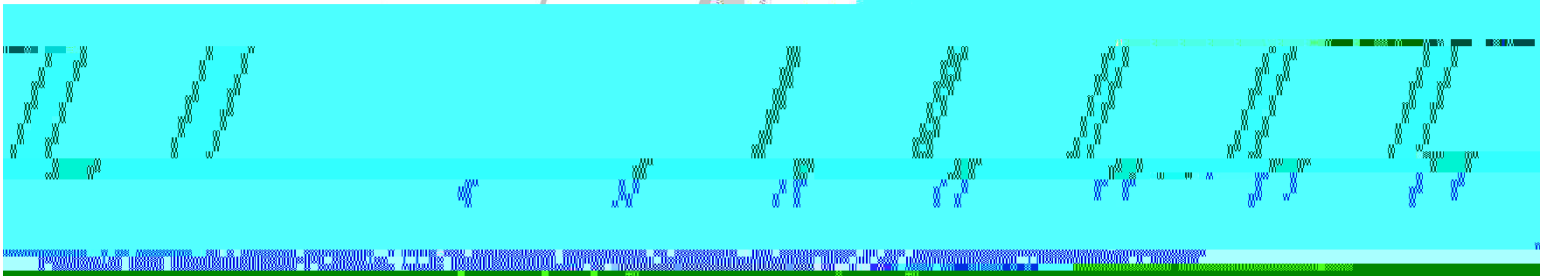
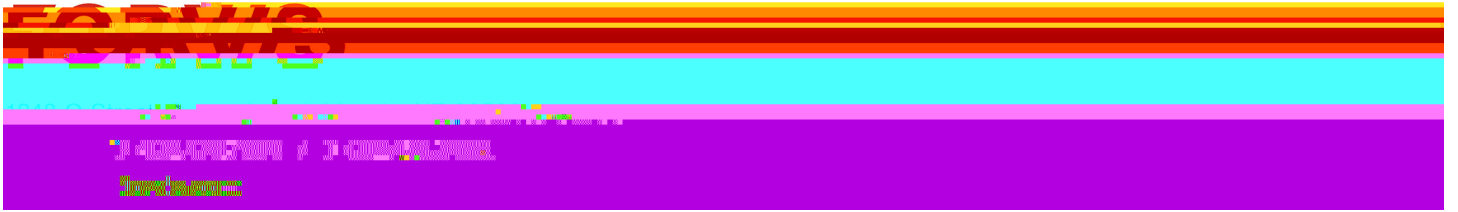


The University of Nebraska Facilities Corporation





The University of Nebraska - Omaha Facilities Corporation





Board of Regents
University of Nebraska Facilities Corporation
Lincoln, Nebraska

Opinions

We have audited the financial statements of the business-type activities and the fiduciary activities of the University of Nebraska Facilities Co



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University of Nebraska Facilities Corporation's internal control. Accordingly, no such

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Management's Discussion and Analysis

June 30, 2023 and 2022 (Unaudited)

(Dollar amounts in thousands)

Introduction

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

UNFC was organized by the Board of Regents of the University of Nebraska (the University) in 1930 and is a component unit of the University. Its primary purpose is to provide a bond-financing vehicle for projects that cannot be bonded by the University under the State of Nebraska constitution, which generally limits the University's bonds to revenue-backed projects for student housing, parking, student unions, student health, and athletic facilities. Accordingly, UNFC constructs defined projects that are funded through bond proceeds, with repayment from specific state capital appropriations, University contributions, and donor gifts. The bonds are typically secured by a pledge of the University's cash funds, with the University entering into a 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, 2023 and 2022:

	Objective	Financing
s	Renewal, replacement, renovation, and repair projects on the campuses of the University	
s	Environmentally sustainable renewal, replacement, renovation, and repair projects on the campuses of the University	
19A Bonds)	Finance new projects for the University system and refinance certain debt obligations of the University	
19B Bonds)	Finance new projects for the University system and refinance certain debt obligations of the University and Corporation	
s 2018 Bonds)	Defined deferred maintenance projects	

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Management's Discussion and Analysis

June 30, 2023 and 2022 (Unaudited)

(Dollar amounts in thousands)

Facility

Financing Objective

UNMC Eye Institute Project (Series 2018 Bonds)

Construction of an ophthalmology and visual

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Management's Discussion and Analysis

June 30, 2023 and 2022 (Unaudited)

(Dollar amounts in thousands)

Using the Financial Statements

The financial statements of UNFC 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 combined acquisition, construction, and related financing activities of the entity as a whole.

The statements of net position include the trustee accounts of the various bond issues. The statements of revenues, expenses, and changes in net position depict the nonoperating revenues and expenses, which provide resources for the purchase, construction, and renovation of desiythe p722.46tua

The University of Nebraska

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

(in thousands)

The University of Nebraska Facilities Corporation
 (A Component Unit of the University of Nebraska)
Statements of Fiduciary Net Position
June 30, 2023 and 2022
 (in thousands)

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents, held by trustee - unrestricted	\$ 28,721	3,465

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

Note 1: Summary of Significant Accounting Policies

The University of Nebraska Facilities Corporation (UNFC or Corporation) is a Nebraska nonprofit corporation organized by the Board of Regents of the University of Nebraska (the Regents) in 1930 to finance buildings for the University of Nebraska (the University). The Regents serve as 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; statement of revenues, expenses, and changes in net position; statement of cash flows; statement of fiduciary net position; and statement of changes in fiduciary net position
- Notes to financial statements

Reporting Entity

In evaluating how to define UNFC, for financial reporting purposes, management has considered all potential component units for which financial accountability may exist. The determination of financial accountability includes consideration of a number of criteria, including: (1) UNFC's ability to appoint a voting majority of another entity's governing body and to impose its will on that entity; (2) the potential for that entity to provide specific financial benefits to or impose specific financial burdens on UNFC; and (3) the entity's fiscal dependency on UNFC. Based on the above criteria, UNFC has determined that it has no reportable component units.

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

Note 1: Summary of Significant Accounting Policies - Continued

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:

- University Facilities Program Bonds (Series 2021A Bonds)
- University Facilities Program Bonds (Series 2021B Bonds)
- System Facilities Bonds (Series 2019A Bonds)
- System Facilities Bonds (Series 2019B Bonds)
- Deferred Maintenance Bonds (Series 2018 Bonds)
- UNMC Eye Institute Project (Series 2018 Bonds)
- Deferred Maintenance Bonds (Series 2017A Bonds)
- UNO/Community Facility Refunding (Series 2017B Bonds)
- UNMC Global Experiential Learning Center (Series 2017 Bonds)
- UNL Health Center and College of Nursing Projects (Series 2016 Bonds)
- UNMC Cancer Center (Series 2016 Bonds)
- UNMC Utility Improvement Project (Series 2016 Bonds)
- UNO Arena and UNL College of Business (Series 2015 Bonds)
- UNMC Qualified Energy Conservation Bond (Series 2015 Bonds)
- UNMC Cancer Center (Series 2014A Bonds)
- UNMC Qualified Energy Conservation Bond (Series 2014B Bonds)
- NCTA Education Center Project/Student Housing Project (Series 2011 Bonds)

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

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

UNFC reports custodial funds for assets held by UNFC for various projects to be completed by the University campuses.

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

Note 1: Summary of Significant Accounting Policies - Continued

Classification of Revenues and Expenses

UNFC has classified its revenues and expenses as nonoperating as they include activities that have the characteristics of nonexchange transactions, and as they are all capital in nature.

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, deferred inflows and outflows of resources, and liabilities and disclosure of contingent items 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

This caption includes cash and investments, with an original maturity of three months or less when purchased, held by the bond trustee. These amounts are comprised of money market accounts held with brokers at June 30, 2023 and 2022.

Investments Held By Trustee

Investments are held by the bond trustee and are stated at fair value and consist of U.S. Treasury securities and mutual funds 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.

Notes Receivable from the University of Nebraska

Notes receivable relate to amounts loaned to the University for capital projects as part of the University's Internal Lending Program (IPL). The balance relates to new loans issued to the campuses and legacy University obligations previously financed by the Master Trust Indenture (MTI) that were refunded through the issuance of the System Facilities Fund, Series 2019A and 2019B Bonds. The payment schedules and interest rates for these receivables are consistent with the terms established under the original bond indentures. The portion of the receivables classified as current is expected to be collected within one year.

Capital Grants and Gifts

Capital grants and gifts represent donor gifts designated for the UNMC Global Experiential Learning Center, UNMC Eye Institute and the UNMC Cancer Research Center. These gifts flow to UNFC from the University of Nebraska Foundation.

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

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

Note 2: Investments Held by Trustee

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).

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

Note 2: Investments Held by Trustee - Continued

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

	Fair Value	Quality Ratings	
		Aaa	Unrated/ Not Applicable
June 30, 2023			
UNFC			
Debt securities			
U.S. Treasury securities	\$ 21,007	\$ 21,007	\$ -
Mutual funds			
Equities	35,167	-	35,167
Fixed income	69,499	-	69,499
Money market funds	477,347	-	477,347
Total UNFC	<u>603,020</u>	<u>21,007</u>	<u>582,013</u>
Fiduciary Funds			
Money market funds	28,721	-	28,721
Total	<u>\$ 631,741</u>	<u>\$ 21,007</u>	<u>\$ 610,734</u>

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

Note 2: Investments Held by Trustee - Continued

Credit Risk - Continued

	Fair Value	Quality Ratings	
		Aaa	Unrated/ Not Applicable
June 30, 2022			
UNFC			
Mutual funds			
Equities	\$ 28,519	\$ -	\$ 28,519
Fixed income	85,565	-	85,565
Money market funds	632,617	-	632,617
Total UNFC	<u>746,701</u>	<u>-</u>	<u>746,701</u>
Fiduciary Funds			
Money market funds	3,465	-	3,465
Total	<u>\$ 750,166</u>	<u>\$ -</u>	<u>\$ 750,166</u>

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

Note 3: Notes Receivable From the University of Nebraska

A summary of the notes receivable from the University of Nebraska are as follows as of June 30, 2023 and 2022:

	Principal Outstanding	Remaining Term (in years)	Interest Rate
Legacy MTI	\$ 323,638	1 - 25	1 - 4%
UNL Steam Tunnel	929	13	4%
UNL East Campus	10,105	12	4%
UNMC Facilities	3,015	3	4%
ITS Tenable	38	1	4%
ITS DataVizion	7,792	6	4%

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

Note 4: Bond Obligations Payable

UNFC outstanding bonds consists of \$1,133,545 of revenue bonds and \$5,800 of direct placement bonds.

Bond obligations payable, gross of premiums

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

Note 4: Bond Obligations Payable - Continued

Revenue Bonds

Interest

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

Note 4: Bond Obligations Payable - Continued

Bond Resolutions

General

UNFC has a resolution establishing the general requirements for the issuance of bonds. The bonds are not obligations of the State of Nebraska; no tax

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

Note 4: Bond Obligations Payable - Continued

Annual Maturities - All Projects

Annual maturities of principal and interest are as follows:

Revenue Bonds	Principal	Interest	Total
2024	\$ 39,930	\$ 38,991	\$ 78,921

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

Note 4: Bond Obligations Payable - Continued

Events of Default and Acceleration Provisions

The University of Nebraska

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

Note 4: Bond Obligations Payable - Continued

Events of Default and Acceleration Provisions - Continued

UNFC Deferred Maintenance Bonds - Continued

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

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

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2023 and 2022

(Dollar amounts in thousands)

Note 7: Commitments and Contingencies

The University has budgeted for the construction of numerous UNFC funded facilities, which are estimated to cost approximately \$288,006 as of June 30, 2023.