2016	4.50 - 5.25%	\$ 720 to 1,620	<u>21,880</u>
			<u>\$ 236,565</u>

Annual maturities subject to mandatory redemption for the years ending June 30 are as follows:

	University		UNFC		Nebraska Utility Corporation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 3,555	\$ 3,555	\$ 8,050	\$ 6,805	\$ -	\$ 1,134	\$ 11,605	\$ 11,494
2004	3,835	3,383	8,485	6,529	-	1,100	12,320	11,012
2005	3,765	3,206	11,665	6,125	-	1,100	15,430	10,431
2006	3,925	3,024	18,535	5,597	720	1,100	23,180	9,721
2007	3,420	2,832	14,035	4,761	750	1,068	18,205	8,661
2008-2012	19,175	11,346	65,560	14,029	4,525	4,811	89,260	30,186
2013-2017	18,175	5,904	21,215	3,183	6,795	3,467	46,185	12,554
2018-2020	11,290	1,883	-	-	7,470	1,597	18,760	3,480
Thereafter	-	-	-	-	1,620	86	1,620	86
	<u>\$ 67,140</u>	<u>\$ 35,133</u>	<u>\$ 147,545</u>	<u>\$ 47,029</u>	<u>\$ 21,880</u>	<u>\$ 15,463</u>	<u>\$ 236,565</u>	<u>\$ 97,625</u>

At June 30, 2002, the trustees for these bond funds held cash and investments in the amount of approximately \$136,203.

Net revenues from student housing and dining facilities, special student fees, and parking facilities are pledged to secure the respective bond issues. These bond issues and UNFC bonds are not obligations of the State of Nebraska and no tax shall ever be levied to raise the funds for the principal payment thereof or the interest or premium thereon. The UNFC bonds do not constitute debt of the Board of Regents of the University of Nebraska but shall be payable solely out of monies derived from designated tuition revenues, specified football ticket sales, legislative appropriations, and UNMC lease payments.

The bond resolutions specify the funds which need to be established, the required transfers between funds, and the maximum maturity limits for each funds' investments. The bond resolutions also require that specified amounts be deposited with the trustee for certain funds. At June 30, 2002 the University and UNFC are in compliance with these requirements.

Master Trust Indenture - The Board of Regents has entered into a Master Indenture dated as of June 1, 1995 (as amended and supplemented from time to time, the Indenture) with a fiduciary with respect to the facilities (including student housing, student unions, student health facilities and parking facilities) from which the Board of Regents derives revenues, fees and earnings. The Indenture provides for the formation of an Obligated Group for the purpose of achieving lower borrowing costs through sharing accumulated excess revenues and earnings derived from such facilities. As of June 30, 2002, the members of the Obligated Group are (a) the student housing, student unions and student health facilities on the University of Nebraska - Lincoln campuses, and (b) the parking facilities on the University of Nebraska - Lincoln campuses and the accumulated surplus revenues, fees and other payments of such the members have been jointly pledged to the payment of revenue bonds issued with respect to such facilities. Other facilities will be added to the Obligated Group and the revenues, fees and other payments derived from such facilities will be pledged under the Indenture in the future as circumstances permit.

University of Nebraska Facilities Corporation

Series 2002 Bonds - UNMC Research Center Project - In 2002, the UNFC authorized the issuance of \$56,695 of Series 2002 Bonds (2002 Project), dated February 15, 2002. The 2002 Project was created for the purpose of paying a portion of the cost of construction of the Research Center of Excellence and a multi-level parking structure on the campus of the UNMC in Omaha, Nebraska at a total estimated cost of \$93,000. The UNMC, through the University of Nebraska Foundation, has obtained pledges approximating \$85,000 for payment of the costs of these projects. The pledges will be received in installments starting in July 2002 through 2011. These pledges are augmented with the revenue from a lease agreement with a third party for a portion of the parking structure. The Bonds relating to the 2002 Project are due through February 15, 2015 and bear interest at rates ranging from 3.5% to 5%. Bonds maturing after February 15, 2012 are redeemable at 100% of principal plus accrued interest. The Series 2002 indenture requires an amount of \$5,670 to be deposited with the trustee for the 2002 Bond Reserve Account. At June 30, 2002, the balances in the 2002 Bond Reserve Account was sufficient to meet this requirement.

Series 1998 Bonds - Deferred Maintenance Project - In 1998, the UNFC authorized the issuance of \$80,190 of Series 1998 Bonds (Deferred Maintenance Project), dated July 15, 1998 of which \$70,785 remains outstanding as of June 30, 2002. The Deferred Maintenance Project was created for the purpose of paying the cost of certain deferred maintenance projects authorized by Nebraska Legislative Bill 1100 (LB1100) on each of the four campuses of the University of Nebraska. Principal and interest payments on the bonds are secured by existing balances in the University Cash Fund, the University of Nebraska at Omaha Cash Fund, and the University of Nebraska at Kearney Cash Fund. Under LB1100, the Nebraska Legislature has appropriated \$5,500 each fiscal year beginning July 1, 1999 through June 30, 2009 which can be modified by the Legislature as specified in LB1100. In addition, the Board of Regents has committed \$5,200 of tuition revenues for each fiscal year through June 30, 2011.

Series 1998-2 Bonds - UNMC Electrical System Project - In 1998, the UNFC authorized the issuance of \$2,315 of Series 1998 Bonds (UNMC Electrical System Project), dated October 15, 1998. The UNMC Electrical System Project was created for the purpose of constructing and installing an electrical power service line and related facilities to the University of Nebraska Medical Center.

Under the resolution for the UNMC Electrical System Project, the Board of Regents leased from UNFC the real property and improvements comprising the Project and the existing facilities under a Site Lease dated October 15, 1998. In turn, the Board of Regents has agreed to make lease rental payments to UNFC in such amounts and at such times so as to provide sufficient funds with which to make full and timely payments on the UNMC Electrical System Project Bonds. The term of the Site Lease expires when all bonds have been paid in full or the payment of the bonds have been provided for in accordance with the Trust Indenture. The principal and interest payments on the bonds are payable from monies to be budgeted and appropriated by the Board of Regents. The capitalized lease obligation and receivable recorded by UNMC and UNFC, respectively, are eliminated in consolidation.

Series 1997 Bonds - Memorial Stadium Improvements Project - In 1997, the UNFC authorized the issuance of \$21,575 of Series 1997 Bonds (1997 Project), dated July 15, 1997. The 1997 Project was created for the purpose of making certain improvements and additions to Memorial Stadium on the campus of the University of Nebraska-Lincoln. Under the resolution for the 1997 Project, the Board leased from UNFC the real property and improvements comprising the 1997 Project and the existing facilities under a Site Lease dated July 15, 1997. The Board has agreed to make lease rental payments to UNFC in such amounts and at such times so as to provide sufficient funds with which to make full and timely payments on the Series 1997 Bonds. The term of the Site Lease expires when all Bonds have been paid in full or the payment of the bonds has been provided for in accordance with the Trust Indenture.

To secure payments on the 1997 Bonds, revenues derived from the use of stadium facilities including ticket sales, payment from other colleges or conferences, concession sales and any other revenues are pledged for payment of the Series 1997 Bonds. The 1997 Project agreement states that if, at any time, the assigned revenues are insufficient to pay principal and interest of the Series 1997 Bonds as they become due, the deficiency will be paid from the University Cash Funds or other funds of the Regents available for such purpose.

Defeasances - In 1993, the UNFC authorized the issuance of \$45,570 of Series 1993 Refunding Bonds, dated July 15, 1993. On September 30, 1997, the Board of Regents deposited \$34,764 into an irrevocable trust with an escrow agent to defease outstanding Series 1993 Bonds. Outstanding bonds on July 1, 2005 will be redeemed at a price equal to the principal amount plus accrued interest. As a result, the Series 1993 Refunding Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. At June 30, 2002, \$28,815 of the Series 1993 Refunding Bonds are outstanding.

Nebraska Utilities Corporation

In 2001, the Nebraska Utilities Corporation (NUCorp), an interlocal organization formed with a Lincoln, Nebraska-based utility, authorized the issuance of \$21,880 of Series 2001 bonds. The bonds are due in varying amounts from 2006 to 2016 and bear interest rates between 4.50% and 5.25%. Bonds maturing after January 13, 2013 are eligible for redemption at the option of NUCorp after 2011. The redemption price is 102.4% of the matured value in the first year of eligibility with the price ranging from 102.2% to 99.7% each year thereafter. The proceeds from the debt are being utilized to address energy conservation and utility upgrades on the University of Nebraska Lincoln campus. Utility savings generated from these projects will provide funds for repayment of the bonds.

I. CAPITAL LEASE OBLIGATIONS

The University is presently leasing buildings with either the option to purchase or transfer of title at the expiration of the lease term, and has also entered into several contracts with the University of Nebraska Foundation (Foundation) which allow the University to lease certain real property and purchase title to the entire leasehold at the expiration of the lease term. The University also leases certain items of equipment which are classified as capital leases.

Capital lease obligation activity for the year ended June 30, 2002 is as follows:

	Balance	Additions	Disposals	Balance	Portion
Capital lease obligations	<u>\$ 21,889</u>	<u>\$ 17,279</u>	<u>\$ (6,348)</u>	<u>\$ 32,820</u>	<u>\$ 2,729</u>

Minimum lease payments under capital leases together with the present value of the net minimum lease payments are:

Year Ending June 30,	Buildings and Properties	Equipment	Total
2003	\$ 4,011	\$ 1,656	\$ 5,667
2004	4,033	1,581	5,614
2005	3,984	1,541	5,525
2006	3,984	419	4,403
2007	3,787	36	3,823
2008-2012	14,082	-	14,082
2013-2017	<u>9,182</u>	<u>-</u>	<u>9,182</u>
	43,063	5,233	48,296
Less: Interest and executory costs	<u>15,124</u>	<u>352</u>	<u>15,476</u>
	<u>\$ 27,939</u>	<u>\$ 4,881</u>	<u>\$ 32,820</u>
Capital assets held under capital lease obligations at June 30, 2002 are as follows:			
Buildings	\$ 32,401		
Equipment	<u>8,295</u>		
	<u>\$ 40,696</u>		

J. HEALTH AND OTHER INSURANCE CLAIMS

Activity in the health and other insurance claims programs is as follows:

	Self- Insurance	General Liability	Health and Dental	Total
Claim reserve, July 1, 2001	\$ -	\$ 2,492	\$ 6,773	\$ 9,265
Establish claim reserve	706	-	-	706
Incurred claims	14	2,199	52,241	54,454
Payments on claims	<u>(67)</u>	<u>(1,907)</u>	<u>(52,453)</u>	<u>(54,427)</u>
Claim reserve, June 30, 2001	653	2,784	6,561	9,998
Incurred claims	30	2,559	63,080	65,669
Payments on claims	<u>(21)</u>	<u>(2,032)</u>	<u>(61,927)</u>	<u>(63,980)</u>
Claim reserve, June 30, 2002	<u>\$ 662</u>	<u>\$ 3,311</u>	<u>\$ 7,714</u>	<u>\$ 11,687</u>

The Board of Regents provides for protection against comprehensive general liability and property losses through a partially self-insured general liability program. The self-insured program also covers the retained deductible for directors and officers liability and miscellaneous claims not covered by insurance. The Board of Regents has purchased all-risk "blanket" policies for risks not covered by the partially self-insured general liability program. These policies provide for property coverage with a \$200 deductible/\$1,000 annual aggregate, educators legal liability coverage with a \$150 deductible/\$5,000 annual aggregate, umbrella excess liability coverage for \$10,000 each loss/\$10,000 aggregate, and an additional excess liability coverage for \$10,000 each loss/\$10,000 aggregate. A bank administers the general liability and self-insured trusts including the investments and payment of approved claims. The University estimates a range of loss for general liability and property claims using actuarial studies conducted by outside actuarial firms. The discount rates used by the actuaries for estimation of the claim reserve was 5% for general liability. This estimate is accrued in the accompanying financial statements and includes a reserve for known claims as well as incurred but unreported incidents.

The University participates in the State Excess Liability Fund which provides coverage from \$200 up to \$1,250 for each medical malpractice claim. Settled claims have not exceeded insurance coverage in any of the past three years.

The Board of Regents provides for faculty and staff group health and dental benefits through a split-funded minimum premium insurance program. The University accrued an estimate for known and incurred but not reported claims based on claim history adjusted for current trends. A trust agreement with a bank provides for the collection, investment and administration of premiums and for payment to the third party administrators for claims paid.

At June 30, 2002, the trustees for the health and other insurance claims programs held cash and cash equivalents and investments totaling approximately \$23,611 whose use is limited to the payment of claims under the programs.

K. RETIREMENT PLANS

The University has a defined contribution retirement plan currently in effect, which was established by the Board of Regents. The plan covers all academic faculty, administrative and classified staff and provides investment options administered by Teachers Insurance and Annuity Association/College Retirement Equity Fund and Fidelity Investments. Under the plan, faculty and staff are required to contribute 3.5% or 5.5% if they participate in either Tier 1 or Tier 2 of the plan, respectively. The University matches faculty and staff participation by contributing 6% and 7.5% for Tier 1 and Tier 2, respectively. The University's policy is to fund costs accrued on an annual basis.

The University's total payroll for fiscal year 2002 was approximately \$592,561 of which approximately \$438,220 was covered by the plan. The University's contribution during the year was approximately \$25,248 or 5.76% of covered payroll and the faculty and staff's contribution was approximately \$18,088 or 4.13% of covered payroll.

Faculty and staff (at least .5 FTE) who attain age 26 and have completed 24 months of continuous service are eligible to participate in the retirement plan. Faculty and staff (at least .5 FTE) attaining age 30 following 24 months of continuous service are required to participate. The plan benefits are fully vested at the date of contribution.

UMA has two defined contribution money purchase pension plans established under Section 401(a) of the Internal Revenue Code which are administered by a bank. Together, these plans cover substantially all employees who meet age and length of service requirements of the plans. The plans are funded through UMA contributions, based upon a fixed percentage of the employees' salary. Total pension expense was \$11,114 for the year ended June 30, 2002.

L. COMMITMENTS AND CONTINGENCIES

The University has contracted for the construction of several facilities which are estimated to cost approximately \$288,731. As of June 30, 2002, the approximate remaining costs to complete these facilities were \$116,859, which will be financed as follows:

Bond funds	\$ 74,781
Federal funds	15,068
University funds	4,590
State appropriations	1,318
Private gifts, grants and contracts	<u>21,102</u>
	<u>\$ 116,859</u>

The University of Nebraska Foundation (the Foundation) has advanced approximately \$8,100 to the University of Nebraska - Lincoln (UNL) for expenditures relating to the Ballpark Project, which has an estimated completion date of December 2002. The amount of all funds expected to be advanced for the Project approximate \$8,600. Upon completion of this project, under an agreement dated April 1, 2000, a five-year capital lease will take effect between the Foundation and UNL to be repaid by third-party pledges to the Foundation.

On June 1, 2002, the Board of Regents approved the purchase and financing of Alexander Building, including a heating, ventilation, and air conditioning project for the University of Nebraska Lincoln. The project cost is estimated at \$3,500 with a project completion date of June 2003. Funding for this project will be provided by a proposed University of Nebraska Facilities Corporation 2002 bond issue. Funds for the repayment of these bonds and related interest will be operating funds and indirect cost recovery revenues.

During the normal course of business, the University receives funds from the United States Government, state and local governments and private donors for student loans, special projects research grants and research contracts. Substantially all of these funds are subject to future audit by various federal and state agencies; however, it is the University's opinion that resulting adjustments, if any, would not have a material effect upon the accompanying financial statements.

The University has other claims and litigation pending, none of which is expected to result in any material loss to the University.

M. RELATED PARTY TRANSACTIONS

The University routinely has transactions with NHS. The members of the faculty at the University are also members of the medical staff of NHS, and, in many other areas, the operations of the University and NHS are integrated and overlap. The University provides certain operational and support services as well as certain direct financial support to NHS. For the fiscal year ended June 30, 2002, NHS purchased approximately \$17,039 of goods and services from the University.

N. FUNCTIONAL CLASSIFICATIONS OF EXPENSES

	Compen- sation	Supplies and Materials	Contractual Services	Repair and Maintenance	Utilities	Communi- cations	Scholarships and Fellowships	Deprecia- tion	Total
Instruction	\$ 277,765	\$ 32,770	\$ 6,622	\$ 1,513	\$ 19	\$ 2,779	\$ 1,966	\$ -	\$ 323,434
Research	99,040	32,196	18,935	9,521	92	1,176	800	-	161,760
Public Service	56,109	10,336	6,715	1,129	467	857	194	-	75,807
Academic Support	54,085	12,131	540	8,607	5	1,387	108	-	76,863
Student Services	12,750	8,349	419	-	-	268	210	-	21,996
Institutional Support	51,012	4,396	6,399	2,366	75	914	904	-	66,066
Operation and Maintenance of Plant	24,066	6,699	1,721	15,584	17,192	324	9	-	65,595
Healthcare Entities	84,037	7,461	2,796	531	22	218	71	-	95,136
Scholarships and Fellowships	2,869	592	924	24	-	-	76,300	-	80,709
Auxiliary Operations	64,624	43,554	14,666	7,017	4,232	6,018	1,092	-	141,203
Depreciation	-	-	-	-	-	-	-	40,266	40,266
Total Expenses	\$ 726,357	\$ 158,484	\$ 59,737	\$ 46,292	\$ 22,104	\$ 13,941	\$ 81,654	\$ 40,266	\$1,148,835

O. AUXILIARY SEGMENTS

The University issues revenue bonds to finance certain of its auxiliary activities. Investors in these bonds rely on the revenue generated by the individual activities and other sources specified for repayment. Descriptive information for each of the University's segments is as follows:

UNO Student Center Project - Series 1993 - The Student Center provides a variety of services for the benefit of the University and its students. Student fees and other revenues, comprised primarily of bookstore and food service revenues, are pledged to the Series 1993 bonds.

UNK Student Fees And Facilities Revenue Bonds, Under The June 15, 1966 Resolution And Supplemental Resolutions - The bonds are used to provide student housing and related facilities as allowed by the bond covenants for the University of Nebraska at Kearney (UNK) campus. Operating revenues, consisting primarily of rentals and food service income, as well as student fees and other revenues are pledged to the bonds.

University Of Nebraska Revenue Refunding Bonds, Series 1992 (UNMC Student Housing Project) - These bonds are used to provide student housing and related facilities as allowed by the bond covenants for the UNMC. Facility rental revenues comprise the operating revenues of this segment and are pledged to the bonds.

UNL Student Fees And Facilities Bonds, Under The December 1, 1964 Resolution And Supplemental Resolutions - These bonds are used to provide student housing and related facilities as allowed by the bond covenants for the UNL campus. Operating revenues consist primarily of room and board charges. These room and board charges, student fees and other revenues are pledged to the bonds.

University Of Nebraska Revenue Bonds, Series 1995, Revenue Bonds, Series 1996 And Revenue Bonds, Series 2000 - (UNL Parking Project) - These bonds are used to provide parking related facilities as allowed by the bond covenants for the University of Nebraska - Lincoln (UNL) campus. Operating income consists of parking fee revenues and are pledged to the bonds.

Condensed financial information for each of the University's segments follows (in thousands):

	UNO Student Center Project	UNK Student Fees and Facilities	UNMC Student Housing Project	UNL Parking Projects	UNL Student Fees and Facilities
June 30, 2002					
Condensed Statement of Net Assets					
Assets:					
Current assets	\$ 2,607	\$ 7,877	\$ 279	\$ 6,255	\$10,974
Non-current assets:					
Capital assets	6,291	17,397	1,127	26,767	49,083
Other non-current assets	2,567	389	286	2,684	7,585
Total assets	<u>\$11,465</u>	<u>\$25,663</u>	<u>\$1,692</u>	<u>\$35,706</u>	<u>\$67,642</u>
Liabilities:					
Current liabilities	\$ 668	\$ 2,381	\$ 175	\$ 1,761	\$ 3,868
Non-current liabilities	6,582	11,938	253	29,139	16,320
Total liabilities	<u>7,250</u>	<u>14,319</u>	<u>428</u>	<u>30,900</u>	<u>20,188</u>
Net Assets:					
Invested in capital assets, net of related debt:	(415)	4,535	763	(2,956)	32,694
Restricted:					
Expendable:					
Plant construction	266	1,033	7	1,220	3,022
Debt service	2,271	5,776	494	5,732	9,379
Unrestricted	2,093	-	-	810	2,359
Total net assets	<u>\$ 4,215</u>	<u>\$11,344</u>	<u>\$1,264</u>	<u>\$ 4,806</u>	<u>\$47,454</u>

For the Year Ended June 30, 2002

Condensed Statement of Revenues, Expenses, and Changes in Net Assets					
Operating revenues	\$10,315	\$ 8,914	\$ 363	\$ 5,425	\$27,769
Operating expenses:					
Depreciation	(336)	(657)	(28)	(303)	(1,597)
Other operating expenses	(9,350)	(8,026)	(219)	(3,108)	(24,328)
Operating income	629	231	116	2,014	1,844
Non-operating income (expense)	(162)	(142)	-	(1,312)	(587)
Transfer of facilities from other funds	-	-	-	72	14,645
Change in net assets	467	89	116	774	15,902
Net assets - beginning of year	3,748	11,255	1,148	4,032	31,552
Net assets - end of year	<u>\$ 4,215</u>	<u>\$11,344</u>	<u>\$1,264</u>	<u>\$ 4,806</u>	<u>\$47,454</u>

Condensed Statement of Cash Flows

Net cash flows from operating activities	\$ 1,063	\$ 1,157	\$ 149	\$ (2,310)	\$ 4,472
Net cash flows from capital and related financing activities	(720)	(5,569)	(140)	(3,867)	(2,000)
Net cash flows from investing activities	(367)	562	24	(97)	(95)
Net change in cash and cash equivalents	(24)	(3,850)	33	(6,274)	2,377
Cash and cash equivalents-beginning of year	1,184	10,907	124	12,009	6,705
Cash and cash equivalents-end of year	<u>\$ 1,160</u>	<u>\$ 7,057</u>	<u>\$ 157</u>	<u>\$ 5,733</u>	<u>\$ 9,082</u>

P. SUBSEQUENT EVENTS (Unaudited)

On August 30 and October 11, 2002, the Board of Regents authorized the issuance of refunding bonds relating to several outstanding bond issues. Under this resolution, issues may be refunded as deemed advantageous and as allowed by bond covenants.

On August 30, 2002, the Board of Regents approved the construction of a new “suite style” residence hall to house 468 students. The 173,297 square foot complex will be funded through the issuance of Student Fees and Facilities Revenue Bonds. The estimated project cost is \$26,770 and has an estimated completion date of June 2004. The bonds to finance the residence hall will be issued during fiscal year 2003.

On August 30, 2002, the Board of Regents approved the construction of a new 635 space multi-level parking garage on the City Campus of the University of Nebraska-Lincoln. The project cost is estimated at \$6,800 with a projected completion date of August 2004. Funding for this project will be provided by the Antelope Valley Project and the UNL Student Fees and Facilities Revenue Bond proceeds. This structure is intended to replace parking spaces lost as the result of land acquisition for the Antelope Valley Project and the displacement of parking caused by the construction of the new residence hall.

On October 18, 2002, the University of Nebraska-Lincoln advance refunded the UNL Student Fees and Facilities Bonds, Series 1996 and 1995 through issuance of UNL Student Fees and Facilities Bonds, Series 2002 in the amount of \$15,885.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Regents of the University of Nebraska and
the Auditor of Public Accounts of the State of Nebraska

We have audited the financial statements of the University of Nebraska (the University) as of and for the year ended June 30, 2002, and have issued our report thereon dated November 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the University's internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the University in a separate letter dated November 22, 2002.

This report is intended solely for the information and use of the State of Nebraska Auditor of Public Accounts, Board of Regents of the University of Nebraska, management of the University, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dehette & Torche LLP

Lincoln, Nebraska
November 22, 2002

THIS PAGE INTENTIONALLY LEFT BLANK

Combining and Campus Statements



THE UNIVERSITY OF NEBRASKA
Combining Statement of Net Assets (thousands)
June 30, 2002

	Total	Adjustments	UNL	UNMC	UNO	UNK	UNCA	UNFC
ASSETS								
Current Assets:								
Cash and cash equivalents	\$168,810	\$ -	\$92,605	\$45,444	\$15,062	\$7,999	\$7,700	\$ -
Cash and cash equivalents - restricted	168,116	-	61,590.00	44,259	6,202	8,575	83	47,407
Investment of capital reserve	40,844	-	-	40,844	-	-	-	-
Investments	35,716	-	7,815	-	-	686	20,141	7,074
Accounts receivable and unbilled charges	95,915	-	43,969	43,545	4,830	1,368	1,520	683
Loans to students	5,956	-	2,661	1,991	983	321	-	-
Due from other campuses	-	(1,915)	-	1,915	-	-	-	-
Capital lease obligation receivable - UNMC	-	(284)	-	-	-	-	-	284
Other current assets	14,808	-	10,213	1,551	1,336	1,029	620	59
Total current assets	<u>530,165</u>	<u>(2,199)</u>	<u>218,853</u>	<u>179,549</u>	<u>28,413</u>	<u>19,978</u>	<u>30,064</u>	<u>55,507</u>
Non-current Assets								
Cash and cash equivalents - restricted	332	-	332	-	-	-	-	-
Investments	228,555	-	122,002	25,295	5,441	211	23,596	52,010
Investment in joint venture	119,645	-	-	119,645	-	-	-	-
Loans to students	28,760	-	11,120	9,570	5,485	2,585	-	-
Capital lease obligation receivable - UNMC	-	(1,419)	-	-	-	-	-	1,419
Capital assets, net of depreciation	880,535	-	439,380	260,145	113,739	61,107	6,164	-
Other non-current assets	23,349	-	19,845	-	2,877	177	-	450
Total non-current assets	<u>1,281,176</u>	<u>(1,419)</u>	<u>592,679</u>	<u>414,655</u>	<u>127,542</u>	<u>64,080</u>	<u>29,760</u>	<u>53,879</u>
Total Assets	<u>1,811,341</u>	<u>(3,618)</u>	<u>811,532</u>	<u>594,204</u>	<u>155,955</u>	<u>84,058</u>	<u>59,824</u>	<u>109,386</u>
Liabilities:								
Current Liabilities:								
Accounts payable	50,224	-	20,085	15,617	2,783	2,570	1,599	7,570
Accrued salaries, wages, and post-retirement benefits	24,546	-	14,434	1,423	5,285	3,354	50	-
Accrued compensated absences	8,659	-	4,099	3,508	658	250	144	-
Bond obligations payable	11,605	-	1,895	125	370	1,165	-	8,050
Capital lease obligations	2,729	-	2,355	91	-	80	203	-
Capital lease obligations - UNFC	-	(284)	-	284	-	-	-	-
Due to other campuses	-	(1,915)	425	-	837	18	529	106
Deferred revenues and credits	61,038	-	48,500	7,420	3,608	1,227	40	243
Health and other insurance claims	11,687	-	-	662	-	-	11,025	-
Total current liabilities	<u>170,488</u>	<u>(2,199)</u>	<u>91,793</u>	<u>29,130</u>	<u>13,541</u>	<u>8,664</u>	<u>13,590</u>	<u>15,969</u>
Non-current Liabilities								
Accrued salaries, wages, and post-retirement benefits	240	-	-	-	159	81	-	-
Accrued compensated absences	27,906	-	14,016	9,563	2,662	1,074	591	-
Bond obligations payable	224,960	-	66,960	245	6,445	11,815	-	139,495
Capitalized lease obligations	30,091	-	25,936	415	-	201	3,539	-
Capitalized lease obligations - UNFC	-	(1,419)	-	1,419	-	-	-	-
Deferred revenues and credits	5,113	-	-	-	2,877	-	-	2,236
Total non-current liabilities	<u>288,310</u>	<u>(1,419)</u>	<u>106,912</u>	<u>11,642</u>	<u>12,143</u>	<u>13,171</u>	<u>4,130</u>	<u>141,731</u>
Total liabilities	<u>458,798</u>	<u>(3,618)</u>	<u>198,705</u>	<u>40,772</u>	<u>25,684</u>	<u>21,835</u>	<u>17,720</u>	<u>157,700</u>
Net Assets:								
Invested in capital assets, net of related debt	607,793	-	342,233	255,795	106,924	47,964	2,422	(147,545)
Restricted for:								
Nonexpendable								
Permanent endowment	139,323	-	120,223	1,427	308	38	17,327	-
Investment in joint venture	119,645	-	-	119,645	-	-	-	-
Expendable								
Externally restricted funds	61,002	-	22,833	33,125	1,938	1,555	1,551	-
Loan funds	39,775	-	16,171	13,932	7,254	2,418	-	-
Plant Construction	157,118	-	25,325	55,298	2,731	1,617	73	72,074
Debt Service	56,593	-	20,766	493	2,271	5,906	-	27,157
Unrestricted	171,294	-	65,276	73,717	8,845	2,725	20,731	-
Total net assets	<u>\$1,352,543</u>	<u>\$ -</u>	<u>\$612,827</u>	<u>\$553,432</u>	<u>\$130,271</u>	<u>\$62,223</u>	<u>\$42,104</u>	<u>(\$48,314)</u>

THE UNIVERSITY OF NEBRASKA

Combining Statement of Revenues, Expenses, and Changes in Net Assets (thousands)

For The Year Ended June 30, 2002

	Total	Adjustments	UNL	UNMC	UNO	UNK	UNCA	UNFC
OPERATING REVENUES								
Tuition and fees (net of scholarship allowances of \$32,744)	\$139,429	\$ -	\$73,817	\$15,672	\$36,954	\$12,986	\$ -	\$ -
Federal grants and contracts-restricted	192,189	-	135,012	35,286	15,620	4,897	1,374	-
State and local grants and contracts - restricted	28,470	-	8,254	16,888	2,432	896	-	-
Private grants and contracts - restricted	70,880	-	11,990	56,036	1,665	910	279	-
Sales and services of educational activities	37,684	-	27,538	2,696	4,804	2,646	-	-
Sales and services of health care entities	77,108	-	-	77,108	-	-	-	-
Sales and services of auxiliary operations	88,956	-	72,737	8,221	6,026	1,865	107	-
Sales and services of auxiliary segments (net of scholarship allowances of \$4,589)	45,076	-	29,842	362	8,232	6,640	-	-
Other operating revenues	12,099	-	9,326	169	420	675	1,509	-
Total operating revenues	691,891	-	368,516	212,438	76,153	31,515	3,269	-
OPERATING EXPENSES								
Salaries and wages	592,561	-	289,423	195,166	71,167	32,697	4,108	-
Benefits	133,796	-	69,414	40,103	15,434	8,056	789	-
Total compensation and benefits	726,357	-	358,837	235,269	86,601	40,753	4,897	-
Supplies and materials	158,484	-	92,392	25,992	27,077	10,109	2,914	-
Contractual services	59,737	-	28,537	22,652	3,757	1,273	3,518	-
Repairs and maintenance	46,292	-	20,060	15,272	4,314	2,955	3,368	323
Utilities	22,104	-	15,631	2,477	2,118	1,803	75	-
Communications	13,941	-	7,458	4,380	1,098	901	104	-
Depreciation	40,266	-	19,092	12,942	4,896	2,616	720	-
Scholarships and fellowships	81,654	-	65,650	4,185	8,156	3,068	595	-
Total operating expenses	1,148,835	-	607,657	323,169	138,017	63,478	16,191	323
TRANSFERS								
Intercampus reallocation	-	-	(2,794)	(638)	(3,591)	(1,144)	2,967	5,200
Other	-	-	12,001	9,374	642	3,123	(350)	(24,790)
Total transfers	-	-	9,207	8,736	(2,949)	1,979	2,617	(19,590)
Operating loss	(456,944)	-	(229,934)	(101,995)	(64,813)	(29,984)	(10,305)	(19,913)
NON-OPERATING REVENUES (EXPENSES)								
State noncapital appropriations	410,163	-	213,719	98,774	56,669	32,096	8,905	-
Gifts	42,378	-	26,542	11,285	3,753	798	-	-
Investment income (net of investment management fees of \$143)	16,798	-	7,247	4,706	1,443	333	893	2,176
Increase (decrease) in fair value of investments	(20,568)	-	(16,138)	(1,340)	(628)	-	(2,549)	87
Interest on loans receivable	673	-	240	268	118	47	-	-
Interest on bond obligations	(8,655)	-	(2,617)	(22)	(363)	(433)	-	(5,220)
Net non-operating revenues	440,789	-	228,993	113,671	60,992	32,841	7,249	(2,957)
Loss before other revenues, expenses, gains or losses	(16,155)	-	(941)	11,676	(3,821)	2,857	(3,056)	(22,870)
State capital appropriations	11,776	-	956	849	-	4,471	-	5,500
Capital grants and gifts	33,322	-	12,369	17,099	-	-	1,678	2,176
US Government advances	642	-	113	136	297	96	-	-
Additions to permanent endowments	1,078	-	640	-	-	38	400	-
Disposal of plant assets	(9,021)	-	(1,136)	(6,297)	(399)	(490)	(699)	-
Increase in net assets	21,642	-	12,001	23,463	(3,923)	6,972	(1,677)	(15,194)
Net Assets:								
Net assets, beginning of year	1,330,901	-	600,826	529,969	134,194	55,251	43,781	(33,120)
Net assets, end of year	\$1,352,543	\$ -	\$612,827	\$553,432	\$130,271	\$62,223	\$42,104	(\$48,314)

THE UNIVERSITY OF NEBRASKA
Combining Statement of Cash Flows (thousands)
For The Year Ended June 30, 2002

	Total	Adjustments	UNL	UNMC	UNO	UNK	UNCA	UNFC
Cash Flows From Operating Activities:								
Grants and contracts	\$292,187	\$ -	\$167,688	\$97,100	\$19,376	\$6,719	\$1,304	\$ -
Tuition and fees	138,164	-	72,791	15,515	36,881	12,977	-	-
Sales and services of health care entities	88,595	-	-	88,595	-	-	-	-
Sales and services of auxiliary operations	82,499	-	65,013	8,222	6,749	1,879	636	-
Sales and services of auxiliary segments	44,078	-	28,819	357	8,232	6,670	-	-
Sales and services of educational activities	39,876	-	29,676	2,696	4,858	2,646	-	-
Other receipts	12,550	-	9,601	196	479	765	1,509	-
Student loans collected	9,932	-	6,558	1,977	1,067	330	-	-
Payments to employees	(677,793)	-	(356,300)	(190,216)	(85,975)	(40,456)	(4,846)	-
Payments to vendors	(351,120)	-	(165,083)	(120,402)	(36,865)	(16,767)	(11,880)	(123)
Scholarships paid to students	(81,572)	-	(65,568)	(4,185)	(8,156)	(3,067)	(596)	-
Student loans issued	(10,301)	-	(6,127)	(2,211)	(1,439)	(524)	-	-
Transfers:	-	-	-	-	-	-	-	-
Intercampus reallocation	-	-	(2,794)	(638)	(3,591)	(1,144)	2,967	5,200
Other	-	-	12,001	9,374	642	3,123	(350)	(24,790)
Net cash from operating activities	<u>(412,905)</u>	<u>-</u>	<u>(203,725)</u>	<u>(93,620)</u>	<u>(57,742)</u>	<u>(26,849)</u>	<u>(11,256)</u>	<u>(19,713)</u>
Cash Flows From Noncapital Financing Activities:								
State noncapital appropriations	409,873	-	213,430	98,774	56,669	32,095	8,905	-
Private gifts and grants for operating use	38,516	-	25,119	8,747	3,790	860	-	-
Private gifts and bequests for endowment use	1,078	-	640	-	-	38	400	-
Net cash flows from noncapital financing activities	<u>449,467</u>	<u>-</u>	<u>239,189</u>	<u>107,521</u>	<u>60,459</u>	<u>32,993</u>	<u>9,305</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:								
Proceeds from the issuance of bonds	78,575	-	21,880	-	-	-	-	56,695
Grants and contracts	38,193	-	13,253	21,562	-	-	1,202	2,176
Proceeds from the issuance of capital leases	15,866	-	12,586	-	-	122	3,158	-
State capital appropriations	11,957	-	956	845	-	4,656	-	5,500
US Government Advances	642	-	113	136	297	96	-	-
Purchases of capital assets	(99,250)	-	(48,949)	(33,690)	(1,848)	(12,902)	(2,604)	743
Principal paid on bond obligations	(10,505)	-	(1,355)	(115)	(355)	(920)	-	(7,760)
Interest paid on bond obligations	(7,029)	-	(2,584)	(22)	(365)	(425)	-	(3,633)
Payments made on lease obligations	(6,000)	-	(3,810)	(702)	-	(130)	(1,358)	-
Net cash flows from capital and related financing activities	<u>22,449</u>	<u>-</u>	<u>(7,910)</u>	<u>(11,986)</u>	<u>(2,271)</u>	<u>(9,503)</u>	<u>398</u>	<u>53,721</u>
Cash Flows From Investing Activities:								
Proceeds from sales and maturities of investments	136,098	-	90,070	7,701	3,279	301	19,107	15,640
Interest on investments	16,551	-	7,235	4,726	1,464	363	893	1,870
Interest on loans receivable	672	-	240	267	118	47	-	-
Purchases of investments	(171,758)	-	(82,607)	(7,506)	(3,928)	-	(20,194)	(57,523)
Net cash flows from investing activities	<u>(18,437)</u>	<u>-</u>	<u>14,938</u>	<u>5,188</u>	<u>933</u>	<u>711</u>	<u>(194)</u>	<u>(40,013)</u>
Net increase in cash and cash equivalents	40,574	-	42,492	7,103	1,379	(2,648)	(1,747)	(6,005)
Cash and cash equivalents - beginning of year	337,528	-	112,035	123,444	19,885	19,222	9,530	53,412
Cash and cash equivalents - end of year	<u>\$378,102</u>	<u>\$ -</u>	<u>\$154,527</u>	<u>\$130,547</u>	<u>\$21,264</u>	<u>\$16,574</u>	<u>\$7,783</u>	<u>\$47,407</u>
Reconciliation of operating loss to net cash from operating activities:								
Operating loss	(456,944)	-	(229,934)	(101,995)	(64,813)	(29,984)	(10,305)	(19,913)
Adjustments to reconcile operating loss to net cash from operating activities:								
Depreciation expense	40,266	-	19,092	12,942	4,896	2,616	720	-
Changes in assets and liabilities:								
Investment in joint venture	4,099	-	-	4,099	-	-	-	-
Accounts receivable	3,251	-	4,732	(1,364)	(294)	(5)	182	-
Loans to students	(94)	-	513	(123)	(371)	(113)	-	-
Other current assets	(10,451)	-	(10,333)	214	160	(73)	(619)	200
Accounts payable	(3,792)	-	(4,148)	631	705	369	(1,349)	-
Accrued compensation	4,506	-	2,537	995	626	298	50	-
Deferred revenues and credits	6,254	-	12,613	(7,096)	684	55	(2)	-
Due to/from other campuses	-	-	1,203	(1,923)	665	(12)	67	-
Net cash used in operating activities	<u>(\$412,905)</u>	<u>\$ -</u>	<u>(\$203,725)</u>	<u>(\$93,620)</u>	<u>(\$57,742)</u>	<u>(\$26,849)</u>	<u>(\$11,256)</u>	<u>(\$19,713)</u>

UNIVERSITY OF NEBRASKA-LINCOLN

The University of Nebraska-Lincoln has a long tradition of academic excellence and equal opportunity for all. UNL is designated by the Carnegie Foundation as a Doctoral/Research University-Extensive, and has important ongoing research in many areas of inquiry. The Cornhusker athletic teams exemplify the tradition of high classroom achievement –more Huskers have been awarded the title “Academic All American” than student-athletes at any other university. UNL is among the top 50 American universities in number of doctoral degrees awarded annually and boasts 22 Rhodes Scholars and two Nobel laureates among its alumni.

A signature feature of the University of Nebraska-Lincoln is its Institute of Agriculture and Natural Resources which operates research and extension centers across the state and offers major educational and research programs on campus. The Cooperative Extension Service serves all 93 Nebraska counties.

The late 1990s and early 2000s have seen a building boom at UNL, with construction of such important facilities at the Beadle Center for Biomaterials Research, the Kauffman Center which houses a residential honors program, the new Teachers College Hall, the Donald Othmer Hall chemical engineering facility, and the Van Brunt Visitors Center.

The University of Nebraska-Lincoln of the 21st century has deep roots in the land-grant university tradition that began in 1862 with the Morrill Act. It has a national and international influence, with 24,000 students from every state and more than 100 foreign countries. It is a research university at the forefront of discovery in the humanities and the sciences. It is and always has been a place of pioneering spirit and restless intellect, forever seeking the horizon.

THE UNIVERSITY OF NEBRASKA-LINCOLN**Additional Information****Statement of Net Assets (thousands)****June 30, 2002****ASSETS**

Current Assets:

Cash and cash equivalents	\$ 92,605
Cash and cash equivalents - restricted	61,590
Investments	7,815
Accounts receivable and unbilled charges	43,969
Loans to students	2,661
Other current assets	10,213
Total current assets	<u>218,853</u>

Non-current Assets:

Cash and cash equivalents - restricted	332
Investments	122,002
Loans to students	11,120
Capital assets, net of accumulated depreciation	439,380
Other non-current assets	19,845
Total non-current assets	<u>592,679</u>

Total assets 811,532

LIABILITIES

Current Liabilities:

Accounts payable	20,085
Accrued salaries, wages, and post-retirement benefits	14,434
Accrued compensated absences	4,099
Bond obligations payable	1,895
Capital lease obligations	2,355
Due to other campuses	425
Deferred revenues and credits	48,500
Total current liabilities	<u>91,793</u>

Non-current Liabilities:

Accrued compensated absences	14,016
Bond obligations payable	66,960
Capitalized lease obligations	25,936
Total non-current liabilities	<u>106,912</u>

Total liabilities 198,705

NET ASSETS

Invested in capital assets, net of related debt 342,233

Restricted for:

Nonexpendable:

Permanent endowment 120,223

Expendable:

Externally restricted funds 22,833

Loan funds 16,171

Plant construction 25,325

Debt service 20,766

Unrestricted 65,276

Total net assets \$ 612,827

THE UNIVERSITY OF NEBRASKA-LINCOLN
Additional Information
Statement of Revenues, Expenses, and Changes in Net Assets (thousands)
For The Year Ended June 30, 2002

OPERATING REVENUES	
Tuition and fees (net of scholarship allowances of \$18,513)	\$ 73,817
Federal grants and contracts-restricted	135,012
State and local grants and contracts - restricted	8,254
Private grants and contracts - restricted	11,990
Sales and services of educational activities	27,538
Sales and services of auxiliary operations	72,737
Sales and services of auxiliary segments (net of scholarship allowances of \$3,353)	29,842
Other operating revenues	9,326
Total operating revenues	<u>368,516</u>
OPERATING EXPENSES	
Salaries and wages	289,423
Benefits	69,414
Total compensation and benefits	<u>358,837</u>
Supplies and materials	92,392
Contractual services	28,537
Repairs and maintenance	20,060
Utilities	15,631
Communications	7,458
Depreciation	19,092
Scholarships and fellowships	65,650
Total operating expenses	<u>607,657</u>
TRANSFERS	
Intercampus reallocation	(2,794)
Other	12,001
Total transfers	<u>9,207</u>
Operating loss	<u>(229,934)</u>
NON-OPERATING REVENUES (EXPENSES)	
State noncapital appropriations	213,719
Gifts	26,542
Investment income (net of investment management fees of \$106)	7,247
Decrease in fair value of investments	(16,138)
Interest on loans receivable	240
Interest on bond obligations	(2,617)
Net non-operating revenues	<u>228,993</u>
Loss before other revenues, expenses, gains or losses	(941)
State capital appropriations	956
Capital grants and gifts	12,369
US Government advances	113
Additions to permanent endowments	640
Loss on disposal of plant assets	(1,136)
Increase in net assets	<u>12,001</u>
NET ASSETS	
Net assets, beginning of year	600,826
Net assets, end of year	<u>\$ 612,827</u>

THE UNIVERSITY OF NEBRASKA - LINCOLN

Additional Information

Statement of Cash Flows (thousands)

For The Year Ended June 30, 2002

Cash Flows From Operating Activities:	
Grants and contracts	\$ 167,688
Tuition and fees	72,791
Sales and services of auxiliary operations	65,013
Sales and services of auxiliary segments	28,819
Sales and services of educational activities	29,676
Other receipts	9,601
Student loans collected	6,558
Payments to employees	(356,300)
Payments to vendors	(165,083)
Scholarships paid to students	(65,568)
Student loans issued	(6,127)
Transfers:	
Intercampus reallocation	(2,794)
Other	12,001
Net cash flows from operating activities	<u>(203,725)</u>
Cash Flows From Noncapital Financing Activities:	
State noncapital appropriations	213,430
Private gifts and grants for operating use	25,119
Private gifts and bequests for endowment use	640
Net cash flows from noncapital financing activities	<u>239,189</u>
Cash Flows From Capital and Related Financing Activities:	
Proceeds from the issuance of bonds	21,880
Grants and contracts	13,253
Proceeds from the issuance of capital leases	12,586
State capital appropriations	956
US Government Advances	113
Purchases of capital assets	(48,949)
Principal paid on bond obligations	(1,355)
Interest paid on bond obligations	(2,584)
Payments made on lease obligations	(3,810)
Net cash flows from capital and related financing activities	<u>(7,910)</u>
Cash Flows From Investing Activities:	
Proceeds from sales and maturities of investments	90,070
Interest on investments	7,235
Interest on loans receivable	240
Purchases of investments	(82,607)
Net cash flows from investing activities	<u>14,938</u>
Net increase in cash and cash equivalents	42,492
Cash and cash equivalents - beginning of year	112,035
Cash and cash equivalents - end of year	<u>\$ 154,527</u>
Cash and cash equivalents - end of year as presented in Statement of Net Assets:	
Cash and cash equivalents (Current)	\$ 92,605
Cash and cash equivalents - restricted (Current)	61,590
Cash and cash equivalents (Non-current)	332
Cash and cash equivalents - end of year	<u>\$ 154,527</u>
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	\$ (229,934)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Depreciation expense	19,092
Changes in assets and liabilities:	
Accounts receivable	4,732
Loans to students	513
Other current assets	(10,333)
Accounts payable	(4,148)
Accrued compensation	2,537
Deferred revenues and credits	12,613
Due to/from other campuses	1,203
Net cash flows from operating activities	<u>\$ (203,725)</u>

UNIVERSITY OF NEBRASKA MEDICAL CENTER

The University of Nebraska Medical Center is the only public academic health sciences center in Nebraska. In collaboration with the Nebraska Health System, which is comprised of University Hospital and Clarkson Hospital, UNMC is poised to become a world class institution.

UNMC is recognized nationally and internationally as a leader in patient care, research, and education. It has more than 2,600 students, and nearly half of all Nebraska's physicians, dental professionals, pharmacists, nurses who hold bachelor's degrees, and allied health professionals are graduates of UNMC.

Through basic, clinical and translational research, UNMC investigators have pioneered many breakthroughs.

- Peripheral stem cell transplantation, pioneered by UNMC, has become the world standard in treatment of certain cancers. In 2000, UNMC performed 150 stem cell and bone marrow transplants. About six percent of these patients were from outside Nebraska.
- UNMC's solid organ transplant program serves as a national model for patient care, education, and research. UNMC physicians perform about 230 liver, kidney, small bowel and pancreas transplants each year. About 60 percent of the patients are from outside Nebraska.
- UNMC was the eighth medical center in the nation to use robotic surgical equipment, which reduces surgical trauma, reduces hospital stays, and speeds rehabilitation and recovery.

THE UNIVERSITY OF NEBRASKA MEDICAL CENTER**Additional Information****Statement of Net Assets (thousands)****June 30, 2002****ASSETS**

Current Assets:

Cash and cash equivalents	\$ 45,444
Cash and cash equivalents - restricted	44,259
Investment of capital reserve	40,844
Accounts receivable and unbilled charges	43,545
Loans to students	1,991
Due from other campuses	1,915
Other current assets	1,551
Total current assets	<u>179,549</u>

Non-current Assets:

Investments	25,295
Investment in joint venture	119,645
Loans to students	9,570
Capital assets, net of accumulated depreciation	260,145
Total non-current assets	<u>414,655</u>

Total assets 594,204

LIABILITIES

Current Liabilities:

Accounts payable	15,617
Accrued salaries, wages, and post-retirement benefits	1,423
Accrued compensated absences	3,508
Bond obligations payable	125
Capital lease obligations	91
Capital lease obligations - UNFC	284
Deferred revenues and credits	7,420
Health and other insurance claims	662
Total current liabilities	<u>29,130</u>

Non-current Liabilities:

Accrued compensated absences	9,563
Bond obligations payable	245
Capitalized lease obligations	415
Capitalized lease obligations - UNFC	1,419
Total non-current liabilities	<u>11,642</u>

Total liabilities 40,772

NET ASSETS

Invested in capital assets, net of related debt 255,795

Restricted for:

Nonexpendable:

Permanent endowment	1,427
Investment in joint venture	119,645

Expendable:

Externally restricted funds	33,125
Loan funds	13,932
Plant construction	55,298
Debt service	493

Unrestricted 73,717

Total net assets \$ 553,432

THE UNIVERSITY OF NEBRASKA MEDICAL CENTER
Additional Information
Statement of Revenues, Expenses, and Changes in Net Assets (thousands)
For The Year Ended June 30, 2002

OPERATING REVENUES

Tuition and fees (net of scholarship allowances of \$3,643)	\$ 15,672
Federal grants and contracts-restricted	35,286
State and local grants and contracts - restricted	16,888
Private grants and contracts - restricted	56,036
Sales and services of educational activities	2,696
Sales and services of health care entities	77,108
Sales and services of auxiliary operations	8,221
Sales and services of auxiliary segments	362
Other operating revenues	169
Total operating revenues	<u>212,438</u>

OPERATING EXPENSES

Salaries and wages	195,166
Benefits	40,103
Total compensation and benefits	<u>235,269</u>
Supplies and materials	25,992
Contractual services	22,652
Repairs and maintenance	15,272
Utilities	2,477
Communications	4,380
Depreciation	12,942
Scholarships and fellowships	4,185
Total operating expenses	<u>323,169</u>

TRANSFERS

Intercampus reallocation	(638)
Other	9,374
Total transfers	<u>8,736</u>

Operating loss	<u>(101,995)</u>
----------------	------------------

NON-OPERATING REVENUES (EXPENSES)

State noncapital appropriations	98,774
Gifts	11,285
Investment income (net of investment management fees of \$20)	4,706
Decrease in fair value of investments	(1,340)
Interest on loans receivable	268
Interest on bond obligations	(22)
Net non-operating revenues	<u>113,671</u>

Gain before other revenues, expenses, gains or losses	11,676
---	--------

State capital appropriations	849
Capital grants and gifts	17,099
US Government advances	136
Loss on disposal of plant assets	(6,297)
Increase in net assets	<u>23,463</u>

NET ASSETS

Net assets, beginning of year	529,969
Net assets, end of year	<u>\$ 553,432</u>

THE UNIVERSITY OF NEBRASKA MEDICAL CENTER

Additional Information

Statement of Cash Flows (thousands)

For The Year Ended June 30, 2002

Cash Flows From Operating Activities:	
Grants and contracts	\$ 97,100
Tuition and fees	15,515
Sales and services of health care entities	88,595
Sales and services of auxiliary operations	8,222
Sales and services of auxiliary segments	357
Sales and services of educational activities	2,696
Other receipts	196
Student loans collected	1,977
Payments to employees	(190,216)
Payments to vendors	(120,402)
Scholarships paid to students	(4,185)
Student loans issued	(2,211)
Transfers:	
Intercampus reallocation	(638)
Other	9,374
Net cash flows from operating activities	<u>(93,620)</u>
Cash Flows From Noncapital Financing Activities:	
State noncapital appropriations	98,774
Private gifts and grants for operating use	8,747
Net cash flows from noncapital financing activities	<u>107,521</u>
Cash Flows From Capital and Related Financing Activities:	
Grants and contracts	21,562
State capital appropriations	845
US Government Advances	136
Purchases of capital assets	(33,690)
Principal paid on bond obligations	(115)
Interest paid on bond obligations	(22)
Payments made on lease obligations	(702)
Net cash flows from capital and related financing activities	<u>(11,986)</u>
Cash Flows From Investing Activities:	
Proceeds from sales and maturities of investments	7,701
Interest on investments	4,726
Interest on loans receivable	267
Purchases of investments	(7,506)
Net cash flows from investing activities	<u>5,188</u>
Net increase in cash and cash equivalents	7,103
Cash and cash equivalents - beginning of year	123,444
Cash and cash equivalents - end of year	<u>\$ 130,547</u>
Cash and cash equivalents - end of year as presented in Statement of Net Assets:	
Cash and cash equivalents (Current)	\$ 45,444
Cash and cash equivalents - restricted (Current)	44,259
Investment of capital reserve (Current)	40,844
Cash and cash equivalents - end of year	<u>\$ 130,547</u>
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	\$ (101,995)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Depreciation expense	12,942
Changes in assets and liabilities:	
Investment in joint venture	4,099
Accounts receivable	(1,364)
Loans to students	(123)
Other current assets	214
Accounts payable	631
Accrued compensation	995
Deferred revenues and credits	(7,096)
Due to/from other campuses	(1,923)
Net cash flows from operating activities	<u>\$ (93,620)</u>

UNIVERSITY OF NEBRASKA AT OMAHA

The University of Nebraska at Omaha is located in the heart of Nebraska's largest city and is the state's metropolitan university. It offers nearly 200 programs of study in learning environment that features a small-school atmosphere within a thriving urban environment that offers internships, employment, and many cultural and entertainment opportunities.

Nearly 11,500 undergraduate and 2,600 graduate students study at UNO. The campus community also extends a warm Midwestern welcome to more than 700 international students each year. The UNO Center for Afghanistan Studies has become a national and world resource that has helped restore the government, education system, and communities in that nation.

The UNO campus now includes residence halls, including University Village, its first on-campus residential community. Scott Village, on UNO's south campus, will open in the fall of 2003.

The Peter Kiewit Institute of Information Science, Technology, and Engineering is a state-of-the-art science and technology education and research center, attracting top scholars from Nebraska and the nation.

UNO's Mavericks athletic teams now include NCAA Division I hockey.

THE UNIVERSITY OF NEBRASKA AT OMAHA

Additional Information

Statement of Net Assets (thousands)

June 30, 2002

ASSETS

Current Assets:

Cash and cash equivalents	\$ 15,062
Cash and cash equivalents - restricted	6,202
Accounts receivable and unbilled charges	4,830
Loans to students	983
Other current assets	1,336
Total current assets	<u>28,413</u>

Non-current Assets:

Investments	5,441
Loans to students	5,485
Capital assets, net of accumulated depreciation	113,739
Other non-current assets	2,877
Total non-current assets	<u>127,542</u>

Total assets 155,955

LIABILITIES

Current Liabilities:

Accounts payable	2,783
Accrued salaries, wages, and post-retirement benefits	5,285
Accrued compensated absences	658
Bond obligations payable	370
Due to other campuses	837
Deferred revenues and credits	3,608
Total current liabilities	<u>13,541</u>

Non-current Liabilities:

Accrued salaries, wages, and post-retirement benefits	159
Accrued compensated absences	2,662
Bond obligations payable	6,445
Deferred revenues and credits	2,877
Total non-current liabilities	<u>12,143</u>

Total liabilities 25,684

NET ASSETS

Invested in capital assets, net of related debt 106,924

Restricted for:

Nonexpendable:

Permanent endowment 308

Expendable:

Externally restricted funds 1,938

Loan funds 7,254

Plant construction 2,731

Debt service 2,271

Unrestricted 8,845

Total net assets \$ 130,271

THE UNIVERSITY OF NEBRASKA AT OMAHA

Additional Information

Statement of Revenues, Expenses, and Changes in Net Assets (thousands)

For The Year Ended June 30, 2002

OPERATING REVENUES	
Tuition and fees (net of scholarship allowances of \$6,797)	\$ 36,954
Federal grants and contracts-restricted	15,620
State and local grants and contracts - restricted	2,432
Private grants and contracts - restricted	1,665
Sales and services of educational activities	4,804
Sales and services of auxiliary operations	6,026
Sales and services of auxiliary segments	8,232
Other operating revenues	420
Total operating revenues	<u>76,153</u>
OPERATING EXPENSES	
Salaries and wages	71,167
Benefits	<u>15,434</u>
Total compensation and benefits	86,601
Supplies and materials	27,077
Contractual services	3,757
Repairs and maintenance	4,314
Utilities	2,118
Communications	1,098
Depreciation	4,896
Scholarships and fellowships	8,156
Total operating expenses	<u>138,017</u>
TRANSFERS	
Intercampus reallocation	(3,591)
Other	642
Total transfers	<u>(2,949)</u>
Operating loss	<u>(64,813)</u>
NON-OPERATING REVENUES (EXPENSES)	
State noncapital appropriations	56,669
Gifts	3,753
Investment income (net of investment management fees of \$9)	1,443
Decrease in fair value of investments	(628)
Interest on loans receivable	118
Interest on bond obligations	(363)
Net non-operating revenues	<u>60,992</u>
Loss before other revenues, expenses, gains or losses	(3,821)
US Government advances	297
Loss on disposal of plant assets	(399)
Decrease in net assets	<u>(3,923)</u>
NET ASSETS	
Net assets, beginning of year	<u>134,194</u>
Net assets, end of year	<u>\$ 130,271</u>

THE UNIVERSITY OF NEBRASKA AT OMAHA

Additional Information

Statement of Cash Flows (thousands)

For The Year Ended June 30, 2002

Cash Flows From Operating Activities:

Grants and contracts	\$ 19,376
Tuition and fees	36,881
Sales and services of auxiliary operations	6,749
Sales and services of auxiliary segments	8,232
Sales and services of educational activities	4,858
Other receipts	479
Student loans collected	1,067
Payments to employees	(85,975)
Payments to vendors	(36,865)
Scholarships paid to students	(8,156)
Student loans issued	(1,439)
Transfers:	
Intercampus reallocation	(3,591)
Other	642
Net cash flows from operating activities	<u>(57,742)</u>

Cash Flows From Noncapital Financing Activities:

State noncapital appropriations	56,669
Private gifts and grants for operating use	3,790
Net cash flows from noncapital financing activities	<u>60,459</u>

Cash Flows From Capital and Related Financing Activities:

US Government Advances	297
Purchases of capital assets	(1,848)
Principal paid on bond obligations	(355)
Interest paid on bond obligations	(365)
Net cash flows from capital and related financing activities	<u>(2,271)</u>

Cash Flows From Investing Activities:

Proceeds from sales and maturities of investments	3,279
Interest on investments	1,464
Interest on loans receivable	118
Purchases of investments	(3,928)
Net cash flows from investing activities	<u>933</u>
Net increase in cash and cash equivalents	1,379

Cash and cash equivalents - beginning of year	19,885
Cash and cash equivalents - end of year	<u>\$ 21,264</u>

Cash and cash equivalents - end of year as presented in Statement of Net Assets:

Cash and cash equivalents (Current)	15,062
Cash and cash equivalents - restricted (Current)	6,202
Cash and cash equivalents - end of year	<u>\$ 21,264</u>

Reconciliation of operating loss to net cash flows from operating activities:

Operating loss	(64,813)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Depreciation expense	4,896
Changes in assets and liabilities:	
Accounts receivable	(294)
Loans to students	(371)
Other current assets	160
Accounts payable	705
Accrued compensation	626
Deferred revenues and credits	684
Due to/from other campuses	665

Net cash flows from operating activities	<u>\$ (57,742)</u>
--	--------------------

UNIVERSITY OF NEBRASKA AT KEARNEY

The University of Nebraska at Kearney is a public residential campus that is distinguished by its commitment to excellence in undergraduate education. A mid-sized, comprehensive university, it is especially noted for small classes, a scholarly faculty devoted to teaching students as a top priority, and an enviable location in a thriving regional population center. Personalized attention for students is a hallmark of education at UNK.

More than 170 undergraduate degree options and over 20 pre-professional programs are available at UNK, as well as 45 graduate programs offered by 15 departments in education, business, fine arts and humanities, and the natural and social sciences. A general studies program provides each undergraduate student a broad familiarity with diverse academic disciplines. The full-time faculty at UNK numbers over 300 and 90 percent of its members have terminal degrees in their specialties.

UNK attracts students from 40 states and 50 foreign countries –and from every one of Nebraska’s 93 counties. Total enrollment approaches 6,500, with about one-third living in on-campus residence halls. More than 150 student organizations provide a wealth of co-curricular opportunities. Campus life is further enriched by a renowned music and performing arts program, a highly successful intercollegiate athletics program, and a lively intramural program.

UNK is an affordable university. About two-thirds of its students receive financial aid, and the Kearney community abounds in employment opportunities.

In short, UNK offers all the advantages of a large university with all of the benefits of smaller schools and expensive private colleges.

THE UNIVERSITY OF NEBRASKA AT KEARNEY**Additional Information****Statement of Net Assets (thousands)****June 30, 2002****ASSETS**

Current Assets:

Cash and cash equivalents	\$ 7,999
Cash and cash equivalents - restricted	8,575
Investments	686
Accounts receivable and unbilled charges	1,368
Loans to students	321
Other current assets	<u>1,029</u>
Total current assets	<u>19,978</u>

Non-current Assets:

Investments	211
Loans to students	2,585
Capital assets, net of accumulated depreciation	61,107
Other non-current assets	<u>177</u>
Total non-current assets	<u>64,080</u>

Total assets 84,058

LIABILITIES

Current Liabilities:

Accounts payable	2,570
Accrued salaries, wages, and post-retirement benefits	3,354
Accrued compensated absences	250
Bond obligations payable	1,165
Capital lease obligations	80
Due to other campuses	18
Deferred revenues and credits	<u>1,227</u>
Total current liabilities	<u>8,664</u>

Non-current Liabilities:

Accrued salaries, wages, and post-retirement benefits	81
Accrued compensated absences	1,074
Bond obligations payable	11,815
Capitalized lease obligations	<u>201</u>
Total non-current liabilities	<u>13,171</u>

Total liabilities 21,835

NET ASSETS

Invested in capital assets, net of related debt 47,964

Restricted for:

Nonexpendable:

Permanent endowment 38

Expendable:

Externally restricted funds 1,555
Loan funds 2,418
Plant construction 1,617
Debt service 5,906

Unrestricted 2,725

Total net assets \$ 62,223

THE UNIVERSITY OF NEBRASKA AT KEARNEY
Additional Information
Statement of Revenues, Expenses, and Changes in Net Assets (thousands)
For The Year Ended June 30, 2002

OPERATING REVENUES

Tuition and fees (net of scholarship allowances of \$3,791)	\$ 12,986
Federal grants and contracts-restricted	4,897
State and local grants and contracts - restricted	896
Private grants and contracts - restricted	910
Sales and services of educational activities	2,646
Sales and services of auxiliary operations	1,865
Sales and services of auxiliary segments (net of scholarship allowances of \$1,236)	6,640
Other operating revenues	675
Total operating revenues	<u>31,515</u>

OPERATING EXPENSES

Salaries and wages	32,697
Benefits	8,056
Total compensation and benefits	<u>40,753</u>
Supplies and materials	10,109
Contractual services	1,273
Repairs and maintenance	2,955
Utilities	1,803
Communications	901
Depreciation	2,616
Scholarships and fellowships	3,068
Total operating expenses	<u>63,478</u>

TRANSFERS

Intercampus reallocation	(1,144)
Other	3,123
Total transfers	<u>1,979</u>

Operating loss (29,984)

NON-OPERATING REVENUES (EXPENSES)

State noncapital appropriations	32,096
Gifts	798
Investment income (net of investment management fees of \$8)	333
Interest on loans receivable	47
Interest on bond obligations	(433)
Net non-operating revenues	<u>32,841</u>

Gain before other revenues, expenses, gains or losses 2,857

State capital appropriations	4,471
US Government advances	96
Additions to permanent endowments	38
Loss on disposal of plant assets	(490)
Increase in net assets	<u>6,972</u>

NET ASSETS

Net assets, beginning of year	55,251
Net assets, end of year	<u>\$ 62,223</u>

THE UNIVERSITY OF NEBRASKA AT KEARNEY

Additional Information

Statement of Cash Flows (thousands)

For The Year Ended June 30, 2002

Cash Flows From Operating Activities:

Grants and contracts	\$ 6,719
Tuition and fees	12,977
Sales and services of auxiliary operations	1,879
Sales and services of auxiliary segments	6,670
Sales and services of educational activities	2,646
Other receipts	765
Student loans collected	330
Payments to employees	(40,456)
Payments to vendors	(16,767)
Scholarships paid to students	(3,067)
Student loans issued	(524)
Transfers:	
Intercampus reallocation	(1,144)
Other	3,123
Net cash flows from operating activities	<u>(26,849)</u>

Cash Flows From Noncapital Financing Activities:

State noncapital appropriations	32,095
Private gifts and grants for operating use	860
Private gifts and bequests for endowment use	38
Net cash flows from noncapital financing activities	<u>32,993</u>

Cash Flows From Capital and Related Financing Activities:

Proceeds from the issuance of capital leases	122
State capital appropriations	4,656
US Government Advances	96
Purchases of capital assets	(12,902)
Principal paid on bond obligations	(920)
Interest paid on bond obligations	(425)
Payments made on lease obligations	(130)
Net cash flows from capital and related financing activities	<u>(9,503)</u>

Cash Flows From Investing Activities:

Proceeds from sales and maturities of investments	301
Interest on investments	363
Interest on loans receivable	47
Net cash flows from investing activities	<u>711</u>
Net increase in cash and cash equivalents	(2,648)

Cash and cash equivalents - beginning of year	19,222
Cash and cash equivalents - end of year	<u>\$ 16,574</u>

Cash and cash equivalents - end of year as presented in Statement of Net Assets:

Cash and cash equivalents (Current)	\$ 7,999
Cash and cash equivalents - restricted (Current)	8,575
Cash and cash equivalents - end of year	<u>\$ 16,574</u>

Reconciliation of operating loss to net cash flows from operating activities:

Operating loss	\$ (29,984)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Depreciation expense	2,616
Changes in assets and liabilities:	
Accounts receivable	(5)
Loans to students	(113)
Other current assets	(73)
Accounts payable	369
Accrued compensation	298
Deferred revenues and credits	55
Due to/from other campuses	(12)

Net cash flows from operating activities	<u>\$ (26,849)</u>
--	--------------------

UNIVERSITY OF NEBRASKA CENTRAL ADMINISTRATION AND UNIVERSITY WIDE ACTIVITIES

The University of Nebraska is governed by a Board of Regents that includes eight members elected by district, each of whom serves a six-year term. There are also four non-voting student members of the Board who are the presidents of the student bodies of each campus of the system.

Founded in Lincoln, the University of Nebraska was expanded in 1869 into a state educational system under the guidance of a Board of Regents and a University of Nebraska Central Administration (UNCA).

University of Nebraska Central Administration includes the central administrative offices of the University of Nebraska Computing Services Network. Central Administration offices include the President, Executive Vice President and Provost, Vice President for Business and Finance, Vice President for External Affairs and Corporation Secretary, Vice President and General Counsel, and the Board of Regents. The president is the chief executive officer of the University, and each campus is under the direct administration of a chancellor.

University wide activities, in addition to computing services, are portions of the Nebraska Experimental Program to Stimulate Competitive Research and student education contracts for veterinary medicine and optometry.

THE UNIVERSITY OF NEBRASKA CENTRAL ADMINISTRATION

Additional Information

Statement of Net Assets (thousands)

June 30, 2002

ASSETS

Current Assets:

Cash and cash equivalents	\$ 7,700
Cash and cash equivalents - restricted	83
Investments	20,141
Accounts receivable and unbilled charges	1,520
Other current assets	620
Total current assets	<u>30,064</u>

Non-current Assets:

Investments	23,596
Capital assets, net of accumulated depreciation	<u>6,164</u>
Total non-current assets	<u>29,760</u>

Total assets	<u>59,824</u>
--------------	---------------

LIABILITIES

Current Liabilities:

Accounts payable	1,599
Accrued salaries, wages, and post-retirement benefits	50
Accrued compensated absences	144
Capital lease obligations	203
Due to other campuses	529
Deferred revenues and credits	40
Health and other insurance claims	11,025
Total current liabilities	<u>13,590</u>

Non-current Liabilities:

Accrued compensated absences	591
Capitalized lease obligations	<u>3,539</u>
Total non-current liabilities	<u>4,130</u>

Total liabilities	<u>17,720</u>
-------------------	---------------

NET ASSETS

Invested in capital assets, net of related debt	2,422
---	-------

Restricted for:

Nonexpendable:

Permanent endowment	17,327
---------------------	--------

Expendable:

Externally restricted funds	1,551
-----------------------------	-------

Plant construction	73
--------------------	----

Unrestricted	<u>20,731</u>
--------------	---------------

Total net assets	<u>\$ 42,104</u>
------------------	------------------

THE UNIVERSITY OF NEBRASKA CENTRAL ADMINISTRATION

Additional Information

Statement of Revenues, Expenses, and Changes in Net Assets (thousands)

For The Year Ended June 30, 2002

OPERATING REVENUES

Federal grants and contracts-restricted	\$ 1,374
Private grants and contracts - restricted	279
Sales and services of auxiliary operations	107
Other operating revenues	1,509
Total operating revenues	<u>3,269</u>

OPERATING EXPENSES

Salaries and wages	4,108
Benefits	789
Total compensation and benefits	<u>4,897</u>
Supplies and materials	2,914
Contractual services	3,518
Repairs and maintenance	3,368
Utilities	75
Communications	104
Depreciation	720
Scholarships and fellowships	595
Total operating expenses	<u>16,191</u>

TRANSFERS

Intercampus reallocation	2,967
Other	(350)
Total transfers	<u>2,617</u>

Operating loss (10,305)

NON-OPERATING REVENUES (EXPENSES)

State noncapital appropriations	8,905
Investment income	893
Decrease in fair value of investments	(2,549)
Net non-operating revenues	<u>7,249</u>

Loss before other revenues, expenses, gains or losses (3,056)

Capital grants and gifts	1,678
Additions to permanent endowments	400
Loss on disposal of plant assets	(699)
Decrease in net assets	<u>(1,677)</u>

NET ASSETS

Net assets, beginning of year	43,781
Net assets, end of year	<u>\$ 42,104</u>

THE UNIVERSITY OF NEBRASKA CENTRAL ADMINISTRATION

Additional Information

Statement of Cash Flows (thousands)

For The Year Ended June 30, 2002

Cash Flows From Operating Activities:

Grants and contracts	\$ 1,304
Sales and services of auxiliary operations	636
Other receipts	1,509
Payments to employees	(4,846)
Payments to vendors	(11,880)
Scholarships paid to students	(596)
Transfers:	
Intercampus reallocation	2,967
Other	(350)
Net cash flows from operating activities	<u>(11,256)</u>

Cash Flows From Noncapital Financing Activities:

State noncapital appropriations	8,905
Private gifts and bequests for endowment use	400
Net cash flows from noncapital financing activities	<u>9,305</u>

Cash Flows From Capital and Related Financing Activities:

Grants and contracts	1,202
Proceeds from the issuance of capital leases	3,158
Purchases of capital assets	(2,604)
Payments made on lease obligations	(1,358)
Net cash flows from capital and related financing activities	<u>398</u>

Cash Flows From Investing Activities:

Proceeds from sales and maturities of investments	19,107
Interest on investments	893
Purchases of investments	(20,194)
Net cash flows from investing activities	<u>(194)</u>
Net increase in cash and cash equivalents	(1,747)

Cash and cash equivalents - beginning of year	9,530
Cash and cash equivalents - end of year	<u>\$ 7,783</u>

Cash and cash equivalents - end of year as presented in Statement of Net Assets:

Cash and cash equivalents (Current)	\$ 7,700
Cash and cash equivalents - restricted (Current)	83
Cash and cash equivalents - end of year	<u>\$ 7,783</u>

Reconciliation of operating loss to net cash flows from operating activities:

Operating loss	\$ (10,305)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Depreciation expense	720
Changes in assets and liabilities:	
Accounts receivable	182
Other current assets	(619)
Accounts payable	(1,349)
Accrued compensation	50
Deferred revenues and credits	(2)
Due to/from other campuses	67

Net cash flows from operating activities	<u>\$ (11,256)</u>
--	--------------------

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

The University of Nebraska Facilities Corporation (UNFC) is a not-for-profit corporation duly organized and existing under the laws of the State, and particularly the provisions of the Nebraska Non-Profit Corporation Act, as amended. UNFC was organized by the Board in 1930 and exists for the purposes of erecting, owning, leasing, furnishing and managing any buildings, halls, dormitories, or apartments, lands or grounds for use, in whole or in part, by the University of Nebraska and for the purpose of holding property of any nature in trust for the University. Its board of directors, the members of which are the eight voting members of the Board of Regents, manages the affairs and business of the UNFC.

Several bond issues have been issued by UNFC on behalf of the University. These bonds are not obligation of the University and are to be repaid from funds provided by the University of Nebraska and funds appropriated by the Nebraska Legislature. The University has recorded the amounts expended for projects as an addition to capital assets but UNFC reports the bond payable.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

Additional Information

Statement of Net Assets (thousands)

June 30, 2002

ASSETS

Current Assets:

Cash and cash equivalents - restricted	\$ 47,407
Investments	7,074
Accounts receivable and unbilled charges	683
Capital lease obligation receivable - UNMC	284
Other current assets	59
Total current assets	<u>55,507</u>

Non-current Assets:

Investments	52,010
Capital lease obligation receivable - UNMC	1,419
Other non-current assets	450
Total non-current assets	<u>53,879</u>

Total assets	<u>109,386</u>
--------------	----------------

LIABILITIES

Current Liabilities:

Accounts payable	7,570
Bond obligations payable	8,050
Due to other campuses	106
Deferred revenues and credits	243
Total current liabilities	<u>15,969</u>

Non-current Liabilities:

Bond obligations payable	139,495
Deferred revenues and credits	2,236
Total non-current liabilities	<u>141,731</u>

Total liabilities	<u>157,700</u>
-------------------	----------------

NET ASSETS

Invested in capital assets, net of related debt	(147,545)
---	-----------

Restricted for:

Expendable:

Plant construction	72,074
Debt service	27,157
	<u>99,231</u>

Total net assets	<u>\$ (48,314)</u>
------------------	--------------------

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

Additional Information

Statement of Revenues, Expenses, and Changes in Net Assets (thousands)

For The Year Ended June 30, 2002

OPERATING EXPENSES	
Repairs and maintenance	323
Total operating expenses	<u>323</u>
TRANSFERS	
Intercampus reallocation	5,200
Other	<u>(24,790)</u>
Total transfers	<u>(19,590)</u>
Operating loss	<u>(19,913)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	2,176
Increase in fair value of investments	87
Interest on bond obligations	<u>(5,220)</u>
Net non-operating revenues	<u>(2,957)</u>
Loss before other revenues, expenses, gains or losses	(22,870)
State capital appropriations	5,500
Capital grants and gifts	<u>2,176</u>
Decrease in net assets	<u>(15,194)</u>
NET ASSETS	
Net assets, beginning of year	<u>(33,120)</u>
Net assets, end of year	<u>\$ (48,314)</u>

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

Additional Information

Statement of Cash Flows (thousands)

For The Year Ended June 30, 2002

Cash Flows From Operating Activities:

Payments to vendors	\$ (123)
Transfers:	
Intercampus reallocation	5,200
Other	(24,790)
Net cash flows from operating activities	<u>(19,713)</u>

Cash Flows From Capital and Related Financing Activities:

Proceeds from the issuance of bonds	56,695
Grants and contracts	2,176
State capital appropriations	5,500
Purchases of capital assets	743
Principal paid on bond obligations	(7,760)
Interest paid on bond obligations	(3,633)
Net cash flows from capital and related financing activities	<u>53,721</u>

Cash Flows From Investing Activities:

Proceeds from sales and maturities of investments	15,640
Interest on investments	1,870
Purchases of investments	(57,523)
Net cash flows from investing activities	<u>(40,013)</u>
Net increase in cash and cash equivalents	(6,005)

Cash and cash equivalents - beginning of year	53,412
Cash and cash equivalents - end of year	<u>\$ 47,407</u>

Reconciliation of operating loss to net cash flows from operating activities:

Operating loss	\$ (19,913)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Changes in assets and liabilities:	
Other current assets	<u>200</u>
Net cash flows from operating activities	<u>\$ (19,713)</u>

THIS PAGE INTENTIONALLY LEFT BLANK

Statistical Section



THE UNIVERSITY OF NEBRASKA

**BOND DEBT SERVICE COVERAGE BY CAMPUS AND ISSUE
FOR THE PAST TEN YEARS AS OF JUNE 30
(AMOUNTS IN THOUSANDS)**

FISCAL YEAR	CAMPUS DESCRIPTION	REVENUES AVAILABLE FOR DEBT SERVICE					ENDING BALANCE	DEBT SERVICE REQUIREMENT	COVERAGE
		BONDS OUTSTANDING	BEGINNING BALANCE	DEDICATED REVENUES	RELATED EXPENSES				
1993	UNIVERSITY OF NEBRASKA REVENUE BONDS								
	UNL STUDENT FEES AND FACILITIES	\$13,225	\$859	\$22,420	\$19,371	\$3,908	\$2,152	1.82	
	UNL PARKING	1,280	192	1,693	1,162	723	255	2.84	
	UNK STUDENT FEES AND FACILITIES	13,660	102	6,598	4,796	1,904	1,686	1.13	
	UNMC PARKING	740	273	440	144	569	152	3.74	
	UNMC HOUSING	1,180	-	316	211	105	101	1.04	
	UNO PARKING	1,225	253	681	304	630	146	4.32	
		<u>\$31,310</u>	<u>\$1,679</u>	<u>\$32,148</u>	<u>\$25,988</u>	<u>\$7,839</u>	<u>\$4,492</u>	<u>1.75</u>	
	UNIVERSITY OF NEBRASKA FACILITIES CORPORATION								
	REVENUE BONDS	40,588	-	177,753	169,639	8,114	3,981	2.04	
	BONDS	16,905	-	2,891	-	2,891	2,721	1.06	
		<u>\$88,803</u>	<u>\$1,679</u>	<u>\$212,792</u>	<u>\$195,627</u>	<u>\$18,844</u>	<u>\$11,194</u>	<u>1.68</u>	
1994	UNIVERSITY OF NEBRASKA REVENUE BONDS								
	UNL STUDENT FEES AND FACILITIES	\$11,745	\$593	\$23,275	\$20,170	\$3,698	\$2,101	1.76	
	UNL PARKING	1,100	293	1,860	1,420	733	232	3.16	
	UNK STUDENT FEES AND FACILITIES	13,080	54	7,211	5,489	1,776	1,329	1.34	
	UNMC PARKING	630	246	494	167	573	155	3.70	
	UNMC HOUSING	1,105	-	340	193	147	134	1.10	
	UNO PARKING	1,095	190	683	405	468	190	2.46	
	UNO STUDENT CENTER	9,295	1,356	2,959	2,802	1,513	297	5.09	
		<u>\$38,050</u>	<u>\$2,732</u>	<u>\$36,822</u>	<u>\$30,646</u>	<u>\$8,908</u>	<u>\$4,438</u>	<u>2.01</u>	
	UNIVERSITY OF NEBRASKA FACILITIES CORPORATION								
	REVENUE BONDS	44,915	-	177,958	164,785	13,173	3,347	3.94	
	BONDS	12,550	-	5,264	-	5,264	4,701	1.12	
		<u>\$95,515</u>	<u>\$2,732</u>	<u>\$220,044</u>	<u>\$195,431</u>	<u>\$27,345</u>	<u>\$12,486</u>	<u>2.19</u>	
1995	UNIVERSITY OF NEBRASKA REVENUE BONDS								
	UNL STUDENT FEES AND FACILITIES	\$10,815	\$694	\$24,781	\$22,014	\$3,461	\$2,038	1.70	
	UNL PARKING	2,555	65	2,442	1,758	749	232	3.23	
	UNK STUDENT FEES AND FACILITIES	12,165	-	6,859	5,254	1,605	1,182	1.36	
	UNMC PARKING	515	301	502	186	617	154	4.01	
	UNMC HOUSING	1,030	-	324	167	157	131	1.20	
	UNO PARKING	960	89	686	452	323	189	1.71	
	UNO STUDENT CENTER	9,020	1,519	3,722	2,575	2,666	724	3.68	
		<u>\$37,060</u>	<u>\$2,668</u>	<u>\$39,316</u>	<u>\$32,406</u>	<u>\$9,578</u>	<u>\$4,650</u>	<u>2.06</u>	
	UNIVERSITY OF NEBRASKA FACILITIES CORPORATION								
	REVENUE BONDS	43,160	-	194,008	171,884	22,124	3,901	5.67	
	BONDS	9,245	727	3,621	-	4,348	3,740	1.16	
		<u>\$89,465</u>	<u>\$3,395</u>	<u>\$236,945</u>	<u>\$204,290</u>	<u>\$36,050</u>	<u>\$12,291</u>	<u>2.93</u>	

THE UNIVERSITY OF NEBRASKA

BOND DEBT SERVICE COVERAGE BY CAMPUS AND ISSUE FOR THE PAST TEN YEARS AS OF JUNE 30 (AMOUNTS IN THOUSANDS)

FISCAL YEAR	CAMPUS DESCRIPTION	BONDS OUTSTANDING	REVENUES AVAILABLE FOR DEBT SERVICE				DEBT SERVICE REQUIREMENT	COVERAGE
			BEGINNING BALANCE	DEDICATED REVENUES	RELATED EXPENSES	ENDING BALANCE		
1996	UNIVERSITY OF NEBRASKA REVENUE BONDS							
	UNL STUDENT FEES AND FACILITIES	\$27,120	\$579	\$27,474	\$25,078	\$2,975	\$1,729	1.72
	UNL PARKING	2,280	306	2,499	1,690	1,115	393	2.84
	UNK STUDENT FEES AND FACILITIES	11,280	-	7,762	5,743	2,019	1,193	1.69
	UNMC PARKING	395	334	540	160	714	150	4.76
	UNMC HOUSING	950	-	326	180	146	132	1.11
	UNO PARKING	820	49	705	447	307	187	1.64
	UNO STUDENT CENTER	8,740	1,970	3,700	3,424	2,246	719	3.12
		<u>\$51,585</u>	<u>\$3,238</u>	<u>\$43,006</u>	<u>\$36,722</u>	<u>\$9,522</u>	<u>\$4,503</u>	<u>2.11</u>
	UNIVERSITY OF NEBRASKA FACILITIES CORPORATION REVENUE BONDS	41,345	-	183,876	174,954	8,922	3,900	2.29
	BONDS	6,050	851	2,932	-	3,783	2,632	1.44
		<u>\$98,980</u>	<u>\$4,089</u>	<u>\$229,814</u>	<u>\$211,676</u>	<u>\$22,227</u>	<u>\$11,035</u>	<u>2.01</u>
1997	UNIVERSITY OF NEBRASKA REVENUE BONDS							
	UNL STUDENT FEES AND FACILITIES	\$26,135	\$298	\$28,014	\$25,173	\$3,139	\$2,340	1.34
	UNL PARKING	11,205	384	2,466	2,030	820	793	1.03
	UNK STUDENT FEES AND FACILITIES	10,605	-	7,937	6,190	1,747	1,194	1.46
	UNMC PARKING	265	202	600	219	583	152	3.84
	UNMC HOUSING	875	-	330	204	126	124	1.02
	UNO PARKING	670	73	675	384	364	189	1.93
	UNO STUDENT CENTER	8,450	1,272	4,115	3,285	2,102	719	2.92
		<u>\$58,205</u>	<u>\$2,229</u>	<u>\$44,137</u>	<u>\$37,485</u>	<u>\$8,881</u>	<u>\$5,511</u>	<u>1.61</u>
	UNIVERSITY OF NEBRASKA FACILITIES CORPORATION REVENUE BONDS	39,465	-	210,120	198,808	11,312	3,895	2.90
	BONDS	5,855	884	2,765	-	3,649	2,717	1.34
		<u>\$103,525</u>	<u>\$3,113</u>	<u>\$257,022</u>	<u>\$236,293</u>	<u>\$23,842</u>	<u>\$12,123</u>	<u>1.97</u>
1998	UNIVERSITY OF NEBRASKA REVENUE BONDS							
	UNL STUDENT FEES AND FACILITIES	\$24,545	\$215	\$29,374	\$26,680	\$2,909	\$2,416	1.20
	UNL PARKING	10,900	126	2,850	2,191	785	876	0.90
	UNK STUDENT FEES AND FACILITIES	9,840	-	8,006	6,245	1,761	1,257	1.40
	UNMC PARKING	0	207	765	183	789	277	2.85
	UNMC HOUSING	785	-	321	178	143	135	1.06
	UNO PARKING	515	108	697	395	410	185	2.22
	UNO STUDENT CENTER	8,150	1,129	4,218	3,065	2,282	717	3.18
		<u>\$54,735</u>	<u>\$1,785</u>	<u>\$46,231</u>	<u>\$38,937</u>	<u>\$9,079</u>	<u>\$5,863</u>	<u>1.55</u>
	UNIVERSITY OF NEBRASKA FACILITIES CORPORATION BONDS	23,825	1,186	3,049	-	4,235	3,723	1.14
		<u>\$78,560</u>	<u>\$2,971</u>	<u>\$49,280</u>	<u>\$38,937</u>	<u>\$13,314</u>	<u>\$9,586</u>	<u>1.39</u>

THE UNIVERSITY OF NEBRASKA

BOND DEBT SERVICE COVERAGE BY CAMPUS AND ISSUE FOR THE PAST TEN YEARS AS OF JUNE 30 (AMOUNTS IN THOUSANDS)

FISCAL YEAR	CAMPUS DESCRIPTION	BONDS OUTSTANDING	REVENUES AVAILABLE FOR DEBT SERVICE				DEBT SERVICE REQUIREMENT	COVERAGE
			BEGINNING BALANCE	DEDICATED REVENUES	RELATED EXPENSES	ENDING BALANCE		
1999	UNIVERSITY OF NEBRASKA REVENUE BONDS							
	UNL STUDENT FEES AND FACILITIES	\$21,965	-	\$22,215	\$18,831	\$3,384	\$3,392	1.00
	UNL PARKING	10,520	-	3,257	2,163	1,094	800	1.37
	UNK STUDENT FEES AND FACILITIES	9,050	-	7,925	6,089	1,836	1,250	1.47
	UNMC HOUSING	690	-	337	178	198	135	1.47
	UNO PARKING	350	118	690	461	347	186	1.87
	UNO STUDENT CENTER	7,835	1,272	4,296	3,186	2,382	720	3.31
		<u>\$50,410</u>	<u>\$1,390</u>	<u>\$38,720</u>	<u>\$30,908</u>	<u>\$9,241</u>	<u>\$6,483</u>	<u>1.43</u>
	UNIVERSITY OF NEBRASKA FACILITIES CORPORATION BONDS	104,080	-	4,931	-	4,931	4,735	1.04
		<u>\$154,490</u>	<u>\$1,390</u>	<u>\$43,651</u>	<u>\$30,908</u>	<u>\$14,172</u>	<u>\$11,218</u>	<u>1.26</u>
2000	UNIVERSITY OF NEBRASKA REVENUE BONDS							
	UNL STUDENT FEES AND FACILITIES	\$19,855	-	\$24,174	\$20,495	3,679	\$3,247	1.13
	UNL PARKING	10,120	420	4,169	2,488	2,101	943	2.23
	UNK STUDENT FEES AND FACILITIES	8,220	-	9,108	6,850	2,258	1,257	1.80
	UNMC HOUSING	590	-	330	192	198	134	1.48
	UNO STUDENT CENTER	7,510	1,456	4,428	3,193	2,691	717	3.75
		<u>\$46,295</u>	<u>\$1,876</u>	<u>\$42,209</u>	<u>\$33,218</u>	<u>\$10,927</u>	<u>\$6,298</u>	<u>1.73</u>
	UNIVERSITY OF NEBRASKA FACILITIES CORPORATION BONDS	103,885	-	11,344	-	11,344	5,101	2.22
		<u>\$150,180</u>	<u>\$1,876</u>	<u>\$53,553</u>	<u>\$33,218</u>	<u>\$22,271</u>	<u>\$11,399</u>	<u>1.95</u>
2001	UNIVERSITY OF NEBRASKA REVENUE BONDS							
	UNL STUDENT FEES AND FACILITIES	\$17,655	-	\$25,918	\$22,524	3,394	\$2,619	1.30
	UNL PARKING	30,675	866	4,715	2,464	3,117	1,992	1.56
	UNK STUDENT FEES AND FACILITIES	13,900	-	9,001	6,923	2,078	1,266	1.64
	UNMC HOUSING	485	-	337	198	139	134	1.04
	UNO STUDENT CENTER	7,170	1,757	4,554	3,175	3,136	718	4.37
		<u>\$69,885</u>	<u>\$2,623</u>	<u>\$44,525</u>	<u>\$35,284</u>	<u>\$11,864</u>	<u>\$6,729</u>	<u>1.76</u>
	UNIVERSITY OF NEBRASKA FACILITIES CORPORATION BONDS	98,610	-	13,489	-	13,489	9,990	1.35
		<u>\$168,495</u>	<u>\$2,623</u>	<u>\$58,014</u>	<u>\$35,284</u>	<u>\$25,353</u>	<u>\$16,719</u>	<u>1.52</u>

THE UNIVERSITY OF NEBRASKA

**BOND DEBT SERVICE COVERAGE BY CAMPUS AND ISSUE
FOR THE PAST TEN YEARS AS OF JUNE 30
(AMOUNTS IN THOUSANDS)**

FISCAL YEAR	CAMPUS DESCRIPTION	BONDS OUTSTANDING	REVENUES AVAILABLE FOR DEBT SERVICE			ENDING BALANCE	DEBT SERVICE REQUIREMENT	COVERAGE
			BEGINNING BALANCE	DEDICATED REVENUES	RELATED EXPENSES			
2002	UNIVERSITY OF NEBRASKA REVENUE BONDS							
	UNL STUDENT FEES AND FACILITIES	\$16,740	-	\$27,769	\$23,117	\$4,652	\$1,851	2.51
	UNL PARKING	30,235	-	5,475	2,954	2,521	2,087	1.21
	UNK STUDENT FEES AND FACILITIES	12,980	-	9,132	6,997	2,135	1,272	1.68
	UNMC HOUSING	370	-	387	219	168	140	1.20
	UNO STUDENT CENTER	6,815	-	10,315	9,296	1,019	720	1.42
		<u>\$67,140</u>	<u>-</u>	<u>\$53,078</u>	<u>\$42,583</u>	<u>\$10,495</u>	<u>\$6,070</u>	<u>1.73</u>
	UNIVERSITY OF NEBRASKA FACILITIES CORPORATION BONDS	147,545	-	13,882	-	13,882	12,980	1.07
	NEBRASKA UTILITY CORPORATION BONDS	21,880	-	-	-	-	-	-
		<u>\$236,565</u>	<u>-</u>	<u>\$66,960</u>	<u>\$42,583</u>	<u>\$24,377</u>	<u>\$19,050</u>	<u>1.28</u>

Source: Office of Vice President for Business and Finance

THE UNIVERSITY OF NEBRASKA

**RATIO OF DEBT SERVICE REQUIREMENTS TO OPERATING EXPENSES AND
RATIO OF DEBT SERVICE REQUIREMENTS TO UNRESTRICTED CURRENT FUND EXPENDITURES AND MANDATORY TRANSFERS
(AMOUNTS IN THOUSANDS)**

	YEAR ENDED JUNE 30,									
	2002	2001	2000	1999	1998	1997(1)	1996	1995	1994	1993
Debt service requirements	\$25,508	\$21,072	\$14,161	\$16,196	\$13,990	\$14,989	\$15,267	\$15,446	\$14,329	\$20,856
Operating Expenses (2)	1,108,569									
Current funds expenditures		863,629	801,664	766,344	740,594	888,518	823,864	764,182	702,633	685,533
Percent of debt service requirement to operating expense	2.30%									
Percent of debt service requirement to current funds expenditures		2.44%	1.77%	2.11%	1.89%	1.69%	1.85%	2.02%	2.04%	3.04%

(1) The fiscal year 1997 health care entities expenditures have been restated to reflect comparable expenditures due to the joint operating between the Board of Regents and Bishop Clarkson Memorial Hospital to form Nebraska Health System on October 1, 1997.

(2) Operating expenses defined as operating expenses less depreciation.

Source: Office of Vice President for Business and Finance.

THE UNIVERSITY OF NEBRASKA

FALL ENROLLMENT DATA

BY CAMPUS, BY GENDER

		2002	2001	2000	1999	1998	1997(a)	1996	1995	1994	1993
UNL	MEN	11,844	11,833	11,617	11,620	11,859	12,102	12,676	13,024	12,811	13,105
	WOMEN	11,144	10,931	10,651	10,522	10,549	10,725	11,211	11,296	11,043	11,386
		<u>22,988</u>	<u>22,764</u>	<u>22,268</u>	<u>22,142</u>	<u>22,408</u>	<u>22,827</u>	<u>23,887</u>	<u>24,320</u>	<u>23,854</u>	<u>24,491</u>
UNMC	MEN	970	997	1,014	1,024	1,010	1,011	1,031	1,062	1,082	1,079
	WOMEN	1,849	1,727	1,681	1,566	1,589	1,607	1,687	1,703	1,696	1,624
		<u>2,819</u>	<u>2,724</u>	<u>2,695</u>	<u>2,590</u>	<u>2,599</u>	<u>2,618</u>	<u>2,718</u>	<u>2,765</u>	<u>2,778</u>	<u>2,703</u>
UNO	MEN	6,475	6,313	6,061	6,037	5,950	6,207	6,580	6,648	6,796	7,323
	WOMEN	7,976	7,830	7,418	7,227	7,324	7,503	7,894	8,043	8,255	8,576
		<u>14,451</u>	<u>14,143</u>	<u>13,479</u>	<u>13,264</u>	<u>13,274</u>	<u>13,710</u>	<u>14,474</u>	<u>14,691</u>	<u>15,051</u>	<u>15,899</u>
UNK	MEN	2,727	2,733	2,738	2,838	2,850	3,020	3,265	3,301	3,302	3,529
	WOMEN	3,668	3,693	3,768	3,942	3,999	4,113	4,415	4,319	4,282	4,516
		<u>6,395</u>	<u>6,426</u>	<u>6,506</u>	<u>6,780</u>	<u>6,849</u>	<u>7,133</u>	<u>7,680</u>	<u>7,620</u>	<u>7,584</u>	<u>8,045</u>
NCTA	MEN	112	97	116	129	138	168	149	144	137	114
	WOMEN	141	137	118	123	123	109	124	119	98	90
		<u>253</u>	<u>234</u>	<u>234</u>	<u>252</u>	<u>261</u>	<u>277</u>	<u>273</u>	<u>263</u>	<u>235</u>	<u>204</u>
ALL CAMPUSES	MEN	22,128	21,973	21,546	21,648	21,807	22,508	23,701	24,179	24,128	25,150
	WOMEN	24,778	24,318	23,636	23,380	23,584	24,057	25,331	25,480	25,374	26,192
		<u>46,906</u>	<u>46,291</u>	<u>45,182</u>	<u>45,028</u>	<u>45,391</u>	<u>46,565</u>	<u>49,032</u>	<u>49,659</u>	<u>49,502</u>	<u>51,342</u>
ALL CAMPUSES	MEN	47.2%	47.5%	47.7%	48.1%	48.0%	48.3%	48.3%	48.7%	48.7%	49.0%
	WOMEN	52.8%	52.5%	52.3%	51.9%	52.0%	51.7%	51.7%	51.3%	51.3%	51.0%
		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

THE UNIVERSITY OF NEBRASKA

FALL ENROLLMENT DATA (CONTINUED)

BY CAMPUS, BY RESIDENCY

		2002	2001	2000	1999	1998	1997(a)	1996	1995	1994	1993
UNL	RESIDENT	18,274	18,249	18,044	18,252	18,645	19,317	20,625	21,665	20,993	21,711
	NON-RESIDENT	4,714	4,515	4,224	3,890	3,763	3,510	3,262	2,655	2,861	2,780
		<u>22,988</u>	<u>22,764</u>	<u>22,268</u>	<u>22,142</u>	<u>22,408</u>	<u>22,827</u>	<u>23,887</u>	<u>24,320</u>	<u>23,854</u>	<u>24,491</u>
UNMC	RESIDENT	2,004	1,974	1,970	1,893	1,954	2,020	2,148	2,239	2,262	2,153
	NON-RESIDENT	407	356	338	303	256	231	205	159	151	183
	HOUSE OFFICERS	408	394	387	394	389	367	365	367	365	367
		<u>2,819</u>	<u>2,724</u>	<u>2,695</u>	<u>2,590</u>	<u>2,599</u>	<u>2,618</u>	<u>2,718</u>	<u>2,765</u>	<u>2,778</u>	<u>2,703</u>
UNO	RESIDENT	12,753	12,493	12,006	11,953	12,070	12,561	13,444	13,833	14,190	15,129
	NON-RESIDENT	1,698	1,650	1,473	1,311	1,204	1,149	1,030	858	861	770
		<u>14,451</u>	<u>14,143</u>	<u>13,479</u>	<u>13,264</u>	<u>13,274</u>	<u>13,710</u>	<u>14,474</u>	<u>14,691</u>	<u>15,051</u>	<u>15,899</u>
UNK	RESIDENT	5,719	5,770	5,915	6,158	6,217	6,540	7,105	7,159	7,143	7,616
	NON-RESIDENT	676	656	591	622	632	593	575	461	441	429
		<u>6,395</u>	<u>6,426</u>	<u>6,506</u>	<u>6,780</u>	<u>6,849</u>	<u>7,133</u>	<u>7,680</u>	<u>7,620</u>	<u>7,584</u>	<u>8,045</u>
NCTA	RESIDENT	212	194	200	223	232	250	259	250	231	197
	NON-RESIDENT	41	40	34	29	29	27	14	13	4	7
		<u>253</u>	<u>234</u>	<u>234</u>	<u>252</u>	<u>261</u>	<u>277</u>	<u>273</u>	<u>263</u>	<u>235</u>	<u>204</u>
ALL CAMPUSES	RESIDENT	38,962	38,680	38,135	38,479	39,118	40,688	43,581	45,146	44,819	46,806
	NON-RESIDENT	7,536	7,217	6,660	6,155	5,884	5,510	5,086	4,146	4,318	4,169
	NOT AVAILABLE	408	394	387	394	389	367	365	367	365	367
		<u>46,906</u>	<u>46,291</u>	<u>45,182</u>	<u>45,028</u>	<u>45,391</u>	<u>46,565</u>	<u>49,032</u>	<u>49,659</u>	<u>49,502</u>	<u>51,342</u>
ALL CAMPUSES	RESIDENT	83.1%	83.6%	84.4%	85.5%	86.2%	87.4%	88.9%	90.9%	90.5%	91.2%
	NON-RESIDENT	16.1%	15.6%	14.7%	13.7%	13.0%	11.8%	10.4%	8.3%	8.7%	8.1%
	NOT AVAILABLE	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.7%	0.7%	0.7%	0.7%
		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

THE UNIVERSITY OF NEBRASKA

FALL ENROLLMENT DATA (CONTINUED)

BY CAMPUS, BY LEVEL OF INSTRUCTION

		2002	2001	2000	1999	1998	1997(a)	1996	1995	1994	1993
UNL	UNDERGRADUATE	18,118	17,985	17,968	17,804	17,980	18,246	18,954	19,186	18,700	19,625
	GRADUATE	4,380	4,309	3,925	3,954	3,966	4,204	4,546	4,711	4,732	4,421
	PROFESSIONAL	490	470	375	384	462	377	387	423	422	445
		<u>22,988</u>	<u>22,764</u>	<u>22,268</u>	<u>22,142</u>	<u>22,408</u>	<u>22,827</u>	<u>23,887</u>	<u>24,320</u>	<u>23,854</u>	<u>24,491</u>
UNMC	UNDERGRADUATE	699	663	639	764	784	836	889	923	985	966
	GRADUATE	536	485	469	323	309	396	417	824	794	750
	PROFESSIONAL	1,584	1,576	1,587	1,503	1,506	1,386	1,412	1,018	999	987
		<u>2,819</u>	<u>2,724</u>	<u>2,695</u>	<u>2,590</u>	<u>2,599</u>	<u>2,618</u>	<u>2,718</u>	<u>2,765</u>	<u>2,778</u>	<u>2,703</u>
UNO	UNDERGRADUATE	11,333	11,138	10,694	10,659	10,732	11,075	11,695	11,921	12,218	13,311
	GRADUATE	3,118	3,005	2,785	2,605	2,542	2,635	2,779	2,770	2,833	2,588
		<u>14,451</u>	<u>14,143</u>	<u>13,479</u>	<u>13,264</u>	<u>13,274</u>	<u>13,710</u>	<u>14,474</u>	<u>14,691</u>	<u>15,051</u>	<u>15,899</u>
UNK	UNDERGRADUATE	5,366	5,407	5,502	5,805	5,886	6,111	6,289	6,467	6,452	6,940
	GRADUATE	1,029	1,019	1,004	975	963	1,022	1,391	1,153	1,132	1,105
		<u>6,395</u>	<u>6,426</u>	<u>6,506</u>	<u>6,780</u>	<u>6,849</u>	<u>7,133</u>	<u>7,680</u>	<u>7,620</u>	<u>7,584</u>	<u>8,045</u>
NCTA	UNDERGRADUATE	253	234	234	252	261	277	273	263	235	204
ALL CAMPUSES	UNDERGRADUATE	35,769	35,427	35,037	35,284	35,643	36,545	38,100	38,760	38,590	41,046
	GRADUATE	9,063	8,818	8,183	7,857	7,780	8,257	9,133	9,458	9,491	8,864
	PROFESSIONAL	2,074	2,046	1,962	1,887	1,968	1,763	1,799	1,441	1,421	1,432
		<u>46,906</u>	<u>46,291</u>	<u>45,182</u>	<u>45,028</u>	<u>45,391</u>	<u>46,565</u>	<u>49,032</u>	<u>49,659</u>	<u>49,502</u>	<u>51,342</u>
ALL CAMPUSES	UNDERGRADUATE	76.3%	76.5%	77.5%	78.4%	78.5%	78.5%	77.7%	78.1%	78.0%	79.9%
	GRADUATE	19.3%	19.0%	18.1%	17.4%	17.1%	17.7%	18.6%	19.0%	19.2%	17.3%
	PROFESSIONAL	4.4%	4.4%	4.3%	4.2%	4.3%	3.8%	3.7%	2.9%	2.9%	2.8%
		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

(a) The University of Nebraska implemented new, more stringent admission requirements effective in the fall semester of 1997. This resulted in an enrollment decrease which is anticipated to reverse within two to five years.

Source: University of Nebraska Central Administration Office of Institutional Research and Planning

THE UNIVERSITY OF NEBRASKA

FRESHMAN ENROLLMENT DATA

		2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
UNL	APPLICATIONS	7,631	7,266	7,348	6,977	6,608	6,315	7,438	7,318	6,182	6,277
	ACCEPTED	6,836	6,578	6,726	6,453	6,164	5,238	6,164	6,158	5,902	6,003
	ENROLLED	3,653	3,532	3,667	3,673	3,416	3,256	3,715	3,984	3,357	3,398
	COMPOSIT ACT SCORES	24.3	24.2	24.1	24.1	24.2	24.3	23.3	23.2	22.4	22.4
UNO	APPLICATIONS	3,682	4,121	3,892	3,379	2,961	2,469	2,543	2,420	2,286	2,825
	ACCEPTED	3,166	3,527	3,379	3,048	2,641	2,133	2,364	2,138	2,052	2,584
	ENROLLED	1,725	1,895	1,832	1,792	1,622	1,088	1,397	1,453	1,340	1,621
	COMPOSIT ACT SCORES	22.0	22.1	21.8	22.2	21.6	21.9	20.9	20.9	20.9	20.9
UNK	APPLICATIONS	2,599	2,554	2,577	2,503	2,610	2,628	2,559	2,811	2,410	2,837
	ACCEPTED	2,284	2,457	2,398	2,382	2,440	2,517	2,488	2,685	2,336	2,697
	ENROLLED	1,138	1,197	1,125	1,224	1,227	1,281	1,369	1,407	1,253	1,417
	COMPOSIT ACT SCORES	N/A	21.6	22.0	21.8	21.8	21.8	21.5	21.1	21.5	20.9

UNMC's curriculum is comprised mainly of professional programs and, therefore, freshman data is not included.

The University of Nebraska implemented new, more stringent admission requirements effective in the fall semester of 1997. This resulted in an enrollment decrease which is anticipated to reverse within two to five years.

Source: University of Nebraska Central Administration Office of Institutional Research and Planning

THE UNIVERSITY OF NEBRASKA

TENURE DENSITY DATA

		2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
UNL	TENURED FACULTY	905	902	865	942	953	960	954	948	853	844
	TENURE-TRACK	232	243	228	227	239	226	248	272	377	388
	PERCENT OF TENURED AND TENURED TRACK	79.6%	78.8%	79.1%	80.6%	79.9%	80.9%	79.4%	77.7%	69.3%	68.5%
UNMC	TENURED FACULTY	254	251	242	245	254	248	251	247	233	227
	TENURE-TRACK	-	-	-	-	-	-	-	-	13	19
	HEALTH PROFESSIONALS PERCENT OF TENURED AND TENURED TRACK	330	321	311	308	292	304	323	331	336	319
UNO	TENURED FACULTY	301	299	302	321	325	328	333	323	300	296
	TENURE-TRACK	136	136	106	94	102	102	85	87	107	103
	PERCENT OF TENURED AND TENURED TRACK	68.9%	68.7%	74.0%	77.3%	76.1%	76.3%	79.7%	78.8%	73.7%	74.2%
UNK	TENURED FACULTY	184	186	197	200	203	202	216	219	199	187
	TENURE-TRACK	79	78	69	74	68	78	73	66	86	100
	PERCENT OF TENURED AND TENURED TRACK	70.0%	70.5%	74.1%	73.0%	74.9%	72.1%	74.7%	76.8%	69.8%	65.2%

Source: University of Nebraska Central Administration Office of Institutional Research and Planning

THE UNIVERSITY OF NEBRASKA

DEGREES GRANTED BY CAMPUS AND LEVEL

	YEAR ENDED JUNE 30,									
	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
UNL										
Below Bachelor	5	3	3	6	16	23	15	19	33	15
Bachelor	2,897	2,997	3,115	2,876	2,940	2,850	2,834	2,900	3,073	3,008
Master	672	743	661	721	758	725	781	757	806	696
Post Master	7	6	2	10	8	7	13	15	11	15
Doctoral	213	235	251	251	282	276	261	229	227	221
1st Professional	146	138	148	117	109	131	147	147	153	142
Total	<u>3,940</u>	<u>4,122</u>	<u>4,180</u>	<u>3,981</u>	<u>4,113</u>	<u>4,012</u>	<u>4,051</u>	<u>4,067</u>	<u>4,303</u>	<u>4,097</u>
UNMC										
Bachelor	455	420	408	412	352	325	379	436	412	420
Post Bachelor	9	10	6	9	11	14	14	7	10	27
Master	643	625	615	611	485	184	125	126	99	83
Post Master	5	7	8	4	9	14	33	4	3	
Doctoral	27	23	33	28	23	32	20	20	12	12
1st Professional	220	232	229	212	214	230	229	221	214	202
Total	<u>1,359</u>	<u>1,317</u>	<u>1,299</u>	<u>1,276</u>	<u>1,094</u>	<u>799</u>	<u>800</u>	<u>814</u>	<u>750</u>	<u>744</u>
UNO										
Bachelor	1,423	1,419	1,455	1,483	1,580	1,569	1,514	1,586	1,501	1,397
Master	670	639	638	654	679	667	616	595	547	533
Doctoral	15	11	8	4	6	3	1			
Total	<u>2,108</u>	<u>2,069</u>	<u>2,101</u>	<u>2,141</u>	<u>2,265</u>	<u>2,239</u>	<u>2,131</u>	<u>2,181</u>	<u>2,048</u>	<u>1,930</u>
UNK										
Bachelor	830	934	936	854	876	964	872	998	1,059	1,002
Master	182	284	161	171	178	162	201	188	179	234
Post Master	23		22	20	16	15	12	16	12	14
Total	<u>1,035</u>	<u>1,218</u>	<u>1,119</u>	<u>1,045</u>	<u>1,070</u>	<u>1,141</u>	<u>1,085</u>	<u>1,202</u>	<u>1,250</u>	<u>1,250</u>
NCTA										
Below Bachelor	74	89	88	84	103	97	72	63	67	55
TOTALS										
Below Bachelor	79	92	91	90	119	120	87	82	100	70
Bachelor	5,605	5,770	5,914	5,625	5,748	5,708	5,599	5,920	6,045	5,827
Post Bachelor	9	10	6	9	11	14	14	7	10	27
Master	2,167	2,291	2,075	2,157	2,100	1,738	1,723	1,666	1,631	1,546
Post Master	35	13	32	34	33	36	58	35	26	29
Doctoral	255	269	292	283	311	311	282	249	239	233
1st Professional	366	370	377	329	323	361	376	368	367	344
Total	<u>8,516</u>	<u>8,815</u>	<u>8,787</u>	<u>8,527</u>	<u>8,645</u>	<u>8,288</u>	<u>8,139</u>	<u>8,327</u>	<u>8,418</u>	<u>8,076</u>

Source: Integrated Postsecondary Education Data System (IPEDS) Completions surveys

ACCREDITATION

Accreditation in colleges and universities indicates the dedication of the faculty and administration of the University to meet rigorous standards of academic quality. These standards include such factors as professional attainments of faculty, quality of research, library holdings, physical facilities and general support for programs by funding authorities.

The University of Nebraska has been accredited by the North Central Association of Colleges and Secondary Schools since the Association first began accrediting colleges and universities in 1913. In addition, various colleges, schools, and departments are accredited by their respective professional agencies.

TO: The Board of Regents
Business Affairs

MEETING DATE: January 18, 2003

SUBJECT: Report on examination of financial statements relating to University Dental Associates for the years ending June 30, 2001 and June 30, 2002.

RECOMMENDED ACTION: Report

PREVIOUS ACTION: None

EXPLANATION: Pursuant to Section VI of the Dental Service Plan of the University Dental Associates, the subject annual reports have been prepared and presented herewith for information.

Loren D. Swanson, Certified Public Accountant has completed the annual review and provided an unqualified opinion on these financial statements.

The complete reports are available for review in the offices of the Corporation Secretary, the Vice President for Business and Finance, and the University of Nebraska Medical Center Chancellor.

SPONSOR: Donald S. Leuenberger
Vice Chancellor for Business & Finance

APPROVAL: _____
Harold M. Maurer, M.D., Chancellor
University of Nebraska Medical Center

DATE: December 12, 2002

TO: The Board of Regents
Business Affairs

MEETING DATE: January 18, 2003

SUBJECT: Report on examination of financial statements relating to University Medical Associates for the years ending June 30, 2001 and June 30, 2002.

RECOMMENDED ACTION: Report

PREVIOUS ACTION: None

EXPLANATION: Pursuant to Section VI of the Medical Service Plan of the University Medical Associates, the subject annual review has been prepared and presented herewith for information.

Deloitte & Touche LLP, has completed the annual review and provided an unqualified opinion on the financial statements for the year ended June 30, 2001.

KPMG completed the review for the year ended June 30, 2002 and provided an unqualified opinion on the financial statements.

The complete reports are available for review in the offices of the Corporation Secretary, the Vice President for Business and Finance, and the University of Nebraska Medical Center Chancellor.

SPONSOR: Donald S. Leuenberger
Vice Chancellor for Business & Finance

APPROVAL: _____
Harold M. Maurer, M.D., Chancellor
University of Nebraska Medical Center

DATE: December 12, 2002

TO: The Board of Regents
Business Affairs

MEETING DATE: January 18, 2003

SUBJECT: Annual audit of UNeMed Corporation for the fiscal year ending December 31, 2001, in accordance with the Bylaws of UNeMed Corporation as approved by the Board of Regents.

RECOMMENDED ACTION: Report

EXPLANATION: This audit is required at the close of each fiscal year in accordance with Technology Development Program Agreement with the Board of Regents and UNeMed.

Tighe, Massman & Nelson, P.C. has completed the annual review and given an unqualified opinion on this financial statement.

The complete report is available for review in the offices of the Corporation Secretary, the Vice President for Business and Finance, and the University of Nebraska Medical Center Chancellor.

SPONSOR: Donald S. Leuenberger
Vice Chancellor for Business & Finance

APPROVAL: _____
Harold M. Maurer, M.D., Chancellor
University of Nebraska Medical Center

DATE: December 12, 2002

TO: The Board of Regents
Business Affairs

MEETING DATE: January 18, 2003

SUBJECT: Monthly Report of Bids and Contracts

RECOMMENDED ACTION: Report

PREVIOUS ACTION: None

EXPLANATION: The attached report is a summary of bids and contracts as provided by the campuses pursuant to Section 6.4 of the *Bylaws of the Board of Regents of the University of Nebraska* for the period ended December 12, 2002.

The report outlines the following: type of action; campus; description and use of the product, service, or project; funding source; approved budget amount; contract amount; contractor or vendor; and a bid review or bid explanation if the low responsible bid was not accepted.

PROJECT COST: None

SOURCE OF FUNDS: None

APPROVAL: _____
David E. Lechner
Vice President for Business & Finance

DATE: December 12, 2002

University of Nebraska
Business Affairs Report - Bids & Contracts

Period Ending: December 12, 2002
Meeting Date: January 18, 2003

Type of Action	Campus	Description	Funding Source	Approved Budget Amount	Contract Amount	Contractor/ Vendor	Bid Review or Explanation
Personal Property Procurement	UNL	Biochemistry Department. Acquisition of EPR Spectrometer System.	NIH Funds	N/A	\$ 111,950	Bruker Biospin Corp.	Sole source. Manufacturer's upgrade to existing equipment.