



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

*Financial Statements for the Years Ended  
June 30, 2016 and 2015  
Independent Auditors' Report*

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

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## **Independent Auditors' Report**

The Board of Regents  
University of Nebraska:

We have audited the accompanying statements of net position (deficit) of the University of Nebraska Facilities Corporation (UNFC), a component unit of the University of Nebraska, as of June 30, 2016 and 2015, and the related statements of revenues, expenses, and changes in net position (deficit) and cash flows for the years then ended, and the related notes to financial statements, which collectively comprise the UNFC's basic financial statements.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position (deficit) of the University of Nebraska Facilities Corporation as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



***Other Matters***

*Required Supplementary Information*

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

**KPMG LLP**

Omaha, Nebraska  
November 11, 2016

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

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

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### *Introduction*

The following is an overview of the financial position and changes in net position (deficit) of the University of Nebraska Facilities Corporation (UNFC). Management has prepared the following discussion and it is intended to be read in conjunction with the financial statements and related notes, which follow this section.

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

The financial statements include the activities related to the following projects and bond issues for the years ended June 30, 2016 and 2015:

<b>Facility</b>	<b>Financing Objective</b>
Deferred Maintenance Project (Series 2016 Bonds)	Refund Deferred Maintenance Project Series 2006 Bonds
UNMC – Cancer Center (Series 2016 Bonds)	Construction of a state-of-the-art cancer research center
UNMC – Utility Improvements (Series 2016 Bonds)	Construct improvements to utility facilities
UNL – Veterinary Diagnostic Center (Series 2015 Bonds)	Construction of a Veterinary Diagnostic Center at the Institute of Agriculture and Natural and Resources
UNMC – Qualified Energy Conservation Bond (Series 2015 Bonds)	Upgrades to UNMC energy management monitoring systems
UNO Arena and UNL CBA (Series 2015 Bonds)	Construction of the UNO/Community Arena and UNL College of Business Administration building
UNMC – Cancer Center (Series 2014A Bonds)	Construction of a state-of-the-art cancer research center

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

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

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UNMC – Qualified Energy Conservation Bond (Series 2014B Bonds)	Upgrades to UNMC energy management monitoring systems
UNO/Community Facility (Series 2013A &B)	Construction of an arena for sports and community events
UNMC – Cancer Center (Series 2013 Bonds)	Construction of a state-of-the-art cancer research center
UNMC – Eye Institute (Series 2011 Bonds)	Construction of an ophthalmology and visual sciences research and clinical facility
NCTA Education Center/Student Housing Project (Series 2011 Bonds)	Construction of instruction facilities and student housing
UNMC – OPPD Exchange Project (Series 2010 Bonds)	Construction of new buildings and surface parking in exchange for other property
Deferred Maintenance Project (Series 2009 Bonds)	Defined deferred maintenance projects
Deferred Maintenance Project (Series 2006 Bonds)	Defined deferred maintenance projects
UNL Library Storage Project (Series 2004 Bonds)	Construction of a library storage facility
UNL Alexander Building Project (Series 2003 Bonds)	Purchase/renovation of an office building

### *Financial Highlights*

UNFC issued four new bond issues in fiscal 2016:

- In June 2016, UNFC issued \$40,400 of Deferred Maintenance Refunding Bonds, Series 2016 to defease \$43,000 of UNFC Deferred Maintenance Bonds, Series 2006. The Series 2006 Bonds financed construction for several defined deferred maintenance projects at the campuses.
- In March 2016, UNFC issued \$13,635 of UNMC Utility Improvements Projects Bonds, Series 2016 to construct improvements to utility facilities at UNMC.
- In January 2016, UNFC issued \$35,280 of UNMC Cancer Center Bonds, Series 2016 to finance a portion of the construction of a Comprehensive Cancer Center project at UNMC.
- In November 2015, UNFC issued \$16,815 of UNL Veterinary Diagnostic Center Bonds, Series 2015 to construct a veterinary diagnostic center at the Institute of Agriculture and Natural Resources.

Bond obligations payable was \$350 million in 2016, \$313 million in 2015, and \$310 million in 2014. The 2016 increase reflects the three new issues, net of a decrease achieved by the deferred maintenance refinancing and

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

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

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scheduled maturities of other issues. Noncurrent cash and cash equivalents were \$78 million in 2016, \$84 million in 2015, and \$114 million in 2014. The decrease is due to the combination of new bond proceeds offset by expenditures for construction of the UNMC Cancer Center, the UNO/Community Arena, and the UNL Veterinary Diagnostic Center received in 2016, 2015, and 2014.

Revenue sources, including state appropriations, designated tuition revenues, private gifts, realized energy savings, and other sources supporting other outstanding borrowings remained strong:

- The State of Nebraska legislature has reaffirmed and appropriated funds for their portion of the debt service pertaining to the Deferred Maintenance Projects (Series 2016 and 2009 Bonds) and the NCTA Education Center Project, Series 2011 Bonds.
- The University of Nebraska Foundation continues to receive funds from donor gifts pledged toward the funding of the UNO/Community Arena, Series 2013 Bonds, and the Cancer Center Project, Series 2013 and 2014A Bonds.
- Funds flowing from internal University sources continue to meet expectations allowing the service of debt obligations in their normal course, with University contributions of \$21,989 in 2016, \$17,560 in 2015, and \$17,830 in 2014.

UNFC had sufficient revenues to cover debt service for each bond issue and was in compliance with all covenants at June 30, 2016 and 2015.

### *Using the Financial Statements*

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

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

### *The Statements*

Condensed statements in an all-inclusive format are presented on the next page for UNFC as of and 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 consist primarily of investments that will be either liquidated to fund construction costs or remain invested in the several bond

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

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

reserve accounts. Liabilities represent claims relating to bond construction and the balance of bonded obligations outstanding. Net position is a combination of plant construction-funds held in trust for specific construction projects, debt service – bond reserve accounts relating to the individual bond issues, and unrestricted (deficit). The negative balance in unrestricted, stated most simply, are amounts due in the future from state appropriation, donors, and university contributions to pay off the outstanding debt obligations.

The Condensed Statements of Revenues, Expenses, and Changes in Net Position (Deficit) basically is a recap of activities surrounding the funding and servicing of the outstanding debt. As such, it captures nonoperating revenues from appropriation, gifts, and University contributions. Outflows consist of amounts transferred to the University, representing capital projects activity during the year, and investment income and other activity at the bond trustees.

### Condensed Statements of Net Position (Deficit)

	June 30		
	2016	2015	2014
Assets:			
Current assets	\$ 33,560	\$ 43,752	\$ 36,599
Noncurrent assets	92,061	102,046	173,855
Total assets	<u>125,621</u>	<u>145,798</u>	<u>210,454</u>
Liabilities:			
Current liabilities	65,197	71,027	42,174
Noncurrent liabilities	307,473	280,094	283,857
Total liabilities	<u>372,670</u>	<u>351,121</u>	<u>326,031</u>
Deferred inflow of resources:			
Deferred gain on bond refunding	175	-	-
Net position (deficit):			
Restricted:			
Expendable			
Plant construction	47,620	43,163	124,918
Debt service	48,137	49,140	51,498
Unrestricted	<u>(342,981)</u>	<u>(297,626)</u>	<u>(291,993)</u>
Total net position (deficit)	<u>\$ (247,224)</u>	<u>\$ (205,323)</u>	<u>\$ (115,577)</u>



# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

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

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

	Year Ended June 30		
	2016	2015	2014
Nonoperating Revenues (Expenses):			
University contributions	\$ 21,989	\$ 17,560	\$ 17,830
Capital grants and gifts	14,073	19,208	33,629
Capital appropriations	11,820	11,820	11,820
Investment income	36	117	108
Increase in fair value of investments	28	31	108
Interest on bond obligations payable	(2,867)	(4,464)	(5,670)
Net retirement of capital lease obligation receivable	(2,421)	(2,439)	(18,212)
Administrative and other expenses	(1,019)	(181)	(1,419)
	<u>41,639</u>	<u>41,652</u>	<u>38,194</u>
Transfers to the University for capital projects	<u>(83,540)</u>	<u>(131,398)</u>	<u>(45,210)</u>
Decrease in net position (deficit)	(41,901)	(89,746)	(7,016)
Net position (deficit), beginning of year	<u>(205,323)</u>	<u>(115,577)</u>	<u>(108,561)</u>
Net position (deficit), end of year	<u>\$ (247,224)</u>	<u>\$ (205,323)</u>	<u>\$ (115,577)</u>

### *Economic Outlook and Subsequent Events That Will Affect the Future*

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

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## STATEMENTS OF NET POSITION (DEFICIT)

JUNE 30, 2016 AND 2015 (in thousands)

<b>ASSETS</b>	<b>2016</b>	<b>2015</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents, held by trustee – restricted	\$ 31,507	\$ 39,737
Investments held by trustee – restricted	-	958
Accrued interest receivable	19	28
Capital lease obligation receivable	<u>2,034</u>	<u>3,029</u>
Total current assets	<u>33,560</u>	<u>43,752</u>
<b>NONCURRENT ASSETS:</b>		
Cash and cash equivalents, held by trustee – restricted	78,442	83,524
Investments held by trustee – restricted	4,953	8,430
Capital lease obligation receivable, net of current portion	<u>8,666</u>	<u>10,092</u>
Total noncurrent assets	<u>92,061</u>	<u>102,046</u>
Total assets	<u>125,621</u>	<u>145,798</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	9,430	24,925
Accrued interest payable	3,728	4,071
Due to University of Nebraska	9,901	9,388
Bond obligations payable	<u>42,138</u>	<u>32,643</u>
Total current liabilities	<u>65,197</u>	<u>71,027</u>
<b>NONCURRENT LIABILITIES:</b>		
Bond obligations payable, net of current portion	<u>307,473</u>	<u>280,094</u>
Total liabilities	<u>372,670</u>	<u>351,121</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>		
Deferred gain on bond refunding	<u>175</u>	<u>-</u>
<b>NET POSITION (DEFICIT):</b>		
Restricted:		
Expendable:		
Plant construction	47,620	43,163
Debt service	48,137	49,140
Unrestricted	<u>(342,981)</u>	<u>(297,626)</u>
Total net position (deficit)	<u>\$ (247,224)</u>	<u>\$ (205,323)</u>

See accompanying notes to financial statements.

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (DEFICIT) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (in thousands)

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	2016	2015
NONOPERATING REVENUES (EXPENSES):		
University contributions	\$ 21,989	\$ 17,560
Capital grants and gifts	14,073	19,208
Capital appropriations	11,820	11,820
Investment income	36	117
Increase in fair value of investments	28	31
Interest and amortization on bond obligations payable	(2,867)	(4,464)
Retirement of capital lease obligation receivable	(2,421)	(2,439)
Administrative and other expenses	<u>(1,019)</u>	<u>(181)</u>
Net nonoperating revenues (expenses)	41,639	41,652
TRANSFERS:		
Transfers to the University for capital projects	<u>(83,540)</u>	<u>(131,398)</u>
Decrease in net position (deficit)	(41,901)	(89,746)
NET POSITION (DEFICIT):		
Beginning of year	<u>(205,323)</u>	<u>(115,577)</u>
End of year	<u>\$ (247,224)</u>	<u>\$ (205,323)</u>

See accompanying notes to financial statements.

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (in thousands)

	2016	2015
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	\$ 106,130	\$ 29,775
University contributions	21,989	17,560
Capital grants and gifts	14,073	19,208
Capital appropriations	11,820	11,820
Premium on issuance of bonds	7,999	-
Purchases of capital assets	(93,263)	(104,979)
Defeasance of bond obligation	(44,064)	-
Principal paid on bond obligations payable	(29,645)	(23,975)
Interest paid on bond obligations payable	(11,765)	(11,670)
Bond issuance costs	(1,083)	(99)
Administrative expenses	(8)	(8)
Net cash flows from capital and related financing activities	(17,817)	(62,368)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	4,367	41,072
Interest on investments	138	314
Purchases of investments	-	(1,326)
Net cash flows from investing activities	4,505	40,060
DECREASE IN CASH AND CASH EQUIVALENTS	(13,312)	(22,308)
CASH AND CASH EQUIVALENTS RESTRICTED, Beginning of year	123,261	145,569
CASH AND CASH EQUIVALENTS RESTRICTED, End of year	\$ 109,949	\$ 123,261
NONCASH ITEM:		
Increase in fair value of investments	\$ 28	\$ 31

See accompanying notes to financial statements.

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (in thousands)

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### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The University of Nebraska Facilities Corporation (UNFC) is a Nebraska nonprofit corporation organized by the Board of Regents of the University of Nebraska (Regents) in 1930 to finance buildings for the University of Nebraska (the University). The Regents serve as the UNFC's Board of Directors. UNFC is a component unit of the University.

These statements have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). GASB requires the following components of the basic financial statements:

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

UNFC follows all GASB pronouncements.

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

- Deferred Maintenance Project (Series 2016)
- UNMC Cancer Research Center Project (Series 2016)
- UNMC Utility Improvement Projects (Series 2016)
- UNL Veterinary Diagnostic Project (Series 2015)
- UNMC Qualified Energy Conservation Bond (Series 2015)
- UNL CBA/UNO Arena (Series 2015)
- UNMC Cancer Research Center Project (Series 2014A)
- UNMC Qualified Energy Conservation Bond (Series 2014B)
- UNO/Community Facility Arena (Series 2013)
- UNMC Cancer Research Center Project (Series 2013)
- Eye Institute Project (Series 2011)
- NCTA Education Center Project/Student Housing Project (Series 2011)
- OPPD Exchange Project (Series 2010)
- Deferred Maintenance Project (Series 2009)
- Deferred Maintenance Project (Series 2006)
- Library Storage Project (Series 2004)
- Alexander Building Project (Series 2003)

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

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (in thousands)

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Assets relating to capital project costs have not been reflected in the accompanying financial statements as these assets have been transferred to the University and are reported in the University's financial statements. Interest incurred during the construction phase of capital projects is included in the capitalized value of the assets constructed and transferred to the University. The total interest expense capitalized during 2016 and 2015 was \$5,185 and \$4,276, respectively.

**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 financial statements notes in 2015 were restated.

**Classification of Revenues** – UNFC has classified its revenues as nonoperating revenues according to the following criteria:

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

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

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

**Investments Held By Trustee – Restricted** – Investments are held by the bond trustee and are stated at fair value and consist of U.S. government securities that are uninsured, unregistered, and are held by the trust departments of the various financial institutions acting as trustee. Securities that are publicly traded are valued based upon quoted market prices. Investments that do not have an established market are reported at estimated fair value. These investments are to be expended for related projects.

**Capital Grants and Gifts** – Capital grants and gifts represent donor gifts designated for the UNO/Community Arena and the University of Nebraska Medical Center Cancer Center. These gifts flow to UNFC from the University of Nebraska Foundation.

**University Contributions** – University contributions include payments of designated tuition revenues from the University that are committed for repayment of the Deferred Maintenance Project Bonds, payments from UNMC that are committed to the Eye Institute Project, OPPD Project, and the Cancer Center Project, payments from the University of Nebraska-Lincoln (UNL) that are committed to the NCTA Project, Library Storage Project, and the Alexander Building Project, and payments from University of Nebraska at Omaha that are committed to the UNO/Community Arena Project.

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

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (in thousands)

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

**Amortization of Bond Premium or Discount** – Premiums and discounts are being amortized or accreted to interest expense on a method that approximates the level-yield method. The amortization is included in interest and amortization on bond obligations payable in the Statements of Revenues, Expenses, and Changes in Net Position (Deficit).

**Deferred Inflows** – Deferred inflows represent the unamortized gains on bond refunding, which are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt.

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

## B. INVESTMENTS HELD BY TRUSTEE

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

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

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

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (in thousands)

The tables below present by Level the asset balances at estimated fair value on a recurring basis. There were no Level 1 or Level 3 investments as of June 30, 2016 or 2015.

#### Assets at fair value as of June 30, 2016

	<u>Level 2</u>
Investment type:	
Debt securities:	
U.S. Agencies	\$ 4,953

#### Assets at fair value as of June 30, 2015

	<u>Level 2</u>
Investment type:	
Debt securities:	
U.S. Agencies	\$ 9,388

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

Investments are as follows as of June 30, 2016:

	<u>Fair Value</u>	<u>Investment Maturities (in years)</u> <u>Less Than 1</u>	<u>Concentration</u>
Investment type:			
Debt securities:			
Federal Farm Credit Bank	\$ 2,542	\$ 2,542	51%
Federal Home Mortgage Association	2,411	2,411	49%
	<u>\$ 4,953</u>	<u>\$ 4,953</u>	<u>100%</u>

Investments are as follows as of June 30, 2015:

	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		<u>Concentration</u>
		<u>Less Than 1</u>	<u>1-2</u>	
Investment type:				
Debt securities:				
Federal Farm Credit Bank	\$ 3,464	\$ 922	\$ 2,542	37%
Federal Home Loan Bank	1,325	1,325	-	14%
Federal Home Mortgage Association	4,599	2,174	2,425	49%
	<u>\$ 9,388</u>	<u>\$ 4,421</u>	<u>\$ 4,967</u>	<u>100%</u>



# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (in thousands)

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

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of the failure of the counterparty, UNFC will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. UNFC’s deposits and investments are exposed to custodial credit risk, as they are unregistered and uninsured.

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

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

### C. BOND OBLIGATIONS PAYABLE

Bond obligations payable, gross of premiums and discounts are as follows as of June 30:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
2016	<u>\$ 295,375</u>	<u>\$ 106,130</u>	<u>\$ 72,645</u>	<u>\$ 328,860</u>	<u>\$ 38,155</u>
2015	<u>\$ 289,575</u>	<u>\$ 29,775</u>	<u>\$ 23,975</u>	<u>\$ 295,375</u>	<u>\$ 29,645</u>

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (in thousands)

	Interest Rates	Installments	Principal Amount Outstanding	
			2016	2015
Deferred Maintenance Project, Series 2016	3.00–5.00%	\$9,445–\$10,690	\$ 40,400	\$ -
UNMC Cancer Center, Series 2016	1.00–5.00%	2,070–3,930	35,280	-
UNMC Cancer Center, Series 2016 Utility Project	1.75–5.00%	1,220–1,590	13,635	-
Veterinary Diagnostic Project	3.00–4.00%	2,680–4,895	16,815	-
UNO Arena and UNL CBA Project, Series 2015	2.00%	180–7,310	27,425	27,900
UNMC Cancer Center, Series 2015	4.25%	175–200	1,875	1,875
UNMC Cancer Center, Series 2014A	4.00–5.00%	3,415–17,410	65,965	65,965
UNMC Cancer Center, Series 2014B	2.50–4.25%	370–510	4,325	4,325
UNMC Cancer Center, Series 2013	4.00%	6,130–8,375	22,065	28,195
UNO/Community Facility Project, Series 2013A&B	1.64–5.00%	830–23,055	49,545	53,930
Eye Institute Project, Series 2011	4.59%	14,740	14,740	14,740
NCTA Educ. Center/Student Housing, Series 2011	3.00–5.50%	85–1,645	8,125	8,705
OPPD Exchange Project, Series 2010	3.00%	1,535	1,535	3,070
Deferred Maintenance Project, Series 2009	4.59–4.66%	6,670–7,530	14,200	21,400
Deferred Maintenance Project, Series 2006	5.00%	9,500	9,500	61,550
Library Storage Project, Series 2004	4.45–5.00%	155–565	2,035	2,185
Alexander Building Project, Series 2003	4.45–5.00%	150–205	1,395	1,535
Subtotal bonds payable			328,860	295,375
Unamortized bond premium			20,963	18,127
Unamortized bond discount			(212)	(765)
Total bonds payable			<u>\$ 349,611</u>	<u>\$ 312,737</u>

### ***Bond Resolutions***

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

The bonds are not obligations of the State of Nebraska and no tax shall ever be levied to raise the funds for the principal payment thereof or the interest or premium thereon, and the bonds do not constitute debt of the Board of Regents of the University of Nebraska but shall be payable solely out of moneys derived from designated tuition revenues, legislative appropriations, donor gifts, and UNL and UNMC lease payments. The Board of Regents has pledged certain University of Nebraska cash balances toward debt service on the bonds should sufficient revenues not be available. Pledged cash balances of the University of Nebraska were \$550,025 and \$502,372 at June 30, 2016 and 2015, respectively.

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

**Deferred Maintenance Refunding Bonds (The 2016 Project)** – In 2016, the UNFC authorized the issuance of \$40,400 of Deferred Maintenance Refunding Bonds, Series 2016 dated June 9, 2016.

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (in thousands)

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

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

***UNMC Utility Improvements Projects (UNMC Utility Projects)*** – In 2016, UNFC authorized the issuance of \$13,635 of UNMC Utility Improvement Projects Bonds, Series 2016 dated March 17, 2016.

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

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

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

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

Principal and interest payments will come from lease payments received from the Nebraska Medical Center. The Series 2016 Bonds maturing on or after February 15, 2026 are redeemable at par plus accrued interest.

***UNL Veterinary Diagnostic Center (Diagnostic Center)*** – In 2016, the UNFC authorized the issuance of \$16,815 of UNL Veterinary Diagnostic Center Bonds, Series 2015 dated November 5, 2015.

The proceeds of the Series 2015 bonds provide financing for a portion of the cost to construct a Veterinary Diagnostic Center at the University of Nebraska Institute of Agriculture and Natural Resources.

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

***UNO Arena and UNL CBA Project (Arena/CBA Project)*** – In 2015, the UNFC authorized the issuance of \$27,900 of UNO Arena and UNL CBA Project Bonds, Series 2015 dated June 17, 2015.

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

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

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (in thousands)

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***UNMC Cancer Research Center Project (Cancer Center)*** – In 2015, UNFC authorized the issuance of \$1,875 of UNMC Qualified Energy Conservation Bonds (Direct Pay), Taxable Series 2015, dated January 15, 2015.

The proceeds of the Series 2015 Bonds provide financing for the Energy Management and Monitoring Systems and Central Utility Plan Upgrades at the University of Nebraska Medical Center.

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

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

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

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

***UNO/Community Facility (Arena)*** – In 2014, UNFC authorized the issuance of \$37,385 of Series 2013A Bonds and \$16,545 of Series 2013B Bonds, both dated November 30, 2013.

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

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

***UNMC Cancer Research Center Project (Cancer Center)*** – In 2013, the UNFC authorized the issuance of \$31,205 of Series 2013 Bonds, dated June 11, 2013.

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

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

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (in thousands)

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

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

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

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

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

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

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

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

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

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

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

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

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

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (in thousands)

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

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

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

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

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

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

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

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

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

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

	Deferred Maintenance Project Series 2016		Cancer Center Project Series 2016		Cancer Center Utility Project Series 2016	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ -	\$ 910	\$ -	\$ 1,045	\$ 1,235	\$ 415
2018	9,445	1,375	3,930	998	1,220	430
2019	9,885	986	2,070	920	1,260	394
2020	10,380	583	2,090	899	1,295	356
2021	10,690	214	2,130	857	1,320	330
2022–2026	-	-	11,445	3,491	7,305	961
2027–2031	-	-	13,615	1,325	-	-
	<u>\$ 40,400</u>	<u>\$ 4,068</u>	<u>\$ 35,280</u>	<u>\$ 9,535</u>	<u>\$ 13,635</u>	<u>\$ 2,886</u>

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (in thousands)

	Veterinary Diagnostic Project Series 2015		UNO Arena/UNL CBA Project Series 2015		Cancer Center Project Series 2015	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ -	\$ 801	\$ 475	\$ 549	\$ -	\$ 80
2018	4,540	559	7,310	539	-	80
2019	4,700	397	6,715	393	-	80
2020	4,895	205	2,890	259	175	80
2021	2,680	54	5,030	201	180	72
2022–2026	-	-	5,005	379	930	244
2027–2031	-	-	-	-	590	50
	<u>\$ 16,815</u>	<u>\$ 2,016</u>	<u>\$ 27,425</u>	<u>\$ 2,320</u>	<u>\$ 1,875</u>	<u>\$ 686</u>

	Cancer Center Project Series 2014A		Cancer Center Project Series 2014B		Cancer Center Project Series 2013	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ -	\$ 3,130	\$ -	\$ 158	\$ 8,375	\$ 883
2018	5,415	3,130	-	158	6,710	548
2019	11,410	2,913	-	158	6,980	278
2020	3,415	2,457	370	158	-	-
2021	17,410	2,286	380	149	-	-
2022–2026	28,315	3,186	2,105	549	-	-
2027–2031	-	-	1,470	125	-	-
	<u>\$ 65,965</u>	<u>\$ 17,102</u>	<u>\$ 4,325</u>	<u>\$ 1,455</u>	<u>\$ 22,065</u>	<u>\$ 1,709</u>

	UNO/Community Area Project Series 2013		Eye Institute Project Series 2011		NCTA Project Series 2011	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 8,600	\$ 1,913	\$ -	\$ 676	\$ 600	\$ 348
2018	5,420	1,772	14,740	677	615	330
2019	830	1,665	-	-	630	310
2020	860	1,632	-	-	660	287
2021	3,280	1,607	-	-	685	260
2022–2026	5,090	6,893	-	-	3,965	796
2027–2031	25,465	3,483	-	-	475	215
2032–2036	-	-	-	-	495	71
	<u>\$ 49,545</u>	<u>\$ 18,965</u>	<u>\$ 14,740</u>	<u>\$ 1,353</u>	<u>\$ 8,125</u>	<u>\$ 2,617</u>

# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (in thousands)

	UNMC OPPD Exchange Project Series 2010		Deferred Maintenance Project Series 2009		Deferred Maintenance Project Series 2006	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,535	\$ 46	\$ 7,530	\$ 484	\$ 9,500	\$ 2,388
2018	-	-	6,670	156	-	-
	<u>\$ 1,535</u>	<u>\$ 46</u>	<u>\$14,200</u>	<u>\$ 640</u>	<u>\$ 9,500</u>	<u>\$ 2,388</u>

  

	Library Storage Project Series 2004		Alexander Building Project Series 2003	
	Principal	Interest	Principal	Interest
2017	\$ 155	\$ 95	\$ 150	\$ 64
2018	165	88	155	57
2019	170	81	160	50
2020	180	72	170	42
2021	185	64	175	34
2022–2026	1,180	146	585	45
	<u>\$ 2,035</u>	<u>\$ 546</u>	<u>\$ 1,395</u>	<u>\$ 292</u>

  

	Total Combined maturities, all bond issues		
	Principal	Interest	Total
2017	\$ 38,155	\$ 13,184	\$ 51,339
2018	66,335	11,139	77,474
2019	44,810	8,787	53,597
2020	27,380	7,222	34,602
2021	44,145	6,279	50,424
2022–2026	65,925	16,744	82,669
2027–2031	41,615	5,198	46,813
2032–2036	495	71	566
	<u>\$ 328,860</u>	<u>\$ 68,624</u>	<u>\$ 397,484</u>

### D. INSURANCE

The October 1, 1983 agreement and subsequent agreements require the Board of Regents of the University of Nebraska to carry insurance in amounts sufficient to provide for the cost of construction on any of the buildings. The



# THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (in thousands)

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facilities are included under the blanket policy of the University for amounts in excess of \$500. Amounts up to \$500 are paid by the University's Self-Insurance Trust, which is held by a trustee. UNFC is not responsible for contributing to this Trust. The University has established a program to provide for protection against various liabilities, including property losses for amounts not covered by contracts with outside insurers.

### E. DUE TO UNIVERSITY OF NEBRASKA

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

### F. COMMITMENTS AND CONTINGENCIES

The remaining bond proceeds of \$54,372 at June 30, 2016 will be spent on the construction of several facilities. The projects are as follows:

UNMC Cancer Center, Series 2016 Utility Project	\$ 14,972
UNMC Cancer Center, Series 2016	7,142
UNMC Cancer Center, Series 2015	1,851
UNMC Cancer Center, Series 2014B	479
UNMC Cancer Center, Series 2014A	1
Veterinary Diagnostic Project	14,612
UNL CBA Project, Series 2015	12,091
Deferred Maintenance 2009	1,633
UNO Arena, Series 2015	1,591
Total Projects	<u>\$ 54,372</u>

### G. SUBSEQUENT EVENTS

On August 31, 2016, the University of Nebraska Facilities Corporation called \$2,315 of its Series 2015 Bonds (UNO Arena and UNL CBA Bonds). The bonds were called at par plus accrued interest.

On September 16, 2016, the University of Nebraska Facilities Corporation approved the issuance of not to exceed \$26,700 of UHC/CON Project Bonds, Series 2016. The proceeds will finance the construction of a building housing the University of Nebraska-Lincoln student health center and the University of Nebraska Medical Center College of Nursing – Lincoln Division.

UNFC has evaluated subsequent events from the dates of the statement of net position (deficit) through November 4, 2015 2016, the date at which the financial statements were available to be issued. No additional items were identified that would require disclosure.