



***The University of Nebraska
Facilities Corporation***
(A Component Unit of the University of Nebraska)

*Financial Statements for the Years Ended
June 30, 2012 and 2011, Additional Information
and Independent Auditors' Report*

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

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Independent Auditors' Report

The Board of Regents
University of Nebraska:

We have audited the accompanying statements of net assets (deficit) relating to The University of Nebraska Facilities Corporation (UNFC), a component unit of the University of Nebraska, as of June 30, 2012 and 2011, and the related statements of revenues, expenses, and changes in net assets (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the UNFC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in note A to the financial statements, the financial statements related to UNFC are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the University of Nebraska that is attributable to the transactions of UNFC. They do not purport to, and do not, present fairly the financial position of the University of Nebraska as of June 30, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets (deficit) of The University of Nebraska Facilities Corporation as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the management discussion and analysis on pages 3 - 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on pages 22 - 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The additional information on pages 22 - 24 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 basic financial statements as a whole.

KPMG LLP

Lincoln, Nebraska
October 24, 2012

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (Dollar Amounts in Thousands)

Introduction

The following is an overview of the financial position and changes in net assets (deficit) of the University of Nebraska Facilities Corporation (UNFC). 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.

UNFC was organized by the Board of Regents of the University of Nebraska (University) in 1930 and is a component unit of the University. Its primary purpose is to provide a bond financing vehicle for projects that cannot be bonded by the University under the State of Nebraska constitution, which generally limits University of Nebraska bonds to revenue-backed projects for student housing, parking, student unions, student health, and athletic facilities. Accordingly, UNFC contracts defined projects that are funded through bond proceeds, with repayment from specific state capital appropriations, university contributions, and donor gifts. The bonds are typically secured by a pledge of the University's cash funds, with the University entering into a lease purchase or other financing arrangement with UNFC in amounts consistent with required debt service. The facilities are not reflected in the accompanying statements as they are transferred to the University and reported in the University's financial statements.

The financial statements include the activities related to the following projects and bond issues for the years ended June 30, 2012 and 2011:

Facility	Financing Objective
UNMC – Eye Institute (Series 2011 Bonds)	Construction of an ophthalmology and visual sciences research and clinical facility
NCTA Education Center/Student Housing Project (Series 2011 Bonds)	Construction of instruction facilities and student housing
UNMC - OPPD Exchange Project (Series 2010 Bonds)	Construction of new buildings and surface parking space in exchange for other property
Deferred Maintenance Project (Series 2009 Bonds)	Defined deferred maintenance projects
UNMC Health Professions Futures Project (Series 2009 Bonds)	Construction of new research/medical facilities/nursing school addition
UNMC Research Center Project (Series 2007 Bonds)	Construction of new research/medical facilities (second tower)
UNMC Sorrell Center Project (Series 2006 Bonds)	Construction of a medical education building
Deferred Maintenance Project (Series 2006 Bonds)	Defined deferred maintenance projects
UNL Library Storage Project (Series 2004 Bonds)	Construction of a library storage facility
UNL Alexander Building Project (Series 2003 Bonds)	Purchase/renovation of an office building

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (Dollar Amounts in Thousands)

UNMC Research Center Project
(Series 2002 Bonds)

Construction of new research/medical facilities
(first tower)

Financial Highlights

In fiscal 2012, there was no new indebtedness issued by UNFC. At the same time, revenue sources, including state appropriations, designated tuition revenues, private gifts, realized energy savings, and other sources supporting other borrowings remained strong:

- The State of Nebraska legislature has reaffirmed and appropriated funds for their portion of the debt service pertaining to the Deferred Maintenance Projects (Series 2006 and 2009 Bonds) and the NCTA Education Center Project, Series 2011 Bonds.
- The University of Nebraska Foundation continues to receive funds from donor gifts pledged toward the funding of the University of Nebraska Medical Center Research Center Project, Series 2007 Bonds, the Sorrell Project, Series 2006 Bonds, the Health Professions Futures Project, Series 2009 Bonds, and the Eye Institute, Series 2011 Bonds.
- Funds flowing from internal University sources continue to meet expectations allowing the service of debt obligations in their normal course.

The UNFC had sufficient revenues to cover debt service for each bond issue and was in compliance with all covenants at June 30, 2012 and 2011.

Using the Financial Statements

The financial statements of UNFC include the Statements of Net Assets (Deficit), the Statements of Revenues, Expenses, and Changes in Net Assets (Deficit), and the Statements of Cash Flows. These statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The statements are presented on a combined basis to focus on the combined acquisition, construction, and related financing activities of the entity as a whole.

The Statements of Net Assets (Deficit) include the trustee accounts of the various bond issues. The Statements of Revenues, Expenses, and Changes in Net Assets (Deficit) depict the non-operating revenues and expenses, which provide resources for the purchase, construction, and renovation of designated facilities and for debt service. The Statements of Cash Flows show the sources and uses of cash from issuance of bonds, investments, and trustee activity, and other capital and financing activities.

The Statements

Condensed statements in an all-inclusive format are presented on the next page for the UNFC as of and for the years ended June 30, 2012, 2011, and 2010.

Current assets consist of resources held by the bond trustee that are designated or restricted by the bond covenants for current maturities of bonds and related interest. Non-current assets consist primarily of

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (Dollar Amounts in Thousands)

investments that will be either liquidated to fund construction costs or remain invested in the several bond reserve accounts. The bond reserve account balances for each of the separate bond issues are included in the debt service allocation and meet the individual reserve required by each resolution.

The Condensed Statements of Revenues, Expenses, and Changes in Net Assets (Deficit) include investment income, revenues designated for debt service, interest expense, and other capital related revenues and expenses. The increase in net assets is due to the expenditure of bond proceeds and transfers to the campuses relating to the UNMC Eye Institute, UNL NCTA Project, the Deferred Maintenance Project Series 2009, and the Health Professions Futures Project, net of capital grants and gifts, capital appropriations, and University contributions for debt service.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (Dollar Amounts in Thousands)

Condensed Statements of Net Assets (Deficit)

	June 30		
	2012	2011	2010
Assets:			
Current assets	\$ 35,884	\$ 53,069	\$ 56,449
Non-current assets	80,338	111,505	122,957
Total assets	<u>116,222</u>	<u>164,574</u>	<u>179,406</u>
Liabilities:			
Current liabilities	26,984	40,713	52,225
Non-current liabilities	197,180	240,308	240,810
Total liabilities	<u>224,164</u>	<u>281,021</u>	<u>293,035</u>
Net Assets (deficit):			
Restricted:			
Expendable			
Plant construction	28,160	50,824	47,357
Debt service	74,421	97,318	101,608
Unrestricted	(210,523)	(264,589)	(262,594)
Total net assets (deficit)	<u>\$ (107,942)</u>	<u>\$ (116,447)</u>	<u>\$ (113,629)</u>

Condensed Statements of Revenues, Expenses, and Changes in Net Assets (Deficit)

	Year Ended June 30		
	2012	2011	2010
Non-operating revenues (expenses):			
University contributions	\$ 26,134	\$ 15,677	\$ 10,462
Capital appropriations	11,802	11,801	11,000
Capital grants and gifts	3,858	17,453	13,955
Investment income	600	407	1,230
Increase (decrease) in fair value of investments	(170)	124	336
Interest on bond obligations payable	(6,434)	(7,557)	(4,326)
Increase (decrease) in capital lease obligations	(1,180)	(5)	23,100
Other expenses	(130)	(167)	(123)
	<u>34,480</u>	<u>37,733</u>	<u>55,634</u>
Transfers	<u>(25,975)</u>	<u>(40,551)</u>	<u>(78,681)</u>
Increase (decrease) in net assets	8,505	(2,818)	(23,047)
Net assets (deficit), beginning of year	<u>(116,447)</u>	<u>(113,629)</u>	<u>(90,582)</u>
Net assets (deficit), end of year	<u>\$ (107,942)</u>	<u>\$ (116,447)</u>	<u>\$ (113,629)</u>

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (Dollar Amounts in Thousands)

Economic Outlook and Subsequent Events That Will Affect the Future

It is management's belief that UNFC will continue to realize sufficient resources to cover debt service. The major sources of revenues would be largely unaffected by pressure on budgets at the State of Nebraska. This, combined with strength and performance of pledges at the University of Nebraska Foundation supporting private gift-funded projects and a stable enrollment in students, give rise to confidence in the future stability of the UNFC.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

STATEMENTS OF NET ASSETS (DEFICIT) JUNE 30, 2012 AND 2011 (in thousands)

ASSETS	2012	2011
CURRENT ASSETS:		
Cash and cash equivalents, held by trustee - restricted	\$ 22,925	\$ 23,834
Investments held by trustee - restricted	5,213	20,758
Accrued interest receivable	66	247
Capital lease obligation receivable	7,680	8,230
Total current assets	<u>35,884</u>	<u>53,069</u>
NON-CURRENT ASSETS:		
Cash and cash equivalents, held by trustee - restricted	33,668	58,064
Investments held by trustee - restricted	13,051	19,066
Capital lease obligation receivable, net of current portion	33,056	33,687
Bond discount, net of accumulated amortization	85	90
Bond financial expenses, net of accumulated amortization	478	598
Total non-current assets	<u>80,338</u>	<u>111,505</u>
Total assets	<u>116,222</u>	<u>164,574</u>
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	2,752	1,135
Accrued interest payable	3,677	4,237
Due to University of Nebraska	305	5,591
Bond obligations payable	20,250	29,750
Total current liabilities	<u>26,984</u>	<u>40,713</u>
NON-CURRENT LIABILITIES:		
Bond obligations payable, net of current portion	190,135	231,600
Bond premium, net of accumulated amortization	7,045	8,708
Total non-current liabilities	<u>197,180</u>	<u>240,308</u>
Total liabilities	<u>224,164</u>	<u>281,021</u>
NET ASSETS (DEFICIT):		
Restricted:		
Expendable:		
Plant construction	28,160	50,824
Debt service	74,421	97,318
Unrestricted	<u>(210,523)</u>	<u>(264,589)</u>
Total net assets (deficit)	<u>\$ (107,942)</u>	<u>\$ (116,447)</u>

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (DEFICIT) FOR THE YEARS ENDED JUNE 30, 2012 AND 2011 (in thousands)

	2012	2011
NON-OPERATING REVENUES (EXPENSES):		
University contributions	\$ 26,134	\$ 15,677
Capital appropriations	11,802	11,801
Capital grants and gifts	3,858	17,453
Additions to capital lease obligation receivable	4,004	8,816
Investment income	600	407
Increase (decrease) in fair value of investments	(170)	124
Interest on bond obligations payable	(6,434)	(7,557)
Retirement of capital lease obligation receivable	(5,184)	(8,821)
Administrative and other expenses	<u>(130)</u>	<u>(167)</u>
Net non-operating revenues and expenses	34,480	37,733
TRANSFERS:		
Transfers to the University for capital projects	<u>(25,975)</u>	<u>(40,551)</u>
Increase (decrease) in net assets	8,505	(2,818)
NET ASSETS (DEFICIT):		
Beginning of year	<u>(116,447)</u>	<u>(113,629)</u>
End of year	<u>\$ (107,942)</u>	<u>\$ (116,447)</u>

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011 (in thousands)

	2012	2011
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
University contributions	\$ 26,134	\$ 15,677
Capital appropriations	11,802	11,801
Capital grants and gifts	3,858	17,453
Proceeds from the issuance of bonds	-	31,325
Principal paid on bond obligations payable	(50,965)	(30,830)
Purchases of capital assets	(27,383)	(45,196)
Interest paid on bond obligations payable	(10,866)	(11,315)
Payment to University of Nebraska	-	(3,833)
Bond issuance costs	(45)	(178)
Administrative expenses	(8)	(14)
Net cash flows from capital and related financing activities	(47,473)	(15,110)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	30,908	54,270
Interest on investments	780	581
Purchases of investments	(9,520)	(34,810)
Net cash flows from investing activities	22,168	20,041
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(25,305)	4,931
CASH AND CASH EQUIVALENTS RESTRICTED, Beginning of year	81,898	76,967
CASH AND CASH EQUIVALENTS RESTRICTED, End of year	\$ 56,593	\$ 81,898
NON-CASH ITEM:		
Increase (decrease) in fair value of investments	\$ (170)	\$ 124

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (in thousands)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The University of Nebraska Facilities Corporation (UNFC) is a Nebraska non-profit corporation organized by the Board of Regents of the University of Nebraska (Regents) in 1930 to finance buildings and hold them in trust for the University of Nebraska (the University). The Regents serve as the UNFC's Board of Directors. UNFC is a component unit of the University.

These statements have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The GASB has issued Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments*, as amended by Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*. UNFC follows the "business-type" activities requirements of GASB Statement No. 34. Rather than issuing fund-type financial statements, this Statement requires the following components of the basic financial statements:

- Management's Discussion and Analysis
- Financial statements including Statement of Net Assets (Deficit); Statement of Revenues, Expenses, and Changes in Net Assets (Deficit), and Statement of Cash Flows
- Notes to financial statements

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

Basis of Presentation – The financial statements are presented on the accrual basis and include all accounts cited in the resolutions issued by UNFC in conjunction with the following:

- Eye Institute Project (Series 2011 Bonds)
- NCTA Education Center Project/Student Housing Project (Series 2011 Bonds)
- OPPD Exchange Project (Series 2010 Bonds)
- Deferred Maintenance Project (Series 2009 Bonds)
- Health Professions Futures Project (Series 2009 Bonds)
- Research Center Project (Series 2007 Bonds)
- Sorrell Center Project (Series 2006 Bonds)
- Deferred Maintenance Project (Series 2006 Bonds)
- Library Storage Project (Series 2004 Bonds)
- Alexander Building Project (Series 2003 Bonds)
- Research Center Project (Series 2002 Bonds)

As required by the resolutions, separate financial records are maintained for transactions relating to the bonds and to the revenues and expenses of each project.

Assets relating to capital project costs have not been reflected in the accompanying financial statements as these assets have been transferred to the University and are reported in the University's financial

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (in thousands)

statements. Interest incurred during the construction phase of capital projects is included in the capitalized value of the assets constructed and transferred to the University. The total interest expense capitalized during 2012 and 2011 was \$2,215 and \$2,218, respectively.

Classification of Revenues – UNFC has classified its revenues as non-operating revenues according to the following criteria:

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

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 amount 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.

Cash and Cash Equivalents, Held by Trustee – Restricted – This caption includes cash and investments, with an original maturity of three months or less when purchased, held by the bond trustee.

Investments Held By Trustee – Restricted – Investments are held by the bond trustee and are stated at fair value and consist of U.S. Government securities that are uninsured, unregistered, and are held by the trust departments of the various financial institutions acting as trustee. 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.

Capital Grants and Gifts – Capital grants and gifts represent donor gifts designated for the UNMC Health Professions Project, Sorrell Center Project, and Research Center Projects. These gifts flow to UNFC from the University of Nebraska Foundation.

University Contributions – University contributions include payments of designated tuition revenues from the University that are committed for repayment of the Deferred Maintenance Project Bonds, payments from UNMC that are committed to the Eye Institute Project, Research Center Projects, OPPD Project, Health Professions Project, and Sorrell Center Project, and payments from the University of Nebraska-Lincoln (UNL) that are committed to the NCTA Project, Library Storage Project, and the Alexander Building Project.

Capital Appropriations – This source of funds represents a designated appropriation of funds from the State of Nebraska to pay debt service for the Deferred Maintenance Project Bonds and the NCTA Education Center Project.

Capital Lease Obligation Receivable – This receivable represents payments due from UNL and UNMC for capital assets acquired as projects are completed and as construction progresses, which UNFC leases to UNL and UNMC under capital lease purchases, including the UNMC OPPD Project, Health Professions, Sorrell Center, the UNL NCTA Projects, the Library Storage, and Alexander Building. Rent payments are received as needed for debt service as defined by each respective agreement. The current portion of the lease obligation receivable approximates the debt service due on the respective bond issue in the following year.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (in thousands)

Amortization of Bond Financial Expense and Bond Premium or Discount – Bond financial expense and premium or discount are being amortized or accreted to interest expense on a method that approximates the level-yield method. The amortization is included in administrative and other expenses in the Statements of Revenues, Expenses, and Changes in Net Assets (Deficit).

Tax Status – UNFC qualifies as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code. 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.

B. INVESTMENTS HELD BY TRUSTEE

Investments are as follows as of June 30, 2012:

	Fair Value	Investment Maturities (in years)				Concentration
		Less Than 1	1-2	3-5	6-7	
Investment type:						
Debt securities:						
Federal Farm Credit Bank	\$ 2,126	\$ 2,126	\$ -	\$ -	\$ -	12%
Federal Home Loan Bank	11,168	4,602	3,062	3,504 (2)	-	61
Federal Home Mortgage Association	<u>4,970</u>	<u>-</u>	<u>1,776</u> (1)	<u>2,355</u> (1)	<u>839</u> (1)	<u>27</u>
	<u>\$ 18,264</u>	<u>\$ 6,728</u>	<u>\$ 4,838</u>	<u>\$ 5,859</u>	<u>\$ 839</u>	<u>100%</u>

(1) These bonds are callable in less than one year.

(2) This amount includes \$2,540 of callable bonds in less than one year.

Investments are as follows as of June 30, 2011:

	Fair Value	Investment Maturities (in years)				Concentration
		Less Than 1	1-2	3-5	6-10	
Investment type:						
Debt securities:						
Federal Farm Credit Bank	\$ 3,809	\$ 1,647	\$ 2,162	\$ -	\$ -	10%
Federal Home Loan Bank	22,457	15,467	6,058	932	-	56
Federal Home Mortgage Association	7,735	2,990	838 (1)	1,274 (1)	2,633 (1)	19
Repurchase Agreement	<u>5,823</u>	<u>-</u>	<u>-</u>	<u>5,823</u>	<u>-</u>	<u>15</u>
	<u>\$ 39,824</u>	<u>\$ 20,104</u>	<u>\$ 9,058</u>	<u>\$ 8,029</u>	<u>\$ 2,633</u>	<u>100%</u>

(1) These bonds are callable in less than one year.

Interest Rate Risk – UNFC 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.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (in thousands)

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, UNFC will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. Of UNFC’s \$5,823 investment in repurchase agreements at June 30, 2011, \$6,300 of underlying securities were held by the investment’s counterparty, not in the name of UNFC. UNFC’s remaining deposits and investments are exposed to custodial credit risk, as they are unregistered and uninsured.

Credit Risk – State statutes authorizes UNFC 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 UNFC does not follow a more restrictive policy. Credit ratings for these investments that are rated are as follows:

	<u>2012</u>	
	<u>Fair Value</u>	<u>Quality Ratings</u>
		<u>Aaa</u>
Investment type:		
Debt securities:		
U.S. Agencies	\$ 18,264	\$ 18,264

	<u>2011</u>		
	<u>Fair Value</u>	<u>Quality Ratings</u>	
		<u>AAA</u>	<u>Unrated</u>
Investment type:			
Debt securities:			
U.S. Agencies	\$ 34,001	\$ 34,001	\$ -
Repurchase Agreement	5,823	-	5,823
	<u>\$ 39,824</u>	<u>\$ 34,001</u>	<u>\$ 5,823</u>

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

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (in thousands)

C. BOND OBLIGATIONS PAYABLE

Bond obligations payable are as follows as of June 30:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
2012	\$ 261,350	\$ -	\$ 50,965	\$ 210,385	\$ 20,250
2011	\$ 262,870	\$ 29,310	\$ 30,830	\$ 261,350	\$ 29,750

	Interest Rates	Installments	Principal Amount Outstanding	
			2012	2011
Eye Institute Project, Series 2011	2.00 - 4.59%	\$3,000 - \$14,740	\$ 17,740	\$ 17,740
NCTA Educ. Center/Student Housing, Series 2011	1.20 - 5.50%	55 - 1,645	10,390	10,885
OPPD Exchange Project, Series 2010	1.75 - 3.00%	1,535 - 1,540	7,690	9,230
Deferred Maintenance Project, Series 2009	2.00 - 4.66%	6,680 - 7,530	41,850	48,400
Health Professions Futures Project, Series 2009	2.50 - 4.20%	700 - 18,235	18,935	19,835
Research Center Project, Series 2007	5.00%	13,790	13,790	13,790
Sorrell Center Project, Series 2006	3.75 - 4.00%	1,700 - 3,175	9,275	12,225
Deferred Maintenance Project, Series 2006	5.00%	7,815 - 11,550	86,185	93,700
Library Storage Project, Series 2004	4.00 - 5.00%	135 - 565	2,605	2,735
Alexander Building Project, Series 2003	4.00 - 5.00%	125 - 205	1,925	2,045
Research Center Project, Series 2002			-	30,765
			<u>\$ 210,385</u>	<u>\$ 261,350</u>

Bond Resolutions

General – On September 9, 1983, the UNFC approved a resolution establishing the general requirements for the issuance of bonds. Subsequent resolutions, bond issuances, and related maturities, terms, and redemption features are detailed below.

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 moneys derived from designated tuition revenues, legislative appropriations, donor gifts, and UNL and UNMC lease payments. The Board has pledged certain cash balances toward debt service on the bonds should sufficient revenues not be available. Pledged cash balances were \$450,368 and \$405,702 at June 30, 2012 and 2011.

The bond resolutions specify the funds that need to be established and the required transfers between funds. The bond resolutions also require that specified amounts be deposited with the Trustee for certain funds. At June 30, 2012 and 2011, the UNFC is in compliance with those requirements.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (in thousands)

UNMC Eye Institute Project (“Eye Institute”) – In 2011, the UNFC authorized the issuance of \$17,740 of Series 2011 Bonds, dated June 22, 2011.

The Eye Institute Project consists of the construction of the Eye Institute at the University of Nebraska Medical Center at a cost of approximately \$20,000. Bond proceeds provide interim financing for approximately \$18,000 of donor pledge payments. The remainder of the project will be funded by other University sources.

Principal and interest payments will come from moneys derived by UNFC under the Financing Agreement with the Board of Regents of the University of Nebraska. The Bonds are not redeemable prior to their stated maturities.

NCTA Education Center/Student Housing Project (“Education Center and Housing Facilities Projects”) – In 2011, the UNFC authorized the issuance of \$11,570 of Series 2011 Bonds, dated February 2, 2011.

The Education Center Project comprises the construction of a new Education Center classroom facility, the renovation of an existing Vet Tech Center, and the renovation of a dairy barn into a simulated veterinary clinic. The Housing Facilities Project is for the construction of a new student residence hall.

Principal and interest payments will come from lease payments received from the Nebraska College of Technical Agriculture (NCTA) and certain appropriations made by the Nebraska Legislature. Bonds maturing on or after June 15, 2021 are redeemable at par plus accrued interest.

UNMC – OPPD Exchange Project (“The Exchange Project”) – In 2010, the UNFC authorized the issuance of \$9,230 of Series 2010 Bonds, dated February 3, 2010.

The Board of Regents and the Omaha Public Power District (“OPPD”) entered into an exchange agreement in 2008 that provides for the Board to acquire certain OPPD property in exchange for specified Board property and improvements to be constructed on it. The Exchange Project was created to construct the improvements to the Board property and facilitate the property exchange with OPPD.

Principal and interest payments will come from lease payments received from UNMC. The Bonds are not redeemable prior to maturity.

Deferred Maintenance Project (“The 2009 Maintenance Project”) – UNFC authorized the issuance of \$52,055 Deferred Maintenance Bonds, Series 2009 Bonds dated December 8, 2009.

The 2009 Maintenance Project represents planned continuation financing of deferred maintenance projects initiated and partially financed by the 2006 Project. The 2006 Project was created to pay the construction costs for major renewal and renovation projects at each of the four University campuses.

Principal and interest payments will be paid from appropriations by the State of Nebraska and matched by specified tuition revenues. The Bonds are not redeemable prior to maturity.

University of Nebraska Medical Center Health Professions Future (“The 2009 Project”) – In 2009, the UNFC authorized the issuance of \$26,035 of Series 2009 Bonds, dated March 25, 2009.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (in thousands)

The 2009 Project is the construction of the College of Public Health building, an addition to the College of Nursing, and a Geriatric Center building at the UNMC campus. The bond proceeds will be used to provide interim financing for approximately \$36,000 of donor pledge payments. The remainder of the project will be funded by other available University funds at a total project cost of approximately \$39 million.

UNMC obtained pledges through the University of Nebraska Foundation that when augmented by other funds UNMC has available, will be sufficient to pay principal and interest on the bonds. The pledges will be received in installments through 2017.

The Bonds are not redeemable prior to maturity. The 2009 Project provides that if, at any time, the assigned pledged receipts are insufficient to pay principal and interest of the Series 2009 Bonds as they become due, the deficiency will be paid from the University Cash Fund or other funds of the Board of Regents available for such purpose.

University of Nebraska Medical Center Research Center Project (“The 2007 Project”) – In 2008, the UNFC authorized the issuance of \$23,630 of Series 2007 Bonds, dated December 19, 2007.

The 2007 Project is the construction of the Research Center of Excellence II. The bond proceeds will be used to provide interim financing for approximately \$22,000 of donor pledge payments. The remainder of the project will be funded by other available University funds at a total project cost of approximately \$74,000.

UNMC obtained pledges through the University of Nebraska Foundation that when augmented by other funds UNMC has available, will be sufficient to pay principal and interest on the bonds. The pledges will be received in installments through 2012.

Bonds maturing on or after February 15, 2018 are redeemable at par plus accrued interest. The 2007 Project provides that if, at any time, the assigned pledged receipts are insufficient to pay principal and interest of the Series 2007 Bonds as they become due, the deficiency will be paid from the University Cash Fund or other funds of the Board of Regents available for such purpose.

Lease Rental Revenue Bonds (“The Sorrell Center Project”) – In 2007, the UNFC authorized the issuance of \$29,625 of Series 2006 Bonds, dated November 1, 2006.

The Sorrell Center Project is the construction of a multilevel building to house the educational activities of the UNMC College of Medicine.

UNMC has obtained pledges through the University of Nebraska Foundation, that when augmented by other funds UNMC has available, will be sufficient to make lease payments equivalent to principal and interest on the bonds. Bonds maturing after April 15, 2013 are redeemable at par plus accrued interest.

Deferred Maintenance Project (“The 2006 Project”) – UNFC authorized the issuance of \$110,970 of Deferred Maintenance Bonds, Series 2006 Bonds, dated August 15, 2006.

The 2006 Project was created for the purpose of paying the construction costs for major renewal and renovation projects at each of the four University campuses.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (in thousands)

Principal and interest payments will be paid from appropriations by the State of Nebraska and matched by specified tuition revenues. Bonds maturing after July 15, 2017 are redeemable at par plus accrued interest.

Library Storage Project (“The 2004 Project”) – In 2004, the UNFC authorized the issuance of \$3,410 of Series 2004 Bonds, dated May 15, 2004.

The Library storage and retrieval facility provides a climate-controlled environment for the library’s print volumes and other documents. The strictly controlled temperature, humidity, and air quality minimizes the deterioration of the books and other documents.

Principal and interest payments will come from lease payments received from UNL. Bonds maturing after July 15, 2014 are redeemable at par plus accrued interest. The 2004 Project states that if, at any time, the assigned revenues are insufficient to pay principal and interest of the Series 2004 Bonds as they become due, the deficiency will be paid from the University Cash Fund or other funds of the Board of Regents available for such purpose.

Alexander Building Project (“The 2003 Project”) – In 2003, the UNFC authorized the issuance of \$2,935 of Series 2003 Bonds, dated March 6, 2003.

The 2003 Project involved the purchase and refurbishing of the Alexander Building, including a heating, ventilation, and air conditioning project on the city campus of UNL.

Principal and interest payments will come from lease payments received from UNL. Bonds are redeemable at par plus accrued interest. The 2003 Project states that if, at any time, the assigned revenues are insufficient to pay principal and interest of the Series 2003 Bonds as they become due, the deficiency will be paid from the University Cash Fund or other funds of the Board of Regents available for such purpose.

University of Nebraska Medical Center Research Center Project (“The 2002 Project”) – In 2002, the UNFC authorized the issuance of \$56,695 of Series 2002 Bonds, dated February 15, 2002. The 2002 Project was created for the purpose of paying a portion of the cost of construction of the Research Center of Excellence (now named the Durham Center) and a multilevel parking structure at UNMC.

On February 15, 2012, UNFC called the remaining outstanding Series 2002 Bonds of \$21,215 at par plus accrued interest as of the redemption date. There was no gain or loss on the redemption of these bonds.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (in thousands)

Annual Maturities – All Projects – Annual maturities of principal and interest are as follows:

	Eye Institute Project Series 2011		NCTA Project Series 2011		OPPD Exchange Project Series 2010	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ -	\$ 736	\$ 555	\$ 392	\$ 1,540	\$ 185
2014	-	736	560	385	1,540	158
2015	3,000	736	570	375	1,540	126
2016	-	676	580	362	1,535	88
2017	-	676	600	348	1,535	46
2018-2022	14,740	676	3,305	1,420	-	-
2023-2027	-	-	3,335	616	-	-
2028-2032	-	-	505	190	-	-
2033-2035	-	-	380	43	-	-
	<u>\$ 17,740</u>	<u>\$ 4,236</u>	<u>\$10,390</u>	<u>\$ 4,131</u>	<u>\$ 7,690</u>	<u>\$ 603</u>

	Deferred Maintenance Project Series 2009		Health Professions Futures Project Series 2009		Research Center Project Series 2007	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 6,680	\$ 1,442	\$ 700	\$ 774	\$ -	\$ 690
2014	6,810	1,302	18,235	383	-	690
2015	6,960	1,107	-	-	-	690
2016	7,200	821	-	-	-	690
2017	7,530	484	-	-	-	690
2018-2021	6,670	156	-	-	13,790	690
	<u>\$ 41,850</u>	<u>\$ 5,312</u>	<u>\$18,935</u>	<u>\$ 1,157</u>	<u>\$13,790</u>	<u>\$ 4,140</u>

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (in thousands)

	Sorrell Center Project Series 2006		Deferred Maintenance Project Series 2006		Library Storage Project Series 2004	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 2,700	\$ 367	\$ 7,815	\$ 4,114	\$ 135	\$ 120
2014	1,700	259	8,205	3,713	140	114
2015	1,700	195	8,615	3,293	145	108
2016	3,175	126	9,050	2,851	150	102
2017	-	-	9,500	2,388	155	95
2018-2022	-	-	43,000	4,431	895	359
2023-2025	-	-	-	-	985	92
	<u>\$ 9,275</u>	<u>\$ 947</u>	<u>\$86,185</u>	<u>\$20,790</u>	<u>\$ 2,605</u>	<u>\$ 990</u>

	Alexander Building Project Series 2003		Total Combined Maturities, all Bond issues		
	Principal	Interest	Principal	Interest	Total
2013	\$ 125	\$ 87	\$ 20,250	\$ 8,907	\$ 29,157
2014	130	82	37,320	7,822	45,142
2015	135	77	22,665	6,707	29,372
2016	140	71	21,830	5,787	27,617
2017	150	64	19,470	4,791	24,261
2018-2022	845	208	83,245	7,940	91,185
2023-2027	400	20	4,720	728	5,448
2028-2032	-	-	505	190	695
2033-2035	-	-	380	43	423
	<u>\$ 1,925</u>	<u>\$ 609</u>	<u>\$ 210,385</u>	<u>\$ 42,915</u>	<u>\$ 253,300</u>

D. INSURANCE

The October 1, 1983 agreement and subsequent agreements require the Board of Regents of the University of Nebraska to carry insurance in amounts sufficient to provide for the cost of construction on any of the buildings. The facilities are included under the blanket policy of the University for amounts in excess of \$200. Amounts up to \$200 are paid by the University's Self-Insurance Trust, which is held by a trustee. UNFC is not responsible for contributing to this Trust. The University has established a program to provide for protection against various liabilities including property losses for amounts not covered by contracts with outside insurers.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 and 2011 (in thousands)

E. DUE TO UNIVERSITY

The amount due to the University represents construction expenses incurred by the campuses that UNFC will reimburse from bond proceeds for designated UNFC projects.

F. COMMITMENTS AND CONTINGENCIES

UNFC has contracted for the construction of several facilities, which are estimated to cost approximately \$32,005 at June 30, 2012. The projects are as follows:

Deferred Maintenance University Wide	\$ 19,950
Eye Institute	9,743
UNMC Health Professions	2,312
Total Project	<u>\$ 32,005</u>

G. SUBSEQUENT EVENTS

UNFC has evaluated subsequent events from the statement of net assets (deficit) date through October 24, 2012, the date at which the financial statements were available to be issued. No items were identified that would require disclosure.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

ADDITIONAL INFORMATION

COMBINING SCHEDULE - STATEMENT OF NET ASSETS (DEFICIT)

JUNE 30, 2012 (in thousands)

ASSETS	Eye Institute Project	NCTA Projects	UNMC OPPD Project	Deferred Maintenance (Series 2009)	Health Professions	Research Center (Series 2007)	Sorrell Center	Deferred Maintenance (Series 2006)	Library Storage	Alexander Building	Research Center (Series 2002)	Combined
CURRENT ASSETS:												
Cash and cash equivalents, held by trustee - restricted	\$ 736	\$ 16	\$ 45	\$ 8,122	\$ 1,474	\$ 252	\$ 96	\$ 11,929	\$ 255	\$ -	\$ -	\$ 22,925
Investments held by trustee - restricted	-	839	964	-	-	438	2,972	-	-	-	-	5,213
Accrued interest receivable	7	4	-	23	7	21	4	-	-	-	-	66
Capital lease obligation receivable	-	947	1,725	-	1,474	-	3,067	-	255	212	-	7,680
Total current assets	743	1,806	2,734	8,145	2,955	711	6,139	11,929	510	212	-	35,884
NON-CURRENT ASSETS:												
Cash and cash equivalents, held by trustee - restricted	8,074	-	-	21,726	879	-	-	2,709	280	-	-	33,668
Investments held by trustee - restricted	3,773	-	-	4,895	2,605	1,688	90	-	-	-	-	13,051
Capital lease obligation receivable, net of current portion	-	8,486	5,027	-	12,943	-	3,091	-	1,817	1,692	-	33,056
Bond discount, net of accumulated amortization	-	27	-	-	-	-	2	-	37	19	-	85
Bond financial expenses, net of accumulated amortization	56	87	32	77	13	42	29	116	17	9	-	478
Total non-current assets	11,903	8,600	5,059	26,698	16,440	1,730	3,212	2,825	2,151	1,720	-	80,338
Total assets	12,646	10,406	7,793	34,843	19,395	2,441	9,351	14,754	2,661	1,932	-	116,222
LIABILITIES AND NET ASSETS (DEFICIT)												
CURRENT LIABILITIES:												
Accounts payable	1,057	-	-	1,683	12	-	-	-	-	-	-	2,752
Accrued interest payable	263	16	68	686	290	255	76	1,960	56	7	-	3,677
Due to University of Nebraska	-	-	-	305	-	-	-	-	-	-	-	305
Bond obligations payable	-	555	1,540	6,680	700	-	2,700	7,815	135	125	-	20,250
Total current liabilities	1,320	571	1,608	9,354	1,002	255	2,776	9,775	191	132	-	26,984
NON-CURRENT LIABILITIES:												
Bond obligations payable, net of current portion	17,740	9,835	6,150	35,170	18,235	13,790	6,575	78,370	2,470	1,800	-	190,135
Bond premium, net of accumulated amortization	1,790	-	35	2,160	158	444	-	2,458	-	-	-	7,045
Total non-current liabilities	19,530	9,835	6,185	37,330	18,393	14,234	6,575	80,828	2,470	1,800	-	197,180
Total liabilities	20,850	10,406	7,793	46,684	19,395	14,489	9,351	90,603	2,661	1,932	-	224,164
NET ASSETS (DEFICIT):												
Restricted:												
Expendable:												
Plant construction	8,011	114	-	17,867	2,168	-	-	-	-	-	-	28,160
Debt service	1,525	10,276	7,693	12,142	16,767	2,144	9,244	12,679	54	1,897	-	74,421
Unrestricted	(17,740)	(10,390)	(7,693)	(41,850)	(18,935)	(14,192)	(9,244)	(88,528)	(54)	(1,897)	-	(210,523)
Total net assets (deficit)	\$ (8,204)	\$ -	\$ -	\$ (11,841)	\$ -	\$ (12,048)	\$ -	\$ (75,849)	\$ -	\$ -	\$ -	\$ (107,942)

See accompanying independent auditors' report.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

ADDITIONAL INFORMATION

COMBINING SCHEDULE - STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS (DEFICIT)

FOR THE YEAR ENDED JUNE 30, 2012 (in thousands)

	Eye Institute Project	NCTA Projects	UNMC OPPD Project	Deferred Maintenance (Series 2009)	Health Professions	Research Center Series 2007	Sorrell Center	Deferred Maintenance (Series 2006)	Library Storage	Alexander Building	Research Center (Series 2002)	Combined
NON-OPERATING REVENUES (EXPENSES):												
University contributions	\$ 509	\$ 89	\$ 1,732	\$ 4,125	\$ 760	\$ 649	\$ 200	\$ 6,875	\$ 255	\$ 212	\$ 10,728	\$ 26,134
Capital appropriations	-	802	-	4,125	-	-	-	6,875	-	-	-	11,802
Capital grants and gifts	-	-	-	-	900	-	2,954	-	-	-	4	3,858
Additions to capital lease obligation	-	4,004	-	-	-	-	-	-	-	-	-	4,004
Investment income	19	14	21	125	29	50	92	25	3	-	222	600
Increase (decrease) in fair value of investments	2	4	32	(83)	(9)	(36)	(49)	(24)	(3)	-	(4)	(170)
Interest on bond obligations payable	(3)	(188)	(189)	(63)	-	(610)	(461)	(4,019)	(126)	(94)	(681)	(6,434)
Retirement of capital lease obligations	-	-	(1,589)	-	(622)	-	(2,728)	-	(128)	(117)	-	(5,184)
Administrative expenses and other expenses	(10)	(4)	(7)	(20)	(20)	(8)	(8)	(19)	(1)	(1)	(32)	(130)
Net non-operating revenues and expenses	<u>517</u>	<u>4,721</u>	<u>-</u>	<u>8,209</u>	<u>1,038</u>	<u>45</u>	<u>-</u>	<u>9,713</u>	<u>-</u>	<u>-</u>	<u>10,237</u>	<u>34,480</u>
TRANSFERS:												
Transfers to the University for capital projects	(8,705)	(4,721)	-	(11,511)	(1,038)	-	-	-	-	-	-	(25,975)
Increase (decrease) in net assets	<u>(8,188)</u>	<u>-</u>	<u>-</u>	<u>(3,302)</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>9,713</u>	<u>-</u>	<u>-</u>	<u>10,237</u>	<u>8,505</u>
NET ASSETS (DEFICIT):												
Net assets (deficit), beginning of year	(16)	-	-	(8,539)	-	(12,093)	-	(85,562)	-	-	(10,237)	(116,447)
Net assets (deficit), end of year	<u>\$ (8,204)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,841)</u>	<u>\$ -</u>	<u>\$ (12,048)</u>	<u>\$ -</u>	<u>\$ (75,849)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (107,942)</u>

See accompanying independent auditors' report.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

ADDITIONAL INFORMATION COMBINING SCHEDULE - STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012 (in thousands)

	Eye Institute Project	NCTA Projects	UNMC OPPD Project	Deferred Maintenance (Series 2009)	Health Professions	Research Center (Series 2007)	Sorrell Center	Deferred Maintenance (Series 2006)	Library Storage	Alexander Building	Research Center (Series 2002)	Combined
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:												
University contributions	\$ 509	\$ 89	\$ 1,732	\$ 4,125	\$ 760	\$ 649	\$ 200	\$ 6,875	\$ 255	\$ 212	\$ 10,728	\$ 26,134
Capital appropriations	-	802	-	4,125	-	-	-	6,875	-	-	-	11,802
Capital grants and gifts	-	-	-	-	900	-	2,954	-	-	-	4	3,858
Proceeds from the issuance of bonds	-	-	-	-	-	-	-	-	-	-	-	-
Principal paid on bonds obligations payable	-	(495)	(1,540)	(6,550)	(900)	-	(2,950)	(7,515)	(130)	(120)	(30,765)	(50,965)
Purchases of capital assets	(7,210)	(8,168)	-	(10,667)	(1,338)	-	-	-	-	-	-	(27,383)
Interest paid on bond obligations payable	(509)	(396)	(204)	(1,575)	(793)	(689)	(485)	(4,460)	(125)	(92)	(1,538)	(10,866)
Payment to University of Nebraska	-	-	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	(45)	-	-	-	-	-	-	-	-	-	-	(45)
Administrative expenses	-	-	-	(3)	(1)	-	-	(4)	-	-	-	(8)
Net cash flows from capital and related financing activities	(7,255)	(8,168)	(12)	(10,545)	(1,372)	(40)	(281)	1,771	-	-	(21,571)	(47,473)
CASH FLOWS FROM INVESTING ACTIVITIES:												
Proceeds from sales and maturities of investments	-	833	-	7,575	-	-	-	1,249	330	-	20,921	30,908
Interest on investments	11	13	21	144	29	49	93	35	3	-	382	780
Purchases of investments	(3,771)	(830)	-	(4,919)	-	-	-	-	-	-	-	(9,520)
Net cash flows from investing activities	(3,760)	16	21	2,800	29	49	93	1,284	333	-	21,303	22,168
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS												
CASH AND CASH EQUIVALENTS, beginning of year	19,825	8,168	36	37,593	3,696	243	284	11,583	202	-	268	81,898
CASH AND CASH EQUIVALENTS, end of year	\$ 8,810	\$ 16	\$ 45	\$ 29,848	\$ 2,353	\$ 252	\$ 96	\$ 14,638	\$ 535	\$ -	\$ -	\$ 56,593
NON-CASH ITEM:												
Increase (decrease) in fair value of investments	\$ 2	\$ 4	\$ 32	\$ (83)	\$ (9)	\$ (36)	\$ (49)	\$ (24)	\$ (3)	\$ -	\$ (4)	\$ (170)

See accompanying independent auditors' report.