



***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, 2013 and 2012,  
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 position of 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 2013 and 2012, and the related combined statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Obligated Group's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## ***Opinion***

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Members of the Obligated Group under the Master Trust Indenture of the Board of Regents of the University of Nebraska as of June 2013 and 2012, and the respective changes in financial position, and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

## ***Other Matters***

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3-8 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.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the combined financial statements that collectively comprise the Obligated Group's combined financial statements. The additional information on pages 28-47 is presented for purposes of additional analysis and is not a required part of the combined financial statements.

The additional information on page 28-33 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has 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 combined 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 34-47 information 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 30, 2013

# 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, 2013 AND 2012 (Unaudited) (Dollar Amounts in Thousands)

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### *Introduction*

The following is an overview of the financial position and changes in net position of the University of Nebraska Members of the Obligated Group under the Master Trust Indenture (MTI) for the years ended June 30, 2013 and 2012. 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, 2013 with operating income that provided a debt service coverage ratio of 1.73 times, compared to 1.56 times for both 2012 and 2011. This performance is in line with expectations. The debt service ratio required by the MTI is 1.15.

Operations of the overall Obligated Group improved over fiscal year 2013 with operating income posting a 6% increase over 2012. This compares to growth of 13% in 2012. In 2013, revenues increased by 3%, while expenses were held to 2%, resulting in an operating income increase of \$1,485. Cash flows from operations were \$40,773 in 2013 compared to \$45,266 and \$36,345 in 2012 and 2011, respectively. Strong cash flows afford equally strong debt coverage.

# 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, 2013 AND 2012 (Unaudited) (Dollar Amounts in Thousands)

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One new revenue bond issue was sold during fiscal 2013. On September 12, 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 were used to pay the cost of acquiring, constructing, equipping, and furnishing facilities for health, physical education, and recreation projects at the University of Nebraska-Lincoln campus. The reader is directed to the footnotes to the statements for additional information.

The performance of UNL Student Fees portion of the MTI is dictated by UNL Housing activity. Housing offers traditional residence halls, apartment-style, and suite-style halls to the campus student community. Due to continuing high demand by upper division students, the occupancy of the apartment-style and suite-style facilities was 96% and 94%, respectively, for fiscal year 2013. UNL traditional residence hall occupancy remained strong at 89% for fiscal year 2013. Operating revenues increased a modest 3% from \$58,004 for fiscal year 2012 to \$59,559 for fiscal year 2013. Excluding depreciation, operating expenses increased 2% from \$38,827 in 2012 to \$39,623 in 2013; mostly due to increased repair and maintenance expenditures as well as related supplies and materials cost. Operating income before debt service was \$12,749 for fiscal year 2013. This level of operating income compares to \$12,034 for fiscal year 2012 and \$9,389 for fiscal year 2011.

UNL Parking operations experienced an increase in revenues of \$392 during 2013 (compared to a small decrease of \$37 in 2012) due primarily to an increase in student fees to support an outsourcing of transportation of students and staff on campus to the City of Lincoln. An increase in operating expenses of \$477 is due to an increase in contractual services for the bus carrier contract. These factors resulted in a small decrease of \$85 in operating income to \$2,624 for 2013 compared to \$2,709 for 2012. 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 portion of the MTI enterprise. Student fees support both the Student Center and HPER and account for \$4,878 of the UNO Student Facilities revenues in 2013, an increase of 4% when compared to \$4,686 in 2012.

UNO Housing/Parking continues to perform in line with expectations. In 2013, operating income of \$5,633 was derived from revenues of \$14,740. Operating income of \$4,025 and \$4,132 was achieved in 2012 and 2011, respectively. Housing operating activity continues to enjoy an occupancy rate of nearly 100% in each year since it opened in 2004.

The UNMC Housing Project comprises two apartment-style buildings with a combined capacity of 60 units. UNMC Housing experienced nearly full occupancy during 2013 (94% and 95% in 2012 and 2011, respectively). UNMC augmented revenues by \$47 in 2013 (compared to \$30 in 2012), enabling the activity to meet debt service obligations.

The financial position of UNK Student Fees Project remains strong with a 2013 operating income margin of 21% compared to 25% in 2012 and 23% in 2011. Housing operations revenues increased to \$17,158 in 2013 compared to \$16,740 in 2012 due to an average rate increase of 4% that was offset by a small 2%

# 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, 2013 AND 2012 (Unaudited) (Dollar Amounts in Thousands)

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decrease in occupancy. Operating income for the year was \$3,588, compared to \$4,197 in 2012, and \$3,700 in 2011. The decline in operating income of \$609 in 2013 compared to 2012 still provided an operating income level similar to that of 2011. The activities, occupancy, and movement in Kearney housing are not unexpected as UNK takes facilities off-line for planned renovations that are being internally funded by housing operations. The 2013 operating results and investment income provided for a strong debt margin when compared to debt service of \$2,048.

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

The financial statements of MTI include the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows. These statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources and Deferred Inflows of Resources, and Net Position*. 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 position include 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 position 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 show 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, 2013 AND 2012 (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, 2013, 2012, and 2011.

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 \$100,368, \$88,314, and \$84,263 at June 30, 2013, 2012, and 2011, 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 position includes amounts restricted for debt service of \$95,401, \$92,821, and \$78,960 as of June 30, 2013, 2012, and 2011, respectively. These amounts include bond reserves of \$34,895, \$34,473, and \$32,029, as of June 30, 2013, 2012, and 2011, respectively.

The condensed statements of revenues, expenses, and changes in net assets depict 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 \$13,776, \$13,648, and \$13,006 for the years ended June 30, 2013, 2012, and 2011, 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, 2013 AND 2012 (Unaudited)  
(Dollar Amounts in Thousands)**

**Condensed Statement of Net Position (thousands)**

	<b>June 30,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Assets:</b>			
Current assets	\$ 72,060	\$ 58,245	\$ 56,406
Non-current assets	573,049	551,669	465,361
Total assets	<u>645,109</u>	<u>609,914</u>	<u>521,767</u>
<b>Liabilities:</b>			
Current liabilities	45,616	31,916	28,856
Non-current liabilities	431,120	423,049	365,866
Total liabilities	<u>476,736</u>	<u>454,965</u>	<u>394,722</u>
<b>Deferred inflows of resources:</b>			
Deferred service concession arrangement receipts	8,414	9,233	—
<b>Net position:</b>			
Net investment in capital assets	35,794	27,481	24,069
<b>Restricted:</b>			
Expendable:			
Plant construction	10,476	8,471	8,330
Debt service	95,401	92,821	78,960
Unrestricted	18,288	16,943	15,686
Total net position	<u>\$ 159,959</u>	<u>\$ 145,716</u>	<u>\$ 127,045</u>

**Condensed Statement of Revenue Expenses and Changes in Net Position (thousands)**

	<b>Year Ended June 30,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Operating revenues:</b>			
Room and board	\$ 80,221	\$ 78,461	\$ 74,101
Parking fees	11,559	11,464	11,192
Student fees	12,634	11,273	10,280
Bookstore	7,397	7,436	7,414
Other	4,478	4,428	4,207
Total operating revenues	<u>116,289</u>	<u>113,062</u>	<u>107,194</u>
<b>Operating expenses:</b>			
Compensation and benefits	26,976	26,552	25,686
Supplies, materials, and services	47,473	46,283	44,989
Depreciation	13,776	13,648	13,006
Total operating expenses	<u>88,225</u>	<u>86,483</u>	<u>83,681</u>
Operating income	28,064	26,579	23,513
<b>Non-operating income and expenses and capital grants</b>			
	(13,821)	(7,908)	(12,276)
Increase in net position	14,243	18,671	11,237
Net position, beginning of year	<u>145,716</u>	<u>127,045</u>	<u>115,808</u>
Net position, end of year	<u>\$ 159,959</u>	<u>\$ 145,716</u>	<u>\$ 127,045</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, 2013 AND 2012 (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 halls opened with 377 more resident contracts in fall 2013 than fall 2012 driving off an increase in UNL freshmen enrollment and continued strong demand from upper division students for apartment-style and suite-style units. Meeting this demand, UNL Housing opened a new suite-style hall in the fall of 2013 and will open a second suite-style hall in the fall of 2014, increasing the number of suite-style units by to replace a similar number of beds in "tower facilities." Overall, UNL Housing is well positioned to meet the campus' enrollment growth initiatives.

Parking operations at UNL are expected to continue to meet expectations. Parking fees increased slightly 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 construction has started this fall with an \$18 million dollar garage project at 18th and R, financed with approximately \$9 million of bonds and \$9 million in surplus funds.

UNO Student Center revenues are projected to increase slightly following an approximate 3% enrollment increase at UNO for the fall 2013. Student fee revenue associated with HPER project, student housing revenues, and parking revenues are expected to increase due to enrollment gains and small price increases.

UNMC Student Housing expects occupancy to be near full capacity. A majority of the programs at UNMC maintain full enrollment creating a steady demand for student housing. Student enrollment for the fall of 2013 increased to 3,681, the ninth straight year for an increase. Additionally, rental rates were increased between 2% to 5% in the fall of 2013. The steady demand for housing and the projected revenue increases bodes well for a continued ability to meet debt obligations.

UNK Housing is near completion of its housing master plan to upgrade facilities and better serve students. The process began with completion of two new apartment-style residence halls, Antelope and Nester Halls, providing additional living space for 330 students. Renovations to Mantor Hall, Men's Hall, and Randall Hall, were completed between 2009 and 2011. A renovation of Centennial Towers West was completed in 2013 and a major renovation of Centennial Towers East was started in the summer of 2013 with an expected completion in time for students in the fall 2014. This is the last major renovation planned in the Master Plan which, when considered that it was completed with little/no increased indebtedness, sets the stage for good financial performance for the UNK portion of the MTI.

**THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA**  
**COMBINED STATEMENTS OF NET POSITION**  
**RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE**  
**MASTER TRUST INDENTURE**  
**JUNE 30, 2013 and 2012 (in thousands)**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 25,525	\$ 23,695
Cash and cash equivalents held by trustee – restricted	34,459	22,331
Investments held by trustee – restricted	4,723	4,238
Accounts receivable, net	4,286	5,036
Other current assets	3,067	2,945
Total current assets	<u>72,060</u>	<u>58,245</u>
<b>NON-CURRENT ASSETS:</b>		
Cash and cash equivalents held by trustee – restricted	101,124	110,796
Investments held by trustee – restricted	13,799	17,824
Accounts receivable, net of current portion	5,282	6,202
Other non-current assets	11,746	12,132
Capital assets, net of accumulated depreciation	441,098	404,715
Total non-current assets	<u>573,049</u>	<u>551,669</u>
Total assets	<u>645,109</u>	<u>609,914</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	25,275	17,427
Bond obligations payable	13,930	9,130
Deferred revenues and other credits	6,411	5,359
Total current liabilities	<u>45,616</u>	<u>31,916</u>
<b>NON-CURRENT LIABILITIES:</b>		
Accrued compensated absences	634	627
Bond obligations payable, net of current portion	411,350	404,590
Deferred revenues and other credits	19,136	17,832
Total non-current liabilities	<u>431,120</u>	<u>423,049</u>
Total liabilities	<u>476,736</u>	<u>454,965</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred service concession arrangement receipts	<u>8,414</u>	<u>9,233</u>
<b>NET POSITION:</b>		
Net investment in capital assets	35,794	27,481
Restricted:		
Expendable:		
Plant construction	10,476	8,471
Debt service	95,401	92,821
Unrestricted	<u>18,288</u>	<u>16,943</u>
Total net position	<u>\$ 159,959</u>	<u>\$ 145,716</u>

See accompanying notes to combined financial statements.

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

**COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE  
MASTER TRUST INDENTURE  
YEARS ENDED JUNE 30, 2013 and 2012 (in thousands)**

	<u>2013</u>	<u>2012</u>
REVENUES:		
Operating revenues:		
Room and board	\$ 80,221	\$ 78,461
Parking facilities revenues	11,559	11,464
Student fees	12,634	11,273
Bookstore and bookstore commissions	7,397	7,436
Food service	3,404	3,133
Other operating revenues	1,074	1,295
Total operating revenues	<u>116,289</u>	<u>113,062</u>
EXPENSES:		
Operating expenses:		
Salaries and wages	20,709	20,457
Benefits	6,267	6,095
Total compensation and benefits	<u>26,976</u>	<u>26,552</u>
Goods purchased for resale	5,793	5,823
Supplies and materials	11,878	10,592
Food and food service contracts	10,454	10,579
Contractual services	5,219	5,192
Repairs and maintenance	6,016	6,252
Utilities	6,434	6,150
Communications	1,679	1,695
Depreciation	13,776	13,648
Total operating expenses	<u>88,225</u>	<u>86,483</u>
OPERATING INCOME	<u>28,064</u>	<u>26,579</u>
NON-OPERATING REVENUES (EXPENSES):		
Investment income, net of investment management fees	679	857
Decrease in fair value of investments	(153)	(130)
Interest on bond obligations	(19,427)	(16,308)
Capitalized interest on bond obligations	3,721	73
Amortization of bond financial expense, premium, and discount, net	159	(201)
Loss on disposal of capital assets	(140)	(151)
Transfer of cash from other funds	504	229
Net transfer of assets from other University sources	292	218
Non-operating expenses, net	<u>(14,365)</u>	<u>(15,413)</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	13,699	11,166
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:		
Capital grants and contracts	544	7,505
INCREASE IN NET POSITION	14,243	18,671
NET POSITION:		
Beginning of year	145,716	127,045
End of year	<u>\$ 159,959</u>	<u>\$ 145,716</u>

See accompanying 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  
YEARS ENDED JUNE 30, 2013 and 2012 (in thousands)**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Room and board	\$ 81,457	\$ 78,688
Student fees	12,632	11,301
Parking facilities revenues	11,421	11,210
Bookstore and bookstore commissions	7,250	7,805
Food service	3,403	3,132
Other operating receipts	900	1,224
Payments to vendors	(47,031)	(41,697)
Payments to employees	(26,907)	(26,397)
	<u>43,125</u>	<u>45,266</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from issuance of bond obligations	20,690	143,655
Premium on issuance of bond obligations	2,282	14,202
Transfers from other University sources	782	447
Capital grants and contracts	452	2,279
Defeasance of bonds	—	(97,802)
Purchases of capital assets	(39,632)	(15,599)
Interest paid on bond obligations	(17,765)	(16,999)
Principal paid on bond obligations	(9,130)	(12,140)
Payment of bond financial expense	(249)	—
	<u>(42,570)</u>	<u>18,043</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	14,593	41,965
Purchases of investments	(11,217)	1,235
Interest on investments	355	(35,752)
	<u>3,731</u>	<u>7,448</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>4,286</u>	<u>70,757</u>
<b>CASH AND CASH EQUIVALENTS – Beginning of year</b>	<u>156,822</u>	<u>86,065</u>
<b>CASH AND CASH EQUIVALENTS – End of year</b>	<u>\$ 161,108</u>	<u>\$ 156,822</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR AS PRESENTED IN STATEMENT OF NET ASSETS:</b>		
Cash and cash equivalents (current)	\$ 25,525	\$ 23,695
Cash and cash equivalents held by trustee – restricted (current)	34,459	22,331
Cash and cash equivalents held by trustee – restricted (non-current)	101,124	110,796
	<u>\$ 161,108</u>	<u>\$ 156,822</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income	\$ 28,064	\$ 26,579
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	13,776	13,648
Changes in assets and liabilities:		
Accounts receivable, net	1,018	(3,790)
Other assets	(108)	(968)
Accounts payable and accrued expenses	(168)	5,628
Deferred revenues, credits, and service concession receipts	543	4,169
	<u>\$ 43,125</u>	<u>\$ 45,266</u>
<b>NON-CASH TRANSACTIONS:</b>		
Capital grants and contracts	\$ 94	\$ 811
Capital assets transferred in from other University sources	45	—
Decrease in fair value of investments	(153)	(130)

See accompanying 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, 2013 and 2012 (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).

#### *Recent Accounting Pronouncements*

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This guidance was effective and was adopted by the Obligated Group for the year ended June 30, 2013. In the first period that this statement is applied, changes made to comply with this statement should be treated as an adjustment of prior periods, and financial statements presented for the periods affected should be restated. The Obligated Group's significant service concession agreements began on July 1, 2011. Therefore, net position as of June 30, 2011 was not restated as a result of the adoption.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: FASB Statements and Interpretations; Accounting Principles Board Opinions, or; Accounting Research Bulletins of the AICPA Committee on Accounting Procedure (collectively referred to as the

# THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

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—FASB and AICPA pronouncements). This guidance was effective and was adopted by the Obligated Group for the year ended June 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for presentation of certain deferred outflows of resources and deferred inflows of resources. This guidance was effective and adopted by the Obligated Group for the year ended June 30, 2013.

***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.

***Accounts Receivable*** – Current accounts receivable consist primarily of student housing and fees receivable. Accounts receivable are recorded net of an allowance for doubtful accounts of \$288 and \$325 at June 30, 2013 and 2012, respectively.

Non-current accounts 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.

***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.

# THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

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***Service Concession Arrangement*** – The Board of Regents entered into a service concession arrangement with an outside vendor on July 1, 2011, which provides food service for the student residence halls and student union at the University of Nebraska-Kearney campus. Under the contract, the vendor will pay UNK a total of \$9 million in support and capital improvements over a 10-year period for the right to provide food service to the campus. In exchange, UNK assigned food service facilities to the vendor for use in providing food service on campus. The University retained ownership of the food service facilities and use will revert to the University at the end of the contract period. The capital improvements to the food service facilities are reported as a capital asset with a carrying value of \$2,579 at June 30, 2013. The present value of the remaining accounts receivable due from the vendor at June 30, 2013 is \$3,836. These assets are offset by a deferred inflow of resources of \$6,864.

The Board of Regents entered into a service concession arrangement with an outside vendor on March 5, 2012 to manage and operate a bookstore at the University of Nebraska-Kearney campus. Under the contract, the vendor will pay UNK a total of \$1.9 million in support and capital improvements over a 7-year period in exchange for the right to provide text books and other merchandise sales on the UNK campus. The University retained ownership of the facility and will recover full use at the end of the contract period. The accounts receivable due from the vendor at June 30, 2013 is \$1,399 and is offset by a deferred inflow of resources of \$1,550, both discounted to present value.

***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.

***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 2013 and 2012 was \$3,721 and \$73, respectively.



# 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, 2013 and 2012 (in thousands)

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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.

**Reclassification** – Certain balances have been reclassified to conform to the current year presentation.

# 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, 2013 and 2012 (in thousands)

### B. CASH AND INVESTMENTS

Investments as of June 30, 2013:

	Fair Value	Investment Maturities (in years)			Concentration
		Less Than 1	1-2	3-5	
Investment Type:					
Debt Securities:					
Certificates of Deposit	\$ 253	\$ 253	\$ -	\$ -	1%
Federal Home Loan Bank	788	788	-	-	4
Federal Home Loan Bank Consolidated	326	220	106	-	2
Federal Home Loan Mortgage Corporation	1,407	-	449	958	8
Federal Home Loan Mortgage Association	10,117	5,573	3,572	972	55
Federal National Mortgage Association	3,236	-	3,236	-	17
Federal National Mortgage	2,395	2,395	-	-	13
	<u>\$ 18,522</u>	<u>\$ 9,229</u>	<u>\$ 7,363</u>	<u>\$ 1,930</u>	<u>100%</u>

At June 30, 2013, no bonds held were callable.

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.

# 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, 2013 and 2012 (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	2013 Quality Ratings	
		Aaa	Aa3
Investment Type:			
Debt Securities:			
Negotiable Certificates of Deposit (1)	\$ 253	\$ -	\$ 253
U.S. Treasury Note	788	788	-
U.S. agencies	17,481	17,481	-
	<u>\$ 18,522</u>	<u>\$ 18,269</u>	<u>\$ 253</u>

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

	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.

# 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, 2013 and 2012 (in thousands)

*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.

### C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Capital assets:				
Land	\$ 3,173	\$ -	\$ -	\$ 3,173
Land improvements	12,006	1,448	73	13,381
Buildings	453,421	275	583	453,113
Equipment	8,289	632	1,209	7,712
Construction in progress	16,140	47,947	-	64,087
Total	<u>493,029</u>	<u>50,302</u>	<u>1,865</u>	<u>541,466</u>
Less accumulated depreciation for:				
Land improvements	3,935	663	66	4,532
Buildings	78,427	12,506	583	90,350
Equipment	5,952	607	1,073	5,486
Total	<u>88,314</u>	<u>13,776</u>	<u>1,722</u>	<u>100,368</u>
Capital assets, net	<u>\$ 404,715</u>	<u>\$ 36,526</u>	<u>\$ 143</u>	<u>\$ 441,098</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, 2013 and 2012 (in thousands)

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>

### D. ACCRUED COMPENSATED ABSENCES

Accrued compensated absences are as follows as of June 30:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
2013	<u>\$ 1,981</u>	<u>\$ 1,419</u>	<u>\$ 1,370</u>	<u>\$ 2,030</u>	<u>\$ 1,396</u>
2012	<u>\$ 1,873</u>	<u>\$ 1,496</u>	<u>\$ 1,388</u>	<u>\$ 1,981</u>	<u>\$ 1,354</u>

### E. BOND OBLIGATIONS PAYABLE

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
2013	<u>\$ 413,720</u>	<u>\$ 20,690</u>	<u>\$ 9,130</u>	<u>\$ 425,280</u>	<u>\$ 13,930</u>
2012	<u>\$ 373,585</u>	<u>\$ 143,655</u>	<u>\$ 103,520</u>	<u>\$ 413,720</u>	<u>\$ 9,130</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, 2013 and 2012 (in thousands)

	Interest Rate	Annual Installment	Principal Amount Outstanding	
			2013	2012
University of Nebraska-Lincoln:				
Student Fees and Facilities:				
Series 2008A, revenue bonds	3.25 - 5.00%	1,275 - 2,360	27,810	29,050
Series 2009A, revenue bonds	2.00 - 5.25%	940 - 2,990	51,055	51,720
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	63,475
Series 2012, revenue bonds	1.00 - 5.00%	1,220 - 4,780	80,180	80,180
Series 2012B, revenue bonds	1.00 - 5.00%	1,220 - 3,095	20,690	-
Total Student Fees and Facilities			<u>253,890</u>	<u>235,105</u>
University of Nebraska-Lincoln:				
Parking:				
Series 2003, revenue refunding	3.60 - 4.50%	680 - 1,615	3,000	3,655
Series 2005, revenue and refunding	3.75 - 4.50%	425 - 3,825	16,790	18,220
Series 2009A&B, revenue bonds	3.50 - 6.00%	695 - 1,110	11,560	11,560
Total Parking Project			<u>31,350</u>	<u>33,435</u>
University of Nebraska at Omaha:				
Student Facilities:				
Series 2003, revenue refunding bonds			-	1,180
Series 2008, revenue bonds	3.15 - 5.00%	920 - 2,700	40,310	41,205
Total Student Facilities			<u>40,310</u>	<u>42,385</u>
University of Nebraska at Omaha:				
Student Housing and Parking:				
Series 2003, revenue bonds	4.00 - 5.00%	390 - 945	12,390	12,765
Series 2007, revenue bonds	4.50 - 5.00%	630 - 2,395	26,975	27,580
Series 2010A, revenue bonds	1.75 - 4.83%	695 - 1,175	15,200	15,885
Series 2010B, revenue bonds	2.00 - 5.00%	380 - 1,060	16,970	17,345
Total Student Housing and Parking			<u>71,535</u>	<u>73,575</u>
University of Nebraska Medical Center:				
Student Housing:				
Series 2003, revenue bonds	3.70 - 5.00%	140 - 330	4,345	4,480
University of Nebraska at Kearney				
Student Fees and Facilities:				
Series 2005, revenue refunding	3.65 - 4.10%	370 - 1,080	3,530	3,890
Series 2006, revenue bonds	4.38 - 5.00%	550 - 1,385	20,320	20,850
Total Student Fees and Facilities			<u>23,850</u>	<u>24,740</u>
			<u>\$ 425,280</u>	<u>\$ 413,720</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, 2013 and 2012 (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
2014	\$ 1,275	\$ 1,166	\$ 1,420	\$ 2,414	\$ 435	\$ 458
2015	1,325	1,122	1,155	2,381	445	449
2016	1,365	1,075	1,185	2,347	460	437
2017	1,415	1,024	1,220	2,310	460	424
2018	1,470	970	1,265	2,267	480	410
2019-2023	8,250	3,901	7,080	10,542	2,655	1,787
2024-2028	10,350	1,742	8,880	8,666	3,175	1,178
2029-2033	2,360	53	10,805	6,104	2,570	178
2034-2038	-	-	12,215	3,199	-	-
2039-2040	-	-	5,830	310	-	-
	<u>\$ 27,810</u>	<u>\$ 11,053</u>	<u>\$ 51,055</u>	<u>\$ 40,540</u>	<u>\$ 10,680</u>	<u>\$ 5,321</u>

	Series 2011		Series 2012		Series 2013	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ -	\$ 2,864	\$ 3,930	\$ 3,503	\$ 630	\$ 756
2015	-	2,864	4,265	3,394	960	739
2016	-	2,864	4,185	3,218	985	710
2017	-	2,864	4,780	3,029	1,015	687
2018	1,435	2,850	3,455	2,858	1,030	672
2019-2023	7,715	13,654	19,845	11,718	5,555	2,891
2024-2028	9,390	11,866	12,285	7,433	6,940	1,455
2029-2033	11,745	9,509	11,785	4,996	3,575	144
2034-2038	14,580	6,546	14,430	2,155	-	-
2039-2043	18,610	2,418	1,220	30	-	-
	<u>\$ 63,475</u>	<u>\$ 58,299</u>	<u>\$ 80,180</u>	<u>\$ 42,334</u>	<u>\$ 20,690</u>	<u>\$ 8,054</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, 2013 and 2012 (in thousands)

### University of Nebraska-Lincoln Parking

	<u>Series 2003 Refunding</u>		<u>Series 2005</u>		<u>Series 2009A &amp; B</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	-	-	1,740	453	720	543
2019-2023	-	-	6,975	1,053	4,075	2,232
2024-2028	-	-	1,750	136	3,890	1,231
2029-2031	-	-	-	-	2,180	67
	<u>\$ 3,000</u>	<u>\$ 299</u>	<u>\$ 16,790</u>	<u>\$ 4,111</u>	<u>\$ 11,560</u>	<u>\$ 6,337</u>

### University of Nebraska at Omaha Student Facilities

	<u>Series 2008</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 920	\$ 1,916
2015	950	1,888
2016	985	1,856
2017	1,010	1,822
2018	1,055	1,784
2019-2023	5,955	8,224
2024-2028	7,540	6,642
2029-2033	9,620	4,558
2034-2038	<u>12,275</u>	<u>1,902</u>
	<u>\$ 40,310</u>	<u>\$ 30,592</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, 2013 and 2012 (in thousands)

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

	<u>Series 2003</u>		<u>Series 2007</u>		<u>Series 2010A</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	450	536	750	1,190	760	516
2019-2023	2,640	2,326	4,295	5,415	4,200	2,190
2024-2028	3,370	1,598	5,420	4,292	5,065	1,304
2029-2033	4,300	665	7,050	2,752	2,320	169
2034-2038	-	-	4,365	1,276	-	-
2039-2043	-	-	2,395	120	-	-
	<u>\$ 12,390</u>	<u>\$ 7,437</u>	<u>\$ 26,975</u>	<u>\$ 20,119</u>	<u>\$ 15,200</u>	<u>\$ 6,421</u>

  

	<u>Series 2010B</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 380	\$ 736
2015	385	730
2016	395	720
2017	405	710
2018	420	697
2019-2023	2,310	3,262
2024-2028	2,790	2,794
2029-2033	3,445	2,130
2034-2038	4,370	1,195
2039-2041	2,070	157
	<u>\$ 16,970</u>	<u>\$ 13,131</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, 2013 and 2012 (in thousands)

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### University of Nebraska Medical Center Student Housing

	<u>Series 2003</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 140	\$ 204
2015	145	199
2016	150	194
2017	155	188
2018	165	182
2019-2023	925	794
2024-2028	1,165	557
2029-2033	<u>1,500</u>	<u>235</u>
	<u>\$ 4,345</u>	<u>\$ 2,553</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>
2014	\$ 370	\$ 140	\$ 550	\$ 985
2015	385	126	570	961
2016	400	112	595	936
2017	415	96	625	910
2018	430	80	655	879
2019-2023	1,530	106	3,760	3,911
2024-2028	-	-	4,900	2,926
2029-2033	-	-	5,960	1,581
2034-2036	<u>-</u>	<u>-</u>	<u>2,705</u>	<u>205</u>
	<u>\$ 3,530</u>	<u>\$ 660</u>	<u>\$ 20,320</u>	<u>\$ 13,294</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, 2013 and 2012 (in thousands)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 13,930	\$ 19,039	\$ 32,969
2015	14,600	18,612	33,212
2016	15,755	18,073	33,828
2017	15,760	17,464	33,224
2018	16,280	16,887	33,167
2019-2023	87,765	74,006	161,771
2024-2028	86,910	53,820	140,730
2029-2033	79,215	33,141	112,356
2034-2038	64,940	16,478	81,418
2039-2043	<u>30,125</u>	<u>3,035</u>	<u>33,160</u>
	<u>\$ 425,280</u>	<u>\$ 270,555</u>	<u>\$ 695,835</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, 2013, 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, 2013 and 2012 (in thousands)

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***Bond Financing and Refinancing*** – On September 12, 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 were used to pay the cost of acquiring, constructing, equipping, and furnishing facilities for health, physical education, and recreation facilities at the University of Nebraska-Lincoln campus.

The aggregate amount of debt considered extinguished (defeased) at June 30, 2013 that remains outstanding is \$57,725.

***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, 2013 and 2012, 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, 2013 and 2012, \$47 and \$30, 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, 2013 and 2012 (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 \$56,843 at June 30, 2013. The projects are as follows:

UNL 18th & R Residence & Land Improvements	\$	2,982
UNL 19th & R Residence & Land Improvements		20,961
Campus Recreation Renovation		18,412
18th & R Parking Garage		7,339
Surplus resolutions		7,149
Total Project	\$	<u>56,843</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 July 25, 2013, The Board of Regents issued \$8,615 of University of Nebraska-Lincoln Parking Revenue Refunding Bonds, Series 2013. The proceeds, together with other available funds from the UNL Parking system, will be used to pay the costs of acquiring a parking garage condominium and to provide for the payment and redemption of \$3,000 outstanding Parking Revenue Refunding Bonds, Series 2003. The parking garage condominium with 1,270 parking spaces is located on the University of Nebraska-Lincoln campus.

The Obligated Group has evaluated subsequent events from the combined statement of net position date through September 30, 2013, 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 POSITION**  
**RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE**  
**JUNE 30, 2013 (in thousands)**

	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/ Parking	UNMC Student Housing	UNK Student Housing	Combined
<b>ASSETS</b>							
<b>CURRENT ASSETS:</b>							
Cash and cash equivalents	\$ 10,138	\$ 1,779	\$ 3,214	\$ 8,267	\$ 79	\$ 2,048	\$ 25,525
Cash and cash equivalents held by trustee – restricted	18,852	3,567	5,069	4,661	265	2,045	34,459
Investments held by trustee – restricted	—	4,066	—	657	—	—	4,723
Accounts receivable, net	2,161	581	476	159	14	895	4,286
Other current assets	563	120	2,372	12	—	—	3,067
Total current assets	31,714	10,113	11,131	13,756	358	4,988	72,060
<b>NON-CURRENT ASSETS:</b>							
Cash and cash equivalents held by trustee – restricted	82,930	7,600	2,082	4,530	127	3,855	101,124
Investments held by trustee – restricted	—	—	—	3,026	533	10,240	13,799
Accounts receivable, net of current portion	800	—	—	—	—	4,482	5,282
Other non-current assets	9,102	519	947	740	63	375	11,746
Capital assets, net of accumulated depreciation	227,082	51,311	41,157	69,646	4,442	47,460	441,098
Total non-current assets	319,914	59,430	44,186	77,942	5,165	66,412	573,049
Total assets	351,628	69,543	55,317	91,698	5,523	71,400	645,109
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>							
<b>CURRENT LIABILITIES:</b>							
Accounts payable and accrued expenses	17,030	3,811	1,953	1,247	23	1,211	25,275
Bond obligations payable	7,690	2,165	920	2,095	140	920	13,930
Deferred revenues and other credits	3,439	556	19	2,290	25	82	6,411
Total current liabilities	28,159	6,532	2,892	5,632	188	2,213	45,616
<b>NON-CURRENT LIABILITIES:</b>							
Accrued compensated absences	434	60	83	—	9	48	634
Bond obligations payable, net of current portion	246,200	29,185	39,390	69,440	4,205	22,930	411,350
Deferred revenues and other credits	17,261	237	—	1,252	11	375	19,136
Total non-current liabilities	263,895	29,482	39,473	70,692	4,225	23,353	431,120
Total liabilities	292,054	36,014	42,365	76,324	4,413	25,566	476,736
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Deferred service concession arrangement receipts	—	—	—	—	—	8,414	8,414
<b>NET POSITION:</b>							
Net investment in capital assets	(5,079)	20,298	1,794	(2,401)	150	21,032	35,794
Restricted:							
Expendable:							
Plant construction	3,653	788	1,333	3,991	621	90	10,476
Debt service	54,571	10,918	5,626	8,761	339	15,186	95,401
Unrestricted	6,429	1,525	4,199	5,023	—	1,112	18,288
Total net position	59,574	33,529	12,952	15,374	1,110	37,420	159,959

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION  
COMBINING STATEMENT OF NET POSITION  
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	260	2,048	2,331	22,331
Investments held by trustee – restricted	—	—	79	4,159	—	—	4,238
Accounts receivable, net	2,205	490	294	261	9	1,777	5,036
Other current assets	573	117	2,224	—	—	31	2,945
Total current assets	23,958	6,315	9,422	12,622	354	5,574	58,245
<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
Accounts receivable, net of current portion	900	—	—	—	—	5,302	6,202
Other non-current assets	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	64,440	551,669
Total assets	321,306	67,097	55,659	90,247	5,591	70,014	609,914
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>							
<b>CURRENT LIABILITIES:</b>							
Accounts payable and accrued expenses	13,017	728	1,509	967	25	1,181	17,427
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	17,952	3,433	3,603	4,600	189	2,139	31,916
<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 other credits	15,843	276	—	1,309	12	392	17,832
Total non-current liabilities	249,497	31,682	40,385	72,844	4,365	24,276	423,049
Total liabilities	267,449	35,115	43,988	77,444	4,554	26,415	454,965
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Deferred service concession arrangement receipts	—	—	—	—	—	9,233	9,233
<b>NET POSITION:</b>							
Net investment capital assets	(1,406)	14,082	925	(2,581)	122	16,339	27,481
Restricted:							
Expendable:							
Plant construction	2,066	786	1,234	3,728	577	80	8,471
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 position	53,857	31,982	11,671	12,803	1,037	34,366	145,716

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 POSITION RELATING TO THE MEMBERS OF  
THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE FOR THE YEAR ENDED JUNE 30, 2013 (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	\$ 54,585	\$ —	\$ —	\$ 10,624	\$ 557	\$ 14,455	\$ 80,221
Parking facilities revenues	—	8,874	—	2,291	—	394	11,559
Student fees	3,859	717	4,878	1,743	—	1,437	12,634
Bookstore and bookstore commissions	—	—	7,187	—	—	210	7,397
Food service	965	—	2,439	—	—	—	3,404
Other operating revenues	150	—	180	82	—	662	1,074
Total operating revenues	59,559	9,591	14,684	14,740	557	17,158	116,289
<b>EXPENSES:</b>							
Operating expenses:							
Salaries and wages	13,624	1,159	2,339	705	73	2,809	20,709
Benefits	4,147	290	685	196	17	932	6,267
Total compensation and benefits	17,771	1,449	3,024	901	90	3,741	26,976
Goods purchased for resale	—	—	5,793	—	—	—	5,793
Supplies and materials	7,075	1,029	830	1,509	15	1,420	11,878
Food and food service contracts	5,910	—	—	—	—	4,544	10,454
Contractual services	1,239	1,418	204	2,144	25	189	5,219
Repairs and maintenance	2,531	1,078	123	1,514	43	727	6,016
Utilities	4,094	244	285	779	44	988	6,434
Communications	1,003	36	22	376	—	242	1,679
Depreciation	7,187	1,713	1,169	1,884	104	1,719	13,776
Total operating expenses	46,810	6,967	11,450	9,107	321	13,570	88,225
<b>OPERATING INCOME</b>	12,749	2,624	3,234	5,633	236	3,588	28,064
<b>NON-OPERATING REVENUES (EXPENSES):</b>							
Investment income, net of investment management fees	132	17	99	204	8	219	679
Increase (decrease) in fair value of investments	(11,393)	6	(11)	(9)	(6)	(133)	(153)
Interest on bond obligations	3,463	(1,477)	(1,980)	(3,224)	(209)	(1,144)	(19,427)
Capitalized interest on bond obligations	—	258	—	—	—	—	3,721
Amortization of bond financial expense, premium, and discount, net	335	(54)	(56)	(33)	(3)	(30)	159
Loss on disposal of capital assets	(1)	(130)	(5)	—	—	(4)	(140)
Transfer of cash from other funds	401	103	—	—	—	—	504
Net transfer of assets from other University sources	31	200	—	—	47	14	292
Non-operating expenses, net	(7,032)	(1,077)	(1,953)	(3,062)	(163)	(1,078)	(14,365)
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	5,717	1,547	1,281	2,571	73	2,510	13,699
<b>OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:</b>							
Capital grants and contracts	—	—	—	—	—	544	544
<b>INCREASE IN NET POSITION</b>	5,717	1,547	1,281	2,571	73	3,054	14,243
<b>NET POSITION:</b>							
Beginning of year	53,857	31,982	11,671	12,803	1,037	34,366	145,716
End of year	59,574	33,529	12,952	15,374	1,110	37,420	159,959

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 POSITION 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	—	670	1,295
Total operating revenues	58,004	9,199	14,583	13,984	552	16,740	113,062
<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	17,517	1,662	2,923	831	90	3,529	26,552
Goods purchased for resale	—	—	5,823	—	—	—	5,823
Supplies and materials	6,328	928	719	1,453	17	1,147	10,592
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	45,970	6,490	11,219	9,959	302	12,543	86,483
<b>OPERATING INCOME</b>	12,034	2,709	3,364	4,025	250	4,197	26,579
<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	(8,064)	(1,552)	(2,029)	(3,275)	(214)	(1,174)	(16,308)
Capitalized interest on bond obligations	—	11	—	62	—	—	73
Amortization of bond financial expense, premium, and discount, net	(21)	(55)	(58)	(34)	(3)	(30)	(201)
Loss on disposal of capital assets	(77)	(2)	—	—	—	(72)	(151)
Transfer of cash from other funds	91	108	—	—	30	—	229
Net transfer of assets from other University sources	18	200	—	—	—	—	218
Non-operating expenses, net	(7,927)	(1,275)	(1,986)	(3,050)	(182)	(993)	(15,413)
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	4,107	1,434	1,378	975	68	3,204	11,166
<b>OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:</b>							
Capital grants and contracts	—	—	—	6,352	—	1,153	7,505
<b>INCREASE IN NET POSITION</b>	4,107	1,434	1,378	7,327	68	4,357	18,671
<b>NET POSITION:</b>							
Beginning of year	49,750	30,548	10,293	5,476	969	30,009	127,045
End of year	\$ 53,857	\$ 31,982	\$ 11,671	\$ 12,803	\$ 1,037	\$ 34,366	\$ 145,716

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, 2013 (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	\$ 55,055	\$ —	\$ —	\$ 11,419	\$ 548	\$ 14,435	\$ 81,457
Student fees	3,859	717	4,878	1,743	—	1,435	12,632
Parking facilities revenues	—	8,725	—	2,289	—	407	11,421
Bookstore and bookstore commissions	—	—	7,040	—	—	210	7,250
Food service	965	—	2,438	—	—	—	3,403
Other operating receipts	150	—	142	82	—	526	900
Payments to vendors	(22,545)	(3,898)	(6,971)	(6,055)	(128)	(7,456)	(47,031)
Payments to employees	(17,771)	(1,452)	(2,997)	(893)	(89)	(3,705)	(26,907)
	<u>19,715</u>	<u>4,092</u>	<u>4,530</u>	<u>8,585</u>	<u>331</u>	<u>5,872</u>	<u>43,125</u>
Net cash flows from operating activities							
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Proceeds from issuance of bond obligations	20,690	—	—	—	—	—	20,690
Premium on issuance of bond obligations	2,282	—	—	—	—	—	2,282
Transfers to and from other University sources	432	303	—	—	47	—	782
Capital grants and contracts	—	—	—	—	—	452	452
Purchases of capital assets	(31,594)	(2,585)	(25)	—	—	(5,428)	(39,632)
Interest paid on bond obligations	(9,638)	(1,484)	(1,989)	(3,287)	(209)	(1,158)	(17,765)
Principal paid on bond obligations	(1,905)	(2,085)	(2,075)	(2,040)	(135)	(890)	(9,130)
Payment of bond financial expense	(249)	—	—	—	—	—	(249)
	<u>(19,982)</u>	<u>(5,851)</u>	<u>(4,089)</u>	<u>(5,327)</u>	<u>(297)</u>	<u>(7,024)</u>	<u>(42,570)</u>
Net cash flows from capital and related financing activities							
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Proceeds from sales and maturities of investments	—	700	2,985	4,701	—	6,207	14,593
Purchases of investments	—	(4,060)	(1,037)	(1,245)	(224)	(4,651)	(11,217)
Interest on investments	86	13	105	225	1	(75)	355
	<u>86</u>	<u>(3,347)</u>	<u>2,053</u>	<u>3,681</u>	<u>(223)</u>	<u>1,481</u>	<u>3,731</u>
Net cash flows from investing activities							
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(181)	(5,106)	2,494	6,939	(189)	329	4,286
<b>CASH AND CASH EQUIVALENTS – Beginning of year</b>	112,101	18,052	7,871	10,519	660	7,619	156,822
<b>CASH AND CASH EQUIVALENTS – End of year</b>	<u>\$ 111,920</u>	<u>\$ 12,946</u>	<u>\$ 10,365</u>	<u>\$ 17,458</u>	<u>\$ 471</u>	<u>\$ 7,948</u>	<u>\$ 161,108</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Operating income	\$ 12,749	\$ 2,624	\$ 3,234	\$ 5,633	\$ 236	\$ 3,588	\$ 28,064
Adjustments to reconcile operating income to net cash flows from operating activities:							
Depreciation	7,187	1,713	1,169	1,884	104	1,719	13,776
Changes in assets and liabilities:							
Accounts receivable, net	189	(86)	(186)	96	(5)	1,010	1,018
Other assets	25	(4)	(148)	(12)	—	31	(108)
Accounts payable and accrued expenses	(716)	(92)	461	287	—	(108)	(168)
Deferred revenues, credits, and service concession receipts	281	(63)	—	697	(4)	(368)	543
Net cash flows from operating activities	<u>19,715</u>	<u>4,092</u>	<u>4,530</u>	<u>8,585</u>	<u>331</u>	<u>5,872</u>	<u>43,125</u>
<b>NON-CASH TRANSACTIONS:</b>							
Capital grants and contracts	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 94	\$ 94
Capital assets transferred in from other University sources	31	—	—	—	—	14	45
Increase (decrease) in fair value of investments	—	6	(11)	(9)	(6)	(133)	(153)

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	\$ —	\$ —	\$ 10,384	\$ 615	\$ 14,158	\$ 78,688
Student fees	3,092	425	4,686	1,646	—	1,452	11,301
Parking facilities revenues	—	8,503	—	2,280	—	427	11,210
Bookstore and bookstore commissions	—	—	7,610	—	—	195	7,805
Food service	917	—	2,215	—	—	—	3,132
Other operating receipts	150	—	415	60	—	599	1,224
Payments to vendors	(16,336)	(3,113)	(7,650)	(7,253)	(106)	(7,239)	(41,697)
Payments to employees	(17,418)	(1,652)	(2,912)	(822)	(91)	(3,502)	(26,397)
	<u>23,936</u>	<u>4,163</u>	<u>4,364</u>	<u>6,295</u>	<u>418</u>	<u>6,090</u>	<u>45,266</u>
Net cash flows from operating activities							
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Proceeds from issuance of bond obligations	143,655	—	—	—	—	—	143,655
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
Defeasance of bonds	(97,802)	—	—	—	—	—	(97,802)
Purchases of capital assets	(13,747)	(410)	(19)	—	—	(1,423)	(15,599)
Interest paid on bond obligations	(8,668)	(1,558)	(2,034)	(3,337)	(214)	(1,188)	(16,999)
Principal paid on bond obligations	(5,710)	(2,010)	(1,445)	(1,990)	(130)	(855)	(12,140)
	<u>32,039</u>	<u>(3,670)</u>	<u>(3,498)</u>	<u>(3,628)</u>	<u>(314)</u>	<u>(2,886)</u>	<u>18,043</u>
Net cash flows from capital and related financing activities							
<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)	(4,579)	—	(9,156)	(35,752)
	<u>7,991</u>	<u>2,595</u>	<u>2,887</u>	<u>8</u>	<u>130</u>	<u>(6,163)</u>	<u>7,448</u>
Net cash flows from investing activities							
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>63,966</u>	<u>3,088</u>	<u>3,753</u>	<u>2,675</u>	<u>234</u>	<u>(2,959)</u>	<u>70,757</u>
<b>CASH AND CASH EQUIVALENTS – Beginning of year</b>	<u>48,135</u>	<u>14,964</u>	<u>4,118</u>	<u>7,844</u>	<u>426</u>	<u>10,578</u>	<u>86,065</u>
<b>CASH AND CASH EQUIVALENTS – End of year</b>	<u>\$ 112,101</u>	<u>\$ 18,052</u>	<u>\$ 7,871</u>	<u>\$ 10,519</u>	<u>\$ 660</u>	<u>\$ 7,619</u>	<u>\$ 156,822</u>
<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	(3,705)	(3,790)
Other assets	(19)	7	(942)	17	—	(31)	(968)
Accounts payable and accrued expenses	5,093	15	432	25	1	62	5,628
Deferred revenues, credits, and service concession receipts	(142)	(62)	7	487	—	3,879	4,169
Net cash flows from operating activities	<u>23,936</u>	<u>4,163</u>	<u>4,364</u>	<u>6,295</u>	<u>418</u>	<u>6,090</u>	<u>45,266</u>
<b>NON-CASH TRANSACTIONS:</b>							
Capital grants and contracts	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 811	\$ 811
Increase (decrease) in fair value of investments	(21)	(9)	(61)	(38)	(7)	6	(130)

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, 2013 (in thousands except ratio information)**

REVENUES:

Operating revenues	\$ 103,244
Student fees	12,634
Other	1,091
	<hr/>
Total revenues	116,969

EXPENSES:

Operating expense	68,684
Operating funds expended for plant	311
Administrative expenses	89
	<hr/>
Total expenses	69,084

NET REVENUES	<u><u>\$ 47,885</u></u>
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**Principal and interest due during the year**

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
UNL Housing Series 2002	\$ 1,240	1,187	2,427
UNL Housing Series 2003A	665	2,432	3,097
UNL Housing Series 2003B	—	462	462
UNL Housing Series 2008A	—	2,864	2,864
UNL Housing Series 2009A	—	3,826	3,826
UNL Housing Series 2009B	—	622	622
UNL Parking Series 2003	655	124	779
UNL Parking Series 2005	1,430	760	2,190
UNL Parking Series 2009A&B	—	257	257
UNO Housing Series 2003	375	616	991
UNO Student Center Series 2003	595	47	642
UNO Student Housing/Parking Series 2007	605	1,338	1,943
UNO HPER Series 2008	895	1,943	2,838
UNO Housing Series 2010A	685	591	1,276
UNO Housing Series 2010B	375	742	1,117
UNMC Housing Series 2003	135	209	344
UNK Housing Series 2005	360	152	512
UNK Housing Series 2006	530	1,006	1,536
	<hr/>	<hr/>	<hr/>
Total	<u><u>\$ 8,545</u></u>	<u><u>19,178</u></u>	<u><u>27,723</u></u>

RATIO OF NET REVENUES TO TOTAL DEBT SERVICE

1.73

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 POSITION BY FUND  
 RELATING TO STUDENT FEES AND FACILITIES BONDS UNDER THE DECEMBER 1, 1984 RESOLUTION AND  
 SUPPLEMENTAL RESOLUTIONS (UNIVERSITY OF NEBRASKA – LINCOLN)  
 YEAR ENDED JUNE 30, 2013 (in thousands)

	Housing Operating Fund	Unexpended Construction Funds	Renewal and Replacement Fund	Retirement of Indebtedness Funds	Investment in Plant Fund	Total Plant Before GASB Releases	GASB Releases	Total Plant Funds	Total All Funds
REVENUES:									
Operating revenues:									
Room and board	\$ 54,585	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 54,585
Student fees	3,859	—	—	—	—	—	—	—	3,859
Food service	965	—	—	—	—	—	—	—	965
Other operating revenues	150	—	—	—	—	—	—	—	150
Total operating revenues	59,559	—	—	—	—	—	—	—	59,559
EXPENSES:									
Operating expenses:									
Salaries and wages	13,624	—	—	—	—	—	—	—	13,624
Benefits	4,147	—	—	—	—	—	—	—	4,147
Total compensation and benefits	17,771	—	—	—	—	—	—	—	17,771
Supplies and materials	5,539	—	—	—	—	—	1,536	1,536	7,075
Food and food service contracts	5,910	—	—	—	—	—	50	50	5,910
Contractual services	1,189	—	—	—	—	—	50	50	1,239
Repairs and maintenance	816	—	—	—	—	—	1,715	1,715	2,531
Utilities	4,094	—	—	—	—	—	—	—	4,094
Communications	1,002	—	—	—	—	—	1	1	1,003
Expended for plant	125	—	2,443	—	7,187	37,714	(37,839)	7,187	7,187
Depreciation	—	—	—	—	—	—	—	—	—
Total operating expenses	36,446	35,271	2,443	—	7,187	44,901	(34,537)	10,364	46,810
TRANSFERS:									
Mandatory debt service transfers	(23,165)	—	—	23,165	—	23,165	—	23,165	—
Other transfers	—	35,287	4,216	(25,491)	(14,012)	—	—	—	—
Total transfers	(23,165)	35,287	4,216	(2,326)	(14,012)	23,165	—	23,165	—
OPERATING INCOME (LOSS)	(52)	16	1,773	(2,326)	(21,199)	(21,736)	34,537	12,801	12,749
NON-OPERATING REVENUES (EXPENSES):									
Investment income, net of investment management fees	—	24	1	107	—	132	—	132	132
Increase in fair value of investments	—	—	—	(11,393)	—	(11,393)	—	(11,393)	(11,393)
Interest on bond obligation	—	—	—	—	—	—	3,463	3,463	3,463
Capitalized interest on bond obligations	—	(249)	—	—	584	335	—	335	335
Amortization of bond financial expense and premium	—	—	—	20,690	—	20,690	(20,690)	—	—
Issuance of bond obligations	—	—	—	—	(20,690)	(20,690)	20,690	—	—
Bond proceeds	—	—	—	2,282	(2,282)	—	—	—	—
Premium on issuance of bond obligations	—	—	—	—	1,905	1,905	(1,905)	—	—
Retirement of indebtedness	—	—	—	(1,905)	—	(1,905)	1,905	—	—
Payment of bonds payable	—	—	—	—	38,000	38,000	(38,000)	—	—
Expended for plant	—	—	—	—	(1)	(1)	—	(1)	(1)
Disposal of plant assets	—	—	—	—	—	—	—	—	—
Other non-operating activity	401	—	—	—	—	—	—	(1)	401
Transfer of cash to other funds	—	21	—	—	10	31	—	31	31
Net non-operating revenues (expenses)	401	(204)	1	9,781	17,526	27,104	(34,537)	(7,433)	(7,032)
INCREASE (DECREASE) IN NET POSITION	349	(188)	1,774	7,455	(3,673)	5,368	—	5,368	5,717
NET POSITION:									
Beginning of year	6,081	(878)	2,944	47,116	(1,406)	47,776	—	47,776	53,857
End of year	6,430	(1,066)	4,718	54,571	(5,079)	53,144	—	53,144	59,574

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 POSITION (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, 2013 (in thousands)

	Student Fees	Selleck Quadrangle	Neilhardt, Cather and Pound Halls	Burr-Fedde Halls	Abel and Sandoz Halls	Harper, Schramm and Smith Halls	Knoll Hall	Special Halls (LY & HH)	Husker Village	Husker Courtyards	Kauffman Residential Center	Apartment Complexes	Combined
REVENUES:													
Room and board	—	\$ 9,442	\$ 7,591	\$ 1,783	\$ 12,561	\$ 11,856	\$ 3,200	\$ 328	\$ 3,308	\$ 2,974	\$ 579	\$ 963	\$ 54,585
Student fees	3,859	—	—	—	410	—	141	—	315	—	—	—	3,859
Food service	150	—	—	—	—	—	—	—	—	—	—	—	150
Other operating	4,009	9,541	7,591	1,783	12,971	11,856	3,341	328	3,623	2,974	579	963	59,559
Total operating revenues	—	2,958	2,754	461	3,206	2,970	396	45	297	221	91	225	13,624
EXPENSES:													
Operating expenses:													
Salaries and wages	—	891	898	254	981	868	106	—	64	62	21	2	4,147
Benefits	—	3,849	3,652	715	4,187	3,838	502	45	361	283	112	227	17,771
Total compensation and benefits	—	4,740	4,550	1,429	5,168	4,706	608	90	725	566	224	229	22,918
Supplies and materials	—	898	665	190	1,468	1,010	326	45	461	224	48	204	5,539
Food	—	1,598	814	1,034	1,319	1,140	—	3	3	2	—	—	5,910
Contractual services	75	93	176	50	210	211	76	39	94	92	15	58	1,189
Repairs and maintenance	—	53	144	50	188	160	26	16	46	40	17	76	816
Utilities	—	400	830	128	621	981	131	46	433	237	197	90	4,094
Communications	—	92	152	35	191	178	112	20	87	78	25	32	1,002
Expended for plant facilities	—	36	51	3	12	10	1	1	3	3	—	5	125
Total operating expenditures	75	7,019	6,484	2,205	8,196	7,528	1,174	212	1,488	959	414	692	36,446
Excess of revenues over (under) expenditures available for debt service	\$ 3,934	\$ 2,522	\$ 1,107	\$ (422)	\$ 4,775	\$ 4,328	\$ 2,167	\$ 116	\$ 2,135	\$ 2,015	\$ 165	\$ 271	\$ 23,113
Mandatory transfer for debt service requirements	—	—	—	—	—	—	—	—	—	—	—	—	(23,165)
Other transfers/non-operating activity	—	—	—	—	—	—	—	—	—	—	—	—	349
Net increase in net position	—	—	—	—	—	—	—	—	—	—	—	—	—

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, 2013 (in thousands)**

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Cash	\$	10,138	
Add:			
Accounts receivable, net		2,000	
Inventory		148	
		<u>          </u>	12,286
Deduct net cash restricted:			
Accounts payable		1,377	
Accrued salaries and wages		498	
Deferred revenues and credits		2,672	
		<u>          </u>	4,547
Cash available to transfer to trustee			<u>\$ 7,739</u>
Cash to be transferred subsequent to June 30, 2013:			
Surplus Fund – UPPF			\$ 146
Surplus Fund			<u>7,593</u>
			<u>\$ 7,739</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 POSITION 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, 2013 (in thousands)

	Parking Operating Fund	Unexpended Construction Funds	Renewal and Replacement Fund	Retirement of Indebtedness	Investment in Plant Fund	Total Plant Before GASB reclasses	GASB Reclasses	Total Plant All Funds	Total All Funds
REVENUES:									
Operating revenues:	\$ 8,874	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,874
Parking facilities revenues	717	—	—	—	—	—	—	—	717
Student fees	9,591	—	—	—	—	—	—	—	9,591
Total operating revenues	1,159	—	—	—	—	—	—	—	1,159
EXPENSES:	290	—	—	—	—	—	—	—	290
Operating expenses:	1,449	—	—	—	—	—	—	—	1,449
Salaries and wages	886	—	—	—	—	—	143	143	1,029
Benefits	1,418	—	—	—	—	—	561	561	1,418
Total compensation and benefits	517	—	—	—	—	—	—	—	1,078
Supplies and materials	244	—	—	—	—	—	—	—	244
Contractual services	36	—	—	—	—	—	—	—	36
Repairs and maintenance	—	—	—	6,475	—	6,475	(6,475)	—	—
Utilities	—	—	—	—	1,713	1,713	—	1,713	1,713
Depreciation	—	—	—	—	—	—	—	—	—
Total operating expenses	4,550	—	—	6,475	1,713	8,188	(5,771)	2,417	6,967
TRANSFERS:	(5,267)	—	—	5,267	—	5,267	—	5,267	—
Mandatory debt service transfers	—	—	—	—	—	—	—	—	—
Other transfers	(5,267)	—	—	5,267	—	5,267	—	5,267	—
Total transfers	(226)	—	—	(1,208)	(1,713)	(2,921)	5,771	2,850	2,624
OPERATING INCOME (LOSS)	—	—	—	—	—	—	—	—	—
NON-OPERATING REVENUES (EXPENSES):	—	—	3	14	—	17	—	17	17
Investment income, net of investment management fees	—	—	—	6	—	6	—	6	6
Increase in fair value of investments	—	—	—	(1,477)	—	(1,477)	—	(1,477)	(1,477)
Interest on bond obligation	—	—	—	—	—	—	258	258	258
Capitalized interest on bonds	—	—	—	—	(54)	(54)	—	(54)	(54)
Amortization of bond financial expense/premium	—	—	—	—	2,085	2,085	(2,085)	—	—
Retirement of indebtedness	—	—	—	(2,085)	(130)	(2,085)	2,085	—	—
Payment of bonds payable	—	—	—	—	—	—	—	—	—
Loss on disposal of plant assets	103	—	—	—	—	—	—	—	(130)
Other non-operating activity	—	—	—	—	6,029	6,029	(6,029)	—	103
Expended for plant	—	—	—	200	—	200	—	200	—
Transfers from other funds	—	—	—	—	—	—	—	—	—
Net non-operating revenues (expenses)	103	—	3	(3,342)	7,930	4,591	(5,771)	(1,180)	(1,077)
Increase (decrease) in net position	(123)	—	3	(4,550)	6,217	1,670	—	1,670	1,547
NET POSITION:	1,646	—	788	15,467	14,081	30,336	—	30,336	31,982
Beginning of year	1,523	—	791	10,917	20,298	32,006	—	32,006	33,529
End of year	—	—	—	—	—	—	—	—	—

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 (UNIVERSITY OF NEBRASKA – LINCOLN PARKING PROJECT)  
JUNE 30, 2013 (in thousands)**

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Cash	\$	1,779	
Add accounts receivable, net		<u>574</u>	2,353
Deduct net cash restricted:			
Accounts payable		163	
Accrued salaries and wages		39	
Deferred revenues and credits		<u>517</u>	719
			<u>719</u>
Cash available to transfer to trustee	\$		<u><u>1,634</u></u>
Cash to be transferred subsequent to June 30, 2013:			
Surplus fund	\$		<u><u>1,634</u></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 POSITION 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, 2013 (in thousands)**

	Student Center Operating Funds	HPER Operating Fund	Unexpended Construction Fund	Renewal and Replacement Fund	Retirement of Indebtedness	Investment in Plant Fund	GASB Reclases	Total All Funds
<b>REVENUES:</b>								
Operating revenues:								
Bookstore and bookstore commissions	\$ 7,187	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 7,187
Student fees	1,483	3,395	—	—	—	—	—	4,878
Food service	2,439	—	—	—	—	—	—	2,439
Other operating revenues	46	134	—	—	—	—	—	180
Total operating revenues	11,155	3,529	—	—	—	—	—	14,684
<b>EXPENSES:</b>								
Operating expenses:								
Salaries and wages	2,280	59	—	—	—	—	—	2,339
Benefits	669	16	—	—	—	—	—	685
Total compensation and benefits	2,949	75	—	—	—	—	—	3,024
Goods purchased for resale	5,793	—	—	—	—	—	—	5,793
Supplies and materials	783	16	31	—	—	—	—	830
Contractual services	114	11	—	79	—	—	—	204
Repairs and maintenance	114	14	19	—	—	—	(24)	123
Utilities	136	149	—	—	—	—	—	285
Communications	20	—	2	—	—	—	—	22
Depreciation	—	—	—	—	—	1,169	—	1,169
Total operating expenses	9,909	265	52	79	—	1,169	(24)	11,450
<b>TRANSFERS:</b>								
Mandatory debt service transfers	(1,004)	(3,281)	—	—	4,285	—	—	—
Transfer for plant improvements	—	—	250	—	(250)	—	—	—
Other transfers	—	—	(21)	—	21	—	—	—
Total transfers	(1,004)	(3,281)	(21)	250	4,056	—	—	—
OPERATING INCOME (LOSS)	242	(17)	(73)	171	4,056	(1,169)	24	3,234
<b>NON-OPERATING REVENUES (EXPENSES):</b>								
Investment income, net	61	22	—	4	12	—	—	99
Decrease in fair value of investments	—	—	—	(3)	(8)	—	—	(11)
Interest on bond obligation	—	—	—	—	(1,980)	—	—	(1,980)
Amortization of bond financial expense	—	—	—	—	—	(56)	—	(56)
Expended for plant	—	—	—	—	—	24	(24)	—
Retirement of indebtedness	—	—	—	—	—	2,075	(2,075)	—
Payment of bonds payable	—	—	—	—	(2,075)	—	2,075	—
Loss on disposal of capital assets	—	—	—	—	—	(5)	—	(5)
Net non-operating revenues (expenses)	61	22	—	1	(4,051)	2,038	(24)	(1,953)
<b>INCREASE (DECREASE) IN NET POSITION</b>	303	5	(73)	172	5	869	—	1,281
<b>NET POSITION:</b>								
Beginning of year	3,403	488	73	1,161	5,621	925	—	11,671
End of year	\$ 3,706	\$ 493	\$ —	\$ 1,333	\$ 5,626	\$ 1,794	\$ —	\$ 12,952

See accompanying independent auditors' report.

**THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA**  
**ADDITIONAL INFORMATION**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION 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, 2013 (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 Reclases	Total All Funds
<b>REVENUES:</b>									
Operating revenues:									
Room and board	\$ 10,624	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	10,624
Parking facilities revenues	—	—	2,291	—	—	—	—	—	2,291
Student fees	149	—	1,594	—	—	—	—	—	1,743
Other operating revenues	62	—	20	—	—	—	—	—	82
Total operating revenues	10,835	—	3,905	—	—	—	—	—	14,740
<b>EXPENSES:</b>									
Operating expenses:									
Salaries and wages	440	—	265	—	—	—	—	—	705
Benefits	126	—	70	—	—	—	—	—	196
Total compensation and benefits	566	—	335	—	—	—	—	—	901
Supplies and materials	989	—	474	—	46	—	—	—	1,509
Contractual services	1,135	—	1,009	—	—	—	—	—	2,144
Repairs and maintenance	676	—	201	—	637	—	—	—	1,514
Utilities	779	—	—	—	—	—	—	—	779
Communications	349	—	10	—	17	—	—	—	376
Depreciation	—	—	—	—	—	—	1,884	—	1,884
Total operating expenses	4,494	—	2,029	—	700	—	1,884	—	9,107
<b>TRANSFERS:</b>									
Mandatory debt service transfers	(6,187)	—	(1,658)	—	—	7,845	—	—	—
Plant improvements	(231)	—	—	—	976	(745)	—	—	—
Other transfers	—	—	—	(14)	—	14	—	—	—
Total transfers	(6,418)	—	(1,658)	(14)	976	7,114	—	—	—
<b>OPERATING INCOME (LOSS)</b>	(77)	—	218	(14)	276	7,114	(1,884)	—	5,633
<b>NON-OPERATING REVENUES (EXPENSES):</b>									
Investment income, net	66	17	84	—	8	29	—	—	204
Increase in fair value of investments	—	—	—	—	(7)	(2)	—	—	(9)
Interest on bond obligation	—	—	—	—	—	(3,281)	57	—	(3,224)
Capitalized interest on bond obligations	—	—	—	—	—	—	—	—	—
Amortization of bond financial expense	—	—	—	—	—	—	(33)	—	(33)
Gifts	—	—	—	—	—	—	—	—	—
Expended for plant facilities	—	—	—	—	—	—	—	—	—
Retirement of indebtedness	—	—	—	—	—	—	2,040	(2,040)	—
Payment on bonds payable	—	—	—	—	—	(2,040)	—	2,040	—
Net non-operating revenues (expenses)	66	17	84	—	1	(5,294)	2,064	—	(3,062)
<b>INCREASE (DECREASE) IN NET POSITION</b>	(11)	17	302	(14)	277	1,820	180	—	2,571
<b>NET POSITION (DEFICIT):</b>									
Beginning of year	1,665	715	2,335	14	3,714	6,941	(2,581)	—	12,803
End of year	\$ 1,654	\$ 732	\$ 2,637	\$ —	\$ 3,991	\$ 8,761	\$ (2,401)	\$ —	\$ 15,374

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, 2013 (in thousands)**

	<b>Scott Village Series 2003</b>	<b>Scott Court Series 2010B</b>
REVENUES:		
Room and board	\$ 26	\$ 17
Student fees	2,585	2,629
Other operating revenues	27	26
Total operating revenues	<u>2,638</u>	<u>2,672</u>
EXPENSES:		
Supplies and materials	189	194
Contractual services	410	381
Repairs and maintenance	326	203
Utilities	247	138
Communications	75	77
Total operating expenses	<u>1,247</u>	<u>993</u>
TRANSFERS:		
Mandatory debt service transfer	(991)	(1,387)
Transfer of prior year operating income to surplus fund	—	274
Plant improvements	(122)	(109)
Total transfers	<u>(1,113)</u>	<u>(1,222)</u>
OPERATING INCOME	278	457
INVESTMENT INCOME	—	1
DEVELOPMENT FEE TO SCOTT FOUNDATION	166	44
OPERATING INCOME BEFORE ADMINISTRATIVE FEE	112	414
ADMINISTRATIVE FEE	53	80
OPERATING INCOME TO BE TRANSFERRED TO SURPLUS FUND SUBSEQUENT TO JUNE 30, 2013	<u>\$ 59</u>	<u>334</u>

See accompanying independent auditors' report.

**THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA  
 ADDITIONAL INFORMATION  
 FACILITIES OPERATING FUND CASH AVAILABLE FOR TRANSFER TO  
 TRUSTEED BOND FUNDS RELATING TO THE MEMBERS OF THE OBLIGATED  
 GROUP UNDER THE JUNE 1, 1995 MASTER TRUST INDENTURE  
 (UNIVERSITY OF NEBRASKA AT OMAHA STUDENT CENTER AND HPER PROJECTS)  
 FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)**

	<b>Student Center Series 2003</b>	<b>HPER Series 2008</b>	<b>Total</b>
<b>REVENUES:</b>			
Student fees	\$ 1,483	\$ 3,395	\$ 4,878
Bookstore	7,187	-	7,187
Food service	2,439	-	2,439
Other operating revenues	46	134	180
Total operating revenues	<u>11,155</u>	<u>3,529</u>	<u>14,684</u>
<b>EXPENSES:</b>			
Compensation and benefits	2,949	75	3,024
Goods purchased for resale	5,793	-	5,793
Supplies and materials	783	16	799
Contractual services	114	11	125
Repairs and maintenance	114	14	128
Utilities	136	149	285
Communications	20	-	20
Total operating expenses	<u>9,909</u>	<u>265</u>	<u>10,174</u>
<b>TRANSFERS:</b>			
Mandatory debt service transfer	(1,004)	(3,281)	(4,285)
Transfer of prior year operating income to surplus fund	362	488	850
Total transfers	<u>(642)</u>	<u>(2,793)</u>	<u>(3,435)</u>
OPERATING INCOME	604	471	1,075
INVESTMENT INCOME	<u>61</u>	<u>22</u>	<u>83</u>
NET OPERATING INCOME AND INVESTMENT INCOME	665	493	1,075
EXCESS REVENUE RETAINED BY THE UNIVERSITY	<u>316</u>	<u>-</u>	<u>316</u>
OPERATING INCOME TO BE TRANSFERRED TO SURPLUS FUND SUBSEQUENT TO JUNE 30, 2013	<u>\$ 349</u>	<u>\$ 493</u>	<u>\$ 759</u>

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY FUND  
 RELATING TO STUDENT FEES AND FACILITIES BONDS UNDER THE JUNE 15, 1966 RESOLUTION AND  
 SUPPLEMENTAL RESOLUTIONS (UNIVERSITY OF NEBRASKA AT KEARNEY)  
 YEAR ENDED JUNE 30, 2013 (in thousands)

	Facilities Operating Fund	Unexpended Construction Funds	Renewal and Replacement Fund	Retirement of Indebtedness Funds	Investment in Plant Fund	Total All Funds
<b>REVENUES:</b>						
Operating revenues:						
Room and board	\$ 14,455	\$ —	\$ —	\$ —	\$ —	\$ 14,455
Parking facilities revenues	394	—	—	—	—	394
Student fees	1,437	—	—	—	—	1,437
Bookstore and bookstore commissions	210	—	—	—	—	210
Other operating revenue	662	—	—	—	—	662
Total operating revenues	17,158	—	—	—	—	17,158
<b>EXPENSES:</b>						
Operating expenses:						
Salaries and wages	2,809	—	—	—	—	2,809
Benefits	932	—	—	—	—	932
Total compensation and benefits	3,741	—	—	—	—	3,741
Supplies and materials	1,091	—	129	13	187	1,420
Food service contracts	4,544	—	—	—	—	4,544
Contractual services	164	—	14	11	—	189
Repairs and maintenance	220	4	46	4	457	727
Utilities	988	—	—	—	—	988
Communications	242	—	—	—	242	242
Depreciation	—	—	—	—	1,719	1,719
Total operating expenses	10,990	—	189	28	2,363	13,570
<b>TRANSFERS:</b>						
Additions from facilities operating fund	(17,020)	—	—	17,020	—	—
Remitted for facilities operations and maintenance	7,000	—	—	(7,000)	—	—
Remitted for food service contract payments	4,544	—	—	(4,544)	—	—
Total transfers	(5,476)	—	—	5,476	—	—
<b>OPERATING INCOME (LOSS)</b>	692	—	(189)	5,448	(2,363)	3,588
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Investment income, net	(4)	—	—	223	—	219
Decrease in fair value of investments	—	—	—	(133)	—	(133)
Interest on bond obligation	—	—	—	(1,144)	—	(1,144)
Principal paid on bond obligations	—	—	—	(890)	890	—
Amortization of bond financial expense and premiums	—	—	—	—	(30)	(30)
Expended on capital assets	(185)	—	(27)	(5,656)	5,868	—
Loss on disposal of plant assets	—	—	—	—	(4)	(4)
Net transfer of assets from other University sources	—	—	—	—	14	14
Net non-operating revenues (expenses)	(189)	—	(27)	(7,600)	6,738	(1,078)
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	503	—	(216)	(2,152)	4,375	2,510
<b>OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:</b>						
Capital grants and contracts	—	—	226	—	318	544
<b>INCREASE (DECREASE) IN NET ASSETS</b>	503	—	10	(2,152)	4,693	3,054
<b>NET POSITION (DEFICIT):</b>						
Beginning of year	609	—	80	17,338	16,339	34,366
End of year	\$ 1,112	\$ —	\$ 90	\$ 15,186	\$ 21,032	\$ 37,420

See accompanying independent auditors' report.

**THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA**  
**ADDITIONAL INFORMATION**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION 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, 2013 (in thousands)**

	Student Housing Operating Fund	Renewal and Replacement Fund	Retirement of Indebtedness Funds	Investment in Plant Fund	GASB Reclasses	Total All Funds
<b>REVENUES:</b>						
Operating revenues:						
Room and board	557	—	—	—	—	557
Expended for plant	—	—	—	—	—	—
Total operating revenues	557	—	—	—	—	557
<b>EXPENSES:</b>						
Operating expenses:						
Salaries and wages	73	—	—	—	—	73
Benefits	17	—	—	—	—	17
Total compensation and benefits	90	—	—	—	—	90
Supplies and materials	15	—	—	—	—	15
Contractual services	25	—	—	—	—	25
Repairs and maintenance	43	—	—	—	—	43
Utilities	44	—	—	—	—	44
Communications	—	—	—	—	—	—
Depreciation	—	—	—	104	—	104
Total operating expenses	217	—	—	104	—	321
<b>TRANSFERS:</b>						
Mandatory debt service transfers	(344)	—	344	—	—	—
Other transfers	4	43	—	—	—	47
Total transfers	(340)	43	344	—	—	47
<b>OPERATING INCOME (LOSS)</b>	—	43	344	(104)	—	283
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Investment income, net of investment management fees	—	7	1	—	—	8
Decrease in fair value of investments	—	(6)	—	—	—	(6)
Interest on bond obligation	—	—	(209)	—	—	(209)
Amortization of bond financial expense	—	—	(135)	(3)	—	(3)
Retirement of indebtedness	—	—	—	135	135	—
Payment of bonds payable	—	—	—	—	(135)	—
Net transfer of assets from other University sources	—	—	—	—	—	—
Net non-operating revenues (expenses)	—	1	(343)	132	—	(210)
<b>INCREASE (DECREASE) IN NET POSITION</b>	—	44	1	28	—	73
<b>NET POSITION (DEFICIT):</b>						
Beginning of year	—	707	469	(139)	—	1,037
End of year	—	751	470	(111)	—	1,110

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, 2013 (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	\$ 35,330	2,733	\$ 2,412
Neihardt, Cather, and Pound Halls	68,435	5,455	2,792
Burr-Fedde Halls	14,697	1,170	902
Park Apartments	3,604	278	335
Abel and Sandoz Halls	97,956	7,813	3,624
Harper, Schramm, and Smith Halls	113,533		3,633
Health Center	9,621	767	4,102
Nebraska Union – City Campus	64,170	4,691	5,432
Nebraska Union – East Campus	14,523	1,140	840
Husker Hall	2,463	251	111
Love Memorial Co-op	2,178	713	83
The Courtyards	37,063	1,850	1,112
The Village	42,688	2,229	1,302
Recreation Facility	10,197	813	676
Parking:			
Stadium Drive Parking Garage	10,974	875	513
14th and Avery Parking Garage	15,869	1,265	642
17th and “R” Parking Garage	27,435	2,188	562
University of Nebraska at Omaha:			
Student Fees and Facilities:			
Student Center	25,340	2,027	11,155
Health Physical Education and Recreation	47,270	3,782	3,529
Student Housing and Parking:			
Scott Village	12,308	985	2,638
Maverick Village	13,730	1,098	2,399
University Village	14,878	1,190	3,126
Scott Court	20,187	1,615	2,672
Parking Structure – University Drive South	12,656	75	210
University of Nebraska Medical Center Housing	5,202	903	502
University of Nebraska at Kearney:			
University Heights Apartments	5,443	435	400
Antelope Hall	11,472	918	860
Centennial Towers East	14,135	1,131	1,400
Centennial Towers West	14,135	1,131	1,400
Conrad Hall	3,206	256	320
Mantor Hall	10,325	826	1,150
Martin Hall	4,803	384	420
Men’s Hall	6,251	500	525
Nester Hall	13,093	1,047	920
Randall Hall	5,040	403	700
Nebraskan Student Union	21,592	2,591	6,500
University Residence North	5,302	424	1,380
University Residence South	5,302	424	1,410

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 - \$6,971,633.

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 biannually to determine accurate and up-to-date valuations.

See accompanying independent auditors' report.