



***The Board of Regents of the
University of Nebraska***

*Financial Statements
Relating to the Members of the Obligated Group
under the Master Trust Indenture
for the Years Ended June 30, 2016 and 2015,
Additional Information, and
Independent Auditors' Report*

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

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Independent Auditors' Report

The Board of Regents
University of Nebraska:

We have audited the accompanying financial statements of the Members of the Obligated Group under the Master Trust Indenture of the Board of Regents of the University of Nebraska (the Obligated Group) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Obligated Group's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Members of the Obligated Group under the Master Trust Indenture of the Board of Regents of the University of Nebraska as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in note A to the financial statements, the financial statements related to the Obligated Group are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the Obligated Group that is attributable to the transactions of the Obligated Group. They do not purport to, and do not, present fairly the financial position of the University of Nebraska as of June 30, 2016 and 2015, 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. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4–9 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 basic 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.

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Obligated Group's basic financial statements. The additional information on pages 30–44 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The additional information on pages 30–36 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. Such information has been subjected to the auditing procedures applied in the audits 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 on pages 30–36 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The additional information on pages 37–44 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016, on our consideration of the Obligated Group's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Obligated Group's internal control over financial reporting and compliance.

KPMG LLP

Omaha, Nebraska
September 30, 2016

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

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (Unaudited) (Dollar Amounts in Thousands)

Introduction

The following is an overview of the financial position and changes in financial position of the University of Nebraska Members of the Obligated Group under the Master Trust Indenture (Obligated Group) for the years ended June 30, 2016 and 2015. 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.

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

The Board has issued revenue bonds under the MTI to finance the construction of student housing, union facilities, parking facilities, and recreation facilities at the four campuses of the University.

The financial statements include the revenue producing activities and related bond accounts of the current members of the Obligated Group, which are the University of Nebraska-Lincoln (UNL) Student Fees and Facilities Bonds, the UNL Parking Project, the University of Nebraska at Omaha (UNO) Student Facilities Project, the UNO Student Housing and Parking Project, the University of Nebraska Medical Center (UNMC) Student Housing Project, and the University of Nebraska at Kearney (UNK) Student Facilities Project.

Financial Highlights

The financial position of the Obligated Group was strong for the year ended June 30, 2016 continuing a trend of positive performances. Operating income provided a debt service coverage ratio of 1.68 times, compared to 1.75 times in 2015 and 1.60 times in 2014. This performance is in line with expectations. The debt service ratio required by the Obligated Group is 1.15.

Operations of the overall Obligated Group improved in fiscal year 2016 with operating income, excluding depreciation expense, posting a 4% increase over 2015. This compares to growth of 5% in 2015 and a 13% increase in 2014. Depreciation expense increased 17%, 12%, and 7% in 2016, 2015, and 2014, respectively, commensurate with new housing and parking facilities being completed. In 2016, revenues increased by 2%, while expenses increased by 4% (1% excluding increase in depreciation), yielding an operating income decrease of \$925. Cash flows from operations were \$51,072 in 2016 compared to \$51,115 and \$47,485 in 2015 and 2014. Strong cash flows afford equally strong debt coverage.

Two bond issues were marketed during fiscal 2016. On September 10, 2015, the Board of Regents issued \$11,220 of University of Nebraska-Lincoln Parking Revenue Refunding Bonds, Series 2015. The net proceeds of the bonds, together with other funds, were used to redeem \$13,760 of Series 2005 Bonds dated July 6, 2005. The reader is directed to the footnotes to the statements for additional information.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (Unaudited) (Dollar Amounts in Thousands)

On December 3, 2015, the Board of Regents issued \$44,380 of University of Nebraska at Omaha Student Facilities Revenue and Refunding Bonds, Series 2015. The net proceeds of the bonds, together with other funds, were used to defease \$25,685 of University of Nebraska at Omaha Student Facilities Project Bonds, Series 2007 and to pay for a portion of constructing a parking garage on campus.

The performance of UNL Student Fees portion of the Obligated Group is dictated by UNL Housing activity. Housing offers apartment-style, suite-style, and traditional residence halls to the campus student community. Occupancy of the apartment-style and suite-style remained strong at 95%. UNL traditional residence hall occupancy remained about steady at 91% for fiscal year 2016 compared to 92% for 2015. Operating revenues increased 2% from \$73,368 for fiscal year 2015 to \$74,905 for fiscal year 2016. Excluding depreciation, operating expenses increased slightly from \$44,386 for fiscal year 2015 to \$44,281 for fiscal year 2016. Operating income before debt service was \$18,707 for fiscal year 2016. This level of operating income compares to \$19,792 for fiscal year 2015 and \$17,584 for fiscal year 2014.

UNL Parking operations revenues increased by \$592 in 2016 due to an increase in permit revenue and an increase in student fees realized from expanded student bus services. Expenses increased by \$103 emanating from higher operating expenses, particularly from scheduled surface lot maintenance. The net result is a positive increase in operating income of \$489. Available parking spaces remained the same in 2016 compared to 2015. Parking demand remains high with 95% of spaces sold in 2016, which is on par with prior years.

The UNO Student Facilities experienced a decrease in operating income of \$1,179 compared to an increase in operating income of \$217 in 2015. The decrease in operating income in 2016 is attributable to a couple of factors. The first, revenues were down due to planned renovation of the facility and expenses increased on a one time basis due to uncapitalized renovation costs. Accordingly, operating income was \$1,805 in 2016 compared to \$2,984 in 2015 resulting in overall coverage of debt service falling to 1.3 times coverage for 2016 compared to 1.7 times coverage for 2015. It is anticipated the UNO Student Facilities will be back to previous levels in the future.

UNO Housing and Parking continues to perform in line with expectations. In 2016, operating income of \$5,615 was derived from revenues of \$16,650. This compares to operating income of \$4,964 in 2015 derived from revenues of \$16,072. Operating income increased by \$651 in 2016 compared to 2015 yielding a strong debt service ratio of 1.78 times. Housing at UNO continues to enjoy an occupancy rate of nearly 100% in each year since it opened in 2004.

The UNMC Housing Project comprises two apartment-style buildings with a combined capacity of 60 units. UNMC Housing experienced nearly full occupancy during 2016, maintaining a level of 94% the past three years. UNMC augmented revenues by \$19 in 2016 (compared to \$48 in 2015), enabling the activity to meet debt service obligations.

**THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (Unaudited)
(Dollar Amounts in Thousands)**

The financial position of UNK Student Facilities Project remained steady with operating income margins at 16% for 2016 and 2015 after a decline from 22% in 2014. Operating revenues over the last three years were \$17,633 in 2016, \$17,353 in 2015, and \$17,447 in 2014. The 1.6% increase in operating revenue in 2016 compared to 2015 is due in part to a 3% decrease in occupancy that offset a 4% housing rate increase. Debt service coverage remains very strong for UNK increasing to 4.0 times for 2016 compared to 3.1 times for 2015. A significant decrease in the annual debt service payment resulting from the refunding of the 2005 bonds and defeasance of the 2006 bonds in the prior year contributed to the strong debt service coverage.

Using the Financial Statements

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

The statements of net position include the operating facilities of the obligated members and the related trustee accounts of the respective bond issues. The statements of revenues, expenses, and changes in net position depict the combined operating revenues and expenses of the obligated members, which, when combined with the nonoperating revenues and expenses, provide resources for debt service as well as the purchase, construction, and renovation of the designated facilities. The statements of cash flows show the sources and uses of cash from operations, investing activities, and capital and other financing activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (Unaudited)
(Dollar Amounts in Thousands)**

The Statements

Condensed statements in an all-inclusive format are presented below for the University of Nebraska's Members of the Obligated Group for the years ended June 30, 2016, 2015, and 2014.

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 are primarily capital assets that are presented net of accumulated depreciation of \$137,527, \$119,878, and \$112,212 at June 30, 2016, 2015, and 2014, respectively, and resources held by the bond trustee for plant construction and bond reserve funds for retirement of indebtedness accounts.

Current liabilities comprise accounts payable and accrued expenses and amounts due the next year for bond obligations payable. Noncurrent liabilities represent accrued compensated absences and bond obligations due after one year.

The classification of net position includes amounts restricted for debt service of \$113,744, \$98,819, and \$87,428 as of June 30, 2016, 2015, and 2014, respectively. These amounts include bond reserves of \$42,926, \$40,088, and \$34,843 as of June 30, 2016, 2015, and 2014, respectively.

The condensed statements of revenues, expenses, and changes in net assets depict the combined financial activities of the obligated members. The operating income provides resources to pay debt service on bond obligations. The operating income, net of depreciation, is \$19,217, \$16,473, and \$14,681 for the years ended June 30, 2016, 2015, and 2014, respectively.

**THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA
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UNDER THE MASTER TRUST INDENTURE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (Unaudited)
(Dollar Amounts in Thousands)**

Condensed Statement of Net Position (thousands)

	June 30		
	2016	2015	2014
Assets:			
Current assets	\$ 90,595	\$ 89,436	\$ 78,855
Noncurrent assets	667,212	630,099	558,702
Total assets	<u>757,807</u>	<u>719,535</u>	<u>637,557</u>
Deferred outflows or resources:			
Deferred loss on bond refunding	7,094	6,204	5,888
Liabilities:			
Current liabilities	51,827	40,393	41,580
Noncurrent liabilities	485,280	483,607	421,637
Total liabilities	<u>537,107</u>	<u>524,000</u>	<u>463,217</u>
Deferred inflows of resources:			
Deferred service concession arrangement receipts	5,320	5,918	7,402
Net position:			
Net investment in capital assets	46,727	34,856	44,291
Restricted:			
Expendable:			
Plant construction	35,782	31,280	20,213
Debt service	113,744	98,819	87,428
Unrestricted	26,221	30,866	20,894
Total net position	<u>\$ 222,474</u>	<u>\$ 195,821</u>	<u>\$ 172,826</u>

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

	Year ended June 30		
	2016	2015	2014
Operating revenues:			
Room and board	\$ 96,215	\$ 93,916	\$ 88,011
Student fees	14,405	14,254	13,874
Parking fees	13,167	12,343	11,583
Bookstore	6,872	7,161	7,120
Other	5,281	5,579	5,028
Total operating revenues	<u>135,940</u>	<u>133,253</u>	<u>125,616</u>
Operating expenses:			
Compensation and benefits	29,192	28,146	28,025
Supplies, materials, and services	55,430	55,608	50,316
Depreciation	19,217	16,473	14,681
Total operating expenses	<u>103,839</u>	<u>100,227</u>	<u>93,022</u>
Operating income	32,101	33,026	32,594
Nonoperating income and expenses and capital grants	(5,448)	(10,031)	(14,642)
Increase in net position	26,653	22,995	17,952
Net position, beginning of year	195,821	172,826	154,874
Net position, end of year	<u>\$ 222,474</u>	<u>\$ 195,821</u>	<u>\$ 172,826</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (Unaudited) (Dollar Amounts in Thousands)

Economic Outlook and Subsequent Events That Will Affect the Future

It is management's belief that the Members of the Obligated Group will continue to realize revenues sufficient to cover debt service. Each Obligated Group member budgets expenses prudently while allocating sufficient funds to adequately repair and maintain the facilities so that services can be offered at competitive prices to students and the University community.

UNL residence hall occupancy remains steady for fall 2016–17 opening. Strong demand from both UNL freshmen and upper division students in the newer suite-style and upper division apartment-style units continues. UNL Housing will be opening a new traditional/pod-style hall on East Campus for the 2017–18 academic year, replacing two older halls. A new dining center will also open in the fall of 2017, replacing the aging CPN dining center on City Campus. These new facilities along with other operational and programming initiatives are designed to create an exceptional living and learning experience for students and play an important part in recruiting for the University of Nebraska–Lincoln.

Parking operations at UNL are expected to continue to meet expectations. Parking fees increased slightly in 2016 but demand continued strong for parking spaces. Parking permit revenues is forecasted to grow due to increases in demand by students, faculty, and staff.

UNO Student Center revenues are projected to slightly increase in fiscal 2016 as bookstore and food service revenues are expected to increase following a 1% increase in student headcount in fall 2016. Student fee revenue associated with HPER project is also expected to increase due to the enrollment increase. Demand for student housing at UNO continues to be strong with occupancy near 100% for the fall 2016 semester. Parking revenues are expected to increase due to the enrollment and parking fee increases.

UNMC Student Housing expects occupancy to be near full capacity. A majority of the programs at UNMC maintain full enrollment creating a steady demand for student housing. Student enrollment for the fall of 2016 increased to 3,861, the sixteenth straight year for an increase. The steady demand for housing and the projected revenue increases bodes well for a continued ability to meet debt obligations.

With the completion of the major phase of its housing master plan upgrades, UNK has begun planning for the replacement of the existing University Heights apartments with a new complex to be located much closer to campus. The demand for suite-style housing remains strong. UNK plans to break ground on a replacement apartment housing for University Heights in early 2017 with opening scheduled for the fall of 2018. UNK is in a strong position to invest in the new facility and continue renovation of existing spaces.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

**STATEMENTS OF NET POSITION
RELATING TO THE MEMBERS OF THE OBLIGATED GROUP
UNDER THE MASTER TRUST INDENTURE
JUNE 30, 2016 and 2015 (in thousands)**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2016	2015
CURRENT ASSETS:		
Cash and cash equivalents	\$ 34,475	\$ 40,647
Cash and cash equivalents held by trustee – restricted	36,841	31,273
Investments held by trustee – restricted	11,852	10,043
Accounts receivable, net	5,012	5,418
Other current assets	2,415	2,055
Total current assets	<u>90,595</u>	<u>89,436</u>
NONCURRENT ASSETS:		
Cash and cash equivalents held by trustee – restricted	147,198	139,186
Investments held by trustee – restricted	12,307	18,471
Accounts receivable, net of current portion	2,592	3,031
Capital assets, net of accumulated depreciation	505,115	469,411
Total noncurrent assets	<u>667,212</u>	<u>630,099</u>
Total assets	<u>757,807</u>	<u>719,535</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on bond refunding	<u>7,094</u>	<u>6,204</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	29,422	18,036
Bond obligations payable	17,704	16,696
Unearned revenues and other credits	4,701	5,661
Total current liabilities	<u>51,827</u>	<u>40,393</u>
NONCURRENT LIABILITIES:		
Accrued compensated absences	645	632
Bond obligations payable, net of current portion	484,635	482,975
Total noncurrent liabilities	<u>485,280</u>	<u>483,607</u>
Total liabilities	<u>537,107</u>	<u>524,000</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred service concession arrangement receipts	<u>5,320</u>	<u>5,918</u>
NET POSITION:		
Net investment in capital assets	46,727	34,856
Restricted:		
Expendable:		
Plant construction	35,782	31,280
Debt service	113,744	98,819
Unrestricted	26,221	30,866
Total net position	<u>\$ 222,474</u>	<u>\$ 195,821</u>

See accompanying notes to financial statements.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
RELATING TO THE MEMBERS OF THE OBLIGATED GROUP
UNDER THE MASTER TRUST INDENTURE
YEARS ENDED JUNE 30, 2016 and 2015 (in thousands)

	<u>2016</u>	<u>2015</u>
REVENUES:		
Operating revenues:		
Room and board	\$ 96,215	\$ 93,916
Student fees	14,405	14,254
Parking facilities revenues	13,167	12,343
Bookstore and bookstore commissions	6,872	7,161
Food service	3,792	3,948
Other operating revenues	1,489	1,631
Total operating revenues	<u>135,940</u>	<u>133,253</u>
EXPENSES:		
Operating expenses:		
Salaries and wages	23,253	21,838
Benefits	5,939	6,308
Total compensation and benefits	<u>29,192</u>	<u>28,146</u>
Goods purchased for resale	5,593	5,511
Supplies and materials	14,605	15,524
Food and food service contracts	11,233	11,106
Contractual services	8,404	7,915
Repairs and maintenance	6,707	5,887
Utilities	7,101	7,358
Communications	1,787	2,307
Depreciation	19,217	16,473
Total operating expenses	<u>103,839</u>	<u>100,227</u>
OPERATING INCOME	<u>32,101</u>	<u>33,026</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income, net of investment management fees	817	645
Increase (decrease) in fair value of investments	155	(66)
Interest on bond obligations	(19,747)	(17,436)
Capitalized interest on bond obligations	3,664	449
Gain (loss) on disposal of capital assets	(64)	964
Net transfer of assets from other University sources	9,163	4,816
Nonoperating expenses, net	<u>(6,012)</u>	<u>(10,628)</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	26,089	22,398
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:		
Capital grants and contracts	564	597
INCREASE IN NET POSITION	26,653	22,995
NET POSITION:		
Beginning of year	195,821	172,826
End of year	<u>\$ 222,474</u>	<u>\$ 195,821</u>

See accompanying notes to financial statements.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

**STATEMENTS OF CASH FLOWS
RELATING TO THE MEMBERS OF THE OBLIGATED GROUP
UNDER THE MASTER TRUST INDENTURE
YEARS ENDED JUNE 30, 2016 and 2015 (in thousands)**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Room and board	\$ 95,917	\$ 93,556
Student fees	14,406	14,251
Parking facilities revenues	12,988	12,331
Bookstore and bookstore commissions	6,910	6,777
Food service	3,781	3,947
Other operating receipts	1,485	1,623
Payments to vendors	(55,501)	(53,302)
Payments to employees	(28,914)	(28,068)
	<u>51,072</u>	<u>51,115</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of bond obligations	55,600	95,945
Premium on issuance of bond obligations	2,896	6,848
Transfers to and from other University sources	5,068	4,806
Capital grants and contracts	210	200
Defeasance of bond obligations	(41,048)	(20,700)
Purchases of capital assets	(37,681)	(20,241)
Interest paid on bond obligations	(19,210)	(18,121)
Principal paid on bond obligations	(14,785)	(17,360)
	<u>(48,950)</u>	<u>31,377</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	17,708	17,822
Interest on investments	791	588
Purchases of investments	(13,213)	(17,732)
	<u>5,286</u>	<u>678</u>
CHANGE IN CASH AND CASH EQUIVALENTS	7,408	83,170
CASH AND CASH EQUIVALENTS – Beginning of year	211,106	127,936
CASH AND CASH EQUIVALENTS – End of year	\$ 218,514	\$ 211,106
CASH AND CASH EQUIVALENTS – END OF YEAR AS PRESENTED IN STATEMENT OF NET POSITION:		
Cash and cash equivalents (current)	\$ 34,475	\$ 40,647
Cash and cash equivalents held by trustee – restricted (current)	36,841	31,273
Cash and cash equivalents held by trustee – restricted (noncurrent)	147,198	139,186
	<u>218,514</u>	<u>211,106</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$ 32,101	\$ 33,026
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	19,217	16,473
Changes in assets and liabilities:		
Accounts receivable, net	680	147
Other assets	(360)	(157)
Accounts payable and accrued expenses	463	2,523
Unearned revenue, credits, and deferred inflows of service concession receipts	(1,029)	(897)
	<u>51,072</u>	<u>51,115</u>
NONCASH TRANSACTIONS:		
Capital grants and contracts	\$ 354	\$ 882
Capital assets transferred in from other University sources	4,093	11
Increase (decrease) in fair value of investments	155	(66)

See accompanying notes to financial statements.

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NOTES TO THE FINANCIAL STATEMENTS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE YEARS ENDED JUNE 30, 2016 and 2015 (in thousands)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

These statements have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

Recent Accounting Pronouncements

During 2016, the University adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements including required disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The changes to comply with this Statement was treated as an adjustment of prior periods, and the financial statements notes in 2015 were restated.

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

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

Accounts Receivable – Current accounts receivable consist primarily of student housing and fees receivable. Accounts receivable are recorded net of an allowance for doubtful accounts of \$296 and \$315 at June 30, 2016 and 2015, respectively.

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

Amortization of Bond Discount and Bond Premium – Bond discount and bond premium are being amortized on a method that approximates the level-yield method.

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

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

Deferred Inflows and Deferred Outflows – Deferred inflows represent the present value of remaining accounts receivable due from a vendor resulting from a service concession arrangement for the provision of certain services to the University. Deferred outflows represent the unamortized losses/gains on bond refundings, which are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt.

Service Concession Arrangement – The Board of Regents entered into a service concession arrangement with an outside vendor on July 1, 2011, which provides food service for the student residence halls and student union at the University of Nebraska-Kearney campus. Under the contract, the vendor will pay UNK a total of \$9 million in support and capital improvements over a 10-year period for the right to provide food service to the campus. In exchange, UNK assigned food service facilities to the vendor for use in providing food service on campus. The University retained ownership of the food service facilities and use will revert to the University at the end of the contract period. The capital improvements to the food service facilities are reported as a capital asset with a carrying value of \$1,612 at June 30, 2016 and \$1,934 at June 30, 2015. The present value of the remaining accounts receivable due from the vendor at June 30, 2016 is \$2,580 and \$2,906 at June 30, 2016 and 2015, respectively. These assets are offset by a deferred inflow of resources of \$4,827 and \$5,432 at June 30, 2016 and 2015, respectively.

The Board of Regents entered into a service concession arrangement with an outside vendor on July 1, 2015 to manage and operate a bookstore at the University of Nebraska-Kearney campus. Under the contract, the vendor will pay UNK a total of \$91 in support and renovations (excluding commissions) over a 5-year period in exchange for the right to provide text books and other merchandise sales on the UNK

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campus. The University retained ownership of the facility and will recover full use at the end of the contract period. The accounts receivable due from the vendor at June 30, 2016 discounted to present value is \$9 and is offset by a deferred inflow of resources of \$72. The service concession arrangement with the previous vendor was terminated on June 23, 2015.

The Board of Regents entered into a service concession arrangement with an outside vendor on July 18, 2014 to provide a full-service branch bank on UNL's City Campus to offer checking account, debit card, deposit transfer services, and other financial services to each current University student, faculty, and staff member. As part of that contract, the vendor provided capital improvements to support banking services in the Nebraska Student Union. These improvements will revert to the University at the end of the contract period. The capital improvements are reported with a carrying value of \$479 at June 30, 2016. The asset is offset by a deferred inflow of resources of \$421.

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

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

Nonoperating Revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions.

Tax Status – The University of Nebraska qualifies as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is required. However, income from unrelated activities is subject to federal and state income taxes. No provision is deemed necessary for any income taxes associated with unrelated activities.

Capital Assets – Land improvements, buildings, and equipment are stated at cost at the date of acquisition. Depreciation is calculated using the straight-line method over the estimated useful life of the related assets for the UNO Student Facilities Project, UNO Student Housing/Parking Project, UNMC Student Housing Project, and UNK Student Facilities Project. The estimated useful lives are 50 years for buildings, 20–30 years for land improvements, and 2–10 years for equipment. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The total interest expense capitalized during 2016 and 2015 was \$3,664 and \$449, respectively.

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

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

<u>Assets</u>	<u>Threshold</u>
Land improvements	\$ 100
Infrastructure	250
Buildings	500
Equipment	5

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

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

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

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

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

B. INVESTMENTS

The Obligated Group 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. The three levels are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Obligated Group has ability to access at the measurement date. Instruments categorized in Level 1 primarily consist of broadly traded range of equity and debt securities.

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- 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 tables below present by Level the asset balances at estimated fair value on a recurring basis. There were no Level 3 investments as of June 30, 2016 or 2015.

Assets at fair value as of June 30, 2016			
	Level 1	Level 2	Total
Investment type:			
Debt securities:			
U.S. Treasury Note	\$ 12,090	\$ -	\$ 12,090
U.S. Agencies	-	12,069	12,069
	<u>\$ 12,090</u>	<u>\$ 12,069</u>	<u>\$ 24,159</u>

Assets at fair value as of June 30, 2015			
	Level 1	Level 2	Total
Investment type:			
Debt securities:			
U.S. Treasury Note	\$ 14,948	\$ -	\$ 14,948
U.S. Agencies	-	13,566	13,566
	<u>\$ 14,948</u>	<u>\$ 13,566</u>	<u>\$ 28,514</u>

Investment maturities and concentration as of June 30, 2016 are as follows:

	Fair value	Investment maturities (in years)			Concentration
		Less than 1	1-2	3-5	
Investment type:					
Debt securities:					
U.S. Treasury Note	\$ 12,090	\$ 12,090	\$ -	\$ -	50%
Federal Home Loan Bank	6,348	-	503	5,845	26%
Federal Home Loan Banks Construction Bonds	1,351	1,351	-	-	6%
Federal Home Loan Mortgage Corporation	2,019	-	1,000 (1)	1,019	8%
Federal Farm Credit Bank	1,000	-	-	1,000 (1)	4%
Federal National Mortgage Association	1,351	-	-	1,351	6%
	<u>\$ 24,159</u>	<u>\$ 13,441</u>	<u>\$ 1,503</u>	<u>\$ 9,215</u>	<u>100%</u>

(1) These bonds are callable in less than one month

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Investment maturity and concentration as of June 30, 2015 are as follows:

	Fair value	Investment maturities (in years)			Concentration
		Less than 1	1-2	3-5	
Investment type:					
Debt securities:					
U.S. Treasury Note	\$ 14,948	\$ 11,411	\$ 3,537	\$ -	53%
Federal Home Loan Bank	9,166	4,553	1,352	3,261	32
Federal Home Loan Mortgage Corporation	2,095	98	997 (1)	1,000	7
Federal Farm Credit Bank	988	-	-	988	3
Federal National Mortgage Association	1,317	-	-	1,317	5
	<u>\$ 28,514</u>	<u>\$ 16,062</u>	<u>\$ 5,886</u>	<u>\$ 6,566</u>	<u>100%</u>

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

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

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

Credit Risk: State statutes authorize the University to invest funds in accordance with the prudent man rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The University does not follow a more restrictive policy. All investments are rated Aaa at June 30, 2016 and 2015.

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

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C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets:				
Land	\$ 3,173	\$ -	\$ -	\$ 3,173
Land improvements	15,887	-	551	15,336
Buildings	557,797	2,476	722	559,551
Equipment	8,334	2,619	357	10,596
Construction in progress	4,098	49,891	3	53,986
Total	<u>589,289</u>	<u>54,986</u>	<u>1,633</u>	<u>642,642</u>
Less accumulated depreciation for:				
Land improvements	5,525	682	551	5,656
Buildings	108,832	16,756	722	124,866
Equipment	5,521	1,779	295	7,005
Total	<u>119,878</u>	<u>19,217</u>	<u>1,568</u>	<u>137,527</u>
Capital assets, net	<u>\$ 469,411</u>	<u>\$ 35,769</u>	<u>\$ 65</u>	<u>\$ 505,115</u>

Capital asset activity for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets:				
Land	\$ 3,173	\$ -	\$ -	\$ 3,173
Land improvements	15,393	888	394	15,887
Buildings	496,078	69,873	8,154	557,797
Equipment	7,438	1,178	282	8,334
Construction in progress	59,223	1,470	56,595	4,098
Total	<u>581,305</u>	<u>73,409</u>	<u>65,425</u>	<u>589,289</u>
Less accumulated depreciation for:				
Land improvements	5,200	719	394	5,525
Buildings	101,867	15,119	8,154	108,832
Equipment	5,146	635	260	5,521
Total	<u>112,213</u>	<u>16,473</u>	<u>8,808</u>	<u>119,878</u>
Capital assets, net	<u>\$ 469,092</u>	<u>\$ 56,936</u>	<u>\$ 56,617</u>	<u>\$ 469,411</u>

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D. ACCRUED COMPENSATED ABSENCES

Accrued compensated absences are as follows as of June 30, 2016 and 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
2016	<u>\$ 2,060</u>	<u>\$ 1,321</u>	<u>\$ 1,241</u>	<u>\$ 2,140</u>	<u>\$ 1,495</u>
2015	<u>\$ 2,086</u>	<u>\$ 1,086</u>	<u>\$ 1,112</u>	<u>\$ 2,060</u>	<u>\$ 1,428</u>

E. BOND OBLIGATIONS PAYABLE

Debt of the members of the obligated group, exclusive of premiums and discounts is as follows as of June 30, 2016 and 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
2016	<u>\$ 475,345</u>	<u>\$ 55,600</u>	<u>\$ 54,230</u>	<u>\$ 476,715</u>	<u>\$ 16,460</u>
2015	<u>\$ 416,530</u>	<u>\$ 95,945</u>	<u>\$ 37,130</u>	<u>\$ 475,345</u>	<u>\$ 15,640</u>

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	Interest Rate	Annual Installment	Principal Amount Outstanding	
			2016	2015
University of Nebraska–Lincoln:				
Student Fees and Facilities:				
Series 2008A, revenue bonds	3.65–5.00%	\$1,415–\$2,360	\$ 23,845	\$ 25,210
Series 2009A, revenue bonds	3.50–5.25%	1,220–2,990	47,295	48,480
Series 2009B, revenue bonds	3.00–5.70%	460–1,840	9,340	9,800
Series 2011, revenue bonds	2.00–5.00%	1,435–4,095	63,475	63,475
Series 2012, revenue bonds	3.99–5.00%	1,220–4,780	67,800	71,985
Series 2012B, revenue bonds	1.50–5.00%	350–1,640	18,115	19,100
Series 2015A, revenue bonds	2.00–5.00%	1,260–4,100	66,615	66,615
Total Student Fees and Facilities			<u>296,485</u>	<u>304,665</u>
University of Nebraska–Lincoln:				
Parking:				
Series 2005, revenue and refunding	4.00–4.50%	425–3,825	-	13,760
Series 2009A&B, revenue bonds	3.50–6.00%	695–1,110	11,560	11,560
Series 2013, revenue refunding	2.00–4.00%	260–440	5,700	6,910
Series 2015, revenue refunding	3.00–4.00%	505–1,965	10,180	-
Total Parking Project			<u>27,440</u>	<u>32,230</u>
University of Nebraska at Omaha:				
Student Facilities:				
Series 2008, revenue bonds	3.50–5.00%	985–2,700	37,455	38,440
Series 2015B, revenue bonds	2.00–5.00%	370–640	8,910	9,310
Total Student Facilities			<u>46,365</u>	<u>47,750</u>
University of Nebraska at Omaha:				
Student Housing and Parking:				
Series 2007, revenue bonds	4.25–5.00%	690–2,395	-	25,685
Series 2010A, revenue bonds	2.50–5.00%	720–1,175	13,080	13,800
Series 2010B, revenue bonds	2.75–5.00%	395–1,060	15,810	16,205
Series 2014, revenue bonds	1.00–5.00%	495–790	10,605	11,100
Series 2015, revenue bonds	1.20–5.00%	890–2,580	43,970	-
Total Student Housing and Parking			<u>83,465</u>	<u>66,790</u>
University of Nebraska Medical Center:				
Student Housing:				
Series 2003, revenue bonds	4.05–5.00%	155–330	3,910	4,060
University of Nebraska at Kearney:				
Student Facilities:				
Series 2015, revenue bonds	1.00–3.15%	795–1,270	19,050	19,850
Total Student Facilities			<u>19,050</u>	<u>19,850</u>
Subtotal bonds payable			476,715	475,345
Add unamortized bond premium			26,438	25,200
Less unamortized bond discount			814	874
Total bonds payable			<u>\$ 502,339</u>	<u>\$ 499,671</u>

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Annual maturities subject to mandatory redemption for the year ended June 30, 2016 are as follows:

University of Nebraska–Lincoln Student Fees and Facilities

	<u>Series 2008A</u>		<u>Series 2009A</u>		<u>Series 2009B</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,415	\$ 1,024	\$ 1,220	\$ 2,309	\$ 460	\$ 424
2018	1,470	970	1,265	2,267	480	410
2019	1,525	915	1,305	2,221	495	394
2020	1,580	855	1,360	2,169	510	377
2021	1,640	790	1,415	2,114	530	359
2022–2026	9,435	2,669	8,070	9,506	2,945	1,464
2027–2031	6,780	467	10,540	7,190	3,920	549
2032–2036	-	-	11,025	4,419	-	-
2037–2041	-	-	11,095	1,202	-	-
	<u>\$ 23,845</u>	<u>\$ 7,690</u>	<u>\$ 47,295</u>	<u>\$ 33,397</u>	<u>\$ 9,340</u>	<u>\$ 3,977</u>

	<u>Series 2011</u>		<u>Series 2012</u>		<u>Series 2012B</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ -	\$ 2,864	\$ 4,780	\$ 3,029	\$ 1,015	\$ 687
2018	1,435	2,850	3,455	2,858	1,030	672
2019	1,460	2,819	3,620	2,702	1,045	656
2020	1,495	2,780	3,795	2,539	1,060	633
2021	1,540	2,735	3,945	2,365	1,095	589
2022–2026	8,580	12,723	16,720	8,886	6,315	2,091
2027–2031	10,800	10,451	10,840	5,942	6,555	520
2032–2036	13,295	7,888	13,290	3,438	-	-
2037–2041	16,875	4,191	7,355	461	-	-
2042–2046	7,995	405	-	-	-	-
	<u>\$ 63,475</u>	<u>\$ 49,706</u>	<u>\$ 67,800</u>	<u>\$ 32,220</u>	<u>\$ 18,115</u>	<u>\$ 5,848</u>

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University of Nebraska–Lincoln Student Fees and Facilities (continued)

	<u>Series 2015A</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ -	\$ 3,008
2018	-	3,008
2019	1,260	2,995
2020	1,280	2,970
2021	1,305	2,944
2021–2026	7,370	13,769
2027–2031	9,350	11,747
2032–2036	11,890	9,135
2037–2041	15,180	5,768
2042–2046	<u>18,980</u>	<u>1,957</u>
	<u>\$ 66,615</u>	<u>\$ 57,301</u>

University of Nebraska–Lincoln Parking

	<u>Series 2009A&B</u>		<u>Series 2013</u>		<u>Series 2015</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 695	\$ 566	\$ 260	\$ 202	\$ 1,755	\$ 425
2018	720	542	265	197	1,800	373
2019	745	514	270	191	1,875	301
2020	780	479	275	185	1,965	207
2021	820	444	285	177	505	109
2022–2026	4,590	1,702	1,580	721	2,280	186
2027–2031	3,210	390	1,900	404	-	-
2032–2036	<u>-</u>	<u>-</u>	<u>865</u>	<u>52</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,560</u>	<u>\$ 4,637</u>	<u>\$ 5,700</u>	<u>\$ 2,129</u>	<u>\$ 10,180</u>	<u>\$ 1,601</u>

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University of Nebraska at Omaha Student Facilities

	Series 2008		Series 2015B	
	Principal	Interest	Principal	Interest
2017	\$ 1,010	\$ 1,822	\$ 370	\$ 302
2018	1,055	1,784	375	294
2019	1,095	1,742	385	286
2020	1,140	1,698	390	278
2021	1,185	1,650	400	272
2022–2026	6,835	7,342	2,140	1,207
2027–2031	8,730	5,452	2,475	880
2032–2036	11,135	3,042	2,375	304
2037–2041	<u>5,270</u>	<u>400</u>	<u>-</u>	<u>-</u>
	<u>\$ 37,455</u>	<u>\$ 24,932</u>	<u>\$ 8,910</u>	<u>\$ 3,823</u>

University of Nebraska at Omaha Student Housing and Parking

	Series 2010A		Series 2010B		Series 2014	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 735	\$ 536	\$ 405	\$ 710	\$ 500	\$ 328
2018	760	516	420	697	510	320
2019	795	494	430	684	530	312
2020	810	468	445	670	535	304
2021	835	440	460	654	545	294
2022–2026	4,685	1,712	2,580	2,998	2,955	1,244
2027–2031	4,460	549	3,155	2,423	3,575	623
2032–2036	-	-	3,970	1,601	1,455	70
2037–2041	<u>-</u>	<u>-</u>	<u>3,945</u>	<u>506</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,080</u>	<u>\$ 4,715</u>	<u>\$ 15,810</u>	<u>\$ 10,943</u>	<u>\$ 10,605</u>	<u>\$ 3,495</u>

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE YEARS ENDED JUNE 30, 2016 and 2015 (in thousands)

University of Nebraska at Omaha Student Housing and Parking (Continued)

	<u>Series 2015</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 890	\$ 1,514
2018	1,535	1,496
2019	1,565	1,466
2020	1,580	1,447
2021	1,620	1,416
2022–2026	8,810	6,351
2027–2031	10,650	4,503
2032–2036	10,555	2,401
2037–2041	<u>6,765</u>	<u>507</u>
	<u>\$ 43,970</u>	<u>\$ 21,101</u>

University of Nebraska Medical Center Student Housing

	<u>Series 2003</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 155	\$ 188
2018	165	182
2019	170	174
2020	175	166
2021	185	160
2022–2026	1,060	662
2027–2031	1,355	374
2032–2036	<u>645</u>	<u>48</u>
	<u>\$ 3,910</u>	<u>\$ 1,954</u>

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE YEARS ENDED JUNE 30, 2016 and 2015 (in thousands)

University of Nebraska at Kearney Student Facilities

	<u>Series 2015</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 795	\$ 535
2018	815	527
2019	830	510
2020	835	494
2021	865	477
2022–2026	4,720	1,981
2027–2031	5,445	1,257
2032–2036	<u>4,745</u>	<u>368</u>
	<u>\$ 19,050</u>	<u>\$ 6,149</u>

Current maturities, all members of the Obligated Group

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 16,460	\$ 20,473	\$ 36,933
2018	17,555	19,963	37,518
2019	19,400	19,376	38,776
2020	20,010	18,719	38,729
2021	19,175	17,989	37,164
2022–2026	101,670	77,214	178,884
2027–2031	103,740	53,721	157,461
2032–2036	85,245	32,766	118,011
2037–2041	66,485	13,035	79,520
2042–2046	<u>26,975</u>	<u>2,362</u>	<u>29,337</u>
	<u>\$ 476,715</u>	<u>\$ 275,618</u>	<u>\$ 752,333</u>

The Master Trust Indenture – The Board of Regents has entered into a Master Trust Indenture dated as of June 1, 1995 (as amended and supplemented from time to time, hereinafter the Indenture) with a fiduciary with respect to the facilities (including student housing, student unions, student health facilities, and parking facilities) from which the Board of Regents derives revenues, fees, and earnings. The Master Trust Indenture was created for the purpose of achieving lower borrowing costs through sharing accumulated excess revenues and earnings derived from such facilities. As of June 30, 2016, the members of the Obligated Group are (a) the student housing, student unions, student recreation, and student health facilities on the University of Nebraska-Lincoln campus (UNL Student Fees and Facilities); (b) the

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE YEARS ENDED JUNE 30, 2016 and 2015 (in thousands)

parking facilities on the University of Nebraska-Lincoln campus (UNL Parking); (c) the student center and HPER facility at the University of Nebraska at Omaha (UNO Facilities); (d) certain student housing and parking facilities at the University of Nebraska at Omaha (UNO Student Housing and Parking); (e) certain student housing facilities at the University of Nebraska Medical Center (UNMC Student Housing); and (f) the student housing facilities on the University of Nebraska at Kearney campus (UNK Student Facilities). The accumulated surplus revenues, fees, and other payments of the members have been jointly pledged to the payment of the revenue bonds issued with respect to such facilities. Other facilities will be added to the Obligated Group and the revenues, fees, and other payments derived from such facilities will be pledged under the Indenture in the future as circumstances permit.

Bond Issuances – On December 3, 2015, the Board of Regents issued \$44,380 of University of Nebraska at Omaha Revenue and Refunding Bonds, Series 2015 (Student Facilities Project). The net proceeds of the bonds, together with other funds, were used to defease the redemption of \$25,685 of University of Nebraska at Omaha Student Facilities Project Bonds, Series 2007 dated July 25, 2007 maturing on or after July 1, 2015, and to pay for a portion of constructing a parking garage on campus. The refunding reduced total debt service payments by approximately \$4,962 and resulted in an economic gain of approximately \$2,836. The accounting loss of \$1,203 is deferred and amortized over the life of the 2015 bonds.

On September 10, 2015, the Board of Regents issued \$11,220 of University of Nebraska-Lincoln Parking Bonds, Series 2015. The net proceeds of the bonds, together with other funds available, were used for the redemption of \$13,760 of Series 2005 Bonds dated July 6, 2005 maturing on or after July 1, 2015. The refunding reduced total debt service payments by approximately \$3,227 and resulted in an economic gain of approximately \$1,295.

On June 29, 2015, The Board of Regents issued \$66,615 of University of Nebraska-Lincoln Student Fees and Facilities Bonds, Series 2015A. The net proceeds of the bonds, together with other available funds, were used to construct, equip, and furnish a dining complex on the City Campus and a residence hall on the East Campus.

On June 29, 2015, The Board of Regents issued \$9,310 of University of Nebraska at Omaha Student Activities Revenue Bonds, Series 2015B. The net proceeds of the bonds were used to finance improvements and renovations to the Milo Bail Student Center.

On March 12, 2015, The Board of Regents issued \$20,020 of University of Nebraska at Kearney Student Facilities Project Revenue Refunding Bonds, Series 2015. The net proceeds of the bonds were used to defease \$19,770 of Series 2006 Bonds dated January 12, 2006, maturing on or after July 1, 2015. The refunding reduced total debt service payments by approximately \$4,722 and resulted in an economic gain of approximately \$2,950. The accounting loss of \$572 is deferred and amortized over the life of the 2015 bonds.

Pledged Revenues – Pledged revenues are defined in the Obligated Group as all of the revenues of each member that remain after payment of the expenses of such member. Pledged revenues do not include any

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE YEARS ENDED JUNE 30, 2016 and 2015 (in thousands)

balances in any debt service fund or debt service reserve fund, but shall include any balances in any other reserve, replacement, or contingency fund and any surplus fund held for and on behalf of such member under a Related Bond Resolution (as defined in the Obligated Group).

The bonds are not obligations of the State of Nebraska and no tax shall ever be levied to raise the funds for the principal payment thereof or the interest or premium thereon, and the bonds do not constitute debt of the Board of Regents of the University of Nebraska, but shall be payable solely out of moneys derived from the fees and revenues of the specified residence halls, dining facilities, certain married students' apartments, facilities constructed under these resolutions, and the specified portion of certain Student Union and Health Center fees.

The bond resolutions specify the funds that need to be established and the required transfers between funds. The bond resolutions also require that specified amounts be deposited with the Trustee for certain funds. At June 30, 2016 and 2015, the Obligated Group is in compliance with those requirements.

Operating Expenses – The bond resolutions provide that in the event the revenues pledged under the bond issues are not sufficient to make the payments required, the Board of Regents of the University of Nebraska shall, to the extent of any such deficiency, pay operating expenses for certain student facilities, extensions, or additions without charging the same against the revenues, fees, and earnings derived from their operation until such a time that pledged revenues are sufficient to make the required payments. During the years ended June 30, 2016 and 2015, \$19 and \$48, respectively, of University of Nebraska funds were expended for the operation and maintenance of the student housing facilities of UNMC. The terms of the Indenture do not require repayment of funds expended for operation and maintenance.

F. COMMITMENTS AND CONTINGENCIES

The Obligated Group has contracted for the construction of several facilities, which are estimated to cost approximately \$80,379 at June 30, 2016. The projects are as follows:

East Campus Residence Hall	\$	24,810
17th Street Dining Complex		22,425
East Campus Parking		1,193
Milo Bail Center		4,436
67th Street Parking Garage		24,427
Village Flats Apartment Project		3,088
Total Project	\$	<u>80,379</u>

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

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE MASTER TRUST INDENTURE YEARS ENDED JUNE 30, 2016 and 2015 (in thousands)

G. SUBSEQUENT EVENTS

On July 13, 2016, Student Fee and Facilities Series 2016A Bonds were issued in the amount of \$66,670. The proceeds for the sale of the series 2016A Bonds, will be used, together with other funds available, to fund an escrow for the purpose of refunding \$22,430 aggregate principal amount of the University of Nebraska-Lincoln Student Fees and Facilities Revenue Bonds, Series 2008A and \$46,075 aggregate principal amount of the University of Nebraska-Lincoln Student Fee and Facilities Revenue Bonds, Series 2009A at par plus accrued interest.

On July 13, 2016, the Board of Regents issued \$37,280 of University of Nebraska at Omaha Student Health and Recreation Project Bonds, Series 2016B. The proceeds were used to advance refund \$37,455 of outstanding UNO Health and Recreation Project Bonds at par plus accrued interest.

The Obligated Group has evaluated subsequent events from the combined statement of net position date through September 30, 2016, the date at which the financial statements were available to be issued.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION
 COMBINING STATEMENT OF NET POSITION
 RELATING TO THE MEMBERS OF THE OBLIGATED GROUP
 UNDER THE MASTER TRUST INDENTURE
 JUNE 30, 2016 (in thousands)

	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/ Parking	UNMC Student Housing	UNK Student Facilities	Combined
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
CURRENT ASSETS:							
Cash and cash equivalents	\$ 15,115	\$ 2,585	\$ 2,715	\$ 9,411	\$ 91	\$ 4,558	\$ 34,475
Cash and cash equivalents held by trustee – restricted	22,236	3,903	3,503	5,618	252	1,329	36,841
Investments held by trustee – restricted	11,355	497	-	-	-	-	11,852
Accounts receivable, net	2,888	572	867	105	25	555	5,012
Other current assets	232	61	2,080	3	-	39	2,415
Total current assets	51,826	7,618	9,165	15,137	368	6,481	90,595
NONCURRENT ASSETS:							
Cash and cash equivalents held by trustee – restricted	105,803	8,320	1,611	29,138	318	2,008	147,198
Investments held by trustee – restricted	-	-	1,351	237	503	10,216	12,307
Accounts receivable, net of current portion	500	-	-	-	-	2,092	2,592
Capital assets, net of accumulated depreciation	262,598	59,606	55,554	73,297	4,131	49,929	505,115
Total noncurrent assets	368,901	67,926	58,516	102,672	4,952	64,245	667,212
Total assets	420,727	75,544	67,681	117,809	5,320	70,726	757,807
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred loss on bond refunding	5,376	-	-	1,174	-	544	7,094
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION							
CURRENT LIABILITIES:							
Accounts payable and accrued expenses	19,904	1,037	2,927	4,814	39	701	29,422
Bond obligations payable	9,856	2,854	1,379	2,665	155	795	17,704
Unearned revenues and other credits	2,798	490	18	1,310	33	52	4,701
Total current liabilities	32,558	4,381	4,324	8,789	227	1,548	51,827
NONCURRENT LIABILITIES:							
Accrued compensated absences	443	43	85	3	3	68	645
Bond obligations payable, net of current portion	308,184	25,735	44,900	83,630	3,764	18,422	484,635
Total noncurrent liabilities	308,627	25,778	44,985	83,633	3,767	18,490	485,280
Total liabilities	341,185	30,159	49,309	92,422	3,994	20,038	537,107
DEFERRED INFLOWS OF RESOURCES:							
Deferred service concession arrangement receipts	421	-	-	-	-	4,899	5,320
NET POSITION:							
Net investment in capital assets	(10,521)	31,016	9,274	(11,824)	211	28,571	46,727
Restricted:							
Expendable:							
Plant construction	16,049	1,870	-	16,998	775	90	35,782
Debt service	68,351	10,614	4,855	15,626	340	13,958	113,744
Unrestricted	10,618	1,885	4,243	5,761	-	3,714	26,221
Total net position	\$ 84,497	\$ 45,385	\$ 18,372	\$ 26,561	\$ 1,326	\$ 46,333	\$ 222,474

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION
 COMBINING STATEMENT OF NET POSITION
 RELATING TO THE MEMBERS OF THE OBLIGATED GROUP
 UNDER THE MASTER TRUST INDENTURE
 JUNE 30, 2015 (in thousands)

	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/ Parking	UNMC Student Housing	UNK Student Facilities	Combined
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
CURRENT ASSETS:							
Cash and cash equivalents	\$ 17,488	\$ 1,816	\$ 5,869	\$ 10,484	\$ 92	\$ 4,898	\$ 40,647
Cash and cash equivalents held by trustee – restricted	20,352	4,202	1,786	4,192	252	489	31,273
Investments held by trustee – restricted	3,596	2,897	1,726	970	-	854	10,043
Accounts receivable, net	3,381	446	891	112	18	570	5,418
Other current assets	239	37	1,731	5	-	43	2,055
Total current assets	45,056	9,398	12,003	15,763	362	6,854	89,436
NONCURRENT ASSETS:							
Cash and cash equivalents held by trustee – restricted	115,525	6,116	10,000	6,780	765	-	139,186
Investments held by trustee – restricted	2,796	-	1,677	5,364	-	8,634	18,471
Accounts receivable, net of current portion	600	-	-	-	-	2,431	3,031
Capital assets, net of accumulated depreciation	247,178	59,694	40,017	67,253	4,234	51,035	469,411
Total noncurrent assets	366,099	65,810	51,694	79,397	4,999	62,100	630,099
Total assets	411,155	75,208	63,697	95,160	5,361	68,954	719,535
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred loss on bond refunding	5,632	-	-	-	-	572	6,204
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION							
CURRENT LIABILITIES:							
Accounts payable and accrued expenses	13,315	724	1,216	1,950	32	799	18,036
Bond obligations payable	9,146	2,835	1,385	2,380	150	800	16,696
Unearned revenues and other credits	2,945	528	15	2,081	26	66	5,661
Total current liabilities	25,406	4,087	2,616	6,411	208	1,665	40,393
NONCURRENT LIABILITIES:							
Accrued compensated absences	416	54	83	3	8	68	632
Bond obligations payable, net of current portion	318,040	29,533	46,278	65,978	3,920	19,226	482,975
Total noncurrent liabilities	318,456	29,587	46,361	65,981	3,928	19,294	483,607
Total liabilities	343,862	33,674	48,977	72,392	4,136	20,959	524,000
DEFERRED INFLOWS OF RESOURCES:							
Deferred service concession arrangement receipts	486	-	-	-	-	5,432	5,918
NET POSITION:							
Net investment in capital assets	(12,567)	27,327	(7,647)	(1,105)	164	28,684	34,856
Restricted:							
Expendable:							
Plant construction	15,185	1,488	9,461	4,360	722	64	31,280
Debt service	56,561	11,566	7,121	12,816	339	10,416	98,819
Unrestricted	13,260	1,153	5,785	6,697	-	3,971	30,866
Total net position	\$ 72,439	\$ 41,534	\$ 14,720	\$ 22,768	\$ 1,225	\$ 43,135	\$ 195,821

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 RELATING TO THE MEMBERS OF THE OBLIGATED GROUP
 UNDER THE MASTER TRUST INDENTURE
 FOR THE YEAR ENDED JUNE 30, 2016 (in thousands)

	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/ Parking	UNMC Student Housing	UNK Student Facilities	Combined
REVENUES:							
Operating revenues:							
Room and board	\$ 68,658	\$ -	\$ -	\$ 11,806	\$ 637	\$ 15,114	\$ 96,215
Student fees	4,846	1,228	5,139	1,982	-	1,210	14,405
Parking facilities revenues	-	10,025	-	2,647	-	495	13,167
Bookstore and bookstore commissions	-	-	6,705	-	-	167	6,872
Food service	1,251	-	2,541	-	-	-	3,792
Other operating revenues	150	-	477	215	-	647	1,489
Total operating revenues	74,905	11,253	14,862	16,650	637	17,633	135,940
EXPENSES:							
Operating expenses:							
Salaries and wages	15,469	986	2,529	950	80	3,239	23,253
Benefits	3,962	205	600	224	22	926	5,939
Total compensation and benefits	19,431	1,191	3,129	1,174	102	4,165	29,192
Goods purchased for resale	-	-	5,593	-	-	-	5,593
Supplies and materials	7,976	978	2,299	1,752	14	1,586	14,605
Food and food service contracts	6,671	-	-	-	-	4,562	11,233
Contractual services	1,346	2,999	130	3,731	23	175	8,404
Repairs and maintenance	3,247	985	364	1,234	69	808	6,707
Utilities	4,704	230	303	704	56	1,104	7,101
Communications	906	57	56	557	-	211	1,787
Depreciation	11,917	2,007	1,183	1,883	104	2,123	19,217
Total operating expenses	56,198	8,447	13,057	11,035	368	14,734	103,839
OPERATING INCOME	18,707	2,806	1,805	5,615	269	2,899	32,101
NONOPERATING REVENUES (EXPENSES):							
Investment income, net of investment management fees	223	28	154	204	2	206	817
Increase (decrease) in fair value of investments	(15)	(4)	(1)	(5)	3	177	155
Interest on bond obligations	(12,816)	(1,151)	(2,160)	(2,865)	(192)	(563)	(19,747)
Capitalized interest on bond obligations	2,982	-	308	374	-	-	3,664
Gain (loss) on disposal of capital assets	(16)	-	(21)	-	-	(27)	(64)
Net transfer of assets from other University sources	2,930	2,172	3,561	470	19	11	9,163
Nonoperating expenses, net	(6,712)	1,045	1,841	(1,822)	(168)	(196)	(6,012)
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	11,995	3,851	3,646	3,793	101	2,703	26,089
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:							
Capital grants and contracts	63	-	6	-	-	495	564
INCREASE IN NET POSITION	12,058	3,851	3,652	3,793	101	3,198	26,653
NET POSITION:							
Beginning of year	72,439	41,534	14,720	22,768	1,225	43,135	195,821
End of year	\$ 84,497	\$ 45,385	\$ 18,372	\$ 26,561	\$ 1,326	\$ 46,333	\$ 222,474

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 RELATING TO THE MEMBERS OF THE OBLIGATED GROUP
 UNDER THE MASTER TRUST INDENTURE
 FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/ Parking	UNMC Student Housing	UNK Student Facilities	Combined
REVENUES:							
Operating revenues:							
Room and board	\$ 67,149	\$ -	\$ -	\$ 11,442	\$ 591	\$ 14,734	\$ 93,916
Student fees	4,756	1,229	5,123	1,863	-	1,283	14,254
Parking facilities revenues	-	9,432	-	2,430	-	481	12,343
Bookstore and bookstore commissions	-	-	6,951	-	-	210	7,161
Food service	1,313	-	2,635	-	-	-	3,948
Other operating revenues	150	-	499	337	-	645	1,631
Total operating revenues	73,368	10,661	15,208	16,072	591	17,353	133,253
EXPENSES:							
Operating expenses:							
Salaries and wages	14,275	1,037	2,500	838	76	3,112	21,838
Benefits	4,141	261	692	224	24	966	6,308
Total compensation and benefits	18,416	1,298	3,192	1,062	100	4,078	28,146
Goods purchased for resale	-	-	5,511	-	-	-	5,511
Supplies and materials	9,273	1,086	1,600	1,853	18	1,694	15,524
Food and food service contracts	6,612	-	-	-	-	4,494	11,106
Contractual services	1,477	2,637	182	3,392	13	214	7,915
Repairs and maintenance	2,300	1,041	236	1,582	62	666	5,887
Utilities	4,787	243	302	796	51	1,179	7,358
Communications	1,521	52	33	504	-	197	2,307
Depreciation	9,190	1,987	1,168	1,919	104	2,105	16,473
Total operating expenses	53,576	8,344	12,224	11,108	348	14,627	100,227
OPERATING INCOME	19,792	2,317	2,984	4,964	243	2,726	33,026
NONOPERATING REVENUES (EXPENSES):							
Investment income, net of investment management fees	89	10	144	195	1	206	645
Increase (decrease) in fair value of investments	(5)	3	2	(4)	-	(62)	(66)
Interest on bond obligations	(10,299)	(1,449)	(1,908)	(2,829)	(200)	(751)	(17,436)
Capitalized interest on bond obligations	434	15	-	-	-	-	449
Gain (loss) on disposal of capital assets	(2)	(12)	-	986	-	(8)	964
Net transfer of assets from other University sources	2,245	895	-	1,617	48	11	4,816
Nonoperating expenses, net	(7,538)	(538)	(1,762)	(35)	(151)	(604)	(10,628)
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	12,254	1,779	1,222	4,929	92	2,122	22,398
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:							
Capital grants and contracts	21	-	-	-	-	576	597
INCREASE IN NET POSITION	12,275	1,779	1,222	4,929	92	2,698	22,995
NET POSITION:							
Beginning of year	60,164	39,755	13,498	17,839	1,133	40,437	172,826
End of year	\$ 72,439	\$ 41,534	\$ 14,720	\$ 22,768	\$ 1,225	\$ 43,135	\$ 195,821

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

**ADDITIONAL INFORMATION
COMBINING STATEMENT OF CASH FLOWS
RELATING TO THE MEMBERS OF THE OBLIGATED GROUP
UNDER THE MASTER TRUST INDENTURE
FOR THE YEAR ENDED JUNE 30, 2016 (in thousands)**

	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/ Parking	UNMC Student Housing	UNK Student Facilities	Combined
CASH FLOWS FROM OPERATING ACTIVITIES:							
Room and board	\$ 69,103	\$ -	\$ -	\$ 11,017	\$ 637	\$ 15,160	\$ 95,917
Student fees	4,846	1,228	5,139	1,982	-	1,211	14,406
Parking facilities revenues	-	9,861	-	2,647	-	480	12,988
Bookstore and bookstore commissions	-	-	6,743	-	-	167	6,910
Food service	1,251	-	2,530	-	-	-	3,781
Other operating receipts	150	-	477	215	-	643	1,485
Payments to vendors	(24,905)	(4,905)	(9,307)	(7,742)	(159)	(8,483)	(55,501)
Payments to employees	(19,189)	(1,191)	(3,122)	(1,165)	(103)	(4,144)	(28,914)
Net cash flows from operating activities	31,256	4,993	2,460	6,954	375	5,034	51,072
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Proceeds from issuance of bond obligations	-	11,220	-	44,380	-	-	55,600
Premium on issuance of bond obligations	-	1,122	-	1,774	-	-	2,896
Transfers to and from other University sources	767	251	3,561	470	19	-	5,068
Capital grants and contracts	-	-	6	-	-	204	210
Defeasance of bond obligations	-	(13,760)	-	(27,288)	-	-	(41,048)
Purchases of capital assets	(17,122)	(45)	(14,546)	(4,923)	-	(1,045)	(37,681)
Interest paid on bond obligations	(12,172)	(1,277)	(2,104)	(2,919)	(194)	(544)	(19,210)
Principal paid on bond obligations	(8,180)	(2,250)	(1,385)	(2,020)	(150)	(800)	(14,785)
Net cash flows from capital and related financing activities	(36,707)	(4,739)	(14,468)	9,474	(325)	(2,185)	(48,950)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from sales and maturities of investments	3,577	2,396	2,542	7,230	-	1,963	17,708
Interest on investments	218	24	132	202	5	210	791
Purchases of investments	(8,555)	-	(492)	(1,149)	(503)	(2,514)	(13,213)
Net cash flows from investing activities	(4,760)	2,420	2,182	6,283	(498)	(341)	5,286
CHANGE IN CASH AND CASH EQUIVALENTS	(10,211)	2,674	(9,826)	22,711	(448)	2,508	7,408
CASH AND CASH EQUIVALENTS – Beginning of year	153,365	12,134	17,655	21,456	1,109	5,387	211,106
CASH AND CASH EQUIVALENTS – End of year	\$ 143,154	\$ 14,808	\$ 7,829	\$ 44,167	\$ 661	\$ 7,895	\$ 218,514
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:							
Operating income	\$ 18,707	\$ 2,806	\$ 1,805	\$ 5,615	\$ 269	\$ 2,899	\$ 32,101
Adjustments to reconcile operating income to net cash flows from operating activities:							
Depreciation	11,917	2,007	1,183	1,883	104	2,123	19,217
Changes in assets and liabilities:							
Accounts receivable, net	593	(126)	24	7	(6)	188	680
Other assets	11	(21)	(349)	-	(1)	-	(360)
Accounts payable and accrued expenses	176	365	(206)	220	3	(95)	463
Unearned revenue, credits, and deferred inflows of service concession receipts	(148)	(38)	3	(771)	6	(81)	(1,029)
Net cash flows from operating activities	\$ 31,256	\$ 4,993	\$ 2,460	\$ 6,954	\$ 375	\$ 5,034	\$ 51,072
NONCASH TRANSACTIONS:							
Capital grants and contracts	\$ 63	\$ -	\$ -	\$ -	\$ -	\$ 291	\$ 354
Capital assets transferred in from other University sources	2,164	1,918	-	-	-	11	4,093
Increase (decrease) in fair value of investments	(15)	(4)	(1)	(5)	3	177	155

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

**ADDITIONAL INFORMATION
COMBINING STATEMENT OF CASH FLOWS
RELATING TO THE MEMBERS OF THE OBLIGATED GROUP
UNDER THE MASTER TRUST INDENTURE
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)**

	UNL Student Fees	UNL Parking	UNO Student Facilities	UNO Housing/ Parking	UNMC Student Housing	UNK Student Facilities	Combined
CASH FLOWS FROM OPERATING ACTIVITIES:							
Room and board	\$ 66,581	\$ -	\$ -	\$ 11,659	\$ 587	\$ 14,729	\$ 93,556
Student fees	4,756	1,229	5,123	1,863	-	1,280	14,251
Parking facilities revenues	-	9,421	-	2,430	-	480	12,331
Bookstore and bookstore commissions	-	-	6,543	-	-	234	6,777
Food service	1,313	-	2,634	-	-	-	3,947
Other operating receipts	150	-	499	337	-	637	1,623
Payments to vendors	(24,296)	(5,013)	(8,168)	(7,464)	(139)	(8,222)	(53,302)
Payments to employees	(18,360)	(1,311)	(3,198)	(1,062)	(99)	(4,038)	(28,068)
Net cash flows from operating activities	30,144	4,326	3,433	7,763	349	5,100	51,115
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Proceeds from issuance of bond obligations	66,615	-	9,310	-	-	20,020	95,945
Premium on issuance of bond obligations	6,225	-	447	-	-	176	6,848
Transfers to and from other University sources	2,246	895	-	1,617	48	-	4,806
Capital grants and contracts	-	-	-	-	-	200	200
Defeasance of bond obligations	-	-	-	-	-	(20,700)	(20,700)
Purchases of capital assets	(16,799)	(1,209)	(1,159)	-	-	(1,074)	(20,241)
Interest paid on bond obligations	(10,949)	(1,466)	(1,888)	(2,885)	(200)	(733)	(18,121)
Principal paid on bond obligations	(8,150)	(2,505)	(950)	(2,280)	(145)	(3,330)	(17,360)
Net cash flows from capital and related financing activities	39,188	(4,285)	5,760	(3,548)	(297)	(5,441)	31,377
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from sales and maturities of investments	2,389	4,621	750	5,589	380	4,093	17,822
Interest on investments	85	8	143	168	1	183	588
Purchases of investments	(6,383)	(2,897)	-	(244)	-	(8,208)	(17,732)
Net cash flows from investing activities	(3,909)	1,732	893	5,513	381	(3,932)	678
CHANGE IN CASH AND CASH EQUIVALENTS	65,423	1,773	10,086	9,728	433	(4,273)	83,170
CASH AND CASH EQUIVALENTS – Beginning of year	87,942	10,361	7,569	11,728	676	9,660	127,936
CASH AND CASH EQUIVALENTS – End of year	\$ 153,365	\$ 12,134	\$ 17,655	\$ 21,456	\$ 1,109	\$ 5,387	\$ 211,106
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:							
Operating income	\$ 19,792	\$ 2,317	\$ 2,984	\$ 4,964	\$ 243	\$ 2,726	\$ 33,026
Adjustments to reconcile operating income to net cash flows from operating activities:							
Depreciation	9,190	1,987	1,168	1,919	104	2,105	16,473
Changes in assets and liabilities:							
Accounts receivable, net	(837)	(72)	(410)	82	-	1,384	147
Other assets	1	(1)	(156)	(1)	-	-	(157)
Accounts payable and accrued expenses	1,730	34	(148)	624	6	277	2,523
Unearned revenue, credits, and deferred inflows of service concession receipts	268	61	(5)	175	(4)	(1,392)	(897)
Net cash flows from operating activities	\$ 30,144	\$ 4,326	\$ 3,433	\$ 7,763	\$ 349	\$ 5,100	\$ 51,115
NONCASH TRANSACTIONS:							
Capital grants and contracts	\$ 506	\$ -	\$ -	\$ -	\$ -	\$ 376	\$ 882
Capital assets transferred in from other University sources	-	-	-	-	-	11	11
Increase (decrease) in fair value of investments	(5)	3	2	(4)	-	(62)	(66)

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

**ADDITIONAL INFORMATION
SCHEDULE OF NET REVENUES (AS DEFINED) AND DEBT SERVICE
COVERAGE RELATING TO THE MEMBERS OF THE OBLIGATED GROUP
UNDER THE JUNE 1, 1995 MASTER TRUST INDENTURE
YEAR ENDED JUNE 30, 2016 (in thousands except ratio information)**

REVENUES:	
Operating revenues	\$ 120,693
Student fees	14,406
Other	1,603
	<u>136,702</u>
Total revenues	<u>136,702</u>
EXPENSES:	
Operating expense	77,352
Operating funds expended for plant	229
Administrative expenses	99
	<u>77,680</u>
Total expenses	<u>77,680</u>
NET REVENUES	<u><u>\$ 59,022</u></u>

Principal and interest due during the year

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
UNL Housing Series 2008A	\$ 1,365	\$ 1,051	\$ 2,416
UNL Housing Series 2009A	1,185	2,329	3,514
UNL Housing Series 2009B	460	431	891
UNL Housing Series 2011	-	2,864	2,864
UNL Housing Series 2012	4,185	3,131	7,316
UNL Housing Series 2012B	985	695	1,680
UNL Housing Series 2015	-	3,024	3,024
UNL Parking Series 2009A&B	-	566	566
UNL Parking Series 2013	1,210	224	1,434
UNL Parking Series 2015	1,040	310	1,350
UNO Housing Series 2014	495	332	827
UNO Student Center Series 2015B	400	272	672
UNO Student Housing/Parking Series 2015	410	1,312	1,722
UNO HPER Series 2008	985	1,856	2,841
UNO Housing Series 2010A	720	555	1,275
UNO Housing Series 2010B	395	720	1,115
UNMC Housing Series 2003	150	193	343
UNK Housing Series 2015	800	543	1,343
	<u>14,785</u>	<u>20,408</u>	<u>35,193</u>
Total	<u><u>\$ 14,785</u></u>	<u><u>\$ 20,408</u></u>	<u><u>\$ 35,193</u></u>

RATIO OF NET REVENUES TO TOTAL DEBT SERVICE

1.68

REQUIRED RATIO

1.15

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA
ADDITIONAL INFORMATION
FACILITIES OPERATING FUND CASH AVAILABLE FOR TRANSFER TO
TRUSTEED BOND FUNDS
RELATING TO THE MEMBERS OF THE OBLIGATED GROUP
UNDER THE JUNE 1, 1995 MASTER TRUST INDENTURE
(UNIVERSITY OF NEBRASKA – LINCOLN STUDENT FEES AND FACILITIES BONDS)
JUNE 30, 2016 (in thousands) (UNAUDITED)

Cash	\$	15,115	
Add:			
Accounts receivable, net		2,788	
Inventory		167	
		<u> </u>	18,070
Deduct net cash restricted:			
Accounts payable		2,471	
Accrued salaries and wages		784	
Unearned revenues and credits		2,798	
		<u> </u>	6,053
Cash available to transfer to trustee	\$		<u><u>12,017</u></u>
Cash to be transferred subsequent to June 30, 2016:			
Surplus Fund – UPPF	\$		151
Surplus Fund			<u>11,866</u>
	\$		<u><u>12,017</u></u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

**ADDITIONAL INFORMATION
FACILITIES OPERATING FUND CASH AVAILABLE FOR TRANSFER TO
TRUSTEED BOND FUNDS RELATING TO THE MEMBERS OF THE OBLIGATED
GROUP (UNIVERSITY OF NEBRASKA – LINCOLN PARKING PROJECT)
JUNE 30, 2016 (in thousands) (UNAUDITED)**

Cash	\$	2,585	
Add accounts receivable, net		<u>572</u>	3,157
Deduct net cash restricted:			
Accounts payable		683	
Accrued salaries and wages		43	
Unearned revenues and credits		<u>490</u>	
			<u>1,216</u>
Cash available to transfer to trustee	\$		<u><u>1,941</u></u>
Cash to be transferred subsequent to June 30, 2016:			
Surplus fund	\$		<u><u>1,941</u></u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA
ADDITIONAL INFORMATION
FACILITIES OPERATING FUND CASH AVAILABLE FOR TRANSFER TO
TRUSTEED BOND FUNDS RELATING TO THE MEMBERS OF THE OBLIGATED
GROUP UNDER THE JUNE 1, 1995 MASTER TRUST INDENTURE
(UNIVERSITY OF NEBRASKA AT OMAHA STUDENT CENTER AND HPER PROJECTS)
FOR THE YEAR ENDED JUNE 30, 2016 (in thousands) (UNAUDITED)

	Student Center Series 2015	HPER Series 2008	Total
REVENUES:			
Student fees	\$ 1,687	\$ 3,452	\$ 5,139
Bookstore	6,705	-	6,705
Food service	2,541	-	2,541
Other operating revenues	317	160	477
Total operating revenues	<u>11,250</u>	<u>3,612</u>	<u>14,862</u>
EXPENSES:			
Compensation and benefits	3,044	85	3,129
Goods purchased for resale	5,593	-	5,593
Supplies and materials	1,198	16	1,214
Contractual services	94	7	101
Repairs and maintenance	116	14	130
Utilities	145	158	303
Communications	18	-	18
Total operating expenses	<u>10,208</u>	<u>280</u>	<u>10,488</u>
TRANSFERS:			
Mandatory debt service transfer	(672)	(3,351)	(4,023)
Transfer of prior year operating income to surplus fund	-	522	522
Plant improvements	-	-	-
Total transfers	<u>(672)</u>	<u>(2,829)</u>	<u>(3,501)</u>
OPERATING INCOME	370	503	873
INVESTMENT INCOME	<u>80</u>	<u>12</u>	<u>92</u>
NET OPERATING INCOME AND INVESTMENT INCOME	450	515	965
EXCESS REVENUE RETAINED BY UNIVERSITY	<u>(450)</u>	<u>-</u>	<u>(450)</u>
OPERATING INCOME TO BE TRANSFERRED TO SURPLUS FUND SUBSEQUENT TO JUNE 30, 2016	<u>\$ -</u>	<u>\$ 515</u>	<u>\$ 515</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

**ADDITIONAL INFORMATION
 FACILITIES OPERATING FUND FREE CASH FLOW DUE TO
 SUZANNE AND WALTER SCOTT FOUNDATION
 RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER
 THE JUNE 1, 1995 MASTER TRUST INDENTURE
 (UNIVERSITY OF NEBRASKA AT OMAHA STUDENT HOUSING PROJECT)
 FOR THE YEAR ENDED JUNE 30, 2016 (in thousands) (UNAUDITED)**

	Scott Village Series 2014	Scott Court Series 2010B
REVENUES:		
Room and board	\$ 2,955	\$ 3,067
Student fees	17	16
Other operating revenues	100	74
Total operating revenues	<u>3,072</u>	<u>3,157</u>
EXPENSES:		
Supplies and materials	222	237
Contractual services	448	435
Repairs and maintenance	196	200
Utilities	215	149
Communications	77	83
Total operating expenses	<u>1,158</u>	<u>1,104</u>
TRANSFERS:		
Mandatory debt service transfer	(1,114)	(1,443)
Transfer of prior year operating income to surplus fund	288	330
Plant improvements	-	-
Total transfers	<u>(826)</u>	<u>(1,113)</u>
OPERATING INCOME	1,088	940
INVESTMENT INCOME	1	1
NET OPERATING INCOME AND INVESTMENT INCOME	<u>1,089</u>	<u>941</u>
DEVELOPMENT FEE TO SCOTT FOUNDATION	653	398
OPERATING INCOME BEFORE ADMINISTRATIVE FEE	436	543
ADMINISTRATIVE FEE	92	95
OPERATING INCOME TO BE TRANSFERRED TO SURPLUS FUND SUBSEQUENT TO JUNE 30, 2016	<u>\$ 344</u>	<u>\$ 448</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

**ADDITIONAL INFORMATION
 FACILITIES OPERATING FUND FREE CASH FLOW
 RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER
 THE JUNE 1, 1995 MASTER TRUST INDENTURE
 (UNIVERSITY OF NEBRASKA AT OMAHA STUDENT HOUSING PROJECT)
 FOR THE YEAR ENDED JUNE 30, 2016 (in thousands) (UNAUDITED)**

	Maverick Village Series 2015	Student Parking Series 2015	University Village Series 2010
REVENUES:			
Student fees	\$ 44	1,816	\$ 89
Room and board	2,479	-	3,305
Parking facilities revenues	-	2,647	-
Other operating revenues	6	31	4
Total operating revenues	<u>2,529</u>	<u>4,494</u>	<u>3,398</u>
EXPENSES:			
Compensation and benefits	223	390	559
Supplies and materials	242	439	301
Contractual services	54	1,309	58
Repairs and maintenance	49	251	111
Utilities	145	-	195
Communications	139	14	205
Total operating expenses	<u>852</u>	<u>2,403</u>	<u>1,429</u>
TRANSFERS:			
Mandatory debt service transfer	(1,605)	(2,098)	(1,913)
Transfer of prior year operating income to surplus fund	565	1,071	642
Plant improvements	-	(1,400)	(17)
Total transfers	<u>(1,040)</u>	<u>(2,427)</u>	<u>(1,288)</u>
OPERATING INCOME	637	(336)	681
INVESTMENT INCOME	28	114	29
NET OPERATING INCOME AND INVESTMENT INCOME	665	(222)	710
EXCESS REVENUE RETAINED BY THE UNIVERSITY	-	(114)	-
PREVIOUSLY RETAINED FUNDS USED BY THE UNIVERSITY	-	1,366	-
OPERATING INCOME TO BE TRANSFERRED TO SURPLUS FUND SUBSEQUENT TO JUNE 30, 2015	<u>\$ 665</u>	<u>\$ 1,030</u>	<u>\$ 710</u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

**ADDITIONAL INFORMATION
FACILITIES OPERATING FUND CASH AVAILABLE FOR TRANSFER TO
TRUSTEED BOND FUNDS RELATING TO THE MEMBERS OF THE OBLIGATED
GROUP (UNIVERSITY OF NEBRASKA AT KEARNEY STUDENT FACILITIES PROJECT)
JUNE 30, 2016 (in thousands) (UNAUDITED)**

Cash	\$	4,383	
Add accounts receivable, net		<u>57</u>	
			\$ 4,440
Deduct net cash restricted:			
Accounts payable		311	
Accrued salaries and wages		120	
Unearned revenues and credits		<u>52</u>	
			<u>483</u>
Cash available to transfer to trustee	\$		<u><u>3,957</u></u>
Cash to be transferred subsequent to June 30, 2016:			
Surplus fund	\$		<u><u>3,957</u></u>

See accompanying independent auditors' report.

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION
 SCHEDULE OF INSURANCE COVERAGES OF FACILITIES
 RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE
 JUNE 1, 1995 MASTER TRUST INDENTURE
 YEAR ENDED JUNE 30, 2016 (in thousands) (UNAUDITED)

Facility	Amount of Insurance Coverage (Note A)		
	Fire and Extended Coverage		Business Interruption 100% Contribution
	Buildings (Note B)	Contents	
University of Nebraska-Lincoln:			
Student Fees and Facilities:			
Selleck Quadrangle	\$ 35,993	\$ 2,849	\$ 2,474
Neihardt, Cather and Pound Halls	71,769	5,680	2,856
Burr-Fedde Halls	13,087	1,036	923
Park Apartments			
Abel and Sandoz Halls	102,727	8,132	3,698
Harper, Schramm and Smith Halls	119,082	6,438	3,707
Health Center	10,089	798	4,188
Nebraska Union - City Campus	67,294	4,882	5,544
Nebraska Union - East Campus	14,992	1,187	862
Husker Hall	2,560	-	114
Love Memorial Co-op	2,326	184	86
The Courtyards	38,867	1,926	1,135
The Village	44,766	2,319	1,331
Recreation Facility	10,694	846	691
Parking:			
Stadium Drive Parking Garage	11,508	911	524
14th and Avery Parking Garage	16,642	1,317	656
17th and "R" Parking Garage	28,770	2,277	575
University of Nebraska at Omaha:			
Student Facilities:			
Student Center	28,864	5,700	11,155
Health Physical Education and Recreation	51,430	10,200	3,608
Student Housing and Parking:			
Scott Village	23,535	1,472	2,942
Maverick Village	19,314	1,246	2,540
University Village	24,450	1,531	3,455
Scott Court	24,583	1,720	3,028
Parking Structure - University Drive South	14,091	20	214
University of Nebraska Medical Center Housing	5,793	526	512
University of Nebraska at Kearney:			
University Heights Apartments	5,708	447	357
Antelope Hall	12,030	944	969
Centennial Towers East	14,823	1,162	1,530
Centennial Towers West	14,823	1,162	1,530
Conrad Hall	3,362	263	-
Mantor	10,449	849	1,224
Martin Hall	5,037	395	-
Men's Hall	6,555	514	510
Nester Hall	13,730	1,078	857
Randall Hall	6,473	414	683
Nebraskan Student Union	22,643	2,664	6,631
University Residence North	5,560	436	1,347
University Residence South	5,560	436	1,347

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

ADDITIONAL INFORMATION SCHEDULE OF INSURANCE COVERAGES OF FACILITIES RELATING TO THE MEMBERS OF THE OBLIGATED GROUP UNDER THE JUNE 1, 1995 MASTER TRUST INDENTURE YEAR ENDED JUNE 30, 2016 (in thousands) (UNAUDITED)

Note A – Insurance policies:

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

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

All real property, personal property, and liabilities (excluding land, crop, and animals) for all campuses – \$7,894,826.

The property coverage contains a \$500 self-insurance deductible. The General liability is fully self-insured. The University has established a self-insurance trust for these amounts.

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

See accompanying independent auditors' report.