



The Board of Regents of the University of Nebraska

*Combined Financial Statements Relating to
the Members of the Obligated Group Under
the Master Trust Indenture for the Years
Ended June 30, 2011 and 2010, Additional
Information, and Independent Auditors' Report*

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

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Independent Auditors' Report

The Board of Regents
University of Nebraska:

We have audited the accompanying combined statements of net assets relating to the Members of the Obligated Group under the Master Trust Indenture of the Board of Regents of the University of Nebraska (the "Obligated Group") as of June 30, 2011 and 2010, and the related combined statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Obligated Group's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Obligated Group's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note A, the combined financial statements related to the Obligated Group are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the Obligated Group that is attributable to the transactions of the Obligated Group. They do not purport to, and do not, present fairly the financial position of the University of Nebraska as of June 30, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the net assets of the Members of the Obligated Group under the Master Trust Indenture of the Board of Regents of the University of Nebraska at June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 3 – 8 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. 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 the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying additional information on pages 28 – 46 is presented for purposes of additional analysis and is not a required part of the combined financial statements. The additional information on pages 28 – 33 has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole. The additional information on pages 34 – 46 has not been subjected to the auditing procedures applied in the audit of the combined financial statements, and accordingly, we express no opinion on this information.

KPMG LLP

Lincoln, Nebraska
September 30, 2011

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010 (Unaudited) (Dollar Amounts in Thousands)

Introduction

The following is an overview of the financial position and changes in net assets of the University of Nebraska Members of the Obligated Group under the Master Trust Indenture (MTI) for the years ended June 30, 2011 and 2010. Management has prepared the following discussion and it is intended to be read in conjunction with the financial statements and related footnotes, which follow this section.

The University of Nebraska MTI, dated June 1, 1995, as amended and supplemented, between the Board of Regents of the University of Nebraska (Board) and the Master Trustee, was created for pooling of the facilities and credit resources of the Board that contribute revenues, student fees, and other payments, which have been pledged for the payment of debt service on revenue bonds.

The Board of Regents of the University of Nebraska has issued revenue bonds under the MTI to finance the construction of student housing and parking facilities at the University of Nebraska-Lincoln (UNL), the student center and Health, Physical Education and Recreation buildings (HPER), and certain student housing and parking at the University of Nebraska at Omaha (UNO), certain student housing at the University of Nebraska Medical Center (UNMC), and student housing facilities at the University of Nebraska at Kearney (UNK).

The financial statements include the revenue-producing activities and related bond accounts of the current members of the Obligated Group, which are the UNL Student Fees and Facilities Bonds, the UNL Parking Project, the UNO Student Facilities Project, the UNO Student Housing and Parking Project, the UNMC Student Housing Project, and the UNK Student Fees and Facilities Bonds.

Financial Highlights

The financial position of the Obligated Group remained favorable during the year ended June 30, 2011 with operating income that provided a debt service coverage ratio of 1.56 times, compared to 1.53 times for the year ended June 30, 2010 and 1.59 times for the year ended June 30, 2009. This performance is in line with expectations. The debt service ratio required by the MTI is 1.15.

Operations of the overall Obligated Group met expectations during fiscal year 2011 with operating income posting a 35% increase over 2010. This compares to a modest growth of 8% in 2010 over 2009 and which reflects a higher level of revenues in 2011 driven by the completion of new student residences. Operating revenues increased by 14% in 2011, while operating expenses were held to 9%, resulting in an operating income increase of \$6,134. Operating strength is further demonstrated by increases in cash flows from operations of \$7,599 in 2011, which follows increases of \$5,852 and \$3,225 in 2010 and 2009, respectively. No additional bonds were issued during 2011.

The performance of UNL Student Fees is dictated by UNL Housing activity. Housing offers both traditional residence halls and apartment and suite-style units to the campus student community. Due to

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continuing high interest by upper division students, the occupancy of the apartment and suite-style facilities was 98% for the 2011 year. UNL traditional residence halls occupancy remained strong at 94% occupancy. The new Robert E. Knoll Residential Center opened in 2011, which significantly increased operating revenues by 13%. Excluding depreciation, operating expenses increased by a modest 8% despite additional operating costs related to the new residence hall. Operating income was \$9,389, an increase of 10% over 2010. This level of operating income compares to \$8,556 in 2010 and \$7,572 in 2009.

UNL Parking operations revenues increased by \$566 during 2011 compared to 2010 despite no rate increase for the year. Operating expenses increased by \$847 in which resulted in operating income of \$2,899 compared to \$3,190 for 2010 and \$3,265 for 2009. Parking demand remains high with over 94% of spaces sold on a permit basis each of the last three years. The completion of the 19th and Vine streets parking garage in August 2011 augment revenues and provides spaces to replace surface parking lost due to the Antelope Parkway project and the construction of Knoll Hall.

UNO Student facilities activity remained strong. The UNO Student Center and Health, Physical Education and Recreation (HPER) together comprise the UNO Student Facilities project. Student fees support both the Student Center and HPER and account for \$4,752 (33%) of the UNO Student facilities revenues in 2011, an increase from \$3,651 (27%) in 2010. This increase was due to a combination of planned higher fees (fees have been gradually increased over the period of construction to fund the HPER renovation) and enrollment growth. The HPER project was completed in the fall of 2010.

UNO Housing/Parking continues to perform in line with expectations. In 2011, operating income of \$4,132 was derived from revenues of \$11,507. Operating income of \$1,431 and \$2,474 was achieved in 2010 and 2009. Housing operating activity continues to enjoy an occupancy rate of nearly 100% in each year since it opened in 2004. A bond issue of \$17,715 was sold in May 2010 to finance the construction of a 480-bed student residence on the Pacific Street campus that was completed in August 2011.

The UNMC Housing Project comprises two apartment-style buildings with a combined capacity of 60 units. UNMC Housing experienced a 95% occupancy during 2011 (93% in 2010). UNMC augmented revenues by \$25 in 2011 (compared to \$59 in 2010), enabling the activity to meet debt service obligations.

The financial position of UNK Student Fees Project remains strong with a 2011 operating income margin of 23% compared to 19% in 2010 and 13% in 2009. Housing operations revenues increased to \$15,700 in 2011 compared to \$13,629 in 2010 due to a solid increase in occupancy complemented by an average rate increase of 5.4%. Operating income for the year was \$3,700, compared to \$2,646 in 2010, and \$1,774 in 2009. The sizable increase of \$1,054 in the operating income is attributed to a 10% increase in occupancy and the board and room rate increase. The 2011 operating results and investment income provided for a very strong debt margin when compared to debt service of \$2,351. While renovations were completed for certain residences (Men's and Randall Halls) during 2011, an upgrade planned for Centennial Towers West is scheduled for completion in early summer of 2012.

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010 (Unaudited) (Dollar Amounts in Thousands)

Using the Financial Statements

The financial statements of MTI include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. These statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The statements are presented on a combined basis to focus on the revenue-producing activities and the trustee accounts of the obligated members as a single reporting entity.

The statement of net assets includes the operating facilities of the obligated members and the related trustee accounts of the respective bond issues. The statement of revenues, expenses, and changes in net assets depicts the combined operating revenues and expenses of the obligated members, which, when combined with the non-operating revenues and expenses, provide resources for debt service as well as the purchase, construction, and renovation of the designated facilities. The statement of cash flows shows the sources and uses of cash from operations, investing activities, and capital and other financing activities.

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010 (Unaudited) (Dollar Amounts in Thousands)

The Statements

Condensed statements in an all inclusive format are presented below for the University of Nebraska's Members of the Obligated Group for the years ended June 30, 2011, 2010, and 2009.

Current assets consist of resources held by the bond trustee that are designated or restricted by the bond covenants for plant construction, bond reserve funds, and related retirement of indebtedness accounts. Non-current assets are primarily capital assets that are presented net of accumulated depreciation of \$84,263, \$73,067, and \$66,576 at June 30, 2011, 2010, and 2009, respectively.

Current liabilities comprise accounts and accrued interest payable and amounts due the next year for accrued compensated absences and bond obligations payable. Non-current liabilities represent accrued compensated absences and bond obligations due after one year.

The classification of net assets includes amounts restricted for debt service of \$78,960, \$74,645, and \$74,058 as of June 30, 2011, 2010, and 2009, respectively. These amounts include bond reserves of \$32,029, \$31,691, and \$27,340, as of June 30, 2011, 2010, and 2009, respectively.

The condensed statement of revenues, expenses, and changes in net assets depicts the combined financial activities of the obligated members. The operating income provides resources to pay debt service on bond obligations. The operating income is net of depreciation of \$13,006, \$8,684, and \$7,629 for the years ended June 30, 2011, 2010, and 2009, respectively.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010 (Unaudited) (Dollar Amounts in Thousands)

	<u>Condensed Statement of Net Assets (thousands)</u>		
	2011	2010	2009
Assets:			
Current assets	\$ 56,406	\$ 51,994	\$ 45,976
Non-current assets	465,361	490,447	427,594
Total assets	<u>521,767</u>	<u>542,441</u>	<u>473,570</u>
Liabilities:			
Current liabilities	28,861	48,337	37,767
Non-current liabilities	365,861	378,296	330,293
Total liabilities	<u>394,722</u>	<u>426,633</u>	<u>368,060</u>
Net Assets:			
Invested in capital assets, net of related debt	24,069	13,972	11,618
Restricted:			
Expendable			
Capital projects	8,330	13,487	7,843
Debt service	78,960	74,645	74,058
Unrestricted	15,686	13,704	11,991
Total net assets	<u>\$ 127,045</u>	<u>\$ 115,808</u>	<u>\$ 105,510</u>

	<u>Condensed Statement of Revenues, Expenses, and Changes in Net Assets (thousands)</u>		
	2011	2010	2009
Operating revenues:			
Room and board	\$ 74,101	\$ 63,204	\$ 61,609
Parking fees	11,192	10,561	10,348
Student fees	10,280	9,056	6,942
Bookstore	7,414	7,969	8,122
Other	4,207	3,207	3,387
Total operating revenues	<u>107,194</u>	<u>93,997</u>	<u>90,408</u>
Operating expenses:			
Compensation and benefits	25,686	23,994	23,807
Supplies, materials, and services	44,989	43,940	43,050
Depreciation	13,006	8,684	7,629
Total operating expenses	<u>83,681</u>	<u>76,618</u>	<u>74,486</u>
Operating income	23,513	17,379	15,922
Non-operating expenses	<u>(12,276)</u>	<u>(7,081)</u>	<u>(6,362)</u>
Increase in net assets	11,237	10,298	9,560
Net assets, beginning of year	<u>115,808</u>	<u>105,510</u>	<u>95,950</u>
Net assets, end of year	<u>\$ 127,045</u>	<u>\$ 115,808</u>	<u>\$ 105,510</u>

Economic Outlook and Subsequent Events That Will Affect the Future

It is management's belief that the Members of the Obligated Group will continue to realize revenues sufficient to cover debt service. Each Obligated Group member budgets expenses prudently while

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010 (Unaudited) (Dollar Amounts in Thousands)

allocating sufficient funds to adequately repair and maintain the facilities so that services can be offered at competitive prices to students and the University community.

UNL residence hall occupancy is expected to remain high. Fall 2011 enrollment is stable, demand for renovated and apartment-style rooms is strong, and housing has demonstrated the ability to attract more upper division students. Apartment-style and suite-style halls continue to operate at full capacity. The number of students applying for apartment-style and suite-style living space remains approximately three times the number of available beds, as it has been the past several years.

Parking operations at UNL are expected to continue to meet expectations. Parking fees did not increase in 2011 but continued strong demand for parking spaces and the completion of the new parking garage resulted in increased revenues. Parking permit revenues are forecasted to grow due to increases in demand by students, faculty, and staff.

UNO Student Center revenues are projected to increase slightly as bookstore and food services revenues are expected to show modest increases following a slight enrollment increase for the fall 2011 semester. Student fee revenue associated with HPER project will also increase due to the enrollment increase for the fall 2011 semester. Demand for student housing at UNO continues to be strong with occupancy near 100% for the fall 2011 semester. Additional student housing began construction in June 2010 and was completed in August 2011. This additional housing will consist of 480 beds. Parking revenues are expected to increase due to parking fee increases.

UNMC Student Housing expects residence hall occupancy to be near full capacity, which bodes well for the financial future of the residences. Rental rates were increased by 2.5% for the fall 2011, which will bolster the debt service coverage without reducing demand. Student enrollment for fall 2011 increased by 3.5% over 2010 to a record high of 3,614 students. Increases in student enrollment continue to drive the need for student housing.

The fall 2011 enrollment at UNK is up approximately 5%. The number of first-time freshmen experienced a slight decline that was offset by an increase in transfer students compared to a year ago. The overall impact was there is a modest increase of less than 1% in occupancy for the fall 2011 term. The completion of two new apartment-style residence buildings, Antelope and Nester Halls, provided living space for an additional 160 and 170 students, respectively. An upgrade to Mantor Hall was completed prior to fall 2009, an upgrade to Men's Hall was completed prior to fall 2010, and an upgrade to Randall Hall was completed and operational in fall 2011. The completion of the new halls and upgrading of existing halls are part of the UNK Master Plan that is expected to bring a bright future to UNK housing residences and the campus.

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COMBINED STATEMENTS OF NET ASSETS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE JUNE 30, 2011 and 2010 (in thousands)

ASSETS	2011	2010
CURRENT ASSETS:		
Cash and cash equivalents	\$ 21,912	\$ 18,865
Cash and cash equivalents held by trustee - restricted	21,459	21,408
Investments held by trustee - restricted	7,683	5,657
Accounts receivable, net	3,409	4,080
Note receivable	100	100
Accrued interest receivable	132	166
Inventories	1,413	1,385
Prepaid expenses and deferred charges	298	333
Total current assets	<u>56,406</u>	<u>51,994</u>
NON-CURRENT ASSETS:		
Cash and cash equivalents held by trustee – restricted	42,694	91,455
Investments held by trustee - restricted	20,759	14,725
Note receivable, net of current portion	1,000	1,100
Bond financial expense, net of accumulated amortization	4,953	5,316
Capital assets, net of accumulated depreciation	395,955	377,851
Total non-current assets	<u>465,361</u>	<u>490,447</u>
Total assets	<u>521,767</u>	<u>542,441</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	5,104	25,979
Accrued interest payable	5,197	5,231
Accrued salaries and wages	639	1,159
Accrued compensated absences	1,262	1,178
Bond obligations payable	12,145	9,905
Deferred revenues and other credits	4,514	4,885
Total current liabilities	<u>28,861</u>	<u>48,337</u>
NON-CURRENT LIABILITIES:		
Accrued compensated absences	611	588
Bond obligations payable, net of current portion	361,440	373,585
Deferred revenues and credits	3,810	4,123
Total non-current liabilities	<u>365,861</u>	<u>378,296</u>
Total liabilities	<u>394,722</u>	<u>426,633</u>
NET ASSETS:		
Invested in capital assets, net of related debt	24,069	13,972
Restricted:		
Expendable:		
Plant construction	8,330	13,487
Debt service	78,960	74,645
Unrestricted	15,686	13,704
Total net assets	<u>\$ 127,045</u>	<u>\$ 115,808</u>

See notes to combined financial statements.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE FOR THE YEARS ENDED JUNE 30, 2011 and 2010 (in thousands)

	2011	2010
REVENUES:		
Operating revenues:		
Room and board	\$ 74,101	\$ 63,204
Parking facilities revenues	11,192	10,561
Student fees	10,280	9,056
Bookstore and bookstore commissions	7,414	7,969
Food service	3,039	2,481
Other operating revenues	1,168	726
Total operating revenues	<u>107,194</u>	<u>93,997</u>
EXPENSES:		
Operating expenses:		
Salaries and wages	19,968	18,674
Benefits	5,718	5,320
Total compensation and benefits	<u>25,686</u>	<u>23,994</u>
Goods purchased for resale	5,823	6,187
Supplies and materials	11,979	11,740
Food and food service contracts	9,764	9,016
Contractual services	4,157	4,051
Repairs and maintenance	5,553	5,771
Utilities	5,924	5,429
Communications	1,789	1,746
Depreciation	13,006	8,684
Total operating expenses	<u>83,681</u>	<u>76,618</u>
OPERATING INCOME	<u>23,513</u>	<u>17,379</u>
NON-OPERATING REVENUES (EXPENSES):		
Investment income, net of investment management fees	937	1,159
Decrease in fair value of investments	(122)	(226)
Interest on bond obligations	(17,258)	(16,087)
Capitalized interest on bond obligations	3,079	5,929
Amortization of bond financial expense	(216)	(218)
Loss on disposal of capital assets	(643)	(134)
Net transfer of assets from other University sources	982	2,305
Non-operating expenses, net	<u>(13,241)</u>	<u>(7,272)</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	10,272	10,107
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:		
Capital grants and contracts	<u>965</u>	<u>191</u>
INCREASE IN NET ASSETS	11,237	10,298
NET ASSETS:		
Beginning of year	<u>115,808</u>	<u>105,510</u>
End of year	<u>\$ 127,045</u>	<u>\$ 115,808</u>

See notes to combined financial statements.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

COMBINED STATEMENTS OF CASH FLOWS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE FOR THE YEARS ENDED JUNE 30, 2011 and 2010 (in thousands)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Room and board	\$ 74,235	\$ 64,854
Parking facilities revenues	11,703	10,307
Student fees	10,249	9,059
Bookstore and bookstore commissions	7,450	7,850
Food service	3,045	2,479
Other operating receipts	1,164	1,000
Payments to vendors	(45,410)	(42,844)
Payments to employees	(26,091)	(23,959)
Net cash flows from operating activities	<u>36,345</u>	<u>28,746</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of bond obligations	-	57,885
Transfers from other University sources	967	2,250
Capital grants and contracts	43	124
Purchases of capital assets	(48,549)	(80,764)
Interest paid on bond obligations	(17,359)	(15,764)
Principal paid on bond obligations	(9,905)	(8,235)
Payment of bond financial expense	-	(430)
Net cash flows from capital and related financing activities	<u>(74,803)</u>	<u>(44,934)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	12,460	21,771
Interest on investments	1,130	1,533
Purchases of investments	(20,795)	(13,109)
Net cash flows from investing activities	<u>(7,205)</u>	<u>10,195</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(45,663)	(5,993)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>131,728</u>	<u>137,721</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 86,065</u>	<u>\$ 131,728</u>
CASH AND CASH EQUIVALENTS - END OF YEAR AS PRESENTED IN		
STATEMENT OF NET ASSETS:		
Cash and cash equivalents (current)	\$ 21,912	\$ 18,865
Cash and cash equivalents held by trustee - restricted (current)	21,459	21,408
Cash and cash equivalents held by trustee - restricted (non-current)	42,694	91,455
Cash and cash equivalents, end of year	<u>\$ 86,065</u>	<u>\$ 131,728</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM		
OPERATING ACTIVITIES:		
Operating income	\$ 23,513	\$ 17,379
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	13,006	8,684
Changes in assets and liabilities:		
Accounts receivable, net	1,006	707
Inventories	(28)	196
Prepaid expenses and deferred charges	34	(62)
Accounts payable	(402)	956
Accrued salaries and wages and compensated absences	(412)	43
Deferred revenues and other credits	(372)	843
Net cash flows from operating activities	<u>\$ 36,345</u>	<u>\$ 28,746</u>
NON-CASH TRANSACTIONS:		
Capital assets transferred in from other University sources	\$ 15	\$ 1,702
Capital grants and contracts	681	67
Decrease in fair value of investments	(122)	(226)

See notes to combined financial statements.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

NOTES TO COMBINED FINANCIAL STATEMENTS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE YEARS ENDED JUNE 30, 2011 and 2010 (in thousands)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Scope of Statements – The accompanying combined financial statements as presented have been prepared on the accrual basis of accounting and include only the accounts relating to the Members of the Obligated Group under the Master Trust Indenture (Obligated Group) dated June 1, 1995, as amended and supplemented, between the Board of Regents of the University of Nebraska (the Board) and the Master Trustee. The Obligated Group was created for pooling of the facilities and credit resources from which the Board derives revenues, fees, and other payments that have been pledged for the payment of revenue bonds. Current members of the Obligated Group are as follows:

- University of Nebraska-Lincoln (UNL) Student Fees and Facilities Bonds
- University of Nebraska-Lincoln (UNL) Parking Project
- University of Nebraska at Omaha (UNO) Student Activities Project
- University of Nebraska at Omaha (UNO) Student Housing/Parking Project
- University of Nebraska Medical Center (UNMC) Student Housing Project
- University of Nebraska at Kearney (UNK) Student Fees and Facilities Bonds

These statements have been prepared in accordance with U.S. generally accepted accounting principles 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 Obligated Group follows the “business-type” activities requirements of GASB Statement No. 34. This Statement requires the following components of the basic financial statements:

- Management’s Discussion and Analysis
- Financial statements including a Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows
- Notes to the financial statements

The Obligated Group follows all GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements, Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, and has elected not to apply the FASB Statements and Interpretations issued after November 30, 1989, to their combined financial statements.

Cash and Cash Equivalents – Cash and cash equivalents are stated at fair value. Cash used in operations is deposited with the Nebraska State Treasurer on a pooled basis in a State fund. Income earned by the pool is allocated to the Obligated Group based upon average daily balances. Cash and cash equivalents held by trustee – restricted represent cash and similar assets held by the Bond Trustees for construction and debt service.

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

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Accounts Receivable – Accounts receivable consist primarily of student housing and fees receivable. Accounts receivable are recorded net of an allowance for doubtful accounts of \$259 and \$169 at June 30, 2011 and 2010, respectively.

Note Receivable – Note receivable consists of amounts due to the UNL Student Fees and Facilities Bonds from the University of Nebraska-Lincoln Athletic Department for repayment of surplus funds borrowed for renovation of the Campus Recreation and Cook Pavilion facilities.

Inventories – Inventories represent bookstore merchandise held for resale including textbooks, supplies, clothing, and other goods and food services inventories and food items held for resale. Inventories are carried at the lower of cost (first-in, first-out) or market.

Amortization of Bond Financial Expense and Bond Premium – Bond financial expense and bond premium are being amortized on a method that approximates the level-yield method.

Investments Held by Trustee-Restricted – Investments, which are primarily held by the Bond Trustees, are stated at fair value and consist of U.S. Government securities and mortgage-backed securities. Securities that are publicly traded are valued based upon quoted market prices. Investments that do not have an established market are reported at estimated fair value.

Accrued Compensated Absences – Staff and certain University faculty members earn 12 to 25 days of vacation annually. Vacation is no longer earned once an employee accrues 280 hours of unused vacation. Any unused vacation balance is carried over into the next year. Vacation may be used or received as a cash payment upon retirement or termination. In addition, certain classified staff members receive a cash payment of one-fourth of accrued sick leave upon retirement from the Obligated Group members. The Obligated Group has recognized a liability for sick and annual leave earned but not yet taken by its faculty and staff members. Certain Obligated Group faculty and staff members also earn four floating holidays each year, which may be taken at any time during the year subject to a 32-hour cap.

Classification of Revenues – The Obligated Group has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees and sales and services of auxiliary enterprises.

Non-operating Revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions.

Tax Status – The University of Nebraska qualifies as a 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.

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Capital Assets – Land improvements, buildings, 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 for the UNO Student Facilities Project, UNO Student Housing/Parking Project, UNMC Student Housing Project, and UNK Student Fees and Facilities Bonds. The estimated useful lives are 50 years for buildings, 20-30 years for land improvements, and 2-10 years for equipment. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The total interest expense capitalized during 2011 and 2010 was \$3,079 and \$5,929, respectively.

Assets for the UNL Student Fees and Facilities Bonds and the UNL Parking Project are componentized and depreciated using the straight-line method over their estimated useful life. The estimated useful lives are 25-40 years for buildings and their components. The straight-line method is used for land improvements and equipment with useful lives of 20-30 years and 2-10 years, respectively.

Capital assets with an initial, individual cost of the following are capitalized:

Assets	Threshold
Land improvements	\$ 100
Infrastructure	250
Buildings	500
Equipment	5

Maintenance repairs and minor replacements are charged to expense as incurred.

Deferred Revenue and Credits – Deferred revenue and credits consist primarily of fall semester housing contract deposits and prepaid student and employee parking permits, both of which are received in May-June for the ensuing year. The balances are amortized on a straight-line basis over the term of the related contracts or permits. The long-term balance consists primarily of premiums paid on bonds.

Overhead – Management has determined that overhead expenses, which cannot be specifically identified and charged as such to the operations of the facilities, shall be reimbursed to the University of Nebraska at the rates ranging from three to five percent of defined revenues, depending upon the facility. Overhead expenses are included in supplies and materials.

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

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

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B. CASH AND INVESTMENTS

Investments as of June 30, 2011:

	Fair Value	Investment Maturities (in years)				Concentration
		Less Than 1	1-2	3-5	6-7	
Investment Type:						
Debt Securities:						
Certificates of Deposit	\$ 259	\$ -	\$ 259	-	-	1%
U.S. Treasury Notes	14,993	14,993	-	-	-	53
Federal Farm Credit Bank	1,005	1,005	-	-	-	4
Federal Home Loan Bank	3,837	-	2,864	973	-	13
Federal Home Loan Bank Consolidated	105	105	-	-	-	-
Federal Home Loan Mortgage Corporation	3,132	3,132	-	-	-	11
Federal National Mortgage Association	5,111	121	4,990	-	-	18
	<u>\$ 28,442</u>	<u>\$ 19,356</u>	<u>\$ 8,113</u>	<u>\$ 973</u>	<u>\$ -</u>	<u>100%</u>

None of the bonds above are callable.

Investments as of June 30, 2010:

	Fair Value	Investment Maturities (in years)				Concentration
		Less Than 1	1-2	3-5	6-7	
Investment Type:						
Debt Securities:						
Certificates of Deposit	\$ 256	\$ -	\$ -	\$ 256	\$ -	1%
U.S. Treasury Notes	3,852	-	3,852	-	-	19
Federal Farm Credit Bank	2,586	-	1,051	1,535 (1)	-	13
Federal Home Loan Bank	6,587	4,065	109	2,413 (2)	-	32
Federal Home Loan Mortgage Corporation	3,507	-	3,251	-	256	17
Federal National Mortgage Association	3,594	1,809	1,785 (3)	-	-	18
	<u>\$ 20,382</u>	<u>\$ 5,874</u>	<u>\$ 10,048</u>	<u>\$ 4,204</u>	<u>\$ 256</u>	<u>100%</u>

(1) This amount includes \$1,000 of callable bonds, which were subsequently called on July 7, 2010.

(2) This amount includes \$1,505 of callable bonds, which were subsequently called on September 9, 2010.

(3) This amount includes \$1,004 of callable bonds, which are callable in less than one year.

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Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the University would not be able to recover the value of its deposits and investments that are in the possession of an outside party. The University is exposed to custodial credit risk on its deposits and investments, as they are unregistered and uninsured, with the exception of the certificates of deposit, which are insured by the FDIC for up to \$250 per deposit.

Interest Rate Risk. The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State statutes authorize the University to invest funds in accordance with the prudent man rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The University does not follow a more restrictive policy. Credit ratings for these investments that are rated are as follows:

	Fair Value	2011 Quality Ratings	
		AAA	Aa3
Investment Type:			
Debt Securities:			
Negotiable Certificates of Deposit (1)	\$ 259	\$ -	\$ 259
U.S. Treasury Notes	14,993	14,993	-
U.S. Agencies	13,190	13,190	-
	<u>\$ 28,442</u>	<u>\$ 28,183</u>	<u>\$ 259</u>

	Fair Value	2010 Quality Ratings	
		AAA	Aa3
Investment Type:			
Debt Securities:			
Negotiable Certificates of Deposit (1)	\$ 256	\$ -	\$ 256
U.S. Treasury Notes	3,852	3,852	-
U.S. Agencies	16,274	16,274	-
	<u>\$ 20,382</u>	<u>\$ 20,126</u>	<u>\$ 256</u>

(1) Guaranteed by the Federal Deposit Insurance Corporation to a maximum of \$250.

Concentration of Credit Risk. The University places no limit on the amount that may be invested in any one issuer. Concentration percentages by investment type are included in the above tables.

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C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets:				
Land	\$ 3,173	\$ -	\$ -	\$ 3,173
Land improvements	9,201	1,403	111	10,493
Buildings	329,148	108,825	2,191	435,782
Equipment	8,864	567	151	9,280
Construction in progress	100,532	35,459	114,501	21,490
Total	<u>450,918</u>	<u>146,254</u>	<u>116,954</u>	<u>480,218</u>
Less accumulated depreciation for:				
Land improvements	3,220	467	108	3,579
Buildings	63,861	11,783	1,559	74,085
Equipment	5,986	756	143	6,599
Total	<u>73,067</u>	<u>13,006</u>	<u>1,810</u>	<u>84,263</u>
Capital assets, net	<u>\$ 377,851</u>	<u>\$ 133,248</u>	<u>\$ 115,144</u>	<u>\$ 395,955</u>

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Capital asset activity for the year ended June 30, 2010 is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets:				
Land	\$ 3,173	\$ -	\$ -	\$ 3,173
Land improvements	9,215	495	509	9,201
Buildings	268,557	62,056	1,465	329,148
Equipment	8,197	1,020	353	8,864
Construction in progress	70,734	80,357	50,559	100,532
Total	<u>359,876</u>	<u>143,928</u>	<u>52,886</u>	<u>450,918</u>
Less accumulated depreciation for:				
Land improvements	3,220	401	401	3,220
Buildings	57,749	7,577	1,465	63,861
Equipment	5,607	706	327	5,986
Total	<u>66,576</u>	<u>8,684</u>	<u>2,193</u>	<u>73,067</u>
Capital assets, net	<u>\$ 293,300</u>	<u>\$ 135,244</u>	<u>\$ 50,693</u>	<u>\$ 377,851</u>

D. ACCRUED COMPENSATED ABSENCES

Accrued compensated absences are as follows as of June 30:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
2011	<u>\$ 1,766</u>	<u>\$ 1,367</u>	<u>\$ 1,260</u>	<u>\$ 1,873</u>	<u>\$ 1,262</u>
2010	<u>\$ 1,677</u>	<u>\$ 1,350</u>	<u>\$ 1,261</u>	<u>\$ 1,766</u>	<u>\$ 1,178</u>

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E. BOND OBLIGATIONS PAYABLE

Debt of the members of the obligated group is as follows as of June 30:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
2011 Revenue bonds	<u>\$ 383,490</u>	<u>\$ -</u>	<u>\$ 9,905</u>	<u>\$ 373,585</u>	<u>\$ 12,145</u>
2010 Revenue bonds	<u>\$ 334,540</u>	<u>\$ 57,185</u>	<u>\$ 8,235</u>	<u>\$ 383,490</u>	<u>\$ 9,905</u>

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	Interest Rate	Annual Installment	Principal Amount Outstanding	
			2011	2010
University of Nebraska-Lincoln:				
Student Fees and Facilities:				
Series 2002, revenue refunding	4.50 - 5.00%	\$1,085 - \$2,760	\$ 8,570	\$ 9,640
Series 2003A, revenue bonds	3.92 - 5.25%	460 - 1,595	24,235	24,680
Series 2003B, revenue bonds	3.80 - 5.00%	1,085 - 3,890	62,430	64,650
Series 2008A, revenue bonds	3.25 - 5.00%	1,250 - 2,360	30,255	30,255
Series 2009A, revenue bonds	2.00 - 5.25%	650 - 2,990	52,370	52,370
Series 2009B, revenue bonds	2.00 - 5.70%	435 - 1,840	10,680	10,680
Total Student Fees and Facilities			<u>188,540</u>	<u>192,275</u>
University of Nebraska-Lincoln:				
Parking Project:				
Series 2003, revenue refunding	3.60 - 4.50%	630 - 1,615	4,285	4,895
Series 2005, revenue and refunding	3.75 - 4.50%	425 - 3,825	19,600	20,935
Series 2009A&B, revenue bonds	3.50 - 6.00%	695 - 1,110	11,560	11,560
Total Parking Project			<u>35,445</u>	<u>37,390</u>
University of Nebraska at Omaha:				
Student Activities project:				
Series 2003, revenue refunding bonds	3.80 - 3.90%	575 - 1,180	1,755	2,310
Series 2008, revenue bonds	2.75 - 5.00%	870 - 2,700	42,075	42,920
Total Student Facilities			<u>43,830</u>	<u>45,230</u>
University of Nebraska at Omaha:				
Student Housing and Parking:				
Series 2003, revenue bonds	3.65 - 5.00%	365 - 945	13,130	13,480
Series 2007, revenue bonds	4.25 - 5.00%	580 - 2,395	28,160	28,715
Series 2010A, revenue bonds	1.25 - 4.83%	675 - 1,175	16,560	17,230
Series 2010B, revenue bonds	0.90 - 5.00%	370 - 1,060	17,715	17,715
Total Student Housing and Parking			<u>75,565</u>	<u>77,140</u>
University of Nebraska Medical Center:				
Student Housing:				
Series 2003, revenue bonds	3.55 - 5.00%	130 - 330	4,610	4,735
University of Nebraska at Kearney				
Student Fees and Facilities:				
Series 2003, revenue refunding	-	-	-	300
Series 2005, revenue refunding	3.40 - 4.10%	345 - 1,080	4,235	4,570
Series 2006, revenue bonds	3.60 - 5.00%	510 - 1,385	21,360	21,850
Total Student Fees and Facilities			<u>25,595</u>	<u>26,720</u>
			<u>\$ 373,585</u>	<u>\$ 383,490</u>

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

University of Nebraska-Lincoln Student Fees and Facilities

	Series 2002 Refunding		Series 2003A		Series 2003B	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,085	\$ 393	\$ 460	\$ 1,207	\$ 2,310	\$ 2,908
2013	1,140	343	480	1,189	2,395	2,811
2014	1,230	287	495	1,169	2,500	2,710
2015	1,280	224	520	1,147	2,600	2,611
2016	1,075	165	540	1,124	2,695	2,507
2017-2021	2,760	69	3,100	5,209	15,355	10,589
2022-2026	-	-	3,950	4,334	13,355	6,604
2027-2031	-	-	5,065	3,186	6,620	4,509
2032-2036	-	-	6,515	1,703	8,450	2,635
2037-2041	-	-	3,110	165	6,150	471
	<u>\$ 8,570</u>	<u>\$ 1,481</u>	<u>\$ 24,235</u>	<u>\$ 20,433</u>	<u>\$ 62,430</u>	<u>\$ 38,355</u>

	Series 2008A		Series 2009A		Series 2009B	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,205	\$ 1,245	\$ 650	\$ 2,453	\$ -	\$ 462
2013	1,240	1,206	665	2,439	-	462
2014	1,275	1,166	1,420	2,414	435	458
2015	1,325	1,122	1,155	2,381	445	449
2016	1,365	1,075	1,185	2,347	460	437
2017-2021	7,630	4,555	6,565	11,081	2,475	1,964
2022-2026	9,435	2,669	8,070	9,506	2,945	1,464
2027-2031	6,780	467	10,540	7,190	3,920	549
2032-2036	-	-	11,025	4,419	-	-
2037-2041	-	-	11,095	1,202	-	-
	<u>\$ 30,255</u>	<u>\$ 13,505</u>	<u>\$ 52,370</u>	<u>\$ 45,432</u>	<u>\$ 10,680</u>	<u>\$ 6,245</u>

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University of Nebraska-Lincoln Parking

	Series 2003 Refunding		Series 2005		Series 2009A & B	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 630	\$ 173	\$ 1,380	\$ 819	\$ -	\$ 566
2013	655	150	1,430	767	-	566
2014	680	126	1,485	710	-	566
2015	705	100	1,545	654	-	566
2016	1,615	73	1,615	585	-	566
2017-2021	-	-	9,485	1,807	3,760	2,546
2022-2026	-	-	2,660	355	4,590	1,702
2027-2030	-	-	-	-	3,210	390
	<u>\$ 4,285</u>	<u>\$ 622</u>	<u>\$ 19,600</u>	<u>\$ 5,697</u>	<u>\$11,560</u>	<u>\$ 7,468</u>

University of Nebraska at Omaha Student Activities

	Series 2003		Series 2008	
	Principal	Interest	Principal	Interest
2012	\$ 575	\$ 68	\$ 870	\$ 1,967
2013	1,180	46	895	1,943
2014	-	-	920	1,917
2015	-	-	950	1,887
2016	-	-	985	1,856
2017-2021	-	-	5,485	8,695
2022-2026	-	-	6,835	7,343
2027-2031	-	-	8,730	5,453
2032-2036	-	-	11,135	3,042
2037-2040	-	-	5,270	399
	<u>\$ 1,755</u>	<u>\$ 114</u>	<u>\$42,075</u>	<u>\$34,502</u>

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University of Nebraska at Omaha Student Housing and Parking

	Series 2003		Series 2007		Series 2010A		Series 2010B	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 365	\$ 630	\$ 580	\$ 1,364	\$ 675	\$ 600	\$ 370	\$ 745
2013	375	616	605	1,338	685	591	375	742
2014	390	602	630	1,312	695	581	380	736
2015	400	586	660	1,284	705	569	385	730
2016	410	570	690	1,255	720	555	395	720
2017-2021	2,385	2,562	3,940	5,773	3,935	2,455	2,160	3,413
2022-2026	3,060	1,910	4,915	4,789	4,685	1,712	2,580	3,000
2027-2031	3,900	1,066	6,285	3,438	4,460	549	3,155	2,423
2032-2036	1,845	140	5,585	1,762	-	-	3,970	1,601
2037-2040	-	-	4,270	501	-	-	3,945	505
	<u>\$13,130</u>	<u>\$ 8,682</u>	<u>\$28,160</u>	<u>\$22,816</u>	<u>\$16,560</u>	<u>\$ 7,612</u>	<u>\$17,715</u>	<u>\$14,615</u>

University of Nebraska Medical Center Student Housing

	Series 2003	
	Principal	Interest
2012	\$ 130	\$ 214
2013	135	208
2014	140	204
2015	145	199
2016	150	194
2017-2021	850	872
2022-2026	1,060	662
2027-2031	1,355	374
2032-2035	645	48
	<u>\$ 4,610</u>	<u>\$ 2,975</u>

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University of Nebraska at Kearney Student Fees and Facilities

	Series 2005		Series 2006	
	Principal	Interest	Principal	Interest
2012	\$ 345	\$ 164	\$ 510	\$ 1,025
2013	360	152	530	1,006
2014	370	140	550	986
2015	385	126	570	961
2016	400	112	595	936
2017-2021	2,375	283	3,435	4,236
2022-2026	-	-	4,360	3,360
2027-2031	-	-	5,645	2,153
2032-2035	-	-	5,165	661
	<u>\$ 4,235</u>	<u>\$ 977</u>	<u>\$ 21,360</u>	<u>\$ 15,324</u>

Combined Maturities, all Members of the Obligated Group

	Principal	Interest	Total
2012	\$ 12,140	\$ 17,004	\$ 29,144
2013	13,145	16,571	29,716
2014	13,595	16,084	29,679
2015	13,775	15,599	29,374
2016	14,895	15,078	29,973
2017-2021	75,695	66,109	141,804
2022-2026	72,500	49,410	121,910
2027-2031	69,665	31,748	101,413
2032-2036	54,335	16,011	70,346
2037-2040	33,840	3,244	37,084
	<u>\$ 373,585</u>	<u>\$ 246,858</u>	<u>\$ 620,443</u>

The Master Trust Indenture – The Board of Regents has entered into a Master Trust Indenture dated as of June 1, 1995 (as amended and supplemented from time to time, hereinafter 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 Master Trust Indenture was created for the purpose of achieving lower borrowing costs through sharing accumulated excess revenues and earnings derived from such facilities. As of June 30, 2011, the members of the Obligated Group are (a) the student housing, student unions, and student health facilities on the University of Nebraska-Lincoln campus (UNL Student Fees and Facilities); (b) the parking facilities on the University of Nebraska-Lincoln campus (UNL Parking); (c) the student center and HPER facility at the University of Nebraska at Omaha (UNO Student Center and HPER); (d) certain student housing and Parking facilities at the University of Nebraska at Omaha (UNO Student Housing and Parking); (e) certain student housing facilities at the University of Nebraska Medical Center (UNMC Student Housing); and (f) the student housing facilities on the University of Nebraska at

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NOTES TO COMBINED FINANCIAL STATEMENTS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE YEARS ENDED JUNE 30, 2011 and 2010 (in thousands)

Kearney campus (UNK Student Fees and Facilities). The accumulated surplus revenues, fees, and other payments of the members have been jointly pledged to the payment of the 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.

Bond Financing and Refinancing – On September 9, 2009, the Board of Regents issued \$10,680 of Series 2009B Bonds (\$6,140 of revenue and \$4,540 of taxable revenue [Build America Bonds]) (University of Nebraska-Lincoln Student Fees and Facilities). The proceeds were used to pay the costs of renovations, remodeling, and repairs to the food preparation and dining facilities in the Abel-Sandoz Residence Hall Complex at the University of Nebraska-Lincoln, at a cost of approximately \$10 million.

On November 4, 2009, the Board of Regents issued \$11,560 of Series 2009A Bonds (\$6,405 of revenue and \$5,155 of taxable revenue [Build America Bonds]) (University of Nebraska-Lincoln Parking Project). The proceeds were used to pay the costs of constructing approximately 1,100 spaces of parking consisting of a multi-level parking garage, together with incidental surface parking, located on the northwest corner of 19th and Vine Streets on the UNL city campus.

On February 24, 2010, the Board of Regents issued \$17,230 of University of Nebraska at Omaha Student Housing Project Revenue Bonds, Series 2010. The proceeds were used to purchase a privately owned student residence facility, University Village, constructed in 1999. The facility consists of 12 three-story buildings each containing 12 four-bedroom apartments and a commons building for student amenities and support services. The cost of the facility was \$16,180.

On May 26, 2010, the Board of Regents (Board) issued \$17,715 of University of Nebraska at Omaha Student Housing Project Revenue Bonds, Series 2010B. The proceeds were used to acquire and construct an approximately 480-bed new student residence facility consisting of four three-story buildings with 30 suite style units in each building. The project is being constructed pursuant to a ground lease/purchase agreement between the Board and the Suzanne and Walter Scott Foundation (Scott Foundation.) The total cost of the project is approximately \$23.5 million. The Scott Foundation will transfer its interest in the Project to the Board on August 11, 2011.

Pledged Revenues – Pledged revenues are defined in the Obligated Group as all of the revenues of each member that remain after payment of the expenses of such member. Pledged revenues do not include any balances in any debt service fund or debt service reserve fund, but shall include any balances in any other reserve, replacement, or contingency fund and any surplus fund held for and on behalf of such member under a Related Bond Resolution (as defined in the Obligated Group).

The bonds are not obligations of the State of Nebraska and no tax shall ever be levied to raise the funds for the principal payment thereof or the interest or premium thereon, and the 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 the fees and revenues of the specified residence halls, dining facilities, certain married students' apartments, facilities constructed under these resolutions, and the specified portion of certain Student Union and Health Center fees.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

NOTES TO COMBINED FINANCIAL STATEMENTS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE YEARS ENDED JUNE 30, 2011 and 2010 (in thousands)

The bond resolutions specify the funds that need to be established and the required transfers between funds. The bond resolutions also require that specified amounts be deposited with the Trustee for certain funds. At June 30, 2011 and 2010, the Obligated Group is in compliance with those requirements.

Operating Expenses – The bond resolutions also provide that in the event the revenues pledged under the bond issues are not sufficient to make the payments required, the Board of Regents of the University of Nebraska shall, to the extent of any such deficiency, pay operating expenses for certain student facilities, extensions, or additions without charging the same against the revenues, fees, and earnings derived from their operation. During the years ended June 30, 2011 and 2010, \$301 and \$306, respectively, of University of Nebraska funds were expended for the operation and maintenance of the student housing facilities of UNMC.

F. COMMITMENTS AND CONTINGENCIES

The Obligated Group has contracted for the construction of several facilities, which are estimated to cost approximately \$1,670 at June 30, 2011. The projects are as follows:

UNK Residence Halls repair	1,473
UNL 17th Street Utility Project	115
UNK ARRA/Match Funds	82
Total Project	<u>\$ 1,670</u>

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

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

NOTES TO COMBINED FINANCIAL STATEMENTS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE YEARS ENDED JUNE 30, 2011 and 2010 (in thousands)

G. SUBSEQUENT EVENTS

The Board of Regents approved the issuance of not to exceed \$83,000 of University of Nebraska-Lincoln Student Fees and Facilities Revenue Bonds. The proceeds will be used to pay the cost of construction of new the 18th & R Residence Halls (Cather/Pound Replacement Project). The Board also approved the expenditure of \$13,508 from Surplus Funds to augment a total project cost of approximately \$79,000. As of September 30, 2011, the bonds had not yet been issued.

The Board of Regents approved the issuance of not to exceed \$23,500 of University of Nebraska-Lincoln Student Recreation Facilities Revenue Bonds. The proceeds will be used to construct three projects comprised of (1) renovation of an existing recreation facility, (2) the construction of a new outdoor adventures center, and (3) the renovation of the Sapp Recreation facility. As of September 30, 2011, the bonds had not yet been issued.

The Obligated Group has evaluated subsequent events from the balance sheet date through September 30, 2011, the date at which the financial statements were available to be issued.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

COMBINING STATEMENT OF NET ASSETS

RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE

JUNE 30, 2011 (in thousands)

ASSETS	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/ Parking	UNMC Student Housing	UNK Student Housing	Combined
CURRENT ASSETS:							
Cash and cash equivalents	\$ 8,381	\$ 2,648	\$ 2,768	\$ 6,232	\$ 77	\$ 1,806	\$ 21,912
Cash and cash equivalents held by trustee - restricted	14,379	3,568	771	354	344	2,043	21,459
Investments held by trustee - restricted	-	-	2,709	4,974	-	-	7,683
Accounts receivable, net	1,816	278	626	148	72	469	3,409
Note receivable	100	-	-	-	-	-	100
Accrued interest receivable	6	3	47	26	1	49	132
Inventories	143	-	1,270	-	-	-	1,413
Prepaid expenses and deferred charges	145	124	12	17	-	-	298
Total current assets	<u>24,970</u>	<u>6,621</u>	<u>8,203</u>	<u>11,751</u>	<u>494</u>	<u>4,367</u>	<u>56,406</u>
NON-CURRENT ASSETS:							
Cash and cash equivalents held by trustee - restricted	25,375	8,748	579	1,258	5	6,729	42,694
Investments held by trustee - restricted	7,876	3,280	1,993	1,986	434	5,190	20,759
Note receivable, net of current portion	1,000	-	-	-	-	-	1,000
Bond financial expense, net of accumulated amortization	1,868	706	1,062	807	69	441	4,953
Capital assets, net of accumulated depreciation	<u>189,385</u>	<u>48,373</u>	<u>43,455</u>	<u>68,658</u>	<u>4,650</u>	<u>41,434</u>	<u>395,955</u>
Total non-current assets	<u>225,504</u>	<u>61,107</u>	<u>47,089</u>	<u>72,709</u>	<u>5,158</u>	<u>53,794</u>	<u>465,361</u>
Total assets	<u>250,474</u>	<u>67,728</u>	<u>55,292</u>	<u>84,460</u>	<u>5,652</u>	<u>58,161</u>	<u>521,767</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES:							
Accounts payable	2,455	449	624	494	3	1,079	5,104
Accrued interest payable	4,387	130	254	417	9	-	5,197
Accrued salaries and wages	457	43	53	14	3	69	639
Accrued compensated absences	836	58	156	23	9	180	1,262
Bond obligations payable	5,710	2,010	1,445	1,990	135	855	12,145
Deferred revenues and other credits	2,634	681	12	1,106	29	52	4,514
Total current liabilities	<u>16,479</u>	<u>3,371</u>	<u>2,544</u>	<u>4,044</u>	<u>188</u>	<u>2,235</u>	<u>28,861</u>
NON-CURRENT LIABILITIES:							
Accrued compensated absences	425	60	70	-	8	48	611
Bond obligations payable, net of current portion	182,830	33,435	42,385	73,575	4,475	24,740	361,440
Deferred revenues and credits	990	314	-	1,365	12	1,129	3,810
Total non-current liabilities	<u>184,245</u>	<u>33,809</u>	<u>42,455</u>	<u>74,940</u>	<u>4,495</u>	<u>25,917</u>	<u>365,861</u>
Total liabilities	<u>200,724</u>	<u>37,180</u>	<u>44,999</u>	<u>78,984</u>	<u>4,683</u>	<u>28,152</u>	<u>394,722</u>
NET ASSETS:							
Invested in capital assets, net of related debt	1,746	13,375	687	(7,451)	98	15,614	24,069
Restricted:							
Expendable:							
Plant construction	3,337	782	1,097	2,559	533	22	8,330
Debt service	40,181	14,479	4,722	6,155	338	13,085	78,960
Unrestricted	4,486	1,912	3,787	4,213	-	1,288	15,686
Total net assets	<u>\$ 49,750</u>	<u>\$ 30,548</u>	<u>\$ 10,293</u>	<u>\$ 5,476</u>	<u>\$ 969</u>	<u>\$ 30,009</u>	<u>\$ 127,045</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

COMBINING STATEMENT OF NET ASSETS

RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE

JUNE 30, 2010 (in thousands)

ASSETS	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/ Parking	UNMC Student Housing	UNK Student Housing	Combined
CURRENT ASSETS:							
Cash and cash equivalents	\$ 8,244	\$ 2,237	\$ 1,493	\$ 5,272	\$ 73	\$ 1,546	\$ 18,865
Cash and cash equivalents held by trustee - restricted	12,585	3,571	664	2,088	270	2,230	21,408
Investments held by trustee - restricted	-	-	2,813	2,844	-	-	5,657
Accounts receivable, net	2,416	748	676	73	71	96	4,080
Note receivable	100	-	-	-	-	-	100
Accrued interest receivable	8	3	51	27	3	74	166
Inventories	148	-	1,237	-	-	-	1,385
Prepaid expenses and deferred charges	160	117	20	36	-	-	333
Total current assets	<u>23,661</u>	<u>6,676</u>	<u>6,954</u>	<u>10,340</u>	<u>417</u>	<u>3,946</u>	<u>51,994</u>
NON-CURRENT ASSETS:							
Cash and cash equivalents held by trustee - restricted	46,848	18,087	6,925	18,320	68	1,207	91,455
Investments held by trustee - restricted	-	-	1,691	1,954	395	10,685	14,725
Note receivable, net of current portion	1,100	-	-	-	-	-	1,100
Bond financial expense, net of accumulated amortization	1,992	800	1,120	841	73	490	5,316
Capital assets, net of accumulated depreciation	189,108	47,928	41,618	54,206	4,754	40,237	377,851
Total non-current assets	<u>239,048</u>	<u>66,815</u>	<u>51,354</u>	<u>75,321</u>	<u>5,290</u>	<u>52,619</u>	<u>490,447</u>
Total assets	<u>262,709</u>	<u>73,491</u>	<u>58,308</u>	<u>85,661</u>	<u>5,707</u>	<u>56,565</u>	<u>542,441</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES:							
Accounts payable	13,976	5,861	3,513	1,454	3	1,172	25,979
Accrued interest payable	4,418	127	260	417	9	-	5,231
Accrued salaries and wages	821	80	100	14	4	140	1,159
Accrued compensated absences	789	59	161	11	7	151	1,178
Bond obligations payable	3,735	1,945	1,400	1,575	125	1,125	9,905
Deferred revenues and other credits	2,631	650	19	1,514	26	45	4,885
Total current liabilities	<u>26,370</u>	<u>8,722</u>	<u>5,453</u>	<u>4,985</u>	<u>174</u>	<u>2,633</u>	<u>48,337</u>
NON-CURRENT LIABILITIES:							
Accrued compensated absences	381	60	64	-	7	76	588
Bond obligations payable, net of current portion	188,540	35,445	43,830	75,565	4,610	25,595	373,585
Deferred revenues and credits	1,090	353	-	1,422	13	1,245	4,123
Total non-current liabilities	<u>190,011</u>	<u>35,858</u>	<u>43,894</u>	<u>76,987</u>	<u>4,630</u>	<u>26,916</u>	<u>378,296</u>
Total liabilities	<u>216,381</u>	<u>44,580</u>	<u>49,347</u>	<u>81,972</u>	<u>4,804</u>	<u>29,549</u>	<u>426,633</u>
NET ASSETS:							
Invested in capital assets, net of related debt	(1,774)	11,040	(242)	(8,372)	80	13,240	13,972
Restricted:							
Expendable:							
Plant construction	7,747	781	1,719	2,727	485	28	13,487
Debt service	35,494	15,105	4,334	6,421	338	12,953	74,645
Unrestricted	4,861	1,985	3,150	2,913	-	795	13,704
Total net assets	<u>\$ 46,328</u>	<u>\$ 28,911</u>	<u>\$ 8,961</u>	<u>\$ 3,689</u>	<u>\$ 903</u>	<u>\$ 27,016</u>	<u>\$ 115,808</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE FOR THE YEAR ENDED JUNE 30, 2011 (in thousands)

	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/Parking	UNMC Housing	UNK Student Fees	Combined
REVENUES:							
Operating revenues:							
Room and board	\$ 52,586	\$ -	\$ -	\$ 7,754	\$ 556	\$ 13,205	\$ 74,101
Parking facilities revenues	-	8,801	-	2,041	-	350	11,192
Student fees	2,130	435	4,752	1,575	-	1,388	10,280
Bookstore and bookstore commissions	-	-	7,144	-	-	270	7,414
Food service	907	-	2,132	-	-	-	3,039
Other operating revenues	150	-	394	137	-	487	1,168
Total operating revenues	<u>55,773</u>	<u>9,236</u>	<u>14,422</u>	<u>11,507</u>	<u>556</u>	<u>15,700</u>	<u>107,194</u>
EXPENSES:							
Operating expenses:							
Salaries and wages	13,447	1,248	2,184	594	78	2,417	19,968
Benefits	3,862	302	602	163	17	772	5,718
Total compensation and benefits	17,309	1,550	2,786	757	95	3,189	25,686
Goods purchased for resale	-	-	5,823	-	-	-	5,823
Supplies and materials	7,492	901	924	1,209	20	1,433	11,979
Food and food service contracts	5,773	-	-	-	-	3,991	9,764
Contractual services	1,095	897	109	1,848	13	195	4,157
Repairs and maintenance	2,505	1,026	265	1,316	36	405	5,553
Utilities	3,873	222	259	542	32	996	5,924
Communications	1,165	35	21	302	1	265	1,789
Depreciation	7,172	1,706	1,097	1,401	104	1,526	13,006
Total operating expenses	<u>46,384</u>	<u>6,337</u>	<u>11,284</u>	<u>7,375</u>	<u>301</u>	<u>12,000</u>	<u>83,681</u>
OPERATING INCOME	<u>9,389</u>	<u>2,899</u>	<u>3,138</u>	<u>4,132</u>	<u>255</u>	<u>3,700</u>	<u>23,513</u>
NON-OPERATING REVENUES (EXPENSES):							
Investment income, net of investment management fees	113	36	209	254	11	314	937
Increase (decrease) in fair value of investments	21	9	(50)	12	(4)	(110)	(122)
Interest on bond obligations	(8,818)	(1,630)	(2,072)	(3,301)	(218)	(1,219)	(17,258)
Capitalized interest on bond obligations	2,117	72	166	724	-	-	3,079
Amortization of bond financial expense	(26)	(55)	(59)	(34)	(3)	(39)	(216)
Loss on disposal of assets	(8)	(2)	-	-	-	(633)	(643)
Net transfer of assets from other University sources	634	308	-	-	25	15	982
Non-operating expenses, net	<u>(5,967)</u>	<u>(1,262)</u>	<u>(1,806)</u>	<u>(2,345)</u>	<u>(189)</u>	<u>(1,672)</u>	<u>(13,241)</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	<u>3,422</u>	<u>1,637</u>	<u>1,332</u>	<u>1,787</u>	<u>66</u>	<u>2,028</u>	<u>10,272</u>
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:						<u>965</u>	<u>965</u>
Capital grants and contracts	-	-	-	-	-	965	965
INCREASE IN NET ASSETS	<u>3,422</u>	<u>1,637</u>	<u>1,332</u>	<u>1,787</u>	<u>66</u>	<u>2,993</u>	<u>11,237</u>
NET ASSETS:							
Beginning of year	<u>46,328</u>	<u>28,911</u>	<u>8,961</u>	<u>3,689</u>	<u>903</u>	<u>27,016</u>	<u>115,808</u>
End of year	<u>\$ 49,750</u>	<u>\$ 30,548</u>	<u>\$ 10,293</u>	<u>\$ 5,476</u>	<u>\$ 969</u>	<u>\$ 30,009</u>	<u>\$ 127,045</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/Parking	UNMC Housing	UNK Student Fees	Combined
REVENUES:							
Operating revenues:							
Room and board	\$ 46,464	\$ -	\$ -	\$ 5,030	\$ 532	\$ 11,178	\$ 63,204
Parking facilities revenues	-	8,275	-	1,933	-	353	10,561
Student fees	2,112	405	3,651	1,514	-	1,374	9,056
Bookstore and bookstore commissions	-	-	7,699	-	-	270	7,969
Food service	500	-	1,981	-	-	-	2,481
Other operating revenues	150	-	111	11	-	454	726
Total operating revenues	<u>49,226</u>	<u>8,680</u>	<u>13,442</u>	<u>8,488</u>	<u>532</u>	<u>13,629</u>	<u>93,997</u>
EXPENSES:							
Operating expenses:							
Salaries and wages	12,693	1,129	2,106	371	68	2,307	18,674
Benefits	3,603	278	616	90	15	718	5,320
Total compensation and benefits	16,296	1,407	2,722	461	83	3,025	23,994
Goods purchased for resale	-	-	6,187	-	-	-	6,187
Supplies and materials	6,336	772	1,937	1,479	20	1,196	11,740
Food and food service contracts	5,457	-	-	-	-	3,559	9,016
Contractual services	1,080	771	159	1,884	14	143	4,051
Repairs and maintenance	2,180	912	638	1,662	50	329	5,771
Utilities	3,734	183	119	372	34	987	5,429
Communications	1,211	31	20	149	1	334	1,746
Depreciation	4,376	1,414	330	1,050	104	1,410	8,684
Total operating expenses	<u>40,670</u>	<u>5,490</u>	<u>12,112</u>	<u>7,057</u>	<u>306</u>	<u>10,983</u>	<u>76,618</u>
OPERATING INCOME	<u>8,556</u>	<u>3,190</u>	<u>1,330</u>	<u>1,431</u>	<u>226</u>	<u>2,646</u>	<u>17,379</u>
NON-OPERATING REVENUES (EXPENSES):							
Investment income, net of investment management fees	186	54	300	186	10	423	1,159
Increase (decrease) in fair value of investments	-	-	(91)	36	(3)	(168)	(226)
Interest on bond obligations	(8,703)	(1,487)	(2,093)	(2,325)	(222)	(1,257)	(16,087)
Capitalized interest on bond obligations	3,826	291	1,723	87	-	2	5,929
Amortization of bond financial expense	(33)	(63)	(59)	(21)	(3)	(39)	(218)
Gain (loss) on disposal of assets	(21)	(108)	-	-	-	(5)	(134)
Net transfer of assets from other University sources	1,637	429	-	180	59	-	2,305
Non-operating expenses, net	<u>(3,108)</u>	<u>(884)</u>	<u>(220)</u>	<u>(1,857)</u>	<u>(159)</u>	<u>(1,044)</u>	<u>(7,272)</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	5,448	2,306	1,110	(426)	67	1,602	10,107
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:							
Capital grants and contracts	-	-	-	-	-	191	191
INCREASE (DECREASE) IN NET ASSETS	5,448	2,306	1,110	(426)	67	1,793	10,298
NET ASSETS:							
Beginning of year	40,880	26,605	7,851	4,115	836	25,223	105,510
End of year	<u>\$ 46,328</u>	<u>\$ 28,911</u>	<u>\$ 8,961</u>	<u>\$ 3,689</u>	<u>\$ 903</u>	<u>\$ 27,016</u>	<u>\$ 115,808</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

COMBINING STATEMENT OF CASH FLOWS RELATING TO THE MEMBERS OF

THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE FOR THE YEAR ENDED JUNE 30, 2011 (in thousands)

	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/ Parking	UNMC Student Housing	UNK Student Fees	Combined
CASH FLOWS FROM OPERATING ACTIVITIES:							
Room and board	\$ 53,288	\$ -	\$ -	\$ 7,270	\$ 559	\$ 13,118	\$ 74,235
Parking facilities revenues	-	9,301	-	2,042	-	360	11,703
Student fees	2,130	435	4,752	1,575	-	1,357	10,249
Bookstore and bookstore commissions	-	-	7,180	-	-	270	7,450
Food service	907	-	2,138	-	-	-	3,045
Other operating receipts	150	-	395	137	-	482	1,164
Payments to vendors	(21,231)	(3,262)	(7,425)	(6,158)	(103)	(7,231)	(45,410)
Payments to employees	(17,582)	(1,588)	(2,832)	(745)	(93)	(3,251)	(26,091)
Net cash flows from operating activities	17,662	4,886	4,208	4,121	363	5,105	36,345
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Proceeds from issuance of bond obligations	-	-	-	-	-	-	-
Premium (discount) on issuance of bond obligations	-	-	-	-	-	-	-
Transfers to and from other University sources	634	308	-	-	25	-	967
Capital grants and contracts	-	-	-	-	-	43	43
Purchases of capital assets	(17,511)	(7,319)	(5,659)	(15,126)	-	(2,934)	(48,549)
Interest paid on bond obligations	(8,853)	(1,626)	(2,078)	(3,358)	(218)	(1,226)	(17,359)
Principal paid on bond obligations	(3,735)	(1,945)	(1,400)	(1,575)	(125)	(1,125)	(9,905)
Payment of bond financial expense	-	-	-	-	-	-	-
Net cash flows from capital and related financing activities	(29,465)	(10,582)	(9,137)	(20,059)	(318)	(5,242)	(74,803)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from sales and maturities of investments	-	-	1,734	2,020	-	8,706	12,460
Interest on investments	116	36	306	317	9	346	1,130
Purchases of investments	(7,855)	(3,271)	(2,075)	(4,235)	(39)	(3,320)	(20,795)
Net cash flows from investing activities	(7,739)	(3,235)	(35)	(1,898)	(30)	5,732	(7,205)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,542)	(8,931)	(4,964)	(17,836)	15	5,595	(45,663)
CASH AND CASH EQUIVALENTS - Beginning of year	67,677	23,895	9,082	25,680	411	4,983	131,728
CASH AND CASH EQUIVALENTS - End of year	\$ 48,135	\$ 14,964	\$ 4,118	\$ 7,844	\$ 426	\$ 10,578	\$ 86,065
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:							
Operating income	\$ 9,389	\$ 2,899	\$ 3,138	\$ 4,132	\$ 255	\$ 3,700	\$ 23,513
Adjustments to reconcile operating income to net cash flows from operating activities:							
Depreciation	7,172	1,706	1,097	1,401	104	1,526	13,006
Changes in assets and liabilities:							
Accounts receivable, net	697	470	50	(75)	(1)	(137)	1,004
Inventories	5	-	(33)	-	-	-	(28)
Prepaid expenses and deferred charges	16	(8)	8	19	-	-	35
Accounts payable	652	(173)	1	(960)	-	79	(401)
Accrued salaries and wages and compensated absences	(273)	(38)	(46)	12	2	(70)	(413)
Deferred revenues and other credits	4	30	(7)	(408)	3	7	(371)
Net cash flows from operating activities	\$ 17,662	\$ 4,886	\$ 4,208	\$ 4,121	\$ 363	\$ 5,105	\$ 36,345
NON-CASH TRANSACTIONS:							
Capital assets transferred in from other University sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15	\$ 15
Capital grants and contracts	-	-	-	-	-	681	681
Increase (decrease) in fair value of investments	21	9	(50)	12	(4)	(110)	(122)
See accompanying independent auditors' report.							

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

COMBINING STATEMENT OF CASH FLOWS RELATING TO THE MEMBERS OF
THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/ Parking	UNMC Student Housing	UNK Student Fees	Combined
CASH FLOWS FROM OPERATING ACTIVITIES:							
Room and board	\$ 47,442	\$ -	\$ -	\$ 5,702	\$ 536	\$ 11,174	\$ 64,854
Parking facilities revenues	-	8,020	-	1,935	-	352	10,307
Student fees	2,111	405	3,651	1,514	-	1,378	9,059
Bookstore and bookstore commissions	-	-	7,557	-	-	293	7,850
Food service	500	-	1,979	-	-	-	2,479
Other operating receipts	150	-	110	11	-	729	1,000
Payments to vendors	(20,230)	(2,494)	(8,857)	(4,393)	(117)	(6,753)	(42,844)
Payments to employees	(16,282)	(1,403)	(2,722)	(454)	(83)	(3,015)	(23,959)
Net cash flows from operating activities	13,691	4,528	1,718	4,315	336	4,158	28,746
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Proceeds from issuance of bond obligations	10,542	11,509	-	35,834	-	-	57,885
Transfers to and from other University sources	1,637	429	-	180	4	-	2,250
Capital grants and contracts	-	-	-	-	-	124	124
Purchases of capital assets	(34,853)	(5,490)	(19,850)	(16,606)	-	(3,965)	(80,764)
Interest paid on bond obligations	(8,532)	(1,454)	(2,095)	(2,197)	(222)	(1,264)	(15,764)
Principal paid on bond obligations	(3,590)	(1,880)	(540)	(875)	(125)	(1,225)	(8,235)
Payment of bond financial expense	-	-	-	(430)	-	-	(430)
Net cash flows from capital and related financing activities	(34,796)	3,114	(22,485)	15,906	(343)	(6,330)	(44,934)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from sales and maturities of investments	-	-	13,739	296	-	7,736	21,771
Interest on investments	198	54	610	208	7	456	1,533
Purchases of investments	-	-	(2,838)	(5,107)	2	(5,166)	(13,109)
Net cash flows from investing activities	198	54	11,511	(4,603)	9	3,026	10,195
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,907)	7,696	(9,256)	15,618	2	854	(5,993)
CASH AND CASH EQUIVALENTS - Beginning of year	88,584	16,199	18,338	10,062	409	4,129	137,721
CASH AND CASH EQUIVALENTS - End of year	\$ 67,677	\$ 23,895	\$ 9,082	\$ 25,680	\$ 411	\$ 4,983	\$ 131,728
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:							
Operating income	\$ 8,556	\$ 3,190	\$ 1,330	\$ 1,431	\$ 226	\$ 2,646	\$ 17,379
Adjustments to reconcile operating income to net cash flows from operating activities:							
Depreciation	4,376	1,414	330	1,050	104	1,410	8,684
Changes in assets and liabilities:							
Accounts receivable, net	801	(334)	(147)	67	3	317	707
Inventories	100	-	96	-	-	-	196
Prepaid expenses and deferred charges	(38)	-	(20)	(4)	-	-	(62)
Accounts payable	(195)	175	127	1,071	2	(224)	956
Accrued salaries and wages and compensated absences	14	4	-	7	-	18	43
Deferred revenues and other credits	77	79	2	693	1	(9)	843
Net cash flows from operating activities	\$ 13,691	\$ 4,528	\$ 1,718	\$ 4,315	\$ 336	\$ 4,158	\$ 28,746
NON-CASH TRANSACTIONS:							
Capital assets transferred in from other University sources	\$ 1,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,702
Capital grants and contracts	-	-	-	-	-	67	67
Increase (decrease) in fair value of investments	-	-	(91)	36	(3)	(168)	(226)

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

COMBINED SCHEDULE OF NET REVENUES (AS DEFINED) AND DEBT SERVICE COVERAGE RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE JUNE 1, 1995 MASTER TRUST INDENTURE YEAR ENDED JUNE 30, 2011 (in thousands except ratio information)

REVENUES:

Operating revenues	\$ 95,707
Student fees	10,250
Other	<u>1,455</u>
Total revenues	<u>107,412</u>

EXPENSES:

Operating expense	65,842
Operating funds expended for plant	30
Administrative expenses	<u>70</u>
Total expenses	<u>65,942</u>

NET REVENUES \$ 41,470

Principal and Interest Due During the Year

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
UNL Housing Series 2002	\$ 1,070	\$ 441	\$ 1,511
UNL Housing Series 2003A	445	1,224	1,669
UNL Housing Series 2003B	2,220	2,999	5,219
UNL Housing Series 2008A	-	1,263	1,263
UNL Housing Series 2009A	-	2,460	2,460
UNL Housing Series 2009B	-	462	462
UNL Parking Series 2003	610	194	804
UNL Parking Series 2005	1,335	865	2,200
UNL Parking Series 2009A&B	-	566	566
UNO Housing Series 2003	350	642	992
UNO Student Center Series 2003	555	88	643
UNO Student Housing/Parking Series 2007	555	1,387	1,942
UNO HPER Series 2008	845	1,988	2,833
UNO Housing Series 2010A	670	607	1,277
UNMC Housing Series 2003	125	218	343
UNK Housing Series 2003	300	9	309
UNK Housing Series 2005	335	175	510
UNK Housing Series 2006	<u>490</u>	<u>1,042</u>	<u>1,532</u>
Total	<u>\$ 9,905</u>	<u>\$ 16,630</u>	<u>\$ 26,535</u>

RATIO OF NET REVENUES TO TOTAL DEBT SERVICE

1.56

REQUIRED RATIO

1.15

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

**ADDITIONAL INFORMATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY FUND
RELATING TO STUDENT FEES AND FACILITIES BONDS UNDER THE DECEMBER 1, 1964 RESOLUTION AND
SUPPLEMENTAL RESOLUTIONS (UNIVERSITY OF NEBRASKA - LINCOLN)
YEAR ENDED JUNE 30, 2011 (in thousands)**

	Housing Operating Fund	Unexpended Construction Funds	Renewal and Replacement Fund	Retirement of Indebtedness Funds	Investment in Plant Fund	Total Plant Before GASB Reclasses	GASB Reclasses	Total Plant Funds	Total All Funds
REVENUES:									
Operating revenues:									
Room and board	\$ 52,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$52,586
Student fees	2,130	-	-	-	-	-	-	-	2,130
Food service	907	-	-	-	-	-	-	-	907
Other operating revenues	150	-	-	-	-	-	-	-	150
Total operating revenues	<u>55,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,773</u>
EXPENSES:									
Operating expenses:									
Salaries and wages	13,447	-	-	-	-	-	-	-	13,447
Benefits	3,862	-	-	-	-	-	-	-	3,862
Total compensation and benefits	17,309	-	-	-	-	-	-	-	17,309
Supplies and materials	5,646	-	-	-	-	-	1,846	1,846	7,492
Food	5,773	-	-	-	-	-	-	-	5,773
Contractual services	971	-	-	-	-	-	124	124	1,095
Repairs and maintenance	1,057	-	-	-	-	-	1,448	1,448	2,505
Utilities	3,873	-	-	-	-	-	-	-	3,873
Communications	1,162	-	-	-	-	-	3	3	1,165
Expended for plant	30	6,468	2,218	-	-	8,686	(8,716)	(30)	-
Depreciation	-	-	-	-	7,172	7,172	-	7,172	7,172
Total operating expenses	<u>35,821</u>	<u>6,468</u>	<u>2,218</u>	<u>-</u>	<u>7,172</u>	<u>15,858</u>	<u>(5,295)</u>	<u>10,563</u>	<u>46,384</u>
TRANSFERS:									
Mandatory debt service transfers	(20,463)	-	-	20,463	-	20,463	-	20,463	-
Other transfers	-	2,017	1,793	(3,341)	(469)	-	-	-	-
Total transfers	<u>(20,463)</u>	<u>2,017</u>	<u>1,793</u>	<u>17,122</u>	<u>(469)</u>	<u>20,463</u>	<u>-</u>	<u>20,463</u>	<u>-</u>
Operating income	<u>(511)</u>	<u>(4,451)</u>	<u>(425)</u>	<u>17,122</u>	<u>(7,641)</u>	<u>4,605</u>	<u>5,295</u>	<u>9,900</u>	<u>9,389</u>
NON-OPERATING REVENUES (EXPENSES):									
Investment income, net of investment management fees	-	11	6	96	-	113	-	113	113
Increase in fair value of investments	-	-	-	21	-	21	-	21	21
Interest on bond obligation	-	-	-	(8,818)	-	(8,818)	-	(8,818)	(8,818)
Capitalized interest on bond obligations	-	-	-	-	-	-	2,117	2,117	2,117
Amortization of bond financial expense and premium	-	(3)	-	-	(23)	(26)	-	(26)	(26)
Retirement of indebtedness	-	-	-	-	3,735	3,735	(3,735)	-	-
Payment of bonds payable	-	-	-	(3,735)	-	(3,735)	3,735	-	-
Expended for plant	-	-	-	-	7,412	7,412	(7,412)	-	-
Disposal of plant assets	-	-	-	-	(8)	(8)	-	(8)	(8)
Other non-operating activity	136	-	-	-	-	-	-	-	136
Transfer of cash to other funds	-	453	-	-	45	498	-	498	498
Net non-operating revenues (expenses)	<u>136</u>	<u>461</u>	<u>6</u>	<u>(12,436)</u>	<u>11,161</u>	<u>(808)</u>	<u>(5,295)</u>	<u>(6,103)</u>	<u>(5,967)</u>
INCREASE (DECREASE) IN NET ASSETS	(375)	(3,990)	(419)	4,686	3,520	3,797	-	3,797	3,422
NET ASSETS:									
Beginning of year	4,861	4,277	3,469	35,495	(1,774)	41,467	-	41,467	46,328
End of year	<u>\$ 4,486</u>	<u>\$ 287</u>	<u>\$ 3,050</u>	<u>\$ 40,181</u>	<u>\$ 1,746</u>	<u>\$ 45,264</u>	<u>\$ -</u>	<u>\$ 45,264</u>	<u>\$49,750</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

SCHEDULE OF OPERATING FUND REVENUES, EXPENSES AND CHANGES IN NET ASSETS (EXCLUDING DEPRECIATION EXPENSE) BY FACILITY RELATING TO STUDENT FEES AND FACILITIES BONDS UNDER THE DECEMBER 1, 1964 RESOLUTION AND SUPPLEMENTAL RESOLUTIONS (UNIVERSITY OF NEBRASKA - LINCOLN) YEAR ENDED JUNE 30, 2011 (in thousands)

	Student Fees	Selleck Quadrangle	Neihardt, Cather and Pound Halls	Burr-Fedde Halls	Abel and Sandoz Halls	Harper, Schramm and Smith Halls	Knoll Hall	Special Halls (LV & HH)	Husker Village	Husker Courtyards	Kauffman Residential Center	Apartment Complexes	Combined
REVENUES:													
Room and board	\$ -	\$ 10,012	\$ 7,856	\$ 1,439	\$ 11,892	\$ 10,625	\$ 2,969	\$ 316	\$ 3,108	\$ 2,792	\$ 604	\$ 973	\$ 52,586
Student fees	2,130	-	-	-	-	-	-	-	-	-	-	-	2,130
Other operating	150	-	-	-	-	-	-	-	-	-	-	-	150
Food service	-	81	80	-	354	-	108	-	284	-	-	-	907
Total operating revenues	<u>2,280</u>	<u>10,093</u>	<u>7,936</u>	<u>1,439</u>	<u>12,246</u>	<u>10,625</u>	<u>3,077</u>	<u>316</u>	<u>3,392</u>	<u>2,792</u>	<u>604</u>	<u>973</u>	<u>55,773</u>
EXPENSES:													
Operating expenses:													
Salaries and wages	-	2,931	2,668	448	3,250	2,939	368	43	268	193	120	219	13,447
Benefits	-	801	805	230	924	869	88	-	39	63	42	1	3,862
Total compensation and benefits	-	3,732	3,473	678	4,174	3,808	456	43	307	256	162	220	17,309
Purchase for resale	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies and materials	-	988	748	215	1,470	992	293	44	435	182	46	233	5,646
Food	-	1,674	701	849	1,456	1,087	1	1	1	2	1	-	5,773
Contractual services	53	155	157	38	189	231	37	31	10	11	14	45	971
Repairs and maintenance	-	110	228	26	193	225	34	13	62	52	28	86	1,057
Utilities	-	349	799	148	598	879	114	45	376	286	188	91	3,873
Communications	-	104	186	39	221	205	100	21	113	103	26	44	1,162
Total operating expenses	53	7,112	6,292	1,993	8,301	7,427	1,035	198	1,304	892	465	719	35,791
Expended for plant facilities	-	8	-	-	-	15	-	-	-	-	7	-	30
Total expenditures	<u>53</u>	<u>7,120</u>	<u>6,292</u>	<u>1,993</u>	<u>8,301</u>	<u>7,442</u>	<u>1,035</u>	<u>198</u>	<u>1,304</u>	<u>892</u>	<u>472</u>	<u>719</u>	<u>35,821</u>
Excess of revenues over (under) expenditures available for debt services	<u>\$ 2,227</u>	<u>\$ 2,973</u>	<u>\$ 1,644</u>	<u>\$ (554)</u>	<u>\$ 3,945</u>	<u>\$ 3,183</u>	<u>\$ 2,042</u>	<u>\$ 118</u>	<u>\$ 2,088</u>	<u>\$ 1,900</u>	<u>\$ 132</u>	<u>\$ 254</u>	<u>19,952</u>
Mandatory transfer for debt service requirements													(20,463)
Other transfers/non-operating activity													136
Net decrease in net assets													<u>\$ (375)</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION FACILITIES OPERATING FUND CASH AVAILABLE FOR TRANSFER TO TRUSTEED BOND FUNDS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE JUNE 1, 1995 MASTER TRUST INDENTURE (UNIVERSITY OF NEBRASKA - LINCOLN STUDENT FEES AND FACILITIES BONDS) JUNE 30, 2011 (in thousands)

Cash	\$ 8,381	
Add:		
Accounts receivable, net	1,816	
Inventory	<u>143</u>	
		10,340
Deduct net cash restricted:		
Accounts payable	1,608	
Accrued salaries and wages	457	
Deferred revenues and credits	<u>2,534</u>	
		<u>4,599</u>
Cash available to transfer to trustee		<u>\$ 5,741</u>
Cash to be transferred subsequent to June 30, 2011		
Surplus Fund - UPPF		\$ 144
Surplus Fund		<u>5,597</u>
		<u>\$ 5,741</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY FUND

RELATING TO THE UNIVERSITY OF NEBRASKA REVENUE BONDS, SERIES 2003 REFUNDING REVENUE BONDS

AND SERIES 2005 AND REVENUE REFUNDING BONDS, SERIES 2009A and B (UNIVERSITY OF NEBRASKA - LINCOLN PARKING PROJECT)

YEAR ENDED JUNE 30, 2011 (in thousands)

	Parking Operating Fund	Unexpended Construction Funds	Renewal and Replacement Fund	Retirement of Indebtedness	Investment in Plant Fund	Total Plant Before GASB Reclasses	GASB Reclasses	Total Plant Funds	Total All Funds
REVENUES:									
Operating revenues:									
Parking facilities revenues	\$ 8,801	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,801
Student fees	435	-	-	-	-	-	-	-	435
Total operating revenues	<u>9,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,236</u>
EXPENSES:									
Operating expenses:									
Salaries and wages	1,248	-	-	-	-	-	-	-	1,248
Benefits	302	-	-	-	-	-	-	-	302
Total compensation and benefits	1,550	-	-	-	-	-	-	-	1,550
Supplies and materials	802	-	-	-	-	-	99	99	901
Contractual services	897	-	-	-	-	-	-	-	897
Repairs and maintenance	704	-	-	-	-	-	322	322	1,026
Utilities	222	-	-	-	-	-	-	-	222
Communications	35	-	-	-	-	-	-	-	35
Expended for plant	-	-	-	2,502	-	2,502	(2,502)	-	-
Depreciation	-	-	-	-	1,706	1,706	-	1,706	1,706
Total operating expenses	<u>4,210</u>	<u>-</u>	<u>-</u>	<u>2,502</u>	<u>1,706</u>	<u>4,208</u>	<u>(2,081)</u>	<u>2,127</u>	<u>6,337</u>
TRANSFERS:									
Mandatory debt service transfers	(5,208)	-	-	5,208	-	5,208	-	5,208	-
Other transfers	-	-	-	-	-	-	-	-	-
Total transfers	<u>(5,208)</u>	<u>-</u>	<u>-</u>	<u>5,208</u>	<u>-</u>	<u>5,208</u>	<u>-</u>	<u>5,208</u>	<u>-</u>
Operating income	<u>(182)</u>	<u>-</u>	<u>-</u>	<u>2,706</u>	<u>(1,706)</u>	<u>1,000</u>	<u>2,081</u>	<u>3,081</u>	<u>2,899</u>
NON-OPERATING REVENUES (EXPENSES):									
Investment income, net of investment management fees	-	-	2	34	-	36	-	36	36
Increase in fair value of investments	-	-	-	9	-	9	-	9	9
Interest on bond obligation	-	-	-	(1,630)	-	(1,630)	-	(1,630)	(1,630)
Capitalized interest on bonds	-	-	-	-	-	-	72	72	72
Amortization of bond financial expense/premium	-	-	-	-	(55)	(55)	-	(55)	(55)
Retirement of indebtedness	-	-	-	-	1,945	1,945	(1,945)	-	-
Payment of bonds payable	-	-	-	(1,945)	-	(1,945)	1,945	-	-
Loss on disposal of plant assets	-	-	-	-	(2)	(2)	-	(2)	(2)
Other non-operating activity	108	-	-	-	-	-	-	-	108
Expended for plant	-	-	-	-	2,153	2,153	(2,153)	-	-
Transfers from other funds	-	-	-	200	-	200	-	200	200
Net non-operating revenues (expenses)	<u>108</u>	<u>-</u>	<u>2</u>	<u>(3,332)</u>	<u>4,041</u>	<u>711</u>	<u>(2,081)</u>	<u>(1,370)</u>	<u>(1,262)</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(74)</u>	<u>-</u>	<u>2</u>	<u>(626)</u>	<u>2,335</u>	<u>1,711</u>	<u>-</u>	<u>1,711</u>	<u>1,637</u>
NET ASSETS:									
Beginning of year	<u>1,985</u>	<u>-</u>	<u>781</u>	<u>15,105</u>	<u>11,040</u>	<u>26,926</u>	<u>-</u>	<u>26,926</u>	<u>28,911</u>
End of year	<u>\$ 1,911</u>	<u>\$ -</u>	<u>\$ 783</u>	<u>\$ 14,479</u>	<u>\$ 13,375</u>	<u>\$28,637</u>	<u>\$ -</u>	<u>\$28,637</u>	<u>\$30,548</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

FACILITIES OPERATING FUND CASH AVAILABLE FOR TRANSFER TO TRUSTED BOND FUNDS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP (UNIVERSITY OF NEBRASKA - LINCOLN PARKING PROJECT) JUNE 30, 2011 (in thousands)

Cash	\$ 2,648	
Add:		
Accounts receivable, net	278	2,926
Deduct net cash restricted:		
Accounts payable	234	
Accrued salaries and wages	43	
Deferred revenues and credits	642	
		<u>919</u>
Cash available to transfer to trustee		<u>\$ 2,007</u>
Cash to be transferred subsequent to June 30, 2011:		
Surplus fund		<u>\$ 2,007</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY FUND RELATING TO THE UNIVERSITY OF NEBRASKA REVENUE REFUNDING BONDS, SERIES 2003 AND 2008 (UNIVERSITY OF NEBRASKA AT OMAHA STUDENT FACILITIES PROJECTS)
YEAR ENDED JUNE 30, 2011 (in thousands)

	Student Center Operating Funds	HPER Operating Fund	Unexpended Construction Fund	Renewal and Replacement Fund	Retirement of Indebtedness	Investment in Plant Fund	GASB Reclasses	Total All Funds
REVENUES:								
Operating revenues:								
Bookstore	\$ 7,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,144
Student fees	1,548	3,204	-	-	-	-	-	4,752
Food service	2,132	-	-	-	-	-	-	2,132
Other operating revenues	38	356	-	-	-	-	-	394
Total operating revenues	<u>10,862</u>	<u>3,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,422</u>
EXPENSES:								
Operating expenses:								
Salaries and wages	2,129	55	-	-	-	-	-	2,184
Benefits	588	14	-	-	-	-	-	602
Total compensation and benefits	2,717	69	-	-	-	-	-	2,786
Goods purchased for resale	5,823	-	-	-	-	-	-	5,823
Supplies and materials	762	-	134	78	-	-	(50)	924
Contractual services	80	24	109	3	-	-	(107)	109
Repairs and maintenance	68	-	2,489	240	-	-	(2,532)	265
Utilities	124	135	-	-	-	-	-	259
Communications	20	-	79	1	-	-	(79)	21
Depreciation	-	-	-	-	-	1,097	-	1,097
Total operating expenses	<u>9,594</u>	<u>228</u>	<u>2,811</u>	<u>322</u>	<u>-</u>	<u>1,097</u>	<u>(2,768)</u>	<u>11,284</u>
TRANSFERS:								
Mandatory debt service transfers	(1,005)	(2,815)	-	-	3,820	-	-	-
Transfer for plant improvements	-	(254)	-	254	-	-	-	-
Reclassification of bond proceeds, capitalized expenses, bond discounts and premiums	-	-	2,249	-	-	(2,249)	-	-
Total transfers	<u>(1,005)</u>	<u>(3,069)</u>	<u>2,249</u>	<u>254</u>	<u>3,820</u>	<u>(2,249)</u>	<u>-</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>263</u>	<u>263</u>	<u>(562)</u>	<u>(68)</u>	<u>3,820</u>	<u>(3,346)</u>	<u>2,768</u>	<u>3,138</u>
NON-OPERATING REVENUES (EXPENSES):								
Investment income, net	75	36	-	3	95	-	-	209
Increase (decrease) in fair value of investments	-	-	-	5	(55)	-	-	(50)
Interest on bond obligation	-	-	-	-	(2,072)	-	-	(2,072)
Capitalized interest on bond obligations	-	-	-	-	-	-	166	166
Amortization of bond financial expense	-	-	-	-	-	(59)	-	(59)
Expended for plant	-	-	-	-	-	2,934	(2,934)	-
Retirement of indebtedness	-	-	-	-	-	1,400	(1,400)	-
Payment of bonds payable	-	-	-	-	(1,400)	-	1,400	-
Net non-operating revenues (expenses)	<u>75</u>	<u>36</u>	<u>-</u>	<u>8</u>	<u>(3,432)</u>	<u>4,275</u>	<u>(2,768)</u>	<u>(1,806)</u>
INCREASE (DECREASE) IN NET ASSETS	338	299	(562)	(60)	388	929	-	1,332
NET ASSETS:								
Beginning of year	2,895	255	657	1,062	4,334	(242)	-	8,961
End of year	<u>\$ 3,233</u>	<u>\$ 554</u>	<u>\$ 95</u>	<u>\$ 1,002</u>	<u>\$ 4,722</u>	<u>\$ 687</u>	<u>\$ -</u>	<u>\$ 10,293</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY FUND RELATING TO THE UNIVERSITY OF NEBRASKA REVENUE BONDS,
SERIES 2003 AND 2007 (UNIVERSITY OF NEBRASKA AT OMAHA STUDENT HOUSING AND PARKING PROJECTS)
YEAR ENDED JUNE 30, 2011 (in thousands)**

	Student Housing Operating Fund	Student Housing Stabilization Reserve Fund	Parking Operation Fund	Unexpended Construction Fund	Renewal and Replacement Fund	Retirement of Indebtedness	Investment in Plant Fund	GASB Reclasses	Total All Funds
REVENUES:									
Operating revenues:									
Parking facilities revenues	\$ -	\$ -	\$ 2,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,041
Board and room	7,754	-	-	-	-	-	-	-	7,754
Student fees	78	-	1,497	-	-	-	-	-	1,575
Other operating revenues	137	-	-	-	-	-	-	-	137
Total operating revenues	<u>7,969</u>	<u>-</u>	<u>3,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,507</u>
EXPENSES:									
Operating expenses:									
Salaries and wages	365	-	229	-	-	-	-	-	594
Benefits	112	-	51	-	-	-	-	-	163
Total compensation and benefits	477	-	280	-	-	-	-	-	757
Supplies and materials	640	-	569	-	-	-	-	-	1,209
Contractual services	822	-	1,017	15,136	-	-	-	(15,127)	1,848
Repairs and maintenance	272	-	433	312	300	-	-	(1)	1,316
Utilities	542	-	-	-	-	-	-	-	542
Communications	250	-	24	28	-	-	-	-	302
Depreciation	-	-	-	-	-	-	1,401	-	1,401
Total operating expenses	<u>3,003</u>	<u>-</u>	<u>2,323</u>	<u>15,476</u>	<u>300</u>	<u>-</u>	<u>1,401</u>	<u>(15,128)</u>	<u>7,375</u>
TRANSFERS:									
Mandatory debt service transfers	(3,574)	-	(1,076)	-	-	4,650	-	-	-
Plant improvements	(427)	-	-	41	427	(41)	-	-	-
Reclassification of bond proceeds, capitalized expenses, bond premiums, and discounts	-	-	-	14,973	155	-	(15,128)	-	-
Total transfers	<u>(4,001)</u>	<u>-</u>	<u>(1,076)</u>	<u>15,014</u>	<u>582</u>	<u>4,609</u>	<u>(15,128)</u>	<u>-</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>965</u>	<u>-</u>	<u>139</u>	<u>(462)</u>	<u>282</u>	<u>4,609</u>	<u>(16,529)</u>	<u>15,128</u>	<u>4,132</u>
NON-OPERATING REVENUES (EXPENSES):									
Investment income, net	70	22	104	-	8	50	-	-	254
Increase in fair value of investments	-	-	-	-	4	8	-	-	12
Interest on bond obligation	-	-	-	-	-	(3,358)	57	-	(3,301)
Capitalized interest on bond obligations	-	-	-	-	-	-	-	724	724
Amortization of bond financial expense	-	-	-	-	-	-	(34)	-	(34)
Expended for plant facilities	-	-	-	-	-	-	15,852	(15,852)	-
Retirement of indebtedness	-	-	-	-	-	-	1,575	(1,575)	-
Payment on bonds payable	-	-	-	-	-	(1,575)	-	1,575	-
Net non-operating revenues (expenses)	<u>70</u>	<u>22</u>	<u>104</u>	<u>-</u>	<u>12</u>	<u>(4,875)</u>	<u>17,450</u>	<u>(15,128)</u>	<u>(2,345)</u>
INCREASE (DECREASE) IN NET ASSETS	1,035	22	243	(462)	294	(266)	921	-	1,787
NET ASSETS (DEFICIT):									
Beginning of year	509	674	1,730	462	2,265	6,421	(8,372)	-	3,689
End of year	<u>\$ 1,544</u>	<u>\$ 696</u>	<u>\$ 1,973</u>	<u>\$ -</u>	<u>\$ 2,559</u>	<u>\$ 6,155</u>	<u>\$ (7,451)</u>	<u>\$ -</u>	<u>\$ 5,476</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

FACILITIES OPERATING FUND FREE CASH FLOW DUE TO SUZANNE AND WALTER SCOTT FOUNDATION RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE JUNE 1, 1995 MASTER TRUST INDENTURE (UNIVERSITY OF NEBRASKA AT OMAHA STUDENT HOUSING PROJECT) FOR THE YEAR ENDED JUNE 30, 2011 (in thousands)

REVENUES:

Room and board	\$ 2,605
Student fees	23
Other operating revenues	27
Total operating revenues	<u>2,655</u>

EXPENSES:

Contractual services	398
Utilities	193
Repairs and maintenance	159
Supplies and materials	140
Communications	75
Total operating expenses	<u>965</u>

TRANSFERS:

Mandatory debt service transfer	(1,182)
Transfer of prior year operating income to surplus fund	201
Plant improvements	(116)
Total transfers	<u>(1,097)</u>

OPERATING INCOME 593

DEVELOPMENT FEE TO SCOTT FOUNDATION 356

OPERATING INCOME BEFORE ADMINISTRATIVE FEE 237

ADMINISTRATIVE FEE 53

OPERATING INCOME TO BE TRANSFERRED TO SURPLUS FUND
SUBSEQUENT TO JUNE 30, 2011 \$ 184

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY FUND
RELATING TO STUDENT FEES AND FACILITIES BONDS UNDER THE JUNE 15, 1966 RESOLUTION AND
SUPPLEMENTAL RESOLUTIONS (UNIVERSITY OF NEBRASKA AT KEARNEY)
YEAR ENDED JUNE 30, 2011 (in thousands)**

	Facilities Operating Fund	Unexpended Construction Funds	Renewal and Replacement Fund	Retirement of Indebtedness Funds	Investment in Plant Fund	Total All Funds
REVENUES:						
Operating revenues:						
Room and board	\$ 13,205	\$ -	\$ -	\$ -	\$ -	\$ 13,205
Parking facilities revenues	350	-	-	-	-	350
Student fees	1,388	-	-	-	-	1,388
Bookstore commission	270	-	-	-	-	270
Other operating revenue	487	-	-	-	-	487
Total operating revenues	<u>15,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,700</u>
EXPENSES:						
Operating expenses:						
Salaries and wages	2,417	-	-	-	-	2,417
Benefits	772	-	-	-	-	772
Total compensation and benefits	3,189	-	-	-	-	3,189
Supplies and materials	1,388	-	25	20	-	1,433
Food service contracts	3,991	-	-	-	-	3,991
Contractual services	97	-	1	97	-	195
Repair and maintenance	208	-	1	196	-	405
Utilities	996	-	-	-	-	996
Communications	265	-	-	-	-	265
Depreciation	-	-	-	-	1,526	1,526
Total operating expense	<u>10,134</u>	<u>-</u>	<u>27</u>	<u>313</u>	<u>1,526</u>	<u>12,000</u>
TRANSFERS:						
Mandatory debt service transfers						
Additions from facilities operating fund	(15,625)	-	-	15,625	-	-
Remitted for facilities operations and maintenance	7,000	-	-	(7,000)	-	-
Remitted for food service contract payments	3,991	-	-	(3,991)	-	-
Non-mandatory other	-	-	-	-	-	-
Total transfers	<u>(4,634)</u>	<u>-</u>	<u>-</u>	<u>4,634</u>	<u>-</u>	<u>-</u>
Operating income	932	-	(27)	4,321	(1,526)	3,700
NON-OPERATING REVENUES (EXPENSES):						
Investment income, net	(6)	-	-	320	-	314
Decrease in fair value of investments	-	-	-	(110)	-	(110)
Interest on bond obligations	-	-	-	(1,219)	-	(1,219)
Capitalized interest on bond obligations	-	-	-	-	-	-
Principal paid on bond obligations	-	-	-	(1,125)	1,125	-
Amortization of bond financial expense and premiums	-	-	-	-	(39)	(39)
Expended on capital assets	(433)	-	(272)	(2,055)	2,760	-
Capital grants and gifts	-	-	293	-	672	965
Loss on disposal of plant assets	-	-	-	-	(633)	(633)
Net transfer of assets from other University sources	-	-	-	-	15	15
Net non-operating revenues (expenses)	<u>(439)</u>	<u>-</u>	<u>21</u>	<u>(4,189)</u>	<u>3,900</u>	<u>(707)</u>
INCREASE (DECREASES) IN NET ASSETS	493	-	(6)	132	2,374	2,993
NET ASSETS:						
Beginning of year	795	-	28	12,953	13,240	27,016
End of year	<u>\$ 1,288</u>	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 13,085</u>	<u>\$ 15,614</u>	<u>\$ 30,009</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY FUND RELATING TO THE UNIVERSITY OF NEBRASKA REVENUE REFUNDING BONDS, SERIES 2003 (UNIVERSITY OF NEBRASKA MEDICAL CENTER STUDENT HOUSING PROJECT)
YEAR ENDED JUNE 30, 2011 (in thousands)**

	<u>Student Housing Operating Fund</u>	<u>Renewal and Replacement Fund</u>	<u>Retirement of Indebtedness Funds</u>	<u>Investment in Plant Fund</u>	<u>GASB Reclasses</u>	<u>Total All Funds</u>
REVENUES:						
Operating revenues:						
Room and board	\$ 556	\$ -	\$ -	\$ -	\$ -	\$ 556
Expended for plant	-	-	-	-	-	-
Total operating revenues	<u>556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>556</u>
EXPENSES:						
Operating expenses:						
Salaries and wages	78	-	-	-	-	78
Benefits	17	-	-	-	-	17
Total compensation and benefits	95	-	-	-	-	95
Supplies and materials	20	-	-	-	-	20
Contractual services	13	-	-	-	-	13
Repairs and maintenance	36	-	-	-	-	36
Utilities	32	-	-	-	-	32
Communications	1	-	-	-	-	1
Depreciation	-	-	-	104	-	104
Total operating expenses	<u>197</u>	<u>-</u>	<u>-</u>	<u>104</u>	<u>-</u>	<u>301</u>
TRANSFERS:						
Mandatory debt service transfers	(343)	-	343	-	-	-
Other transfers	(16)	44	(3)	-	-	25
Total transfers	<u>(359)</u>	<u>44</u>	<u>340</u>	<u>-</u>	<u>-</u>	<u>25</u>
OPERATING INCOME (LOSS)	<u>-</u>	<u>44</u>	<u>340</u>	<u>(104)</u>	<u>-</u>	<u>280</u>
NON-OPERATING REVENUES (EXPENSES):						
Investment income, net of investment management fees	-	7	4	-	-	11
Decrease in fair value of investments	-	(2)	(2)	-	-	(4)
Interest on bond obligation	-	-	(218)	-	-	(218)
Amortization of bond financial expense	-	-	-	(3)	-	(3)
Retirement of indebtedness	-	-	(125)	-	125	-
Payment of bonds payable	-	-	-	125	(125)	-
Amortization of bond premium	-	-	-	-	-	-
Net non-operating revenues (expenses)	<u>-</u>	<u>5</u>	<u>(341)</u>	<u>122</u>	<u>-</u>	<u>(214)</u>
INCREASE (DECREASE) IN NET ASSETS	<u>-</u>	<u>49</u>	<u>(1)</u>	<u>18</u>	<u>-</u>	<u>66</u>
NET ASSETS (DEFICIT):						
Beginning of year	-	484	339	80	-	903
End of year	<u>\$ -</u>	<u>\$ 533</u>	<u>\$ 338</u>	<u>\$ 98</u>	<u>\$ -</u>	<u>\$ 969</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION

COMBINED SCHEDULE OF INSURANCE COVERAGES OF FACILITIES

RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE

JUNE 1, 1995 MASTER TRUST INDENTURE

YEAR ENDED JUNE 30, 2011 (in thousands, except for Note A) (Unaudited)

Facility	Amount of Insurance Coverage (Note A)		
	Fire and Extended Coverage		Business Interruption 100% Contribution
	Buildings (Note B)	Contents	
University of Nebraska-Lincoln:			
Student Fees and Facilities:			
Selleck Quadrangle	\$ 33,250	\$ 2,660	\$ 2,351
Neihardt, Cather, and Pound Halls	66,300	5,304	2,759
Burr-Fedde Halls	12,090	967	830
Park Apartments	3,492	277	334
Abel and Sandoz Halls	94,928	7,123	3,607
Harper, Schramm, and Smith Halls	110,008	6,012	3,600
Health Center	9,320	746	3,973
Nebraska Union - City Campus	62,166	4,558	5,325
Nebraska Union - East Campus	13,850	1,108	832
Husker Hall	2,364	250	110
Love Memorial Co-op	2,149	712	82
The Courtyards	35,905	1,798	1,077
The Village	41,355	2,166	1,297
Recreation Facility	9,879	790	620
Parking:			
Stadium Drive Parking Garage	10,631	851	500
14th and Avery Parking Garage	15,373	1,230	610
17th and "R" Parking Garage	26,578	2,126	515
University of Nebraska at Omaha:			
Student Facilities:			
Student Center	24,356	1,948	10,862
Health Physical Education and Recreation	45,434	3,635	3,560
Student Housing and Parking:			
Scott Village	11,830	946	2,655
Maverick Village	13,197	717	2,270
University Village	14,300	838	3,044
Parking Structure – University Drive South	12,165	50	189
University of Nebraska Medical Center Housing	5,202	903	502
University of Nebraska at Kearney:			
University Heights Apartments	5,273	422	345
Antelope Hall	11,113	889	890
Centennial Towers East	13,693	1,095	1,175
Centennial Towers West	13,693	1,095	1,175
Conrad Hall	3,106	248	250
Mantor Hall	10,002	800	950
Martin Hall	4,653	372	350
Men's Hall	6,055	484	460
Nester Hall	12,684	1,015	750
Randall Hall	4,883	391	600
Nebraskan Student Union	20,917	2,510	6,100
University Residence North	5,136	411	1,150
University Residence South	5,136	411	1,100

See following page for Note explanations.

Note A – Insurance policies:

The University has several blanket insurance policies in the following amounts, covering all residence halls:

General liability – Property damage/bodily injury - \$1,000,000

All real property, personal property, and liabilities (excluding land, crop, and animals) for all campuses - \$6,651,181.

The property coverage contains a \$200 self-insurance deductible. The General liability is fully self-insured. The University has established a self-insurance trust for these amounts.

Note B – Insurance coverage equals the estimated replacement cost of buildings. Valuations on all buildings are estimated based on engineering studies, which are unaudited. The University is required to complete an engineering survey bi-annually to determine accurate and up-to-date valuations.

See accompanying independent auditors' report.