



# ***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, 2012 and 2011, 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, 2012 and 2011, 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, 2012 and 2011, 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, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the management discussion and analysis on pages 3-9 be presented to supplement the combined financial statements. Such information, although not a part of the combined financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the combined financial statements, and other knowledge we obtained during our audit of the combined financial statements. We do not express an opinion or provide any assurance on the information because

the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Obligated Group combined financial statements. The additional information on pages 28 - 46 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The additional information on pages 28 - 33 have been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional information is fairly stated in all material respects in relation to the combined financial statements 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 do not express an opinion or provide any assurance on them.

KPMG LLP

Lincoln, Nebraska  
September 28, 2012

# 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, 2012 AND 2011 (Unaudited) (Dollar Amounts in Thousands)

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### *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, 2012 and 2011. 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, 2012 with operating income that provided a debt service coverage ratio of 1.56 times, compared to 1.56 times for the year ended June 30, 2011 and 1.53 times for the year ended June 30, 2010. 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 2012 with operating income posting a 13% increase over 2011. This compares to growth of 35% in 2011. The 2011 growth was unusually high because of a higher level of revenues driven by the completion of new student residences that year. In 2012, revenues increased by 5%, while expenses were held to 3%, resulting in an operating income increase of \$3,066. Operating strength created increases in cash flows from operations of \$8,921 in 2012, which follows increases of \$7,599 and \$5,852 in 2011 and 2010, 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, 2012 AND 2011 (Unaudited) (Dollar Amounts in Thousands)

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Two new revenue bond issues were sold during 2011-12:

- In November 2011, \$63,475 of University of Nebraska-Lincoln Student Fees and Facilities Revenue Bonds, Series 2011, were issued. The proceeds were augmented by \$13,508 of bond surplus funds to continue with UNL housing's plan of modernization, constructing two new suite-style residence halls at a cost of \$71,385 to house over 1,000 students.
- In May 2012, \$80,180 of University of Nebraska-Lincoln Student Fees and Facilities Revenue Bonds, Series 2012, were issued. The proceeds were used to defease \$7,485 of Series 2002 Bonds, \$23,775 of Series 2003A Bonds, and \$60,120 of Series 2003B Bonds, reducing total debt service payments by approximately \$15,487 and realizing an economic gain of approximately \$11,110. The reader is directed to the footnotes to the statements for additional information.

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 continuing high interest by upper division students, the occupancy of the apartment and suite-style facilities was 97% for fiscal year 2012. UNL traditional residence halls occupancy remained healthy at 90% for fiscal year 2012. Operating revenues increased by a modest 4% from \$55,773 for fiscal year 2011 to \$58,004 for fiscal year 2012. Excluding depreciation, operating expenses decreased from \$39,212 for fiscal year 2011 to \$38,827 for fiscal year 2012; mostly due to lower repair and maintenance cost as well as lower supplies and materials cost. Operating income before debt service was \$12,034 for fiscal year 2012. This level of operating income compares to \$ 9,389 for fiscal year 2011 and \$8,556 for fiscal year 2010.

UNL Parking operations experienced a small decrease in revenues during 2012 compared to 2011 due primarily to a reduction in available spaces lost to construction of the Recreation Center expansion and additional residence halls at 18<sup>th</sup> and R. An increase in operating expenses of \$153 is due to inflationary increases of payroll and supplies and materials. These factors resulted in a \$190 decrease in operating income, which fell to \$2,709 compared to \$2,899 for 2011. Parking demand remains high with over 94% of spaces sold on a permit basis each of the last three years.

UNO Student Facilities activity remained strong. The UNO Student Center and HPER together comprise the UNO Student Facilities project. Student fees support both the Student Center and HPER and account for \$4,686 of the UNO Student Facilities revenues in 2012, a decrease of 1% when compared to \$4,752 in 2011.

UNO Housing/Parking continues to perform in line with expectations. In 2012, operating income of \$4,025 was derived from revenues of \$13,984. Operating income of \$4,132 and \$1,431 was achieved in 2011 and 2010, respectively. Housing operating activity continues to enjoy an occupancy rate of nearly 100% in each year since it opened in 2004. This occupancy continues even with the completion of a 480-bed student residence on the Pacific Street campus in August 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, 2012 AND 2011 (Unaudited) (Dollar Amounts in Thousands)

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The UNMC Housing Project comprises two apartment-style buildings with a combined capacity of 60 units. UNMC Housing experienced 94% occupancy during 2012 (95% in 2011). UNMC augmented revenues by \$30 in 2012 (compared to \$25 in 2011), enabling the activity to meet debt service obligations.

The financial position of UNK Student Fees Project remains strong with a 2012 operating income margin of 25% compared to 23% in 2011 and 19% in 2010. Housing operations revenues increased to \$16,655 in 2012 compared to \$15,700 in 2011 due to a modest increase in occupancy complemented by an average rate increase of 4.6%. Operating income for the year was \$4,197, compared to \$3,700 in 2011, and \$2,646 in 2010. The sizable increase of \$497 in the operating income is attributed to a 2.7% increase in occupancy and the board and room rate. The 2012 operating results and investment income provided for a very strong debt margin when compared to debt service of \$2,044. This performance has allowed internally-funded, planned renovations at UNK to continue as originally designed without additional borrowing. Renovations were completed for Men's and Randall Halls during 2011 and work began on an upgrade to Centennial Towers West that is scheduled for completion in early summer of 2013.

### ***Using the Financial Statements***

The financial statements of MTI include the Statements of Net Assets; the Statements of Revenues, Expenses, and Changes in Net Assets; and the Statements 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 statements of net assets includes the operating facilities of the obligated members and the related trustee accounts of the respective bond issues. The statements 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 statements of cash flows shows the sources and uses of cash from operations, investing activities, and capital and other financing activities.

# 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, 2012 AND 2011 (Unaudited) (Dollar Amounts in Thousands)

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### *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, 2012, 2011, and 2010.

Current assets consist of resources held by the bond trustee that are designated or restricted by the bond covenants for current maturities of bonds and related interest. Non-current assets are primarily capital assets that are presented net of accumulated depreciation of \$88,314, \$84,263, and \$73,067 at June 30, 2012, 2011, and 2010, respectively, and resources held by the bond trustee for plant construction and bond reserve funds for retirement of indebtedness accounts.

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 \$92,821, \$78,960, and \$74,645 as of June 30, 2012, 2011, and 2010, respectively. These amounts include bond reserves of \$34,473, \$32,029, and \$31,691, as of June 30, 2012, 2011, and 2010, respectively.

The condensed statements 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 \$13,648, \$13,006, and \$8,684 for the years ended June 30, 2012, 2011, and 2010, 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, 2012 AND 2011 (Unaudited) (Dollar Amounts in Thousands)

	<u>Condensed Statement of Net Assets (thousands)</u>		
	2012	2011	2010
Assets:			
Current assets	\$ 56,589	\$ 56,406	\$ 51,994
Non-current assets	546,367	465,361	490,447
Total assets	<u>602,956</u>	<u>521,767</u>	<u>542,441</u>
Liabilities:			
Current liabilities	31,916	28,856	48,337
Non-current liabilities	425,818	365,866	378,296
Total liabilities	<u>457,734</u>	<u>394,722</u>	<u>426,633</u>
Net Assets:			
Invested in capital assets, net of related debt	27,035	24,069	13,972
Restricted:			
Expendable:			
Capital projects	8,423	8,330	13,487
Debt service	92,821	78,960	74,645
Unrestricted	16,943	15,686	13,704
Total net assets	<u>\$ 145,222</u>	<u>\$ 127,045</u>	<u>\$ 115,808</u>

	<u>Condensed Statement of Revenues, Expenses, and Changes in Net Assets (thousands)</u>		
	2012	2011	2010
Operating revenues:			
Room and board	\$ 78,461	\$ 74,101	\$ 63,204
Parking fees	11,464	11,192	10,561
Student fees	11,273	10,280	9,056
Bookstore	7,436	7,414	7,969
Other	4,343	4,207	3,207
Total operating revenues	<u>112,977</u>	<u>107,194</u>	<u>93,997</u>
Operating expenses:			
Compensation and benefits	26,552	25,686	23,994
Supplies, materials, and services	46,198	44,989	43,940
Depreciation	13,648	13,006	8,684
Total operating expenses	<u>86,398</u>	<u>83,681</u>	<u>76,618</u>
Operating income	26,579	23,513	17,379
Non-operating expenses and capital grants and expenses	<u>(8,402)</u>	<u>(12,276)</u>	<u>(7,081)</u>
Increase in net assets	18,177	11,237	10,298
Net assets, beginning of year	<u>127,045</u>	<u>115,808</u>	<u>105,510</u>
Net assets, end of year	<u>\$ 145,222</u>	<u>\$ 127,045</u>	<u>\$ 115,808</u>

# 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, 2012 AND 2011 (Unaudited) (Dollar Amounts in Thousands)

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### *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 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 even though the fall 2012 occupancy opened with fewer resident contracts than a year ago, due to decreased freshman enrollment. While traditional-style housing depends primarily on newly enrolled freshmen; apartment-style and suite-style demand remains strong, attracting both new students and returning upper-class students. Apartment-style and suite-style halls continue to operate at full capacity with large numbers of students waiting for openings. UNL Housing will open two new suite-style halls, with one opening in each of the fall of 2013 and 2014, increasing the number of suite-style units by 1,000. These two facilities will replace two older traditional-style halls reducing the number of traditional-style units by 912. UNL Housing is well positioned to accommodate high demand suite-style housing for returning upperclassmen as well as new students from UNL's enrollment growth initiatives.

Parking operations at UNL are expected to continue to meet expectations. Parking fees increased in 2012 but demand continued strong for parking spaces. Parking permit revenues are forecasted to grow due to increases in demand by students, faculty, and staff. Additional parking will start construction in early 2013 with an \$18 million dollar project at 18<sup>th</sup> and R, financed with approximately \$9 million of bonds and \$9 million in surplus funds.

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 2012. Student fee revenue associated with HPER project will also increase due to the planned increase in the fee for the fall 2012 semester. Demand for student housing at UNO continues to be strong with occupancy near 100% for the fall 2012 semester. 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 2012, which will bolster the debt service coverage without reducing demand. Student enrollment for fall 2012 increased by 41 students for a record high of 3,614. Increases in student enrollment continue to drive the need for student housing.

# **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, 2012 AND 2011 (Unaudited) (Dollar Amounts in Thousands)**

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The fall 2012 enrollment at UNK increased by approximately 1.4% fueled by an increase in the number of first-time freshmen. The increase in enrollment caused an uptick in student residence occupancy for the fall 2012. A major renovation to Centennial Tower West was started in the summer of 2012 and is slated for completion in time for students in the fall 2013. Renovation of Centennial Towers East is planned for completion during 2013-14. Renovation of both Centennial Towers West and East is part of the UNK Master Plan that is expected to bring a bright future to UNK housing residences and the campus.

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

**COMBINED STATEMENTS OF NET ASSETS**

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

**JUNE 30, 2012 and 2011 (in thousands)**

<b>ASSETS</b>	<b>2012</b>	<b>2011</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 23,695	\$ 21,912
Cash and cash equivalents held by trustee - restricted	22,331	21,459
Investments held by trustee - restricted	4,238	7,683
Accounts receivable, net	3,199	3,409
Note receivable	100	100
Accrued interest receivable	81	132
Inventories	2,381	1,413
Prepaid expenses and deferred charges	564	298
Total current assets	<u>56,589</u>	<u>56,406</u>
<b>NON-CURRENT ASSETS:</b>		
Cash and cash equivalents held by trustee - restricted	110,796	42,694
Investments held by trustee - restricted	17,824	20,759
Note receivable, net of current portion	900	1,000
Bond financial expense, net of accumulated amortization	12,132	4,953
Capital assets, net of accumulated depreciation	404,715	395,955
Total non-current assets	<u>546,367</u>	<u>465,361</u>
Total assets	<u>602,956</u>	<u>521,767</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	10,737	5,104
Accrued interest payable	4,650	5,197
Accrued salaries and wages	686	639
Accrued compensated absences	1,354	1,262
Bond obligations payable	9,130	12,140
Deferred revenues and other credits	5,359	4,514
Total current liabilities	<u>31,916</u>	<u>28,856</u>
<b>NON-CURRENT LIABILITIES:</b>		
Accrued compensated absences	627	611
Bond obligations payable, net of current portion	404,590	361,445
Deferred revenues and credits	20,601	3,810
Total non-current liabilities	<u>425,818</u>	<u>365,866</u>
Total liabilities	<u>457,734</u>	<u>394,722</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	27,035	24,069
Restricted:		
Expendable:		
Plant construction	8,423	8,330
Debt service	92,821	78,960
Unrestricted	16,943	15,686
Total net assets	<u>\$ 145,222</u>	<u>\$ 127,045</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, 2012 and 2011 (in thousands)**

	2012	2011
REVENUES:		
Operating revenues:		
Room and board	\$ 78,461	\$ 74,101
Parking facilities revenues	11,464	11,192
Student fees	11,273	10,280
Bookstore and bookstore commissions	7,436	7,414
Food service	3,133	3,039
Other operating revenues	<u>1,210</u>	<u>1,168</u>
Total operating revenues	<u>112,977</u>	<u>107,194</u>
EXPENSES:		
Operating expenses:		
Salaries and wages	20,457	19,968
Benefits	<u>6,095</u>	<u>5,718</u>
Total compensation and benefits	26,552	25,686
Goods purchased for resale	5,823	5,823
Supplies and materials	10,507	11,979
Food and food service contracts	10,579	9,764
Contractual services	5,192	4,157
Repairs and maintenance	6,252	5,553
Utilities	6,150	5,924
Communications	1,695	1,789
Depreciation	<u>13,648</u>	<u>13,006</u>
Total operating expenses	<u>86,398</u>	<u>83,681</u>
OPERATING INCOME	<u>26,579</u>	<u>23,513</u>
NON-OPERATING REVENUES (EXPENSES):		
Investment income, net of investment management fees	857	937
Decrease in fair value of investments	(130)	(122)
Interest on bond obligations	(16,384)	(17,258)
Capitalized interest on bond obligations	73	3,079
Amortization of bond financial expense	(125)	(216)
Loss on disposal of capital assets	(151)	(643)
Net transfer of assets from other University sources	<u>447</u>	<u>982</u>
Non-operating expenses, net	<u>(15,413)</u>	<u>(13,241)</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	11,166	10,272
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:		
Capital grants and contracts	<u>7,011</u>	<u>965</u>
INCREASE IN NET ASSETS	18,177	11,237
NET ASSETS:		
Beginning of year	<u>127,045</u>	<u>115,808</u>
End of year	<u>\$ 145,222</u>	<u>\$ 127,045</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, 2012 and 2011 (in thousands)**

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Room and board	\$ 78,688	\$ 74,235
Student fees	11,301	10,249
Parking facilities revenues	11,210	11,703
Bookstore and bookstore commissions	7,805	7,450
Food service	3,132	3,045
Other operating receipts	1,224	1,164
Payments to vendors	(41,697)	(45,410)
Payments to employees	(26,397)	(26,091)
Net cash flows from operating activities	<u>45,266</u>	<u>36,345</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from issuance of bond obligations	143,655	-
Defeasance of bonds	(97,802)	-
Premium on issuance of bond obligations	14,202	-
Transfers from other University sources	447	967
Capital grants and contracts	2,279	43
Purchases of capital assets	(15,599)	(48,549)
Interest paid on bond obligations	(16,999)	(17,359)
Principal paid on bond obligations	(12,140)	(9,905)
Net cash flows from capital and related financing activities	<u>18,043</u>	<u>(74,803)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	41,965	12,460
Interest on investments	1,235	1,130
Purchases of investments	(35,752)	(20,795)
Net cash flows from investing activities	<u>7,448</u>	<u>(7,205)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>70,757</b>	<b>(45,663)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>86,065</b>	<b>131,728</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b><u>\$ 156,822</u></b>	<b><u>\$ 86,065</u></b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR AS PRESENTED IN STATEMENT OF NET ASSETS:</b>		
Cash and cash equivalents (current)	\$ 23,695	\$ 21,912
Cash and cash equivalents held by trustee - restricted (current)	22,331	21,459
Cash and cash equivalents held by trustee - restricted (non-current)	110,796	42,694
Cash and cash equivalents, end of year	<u>\$ 156,822</u>	<u>\$ 86,065</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income	\$ 26,579	\$ 23,513
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	13,648	13,006
Changes in assets and liabilities:		
Accounts receivable, net	73	1,004
Inventories	(968)	(28)
Prepaid expenses and deferred charges	-	35
Accounts payable	5,473	(401)
Accrued salaries and wages and compensated absences	155	(413)
Deferred revenues and other credits	306	(371)
Net cash flows from operating activities	<u>\$ 45,266</u>	<u>\$ 36,345</u>
<b>NON-CASH TRANSACTIONS:</b>		
Capital assets transferred in from other University sources	\$ -	\$ 15
Capital grants and contracts	6,669	681
Decrease in fair value of investments	(130)	(122)

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, 2012 and 2011 (in thousands)

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### 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 Statements of Net Assets; Statements of Revenues, Expenses, and Changes in Net Assets; and Statements 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.

# 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, 2012 and 2011 (in thousands)

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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 \$325 and \$259 at June 30, 2012 and 2011, 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.



# 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, 2012 and 2011 (in thousands)

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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 2012 and 2011 was \$73 and \$3,079, 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.

# 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, 2012 and 2011 (in thousands)

### B. CASH AND INVESTMENTS

Investments as of June 30, 2012:

	Fair Value	Investment Maturities (in years)			Concentration
		Less Than 1	1-2	3-5	
Investment Type:					
Debt Securities:					
Certificates of Deposit	\$ 254	\$ -	\$ 254	\$ -	1%
Federal Home Loan Bank	10,980	4,614	3,714	2,652	50
Federal Home Loan Bank Consolidated	332	112	220	-	2
Federal Home Loan Mortgage Corporation	989	-	989	-	4
Federal Home Loan Mortgage Association	1,004	1,004	-	-	5
Federal National Mortgage Association	7,803	4,979	2,824	-	35
Federal National Mortgage Association MTN	700	-	700	-	3
	<u>\$ 22,062</u>	<u>\$ 10,709</u>	<u>\$ 8,701</u>	<u>\$ 2,652</u>	<u>100%</u>

At June 30, 2012, no bonds held were callable.

Investments as of June 30, 2011:

	Fair Value	Investment Maturities (in years)			Concentration
		Less Than 1	1-2	3-5	
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>100%</u>

At June 30, 2011, no bonds held were callable.

# 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, 2012 and 2011 (in thousands)

*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	2012 Quality Ratings		
		Aaa	AA+	Aa3
Investment Type:				
Debt Securities:				
Negotiable Certificates of Deposit (1)	\$ 254	\$ -	\$ -	\$ 254
U.S. agencies	21,808	21,108	700	-
	<u>\$ 22,062</u>	<u>\$ 21,108</u>	<u>\$ 700</u>	<u>\$ 254</u>

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

	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>

(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.

# 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, 2012 and 2011 (in thousands)

### C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets:				
Land	\$ 3,173	\$ -	\$ -	\$ 3,173
Land improvements	10,493	1,702	189	12,006
Buildings	435,782	25,809	8,170	453,421
Equipment	9,280	389	1,380	8,289
Construction in progress	21,490	15,169	20,519	16,140
Total	<u>480,218</u>	<u>43,069</u>	<u>30,258</u>	<u>493,029</u>
Less accumulated depreciation for:				
Land improvements	3,579	545	189	3,935
Buildings	74,085	12,445	8,103	78,427
Equipment	6,599	658	1,305	5,952
Total	<u>84,263</u>	<u>13,648</u>	<u>9,597</u>	<u>88,314</u>
Capital assets, net	<u>\$ 395,955</u>	<u>\$ 29,421</u>	<u>\$ 20,661</u>	<u>\$ 404,715</u>

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>

# 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, 2012 and 2011 (in thousands)

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### D. ACCRUED COMPENSATED ABSENCES

Accrued compensated absences are as follows as of June 30:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
2012	\$ 1,873	\$ 1,496	\$ 1,388	\$ 1,981	\$ 1,354
2011	\$ 1,766	\$ 1,367	\$ 1,260	\$ 1,873	\$ 1,262

### E. BOND OBLIGATIONS PAYABLE

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
2012	\$ 373,585	\$ 143,655	\$ 103,520	\$ 413,720	\$ 9,130
2011	\$ 383,490	\$ -	\$ 9,905	\$ 373,585	\$ 12,140

# 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, 2012 and 2011 (in thousands)

	Interest Rate	Annual Installment	Principal Amount Outstanding	
			2012	2011
University of Nebraska-Lincoln:				
Student Fees and Facilities:				
Series 2002, revenue refunding			\$ -	\$ 8,570
Series 2003A, revenue bonds			-	24,235
Series 2003B, revenue bonds			-	62,430
Series 2008A, revenue bonds	3.25 - 5.00%	1,240 - 2,360	29,050	30,255
Series 2009A, revenue bonds	2.00 - 5.25%	665 - 2,990	51,720	52,370
Series 2009B, revenue bonds	2.00 - 5.70%	435 - 1,840	10,680	10,680
Series 2011, revenue bonds	2.00 - 5.00%	1,435 - 4,095	63,475	-
Series 2012, revenue bonds	1.00 - 5.00%	1,220 - 3,095	80,180	-
Total Student Fees and Facilities			<u>235,105</u>	<u>188,540</u>
University of Nebraska-Lincoln:				
Parking:				
Series 2003, revenue refunding	3.60 - 4.50%	655 - 1,615	3,655	4,285
Series 2005, revenue and refunding	3.75 - 4.50%	425 - 3,825	18,220	19,600
Series 2009A&B, revenue bonds	3.50 - 6.00%	695 - 1,110	11,560	11,560
Total Parking Project			<u>33,435</u>	<u>35,445</u>
University of Nebraska at Omaha:				
Student Facilities:				
Series 2003, revenue refunding bonds	3.90%	1,180	1,180	1,755
Series 2008, revenue bonds	3.00 - 5.00%	895 - 2,700	41,205	42,075
Total Student Facilities			<u>42,385</u>	<u>43,830</u>
University of Nebraska at Omaha:				
Student Housing and Parking:				
Series 2003, revenue bonds	3.80 - 5.00%	375 - 945	12,765	13,130
Series 2007, revenue bonds	4.25 - 5.00%	605 - 2,395	27,580	28,160
Series 2010A, revenue bonds	1.50 - 4.83%	685 - 1,175	15,885	16,560
Series 2010B, revenue bonds	1.50 - 5.00%	375 - 1,060	17,345	17,715
Total Student Housing and Parking			<u>73,575</u>	<u>75,565</u>
University of Nebraska Medical Center:				
Student Housing:				
Series 2003, revenue bonds	3.85 - 5.00%	135 - 330	4,480	4,610
University of Nebraska at Kearney				
Student Fees and Facilities:				
Series 2005, revenue refunding	3.40 - 4.10%	360 - 1,080	3,890	4,235
Series 2006, revenue bonds	3.60 - 5.00%	530 - 1,385	20,850	21,360
Total Student Fees and Facilities			<u>24,740</u>	<u>25,595</u>
			<u>\$ 413,720</u>	<u>\$ 373,585</u>

# 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, 2012 and 2011 (in thousands)

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

### University of Nebraska-Lincoln Student Fees and Facilities

	Series 2008A		Series 2009A		Series 2009B	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 1,240	\$ 1,206	\$ 665	\$ 2,439	\$ -	\$ 462
2014	1,275	1,165	1,420	2,414	435	458
2015	1,325	1,122	1,155	2,381	445	449
2016	1,365	1,076	1,185	2,347	460	437
2017	1,415	1,026	1,220	2,309	460	424
2018-2022	7,925	4,244	6,825	10,825	2,565	1,879
2023-2027	9,885	2,212	8,445	9,099	3,050	1,330
2028-2032	4,620	210	10,670	6,653	3,265	344
2033-2037	-	-	11,605	3,825	-	-
2038-2042	-	-	8,530	687	-	-
	<u>\$ 29,050</u>	<u>\$ 12,261</u>	<u>\$ 51,720</u>	<u>\$ 42,979</u>	<u>\$ 10,680</u>	<u>\$ 5,783</u>

  

	Series 2011		Series 2012	
	Principal	Interest	Principal	Interest
2013	\$ -	\$ 3,223	\$ -	\$ 2,064
2014	-	2,864	3,930	3,503
2015	-	2,864	4,265	3,394
2016	-	2,864	4,185	3,218
2017	-	2,864	4,780	3,029
2018-2022	7,515	13,873	18,960	12,626
2023-2027	8,960	12,316	14,550	8,104
2028-2032	11,275	9,979	11,315	5,468
2033-2037	13,910	7,245	13,880	2,823
2038-2042	17,720	3,326	4,315	169
2043	4,095	102	-	-
	<u>\$ 63,475</u>	<u>\$ 61,520</u>	<u>\$ 80,180</u>	<u>\$ 44,398</u>

# 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, 2012 and 2011 (in thousands)

### University of Nebraska-Lincoln Parking

	Series 2003 Refunding		Series 2005		Series 2009A & B	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	1,680	520	695	566
2018-2022	-	-	8,250	1,407	3,915	2,393
2023-2027	-	-	2,215	235	4,770	1,482
2028-2030	-	-	-	-	2,180	197
	<u>\$ 3,655</u>	<u>\$ 449</u>	<u>\$ 18,220</u>	<u>\$ 4,878</u>	<u>\$ 11,560</u>	<u>\$ 6,902</u>

### University of Nebraska at Omaha Student Facilities

	Series 2003		Series 2008	
	Principal	Interest	Principal	Interest
2013	\$ 1,180	\$ 46	\$ 895	\$ 1,989
2014	-	-	920	1,917
2015	-	-	950	1,887
2016	-	-	985	1,856
2017	-	-	1,010	1,221
2018-2022	-	-	5,710	8,472
2023-2027	-	-	7,180	7,000
2028-2032	-	-	9,165	5,016
2033-2037	-	-	11,690	2,486
2038-2042	-	-	2,700	136
	<u>\$ 1,180</u>	<u>\$ 46</u>	<u>\$ 41,205</u>	<u>\$ 31,980</u>



# 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, 2012 and 2011 (in thousands)

### University of Nebraska at Omaha Student Housing and Parking

	Series 2003		Series 2007		Series 2010A	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 375	\$ 616	\$ 605	\$ 1,338	\$ 685	\$ 591
2014	390	602	630	1,312	695	581
2015	400	586	660	1,284	705	569
2016	410	570	690	1,255	720	555
2017	430	554	720	1,223	735	537
2018-2022	2,510	2,450	4,115	5,597	4,065	2,328
2023-2027	3,210	1,757	5,155	4,550	4,865	1,518
2028-2032	4,095	870	7,495	3,126	3,415	334
2033-2037	945	47	4,155	1,484	-	-
2038-2040	-	-	3,355	288	-	-
	<u>\$ 12,765</u>	<u>\$ 8,052</u>	<u>\$ 27,580</u>	<u>\$ 21,457</u>	<u>\$ 15,885</u>	<u>\$ 7,013</u>

  

	Series 2010B	
	Principal	Interest
2013	\$ 375	\$ 742
2014	380	736
2015	385	730
2016	395	720
2017	405	710
2018-2022	2,235	3,341
2023-2027	2,680	2,900
2028-2032	3,295	2,282
2033-2037	4,165	1,403
2038-2040	3,030	309
	<u>\$ 17,345</u>	<u>\$ 13,873</u>

# 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, 2012 and 2011 (in thousands)

### University of Nebraska Medical Center Student Housing

	<u>Series 2003</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 135	\$ 210
2014	140	205
2015	145	200
2016	150	194
2017	155	188
2018-2022	890	834
2023-2027	1,110	610
2028-2032	1,425	306
2033-2037	<u>330</u>	<u>16</u>
	<u>\$ 4,480</u>	<u>\$ 2,763</u>

### University of Nebraska at Kearney Student Fees and Facilities

	<u>Series 2005</u>		<u>Series 2006</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 360	\$ 152	\$ 530	\$ 1,006
2014	370	140	550	986
2015	385	126	570	961
2016	400	112	595	936
2017	415	96	625	910
2018-2022	1,960	186	3,595	4,077
2023-2027	-	-	4,620	3,150
2028-2032	-	-	5,800	1,871
2033-2035	<u>-</u>	<u>-</u>	<u>3,965</u>	<u>403</u>
	<u>\$ 3,890</u>	<u>\$ 812</u>	<u>\$ 20,850</u>	<u>\$ 14,300</u>

# 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, 2012 and 2011 (in thousands)

### Current maturities, all Members of the Obligated Group

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 9,130	\$ 17,567	\$ 26,697
2014	13,300	18,285	31,585
2015	13,640	17,873	31,513
2016	14,770	17,364	32,134
2017	14,745	16,177	30,922
2018-2022	81,035	74,532	155,567
2023-2027	80,695	56,263	136,958
2028-2032	78,015	36,656	114,671
2033-2037	64,645	19,732	84,377
2038-2042	39,650	4,915	44,565
2043	<u>4,095</u>	<u>102</u>	<u>4,197</u>
	<u>\$ 413,720</u>	<u>\$ 279,466</u>	<u>\$ 693,186</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, 2012, 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 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.

# 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, 2012 and 2011 (in thousands)

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***Bond Financing and Refinancing*** – On November 16, 2011, the Board of Regents issued \$63,475 of Series 2011 Bonds (University of Nebraska-Lincoln Student Fees and Facilities). The proceeds were used to pay the costs of constructing, equipping, and furnishing two new suite-style residence halls for the housing of over 1,000 students at the University of Nebraska-Lincoln campus. The bond proceeds were augmented by \$13,508 of bond surplus funds to fund the project cost of approximately \$71,385.

On May 30, 2012, the Board of Regents issued \$80,180 of Refunding Bonds, Series 2012 (University of Nebraska-Lincoln Student Fees and Facilities) with an average rate of 3.1%. The net proceeds, together with certain other funds held by the trustee, were used to defease \$7,485 of Series 2002 Bonds, \$23,775 of Series 2003A Bonds, and \$60,120 of Series 2003B Bonds (University of Nebraska-Lincoln Student Fees and Facilities) with average rates of 1.0%, 3.5%, and 3.0%, respectively. The defeasance reduced total debt service payments by approximately \$15,487 and resulted in an economic gain of approximately \$11,110. The accounting loss of \$6,422 is deferred and amortized over the life of the 2012 bonds.

The aggregate amount of debt considered extinguished (defeased) at June 30, 2012 that remains outstanding is \$91,380.

***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 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, 2012 and 2011, 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, 2012 and 2011, \$30 and \$25, respectively, of University of Nebraska funds were expended for the operation and maintenance of the student housing facilities of UNMC.

# 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, 2012 and 2011 (in thousands)

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### F. COMMITMENTS AND CONTINGENCIES

The Obligated Group has contracted for the construction of several facilities, which are estimated to cost approximately \$64,243 at June 30, 2012. The projects are as follows:

UNL 17th Street Utility Project	\$	82
UNL 18th & R Residence & Land Improvements		26,220
UNL 19th & R Residence & Land Improvements		31,519
UNL Parking Lots		889
UNK Residences		5,533
Total Project	\$	<u>64,243</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.

### G. SUBSEQUENT EVENTS

On September 6, 2012, The Board of Regents issued \$20,690 of University of Nebraska-Lincoln Student Fees and Facilities Revenue Bonds, Series 2012B. The proceeds of the bonds will be used to pay the cost of acquiring, constructing, equipping, and furnishing facilities for health, physical education, and recreation facilities.

The Obligated Group has evaluated subsequent events from the balance sheet date through September 28, 2012, 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, 2012 (in thousands)

ASSETS	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/ Parking	UNMC Student Housing	UNK Student Housing	Combined
<b>CURRENT ASSETS:</b>							
Cash and cash equivalents	\$ 9,880	\$ 2,140	\$ 2,839	\$ 7,033	\$ 85	\$ 1,718	\$ 23,695
Cash and cash equivalents held by trustee - restricted	11,300	3,568	3,986	1,169	260	2,048	22,331
Investments held by trustee - restricted	-	-	79	4,159	-	-	4,238
Accounts receivable, net	2,089	488	290	249	9	74	3,199
Note receivable	100	-	-	-	-	-	100
Accrued interest receivable	16	2	4	12	-	47	81
Inventories	157	-	2,224	-	-	-	2,381
Prepaid expenses and deferred charges	416	117	-	-	-	31	564
Total current assets	<u>23,958</u>	<u>6,315</u>	<u>9,422</u>	<u>12,622</u>	<u>354</u>	<u>3,918</u>	<u>56,589</u>
<b>NON-CURRENT ASSETS:</b>							
Cash and cash equivalents held by trustee - restricted	90,921	12,344	1,046	2,317	315	3,853	110,796
Investments held by trustee - restricted	-	700	1,881	3,005	309	11,929	17,824
Note receivable, net of current portion	900	-	-	-	-	-	900
Bond financial expense, net of accumulated amortization	9,267	613	1,003	774	67	408	12,132
Capital assets, net of accumulated depreciation	196,260	47,125	42,307	71,529	4,546	42,948	404,715
Total non-current assets	297,348	60,782	46,237	77,625	5,237	59,138	546,367
Total assets	<u>321,306</u>	<u>67,097</u>	<u>55,659</u>	<u>90,247</u>	<u>5,591</u>	<u>63,056</u>	<u>602,956</u>
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES:</b>							
Accounts payable	7,795	490	1,045	510	5	892	10,737
Accrued interest payable	3,858	123	249	411	9	-	4,650
Accrued salaries and wages	489	46	59	18	2	72	686
Accrued compensated absences	875	69	156	28	9	217	1,354
Bond obligations payable	1,905	2,085	2,075	2,040	135	890	9,130
Deferred revenues and other credits	3,030	620	19	1,593	29	68	5,359
Total current liabilities	<u>17,952</u>	<u>3,433</u>	<u>3,603</u>	<u>4,600</u>	<u>189</u>	<u>2,139</u>	<u>31,916</u>
<b>NON-CURRENT LIABILITIES:</b>							
Accrued compensated absences	454	56	75	-	8	34	627
Bond obligations payable, net of current portion	233,200	31,350	40,310	71,535	4,345	23,850	404,590
Deferred revenues and credits	15,843	276	-	1,309	12	3,161	20,601
Total non-current liabilities	<u>249,497</u>	<u>31,682</u>	<u>40,385</u>	<u>72,844</u>	<u>4,365</u>	<u>27,045</u>	<u>425,818</u>
Total liabilities	<u>267,449</u>	<u>35,115</u>	<u>43,988</u>	<u>77,444</u>	<u>4,554</u>	<u>29,184</u>	<u>457,734</u>
<b>NET ASSETS:</b>							
Invested in capital assets, net of related debt	(1,406)	14,082	925	(2,581)	122	15,893	27,035
Restricted:							
Expendable:							
Plant construction	2,066	786	1,234	3,728	577	32	8,423
Debt service	47,116	15,467	5,621	6,941	338	17,338	92,821
Unrestricted	6,081	1,647	3,891	4,715	-	609	16,943
Total net assets	<u>\$ 53,857</u>	<u>\$ 31,982</u>	<u>\$ 11,671</u>	<u>\$ 12,803</u>	<u>\$ 1,037</u>	<u>\$ 33,872</u>	<u>\$ 145,222</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, 2011 (in thousands)

ASSETS	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/ Parking	UNMC Student Housing	UNK Student Housing	Combined
<b>CURRENT ASSETS:</b>							
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>
<b>NON-CURRENT ASSETS:</b>							
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	189,385	48,373	43,455	68,658	4,650	41,434	395,955
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>
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES:</b>							
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	130	855	12,140
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>183</u>	<u>2,235</u>	<u>28,856</u>
<b>NON-CURRENT LIABILITIES:</b>							
Accrued compensated absences	425	60	70	-	8	48	611
Bond obligations payable, net of current portion	182,830	33,435	42,385	73,575	4,480	24,740	361,445
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>4,500</u>	<u>25,917</u>	<u>365,866</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>
<b>NET ASSETS:</b>							
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 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, 2012 (in thousands)

	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/Parking	UNMC Housing	UNK Student Fees	Combined
<b>REVENUES:</b>							
Operating revenues:							
Room and board	\$ 53,845	\$ -	\$ -	\$ 9,998	\$ 552	\$ 14,066	\$ 78,461
Parking facilities revenues	-	8,774	-	2,280	-	410	11,464
Student fees	3,092	425	4,686	1,646	-	1,424	11,273
Bookstore and bookstore commissions	-	-	7,266	-	-	170	7,436
Food service	917	-	2,216	-	-	-	3,133
Other operating revenues	150	-	415	60	-	585	1,210
Total operating revenues	<u>58,004</u>	<u>9,199</u>	<u>14,583</u>	<u>13,984</u>	<u>552</u>	<u>16,655</u>	<u>112,977</u>
<b>EXPENSES:</b>							
Operating expenses:							
Salaries and wages	13,493	1,328	2,263	650	73	2,650	20,457
Benefits	4,024	334	660	181	17	879	6,095
Total compensation and benefits	<u>17,517</u>	<u>1,662</u>	<u>2,923</u>	<u>831</u>	<u>90</u>	<u>3,529</u>	<u>26,552</u>
Goods purchased for resale	-	-	5,823	-	-	-	5,823
Supplies and materials	6,328	928	719	1,453	17	1,062	10,507
Food and food service contracts	6,236	-	-	-	-	4,343	10,579
Contractual services	1,554	1,040	187	2,219	11	181	5,192
Repairs and maintenance	2,274	893	107	2,564	40	374	6,252
Utilities	3,940	227	272	662	40	1,009	6,150
Communications	978	36	21	388	-	272	1,695
Depreciation	7,143	1,704	1,167	1,842	104	1,688	13,648
Total operating expenses	<u>45,970</u>	<u>6,490</u>	<u>11,219</u>	<u>9,959</u>	<u>302</u>	<u>12,458</u>	<u>86,398</u>
<b>OPERATING INCOME</b>	<u>12,034</u>	<u>2,709</u>	<u>3,364</u>	<u>4,025</u>	<u>250</u>	<u>4,197</u>	<u>26,579</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>							
Investment income, net of investment management fees	147	24	162	235	12	277	857
Increase (decrease) in fair value of investments	(21)	(9)	(61)	(38)	(7)	6	(130)
Interest on bond obligations	(8,140)	(1,552)	(2,029)	(3,275)	(214)	(1,174)	(16,384)
Capitalized interest on bond obligations	-	11	-	62	-	-	73
Amortization of bond financial expense	55	(55)	(58)	(34)	(3)	(30)	(125)
Loss on disposal of assets	(77)	(2)	-	-	-	(72)	(151)
Net transfer of assets from other University sources	109	308	-	-	30	-	447
Non-operating expenses, net	<u>(7,927)</u>	<u>(1,275)</u>	<u>(1,986)</u>	<u>(3,050)</u>	<u>(182)</u>	<u>(993)</u>	<u>(15,413)</u>
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	<u>4,107</u>	<u>1,434</u>	<u>1,378</u>	<u>975</u>	<u>68</u>	<u>3,204</u>	<u>11,166</u>
<b>OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:</b>							
Capital grants and contracts	-	-	-	6,352	-	659	7,011
<b>INCREASE IN NET ASSETS</b>	<u>4,107</u>	<u>1,434</u>	<u>1,378</u>	<u>7,327</u>	<u>68</u>	<u>3,863</u>	<u>18,177</u>
<b>NET ASSETS:</b>							
Beginning 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>
End of year	<u>\$ 53,857</u>	<u>\$ 31,982</u>	<u>\$ 11,671</u>	<u>\$ 12,803</u>	<u>\$ 1,037</u>	<u>\$ 33,872</u>	<u>\$ 145,222</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
<b>REVENUES:</b>							
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	55,773	9,236	14,422	11,507	556	15,700	107,194
<b>EXPENSES:</b>							
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	1,172	1,706	1,097	1,401	104	1,526	13,006
Total operating expenses	46,384	6,337	11,284	7,375	301	12,000	83,681
<b>OPERATING INCOME</b>	9,389	2,899	3,138	4,132	255	3,700	23,513
<b>NON-OPERATING REVENUES (EXPENSES):</b>							
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)	(59)	(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	(5,967)	(1,262)	(1,806)	(2,345)	(189)	(1,672)	(13,241)
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	3,422	1,637	1,332	1,787	66	2,028	10,272
<b>OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:</b>							
Capital grants and contracts	-	-	-	-	-	965	965
<b>INCREASE IN NET ASSETS</b>	3,422	1,637	1,332	1,787	66	2,993	11,237
<b>NET ASSETS:</b>							
Beginning of year	46,328	28,911	8,961	3,689	903	27,016	115,808
End of year	\$ 49,750	\$ 30,548	\$ 10,293	\$ 5,476	\$ 969	\$ 30,009	\$ 127,045

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, 2012 (in thousands)**

	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/Parking	UNMC Student Housing	UNK Student Fees	Combined
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Room and board	\$ 53,531	\$ 8,503	\$ -	\$ 10,384	\$ 615	\$ 14,158	\$ 78,688
Parking facilities revenues	-	425	4,686	2,280	-	427	11,210
Student fees	3,092	-	7,610	1,646	-	1,452	11,301
Bookstore and bookstore commissions	-	-	2,215	-	-	195	7,805
Food service	917	-	415	60	-	-	3,132
Other operating receipts	150	-	7,650	(7,253)	(106)	(7,239)	1,224
Payments to vendors	(16,336)	(3,113)	(2,912)	(822)	(91)	(3,502)	(41,697)
Payments to employees	(17,418)	(1,652)	(2,912)	(822)	(91)	(3,502)	(26,397)
Net cash flows from operating activities	23,936	4,163	4,364	6,295	418	6,090	45,266
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Proceeds from issuance of bond obligations	143,655	-	-	-	-	-	143,655
Defeasance of bonds	(97,802)	-	-	-	-	-	(97,802)
Premium on issuance of bond obligations	14,202	-	-	-	-	-	14,202
Transfers to and from other University sources	109	308	-	-	30	-	447
Capital grants and contracts	-	-	-	1,699	-	580	2,279
Purchases of capital assets	(13,747)	(410)	(19)	-	-	(1,423)	(15,599)
Interest paid on bond obligations	(8,688)	(1,538)	(2,034)	(3,337)	(214)	(1,188)	(16,999)
Principal paid on bond obligations	(3,710)	(2,010)	(1,445)	(1,990)	(130)	(655)	(12,140)
Net cash flows from capital and related financing activities	32,039	(3,670)	(3,498)	(3,628)	(314)	(2,886)	18,043
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Proceeds from sales and maturities of investments	25,047	6,096	3,953	4,329	117	2,423	41,965
Interest on investments	137	24	233	258	13	570	1,235
Purchases of investments	(17,193)	(3,525)	(1,299)	(4,572)	-	(9,156)	(35,752)
Net cash flows from investing activities	7,991	2,595	2,887	8	130	(6,163)	7,448
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	63,966	3,088	3,753	2,675	234	(2,959)	70,757
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	48,135	14,964	4,118	7,844	426	10,578	86,065
<b>CASH AND CASH EQUIVALENTS - End of year</b>	112,101	18,052	7,871	10,519	660	7,619	156,822
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Operating income	\$ 12,034	\$ 2,709	\$ 3,364	\$ 4,025	\$ 250	\$ 4,197	\$ 26,579
Adjustments to reconcile operating income to net cash flows from operating activities:							
Depreciation	7,143	1,704	1,167	1,842	104	1,688	13,648
Changes in assets and liabilities:							
Accounts receivable, net	(173)	(210)	336	(101)	63	158	73
Inventories	(14)	-	(954)	-	-	-	(968)
Prepaid expenses and deferred charges	(5)	7	12	17	-	(31)	-
Accounts payable	4,993	5	421	16	2	36	5,473
Accrued salaries and wages and compensated absences	100	10	11	9	(1)	26	155
Deferred revenues and other credits	(142)	(62)	7	487	-	16	306
Net cash flows from operating activities	\$ 23,936	\$ 4,163	\$ 4,364	\$ 6,295	\$ 418	\$ 6,090	\$ 45,266
<b>NON-CASH TRANSACTIONS:</b>							
Capital grants and contracts	-	-	-	6,352	-	317	6,669
Increase (decrease) in fair value of investments	(21)	(9)	(61)	(58)	(7)	6	(130)

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
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	-	-	-	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
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Transfers to and from other University sources	654	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)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
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)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(19,542)	(8,931)	(4,964)	(17,836)	15	5,595	(45,663)
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	67,677	23,895	9,082	25,680	411	4,983	131,728
<b>CASH AND CASH EQUIVALENTS - End of year</b>	48,135	14,964	4,118	7,844	426	10,578	86,065
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
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)	(8)	-	-	-	(28)
Prepaid expenses and deferred charges	16	(8)	19	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
<b>NON-CASH TRANSACTIONS:</b>							
Capital assets transferred in from other University sources	-	-	-	-	-	-	15
Capital grants and contracts	-	-	-	-	-	-	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  
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, 2012 (in thousands except ratio information)**

REVENUES:	
Operating revenues	\$ 101,079
Student fees	11,272
Other	<u>1,467</u>
Total revenues	<u>113,818</u>
EXPENSES:	
Operating expense	68,123
Operating funds expended for plant	414
Administrative expenses	<u>87</u>
Total expenses	<u>68,624</u>
NET REVENUES	<u>\$ 45,194</u>

**Principal and Interest Due During the Year**

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
UNL Housing Series 2002	\$ 1,085	\$ 393	\$ 1,478
UNL Housing Series 2003A	460	1,207	1,667
UNL Housing Series 2003B	2,310	2,908	5,218
UNL Housing Series 2008A	1,205	1,245	2,450
UNL Housing Series 2009A	650	2,453	3,103
UNL Housing Series 2009B	-	462	462
UNL Parking Series 2003	630	171	801
UNL Parking Series 2005	1,380	815	2,195
UNL Parking Series 2009A&B	-	566	566
UNO Housing Series 2003	365	630	995
UNO Student Center Series 2003	575	68	643
UNO Student Housing/Parking Series 2007	580	1,363	1,943
UNO HPER Series 2008	870	1,967	2,837
UNO Housing Series 2010A	675	600	1,275
UNO Housing Series 2010B	370	591	961
UNMC Housing Series 2003	130	214	344
UNK Housing Series 2005	345	164	509
UNK Housing Series 2006	<u>510</u>	<u>1,025</u>	<u>1,535</u>
Total	<u>\$ 12,140</u>	<u>\$ 16,842</u>	<u>\$ 28,982</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, 2012 (in thousands)**

	Housing Operating Fund	Unexpended Construction Funds	Renewal and Replacement Fund	Retirement of Indebtedness Funds	Investment in Plant Fund	Total Plant Before GASB Reclass	GASB Reclass	Total Plant Funds	Total All Funds
<b>REVENUES:</b>									
Operating revenues:									
Room and board	\$ 53,845	-	-	\$ -	\$ -	-	\$ -	-	\$ 53,845
Student fees	3,092	-	-	-	-	-	-	-	3,092
Food service	150	-	-	-	-	-	-	-	917
Other operating revenues	58,004	-	-	-	-	-	-	-	150
Total operating revenues									58,004
<b>EXPENSES:</b>									
Operating expenses:									
Salaries and wages	13,493	-	-	-	-	-	-	-	13,493
Benefits	4,024	-	-	-	-	-	-	-	4,024
Total compensation and benefits	17,517	-	-	-	-	-	-	-	17,517
Supplies and materials	5,835	-	-	-	-	-	493	493	6,328
Food and food service contracts	6,236	-	-	-	-	-	-	-	6,236
Contractual services	1,377	-	-	-	-	-	177	177	1,554
Repairs and maintenance	992	-	-	-	-	-	1,282	1,282	2,274
Utilities	3,940	-	-	-	-	-	-	-	3,940
Communications	962	-	-	-	-	-	16	16	978
Expended for plant	150	13,924	1,989	-	7,143	15,913	(16,063)	(150)	-
Depreciation	-	-	-	-	7,143	7,143	-	7,143	7,143
Total operating expenses	37,009	13,924	1,989	-	7,143	23,056	(14,095)	8,961	45,970
<b>TRANSFERS:</b>									
Mandatory debt service transfers	(19,491)	-	-	19,491	-	19,491	-	19,491	-
Other transfers	-	13,373	1,881	(59,517)	44,263	-	-	-	-
Total transfers	(19,491)	13,373	1,881	(40,026)	44,263	19,491	-	19,491	-
<b>OPERATING INCOME (LOSS)</b>	1,504	(551)	(108)	(40,026)	37,120	(3,565)	14,095	10,550	12,034
<b>NON-OPERATING REVENUES (EXPENSES):</b>									
Investment income, net of investment management fees	-	17	2	128	-	147	-	147	147
Increase in fair value of investments	-	-	-	(21)	-	(21)	-	(21)	(21)
Interest on bond obligation	-	-	-	(8,140)	-	(8,140)	-	(8,140)	(8,140)
Amortization of bond financial expense and premium	-	(649)	-	(750)	1,475	76	-	76	76
Issuance of bond obligations	-	-	-	143,655	(143,655)	143,655	(143,655)	-	-
Bond proceeds	-	-	-	-	(143,655)	(143,655)	143,655	-	-
Premium on issuance of bond obligations	-	-	-	15,601	(15,601)	-	-	-	-
Retirement of indebtedness	-	-	-	(5,710)	5,710	5,710	(5,710)	-	-
Payment of bonds payable	-	-	-	(97,802)	97,781	(21)	5,710	(21)	(21)
Defeasance of bonds	-	-	-	-	14,095	14,095	(14,095)	-	-
Expended for plant	-	-	-	-	(77)	(77)	-	(77)	(77)
Disposal of plant assets	91	-	-	-	-	-	-	-	91
Other non-operating activity	-	18	-	-	-	18	-	18	18
Transfer of cash to other funds	91	(614)	2	46,961	(40,272)	6,077	(14,095)	(8,018)	(7,927)
Net non-operating revenues (expenses)	1,595	(1,165)	(106)	6,955	(3,152)	2,512	-	2,512	4,107
<b>INCREASE (DECREASE) IN NET ASSETS</b>									
<b>NET ASSETS:</b>									
Beginning of year	4,486	287	3,050	40,181	1,746	45,264	-	45,264	49,750
End of year	\$ 6,081	\$ (878)	\$ 2,944	\$ 47,116	\$ (1,406)	\$ 47,776	\$ -	\$ 47,776	\$ 53,857

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, 2012 (in thousands)

	Student Fees	Schleck Quadramde	Neihardt, Cather and Pound Halls	Burr-Fedde Halls	Abel and Sandoz Halls	Harper, Schumann and Smith Halls	Knoll Hall	Special Halls (LV & EHD)	Husker Village	Husker Courtyards	Kaufman Residential Center	Apartment Complexes	Combined
REVENUES:													
Room and board	-	\$ 10,272	\$ 8,169	\$ 1,562	\$ 12,383	\$ 10,486	\$ 3,071	\$ 338	\$ 3,169	\$ 2,841	\$ 607	\$ 947	\$ 53,845
Student fees	3,092	-	-	-	-	-	-	-	-	-	-	-	3,092
Food service	-	93	46	-	370	-	130	-	278	-	-	-	917
Other operating	150	-	-	-	-	-	-	-	-	-	-	-	150
Total operating revenues	3,242	10,365	8,215	1,562	12,753	10,486	3,201	338	3,447	2,841	607	947	58,004
EXPENSES:													
Operating expenses:													
Salaries and wages	-	3,019	2,590	450	3,341	2,855	378	45	304	183	107	221	13,493
Benefits	-	868	822	244	965	879	96	-	56	59	34	1	4,024
Total compensation and benefits	-	3,887	3,412	694	4,306	3,734	474	45	360	242	141	222	17,517
Supplies and materials	-	1,020	701	202	1,526	995	365	49	473	220	53	231	5,835
Food	-	1,744	734	1,094	1,577	1,082	1	-	2	2	-	-	6,236
Contractual services	73	215	205	52	292	287	57	43	50	32	25	46	1,377
Repairs and maintenance	-	82	146	38	233	211	24	41	73	32	22	90	992
Utilities	-	365	819	139	613	914	131	43	399	240	189	88	3,940
Communications	-	92	155	33	189	173	79	19	82	81	24	35	962
Expended for plant facilities	-	59	16	3	28	14	1	3	18	2	-	6	150
Total operating expenditures	73	7,464	6,188	2,255	8,764	7,410	1,132	243	1,457	851	454	718	37,009
Excess of revenues over (under) expenditures available for debt services	\$ 3,169	\$ 2,901	\$ 2,027	\$ (693)	\$ 3,989	\$ 3,076	\$ 2,069	\$ 95	\$ 1,990	\$ 1,990	\$ 153	\$ -	\$ 20,995
Mandatory transfer for debt service requirements	-	-	-	-	-	-	-	-	-	-	-	-	(19,491)
Other transfers/non-operating activity	-	-	-	-	-	-	-	-	-	-	-	-	91
Net increase in net assets	-	-	-	-	-	-	-	-	-	-	-	-	\$ 1,595

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, 2012 (in thousands)**

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Cash	\$ 9,880	
Add:		
Accounts receivable, net	2,089	
Inventory	<u>157</u>	
		12,126
Deduct net cash restricted:		
Accounts payable	1,862	
Accrued salaries and wages	489	
Deferred revenues and credits	<u>2,391</u>	
		<u>4,742</u>
Cash available to transfer to trustee		<u>\$ 7,384</u>
Cash to be transferred subsequent to June 30, 2012		
Surplus Fund - UPFF	\$ 146	
Surplus Fund	<u>7,238</u>	
		<u>\$ 7,384</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, 2012 (in thousands)**

	Parking Operating Fund	Unexpended Construction Funds	Renewal and Replacement Fund	Retirement of Indebtedness	Investment in Plant Fund	Total Plant Before Reclasses	GASB Reclasses	Total Plant Funds	Total All Funds
<b>REVENUES:</b>									
Operating revenues:									
Parking facilities revenues	\$ 8,774	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,774
Student fees	425	-	-	-	-	-	-	-	425
Total operating revenues	9,199	-	-	-	-	-	-	-	9,199
<b>EXPENSES:</b>									
Operating expenses:									
Salaries and wages	1,328	-	-	-	-	-	-	-	1,328
Benefits	334	-	-	-	-	-	-	-	334
Total compensation and benefits	1,662	-	-	-	-	-	-	-	1,662
Supplies and materials	890	-	-	-	-	-	38	38	928
Contractual services	1,040	-	-	-	-	-	-	-	1,040
Repairs and maintenance	510	-	-	-	-	-	383	383	893
Utilities	227	-	-	-	-	-	-	-	227
Communications	36	-	-	-	-	-	-	-	36
Expended for plant	-	-	-	867	-	867	(867)	-	-
Depreciation	-	-	-	-	1,704	1,704	-	1,704	1,704
Total operating expenses	4,365	-	-	867	1,704	2,571	(446)	2,125	6,490
<b>TRANSFERS:</b>									
Mandatory debt service transfers	(5,207)	-	-	5,207	-	5,207	-	5,207	-
Other transfers	-	-	-	-	-	-	-	-	-
Total transfers	(5,207)	-	-	5,207	-	5,207	-	5,207	-
<b>OPERATING INCOME (LOSS)</b>	(373)	-	-	4,340	(1,704)	2,636	446	3,082	2,709
<b>NON-OPERATING REVENUES (EXPENSES):</b>									
Investment income, net of investment management fees	-	-	5	19	-	24	-	24	24
Increase in fair value of investments	-	-	-	(9)	-	(9)	-	(9)	(9)
Interest on bond obligation	-	-	-	(1,552)	-	(1,552)	-	(1,552)	(1,552)
Capitalized interest on bonds	-	-	-	-	-	-	11	11	11
Amortization of bond financial expense/premium	-	-	-	-	(55)	(55)	-	(55)	(55)
Retirement of indebtedness	-	-	-	(2,010)	2,010	(2,010)	(2,010)	-	-
Payment of bonds payable	-	-	-	(2,010)	2,010	(2,010)	2,010	-	-
Loss on disposal of plant assets	-	-	-	-	(2)	(2)	-	(2)	(2)
Other non-operating activity	108	-	-	-	-	-	(457)	-	108
Expended for plant	-	-	-	200	457	200	(457)	-	-
Transfers from other funds	-	-	-	(3,352)	2,410	(937)	(446)	200	200
Net non-operating revenues (expenses)	108	-	5	(3,352)	2,410	(937)	(446)	(1,383)	(1,275)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(265)	-	5	988	706	1,699	-	1,699	1,434
<b>NET ASSETS:</b>									
Beginning of year	1,911	-	783	14,479	13,375	28,637	-	28,637	30,548
End of year	1,646	-	788	15,467	14,081	30,336	-	30,336	31,982

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, 2012 (in thousands)**

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Cash	\$	2,140	
Add:			
Accounts receivable, net		<u>488</u>	2,628
Deduct net cash restricted:			
Accounts payable		255	
Accrued salaries and wages		46	
Deferred revenues and credits		<u>580</u>	
			<u>881</u>
Cash available to transfer to trustee			<u>\$ 1,747</u>
Cash to be transferred subsequent to June 30, 2012			
Surplus Fund			<u>\$ 1,747</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, 2012 (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
<b>REVENUES:</b>								
Operating revenues:								
Bookstore and bookstore commissions	\$ 7,266	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,266
Student fees	1,527	3,159	-	-	-	-	-	4,686
Food service	2,216	-	-	-	-	-	-	2,216
Other operating revenues	47	368	-	-	-	-	-	415
Total operating revenues	<u>11,056</u>	<u>3,527</u>	-	-	-	-	-	<u>14,583</u>
<b>EXPENSES:</b>								
Operating expenses:								
Salaries and wages	2,205	58	-	-	-	-	-	2,263
Benefits	645	15	-	-	-	-	-	660
Total compensation and benefits	<u>2,850</u>	<u>73</u>	-	-	-	-	-	<u>2,923</u>
Goods purchased for resale	5,823	-	-	-	-	-	-	5,823
Supplies and materials	711	-	-	8	-	-	-	719
Contractual services	102	9	19	57	-	-	-	187
Repairs and maintenance	103	-	21	1	-	-	(18)	107
Utilities	130	142	-	-	-	-	-	272
Communications	21	-	-	-	-	-	-	21
Depreciation	-	-	-	-	-	1,167	-	1,167
Total operating expenses	<u>9,740</u>	<u>224</u>	<u>40</u>	<u>66</u>	-	<u>1,167</u>	<u>(18)</u>	<u>11,219</u>
<b>TRANSFERS:</b>								
Mandatory debt service transfers	(1,011)	(3,370)	-	-	4,381	-	-	-
Transfer for plant improvements	(200)	(21)	18	221	(18)	-	-	-
Total transfers	<u>(1,211)</u>	<u>(3,391)</u>	<u>18</u>	<u>221</u>	<u>4,363</u>	-	-	-
<b>OPERATING INCOME (LOSS)</b>	<u>105</u>	<u>(88)</u>	<u>(22)</u>	<u>155</u>	<u>4,363</u>	<u>(1,167)</u>	<u>18</u>	<u>3,364</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>								
Investment income, net	65	22	-	6	69	-	-	162
Decrease in fair value of investments	-	-	-	(2)	(59)	-	-	(61)
Interest on bond obligation	-	-	-	-	(2,029)	-	-	(2,029)
Amortization of bond financial expense	-	-	-	-	-	(58)	-	(58)
Expended for plant	-	-	-	-	-	18	(18)	-
Retirement of indebtedness	-	-	-	-	(1,445)	1,445	(1,445)	-
Payment of bonds payable	-	-	-	-	(3,464)	1,405	1,445	-
Net non-operating revenues (expenses)	<u>65</u>	<u>22</u>	-	<u>4</u>	<u>(3,464)</u>	<u>1,405</u>	<u>(18)</u>	<u>(1,986)</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>170</u>	<u>(66)</u>	<u>(22)</u>	<u>159</u>	<u>899</u>	<u>238</u>	-	<u>1,378</u>
<b>NET ASSETS:</b>								
Beginning of year	3,233	554	95	1,002	4,722	687	-	10,293
End of year	<u>\$ 3,403</u>	<u>\$ 488</u>	<u>\$ 73</u>	<u>\$ 1,161</u>	<u>\$ 5,621</u>	<u>\$ 925</u>	<u>\$ -</u>	<u>\$ 11,671</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, 2007, 2010A AND 2010B (UNIVERSITY OF NEBRASKA AT OMAHA STUDENT HOUSING AND PARKING PROJECTS)  
YEAR ENDED JUNE 30, 2012 (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
<b>REVENUES:</b>									
Operating revenues:									
Parking facilities revenues	\$ 9,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,998
Room and board	-	-	2,280	-	-	-	-	-	2,280
Student fees	131	-	1,515	-	-	-	-	-	1,646
Other operating revenues	47	-	13	-	-	-	-	-	60
Total operating revenues	<u>10,176</u>	<u>-</u>	<u>3,808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,984</u>
<b>EXPENSES:</b>									
Operating expenses:									
Salaries and wages	379	-	271	-	-	-	-	-	650
Benefits	118	-	63	-	-	-	-	-	181
Total compensation and benefits	<u>497</u>	<u>-</u>	<u>334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>831</u>
Supplies and materials	954	-	498	-	1	-	-	-	1,453
Contractual services	1,151	-	1,056	-	12	-	-	-	2,219
Repairs and maintenance	446	-	271	6,352	146	-	-	(4,651)	2,564
Utilities	662	-	-	-	-	-	-	-	662
Communications	324	-	3	-	61	-	-	-	388
Depreciation	-	-	-	-	-	-	1,842	-	1,842
Total operating expenses	<u>4,034</u>	<u>-</u>	<u>2,162</u>	<u>6,352</u>	<u>220</u>	<u>-</u>	<u>1,842</u>	<u>(4,651)</u>	<u>9,959</u>
<b>TRANSFERS:</b>									
Mandatory debt service transfers	(5,847)	-	(1,372)	-	-	7,219	-	-	-
Plant improvements	(245)	-	-	-	1,370	(1,125)	-	-	-
Reclassification of bond proceeds, capitalized expenses, bond premiums, and discounts	-	-	-	14	-	-	(14)	-	-
Total transfers	<u>(6,092)</u>	<u>-</u>	<u>(1,372)</u>	<u>14</u>	<u>1,370</u>	<u>6,094</u>	<u>(14)</u>	<u>-</u>	<u>-</u>
<b>OPERATING INCOME (LOSS)</b>	<u>50</u>	<u>-</u>	<u>274</u>	<u>(6,338)</u>	<u>1,150</u>	<u>6,094</u>	<u>(1,856)</u>	<u>4,651</u>	<u>4,025</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>									
Investment income, net	71	19	88	-	8	49	-	-	235
Increase in fair value of investments	-	-	-	-	(3)	(35)	-	-	(38)
Interest on bond obligation	-	-	-	-	-	(3,332)	57	-	(3,275)
Capitalized interest on bond obligations	-	-	-	-	-	-	(34)	62	62
Amortization of bond financial expense	-	-	-	6,352	-	-	-	-	6,352
Gifts	-	-	-	-	-	-	-	-	-
Expended for plant facilities	-	-	-	-	-	-	4,713	(4,713)	-
Retirement of indebtedness	-	-	-	-	-	-	1,990	(1,990)	-
Payment on bonds payable	-	-	-	-	-	(1,990)	-	1,990	-
Net non-operating revenues (expenses)	<u>71</u>	<u>19</u>	<u>88</u>	<u>6,352</u>	<u>5</u>	<u>(5,308)</u>	<u>6,726</u>	<u>(4,651)</u>	<u>3,302</u>
<b>INCREASE IN NET ASSETS</b>	121	19	362	14	1,155	786	4,870	-	7,327
<b>NET ASSETS (DEFICIT):</b>									
Beginning of year	1,544	696	1,973	-	2,559	6,155	(7,451)	-	5,476
End of year	<u>1,665</u>	<u>715</u>	<u>2,335</u>	<u>14</u>	<u>3,714</u>	<u>6,941</u>	<u>(2,581)</u>	<u>-</u>	<u>12,803</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, 2012 (in thousands)**

	<b>Scott Village Series 2003</b>	<b>Scott Court Series 2010B</b>
<b>REVENUES:</b>		
Room and board	\$ 16	\$ 31
Student fees	2,248	2,390
Other operating revenues	19	19
Total operating revenues	2,283	2,440
<b>EXPENSES:</b>		
Supplies and materials	256	234
Contractual services	463	330
Repairs and maintenance	142	99
Utilities	206	105
Communications	70	68
Total operating expenses	1,137	836
<b>TRANSFERS:</b>		
Mandatory debt service transfer	(1,166)	(957)
Transfer of prior year operating income to surplus fund	184	-
Plant improvements	(119)	(106)
Total transfers	(1,101)	(1,063)
<b>OPERATING INCOME</b>	45	541
<b>DEVELOPMENT FEE TO SCOTT FOUNDATION</b>	27	194
<b>OPERATING INCOME BEFORE ADMINISTRATIVE FEE</b>	18	347
<b>ADMINISTRATIVE FEE</b>	18	73
<b>OPERATING INCOME TO BE TRANSFERRED TO SURPLUS FUND SUBSEQUENT TO JUNE 30, 2012</b>	\$ -	\$ 274

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, 1986 RESOLUTION AND  
 SUPPLEMENTAL RESOLUTIONS (UNIVERSITY OF NEBRASKA AT KEARNEY)  
 YEAR ENDED JUNE 30, 2012 (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	\$ 14,066	\$ -	\$ -	\$ -	\$ -	\$ 14,066
Parking facilities revenues	410	-	-	-	-	410
Student fees	1,424	-	-	-	-	1,424
Bookstore and bookstore commissions	170	-	-	-	-	170
Other operating revenue	585	-	-	-	-	585
Total operating revenues	16,655	-	-	-	-	16,655
EXPENSES:						
Operating expenses:						
Salaries and wages	2,650	-	-	-	-	2,650
Benefits	879	-	-	-	-	879
Total compensation and benefits	3,529	-	-	-	-	3,529
Supplies and materials	1,028	-	32	2	-	1,062
Food service contracts	4,343	-	-	-	-	4,343
Contractual services	236	-	9	(64)	-	181
Repairs and maintenance	215	-	159	-	-	374
Utilities	1,009	-	2	-	-	1,009
Communications	270	-	-	-	-	272
Depreciation	-	-	202	(62)	1,688	1,688
Total operating expenses	10,630	-	(202)	6,498	1,688	12,458
TRANSFERS:						
Mandatory debt service transfers	(16,779)	-	-	16,779	-	-
Additions from facilities operating fund	6,000	-	-	(6,000)	-	-
Remitted for facilities operations and maintenance	4,343	-	-	(4,343)	-	-
Total transfers	(6,436)	-	-	6,436	-	-
OPERATING INCOME (LOSS)	(411)	-	(202)	6,498	(1,688)	4,197
NON-OPERATING REVENUES (EXPENSES):						
Investment income, net	(4)	-	-	281	-	277
Increase in fair value of investments	-	-	-	6	-	6
Interest on bond obligation	-	-	-	(1,174)	-	(1,174)
Principal paid on bond obligations	-	-	-	(855)	855	-
Amortization of bond financial expense and premiums	-	-	-	-	(50)	(50)
Expended on capital assets	(264)	-	(140)	(503)	907	-
Loss on disposal of plant assets	-	-	-	-	(72)	(72)
Net transfer of assets from other University sources	-	-	-	-	-	-
Net non-operating revenues (expenses)	(268)	-	(140)	(2,245)	1,660	(922)
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(679)	-	(342)	4,253	(28)	3,204
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:						
Capital grants and contracts	-	-	352	-	307	659
INCREASE (DECREASE) IN NET ASSETS	(679)	-	10	4,253	279	3,863
NET ASSETS (DEFICIT):						
Beginning of year	1,288	-	22	13,085	15,614	30,009
End of year	609	\$ -	32	\$ 17,338	\$ 15,893	\$ 33,872

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, 2012 (in thousands)

	Student Housing Operating Fund	Renewal and Replacement Fund	Retirement of Indebtedness Funds	Investment in Plant Fund	GASB Reclasses	Total All Funds
REVENUES:						
Operating revenues:						
Room and board	\$ 552	-	\$ -	-	\$ -	\$ 552
Expended for plant	-	-	-	-	-	-
Total operating revenues	<u>552</u>	-	-	-	-	<u>552</u>
EXPENSES:						
Operating expenses:						
Salaries and wages	73	-	-	-	-	73
Benefits	17	-	-	-	-	17
Total compensation and benefits	90	-	-	-	-	90
Supplies and materials	17	-	-	-	-	17
Contractual services	11	-	-	-	-	11
Repairs and maintenance	40	-	-	-	-	40
Utilities	40	-	-	-	-	40
Communications	-	-	-	-	-	-
Depreciation	-	-	-	104	-	104
Total operating expenses	<u>198</u>	-	-	<u>104</u>	-	<u>302</u>
TRANSFERS:						
Mandatory debt service transfers	(344)	-	344	-	-	-
Other transfers	-	-	-	-	-	-
Total transfers	<u>(344)</u>	-	<u>344</u>	-	-	-
OPERATING INCOME (LOSS)	<u>10</u>	-	<u>344</u>	<u>(104)</u>	-	<u>250</u>
NON-OPERATING REVENUES (EXPENSES):						
Investment income, net of investment management fees	-	9	3	-	-	12
Decrease in fair value of investments	-	(5)	(2)	-	-	(7)
Interest on bond obligation	-	-	(214)	-	-	(214)
Amortization of bond financial expense	-	-	-	(3)	-	(3)
Retirement of indebtedness	-	130	-	-	(130)	-
Payment of bonds payable	-	-	-	(130)	130	-
Net transfer of assets from other University sources	(10)	40	-	-	-	30
Net non-operating revenues (expenses)	<u>(10)</u>	<u>174</u>	<u>(213)</u>	<u>(133)</u>	-	<u>(182)</u>
INCREASE (DECREASE) IN NET ASSETS	-	174	131	(237)	-	68
NET ASSETS (DEFICIT):						
Beginning of year	-	533	338	98	-	969
End of year	-	<u>707</u>	<u>469</u>	<u>(139)</u>	-	<u>\$ 1,037</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, 2012 (in thousands, except for Note A) (Unaudited)

Facility	Amount of Insurance Coverage (Note A)		
	Fire and Extended Coverage		Business Interruption
	Buildings (Note B)	Contents	100% Contribution
University of Nebraska-Lincoln:			
Student Fees and Facilities:			
Selleck Quadrangle	\$ 34,912	\$ 2,670	\$ 2,355
Neihardt, Cather, and Pound Halls	67,623	5,340	2,760
Burr-Fedde Halls	14,522	975	831
Park Apartments	3,540	277	334
Abel and Sandoz Halls	96,795	7,130	3,610
Harper, Schramm, and Smith Halls	112,250	6,020	3,610
Health Center	9,506	750	3,974
Nebraska Union - City Campus	633,409	4,559	5,330
Nebraska Union - East Campus	14,522	1,110	835
Husker Hall	2,460	250	110
Love Memorial Co-op	2,175	712	82
The Courtyards	36,623	1,800	1,085
The Village	42,181	2,170	1,300
Recreation Facility	10,070	790	625
Parking:			
Stadium Drive Parking Garage	10,843	852	501
14th and Avery Parking Garage	15,680	1,230	612
17th and "R" Parking Garage	27,109	2,126	516
University of Nebraska at Omaha:			
Student Fees and Facilities:			
Student Center	24,543	1,987	11,056
Health Physical Education and Recreation	46,343	3,707	3,527
Student Housing and Parking:			
Scott Village	12,067	965	2,283
Maverick Village	13,461	1,077	2,338
University Village	14,586	1,167	3,115
Scott Court	19,761	1,583	24,440
Parking Structure - University Drive South	12,408	75	210
University of Nebraska Medical Center Housing	5,202	430	502
University of Nebraska at Kearney:			
University Heights Apartments	5,379	430	370
Antelope Hall	11,336	907	910
Centennial Towers East	13,967	1,117	1,400
Centennial Towers West	13,967	1,117	1,400
Conrad Hall	3,168	253	320
Mantor Hall	10,202	816	950
Martin Hall	4,746	380	380
Men's Hall	6,176	494	475
Nester Hall	12,938	1,035	800
Randall Hall	4,980	398	670
Nebraskan Student Union	21,336	2,560	6,500
University Residence North	5,239	419	1,375
University Residence South	5,239	419	1,400

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 - \$6,816,783.

The property coverage contains a \$500 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.