



**THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION**  
(A Component Unit of the University of Nebraska)

Financial Statements

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)

**THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION**  
(A Component Unit of the University of Nebraska)

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## Independent Auditors' Report

The Board of Regents  
University of Nebraska:

We have audited the accompanying statements of net position (deficit) of the University of Nebraska Facilities Corporation (UNFC), a component unit of the University of Nebraska, as of June 30, 2018 and 2017, and the related statements of revenues, expenses, and changes in net position (deficit) and cash flows for the years then ended, and the related notes to financial statements, which collectively comprise the UNFC's basic financial statements.

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

Management is responsible for the preparation and fair presentation of these 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditors consider 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 financial statements referred to above present fairly, in all material respects, the financial position (deficit) of the University of Nebraska Facilities Corporation as of June 30, 2018 and 2017, and the changes in its financial position and its 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 financial statements. Such information, although not a part of the 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 financial statements, and other knowledge we obtained during our audit of the 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.

*KPMG LLP*

Omaha, Nebraska  
December 11, 2018

**THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION**  
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Management's Discussion and Analysis

June 30, 2018 and 2017 (Unaudited)

(Dollar amounts in thousands)

**Introduction**

The following is an overview of the financial position and changes in net position (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 notes, which follow this section.

UNFC was organized by the Board of Regents of the University of Nebraska (the 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 the University's bonds to revenue-backed projects for student housing, parking, student unions, student health, and athletic facilities. Accordingly, UNFC constructs 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 campuses and reported in the University's financial statements. The University campuses include the University of Nebraska-Lincoln (UNL), University of Nebraska Medical Center (UNMC), University of Nebraska at Omaha (UNO), and the University of Nebraska at Kearney (UNK).

The financial statements include the activities related to the following projects and bond issues for the years ended June 30, 2018 and 2017:

<b>Facility</b>	<b>Financing Objective</b>
UNMC Eye Institute Project (Series 2018 Bonds)	Construction of an ophthalmology and visual sciences research and clinical facility
Deferred Maintenance Bonds (Series 2017A Bonds)	Defined deferred maintenance projects
UNO/Community Facility Refunding (Series 2017B Bonds)	Refund UNO/Community Facility Series 2013A Bonds
UNMC Global Experiential Learning Center (Series 2017 Bonds)	Construction of a teaching and experiential learning center
UNL Health Center and College of Nursing Projects (Series 2016 Bonds)	Construction of a new student health center and College of Nursing facility at UNL
Deferred Maintenance Refunding (Series 2016 Bonds)	Refund Deferred Maintenance Project Series 2006 Bonds
UNMC Cancer Center (Series 2016 Bonds)	Construction of a state-of-the-art cancer research center
UNMC Utility Improvement Project (Series 2016 Bonds)	Construct improvements to utility facilities

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<b>Facility</b>	<b>Financing Objective</b>
UNO Arena and UNL College of Business (Series 2015 Bonds)	Construction of the UNO/Community Arena and UNL College of Business
UNL Veterinary Diagnostic Center (Series 2015 Bonds)	Construction of a Veterinary Diagnostic Center at the Institute of Agriculture and Natural and Resources
UNMC Qualified Energy Conservation Bond (Series 2015 Bonds)	Upgrades to UNMC energy management monitoring systems
UNMC Cancer Center (Series 2014A Bonds)	Construction of a state-of-the-art cancer research center
UNMC Qualified Energy Conservation Bond (Series 2014B Bonds)	Upgrades to UNMC energy management monitoring systems
UNO/Community Facility (Series 2013A and 2013B)	Construction of the UNO/Community Arena for sports and community events
UNMC Cancer Research Center (Series 2013 Bonds)	Construction of a state-of-the-art cancer research center
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 and student housing
Deferred Maintenance Bonds (Series 2009 Bonds)	Defined deferred maintenance projects
UNL Alexander Building Project (Series 2003 Bonds)	Purchase/renovation of an office building

**Financial Highlights**

UNFC issued three new bond issues in fiscal year 2018:

- In March 2018, UNFC issued \$13,000 of UNMC Eye Institute Project, Series 2018 to refinance \$14,740 of UNMC Eye Institute Bonds Series 2011.
- In October 2017, UNFC issued \$77,335 of Deferred Maintenance Bonds, Series 2017A for continued renewal, renovation, and replacement projects on the four campuses of the University of Nebraska.
- In October 2017, UNFC issued \$36,535 of UNO/Community Facility Refunding Bonds, Series 2017B to advance \$35,800 of UNO/Community Facility Bonds Series 2013A.

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### Management's Discussion and Analysis

June 30, 2018 and 2017 (Unaudited)

(Dollar amounts in thousands)

UNFC issued two new bond issues in fiscal year 2017:

- In February 2016, UNFC issued \$59,010 of UNMC Global Experiential Learning Center, Series 2017 to finance a portion of the construction of a state-of-the-art experiential learning center at UNMC.
- In December 2016, UNFC issued \$18,520 of UNL Health Center and College of Nursing Projects Bonds, Series 2016 to finance a portion of the construction of separate facilities to house a new student health center and College of Nursing at UNL and refinance Library Storage Bonds, Series 2004.

Bond obligations payable were \$424 million in 2018, \$390 million in 2017, and \$350 million in 2016. The 2018 increase reflects the three new issues, net of a decrease achieved by scheduled maturities of other issues. Noncurrent cash and cash equivalents were \$159 million in 2018, \$111 million in 2017, and \$78 million in 2016. The increase is due to the issuance of the three new bond issues late in 2018, offset by expenditures of bond proceeds for construction of the UNMC Global Experiential Learning Center, UNL Health Center and College of Nursing, UNMC Utility Improvements, and Deferred Maintenance Projects received in 2018, 2017, and 2016.

Revenue sources, including state appropriations, designated tuition revenues, private gifts, realized energy savings, and other sources supporting other outstanding borrowing, 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, UNL Veterinary Diagnostic Center, the NCTA Education Center/Student Housing Project, and UNL Health Center and College of Nursing Projects.
- The University of Nebraska Foundation continues to receive funds from donor gifts pledged toward the funding of the UNO/Community Facility Refunding and the UNMC Cancer Center.
- Funds flowing from internal University sources continue to meet expectations, allowing the service of debt obligations in their normal course, with University contributions of \$36,806 in 2018, \$28,785 in 2017, and \$21,989 in 2016.

UNFC had sufficient revenues to cover debt service for each bond issue and was in compliance with all covenants at June 30, 2018 and 2017.

### Using the Financial Statements

The financial statements of UNFC include the statements of net position (deficit); the statements of revenues, expenses, and changes in net position (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 position (deficit) include the trustee accounts of the various bond issues. The statements of revenues, expenses, and changes in net position (deficit) depict the nonoperating 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.

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Management's Discussion and Analysis

June 30, 2018 and 2017 (Unaudited)

(Dollar amounts in thousands)

**The Statements**

Condensed statements in an all-inclusive format are presented on the next page.

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. Noncurrent assets consist primarily of cash and cash equivalents and investments that would either be liquidated to fund construction costs or remain invested in the several bond reserve accounts. Liabilities represent claims relating to construction and the balance of bonded obligations outstanding. Net position is a combination of plant construction – funds held in trust for specific construction projects, debt service – bond reserve accounts relating to the individual bond issues, and unrestricted (deficit). The negative balance in unrestricted, stated most simply, are amounts due in the future from state appropriation, donors, and university contributions to pay off the outstanding debt obligations.

The condensed statements of revenues, expenses, and changes in net position (deficit) basically is a recap of activities surrounding the funding and servicing of the outstanding debt. As such, it captures nonoperating revenue from appropriation, gifts, and university contributions. Outflows consist of amounts transferred to the University, representing capital projects activity during the year, and investment income and other activity at the bond trustees.



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June 30, 2018 and 2017 (Unaudited)

(Dollar amounts in thousands)

**Condensed Statements of Net Position (Deficit)**

	<b>June 30</b>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets:			
Current assets	\$ 32,574	34,377	33,560
Noncurrent assets	<u>165,219</u>	<u>120,182</u>	<u>92,061</u>
Total assets	<u><u>197,793</u></u>	<u><u>154,559</u></u>	<u><u>125,621</u></u>
Deferred outflow of resources:			
Deferred loss on bond refunding	\$ 3,016	—	—
Liabilities:			
Current liabilities	\$ 73,302	82,063	65,197
Noncurrent liabilities	<u>367,148</u>	<u>319,976</u>	<u>307,473</u>
Total liabilities	<u><u>440,450</u></u>	<u><u>402,039</u></u>	<u><u>372,670</u></u>
Deferred inflow of resources:			
Deferred gain on bond refunding	\$ 642	940	175
Net position (deficit):			
Restricted:			
Expendable:			
Plant construction	\$ 114,155	84,055	47,620
Debt service	46,842	47,310	48,137
Unrestricted	<u>(401,280)</u>	<u>(379,785)</u>	<u>(342,981)</u>
Total net position (deficit)	<u><u>\$ (240,283)</u></u>	<u><u>(248,420)</u></u>	<u><u>(247,224)</u></u>

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Management's Discussion and Analysis

June 30, 2018 and 2017 (Unaudited)

(Dollar amounts in thousands)

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

	Year ended June 30		
	2018	2017	2016
Nonoperating revenues (expenses):			
University contributions	\$ 36,806	28,785	21,989
Capital grants and gifts	15,944	12,486	14,073
Capital appropriations	17,077	12,719	11,820
Investment income	1,761	307	36
Interest and amortization on bond obligations payable	(10,029)	(4,270)	(2,867)
Retirement of capital lease obligation receivable	(791)	(2,906)	(2,421)
Administrative and other expenses	(1,013)	(776)	(1,019)
Increase (decrease) in fair value of investments	7	(14)	28
Net nonoperating revenues	59,762	46,331	41,639
Transfers to the University for capital projects	(51,625)	(47,527)	(83,540)
Increase (decrease) in net position (deficit)	8,137	(1,196)	(41,901)
Net position (deficit), beginning of year	(248,420)	(247,224)	(205,323)
Net position (deficit), end of year	\$ (240,283)	(248,420)	(247,224)

**Economic Outlook**

It is management's belief that UNFC will continue to realize sufficient resources to cover debt service. The University has manageable debt obligations with no exposure to a defined benefit plan. The University's well diversified revenues and conservative fiscal management produces consistently positive operations and cash flow. This, combined with consistent student demand, stable support for debt payments from the State of Nebraska, and strong private support from University of Nebraska Foundation, provides confidence in UNFC's future stability.

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Statements of Net Position (Deficit)

June 30, 2018 and 2017

(In thousands)

	<b>2018</b>	<b>2017</b>
Assets:		
Current assets:		
Cash and cash equivalents, held by trustee – restricted	\$ 31,194	33,159
Accrued interest receivable	230	61
Capital lease obligation receivable	1,150	1,157
Total current assets	32,574	34,377
Noncurrent assets:		
Cash and cash equivalents, held by trustee – restricted	158,560	110,970
Investments held by trustee – restricted	806	2,573
Capital lease obligation receivable, net of current portion	5,853	6,639
Total noncurrent assets	165,219	120,182
Total assets	197,793	154,559
Deferred outflow of resources:		
Deferred loss on bond refunding	3,016	—
Liabilities, deferred inflow of resources, and net position (deficit):		
Current liabilities:		
Accounts payable	9,311	3,295
Accrued interest payable	4,642	4,054
Due to University of Nebraska	2,905	4,753
Bond obligations payable	56,444	69,961
Total current liabilities	73,302	82,063
Noncurrent liability:		
Bond obligations payable, net of current portion	367,148	319,976
Total liabilities	440,450	402,039
Deferred inflow of resources:		
Deferred gain on bond refunding	642	940
Net position (deficit):		
Restricted:		
Expendable:		
Plant construction	114,155	84,055
Debt service	46,842	47,310
Unrestricted	(401,280)	(379,785)
Total net position (deficit)	\$ (240,283)	(248,420)

See accompanying notes to financial statements.

**THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION**  
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Statements of Revenues, Expenses, and Changes in Net Position (Deficit)

Years ended June 30, 2018 and 2017

(In thousands)

	<u>2018</u>	<u>2017</u>
Nonoperating revenues (expenses):		
University contributions	\$ 36,806	28,785
Capital grants and gifts	15,944	12,486
Capital appropriations	17,077	12,719
Investment income	1,761	307
Interest and amortization on bond obligations payable	(10,029)	(4,270)
Retirement of capital lease obligation receivable	(791)	(2,906)
Administrative and other expenses	(1,013)	(776)
(Decrease) increase in fair value of investments	<u>7</u>	<u>(14)</u>
Net nonoperating revenues	59,762	46,331
Transfer:		
Transfers to the University for capital projects	<u>(51,625)</u>	<u>(47,527)</u>
Increase (decrease) in net position (deficit)	8,137	(1,196)
Net position (deficit):		
Beginning of year	<u>(248,420)</u>	<u>(247,224)</u>
End of year	<u><u>\$ (240,283)</u></u>	<u><u>(248,420)</u></u>

See accompanying notes to financial statements.

**THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION**  
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Statements of Cash Flows

Years ended June 30, 2018 and 2017

(In thousands)

	<b>2018</b>	<b>2017</b>
Cash flows from capital and related financing activities:		
Proceeds from the issuance of bonds	\$ 126,870	77,530
University contributions	36,806	28,785
Capital appropriations	17,077	12,719
Capital grants and gifts	15,944	12,486
Premium on issuance of bonds	15,485	9,042
Defeasance of bond obligation	(41,564)	1,063
Purchases of capital assets	(47,457)	(53,805)
Principal paid on bond obligations payable	(65,555)	(41,875)
Interest paid on bond obligations payable	(14,331)	(13,621)
Bond issuance costs	(1,002)	(772)
Administrative expenses	(14)	(2)
	<u>42,259</u>	<u>31,550</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,774	4,940
Interest on investments	1,592	277
Purchases of investments	—	(2,587)
	<u>3,366</u>	<u>2,630</u>
Net cash provided by investing activities	<u>3,366</u>	<u>2,630</u>
Increase in cash and cash equivalents	45,625	34,180
Cash and cash equivalents restricted, beginning of year	<u>144,129</u>	<u>109,949</u>
Cash and cash equivalents restricted, end of year	<u>\$ 189,754</u>	<u>144,129</u>
Noncash item:		
Increase (decrease) in fair value of investments	\$ 7	(14)

See accompanying notes to financial statements.

**THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION**  
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Notes to Financial Statements

June 30, 2018 and 2017

(In thousands)

**(1) Summary of Significant Accounting Policies**

The University of Nebraska Facilities Corporation (UNFC) is a Nebraska nonprofit corporation organized by the Board of Regents of the University of Nebraska (the Regents) in 1930 to finance buildings 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). GASB requires the following components of the basic financial statements:

- Management's discussion and analysis
- Financial statements, including statement of net position (deficit); statement of revenues, expenses, and changes in net position (deficit); and statement of cash flows
- Notes to financial statements

UNFC follows all GASB pronouncements.

**(a) Basis of Presentation**

The financial statements as presented have been prepared using the business-type activity model with an economic resources measurement focus and the accrual basis of accounting and include all accounts cited in the resolutions issued by UNFC in conjunction with the following bond issues:

- UNMC Eye Institute Project (Series 2018 Bonds)
- Deferred Maintenance Bonds (Series 2017A Bonds)
- UNO/Community Refunding (Series 2017B Bonds)
- UNMC Global Experiential Learning Center (Series 2017 Bonds)
- UNL Health Center and College of Nursing Projects (Series 2016 Bonds)
- Deferred Maintenance Refunding (Series 2016 Bonds)
- UNMC Cancer Center (Series 2016 Bonds)
- UNMC Utility Improvement Project (Series 2016 Bonds)
- UNO Arena and UNL College of Business (Series 2015 Bonds)
- UNL Veterinary Diagnostic Center (Series 2015 Bonds)
- UNMC Qualified Energy Conservation Bond (Series 2015 Bonds)
- UNMC Cancer Center (Series 2014A Bonds)
- UNMC Qualified Energy Conservation Bond (Series 2014B Bonds)
- UNO/Community Facility (Series 2013A and 2013B Bonds)
- UNMC Cancer Research Center (Series 2013 Bonds)

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June 30, 2018 and 2017

(In thousands)

- UNMC Eye Institute (Series 2011 Bonds)
- NCTA Education Center Project/Student Housing Project (Series 2011 Bonds)
- Deferred Maintenance Bonds (Series 2009 Bonds)
- UNL Alexander Building Project (Series 2003 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 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 2018 and 2017 was \$0 and \$5,007, respectively.

In 2018, UNFC adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The implementation of GASB Statement No. 89 discontinues the capitalization of interest costs incurred during construction on a prospective basis.

**(b) Classification of Revenues**

UNFC has classified its revenues as nonoperating revenues as they include activities that have the characteristics of nonexchange transactions.

**(c) 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.

**(d) 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.

**(e) 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.

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June 30, 2018 and 2017

(In thousands)

**(f) Capital Grants and Gifts**

Capital grants and gifts represent donor gifts designated for the UNO/Community Facility and the UNMC Cancer Research Center. These gifts flow to UNFC from the University of Nebraska Foundation.

**(g) University Contributions**

University contributions include payments of designated tuition revenues from the University that are committed for repayment of the Deferred Maintenance Bonds, payments from UNMC that are committed to the UNMC Eye Institute Project, the UNMC Global Experiential Learning Center, and the UNMC Cancer Research Center, payments from the University of Nebraska-Lincoln (UNL) that are committed to the UNL Health Center and College of Nursing Projects, the NCTA Education Center/Student Housing Project, and the UNL Alexander Building Project, and payments from University of Nebraska at Omaha that are committed to the UNO/Community Facility Project.

**(h) 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 Bonds, the UNL Veterinary Diagnostic Center Project, and the NCTA Education Center/Student Housing Project.

**(i) Capital Lease Obligation Receivable**

This receivable represents payments due from UNL for capital assets acquired as projects are completed and as construction progresses, which UNFC leases to UNL under capital lease purchases, including the NCTA Education Center/Student Housing Project and the UNL Alexander Building Project. 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. Annual additions or payments in excess of the capital lease obligation receivable are reflected as additions to or retirement of capital lease obligation receivable.

**(j) Amortization of Bond Premium or Discount**

Premiums and discounts are being amortized or accreted to interest expense on a method that approximates the level-yield method. The amortization is included in interest and amortization on bond obligations payable in the statements of revenues, expenses, and changes in net position (deficit).

**(k) Deferred Inflow and Outflow of Resources**

Deferred inflow of resources represents the unamortized gains on bond refunding, and deferred outflow of resources represents the unamortized loss on bond refunding, which are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt.



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June 30, 2018 and 2017

(In thousands)

**(1) Tax Status**

UNFC is an instrumentality of the Regents, a political subdivision of the State of Nebraska. Its activities in building and maintaining facilities for the University of Nebraska campus constitute the exercise of essential governmental functions. UNFC's income accrues to the benefit of the University and is therefore excluded from tax under Section 115 of the Internal Revenue Code. Because it is not a school or exempt from tax under Section 501(c)(3) of the Internal Revenue Code, UNFC is not subject to the unrelated business income tax, and therefore, no provision for income taxes is required.

**(2) Investments Held by Trustee**

The UNFC utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

In certain cases, the inputs used to measure fair value may fall in different levels of fair value hierarchy:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the UNFC has ability to access at the measurement date. Instruments categorized in Level 1 primarily consist of broadly traded range of equity and debt securities.
- Level 2 inputs are those other than quoted prices included in Level 1 that are observable for the asset or liability, whether directly or indirectly.
- Level 3 inputs are unobservable and significant to the fair value measurement of the asset or liability.

The table below presents by level the asset balances at estimated fair value on a recurring basis. There were no Level 1 or Level 3 investments as of June 30, 2018 or 2017.

	<b>Assets at fair value Level 2</b>	
	<b>June 30</b>	
	<b>2018</b>	<b>2017</b>
Investment type:		
Debt securities:		
U.S. agencies	\$ <u>806</u>	<u>2,573</u>

Debt securities – U.S. agencies (Level 2) are valued using matrix pricing.

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Notes to Financial Statements

June 30, 2018 and 2017

(In thousands)

Investments are as follows as of June 30, 2018:

	<u>Fair value</u>	<u>Investment maturities (in years)</u>		<u>Concentration</u>
		<u>Less than 1</u>	<u>1–2</u>	
Investment type:				
Debt securities:				
Federal National Mortgage Association	\$ 806	806	—	100 %
	<u>\$ 806</u>	<u>806</u>	<u>—</u>	<u>100 %</u>

Investments are as follows as of June 30, 2017:

	<u>Fair value</u>	<u>Investment maturities (in years)</u>		<u>Concentration</u>
		<u>Less than 1</u>	<u>1–2</u>	
Investment type:				
Debt securities:				
Federal Farm Credit Bank	\$ 764	764	—	30 %
Federal Home Mortgage Association	999	999	—	39
Federal National Mortgage Association	810	—	810	31
	<u>\$ 2,573</u>	<u>1,763</u>	<u>810</u>	<u>100 %</u>

**(a) 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.

**(b) 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. UNFC's deposits and investments are exposed to custodial credit risk as they are unregistered and uninsured.

**(c) Credit Risk**

State statutes authorize 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. All investments are rated Aaa at June 30, 2018 and 2017.

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**(d) 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.

**(3) Bond Obligations Payable**

Bond obligations payable, gross of premiums, and discounts 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>
2018	\$ 364,515	126,870	101,355	390,030	52,365
2017	328,860	77,530	41,875	364,515	65,830

  

	<u>Interest rates</u>	<u>Installments</u>	<u>Principal amount outstanding</u>	
			<u>2018</u>	<u>2017</u>
UNMC Eye Institute Project, Series 2018	2.40%	13,000	\$ 13,000	—
Deferred Maintenance Bonds, Series 2017A	4.00%–5.00%	6,270–9,410	77,335	—
UNO/Community Refunding, Series 2017B	2.00%–5.00%	535–2,940	36,535	—
UNMC Global Experiential Learning Center, Series 2017	2.00%–5.00%	1,015–13,795	59,010	59,010
UNL Health Center and College of Nursing Projects, Series 2016	2.00%–5.00%	740–2,245	18,375	18,520
Deferred Maintenance Refunding, Series 2016	3.00%–5.00%	9,885–10,690	30,955	40,400
UNMC Cancer Center, Series 2016	1.00%–5.00%	2,070–2,900	31,350	35,280
UNMC Utility Improvement Project, Series 2016	1.75%–5.00%	1,260–1,590	11,180	12,400
UNO Arena and UNL College of Business, Series 2015	2.00 %	180–6,220	18,285	25,110
UNL Veterinary Diagnostic Center, Series 2015	4.00%	2,680–4,895	12,275	16,815
UNMC Qualified Energy Conservation Bond, Series 2015	4.25 %	175–200	1,875	1,875
UNMC Cancer Center, Series 2014A	4.00%–5.00%	3,415–17,410	60,550	65,965
UNMC Qualified Energy Conservation Bond, Series 2014B	2.50%–4.25%	370–510	4,325	4,325
UNO/Community Facility, Series 2013A and 2013B			—	40,945
UNMC Cancer Research Center, Series 2013	4.00 %	6,980	6,980	13,690
UNMC Eye Institute, Series 2011			—	14,740
NCTA Education Center/Student Housing Project, Series 2011	3.75%–5.50%	85–1,645	6,910	7,525
Deferred Maintenance Bonds, Series 2009			—	6,670
UNL Alexander Building Project, Series 2003	4.65%–5.00%	160–205	1,090	1,245
Subtotal bonds payable			390,030	364,515
Unamortized bond premium			33,609	25,515
Unamortized bond discount			(47)	(93)
Total bonds payable			<u>\$ 423,592</u>	<u>389,937</u>

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*Bond Resolutions*

**(a) General**

On September 9, 1983, 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; 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 Regents but shall be payable solely out of moneys derived from designated tuition revenue, legislative appropriations, donor gifts, and UNL and UNMC lease payments. The Regents has pledged certain of the University's cash balances toward debt service on the bonds should sufficient revenue not be available. Pledged cash balances of the University were \$569,525 and \$528,053 at June 30, 2018 and 2017, respectively.

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, 2018 and 2017, UNFC is in compliance with those requirements.

**(b) UNMC Eye Institute Project, Series 2018**

In 2018, UNFC authorized the issuance of \$13,000 of UNMC Eye Institute Project, Series 2018 dated March 1, 2018.

The proceeds of the Series 2018 bonds are being used to refinance \$14,740 of UNMC Eye Institute Series 2011.

Principal and interest payments will come from moneys derived by UNFC under the Financing Agreement with the Regents.

**(c) Deferred Maintenance Bonds, Series 2017A**

In 2017, UNFC authorized the issuance of \$77,335 of Deferred Maintenance Bonds, Series 2017A, dated October 4, 2017.

The proceeds of the Series 2017A Bonds will be used for continued renewal, renovation, and replacement projects on the four campuses of the University of Nebraska.

Principal and interest payments will be paid from appropriations by the State of Nebraska and matched by specific tuition revenue under a financing agreement with the Regents.

**(d) UNO/Community Facility Refunding, Series 2017B**

In 2017, UNFC authorized the issuance of \$36,535 of UNO/Community Refunding Bonds, Series 2017B, dated October 4, 2017.

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The proceeds of the Series 2017B Bonds are being used to advance refund \$35,800 of UNO/Community Facility Bonds, Series 2013A. The refunding reduced total debt service payments by approximately \$1,015 and resulted in an economic gain of approximately \$866. The accounting loss of \$3,202 is deferred and amortized over the remaining life of the refunded issue or the life of the 2017B bonds, whichever is shorter.

Principal and interest payments will come from moneys derived by UNFC under a financing agreement with the Regents.

**(e) UNMC Global Experiential Learning Center, Series 2017**

In 2017, UNFC authorized the issuance of \$59,010 of UNMC Global Experiential Learning Center Bonds, Series 2017 dated February 15, 2017.

The proceeds of the Series 2017 bonds, along with a Nebraska capital appropriation and other funds, are being used to construct, equip, and furnish an interprofessional Experiential Center for Enduring Learning facility at UNMC.

Principal and interest payments will come from moneys derived by UNFC under a financing agreement with the Regents. The Series 2017 bonds are not redeemable prior to their stated maturities.

**(f) UNL Health Center and College of Nursing Projects, Series 2016**

In 2016, the UNFC authorized the issuance of \$18,520 of Building and Refunding Bonds UNL Health Center and College of Nursing Projects, Series 2016, dated December 1, 2016.

The proceeds of the 2016 bonds are being used to construct, equip, and furnish a new facility for the UNMC College of Nursing-Lincoln Division combined with a new University of Nebraska-Lincoln student health center, and refund the UNFC lease rental revenue bonds, Series 2004, in the principal amount of \$1,880. The refunding reduced total debt service payments by approximately \$341 and resulted in an economic gain of approximately \$271.

Principal and interest payments will come from moneys derived by UNFC under a financing agreement with the Regents, including a capital appropriation for the College of Nursing, student fees for the health center, and other available funds. Bonds maturing on or after July 15, 2026 are redeemable at par plus accrued interest.

**(g) Deferred Maintenance Refunding, Series 2016**

In 2016, UNFC authorized the issuance of \$40,400 of Deferred Maintenance Refunding Bonds, Series 2016, dated June 9, 2016.

The net proceeds of the Series 2016 bonds, along with other funds, were used to defease \$43,000 Deferred Maintenance Bonds, Series 2006, dated August 15, 2006 maturing on or after July 15, 2017. The refunding reduced total debt service payments by approximately \$4,038 and resulted in an economic gain of approximately \$3,909. The accounting gain of \$178 is a deferred inflow and amortized over the life of the Series 2016 bonds.

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Principal and interest payments will be paid from appropriations by the State of Nebraska and matched by specific tuition revenue under a financing agreement with the Regents. The Series 2016 bonds are not redeemable prior to their stated maturities.

**(h) UNMC Cancer Center, Series 2016**

In 2016, UNFC authorized the issuance of \$35,280 of UNMC Cancer Center, Series 2016, dated January 28, 2016.

The proceeds of the Series 2016 bonds were used to construct, equip, and furnish a comprehensive cancer center that is a portion of a larger comprehensive cancer center project with an overall budget of \$370,000 at UNMC.

Principal and interest payments will come from lease payments received from UNMC. The Series 2016 bonds maturing on or after February 15, 2026 are redeemable at par plus accrued interest.

**(i) UNMC Utility Improvement Project, Series 2016**

In 2016, UNFC authorized the issuance of \$13,635 of UNMC Utility Improvement Project Bonds, Series 2016, dated March 17, 2016.

The proceeds of the Series 2016 bonds, along with other funds, were used to construct improvements to utility facilities and related equipment at or near UNMC.

Principal and interest payments will come from moneys derived by UNFC under a financing agreement with the Regents. The Series 2016 bonds are not redeemable prior to their stated maturities.

**(j) UNO Arena and UNL College of Business, Series 2015**

In 2015, UNFC authorized the issuance of \$27,900 of UNO Arena and UNL College of Business, Series 2015, dated June 17, 2015.

The proceeds of the Series 2015 bonds provide financing of \$7,615 for the completion of the UNO/Community Facility at the University of Nebraska at Omaha and \$20,285 for paying a portion of the costs of acquiring, constructing, equipping, and partially furnishing the College of Business building at UNL.

Principal and interest payments will come from moneys derived by UNFC under a financing agreement with the Regents. The Series 2015 bonds are not redeemable prior to their stated maturities.

**(k) UNL Veterinary Diagnostic Center, Series 2015**

In 2015, UNFC authorized the issuance of \$16,815 of UNL Veterinary Diagnostic Center, Series 2015, dated November 5, 2015.

The proceeds of the Series 2015 bonds provided financing for a portion of the cost to construct a veterinary diagnostic center at the University of Nebraska Institute of Agriculture and Natural Resources.

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Principal and interest payments will come from certain appropriations made by the Nebraska Legislature. The Series 2015 bonds are not redeemable prior to their stated maturities.

**(l) UNMC Qualified Energy Conservation Bond, Series 2015**

In 2015, UNFC authorized the issuance of \$1,875 of UNMC Qualified Energy Conservation (Direct Pay), Taxable Series 2015, dated January 15, 2015.

The proceeds of the Series 2015 bonds provided financing for the Energy Management and Monitoring Systems and Central Utility Plan Upgrades at UNMC.

Principal and interest payments will come from moneys derived by UNFC under a financing agreement with the Regents. The Series 2015 bonds are not redeemable prior to their stated maturities.

**(m) UNMC Cancer Center, Series 2014A and UNMC Qualified Energy Conservation Bond, Series 2014B**

In 2014, UNFC authorized the issuance of \$65,965 of UNMC Cancer Research Center Bonds, Series 2014A, and \$4,325 of UNMC Qualified Energy Conservation Bonds (Direct Pay), Series 2014B, both dated April 15, 2014.

The proceeds of the Series 2014A bonds were used for the Series 2014A Project that consists of the construction, equipping, and furnishing of a comprehensive cancer center that is a portion of a larger comprehensive cancer center project with an overall budget of \$370,000. The Series 2014B Project consists of financing upgrades to energy management monitoring systems in and for UNMC buildings. The total cost of the Series 2014B Project is approximately \$6,000.

Principal and interest payments will come from moneys derived by UNFC under a financing agreement with the Regents. The Series 2014A bonds are not redeemable prior to their stated maturities. The Series 2014B bonds maturing on or after February 15, 2024 are redeemable at par plus accrued interest.

**(n) UNO/Community Facility, Series 2013A and B**

In 2013, UNFC authorized the issuance of \$37,385 of Series 2013A bonds and \$16,545 of Series 2013B bonds, both dated November 30, 2013.

The Arena Project consists of the construction, equipping, and furnishing of a sports and events arena located on the UNO campus at cost of approximately \$87,900. The Series 2013A proceeds provided long-term financing for the Arena payable from revenue derived from the use of the facility. The Series 2013B proceeds provide interim financing for approximately \$16,545 of donor pledges and other available funds.

Principal and interest payments will come from moneys derived by UNFC under a financing agreement with the Regents. The Series 2013A bonds maturing on or after May 15, 2024 are redeemable at par plus accrued interest. The Series 2013B bonds are not redeemable prior to their stated maturities.

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**(o) UNMC Cancer Research Center, Series 2013**

In 2013, UNFC authorized the issuance of \$31,205 of Series 2013 bonds, dated June 11, 2013.

The Cancer Center consists of the construction of a Cancer Research Center tower at UNMC at a total estimated cost of \$110,000 (the Series 2013 bonds financed a portion of the larger \$370,000 Comprehensive Cancer Center noted above for the UNMC Cancer Research Center 2014 bonds). The bond proceeds will provide interim financing for approximately \$31,205 of donor pledge payments. The remainder of the construction costs will be funded by a State of Nebraska capital appropriation of \$50,000 and donations received to date.

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 bonds are not redeemable prior to maturity. The UNMC Cancer Research Center project provides that if, at any time, the assigned pledge receipts are insufficient to pay principal and interest of the Series 2013 bonds as they become due, the deficiency will be paid from the University Cash Fund or other funds of the Regents available for such purpose.

**(p) UNMC Eye Institute, Series 2011**

In 2011, the UNFC authorized the issuance of \$17,740 of Series 2011 bonds, dated June 22, 2011.

The UNMC Eye Institute 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 Regents of the University of Nebraska. The bonds are not redeemable prior to their stated maturities.

**(q) NCTA Education Center/Student Housing Project, Series 2011**

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 state legislature. Bonds maturing on or after June 15, 2021 are redeemable at par plus accrued interest.

**(r) Deferred Maintenance Bonds, Series 2009**

UNFC authorized the issuance of \$52,055 Deferred Maintenance Bonds, Series 2009 bonds dated December 8, 2009.



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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.

**(s) UNL Alexander Building Project, Series 2003 Bonds**

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 Regents available for such purpose.

**(t) Annual Maturities – All Projects**

Annual maturities of principal and interest are as follows:

	<b>UNMC Eye Institute Project, Series 2018</b>		<b>Deferred Maintenance Bonds, Series 2017A</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ —	327	—	3,516
2020	—	312	—	3,516
2021	—	312	—	3,516
2022	—	312	6,270	3,360
2023	13,000	312	6,585	3,071
2024–2028	—	—	37,485	10,578
2029–2033	—	—	26,995	1,786
	<b>\$ 13,000</b>	<b>1,575</b>	<b>77,335</b>	<b>29,343</b>

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	<b>UNO/Community Facility Refunding, Series 2017B</b>		<b>UNMC Global Experiential Learning Center, Series 2017</b>		<b>UNL Health Center and College of Nursing Projects, Series 2016</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 535	1,364	7,750	2,855	765	669
2020	540	1,353	13,140	2,467	790	653
2021	2,940	1,343	13,795	1,810	2,115	624
2022	600	1,195	7,485	1,120	2,160	560
2023	1,015	1,183	2,860	746	2,245	471
2024–2028	5,735	5,264	13,980	1,558	4,640	1,616
2029–2033	7,020	3,981	—	—	4,620	640
2034–2038	8,455	2,548	—	—	1,040	18
2039–2043	9,695	943	—	—	—	—
	<u>\$ 36,535</u>	<u>19,174</u>	<u>59,010</u>	<u>10,556</u>	<u>18,375</u>	<u>5,251</u>
	<b>Deferred Maintenance Refunding, Series 2016</b>		<b>UNMC Cancer Center, Series 2016</b>		<b>UNMC Utility Improvement Project, Series 2016</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 9,885	986	2,070	920	1,260	394
2020	10,380	583	2,090	899	1,295	356
2021	10,690	214	2,130	857	1,320	330
2022	—	—	2,175	814	1,345	307
2023	—	—	2,215	771	1,415	240
2024–2028	—	—	12,195	2,742	4,545	414
2029–2033	—	—	8,475	489	—	—
	<u>\$ 30,955</u>	<u>1,783</u>	<u>31,350</u>	<u>7,492</u>	<u>11,180</u>	<u>2,041</u>
	<b>UNO Arena and UNL COB, Series 2015</b>		<b>UNL Veterinary Diagnostic Center, Series 2015</b>		<b>UNMC Qualified Energy Conservation Bond, Series 2015</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 6,220	366	4,700	397	—	80
2020	2,385	241	4,895	205	175	80
2021	4,855	194	2,680	54	180	72
2022	—	97	—	—	180	65
2023	180	96	—	—	185	57
2024–2028	4,645	182	—	—	955	165
2029–2033	—	—	—	—	200	8
	<u>\$ 18,285</u>	<u>1,176</u>	<u>12,275</u>	<u>656</u>	<u>1,875</u>	<u>527</u>

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	UNMC Cancer Center, Series 2014A		UNMC Qualified Energy Conservation Bond, Series 2014B		UNMC Cancer Research Center, Series 2013	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 11,410	2,913	—	158	6,980	279
2020	3,415	2,457	370	158	—	—
2021	17,410	2,286	380	149	—	—
2022	8,415	1,416	395	138	—	—
2023	4,410	995	405	125	—	—
2024–2028	15,490	775	2,265	389	—	—
2029–2033	—	—	510	22	—	—
	<u>\$ 60,550</u>	<u>10,842</u>	<u>4,325</u>	<u>1,139</u>	<u>6,980</u>	<u>279</u>

	NCTA Education Center/ Student Housing Project, Series 2011		UNL Alexander Building Project, Series 2003	
	Principal	Interest	Principal	Interest
2019	\$ 630	310	160	50
2020	660	287	170	42
2021	685	260	175	34
2022	715	233	185	25
2023	745	203	195	15
2024–2028	2,680	461	205	5
2029–2033	535	163	—	—
2034–2038	260	22	—	—
	<u>\$ 6,910</u>	<u>1,939</u>	<u>1,090</u>	<u>171</u>

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	<b>Totals UNFC</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 52,365	15,584	67,949
2020	40,305	13,609	53,914
2021	59,355	12,055	71,410
2022	29,925	9,642	39,567
2023	35,455	8,285	43,740
2024–2028	104,820	24,149	128,969
2029–2033	48,355	7,089	55,444
2034–2038	9,755	2,588	12,343
2039–2043	9,695	943	10,638
	<u>\$ 390,030</u>	<u>93,944</u>	<u>483,974</u>

**(u) Defeased Bonds**

During the year ended June 30, 2018, UNFC defeased certain revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the UNFC financial statements. The amount of substance defeased debt outstanding at June 30, 2018 for the UNO/Community Facility Bonds, Series 2013A is \$35,525.

The aggregate amount of debt considered extinguished (defeased) that remains outstanding at June 30, 2018 is \$58,075.

**(4) Insurance**

The October 1, 1983 agreement and subsequent agreements require the 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 \$500. Amounts up to \$500 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.

**(5) Due to University of Nebraska**

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

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**(6) Commitments and Contingencies**

The remaining bond proceeds of \$133,915 at June 30, 2018 will be spent on the construction of several facilities. The projects are as follows:

Deferred Maintenance Bonds 2017A	\$ 84,349
UNMC Global Experiential Learning Center	41,234
UNMC Utility Improvement Project	5,518
UNL Veterinary Diagnostic Center	2,430
UNO/Community Facility	202
UNL Health Center and College of Nursing Projects	174
UNO Arena and UNL College of Business	<u>8</u>
Total Projects	\$ <u><u>133,915</u></u>

**(7) Subsequent Events**

On August 11, 2017, UNFC authorized the issuance of deferred maintenance bonds in one or more series not to exceed in the aggregate a total of \$200,000 dated the date or dates to be determined by UNFC. On July 25, 2018, \$94,275 of bonds were issued under this authority. This new issuance authorized by the Nebraska One Hundred Fourth Legislature (LB957) extends the University's deferred maintenance initiative. Funding to repay of the bonds include a capital appropriation and designated tuition revenue. A previous bond issuance under this authority was made for \$77,335 on October 4, 2017.

UNFC has evaluated subsequent events from the date of the statement of net position (deficit) through December 11, 2018, the date at which the financial statements were available to be issued. No additional items were identified that would require disclosure.