



University of Nebraska Comprehensive Annual Financial Report

For the Year Ended June 30, 2003
(A Component Unit of the State of Nebraska)

THE UNIVERSITY OF NEBRASKA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2003

(A Component Unit of the State of Nebraska)

Office of the Vice President for Business and Finance

In Honor of Dr. L. Dennis Smith

This report is dedicated to University of Nebraska President L. Dennis Smith.

On June 30, 2004, Dr. L. Dennis Smith will step down as president of the University of Nebraska, bringing to a close a decade of service and dedicated leadership. His announcement was cause for us to reflect on what his leadership has meant to the university and the state of Nebraska. If you were to summarize his tremendous list of accomplishments in one word, that word would be “excellence.”

That excellence can be seen in many forms and in all facets of the university: academics, business, research, and outreach. Dr. Smith initiated an academic prioritization plan that positions the university to succeed in areas that will truly distinguish each campus.

Underpinning this was the creation of an excellence program that, even in the face of budget cuts, provided entrepreneurial funds to leading edge academic programs and outstanding faculty to pioneer new areas of excellence.

We have been fortunate to have a leader whose excellence extended to the business aspects of the university. On a national level, Dr. Smith chaired the Business Higher Education Forum, a group of CEOs from higher education and Fortune 500 companies who explored avenues of greater interface and mutual successes. He understands the value of business-education partnerships, and has made them an integral part of the university.

In Nebraska, he worked with the Nebraska Legislature to develop the LB 1100 initiative – a pioneering effort that used innovative financing to solve deferred maintenance challenges on all campuses. Under his leadership, business processes were streamlined and modernized, including implementation of a universitywide ERP computing system – on time and on budget. And, he has steered us through difficult financial times with determination, compassion and vision.

Dr. Smith helped lead the most successful capital campaign in the history of the University of Nebraska Foundation, which raised \$727 million to fund state of the art research facilities, 95 new endowed chairs, and 918 additional scholarships and fellowships. Under his tenure, the university has dramatically advanced in its research funding and in its ability to attract and retain high quality faculty and students.

Dr. Smith has said he would like to be remembered for creating a “culture of research excellence.” His vision, tenacity and commitment have made that culture a reality, and he will be remembered for that and much more.

Again, we thank and salute Dr. L. Dennis Smith as he continues his service to the university by returning to the classroom and the laboratory. We envy those lucky students and faculty colleagues who will be enjoying his company in the years to come.



Dr. L. Dennis Smith

THE UNIVERSITY OF NEBRASKA
(A Component Unit of the State of Nebraska)

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2003
TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	3
Board of Regents of the University of Nebraska	9
Listing of Principal University Business Officials	10
Certificate of Achievement	11
Organizational Chart	12

FINANCIAL SECTION

Independent Auditors' Report.....	16
Management's Discussion and Analysis (Unaudited)	18
Basic Financial Statements:	
Statements of Net Assets	27
Statements of Revenues, Expenses and Changes in Net Assets	28
Statements of Cash Flows	29
Notes to the Financial Statements	31
Report Required by Government Auditing Standards:	
Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based Upon the Audit Performed in Accordance with <i>Government Auditing Standards</i>	50
Additional Information:	
Combining Financial Statements:	
Combining Statement of Net Assets	52
Combining Statement of Revenues, Expenses and Changes in Net Assets.....	53
Combining Statement of Cash Flows	54
Financial Statements by Campus:	
University of Nebraska - Lincoln	57
University of Nebraska Medical Center	62
University of Nebraska at Omaha.....	67
University of Nebraska at Kearney.....	72
University of Nebraska Central Administration and University-Wide Activities	77
University of Nebraska Facilities Corporation	82

(continued)

THE UNIVERSITY OF NEBRASKA
(A Component Unit of the State of Nebraska)

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2003
TABLE OF CONTENTS (continued)

Page

STATISTICAL SECTION (UNAUDITED)*

Revenue Bond Debt Service Coverage.....	87
Fall Enrollment by Gender, Residency and Level of Instruction	92
Freshman Enrollment Data	95
Tenure Density Data	96
Degrees Granted by Campus and Level.....	97
Accreditation.....	98

*Tables Relating to Property Tax Levies, Assessed Values, Property Tax Rates, Legal Debt Margin, Bonded Debt to Assessed Value, Direct and Overlapping Debt, and Principal Taxpayers are omitted, as they are not applicable to the University of Nebraska

INTRODUCTION



THIS PAGE LEFT INTENTIONALLY BLANK

December 30, 2003

Dr. L. Dennis Smith, President
Members of the Board of Regents
University of Nebraska

Dear Dr. Smith and Board Members:

We enclose for your review and use the comprehensive annual financial report for the University of Nebraska as of and for the fiscal year ended June 30, 2003.

The report consists of management's representations concerning the finances of the University of Nebraska (University). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the University has established a comprehensive internal control framework that is designed both to protect the institution's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the University of Nebraska's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the University's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The University of Nebraska's financial statements have been audited by Deloitte & Touche LLP, an independent public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the University of Nebraska's financial statements for the fiscal year ended June 30, 2003 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented in the financial section of this document.

Dr. L. Dennis Smith and Board Members
December 30, 2003

The independent audit of the financial statements of the University was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to provide additional reports on the University’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the University’s separately issued Single Audit Report.

Generally accepted accounting principles require that University officials provide a Management’s Discussion and Analysis immediately preceding the general purpose financial statements. This letter of transmittal is designed to complement and should be read in conjunction with that discussion and analysis.

Profile of the University

History. The University of Nebraska was founded on February 15, 1869, less than two years after Nebraska became the nation's 37th state. The original goal of this new land-grant university was, “To afford the inhabitants of this state with the means of acquiring a thorough knowledge of the various branches of literature, science, and the arts.” This goal has stood the test of time, inspiring the University's dedication to the education of students, research in a broad range of disciplines, and service to the state's citizens.

The University of Nebraska is the state's only public university. It became the first institution west of the Mississippi River to offer graduate education in 1903 and joined the prestigious Association of American Universities in 1909. Founded in Lincoln, the University included a medical center in Omaha beginning in 1902.

The University was reorganized under a 1968 act of the Nebraska Legislature. The legislation provided for the addition of the University of Nebraska at Omaha (formerly the municipal University of Omaha) and designated the University of Nebraska-Lincoln and the University of Nebraska Medical Center as separate campuses. In 1991, the University of Nebraska at Kearney (formerly Kearney State College) became a campus of the university. In addition to the four campuses, the University also includes many research, extension, and service facilities statewide.

Governance. The University of Nebraska system operates under a single president and Board of Regents. The members of the Board are elected by district on six year terms. The Board exercises the final authority in government of the University within the limits of the Constitution, the laws of the State of Nebraska, and the laws of the United States. The Board delegates to the President of the University, and through him to the appropriate administrative officers, general authority and responsibility to carry out the policies and directions of the Board.

Dr. L. Dennis Smith and Board Members
December 30, 2003

The President, in concert with the Board, appoints Chancellors for each of the four campuses of the University. The Chancellors, in turn, are responsible for the operation of each of their respective campuses within the policies, procedures and operational guidelines established by the Board and the President.

The Campuses of the University of Nebraska. In addition to being a strong economic driver for the State of Nebraska, the University and its four campuses provide a diversity of educational, research, and outreach opportunities to students, faculty and citizens of the State of Nebraska;

University of Nebraska at Kearney: The University of Nebraska at Kearney (UNK) is Nebraska's public, residential university that is distinguished by a commitment to excellence in undergraduate education. A mid-sized, comprehensive university, it is especially noted for small classes, a scholarly faculty devoted to teaching students first, and an enviable location in a thriving regional population center. Personalized attention for students is a hallmark of education at UNK.

University of Nebraska-Lincoln: Founded in 1869, the Lincoln campus of the University of Nebraska (UNL) is the state's land-grant university. Through its three primary missions of learning, discovery and engagement, the University of Nebraska is the state's intellectual center and has been recognized by the Legislature as the primary research and doctoral-degree granting institution in the state. UNL is one of a select group of research universities that holds membership in the Association of American Universities - a distinction granted in 1909. Today, it is one of the top 50 American universities in the number of doctoral degrees granted annually. It is of national and international influence, with students from every state and more than 100 nations.

University of Nebraska Medical Center: The University of Nebraska Medical Center (UNMC) is the only public academic health science center in Nebraska. Its mission is to improve the health of Nebraskans through premier educational programs, innovative research, the highest quality patient care and outreach to underserved populations. Its success in this endeavor is marked by the fact that nearly half of Nebraska's physicians, dental professionals, pharmacists, bachelor-prepared nurses and allied health professionals have graduated from UNMC. The vision and strategic plan for UNMC: to become a world renowned health sciences center and system, repositioning the Medical Center from a regional to a national center of excellence in the 21st century.

Dr. L. Dennis Smith and Board Members
December 30, 2003

University of Nebraska at Omaha: The University of Nebraska at Omaha (UNO) is located in the heart of Nebraska's largest city and serves as the state's metropolitan university. UNO offers nearly 200 programs of study in a learning environment that features a small-school atmosphere within Nebraska's largest city. UNO has enjoyed many recent successes in its move to becoming a metropolitan university of high distinction. Among these major landmarks is the Peter Kiewit Institute for Information Science, Technology and Engineering education which presents a new dynamic in how business and academia partner with each other to achieve common goals. This and the addition of residential units are among the factors leading to strong growth in numbers of students at UNO.

Factors Affecting Financial Condition

The Economy. The national economy has recently shown signs of rebounding. The gross domestic product rose by an astounding 8.2% in the third quarter. Stock prices continued upward and interest rates remained unchanged by the Federal Reserve. Retail sales continue to be strong through November with a particular strength in auto-related sales, which tend to be a strong hallmark of longer-term consumer confidence.

Nebraska is also showing signs of improvement that could signal a strengthening in its economy. Receipts by the State of Nebraska exceeded revenue estimates by about \$9 million or 1% in November. This is significant as the State had forecast a deficit of \$211 million through the remainder of the current biennium (July 1, 2003 to June 30, 2005). Buried behind the \$211 million deficit projections and the swing in November receipts were indicators of a potential turnaround. Corporate tax collections, with the exception of a virtual break-even in September, have been ahead of projections each month since July 1. Increases in corporate profits often portend job growth. Adding further evidence of a turnaround, the Nebraska Bureau of Business Research, in its November 2003 update, noted that taxable sales in Nebraska were 3.6% higher through August of 2003 as compared to the same time in 2002.

Management of the University is hopeful that economic conditions will continue to improve. University officials are also optimistic that the State and its leadership will continue to place great value on providing a high quality education to its citizens and view its investment in higher education as an important asset and a primary determinant of the State and its citizens' ability to continue to progress and prosper.

Dr. L. Dennis Smith and Board Members
December 30, 2003

Cash Management. Substantially all of the University's cash and temporary investments are deposited in a pooled state fund managed by the Nebraska State Investment Council. The State pools these funds in a short-term investment pool, which is comprised of short-term investments. Interest earnings are credited to the respective investing funds on a monthly basis.

As disclosed in the Notes to the Financial Statements, State statutes require investments be made in accordance with the prudent man rule. As such, the University seeks to minimize credit, custodial, and market risks while maintaining a competitive yield on the portfolio. No derivatives or similar financial products are held in the portfolio at June 30, 2003.

Risk Management. Through the University's Office of the Vice President for Business and Finance, the Board of Regents provides for protection against comprehensive general liability and property losses through a partially self-insured general liability program. The University has also purchased all-risk blanket policies for certain risks that are not covered by the partially self-insured general liability program.

The University provides for medical liability coverage through the purchase of commercial insurance to meet the financial responsibility required by the Nebraska Hospital-Medical Act. The University also participates in the State Excess Liability Fund, which provides coverage in excess of commercial insurance as described in the Notes to the Financial Statements.

Employee group health and dental benefits are provided for through a split-funded minimum premium insurance program.

Pension Benefits. The University of Nebraska sponsors a defined contribution benefit plan that covers eligible faculty, administrative and classified staff with investment options administered by third parties. The University's policy is to fund costs on an annual basis.

Awards and Acknowledgements

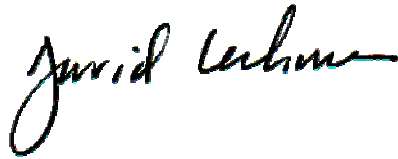
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the University of Nebraska for its comprehensive annual financial report for the fiscal year ended June 30, 2002. The University has been awarded the Certificate for eleven of the last twelve years. In order to be awarded a Certificate of Achievement, the University must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Dr. L. Dennis Smith and Board Members
December 30, 2003

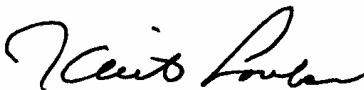
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the staff of the Vice President for Business and Finance and campus business and finance personnel. We would like to express our appreciation to all members of those departments who assisted and contributed to preparation of this report. Credit also must be given to President Smith and the Board of Regents for their active support for maintaining the highest standards of professionalism in the management of the University of Nebraska's finances.

Respectfully submitted,

A handwritten signature in black ink that reads "David E. Lechner". The signature is written in a cursive style with a long horizontal stroke at the end.

David E. Lechner
Vice President for Business and Finance

A handwritten signature in black ink that reads "Keith L. Lauber". The signature is written in a cursive style with a long horizontal stroke at the end.

Keith L. Lauber
Director of Accounting

**THE UNIVERSITY OF NEBRASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**The Board of Regents of the University of Nebraska
For the year 2003**

Randolph M. Ferlic, Omaha, Chair

Don S. Blank, McCook

Chuck Hassebrook, Lyons

Howard L. Hawks, Omaha

Jim McClurg, Lincoln

Drew Miller, Papillion

Kent Schroeder, Kearney

Charles S. Wilson, Lincoln

Student Regents

Kyle Arganbright, UNL

Casey Johnston, UNMC

Joe Bilek, UNO

Michelle McGeorge, UNK

**THE UNIVERSITY OF NEBRASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Principal University Business Officials

University of Nebraska Officers

L. Dennis Smith, President
Jay Noren, Executive Vice President and Provost
Kim M. Robak, Vice President for External Affairs and Corporation Secretary
David E. Lechner, Vice President for Business and Finance
Michael D. Justus, Assistant Vice President for Business and Finance
Keith L. Lauber, Director of University Accounting

University of Nebraska-Lincoln Administration

Harvey Perlman, Chancellor
Christine Jackson, Vice Chancellor for Business and Finance
Kim A. Phelps, Assistant Vice Chancellor for Fiscal Affairs

University of Nebraska Medical Center Administration

Harold M. Mauer, Chancellor
Donald S. Leuenberger, Vice Chancellor for Business and Finance
Delmer D. Lee, Associate Vice Chancellor for Business and Finance
Robert J. Lindberg, Manager of General Accounting

University of Nebraska at Omaha Administration

Nancy G. Belck, Chancellor
Gary L. Carrico, Vice Chancellor for Business and Finance
Julie Totten, Assistant Vice Chancellor for Business and Finance
Joseph L. Huebner, Controller

University of Nebraska at Kearney Administration

Douglas Kristensen, Chancellor
Randal L. Haack, Vice Chancellor for Business and Finance
Larry Riessland, Director of the Department of Finance

University of Nebraska Facilities Corporation

Howard L. Hawks, President
Kent Schroeder, Vice President
David E. Lechner, Secretary-Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

University of Nebraska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



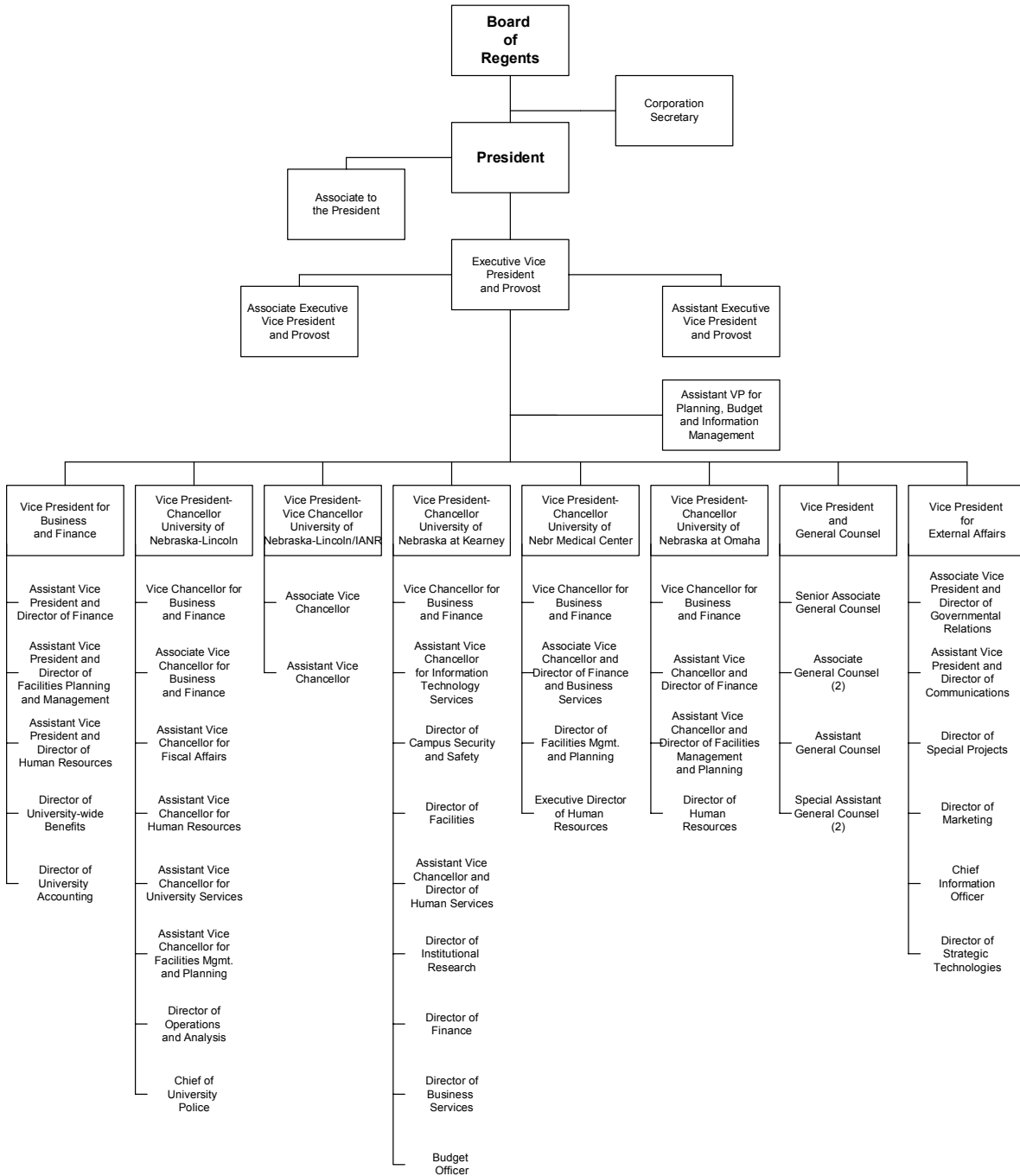
A handwritten signature in cursive script, reading "Edward Harrington".

President

A handwritten signature in cursive script, reading "Jeffrey L. Esser".

Executive Director

UNIVERSITY OF NEBRASKA BUSINESS AFFAIRS ORGANIZATIONAL CHART



FINANCIAL



THIS PAGE LEFT INTENTIONALLY BLANK

THE UNIVERSITY OF NEBRASKA

Pulitzer Prize-winning author Willa Cather –an 1895 graduate– described the University of Nebraska as having “an atmosphere of endeavor, expectancy, and bright hopefulness.” Today’s university continues that tradition. It provides the State of Nebraska with an indispensable scientific and cultural enrichment that fires the state’s pioneering spirit. Nebraskans –and their university– have always been pioneers.

Today’s University of Nebraska stands proudly in the company of America’s great public universities, with an outstanding faculty and staff and a student body that is intellectually strong and dedicated.

The University of Nebraska is the state’s only public university and became the first institution west of the Mississippi to offer graduate education in 1903. It joined the prestigious Association of American Universities in 1909. It included a medical center beginning in 1902.

The University of Nebraska became a multi-campus university in 1968 when the original campus was designated the University of Nebraska-Lincoln, and the University of Nebraska Medical Center and the University of Nebraska at Omaha (formerly a municipal institution) were designated by the state legislature as separate campuses. The University of Nebraska at Kearney (formerly a state college) was added in 1991.

The University of Nebraska has 47,000 students on its four campuses and operates many research, extension, and service facilities statewide. It continues to pioneer new frontiers.

INDEPENDENT AUDITORS' REPORT

Board of Regents of the University of Nebraska and the
Auditor of Public Accounts of the State of Nebraska
Lincoln, Nebraska

We have audited the accompanying statements of net assets of the University of Nebraska (the "University") (a component unit of the State of Nebraska) as of June 30, 2003 and 2002 and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the University, as of June 30, 2003 and 2002, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 18 - 26 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the University's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional combining information for 2003 is presented for the purpose of additional analysis of the basic financial statements rather than to present the financial position, changes in financial position, and cash flows of the individual campuses and component unit, and is not a required part of the basic financial statements. The additional information on pages 56-84 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the University's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all.

material respects when considered in relation to the basic financial statements taken as a whole. The Statistical Section on pages 87-97 has not been subjected to the audited procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on these pages.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2003, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

November 17, 2003
Lincoln, Nebraska

THE UNIVERSITY OF NEBRASKA
(A Component Unit of the State of Nebraska)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2003 AND 2002 (UNAUDITED)
(Columnar Amounts in Thousands)

Introduction

This discussion and analysis is designed to provide an overview of the financial position and activities of the University of Nebraska (the University) for the year ended June 30, 2003. This analysis has been prepared by management of the University of Nebraska and it is intended to be read with the financial statements and related footnotes that follow this section.

The University is a comprehensive public institution of higher education, research, and public service. It was founded in Lincoln on February 15, 1869. The University became a multi-campus institution in 1968 by an act of the Nebraska Legislature that provided for the addition of the University of Nebraska at Omaha to the University system (formerly the municipal University of Omaha) and, at the same time, designated the University of Nebraska-Lincoln and University of Nebraska Medical Center as separate campuses. In 1991, the former Kearney State College became the fourth campus as the University of Nebraska at Kearney.

The University's four campuses provide a diversity of offerings. The University of Nebraska-Lincoln (UNL) offers a wide range of undergraduate majors and has primary responsibility for graduate education, particularly at the doctoral level, and in the non-medical professions. UNL also includes the Institute of Agriculture and Natural Resources, which operates research extension centers across the State of Nebraska (the State) as well as offering major educational and research programs on campus. The University of Nebraska Medical Center (UNMC) features undergraduate, graduate, and professional degree programs that prepare students for a wide variety of careers in health sciences. The University of Nebraska at Omaha (UNO) is a metropolitan university located in the heart of Nebraska's largest city offering a broad range of undergraduate programs, as well as doctoral programs in criminal justice and public administration. The University of Nebraska at Kearney (UNK) is a mid-sized, residential campus with a commitment to excellence in undergraduate education. UNK offers undergraduate degrees in the arts and sciences, education, and business and technology, with a wide range of majors.

The statements for the University of Nebraska include five blended entities, those being the University of Nebraska Facilities Corporation (UNFC), the University Medical Associates (UMA), UNEMed, the University of Nebraska Dental Associates (UDA), and the Nebraska Utility Corporation (NUCorp). Additional information regarding these entities is described in the footnotes to the statements.

In the fall of 2002, the University's enrollment (head count) was approximately 47,000 on the four campuses. Fall enrollments have increased 3.4% during the period ended 1998-2002. This increase occurred primarily at the UNO and UNL campuses, which reflect 8.9% and 2.6% increases, respectively, for the same five year period. The number of students enrolled in graduate and professional programs was 11,137 representing 24% of the student body, reflecting the University's commitment to its increasing prominence as a major research institution.

Campus	Student Enrollment				
	1998	1999	Fall Semester		
	2000	2001	2002		
UNL	22,408	22,142	22,268	22,764	22,988
UNMC	2,599	2,590	2,695	2,724	2,819
UNO	13,274	13,264	13,479	14,143	14,451
UNK	6,849	6,780	6,506	6,426	6,395
Total	<u>45,130</u>	<u>44,776</u>	<u>44,948</u>	<u>46,057</u>	<u>46,653</u>

Financial and Operating Highlights

- **Growth in Net Assets.** Net assets of the University grew by approximately 3.6% indicating continued efforts to improve the University's financial position. A growth of 19% in unrestricted net assets is attributable to several factors. The University aggressively managed its budget to conserve resources to cash flow state budget cuts. Net additions to Trusted Insurance programs and other budget savings were augmented by increases in the unrestricted balances of blended entities. Unrestricted net assets represent about two months of total operating expenses before depreciation and health and other insurance claims. Maintenance of a prudent level of reserves is key to the long-term success of the University.
- **New Capital Construction.** Several capital construction projects were completed during the year including the UNL Othmer Hall Chemical Engineering Facility for \$22 million, the UNMC Emile Street Parking Garage for \$17 million, and the new UNL Teachers College Hall for \$9 million. The Ross Film Theatre and Visitors Center was completed for \$9 million making it an attractive entrance to the UNL campus. The Teacher's College Hall project was funded by University's LB 1100 deferred maintenance initiative, while the other three projects result from private sources emanating from fund-raising.
- **Increase in Federal Grants and Contracts.** Revenues from federal grants and contracts rose 8% over the prior year. Growth in federal funding is a high priority and fuels other successes in recruitment and retention of high performing students and faculty.
- **Enrollment Remains Steady.** Enrollment, both in terms of headcount and full-time equivalents, remains steady in spite of demographic shifts in Nebraska.
- **Bond Refunding Transactions.** The University took advantage of low interest rates during the year and refinanced three revenue bond issues by issuing refunding bonds totaling \$30 million. The combined effect of issuing the refunding bonds will reduce total debt service payments by \$3 million, resulting in an economic gain of \$2 million.

Using the Financial Statements

The financial statements of the University include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement 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 and related footnotes are presented on a combined basis for the University as a whole.

Statements of Net Assets. The Statements of Net Assets include all of the assets and liabilities of the University and its component units on the accrual basis of accounting. The difference between total assets and total liabilities represents the net assets of the University and is one indicator of its overall current financial condition. Over time, increases or decreases in the University's net assets is indicative of whether its financial health is improving or deteriorating.

Assets classified as non-current are those that are expected to mature beyond a one year period or represent special accounts such as those established to comply with revenue bond covenants.

Capital assets are presented net of accumulated depreciation.

Net assets are divided into three parts:

- Invested in capital assets: the University's total investment in capital assets less accumulated depreciation and outstanding bond obligations incurred to acquire, construct or improve those assets.

- Restricted net assets:
 - Expendable: funds externally restricted by creditors, grantors or contributors and includes grant and research funds, student loan programs, and funds for plant construction and debt service on bond obligations.
 - Nonexpendable: permanent endowments and an investment in joint venture.
- Unrestricted net assets: comprised of balances designated as quasi endowments by the Board of Regents of \$26 million, healthcare blended entities of \$52 million, and the balance representing designated departmental balances and funds for encumbrances and working capital.

Statements of Revenues, Expenses, and Changes in Net Assets. The Statements of Revenues, Expenses, and Changes in Net Assets disclose the revenues and expenses of the University on a comparative basis. Revenues and expenses are classified as either operating or non-operating. Revenues realized from operating activities are offset by operating expenses, including depreciation, resulting in an operating income or loss. Most significantly, GASB requires that certain funding sources that are significant to the University, including state appropriations, gifts, and investment income, be classified as non-operating revenues. In large public land-grant institutions, this, by definition, will invariably create operating losses on the statements of revenues and expenses and negative cash flows from operations in the statements of cash flows.

Scholarships and fellowships granted to students are shown as a reduction of tuition and other revenues, while stipends and other cash payments made directly to students are reported as scholarship and fellowship expenses.

Statements of Cash Flows. The Statements of Cash Flows provide information about the cash receipts and cash payments made by the University during the year. When used with related disclosures and information in the other financial statements, this statement should help assess: the University's ability to generate future cash flows, its ability to meet its obligations when they come due, its needs for financing, the reasons for differences between operating income and associated cash receipts and payments and the effects on the University's financial position by investing, capital, and financing transactions during the period.

Condensed Financial Statements and Analysis

Condensed Statements of Net Assets

	June 30,	
	2003	2002
Assets:		
Current assets	\$ 560,853	\$ 539,533
Non-current assets	<u>1,313,951</u>	<u>1,271,808</u>
Total assets	<u>1,874,804</u>	<u>1,811,341</u>
Liabilities:		
Current liabilities	166,096	170,245
Non-current liabilities	<u>307,240</u>	<u>288,553</u>
Total liabilities	<u>473,336</u>	<u>458,798</u>
Net Assets:		
Invested in capital assets, net of related debt	628,781	607,793
Restricted:		
Nonexpendable:		
Permanent endowment	145,297	139,323
Investment in joint venture	131,516	119,645
Expendable:		
Externally restricted funds	109,879	101,846
Loan funds	40,914	39,775
Plant construction	81,423	116,274
Debt service	60,041	56,593
Unrestricted	<u>203,617</u>	<u>171,294</u>
Total net assets	<u>\$ 1,401,468</u>	<u>\$ 1,352,543</u>

Condensed Statements of Revenues, Expenses, and Changes in Net Assets

	Year Ended June 30,	
	2003	2002
Operating revenues	\$ 761,628	\$ 692,074
Operating expenses	<u>1,219,153</u>	<u>1,148,265</u>
Operating loss	(457,525)	(456,191)
Non-operating revenues, net	<u>480,075</u>	<u>440,036</u>
Income (loss) before other revenues, expenses, gains or losses	22,550	(16,155)
Other revenues, expenses, gains or losses	<u>41,947</u>	<u>37,797</u>
Increase in net assets before change in accounting principle	64,497	21,642
Cumulative effect of a change in accounting principle	<u>(15,572)</u>	<u>-</u>
Increase in net assets	48,925	21,642
Net assets, beginning of year	<u>1,352,543</u>	<u>1,330,901</u>
Net assets, end of year	<u>\$ 1,401,468</u>	<u>\$ 1,352,543</u>

Analysis of Financial Position. Cash and cash equivalents represent the preponderance of current assets of the University. Unrestricted cash and cash equivalents grew during the year from \$169 million to \$177 million. Most of this change in cash reflects a concerted effort to decrease fiscal 2002-2003 spending by deans, directors and administrative personnel to cover budget cuts. Restricted cash increases represent unspent but committed bond proceeds on deposit with trustees.

Non-current assets of the University are dominated by the University's investment in physical plant. At June 30, 2003, the University had approximately \$923 million invested in capital assets, net of accumulated depreciation of \$473 million. Net investment in physical plant grew primarily from the Lincoln campus' Othmer Hall and Teacher's College coming on-line, along with the Emile Street parking garage at UNMC. For fiscal 2003, the University's capital assets increase of \$32 million consists of net capital additions of \$85 million less depreciation of \$53 million. This enhancement of facilities is largely due to the University's ability to gain private support in creating new classrooms, research and support facilities.

Unrestricted net assets grew from \$171 million in 2002 to \$204 million in fiscal 2003. This is primarily due to the change in cash discussed earlier in this section along with a conscious effort by management to increase self-insurance reserves. These insurance reserves are considered by accounting definition to be part of "unrestricted" funds along with other amounts attributable to University quasi endowments (\$26 million) and the capital of University Medical Associates (\$52 million), the practice plan group operating at the University of Nebraska Medical Center.

Analysis of Operations – Overview. The University generated \$762 million of operating revenues during 2003 compared with \$692 million during 2002, while operating expenses increased to \$1,219 million for 2003 compared to \$1,148 million incurred during 2002. The corresponding operating loss increased to \$458 million in 2003 compared to \$456 million in 2002. As disclosed earlier, because of the mandated financial reporting regarding classification of state appropriations and other funding sources, statements of activities for large public land-grant universities will invariably report an operating loss.

The Nebraska Legislature provided \$412 million in appropriations for 2003 toward the operating loss to support academic programs and general operating expenses. The University, in conjunction with the University of Nebraska Foundation, generated gifts amounting to approximately \$75 million and other non-operating revenues and expenses which netted an overall increase in net assets of about \$49 million.

	Year Ended June 30,		Percent of Total	Increase (Decrease) from Prior Year	
	2003	2002		Dollars	Percent
Operating revenues:					
Tuition and fees (net of scholarship allowances \$39,350 and \$32,744)	\$149,792	\$137,550	19.67 %	\$12,242	8.90 %
Federal grants and contracts-restricted	209,117	192,189	27.46 %	16,928	8.81 %
State and local grants and contracts - restricted	25,621	25,648	3.36 %	(27)	(0.11)%
Private grants and contracts - restricted	76,063	73,697	9.99 %	2,366	3.21 %
Sales and services of educational activities	38,380	37,684	5.04 %	696	1.85 %
Sales and services of health care entities	95,459	78,207	12.53 %	17,252	22.06 %
Sales and services of auxiliary operations	97,280	88,956	12.77 %	8,324	9.36 %
Sales and services of auxiliary segments (net of scholarship allowances of \$4,692 and \$4,589)	50,306	46,390	6.61 %	3,916	8.44 %
Other operating revenues	19,610	11,753	2.57 %	7,857	66.85 %
Total operating revenues	\$761,628	\$692,074	100.00 %	\$69,554	10.05 %

Revenues. The University's operating revenues increased in fiscal 2003 by 10% or \$70 million compared to 2002. Most of the revenue sources showed increases from the prior year.

- One of the largest increases in revenue dollars was realized in Federal grants and contracts. The 9% increase is attributable primarily to University of Nebraska-Lincoln's grant awards from several Federal Agencies including the Department of Health and Human Services, National Science Foundation, and the Department of Defense for the Nebraska Redox Biology Center, protein interaction research, and biological weapons antibodies.
- Tuition and fees, net of scholarship allowances, increased by over \$12 million dollars or 9%. The Board of Regents approved an increase in tuition of 10% for resident students in the fall of 2002. This increase and a steady enrollment contributed to the overall increase. Campuses provided additional scholarship allowances of almost \$7 million dollars or 9%, bringing the net increase in tuition from ten percent down to nine percent.
- A significant increase was realized in private gifts, grants, and contracts amounting to \$2 million. The University of Nebraska Medical Center received increases from private sources and bequests to fund research in cancer and HIV related diseases. All campuses of the University received additional support from the University of Nebraska Foundation. The Foundation is a key partner in the University's continued drive to excellence.
- Sales and services of health care entities increased by \$17 million. The University of Nebraska Medical Center added 20 new clinic locations to better serve patient needs with a corresponding increase in patient revenues and related expenses.
- Auxiliary operations revenues increased by over 9%, indicating strong support by the University community for student unions and food service. University of Nebraska-Lincoln residence halls experienced a strong demand for housing. Athletic revenues also experienced growth through support for athletics at University of Nebraska-Lincoln and Division I hockey at the University of Nebraska at Omaha.

	<u>Year Ended June 30,</u>		<u>Percent of Total</u>	<u>Increase (Decrease) from Prior Year</u>	
	<u>2003</u>	<u>2002</u>		<u>Dollars</u>	<u>Percent</u>
Operating expenses:					
Salaries and wages	\$ 612,515	\$ 592,561	50.24 %	\$19,954	3.37 %
Benefits	144,982	133,796	11.89 %	11,186	8.36 %
Total compensation and benefits	<u>757,497</u>	<u>726,357</u>	62.13 %	<u>31,140</u>	<u>4.29 %</u>
Supplies and materials	179,262	157,914	14.70 %	21,348	13.52 %
Contractual services	57,344	59,737	4.70 %	(2,393)	(4.00)%
Repairs and maintenance	45,691	46,292	3.75 %	(601)	(1.30)%
Utilities	23,494	22,104	1.93 %	1,390	6.29 %
Communications	13,828	13,941	1.14 %	(113)	(0.81)%
Depreciation	53,182	40,266	4.36 %	12,916	32.08 %
Scholarships and fellowships	<u>88,855</u>	<u>81,654</u>	<u>7.29 %</u>	<u>7,201</u>	<u>8.82 %</u>
Total operating expenses	<u>\$ 1,219,153</u>	<u>\$ 1,148,265</u>	<u>100.00 %</u>	<u>\$70,888</u>	<u>6.17 %</u>

Expenses. Operating expenses were \$1,219 million for the 2003 fiscal year, an increase of 6% compared to 2002. Changes in the major expense classifications follow.

- Salaries and wages and benefits accounted for the largest increase in expense, not surprising when personal services expenses amounts to 62% of the total. Faculty salary and benefits increases averaged 4.3% with additional amounts budgeted for excellence and instructional work load salaries.
- Supplies and materials increased by 14% reflecting increased activity in Federal research grants, growth in the activities of clinics and blended health care entities associated with the University of Nebraska Medical Center, and increases in the cost of materials purchased.
- A portion of the increase in depreciation expense is attributable to the University of Nebraska-Lincoln adopting the componentized method of depreciation of buildings, and additions to capital assets of completed building projects and equipment purchases university-wide, which is a preferred method under accounting principles generally accepted in the United States of America. The cumulative effect of this change is shown as a change in accounting principle in the financial statements. This change was made as Federal regulations require the same methods be used for financial and Federal costing purposes.

Non-Operating Revenues (Expenses). Non-operating revenues (expenses) increased 9%, or \$40 million, net during 2003 compared with 2002. The largest change was an increase in fair value of investments of \$12 million compared to a decrease of \$20 million in the prior year.

The University of Nebraska Medical Center and the University of Nebraska at Omaha garnered gifts from several sources for capital improvements. UNMC received \$1.2 million in funding from the Hatie B. Munroe Foundation for the renovation of Munroe-Meyer Institute located on the campus.

The University recorded equity in earnings of the Nebraska Medical Center joint venture for 2003 amounting to \$15 million compared to a loss of \$1 million for 2002.

The University was initially slated to receive a 6.7% increase in appropriation for fiscal 2003 at the beginning of the 2001-2003 biennium, but the increase was subsequently reduced to a 1.2% increase by the Nebraska Legislature.

Debt Activity

New Indebtedness. The University, through related entities, had two bond issues that were successfully marketed during the year ended June 30, 2003.

The larger of these issues is the University of Nebraska-Lincoln Student Fees and Facilities Bonds, Series 2003. The bond proceeds of \$30 million will be used to finance the cost of constructing, equipping, and furnishing suite-style residential housing for approximately 468 students at the UNL campus. The residence hall will have two or four bedroom suites with single occupancy bedrooms and bathroom facilities within each suite. Common room areas will provide space for socialization and study.

The second issue was made under the University of Nebraska Facilities Corporation, Series 2003 Bonds (The Alexander Building Project.) The bond proceeds financed the acquisition and renovation of the Alexander Building near the University of Nebraska-Lincoln campus. University administrative and academic offices will occupy the newly renovated space.

Refunding Transactions. On August 30, 2002, the Board authorized the issuance of \$15.8 million of Series 2002 Revenue Refunding Bonds (University of Nebraska–Lincoln Student Fees and Facilities Bonds) dated November 26, 2002. On November 26, 2002 the University deposited \$16.3 million into an irrevocable trust with an escrow agent to refund the UNL Student Fees and Facilities Bonds, Series 1995 and Series 1996. As a result, the refunded bonds are considered defeased and the liability has been removed from the statement of net assets. The refunding reduced total debt service payments by \$1.4 million and resulted in an economic gain of approximately \$1 million.

On October 11, 2002, the Board authorized the issuance of \$5.8 million of Series 2003 Revenue Refunding Bonds (University of Nebraska at Omaha Student Center Project) dated May 15, 2003. On May 15, 2003, the University deposited \$6.4 million into an irrevocable trust with an escrow agent to advance refund the UNO Student Center Revenue Bonds Series 1993. As a result, the refunded bonds are considered defeased and the liability has been removed from the statement of net assets. The refunding reduced total debt service payments by \$900,000 and resulted in an economic gain of \$500,000.

On October 11, 2002, the Board authorized the issuance of \$8.8 million of Series 2003 Revenue Refunding Bonds (University of Nebraska–Lincoln Parking Project) dated June 1, 2003. On June 2, 2003, the University deposited \$8.8 million into an irrevocable trust with an escrow agent to refund the UNL Parking Revenue Bonds Series 1995 and Series 1996. The bonds were called on June 1, 2003. As a result, the refunded bonds are considered defeased and the liability has been removed from the statement of net assets. The refunding reduced total debt service payments and produced an economic gain of \$800,000.

The University continues to have a positive debt profile, with scheduled debt service for 2003 of \$26 million representing 2.2% of 2003 operating expenses.

Economic Outlook and Subsequent Events That Will Affect the Future

The State of Nebraska, like the majority of other states, continues to face challenges in climbing out of the current economic downturn. Nebraska, as a rule, tends to lag in and out of economic cycles. By the same token, the cycles tend to be less pronounced versus other states. The State's challenges, in turn, impact the University. The University received an appropriation increase for the year ended June 30, 2003 of 1.2%, after experiencing several budget reductions since the beginning of the biennium. The reductions in appropriations have been managed through a number of measures:

- **Tuition Increases.** Increases of 10% were implemented for 2002 and 10% for residents and 15% for nonresidents were implemented for 2003. Even though these percentages are large at face, they compare to increases in peer institutions that, for the same time frame, ranged from 14-22%. Management believes its tuition pricing remains attractive relative to peer institutions of similar quality. True to its roots of being a land grant university, the Board of Regents and management continue to be sensitive to accessibility issues when addressing tuition issues by increasing scholarships and grants-in-aid.
- **Steady Enrollment.** Student enrollment and credit hours remain steady on an overall basis. Recruitment continues to be a high priority and enrollment growth will help the University to continue to diversify its revenue streams away from State dependence.
- **Research Successes.** Continued success in gaining grants and contracts in strategic areas of research complement the effort to diversify revenue sources. This effort has the added benefit of aiding in attracting and retaining top faculty and students.

- ***Fundraising Successes.*** The University of Nebraska Foundation continues to enjoy fundraising success and provided \$67 million in support to the University to fund scholarships, faculty support, and capital projects.

The State will likely have growth at less than historical levels over the next two to three years. The State must re-examine revenue sources and funding priorities in light of pressures created by rapidly burgeoning costs in areas other than higher education.

Management of the University believes that a strong university and support for higher education is the highest priority in creating long-term growth for the State. Through our role as Nebraska's dominant four-year institution, through our leadership in research, and through our continued outreach and engagement efforts, the University of Nebraska has been, and will continue to be, a strong economic driver and a valuable resource for the State of Nebraska.

THE UNIVERSITY OF NEBRASKA
(A Component Unit of the State of Nebraska)

STATEMENTS OF NET ASSETS
JUNE 30, 2003 AND 2002
(Thousands)

ASSETS	2003	2002
CURRENT ASSETS:		
Cash and cash equivalents	\$ 176,689	\$ 168,810
Cash and cash equivalents - restricted	237,453	208,960
Investments	33,871	45,158
Accounts receivable and unbilled charges, net	92,836	95,915
Loans to students	6,079	5,956
Other current assets	<u>13,925</u>	<u>14,734</u>
Total current assets	<u>560,853</u>	<u>539,533</u>
NON-CURRENT ASSETS:		
Cash and cash equivalents - restricted	945	332
Investments	200,144	219,113
Investment in joint venture	131,516	119,645
Loans to students, net of current portion	28,822	28,760
Capital assets, net of accumulated depreciation	922,617	880,535
Other non-current assets	<u>29,907</u>	<u>23,423</u>
Total non-current assets	<u>1,313,951</u>	<u>1,271,808</u>
Total assets	<u>1,874,804</u>	<u>1,811,341</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	44,963	50,224
Accrued salaries, wages and post-retirement benefits	25,539	24,546
Accrued compensated absences	8,712	8,659
Bond obligations payable	12,460	11,605
Capital lease obligations	3,204	2,729
Deferred revenues and credits	60,947	60,795
Health and other insurance claims	<u>10,271</u>	<u>11,687</u>
Total current liabilities	<u>166,096</u>	<u>170,245</u>
NON-CURRENT LIABILITIES:		
Accrued salaries, wages and post-retirement benefits, net of current portion	421	240
Accrued compensated absences, net of current portion	28,564	27,906
Bond obligations payable, net of current portion	240,675	224,960
Capital lease obligations, net of current portion	31,879	30,091
Deferred revenues and credits, net of current portion	<u>5,701</u>	<u>5,356</u>
Total non-current liabilities	<u>307,240</u>	<u>288,553</u>
Total liabilities	<u>473,336</u>	<u>458,798</u>
NET ASSETS:		
Invested in capital assets, net of related debt	628,781	607,793
Restricted for:		
Nonexpendable:		
Permanent endowment	145,297	139,323
Investment in joint venture	131,516	119,645
Expendable:		
Externally restricted funds	109,879	101,846
Loan funds	40,914	39,775
Plant construction	81,423	116,274
Debt service	60,041	56,593
Unrestricted	<u>203,617</u>	<u>171,294</u>
Total net assets	<u>\$1,401,468</u>	<u>\$1,352,543</u>

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA
(A Component Unit of the State of Nebraska)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002
(Thousands)

	2003	2002
OPERATING REVENUES:		
Tuition and fees (net of scholarship allowances of \$39,350 and \$32,744)	\$ 149,792	\$ 137,550
Federal grants and contracts-restricted	209,117	192,189
State and local grants and contracts - restricted	25,621	25,648
Private grants and contracts - restricted	76,063	73,697
Sales and services of educational activities	38,380	37,684
Sales and services of health care entities	95,459	78,207
Sales and services of auxiliary operations	97,280	88,956
Sales and services of auxiliary segments (net of scholarship allowances of \$4,692 and \$4,589)	50,306	46,390
Other operating revenues	<u>19,610</u>	<u>11,753</u>
Total operating revenues	<u>761,628</u>	<u>692,074</u>
OPERATING EXPENSES:		
Salaries and wages	612,515	592,561
Benefits	<u>144,982</u>	<u>133,796</u>
Total compensation and benefits	757,497	726,357
Supplies and materials	179,262	157,914
Contractual services	57,344	59,737
Repairs and maintenance	45,691	46,292
Utilities	23,494	22,104
Communications	13,828	13,941
Depreciation	53,182	40,266
Scholarships and fellowships	<u>88,855</u>	<u>81,654</u>
Total operating expenses	<u>1,219,153</u>	<u>1,148,265</u>
OPERATING LOSS	<u>(457,525)</u>	<u>(456,191)</u>
NON-OPERATING REVENUES (EXPENSES):		
State of Nebraska noncapital appropriations	412,395	410,163
Gifts	47,506	42,378
Investment income (net of investment management fees of \$135 and \$143)	3,275	16,663
Increase (decrease) in fair value of investments	12,454	(20,087)
Interest income on loans receivable	631	673
Interest expense on bond obligations	(11,057)	(8,655)
Equity in joint venture	<u>14,871</u>	<u>(1,099)</u>
Net non-operating revenues	<u>480,075</u>	<u>440,036</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	22,550	(16,155)
OTHER REVENUES, EXPENSES, GAINS OR LOSSES:		
State of Nebraska capital appropriations	9,607	11,776
Capital grants and gifts	27,075	33,322
US Government advances	663	642
Additions to permanent endowments	6,944	1,078
Loss on disposal of plant assets	<u>(2,342)</u>	<u>(9,021)</u>
Net other revenues, expenses, gains or losses	<u>41,947</u>	<u>37,797</u>
INCREASE IN NET ASSETS BEFORE CHANGE IN ACCOUNTING PRINCIPLE	64,497	21,642
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	<u>(15,572)</u>	<u>-</u>
INCREASE IN NET ASSETS	48,925	21,642
NET ASSETS:		
Net assets, beginning of year	<u>1,352,543</u>	<u>1,330,901</u>
Net assets, end of year	<u>\$1,401,468</u>	<u>\$1,352,543</u>

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA
(A Component Unit of the State of Nebraska)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002
(Thousands)

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants and contracts	\$ 311,155	\$ 292,182
Tuition and fees	150,422	137,599
Sales and services of health care entities	93,784	85,595
Sales and services of auxiliary operations	95,977	82,499
Sales and services of auxiliary segments	50,214	44,078
Sales and services of educational activities	36,435	39,876
Other receipts	18,200	12,204
Student loans collected	8,073	9,932
Payments to employees	(755,612)	(677,793)
Payments to vendors	(327,450)	(350,550)
Scholarships paid to students	(88,855)	(81,572)
Student loans issued	(8,338)	(10,301)
Other payments	(866)	-
Net cash flows from operating activities	<u>(416,861)</u>	<u>(416,251)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State of Nebraska noncapital appropriations	413,118	409,873
Private gifts and grants for operating use	49,782	38,516
Private gifts and bequests for endowment use	6,944	1,078
Net cash flows from noncapital financing activities	<u>469,844</u>	<u>449,467</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	59,390	79,129
Grants and contracts	31,794	38,193
State of Nebraska capital appropriations	10,132	11,957
U.S. Government advances	663	642
Purchases of capital assets	(109,318)	(83,938)
Principal paid on bond obligations	(12,913)	(10,505)
Defeasance of bond obligations	(31,680)	-
Interest paid on bond obligations	(12,382)	(7,029)
Payments made on lease obligations	(2,902)	(6,000)
Net cash flows from capital and related financing activities	<u>(67,216)</u>	<u>22,449</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	184,451	136,098
Interest on investments	3,999	16,897
Interest on loans receivable	631	672
Distributions received from joint venture	3,000	3,000
Purchases of investments	(140,863)	(171,758)
Net cash flows from investing activities	<u>51,218</u>	<u>(15,091)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	36,985	40,574
CASH AND CASH EQUIVALENTS, Beginning of year	<u>378,102</u>	<u>337,528</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 415,087</u>	<u>\$ 378,102</u>

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA
(A Component Unit of the State of Nebraska)

STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002
(Thousands)

	2003	2002
CASH AND CASH EQUIVALENTS - END OF YEAR AS PRESENTED IN STATEMENTS OF NET ASSETS:		
Cash and cash equivalents (Current)	\$ 176,689	\$ 168,810
Cash and cash equivalents - restricted (Current)	237,453	208,960
Cash and cash equivalents (Non-current)	<u>945</u>	<u>332</u>
Cash and cash equivalents - end of year	<u>\$ 415,087</u>	<u>\$ 378,102</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (457,525)	\$ (456,191)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation expense	53,182	40,266
Changes in assets and liabilities:		
Accounts receivable and unbilled charges	(5,023)	3,251
Loans to students	(186)	(94)
Other current assets	(4,964)	(10,451)
Accounts payable	(4,025)	(3,792)
Accrued salaries, wages and post-retirement benefits	1,696	4,506
Deferred revenues and credits	738	6,254
Health and other insurance claims	<u>(754)</u>	<u>-</u>
Net cash flows from operating activities	<u>\$ (416,861)</u>	<u>\$ (416,251)</u>
NONCASH INVESTING ACTIVITIES:		
Purchase of capital assets through lease obligations	\$ 5,165	\$ 15,866
Increase (decrease) in fair value of investments	<u>12,454</u>	<u>(20,087)</u>
Noncash investing activities	<u>\$ 17,619</u>	<u>\$ (4,221)</u>

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA
(A Component Unit of the State of Nebraska)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2003 AND 2002
(Thousands)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The University of Nebraska (the University) is a land-grant University founded in 1869 and governed by an elected eight-member University of Nebraska Board of Regents (the Board of Regents). University activities are conducted at four primary campuses with two located in Omaha and one each in Lincoln and Kearney, Nebraska. While the University is a legally separate entity, it is a component unit of the State of Nebraska (State) because it is financially accountable to the State. The major accounting principles and practices followed by the University are presented below to assist the reader in evaluating the financial statements and the accompanying notes.

These statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The GASB has issued GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The University follows the "business-type" activities reporting format of GASB Statement No. 34. This reporting format requires the following elements:

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Assets
 - Statement of Revenues, Expenses and Changes in Net Assets
 - Statement of Cash Flows
- Notes to financial statements

Reporting Entity – Certain affiliated organizations for which the Board of Regents has financial accountability are included in the University's financial statements as component units. The financial activity for other affiliated organizations and foundations (including the University of Nebraska Foundation) for which the University does not have financial accountability is not included in the University's financial statements.

The University's financial reporting entity consists of the following component units. Their balances and transactions are blended into the accompanying financial statements and reported in a manner similar to the balances and transactions of the University itself.

- The University of Nebraska Facilities Corporation (UNFC) was organized to finance the construction, repair, and renovation of buildings and the acquisition of land and equipment and to hold them in trust for the University. UNFC is governed by a Board of Directors comprised of the Board of Regents.

- The University Medical Associates (UMA) was organized for the purpose of billing, collecting and distributing medical service fees generated by clinicians employed by the University of Nebraska Medical Center (UNMC). UMA is governed by the Board of Regents. The distribution of fees is governed by the terms of the University of Nebraska Medical Services Plan applicable to the member clinicians.
- UNEMed was organized to develop and market biomedical technologies for the University and pay all related patent costs, and acts under the authority of the Board of Regents.
- The University Dental Associates (UDA) was organized for the purpose of billing, collecting and distributing dental service fees generated by dentists employed by the UNMC. UDA is governed by the Board of Regents. The distribution of fees is governed by the terms of the University of Nebraska Dental Service Plan applicable to the member dentists.
- Nebraska Utility Corporation (NUCorp) is a not-for-profit corporation formed under the Nebraska Interlocal Cooperation Act between the Board of Regents and Lincoln Electric System. The purpose of NUCorp is to purchase, lease, construct and finance activities relating to furnishing energy requirements and utility and infrastructure facilities for the University of Nebraska-Lincoln. NUCorp is governed by a five member Board, three of which are University of Nebraska officials.

Separate financial statements for UNFC, UMA, UNEMed, UDA, and NUCorp may be obtained from the University of Nebraska Central Administration, Varner Hall, 3835 Holdrege, Lincoln, Nebraska 68583-0742.

Basis of Presentation – The financial statements of the University have been prepared on the accrual basis. The University recognizes revenues net of discounts and allowances, when it becomes measurable and available. The University first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. All significant revenues and expenses resulting from intra-University transactions have been eliminated.

Cash and Cash Equivalents – Cash and cash equivalents are stated at fair value. Cash is deposited with the Nebraska State Treasurer on a pooled basis in a State fund. Income earned by the pool is allocated to the University based upon average daily balances. From time to time, the Nebraska State Investment Officer, as allowed by statute, participates in securities lending transactions, which make use of amounts on deposit from the University. Securities lending transactions cannot be specifically identified to amounts on deposit from the University and as such are not included in the financial statements for the year ended June 30, 2003 and 2002.

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

Investments – Investments are stated at fair value. Securities that are publicly traded are valued based on quoted market prices. Investments that do not have an established market are reported at estimated fair value. Investments received from donors as gifts are recognized as revenue at fair value at the date of the gift. Income from investments is recognized as earned and includes realized gains and losses.

Investment in Joint Venture – Investment in joint venture is accounted for under the equity method.

Capital Assets – Land improvements, building 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 except buildings at UNL which are accounted for on a componentized basis (see Note B). The estimated useful lives are 25 to 50 years for buildings and their components and 20 to 30 years for land improvements. Equipment is generally depreciated from two to ten years depending on its useful life. Maintenance, repairs and minor replacements are charged to expense as incurred. The University maintains various collections of inexhaustible assets to which no value can be determined. Such collections include contributed works of art, historical treasures and literature.

Capital assets are defined by the University as assets with initial, individual costs in excess of \$500 for buildings and renovations, \$100 for land improvements and \$5 for equipment.

Accrued Compensated Absences – University faculty and staff earn 12 to 25 days of vacation each year and may carry over up to one year of accrued vacation into the next year. In future years, accrued vacation may be used or received as a cash payment upon retirement or termination. In addition, certain classified staff receive a cash payment of one-fourth of accrued sick leave upon retirement from the University. The University has recognized a liability for sick and annual leave earned but not yet taken by its faculty and staff. Certain University faculty and staff also earn four floating holidays each year, which may be taken at any time during the year. Unused floating holidays expire at calendar year end.

Deferred Revenues and Credits – These consist of advance payments on athletic tickets, fall semester dormitory contracts, tuition deposits, unamortized bond premiums on the sale of bonds, unearned income on direct financing leases and cash received in advance for grants and contracts.

Classification of Revenues – The University 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 (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state and local grants and contracts and federal appropriations, and (4) interest on student loans.

Nonoperating Revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations and investment income.

Unrestricted Gifts – Unrestricted gifts are recognized as revenue when received.

Scholarships and Fellowships – The University receives funds which are restricted by donors and grantors for aid to students. When these funds are granted to students, or when scholarships and fellowships are provided through student tuition waiver, the University records the expense for student aid and the corresponding revenue. Accordingly, at June 30, 2003 and 2002, Federal grants and contracts include Pell grant awards amounting to \$19,756 and \$18,486, respectively, and Ford direct student loans amounting to \$56,997 and \$54,107, respectively. The combined awards of \$76,753 and \$72,593 at June 30, 2003 and 2002, respectively, are also included in Scholarships and Fellowships expense. For employee tuition waivers, the University records a benefit expense and corresponding revenue.

Health and Other Insurance Claims – The University is partially self-insured for comprehensive general liability, property losses, and group health and dental liability. Its estimated liability is being funded annually and reflected as an expense.

Tax Status – The University qualifies as a non-profit 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.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

New Accounting Pronouncements – In May of 2002 GASB issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an Amendment of GASB 14*. This statement provides guidance to determine whether certain organizations for which the University is not financially accountable should be reported as a component unit based on the nature and significance of the relationship. This statement is effective for periods beginning after June 15, 2003.

In 2003, GASB issued Statement No. 40, *Deposit and Investment Risk Disclosure*. This statement amends Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* and will require the University to disclose credit-risk information, interest rate information, bases for sensitivity of investments that are highly sensitive to changes in interest rates, foreign-investment information, and policies related to disclosed risk. This statement is effective for fiscal years beginning after June 15, 2004.

The University has not yet determined the impact these statements will have on the financial statements.

Reclassifications – Certain amounts in the 2002 financial statements have been reclassified to conform to the 2003 presentation.

B. CHANGE IN ACCOUNTING PRINCIPLE

UNL previously calculated depreciation on its buildings using the straight-line method over the estimated useful life of the related assets. Effective July 1, 2002, UNL changed its method of calculating depreciation for buildings to use the componentized method over the estimated useful life of the related assets. Management believes the change in accounting principle is preferable under accounting principles generally accepted in the United States of America and it is the method used for indirect cost reporting purposes. The cumulative effect of this change resulted in a decrease in net assets of \$15,572.

C. CASH AND CASH EQUIVALENTS

The University's cash and cash equivalents are deposited in a pooled State fund managed by the Nebraska State Treasurer or in financial institutions. Bank balances of cash and cash equivalents deposited in banks amounted to approximately \$1,791 (book balance of approximately \$1,398) at June 30, 2003 and \$1,872 (book balance of approximately \$1,223) at June 30, 2002, with approximately \$1,136 and \$1,257 at June 30, 2003 and 2002, respectively, covered by federal depository insurance. Of the remaining bank balance at June 30, 2003 and 2002, approximately \$369 and \$364, respectively, was collateralized with securities held by the pledging financial institution, but not in the University's name,

and approximately \$286 and \$251, respectively, was uninsured and uncollateralized. Interest income amounted to approximately \$5,551 and \$11,066 and is included in non-operating revenue at June 30, 2003 and 2002, respectively.

D. INVESTMENTS

Funds held for the support of University operations, excluding trust funds, are invested according to State statute by the State Investment Officer. Regulatory oversight is provided by the Nebraska Investment Council. The University's fair value in the Investment Council's investment pool is equal to its pool units. University trust funds are invested by the University in accordance with the prudent person rule as established by the University. The prudent person rule places no restrictions on the investment of these funds.

For reporting purposes, the carrying amount of investments is classified into three categories of credit risk. Category 1 includes investments that are insured or registered with securities held by the University or its agent in the name of the University. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the name of the University. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent but not in the University's name.

Investments are stated at fair value and are uninsured, unregistered and are held by the trustee or an agent but not in the name of the University as follows:

	<u>June 30,</u>	
	<u>2003</u>	<u>2002</u>
U.S. government securities	\$ 21,748	\$ 77,756
Government agencies	30,417	18,253
Corporate bonds and common stock	<u>100,393</u>	<u>89,157</u>
	152,558	185,166
Investments not subject to categorization:		
Mutual funds	<u>81,457</u>	<u>79,105</u>
Total current and non-current investments	<u>\$ 234,015</u>	<u>\$ 264,271</u>

E. ACCOUNTS RECEIVABLE, UNBILLED CHARGES AND LOANS TO STUDENTS

Substantially all amounts included in accounts receivable and unbilled charges represent tuition receivables, grant reimbursements, unbilled charges, patient accounts receivable and other receivables. Balances are stated net of allowances for doubtful accounts and contractual adjustments of approximately \$8,687 and \$15,122 at June 30, 2003 and 2002, respectively. In addition, the University maintains an allowance for doubtful collections of student loans of approximately \$1,516 at June 30, 2003 and \$1,608 at June 30, 2002.

F. INVESTMENT IN JOINT VENTURE

On October 1, 1997, the University and Bishop Clarkson Memorial Hospital (Clarkson) entered into a Joint Operating Agreement with UNMC forming the Nebraska Health System, a Nebraska nonprofit corporation doing business as the Nebraska Medical Center (NMC). A Board of Directors comprised of six members appointed by Clarkson and six members appointed by the Board of Regents govern NMC. Upon dissolution of NMC, the University and Clarkson will share equally in the remaining net assets. Because the University has an ongoing financial interest in NMC, the University is accounting for the

joint venture under the equity method. The University has recorded fifty percent equity in earnings (losses) of NMC for the years ended June 30, 2003 and 2002 totaling \$14,871 and \$(1,099), respectively. In addition, to the extent that sufficient funds are available as determined by the NMC Board of Directors, the University will receive an annual capital distribution. A distribution of \$3,000 was declared for fiscal year 2003 and 2002.

Separate financial statements of NMC can be obtained from the Nebraska Medical Center, 42nd Street and Dewey Avenue, Omaha, Nebraska 68105.

In conjunction with the Joint Operating Agreement, the University of Nebraska entered into an agreement to lease the former hospital building to NMC that extends through 2037. The hospital building is valued at approximately \$131,000 and is included in the University's financial statements. Following are the minimum lease rental payments due from NMC:

Fiscal Year Ending June 30:

2004	\$ 4,006
2005	4,002
2006	4,009
2007	4,000
2008	4,009
2009-2013	<u>13,836</u>
	<u>\$ 33,862</u>

In addition, the University and NMC have entered into an Academic Affiliation Agreement for Education and Research. In connection with the agreement, NMC has agreed to financially support certain educational, research, operational and clinical activities of the University College of Medicine that further the mission and objectives of NMC. During the fiscal year ended June 30, 2003 and 2002, the University received approximately \$20,603 and \$15,815, respectively, of support in connection with the agreement.

G. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2003 is as follows:

	Beginning Balance	Additions	Disposals	Change in Accounting Principle	Ending Balance
Land	\$ 44,135	\$ 936	\$ -	\$ -	\$ 45,071
Land improvements	71,451	2,882	(361)	-	73,972
Building	864,143	106,409	(15,051)	-	955,501
Equipment	211,125	20,567	(12,148)	-	219,544
Construction work in progress	118,960	97,353	(114,967)	-	101,346
Total capital assets	<u>1,309,814</u>	<u>228,147</u>	<u>(142,527)</u>	<u>-</u>	<u>1,395,434</u>
Less accumulated depreciation for:					
Land improvements	28,166	2,788	(361)	-	30,593
Building	273,828	31,962	(13,960)	15,572	307,402
Equipment	127,285	18,432	(10,895)	-	134,822
Total accumulated depreciation	<u>429,279</u>	<u>53,182</u>	<u>(25,216)</u>	<u>15,572</u>	<u>472,817</u>
Capital assets, net	<u>\$ 880,535</u>	<u>\$174,965</u>	<u>\$(117,311)</u>	<u>\$(15,572)</u>	<u>\$ 922,617</u>

H. ACCRUED COMPENSATED ABSENCES

Accrued compensated absences are as follows for the year ended June 30, 2003:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	<u>\$ 36,565</u>	<u>\$ 26,123</u>	<u>\$(25,412)</u>	<u>\$ 37,276</u>	<u>\$ 8,712</u>

I. BOND OBLIGATIONS PAYABLE

Bond obligations payable is as follows for the year ended June 30, 2003:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bond obligations payable	<u>\$ 236,565</u>	<u>\$ 59,390</u>	<u>\$(42,820)</u>	<u>\$ 253,135</u>	<u>\$ 12,460</u>

Bond obligations payable at June 30, 2003, consist of the following:

	Interest Rate	Annual Install- ment	Principal Amount Outstanding
Obligations under the Master Trust Indenture:			
University of Nebraska-Lincoln:			
Student Fees and Facilities:			
		\$405	
Series 2002, revenue refunding, due through July 2016		to	
Series 2003A, revenue bonds, due through July 2032	1.80 - 5.25%	2,760	\$ 41,815
Lincoln Parking Project:			
		650	
Series 2000, parking revenue bonds, due through June 2020		to	
Series 2003, revenue refunding, due through June 2016	1.20 - 5.80%	9,225	29,140
University of Nebraska at Omaha:			
		475	
Student Center Series 2003		to	
Revenue refunding bonds, due through May 2013	1.20 - 3.90%	1,180	<u>5,810</u>
Total Obligations under the Master Trust Indenture			<u>76,765</u>
Other University Obligations:			
University of Nebraska Medical Center:			
Student Housing Revenue Refunding Bonds			
Series 1992, due through August 2003	5.90%	245	245
University of Nebraska at Kearney:			
Student Fees and Facilities:			
Series 1966, due through July 2006			
Series of 1993, due through July 2006			
Series 1994 Revenue Refunding Bonds, due through July 2011		175	
Series 2000, due through July 2020		to	
	4.30 - 5.60%	1,150	<u>11,815</u>
Total University Obligations			<u>88,825</u>
Obligations of Blended Entities:			
University of Nebraska Facilities Corporation:			
Series 1997 Bonds (Memorial Stadium Project), due through November 2009			
Series 1998 Bonds (Deferred Maintenance Project), due through July 2011			
Series 1998-2 Bonds (UNMC Electrical System Project) due through October 2008			
Series 2002 Bonds (Research Center of Excellence Project), due through February 2015			
		5,200	
Series 2003 (Alexander Building Project), due through December 2023	3.50-5.25%	to	
		5,500	142,430
		720	
Nebraska Utility Corporation (NUCorp):		to	
Series 2001 Revenue Bonds, due through January 2023	4.50 - 5.25%	1,620	<u>21,880</u>
Total Obligation of Blended Entities			<u>164,310</u>
Total Bond Obligations Payable			<u>\$253,135</u>

Annual maturities subject to mandatory redemption at June 30, 2003 are as follows:

	<u>Total University</u>		<u>UNFC</u>		<u>Nebraska Utilities Corporation</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 3,845	\$ 4,158	\$ 8,615	\$ 6,670	\$ -	\$ 1,100	\$ 12,460	\$ 11,928
2005	4,005	3,995	11,765	6,238	-	1,100	15,770	11,333
2006	4,125	3,862	18,640	5,708	720	1,084	23,485	10,654
2007	3,320	3,717	14,140	4,870	750	1,051	18,210	9,638
2008	3,905	3,578	13,625	4,182	785	1,017	18,315	8,777
2009-2013	21,805	15,273	52,630	11,495	4,980	4,490	79,415	31,258
2014-2018	20,425	10,900	21,620	2,351	7,060	2,935	49,105	16,186
2019-2023	10,220	5,563	1,395	293	7,585	1,008	19,200	6,864
Thereafter	<u>17,175</u>	<u>7,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,175</u>	<u>7,536</u>
Total	<u>\$88,825</u>	<u>\$58,582</u>	<u>\$142,430</u>	<u>\$41,807</u>	<u>\$21,880</u>	<u>\$13,785</u>	<u>\$253,135</u>	<u>\$114,174</u>

At June 30, 2003 and 2002, the trustees for these bond funds held cash and investments in the amount of approximately \$122,632 and \$136,203, respectively, which is reflected as restricted cash and investments on the statements of net assets.

Master Trust Indenture - The Board of Regents has entered into a Master Indenture dated as of June 1, 1995 (as amended and supplemented from time to time, 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 Indenture provides for the formation of an Obligated Group for the purpose of achieving lower borrowing costs through sharing accumulated excess revenues and earnings derived from such facilities. As of June 30, 2003, the members of the Obligated Group are (a) the student housing, student unions and student health facilities on the University of Nebraska - Lincoln campuses (UNL Student Fees and Facilities), (b) the parking facilities on the University of Nebraska - Lincoln campuses (UNL Parking) and (c) the Student Center at the University of Nebraska at Omaha (UNO Student Center) (collectively, the Obligated Group). The accumulated surplus revenues, fees and other payments of such Obligated Group have been jointly pledged to the payment of 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.

Pledged Revenues – Pledged revenues of the Obligated Group under the Master Trust Indenture are defined as all of the revenues of each member. Pledged revenues do not include any balances in any debt service fund or debt service reserve fund, but shall include any balances in other reserve, replacement or contingency fund and any surplus fund held for or on behalf of such members of the Obligated Group under a related resolution.

For the UNMC Student Housing and UNK Student Fees and Facilities Bonds, net revenues from student housing and dining facilities and special student fees are pledged to secure the respective bond issues as defined in those bond resolutions. These bond issues and UNFC 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. The UNFC bonds do not constitute debt of the Board of Regents of the University of Nebraska but shall be payable solely out of monies derived from designated tuition revenues, specified football ticket sales, legislative appropriations, and UNMC lease payments.

The bond resolutions specify the funds which need to be established, the required transfers between funds, and the maximum maturity limits for each funds' investments. The bond resolutions also require that specified amounts be deposited with the trustee for certain funds. At June 30, 2003 and 2002 the University and UNFC are in compliance with these requirements.

University of Nebraska Facilities Corporation

Series 2003 Bonds – Alexander Building Project – In 2003, the UNFC authorized the issuance of \$2,935 of Series 2003 Bonds (2003 Project), dated March 6, 2003. The 2003 Project approved the purchase and renovation of the Alexander Building on the city campus of UNL. The 2003 Project cost is estimated at \$2,950 with a project completion date of July 2003.

Principal and interest payments will come from University cash funds.

Series 2002 Bonds – UNMC Research Center of Excellence Project – In 2002, the UNFC authorized the issuance of \$56,695 of Series 2002 Bonds (2002 Project), dated February 15, 2002. The 2002 Project was created for the purpose of paying a portion of the cost of construction of the Research Center of Excellence and a multi-level parking structure on the campus of the UNMC in Omaha, Nebraska at a total estimated cost of \$93,000. The UNMC, through the University of Nebraska Foundation, has obtained pledges approximating \$85,000 for payment of the costs of these projects. The pledges will be received in installments starting in July 2002 through 2011. These pledges are augmented with the revenue from a lease agreement with a third party for a portion of the parking structure. The Bonds relating to the 2002 Project are due through February 15, 2015 and bear interest at rates ranging from 3.5% to 5%. Bonds maturing after February 15, 2012 are redeemable at 100% of principal plus accrued interest. The Research Center Project agreement states that if, at any time, the assigned revenues are insufficient to pay principal and interest of the Series 2002 Bonds as they become due, the deficiency will be paid from the University Cash Fund or other funds of the Regents available for such purpose.

Series 1998 Bonds – Deferred Maintenance Project – In 1998, the UNFC authorized the issuance of \$80,190 of Series 1998 Bonds (Deferred Maintenance Project), dated July 15, 1998. The Deferred Maintenance Project was created for the purpose of paying the cost of certain deferred maintenance projects on each of the four campuses of the University of Nebraska authorized by Nebraska Legislative Bill 1100 (LB1100). Principal and interest payments on the bonds are secured by existing balances in the University Cash Fund, the University of Nebraska at Omaha Cash Fund, and the University of Nebraska at Kearney Cash Fund. Under LB1100, the Nebraska Legislature has appropriated for repayment \$5,500 each fiscal year beginning July 1, 1999 through June 30, 2009 which can be modified by the Legislature as specified in LB1100. In addition, the Board of Regents has committed \$5,200 of tuition revenues for repayment for each fiscal year through June 30, 2011.

Series 1998-2 Bonds – UNMC Electrical System Project – In 1998, the UNFC authorized the issuance of \$2,315 of Series 1998 Bonds (UNMC Electrical System Project), dated October 15, 1998. The UNMC Electrical System Project was created for the purpose of constructing and installing an electrical power service line and related facilities to the University of Nebraska Medical Center.

Under the resolution for the UNMC Electrical System Project, the Board of Regents leased from UNFC the real property and improvements comprising the UNMC Electrical System Project and the existing facilities under a Site Lease dated October 15, 1998. In turn, the Board of Regents has agreed to make lease rental payments to UNFC in such amounts and at such times so as to provide sufficient funds with which to make full and timely payments on the UNMC Electrical System Project Bonds. The term of the Site Lease expires when all bonds have been paid in full or the payments of the bonds have been provided for in accordance with the Trust Indenture. The principal and interest payments on the bonds are payable from monies to be budgeted and appropriated by the Board of Regents. The capitalized lease obligation and receivable recorded by UNMC and UNFC, respectively, are eliminated in consolidation.

Series 1997 Bonds – Memorial Stadium Improvements Project – In 1997, the UNFC authorized the issuance of \$21,575 of Series 1997 Bonds (1997 Project), dated July 15, 1997. The 1997 Project was created for the purpose of making certain improvements and additions to Memorial Stadium on the campus of the University of Nebraska-Lincoln. Under the resolution for the 1997 Project, the Board leased from UNFC the real property and improvements comprising the 1997 Project and the existing facilities under a Site Lease dated July 15, 1997. The Board has agreed to make lease rental payments to UNFC in such amounts and at such times so as to provide sufficient funds with which to make full and timely payments on the Series 1997 Bonds. The term of the Site Lease expires when all Bonds have been paid in full or the payment of the bonds has been provided for in accordance with the Trust Indenture.

Revenues derived from the use of stadium facilities including ticket sales, payment from other colleges or conferences, concession sales and any other revenues are pledged for payment of the Series 1997 Bonds. The 1997 Project agreement states that if, at any time, the assigned revenues are insufficient to pay principal and interest of the Series 1997 Bonds as they become due, the deficiency will be paid from the University Cash Funds or other funds of the Regents available for such purpose.

Defeasances – In 1993, the UNFC authorized the issuance of \$45,570 of Series 1993 Refunding Bonds, dated July 15, 1993. On September 30, 1997, the Board of Regents deposited \$34,764 into an irrevocable trust with an escrow agent to defease outstanding Series 1993 Bonds. Outstanding bonds on July 1, 2005 will be redeemed at a price equal to the principal amount plus accrued interest. As a result, the Series 1993 Refunding Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. At June 30, 2003 and 2002, \$26,380 and \$28,815, respectively, of the Series 1993 Refunding Bonds are outstanding.

Nebraska Utilities Corporation

In 2001, the Nebraska Utilities Corporation (NUCorp), an interlocal organization formed with a Lincoln, Nebraska-based utility, authorized the issuance of \$21,880 of Series 2001 bonds. The bonds are due in varying amounts from 2006 to 2016 and bear interest rates between 4.50% and 5.25%. Bonds maturing after January 13, 2013 are eligible for redemption at the option of NUCorp after 2011. The redemption price is 102.4% of the matured value in the first year of eligibility with the price ranging from 102.2% to 99.7% each year thereafter. The proceeds from the debt are being utilized to address energy conservation and utility upgrades at UNL. Utility savings generated from these projects will provide funds for repayment of the bonds.

J. CAPITAL LEASE OBLIGATIONS

The University is presently leasing buildings with either the option to purchase or transfer of title at the expiration of the lease term, and has also entered into several contracts with the University of Nebraska Foundation (Foundation) which allow the University to lease certain real property and purchase title to the entire leasehold at the expiration of the lease term. The University also leases certain items of equipment which are classified as capital leases.

Capital lease obligation activity for the year ended June 30, 2003 is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance	Current Portion
Capital lease obligations	<u>\$ 32,820</u>	<u>\$ 5,165</u>	<u>\$ (2,902)</u>	<u>\$ 35,083</u>	<u>\$ 3,204</u>

Minimum lease payments under capital leases together with the present value of the net minimum lease payments for the year ended June 30 are:

	Buildings and Properties	Equipment	Total
2004	\$ 3,891	\$ 1,658	\$ 5,549
2005	3,843	1,558	5,401
2006	3,843	437	4,280
2007	3,645	48	3,693
2008	2,764	-	2,764
Thereafter	<u>39,913</u>	<u>-</u>	<u>39,913</u>
	57,899	3,701	61,600
Less: Interest and executory costs	<u>26,323</u>	<u>194</u>	<u>26,517</u>
	<u>\$ 31,576</u>	<u>\$ 3,507</u>	<u>\$ 35,083</u>

Capital assets held under capital lease obligations at June 30, 2003 are as follows:

Buildings	\$ 34,330
Equipment	<u>8,167</u>
	<u>\$ 42,497</u>

K. HEALTH AND OTHER INSURANCE CLAIMS

Activity in the health and other insurance claims programs is as follows:

	Clinicians Self- Insurance	General Liability	Group Health and Dental	Total
Claim reserve, July 1, 2001	\$ 653	\$ 2,784	\$ 6,561	\$ 9,998
Incurred claims	30	2,559	63,080	65,669
Payments on claims	<u>(21)</u>	<u>(2,032)</u>	<u>(61,927)</u>	<u>(63,980)</u>
Claim reserve, June 30, 2002	662	3,311	7,714	11,687
Incurred claims	(14)	1,599	64,745	66,330
Payments on claims	<u>35</u>	<u>(1,323)</u>	<u>(66,458)</u>	<u>(67,746)</u>
Claim reserve, June 30, 2003	<u>\$ 683</u>	<u>\$ 3,587</u>	<u>\$ 6,001</u>	<u>\$ 10,271</u>

The Board of Regents provides for protection against comprehensive general liability and property losses through a partially self-insured general liability program. The self-insured program also covers the retained deductible for directors and officers liability and miscellaneous claims not covered by insurance. The Board of Regents has purchased all-risk "blanket" policies for risks not covered by the partially self-insured general liability program. These policies provide for property coverage with a \$200 deductible/\$1,000 annual aggregate, educators legal liability coverage with a \$500 deductible/\$5,000 annual aggregate, umbrella excess liability coverage for \$20,000 each loss/\$20,000 aggregate. A bank administers the general liability and self-insured trusts including the investments and

payment of approved claims. The University estimates a range of loss for general liability and property claims using actuarial studies conducted by outside actuarial firms. The discount rates used by the actuaries for estimation of the claim reserve was 5% for general liability. This estimate is accrued in the accompanying financial statements and includes a reserve for known claims as well as incurred but unreported incidents.

The University participates in the State Excess Liability Fund which provides coverage from \$200 up to \$1,250 for each medical malpractice claim. Settled claims have not exceeded insurance coverage in any of the past three years.

The Board of Regents provides for faculty and staff group health and dental benefits through a split-funded minimum premium insurance program. The University accrued an estimate for known and incurred but not reported claims based on claim history adjusted for current trends. A trust agreement with a bank provides for the collection, investment and administration of premiums and for payment to the third party administrators for claims paid.

At June 30, 2003 and 2002, the trustees for the health and other insurance claims programs held cash and cash equivalents and investments totaling approximately \$28,881 and \$23,611, respectively, whose use is limited to the payment of claims under the programs. These amounts are included in cash and cash equivalents on the statements of net assets.

L. RETIREMENT PLANS

The University has a defined contribution retirement plan currently in effect, which was established by the Board of Regents. The plan covers all academic faculty, administrative and classified staff and provides investment options administered by Teachers Insurance and Annuity Association/College Retirement Equity Fund and Fidelity Investments. Under the plan, faculty and staff are required to contribute 3.5% or 5.5% if they participate in either Tier 1 or Tier 2 of the plan, respectively. The University matches faculty and staff participation by contributing 6% and 7.5% for Tier 1 and Tier 2, respectively. The University's policy is to fund costs accrued on an annual basis.

The University's total payroll for fiscal year 2003 was approximately \$614,473 of which approximately \$452,942 was covered by the plan. The University's contribution during the year was approximately \$33,327 or 7.25% of covered payroll and the faculty and staff's contribution was approximately \$23,692 or 5.23% of covered payroll.

The University's total payroll for fiscal year 2002 was approximately \$592,561 of which approximately \$438,220 was covered by the plan. The University's contribution during the year was approximately \$31,757 or 7.25% of covered payroll and the faculty and staff's contribution was approximately \$22,693 or 5.18% of covered payroll.

Faculty and staff (at least .5 FTE) who attain age 26 and have completed 24 months of continuous service are eligible to participate in the retirement plan. Faculty and staff (at least .5 FTE) attaining age 30 following 24 months of continuous service are required to participate. The plan benefits are fully vested at the date of contribution.

UMA has two defined contribution money purchase pension plans established under Section 401(a) of the Internal Revenue Code which are administered by a bank. Together, these plans cover substantially all employees who meet age and length of service requirements of the plans. The plans are funded through UMA contributions, based upon a fixed percentage of the employees' salary. Total pension expense was \$5,972 and \$5,436, respectively, for the years ended June 30, 2003 and 2002.

M. COMMITMENTS AND CONTINGENCIES

The University has contracted for the construction of several facilities which are estimated to cost approximately \$258,657. As of June 30, 2003, the approximate remaining costs to complete these facilities were \$83,310, which will be financed as follows:

Bond funds	\$ 46,132
Federal funds	20,633
University funds	12,037
State capital appropriations	643
Private gifts, grants and contracts	<u>3,865</u>
	<u>\$ 83,310</u>

During the normal course of business, the University receives funds from the United States Government, state and local governments and private donors for student loans, special projects, research grants and research contracts. Substantially all of these funds are subject to future audit by various federal and state agencies; however, it is the University's opinion that resulting adjustments, if any, would not have a material effect upon the accompanying financial statements.

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

N. RELATED PARTY TRANSACTIONS

The University routinely has transactions with the Nebraska Medical Center (NMC) (formerly the Nebraska Health System). The members of the faculty at the University are also members of the medical staff of NMC, and, in many other areas, the operations of the University and NMC are integrated and overlap. The University provides certain operational and support services as well as certain direct financial support to NMC. For the fiscal years ended June 30, 2003 and 2002, NMC purchased approximately \$16,826 and \$17,039, respectively, of goods and services from the University.

O. FUNCTIONAL CLASSIFICATIONS OF EXPENSES

For the year ended June 30, 2003:

	Compen- sation	Supplies and Materials	Contractual Services	Repair and Maintenance	Utilities	Communi- cations	Scholarships and Fellowships	Deprecia- tion	Total
Instruction	\$288,424	\$ 28,173	\$ 5,892	\$ 1,064	\$ 19	\$ 2,694	\$ 2,351	\$ -	\$ 328,617
Research	113,346	32,314	22,616	6,961	59	1,354	1,003	-	177,653
Public service	70,818	10,798	8,524	994	472	859	295	-	92,760
Academic support	54,697	11,410	-	9,532	8	1,670	68	-	77,385
Student services	10,362	7,366	254	-	1	170	164	-	18,317
Instructional support	54,805	8,875	3,634	512	44	1,210	956	-	70,036
Operation and maintenance of plant	23,895	6,417	-	15,075	19,855	324	2	-	65,568
Healthcare entities	79,310	15,741	3,767	774	90	412	-	-	100,094
Scholarships and fellowships	3,033	348	1,050	10	-	-	82,189	-	86,630
Auxiliary operations	58,807	57,820	11,607	10,769	2,946	5,135	1,827	-	148,911
Depreciation	-	-	-	-	-	-	-	53,182	53,182
Total Expenses	<u>\$757,497</u>	<u>\$179,262</u>	<u>\$57,344</u>	<u>\$45,691</u>	<u>\$23,494</u>	<u>\$13,828</u>	<u>\$88,855</u>	<u>\$53,182</u>	<u>\$1,219,153</u>

P. AUXILIARY SEGMENTS

The University issues revenue bonds to finance certain of its auxiliary activities. Investors in these bonds rely on the revenue generated by the individual activities and other sources specified for repayment. Descriptive information for each of the University's segments is as follows:

Master Trust Indenture Obligated Group – Includes the following:

UNL Student Fees And Facilities Bonds, Series 2002 and Series 2003A – These bonds are used to provide student housing and related facilities as allowed by the bond covenants for the UNL campus. Operating revenues consist primarily of room and board charges. These room and board charges, student fees and other revenues are pledged to the bonds.

University Of Nebraska Revenue Bonds, Series 2000 and Series 2003 – These bonds are used to provide parking related facilities as allowed by the bond covenants for the University of Nebraska - Lincoln (UNL) campus. Operating income consists of parking fee revenues and are pledged to the bonds.

UNO Student Center Project - Series 2003 – The Student Center provides a variety of services for the benefit of the University and its students. Student fees and other revenues, comprised primarily of bookstore and food service revenues, are pledged to the Series 1993 bonds.

UNK Student Fees And Facilities Revenue Bonds, Under The June 15, 1966 Resolution And Supplemental Resolutions – The bonds are used to provide student housing and related facilities as allowed by the bond covenants for the University of Nebraska at Kearney (UNK) campus. Operating revenues, consisting primarily of rentals and food service income, as well as student fees and other revenues are pledged to the bonds.

University Of Nebraska Revenue Refunding Bonds, Series 1992 (UNMC Student Housing Project) – These bonds are used to provide student housing and related facilities as allowed by the bond covenants for the UNMC. Facility rental revenues comprise the operating revenues of this segment and are pledged to the bonds.

Condensed financial information for each of the University's segments follows (in thousands):

Condensed Statement of Net Assets	UNK Student Fees and Facilities	UNMC Student Housing Project	Master Trust Indenture Obligated Group
	June 30, 2003		
Assets:			
Current assets	\$ 6,592	\$ 563	\$40,323
Non-current assets:			
Capital assets	17,335	1,100	75,843
Other non-current assets	288	-	19,917
Total assets	<u>24,215</u>	<u>1,663</u>	<u>136,083</u>
Liabilities:			
Current liabilities	1,494	287	8,172
Non-current liabilities	<u>10,735</u>	<u>8</u>	<u>75,700</u>
Total liabilities	<u>12,229</u>	<u>295</u>	<u>83,872</u>
Net Assets:			
Invested in capital assets, net of related debt:	5,632	855	234
Restricted:			
Expendable:			
Plant construction	296	5	25,382
Debt service	6,058	508	21,060
Unrestricted	<u>-</u>	<u>-</u>	<u>5,535</u>
Total net assets	<u>\$ 11,986</u>	<u>\$ 1,368</u>	<u>\$ 52,211</u>

	UNK Student Fees and Facilities	UNMC Student Housing Project	Master Trust Indenture Obligated Group
	For the Year Ended June 30, 2003		
Condensed Statement of Revenues, Expenses, and Changes in Net Assets			
Operating revenues	\$ 9,788	\$ 350	\$ 47,034
Operating expenses:			
Depreciation	(791)	(28)	(3,266)
Other operating expenses	<u>(7,862)</u>	<u>(206)</u>	<u>(38,660)</u>
Operating income	1,135	116	5,108
Non-operating income (expense)	<u>(493)</u>	<u>(12)</u>	<u>(3,452)</u>
Change in net assets before cumulative effect of change in accounting principle	642	104	1,656
Cumulative effect of change in accounting principle	<u>-</u>	<u>-</u>	<u>(5,920)</u>
Change in net assets	642	104	(4,264)
Net assets - beginning of year	<u>11,344</u>	<u>1,264</u>	<u>56,475</u>
Net assets - end of year	<u>\$ 11,986</u>	<u>\$ 1,368</u>	<u>\$ 52,211</u>
Condensed Statement of Cash Flows			
Net cash flows from operating activities	\$ 1,444	\$ 135	\$ 8,864
Net cash flows from capital and related financing activities	(3,068)	(143)	16,588
Net cash flows from investing activities	<u>883</u>	<u>123</u>	<u>(5,323)</u>
Net change in cash and cash equivalents	(741)	115	20,129
Cash and cash equivalents-beginning of year	<u>7,057</u>	<u>157</u>	<u>15,975</u>
Cash and cash equivalents-end of year	<u>\$ 6,316</u>	<u>\$ 272</u>	<u>\$ 36,104</u>

Q. SUBSEQUENT EVENTS

On July 15, 2003, the University of Nebraska at Kearney Student Fees and Facilities Revenue Bonds, Series 1993 and Series 1994 were refunded through the issuance of \$3,705 of Series 2003 Revenue Refunding Bonds. The refunding transaction was approved by the Board of Regents on October 11, 2002. The refunding will result in a net present value benefit of \$382.

On August 9, 2003, the Board of Regents approved the following which will be included in Obligated Group:

- Purchase of Scott Village, a new “suite style” apartment complex which houses 480 students at UNO. The facility was constructed by a private foundation and is fully leased. The purchase of the complex, which is comprised of ten buildings plus a commons building, will be funded through the issuance of UNO Student Fees and Facilities Revenue Bonds. The estimated cost is \$15,500. The bonds to finance the purchase will be issued during fall of 2003.

- A resolution authorizing the issuance of \$27,600 of UNL Student Fees and Facilities Bonds, Series 2003C. The proceeds from this issue are to be utilized for the renovation of the Harper/Schramm/Smith residence halls. These bonds will be issued during fall 2003. This project will replace heating, ventilation and air conditioning systems in these halls, as well as refurbish bathrooms and enhance student lounges and study areas.
- A resolution authorizing the issuance of \$5,750 of UNMC Revenue Bonds, Series 2003. These bonds will be used to fund the construction of a student apartment complex on the University of Nebraska Medical Center campus. The proposed project consists of a three-story 61,000 gross square foot apartment building containing 60 rental units for occupancy by UNMC students. With the sale of the 2003 UNMC bonds, certain student residential facilities of UNMC will become a part of the Obligated Group.
- A resolution providing for expenditure of up to \$1,846 for capital improvements from the replacement fund relating to the UNL Student Fees and Facilities Bonds. These expenditures are targeted for furniture replacements at Selleck Quadrangle and Neihardt Hall, as well as installation of an elevator at the Cather-Pound-Neihardt dining facility.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Regents of the University of Nebraska and
the Auditor of Public Accounts of the State of Nebraska

We have audited the financial statements of the University of Nebraska (the University) as of and for the year ended June 30, 2003, and have issued our report thereon dated November 17, 2003. We conducted our audit 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.

Compliance

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the University's internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the University in a separate letter dated November 17, 2003.

This report is intended solely for the information and use of the State of Nebraska Auditor of Public Accounts, Board of Regents of the University of Nebraska, management of the University, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

Lincoln, Nebraska
November 17, 2003

THE UNIVERSITY OF NEBRASKA
(A Component Unit of the State of Nebraska)
Additional Information
Combining Statement of Net Assets
June 30, 2003
(Thousands)

	2003	Adjustments	UNL	UNMC	UNO	UNK	UNCA	UNFC
ASSETS								
Current Assets:								
Cash and cash equivalents	\$ 176,689	\$ -	\$ 94,916	\$ 48,424	\$ 12,381	\$ 9,230	\$ 11,738	\$ -
Cash and cash equivalents - restricted	237,453	-	86,875	83,057	8,258	7,495	1,002	50,766
Investments	33,871	-	6,224	1,168	-	101	24,773	1,605
Accounts receivable and unbilled charges, net	92,836	-	38,352	46,112	5,243	1,533	1,331	265
Loans to students	6,079	-	2,843	1,503	1,328	405	-	-
Due from other campuses	-	(3,424)	3,039	302	83	-	-	-
Capital lease obligation receivable - University campuses	-	(213)	-	-	-	-	-	213
Other current assets	13,925	-	10,072	1,673	1,737	443	-	-
Total current assets	<u>560,853</u>	<u>(3,637)</u>	<u>242,321</u>	<u>182,239</u>	<u>29,030</u>	<u>19,207</u>	<u>38,844</u>	<u>52,849</u>
Non-current Assets								
Cash and cash equivalents - restricted	945	-	945	-	-	-	-	-
Investments	200,144	-	129,665	27,064	4,648	110	24,529	14,128
Investment in joint venture	131,516	-	-	131,516	-	-	-	-
Loans to students	28,822	-	11,372	9,979	5,157	2,314	-	-
Capital lease obligation receivable - University campuses	-	(2,628)	-	-	-	-	-	2,628
Capital assets, net of accumulated depreciation	922,617	-	432,766	311,870	109,687	61,045	7,249	-
Other non-current assets	29,907	-	26,223	-	3,002	177	-	505
Total non-current assets	<u>1,313,951</u>	<u>(2,628)</u>	<u>600,971</u>	<u>480,429</u>	<u>122,494</u>	<u>63,646</u>	<u>31,778</u>	<u>17,261</u>
Total assets	<u>1,874,804</u>	<u>(6,265)</u>	<u>843,292</u>	<u>662,668</u>	<u>151,524</u>	<u>82,853</u>	<u>70,622</u>	<u>70,110</u>
Liabilities:								
Current Liabilities:								
Accounts payable	44,963	-	17,748	10,056	2,762	1,226	269	12,902
Accrued salaries, wages and post-retirement benefits	25,539	-	14,793	1,523	5,613	3,566	54	-
Accrued compensated absences	8,712	-	3,935	3,682	701	259	135	-
Bond obligations payable	12,460	-	1,905	245	475	1,220	-	8,615
Capital lease obligations	3,204	-	2,168	170	-	84	782	-
Capital lease obligations - UNFC	-	(213)	-	213	-	-	-	-
Due to other campuses	-	(3,424)	-	-	-	22	1,777	1,625
Deferred revenues and credits	60,947	-	47,693	9,502	2,664	1,047	41	-
Deposits held in custody for others	-	-	-	-	-	-	-	-
Health claim reserve and general liability	10,271	-	-	684	-	-	9,587	-
Total current liabilities	<u>166,096</u>	<u>(3,637)</u>	<u>88,242</u>	<u>26,075</u>	<u>12,215</u>	<u>7,414</u>	<u>12,645</u>	<u>23,142</u>
Non-current Liabilities								
Accrued salaries, wages and post-retirement benefits	421	-	-	-	191	230	-	-
Accrued compensated absences	28,564	-	14,149	9,969	2,716	1,114	616	-
Bond obligations payable	240,675	-	90,930	-	5,335	10,595	-	133,815
Capitalized lease obligations	31,879	-	28,182	176	-	118	3,403	-
Capitalized lease obligations - UNFC	-	(2,628)	1,351	1,277	-	-	-	-
Deferred revenues and credits	5,701	-	644	-	2,820	-	-	2,237
Total non-current liabilities	<u>307,240</u>	<u>(2,628)</u>	<u>135,256</u>	<u>11,422</u>	<u>11,062</u>	<u>12,057</u>	<u>4,019</u>	<u>136,052</u>
Total liabilities	<u>473,336</u>	<u>(6,265)</u>	<u>223,498</u>	<u>37,497</u>	<u>23,277</u>	<u>19,471</u>	<u>16,664</u>	<u>159,194</u>
Net Assets:								
Invested in capital assets, net of related debt	628,781	-	305,138	309,790	104,080	49,139	3,064	(142,430)
Restricted for:								
Nonexpendable								
Permanent endowment	145,297	-	125,340	1,406	300	38	18,213	-
Investment in joint venture	131,516	-	-	131,516	-	-	-	-
Expendable								
Externally restricted funds	109,879	-	21,212	83,685	1,770	1,487	1,725	-
Loan funds	40,914	-	16,578	14,492	7,464	2,380	-	-
Plant construction	81,423	-	53,065	947	2,935	651	79	23,746
Debt service	60,041	-	22,187	508	1,806	5,940	-	29,600
Unrestricted	203,617	-	76,274	82,827	9,892	3,747	30,877	-
Total net assets	<u>\$ 1,401,468</u>	<u>\$ -</u>	<u>\$ 619,794</u>	<u>\$ 625,171</u>	<u>\$ 128,247</u>	<u>\$ 63,382</u>	<u>\$ 53,958</u>	<u>\$ (89,084)</u>

THE UNIVERSITY OF NEBRASKA
(A Component Unit of the State of Nebraska)
Additional Information

Combining Statement of Revenues, Expenses, and Changes in Net Assets (Thousands)
For The Year Ended June 30, 2003

	2003	Adjustments	UNL	UNMC	UNO	UNK	UNCA	UNFC
REVENUES								
Operating revenues:								
Tuition and fees (net of scholarship allowances of \$39,350)	\$ 149,792	-	\$ 80,371	\$ 17,448	\$ 38,095	\$ 13,878	\$ -	\$ -
Federal grants and contracts-restricted	209,117	-	149,297	38,328	14,289	5,631	1,572	-
State and local grants and contracts - restricted	25,621	-	8,450	14,057	2,227	887	-	-
Private grants and contracts - restricted	76,063	-	12,226	61,419	1,821	391	206	-
Sales and services of educational activities	38,380	-	27,942	3,084	4,563	2,791	-	-
Sales and services of health care entities	95,459	-	-	95,459	-	-	-	-
Sales and services of auxiliary operations	97,280	-	78,666	10,142	6,278	2,060	134	-
Sales and services of auxiliary segments (net of scholarship allowances of \$4,985)	50,306	-	32,718	350	9,971	7,267	-	-
Health and other insurance contributions								
Other operating revenues	19,610	-	9,850	266	442	442	8,610	-
Total operating revenues	<u>761,628</u>	<u>-</u>	<u>399,520</u>	<u>240,553</u>	<u>77,686</u>	<u>33,347</u>	<u>10,522</u>	<u>-</u>
EXPENSES								
Operating expenses:								
Salaries and wages	612,515	-	291,360	208,675	73,870	34,321	4,289	-
Benefits	<u>144,982</u>	<u>-</u>	<u>71,872</u>	<u>46,479</u>	<u>16,892</u>	<u>8,898</u>	<u>841</u>	<u>-</u>
Total compensation and benefits	757,497	-	363,232	255,154	90,762	43,219	5,130	-
Supplies and materials	179,262	-	105,650	37,238	23,194	10,314	2,866	-
Contractual services	57,344	-	21,903	28,212	3,793	1,196	2,240	-
Repairs and maintenance	45,691	-	22,872	15,087	3,867	2,122	1,390	353
Utilities	23,494	-	15,435	3,790	2,386	1,839	44	-
Communications	13,828	-	7,660	3,808	1,134	1,006	220	-
Health and other insurance claims								
Depreciation	53,182	-	30,300	14,467	4,942	2,858	615	-
Scholarships and fellowships	<u>88,855</u>	<u>-</u>	<u>71,074</u>	<u>4,488</u>	<u>9,283</u>	<u>3,356</u>	<u>654</u>	<u>-</u>
Total operating expenses	<u>1,219,153</u>	<u>-</u>	<u>638,126</u>	<u>362,244</u>	<u>139,361</u>	<u>65,910</u>	<u>13,159</u>	<u>353</u>
TRANSFERS								
Inter-campus reallocation	-	-	(3,300)	(3,387)	(2,042)	(1,294)	2,162	7,861
Other	<u>-</u>	<u>-</u>	<u>9,029</u>	<u>53,110</u>	<u>128</u>	<u>774</u>	<u>-</u>	<u>(63,041)</u>
Total transfers	-	-	5,729	49,723	(1,914)	(520)	2,162	(55,180)
Operating loss	<u>(457,525)</u>	<u>-</u>	<u>(232,877)</u>	<u>(71,968)</u>	<u>(63,589)</u>	<u>(33,083)</u>	<u>(475)</u>	<u>(55,533)</u>
NON-OPERATING REVENUES (EXPENSES)								
State noncapital appropriations	412,395	-	211,359	103,795	54,646	32,386	10,209	-
Gifts	47,506	-	26,709	14,431	5,231	960	175	-
Investment income (net of investment management fees of \$141)	3,275	-	(2,988)	3,911	989	520	(988)	1,831
Increase (decrease) in investment in joint venture	14,871	-	-	14,871	-	-	-	-
Increase (decrease) in fair value of investments	12,454	-	9,419	1,591	279	(10)	1,118	57
Interest on loans receivable	631	-	213	253	119	46	-	-
Increase in lease obligation receivable	-	-	(1,351)	-	-	-	-	1,351
Interest on bond obligations	<u>(11,057)</u>	<u>-</u>	<u>(3,559)</u>	<u>(15)</u>	<u>(327)</u>	<u>(589)</u>	<u>-</u>	<u>(6,567)</u>
Net non-operating revenues	<u>480,075</u>	<u>-</u>	<u>239,802</u>	<u>138,837</u>	<u>60,937</u>	<u>33,313</u>	<u>10,514</u>	<u>(3,328)</u>
Loss before other revenues, expenses, gains or losses	22,550	-	6,925	66,869	(2,652)	230	10,039	(58,861)
State capital appropriations	9,607	-	2,731	356	-	1,020	-	5,500
Capital grants and gifts	27,075	-	8,832	4,441	388	40	783	12,591
US Government advances	663	-	111	205	296	51	-	-
Additions to permanent endowments	6,944	-	5,884	-	-	-	1,060	-
Loss on disposal of plant assets	<u>(2,342)</u>	<u>-</u>	<u>(1,944)</u>	<u>(132)</u>	<u>(56)</u>	<u>(182)</u>	<u>(28)</u>	<u>-</u>
Increase in net assets before change in accounting principle	64,497	-	22,539	71,739	(2,024)	1,159	11,854	(40,770)
Cumulative effect of change in accounting principle	<u>(15,572)</u>	<u>-</u>	<u>(15,572)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in net assets	48,925	-	6,967	71,739	(2,024)	1,159	11,854	(40,770)
Net Assets:								
Net assets, beginning of year	1,352,543	-	612,827	553,432	130,271	62,223	42,104	(48,314)
Net assets, end of year	<u>\$ 1,401,468</u>	<u>\$ -</u>	<u>\$ 619,794</u>	<u>\$ 625,171</u>	<u>\$ 128,247</u>	<u>\$ 63,382</u>	<u>\$ 53,958</u>	<u>\$ (89,084)</u>

THE UNIVERSITY OF NEBRASKA
(A Component Unit of the State of Nebraska)
Additional Information
Combining Statement of Cash Flows (Thousands)
For The Year Ended June 30, 2003

	2003	Adjustments	UNL	UNMC	UNO	UNK	UNCA	UNFC
Cash Flows From Operating Activities:								
Grants and contracts	\$ 311,155	\$ -	\$ 169,870	\$ 112,928	\$ 19,655	\$ 6,881	\$ 1,821	\$ -
Tuition and fees	150,422	-	80,982	17,522	38,039	13,879	-	-
Sales and services of health care entities	93,784	-	-	93,784	-	-	-	-
Sales and services of auxiliary operations	95,977	-	78,794	11,430	3,555	2,075	123	-
Health and other insurance contributions	-	-	-	-	-	-	-	-
Sales and services of auxiliary segments	50,214	-	32,718	350	9,971	7,175	-	-
Sales and services of educational activities	36,435	-	26,050	3,084	4,532	2,769	-	-
Other receipts	18,200	-	9,850	266	399	514	7,171	-
Student loans collected	8,073	-	3,146	2,941	1,535	451	-	-
Payments to employees	(755,612)	-	(362,904)	(254,474)	(90,305)	(42,819)	(5,110)	-
Payments to vendors	(327,450)	-	(184,710)	(90,817)	(35,572)	(16,927)	(6,222)	6,798
Scholarships paid to students	(88,855)	-	(71,074)	(4,488)	(9,283)	(3,356)	(654)	-
Health and other insurance claims	-	-	-	-	-	-	-	-
Student loans issued	(8,338)	-	(3,580)	(2,862)	(1,552)	(344)	-	-
Other payments	(866)	-	(866)	-	-	-	-	-
Transfers:								
Intercampus reallocation	-	-	(3,300)	(3,387)	(2,042)	(1,294)	2,162	7,861
Other	-	-	9,029	53,110	128	774	-	(63,041)
Net cash flows from operating activities	<u>(416,861)</u>	<u>-</u>	<u>(215,995)</u>	<u>(60,613)</u>	<u>(60,940)</u>	<u>(30,222)</u>	<u>(709)</u>	<u>(48,382)</u>
Cash Flows From Noncapital Financing Activities:								
State noncapital appropriations	413,118	-	212,082	103,795	54,646	32,386	10,209	-
Private gifts and grants for operating use	49,782	-	28,975	14,431	5,349	852	175	-
Private gifts and bequests for endowment use	6,944	-	5,884	-	-	-	1,060	-
Net cash flows from noncapital financing activities	<u>469,844</u>	<u>-</u>	<u>246,941</u>	<u>118,226</u>	<u>59,995</u>	<u>33,238</u>	<u>11,444</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:								
Proceeds from the issuance of bonds and notes	59,390	-	50,645	-	5,810	-	-	2,935
Grants and gifts	31,794	-	12,917	5,041	388	(84)	941	12,591
Proceeds from the issuance of capital leases	-	-	-	-	-	-	-	-
State capital appropriations	10,132	-	2,731	356	-	1,545	-	5,500
US Government Advances	663	-	111	205	296	51	-	-
Purchases of capital assets	(109,318)	-	(35,300)	(67,736)	(1,193)	(3,816)	(1,273)	-
Principal paid on bond obligations	(12,913)	-	(3,203)	(125)	(370)	(1,165)	-	(8,050)
Deposit of refunding bond proceeds with escrow agent	(31,680)	-	(25,235)	-	(6,445)	-	-	-
Interest paid on bond obligations	(12,382)	-	(4,545)	(15)	(349)	(581)	-	(6,892)
Payments made on lease obligations	(2,902)	-	(1,430)	(498)	-	(79)	(895)	-
Net cash flows from capital and related financing activities	<u>(67,216)</u>	<u>-</u>	<u>(3,309)</u>	<u>(62,772)</u>	<u>(1,863)</u>	<u>(4,129)</u>	<u>(1,227)</u>	<u>6,084</u>
Cash Flows From Investing Activities:								
Proceeds from sales and maturities of investments	184,451	-	98,042	11,376	3,080	676	19,539	51,738
Interest on investments	3,999	-	(2,988)	4,186	997	542	(988)	2,250
Distribution from joint venture	3,000	-	-	3,000	-	-	-	-
Interest on loans receivable	631	-	213	253	119	46	-	-
Purchases of investments	(140,863)	-	(94,695)	(12,722)	(2,013)	-	(23,102)	(8,331)
Increase (decrease) in fair value of investments	-	-	-	-	-	-	-	-
Net cash flows from investing activities	<u>51,218</u>	<u>-</u>	<u>572</u>	<u>6,093</u>	<u>2,183</u>	<u>1,264</u>	<u>(4,551)</u>	<u>45,657</u>
Net increase (decrease) in cash and cash equivalents	36,985	-	28,209	934	(625)	151	4,957	3,359
Cash and cash equivalents - beginning of year	378,102	-	154,527	130,547	21,264	16,574	7,783	47,407
Cash and cash equivalents - end of year	<u>\$ 415,087</u>	<u>\$ -</u>	<u>\$ 182,736</u>	<u>\$ 131,481</u>	<u>\$ 20,639</u>	<u>\$ 16,725</u>	<u>\$ 12,740</u>	<u>\$ 50,766</u>
Cash and cash equivalents - end of year as presented in Statement of Net Assets:								
Cash and cash equivalents (Current)	\$ 176,689	-	\$ 94,916	\$ 48,424	\$ 12,381	\$ 9,230	\$ 11,738	\$ -
Cash and cash equivalents - restricted (Current)	237,453	-	86,875	83,057	8,258	7,495	1,002	50,766
Cash and cash equivalents (Non-current)	945	-	945	-	-	-	-	-
Cash and cash equivalents - restricted (Non-current)	-	-	-	-	-	-	-	-
Cash and cash equivalents - end of year	<u>\$ 415,087</u>	<u>\$ -</u>	<u>\$ 182,736</u>	<u>\$ 131,481</u>	<u>\$ 20,639</u>	<u>\$ 16,725</u>	<u>\$ 12,740</u>	<u>\$ 50,766</u>

THE UNIVERSITY OF NEBRASKA
(A Component Unit of the State of Nebraska)

Additional Information

Combining Statement of Cash Flows (Thousands)- (continued)

For The Year Ended June 30, 2003

	2003	Adjustments	UNL	UNMC	UNO	UNK	UNCA	UNFC
Reconciliation of operating loss to net cash from operating activities:								
Operating loss	(457,525)	-	(232,877)	(71,968)	(63,589)	(33,083)	(475)	(55,533)
Adjustments to reconcile operating loss to net cash from operating activities:								
Depreciation expense	53,182	-	30,300	14,467	4,942	2,858	615	-
Changes in assets and liabilities:								
Investment in joint venture								-
Accounts receivable	(5,023)	-	(2,000)	(2,567)	(534)	47	31	-
Notes and other receivables								-
Loans to students	(186)	-	(435)	79	(17)	187	-	-
Inventories								-
Other current assets	(4,964)	-	(5,275)	(122)	(526)	52	620	287
Prepaid expenses and deferred charges								-
Unrealized appreciation in investments								-
Accounts payable	(4,025)	-	(5,684)	(3,948)	(672)	(503)	(82)	6,864
Accrued compensation	1,696	-	139	680	457	400	20	-
Deferred revenues and credits	738	-	(163)	2,082	(1,001)	(180)	-	-
Due to/from other campuses								-
Deposits held in custody for others								-
Health and other insurance claims	(754)	-	-	684	-	-	(1,438)	-
Net cash used in operating activities	<u>\$ (416,861)</u>	<u>\$ -</u>	<u>\$ (215,995)</u>	<u>\$ (60,613)</u>	<u>\$ (60,940)</u>	<u>\$ (30,222)</u>	<u>\$ (709)</u>	<u>\$ (48,382)</u>
Noncash investing, capital, and financing activities:								
Proceeds from the issuance of capital leases	\$ 5,165	\$ -	\$ 4,710	\$ -	\$ -	\$ -	\$ 455	\$ -
Increase (decrease) in fair value of investments	12,454	-	9,419	1,591	279	(10)	1,118	57
Noncash investing, capital, and financing activities	<u>\$ 17,619</u>	<u>\$ -</u>	<u>\$ 14,129</u>	<u>\$ 1,591</u>	<u>\$ 279</u>	<u>\$ (10)</u>	<u>\$ 1,573</u>	<u>\$ 57</u>

UNIVERSITY OF NEBRASKA-LINCOLN

The University of Nebraska-Lincoln has a long tradition of academic excellence and equal opportunity for all. UNL is designated by the Carnegie Foundation as a Doctoral/Research University-Extensive, and has important ongoing research in many areas of inquiry. The Cornhusker athletic teams exemplify the tradition of high classroom achievement – more Huskers have been awarded the title “Academic All American” than student-athletes at any other university. UNL is among the top 50 American universities in number of doctoral degrees awarded annually and boasts 22 Rhodes Scholars and two Nobel laureates among its alumni.

A signature feature of the University of Nebraska-Lincoln is its Institute of Agriculture and Natural Resources which operates research and extension centers across the state and offers major educational and research programs on campus. The Cooperative Extension Service serves all 93 Nebraska counties.

The late 1990s and early 2000s have seen a building boom at UNL, with construction of such important facilities at the Beadle Center for Biomaterials Research, the Kauffman Center which houses a residential honors program, the new Teachers College Hall, the Donald Othmer Hall chemical engineering facility, and the Van Brunt Visitors Center.

The University of Nebraska-Lincoln of the 21st century has deep roots in the land-grant university tradition that began in 1862 with the Morrill Act. It has a national and international influence, with 23,000 students from every state and more than 100 foreign countries. It is a research university at the forefront of discovery in the humanities and the sciences. UNL is and always has been a place of pioneering spirit and restless intellect, forever seeking the horizon.



THE UNIVERSITY OF NEBRASKA-LINCOLN

ADDITIONAL INFORMATION STATEMENTS OF NET ASSETS JUNE 30, 2003 AND 2002 (Thousands)

ASSETS	2003	2002
CURRENT ASSETS:		
Cash and cash equivalents	\$ 94,916	\$ 92,605
Cash and cash equivalents - restricted	86,875	61,590
Investments	6,224	17,257
Accounts receivable and unbilled charges	38,353	43,969
Loans to students	2,843	2,661
Due from other campuses	3,039	-
Other current assets	<u>10,072</u>	<u>10,213</u>
Total current assets	<u>242,322</u>	<u>228,295</u>
NON-CURRENT ASSETS:		
Cash and cash equivalents - restricted	945	332
Investments	129,665	112,560
Loans to students	11,372	11,120
Capital assets, net of accumulated depreciation	432,766	439,380
Other non-current assets	<u>26,223</u>	<u>19,845</u>
Total non-current assets	<u>600,971</u>	<u>583,237</u>
Total assets	<u>843,293</u>	<u>811,532</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	17,748	20,085
Accrued salaries, wages and post-retirement benefits	14,793	14,434
Accrued compensated absences	3,935	4,099
Bond obligations payable	1,905	1,895
Capital lease obligations	2,168	2,355
Due to other campuses	-	425
Deferred revenues and credits	<u>47,693</u>	<u>48,500</u>
Total current liabilities	<u>88,242</u>	<u>91,793</u>
NON-CURRENT LIABILITIES:		
Accrued compensated absences	14,149	14,016
Bond obligations payable	90,930	66,960
Capitalized lease obligations	28,182	25,936
Capital lease obligations - UNFC	1,351	-
Deferred revenues and credits	<u>645</u>	<u>-</u>
Total non-current liabilities	<u>135,257</u>	<u>106,912</u>
Total liabilities	<u>223,499</u>	<u>198,705</u>
NET ASSETS:		
Invested in capital assets, net of related debt	305,138	342,233
Restricted for:		
Nonexpendable:		
Permanent endowment	125,340	120,223
Expendable:		
Externally restricted funds	21,212	22,833
Loan funds	16,578	16,171
Plant construction	53,065	25,325
Debt service	22,187	20,766
Unrestricted	<u>76,274</u>	<u>65,276</u>
Total net assets	<u>\$619,794</u>	<u>\$612,827</u>

THE UNIVERSITY OF NEBRASKA-LINCOLN

ADDITIONAL INFORMATION STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2003 AND 2002 (Thousands)

	2003	2002
OPERATING REVENUES:		
Tuition and fees (net of scholarship allowances of \$23,059 and \$18,513)	\$ 80,371	\$ 73,817
Federal grants and contracts-restricted	149,297	135,012
State and local grants and contracts - restricted	8,450	8,254
Private grants and contracts - restricted	12,226	11,990
Sales and services of educational activities	27,942	27,538
Sales and services of auxiliary operations	78,666	72,737
Sales and services of auxiliary segments (net of scholarship allowances of \$3,254 and \$3,353)	32,718	29,842
Other operating revenues	9,850	9,326
Total operating revenues	<u>399,520</u>	<u>368,516</u>
OPERATING EXPENSES:		
Salaries and wages	291,360	289,423
Benefits	71,872	69,414
Total compensation and benefits	<u>363,232</u>	<u>358,837</u>
Supplies and materials	105,650	92,392
Contractual services	21,903	28,537
Repairs and maintenance	22,872	20,060
Utilities	15,435	15,631
Communications	7,660	7,458
Depreciation	30,300	19,092
Scholarships and fellowships	71,074	65,650
Total operating expenses	<u>638,126</u>	<u>607,657</u>
TRANSFERS:		
Intercampus reallocation	(3,300)	(2,794)
Other	9,029	12,001
Total transfers	<u>5,729</u>	<u>9,207</u>
OPERATING LOSS	<u>(232,877)</u>	<u>(229,934)</u>
NON-OPERATING REVENUES (EXPENSES):		
State of Nebraska noncapital appropriations	211,359	213,719
Gifts	26,709	26,542
Investment income (expense) (net of investment management fees of \$100 and \$106)	(2,988)	7,247
Increase in lease obligation receivable	(1,351)	-
Increase (decrease) in fair value of investments	9,419	(16,138)
Interest on loans receivable	213	240
Interest on bond obligations	(3,559)	(2,617)
Net non-operating revenues	<u>239,802</u>	<u>228,993</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	6,925	(941)
State of Nebraska capital appropriations	2,731	956
Capital grants and gifts	8,832	12,369
US Government advances	111	113
Additions to permanent endowments	5,884	640
Loss on disposal of plant assets	(1,944)	(1,136)
INCREASE IN NET ASSETS BEFORE CHANGE IN ACCOUNTING PRINCIPLE	22,539	12,001
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	<u>(15,572)</u>	<u>-</u>
INCREASE IN NET ASSETS	6,967	12,001
NET ASSETS:		
Net assets, beginning of year	<u>612,827</u>	<u>600,826</u>
Net assets, end of year	<u>\$619,794</u>	<u>\$612,827</u>

THE UNIVERSITY OF NEBRASKA - LINCOLN

ADDITIONAL INFORMATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

(Thousands)

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants and contracts	\$ 169,870	\$ 167,688
Tuition and fees	80,982	72,791
Sales and services of auxiliary operations	78,794	65,013
Sales and services of auxiliary segments	32,718	28,819
Sales and services of educational activities	26,050	29,676
Other receipts	9,850	9,601
Student loans collected	3,146	6,558
Payments to employees	(362,904)	(356,300)
Payments to vendors	(184,710)	(165,083)
Scholarships paid to students	(71,074)	(65,568)
Student loans issued	(3,580)	(6,127)
Other payments	(866)	-
Transfers:		
Intercampus reallocation	(3,300)	(2,794)
Other	9,029	12,001
Net cash flows from operating activities	<u>(215,995)</u>	<u>(203,725)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State of Nebraska noncapital appropriations	212,082	213,430
Private gifts and grants for operating use	28,975	25,119
Private gifts and bequests for endowment use	5,884	640
Net cash flows from noncapital financing activities	<u>246,941</u>	<u>239,189</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	50,645	21,880
Grants and contracts	12,917	13,253
State of Nebraska capital appropriations	2,731	956
U.S. Government advances	111	113
Purchases of capital assets	(35,300)	(36,363)
Principal paid on bond obligations	(1,430)	(1,355)
Defeasance of bond obligations	(25,235)	-
Interest paid on bond obligations	(4,545)	(2,584)
Payments made on lease obligations	(3,203)	(3,810)
Net cash flows from capital and related financing activities	<u>(3,309)</u>	<u>(7,910)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	98,042	90,070
Interest on investments	(2,988)	7,235
Interest on loans receivable	213	240
Purchases of investments	(94,695)	(82,607)
Net cash flows from investing activities	<u>572</u>	<u>14,938</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,209	42,492
CASH AND CASH EQUIVALENTS, Beginning of year	<u>154,527</u>	<u>112,035</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 182,736</u>	<u>\$ 154,527</u>

THE UNIVERSITY OF NEBRASKA - LINCOLN

ADDITIONAL INFORMATION STATEMENTS OF CASH FLOWS (Continued) FOR THE YEARS ENDED JUNE 30, 2003 AND 2002 (Thousands)

	2003	2002
CASH AND CASH EQUIVALENTS - END OF YEAR AS PRESENTED IN STATEMENT OF NET ASSETS:		
Cash and cash equivalents (Current)	\$ 94,916	\$ 92,605
Cash and cash equivalents - restricted (Current)	86,875	61,590
Cash and cash equivalents (Non-current)	<u>945</u>	<u>332</u>
 Cash and cash equivalents - end of year	 <u>\$ 182,736</u>	 <u>\$ 154,527</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (232,877)	\$ (229,934)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation expense	30,300	19,092
Changes in assets and liabilities:		
Accounts receivable and unbilled charges	(2,000)	4,732
Loans to students	(435)	513
Other current assets	(5,275)	(10,333)
Accounts payable	(5,684)	(2,945)
Accrued salaries, wages and post-retirement benefits	139	2,537
Deferred revenues and credits	<u>(163)</u>	<u>12,613</u>
 Net cash flows from operating activities	 <u>\$ (215,995)</u>	 <u>\$ (203,725)</u>

UNIVERSITY OF NEBRASKA MEDICAL CENTER

The University of Nebraska Medical Center is the only public academic health sciences center in Nebraska. It is on a trajectory toward becoming a world-class institution.

UNMC is recognized nationally and internationally as a leader in education, research, patient care and outreach to the community. It has more than 2,800 students, and nearly half of all Nebraska's physicians, dental professionals, pharmacists, nurses who hold bachelor's degrees, and allied health professionals are graduates of UNMC.

During the past five years, UNMC's research funding from outside sources has doubled, and now stands at \$62 million. Some of the most innovative researchers will search for cures and treatments to debilitating diseases at the \$77 million Durham Research Center, which opened in November. No state tax dollars were used to construct the 10-level research center.

Along with its hospital partner, The Nebraska Medical Center, UNMC uses cutting-edge technologies to provide the best care to patients from around the world. In 2003, UNMC was recognized nationally by the Association of American Medical Colleges for the university's outstanding service to Nebraskans.



THE UNIVERSITY OF NEBRASKA MEDICAL CENTER

ADDITIONAL INFORMATION STATEMENTS OF NET ASSETS JUNE 30, 2003 AND 2002 (Thousands)

ASSETS	2003	2002
CURRENT ASSETS:		
Cash and cash equivalents	\$ 48,424	\$ 45,444
Cash and cash equivalents - restricted	83,057	85,103
Investments	1,168	-
Accounts receivable and unbilled charges	46,112	43,545
Loans to students	1,503	1,991
Due from other campuses	302	1,915
Other current assets	1,673	1,551
Total current assets	<u>182,239</u>	<u>179,549</u>
NON-CURRENT ASSETS:		
Investments	27,064	25,295
Investment in joint venture	131,516	119,645
Loans to students	9,979	9,570
Capital assets, net of accumulated depreciation	311,870	260,145
Total non-current assets	<u>480,429</u>	<u>414,655</u>
Total assets	<u>662,668</u>	<u>594,204</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	10,056	15,617
Accrued salaries, wages and post-retirement benefits	1,523	1,423
Accrued compensated absences	3,682	3,508
Bond obligations payable	245	125
Capital lease obligations	170	91
Capital lease obligations - UNFC	213	284
Deferred revenues and credits	9,502	7,420
Health and other insurance claims	684	662
Total current liabilities	<u>26,075</u>	<u>29,130</u>
NON-CURRENT LIABILITIES:		
Accrued compensated absences	9,969	9,563
Bond obligations payable	-	245
Capitalized lease obligations	176	415
Capital lease obligations - UNFC	1,277	1,419
Total non-current liabilities	<u>11,422</u>	<u>11,642</u>
Total liabilities	<u>37,497</u>	<u>40,772</u>
NET ASSETS:		
Invested in capital assets, net of related debt	309,790	255,795
Restricted for:		
Nonexpendable:		
Permanent endowment	1,406	1,427
Investment in joint venture	131,516	119,645
Expendable:		
Externally restricted funds	83,685	73,969
Loan funds	14,492	13,932
Plant construction	947	14,454
Debt service	508	493
Unrestricted	82,827	73,717
Total net assets	<u>\$625,171</u>	<u>\$553,432</u>

THE UNIVERSITY OF NEBRASKA MEDICAL CENTER

ADDITIONAL INFORMATION STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2003 AND 2002 (Thousands)

	2003	2002
OPERATING REVENUES		
Tuition and fees (net of scholarship allowances of \$3,789 and \$3,643)	\$ 17,448	\$ 15,672
Federal grants and contracts-restricted	38,328	35,286
State and local grants and contracts - restricted	14,057	14,066
Private grants and contracts - restricted	61,419	58,858
Sales and services of educational activities	3,084	2,696
Sales and services of health care entities	95,459	78,207
Sales and services of auxiliary operations	10,142	8,221
Sales and services of auxiliary segments	350	362
Other operating revenues	266	169
Total operating revenues	<u>240,553</u>	<u>213,537</u>
OPERATING EXPENSES		
Salaries and wages	208,675	195,166
Benefits	46,479	40,103
Total compensation and benefits	<u>255,154</u>	<u>235,269</u>
Supplies and materials	37,238	25,992
Contractual services	28,212	22,652
Repairs and maintenance	15,087	15,272
Utilities	3,790	2,477
Communications	3,808	4,380
Depreciation	14,467	12,942
Scholarships and fellowships	4,488	4,185
Total operating expenses	<u>362,244</u>	<u>323,169</u>
TRANSFERS:		
Intercampus reallocation	(3,387)	(638)
Other	53,110	9,374
Total transfers	<u>49,723</u>	<u>8,736</u>
OPERATING LOSS	<u>(71,968)</u>	<u>(100,896)</u>
NON-OPERATING REVENUES (EXPENSES)		
State of Nebraska noncapital appropriations	103,795	98,774
Gifts	14,431	11,285
Investment income (net of investment management fees of \$18 and \$20)	3,911	4,706
Increase (decrease) in fair value of investments	1,591	(1,340)
Interest on loans receivable	253	268
Interest on bond obligations	(15)	(22)
Equity in joint venture	14,871	(1,099)
Net non-operating revenues	<u>138,837</u>	<u>112,572</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	66,869	11,676
State of Nebraska capital appropriations	356	849
Capital grants and gifts	4,441	17,099
US Government advances	205	136
Loss on disposal of plant assets	(132)	(6,297)
INCREASE IN NET ASSETS	71,739	23,463
NET ASSETS:		
Net assets, beginning of year	<u>553,432</u>	<u>529,969</u>
Net assets, end of year	<u>\$625,171</u>	<u>\$ 553,432</u>

THE UNIVERSITY OF NEBRASKA MEDICAL CENTER

ADDITIONAL INFORMATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

(Thousands)

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants and contracts	\$ 112,928	\$ 97,100
Tuition and fees	17,522	15,515
Sales and services of health care entities	93,784	85,595
Sales and services of auxiliary operations	11,430	8,222
Sales and services of auxiliary segments	350	357
Sales and services of educational activities	3,084	2,696
Other receipts	266	196
Student loans collected	2,941	1,977
Payments to employees	(254,474)	(190,216)
Payments to vendors	(90,817)	(120,402)
Scholarships paid to students	(4,488)	(4,185)
Student loans issued	(2,862)	(2,211)
Transfers:		
Intercampus reallocation	(3,387)	(638)
Other	53,110	9,374
Net cash flows from operating activities	<u>(60,613)</u>	<u>(96,620)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State of Nebraska noncapital appropriations	103,795	98,774
Private gifts and grants for operating use	14,431	8,747
Net cash flows from noncapital financing activities	<u>118,226</u>	<u>107,521</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Grants and contracts	5,041	21,562
State of Nebraska capital appropriations	356	845
U.S. Government advances	205	136
Purchases of capital assets	(67,736)	(33,690)
Principal paid on bond obligations	(125)	(115)
Interest paid on bond obligations	(15)	(22)
Payments made on lease obligations	(498)	(702)
Net cash flows from capital and related financing activities	<u>(62,772)</u>	<u>(11,986)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	11,376	7,701
Interest on investments	4,186	4,726
Interest on loans receivable	253	267
Purchases of investments	(12,722)	(7,506)
Distributions from joint venture	3,000	3,000
Net cash flows from investing activities	<u>6,093</u>	<u>8,188</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	934	7,103
CASH AND CASH EQUIVALENTS, Beginning of year	<u>130,547</u>	<u>123,444</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 131,481</u>	<u>\$ 130,547</u>

THE UNIVERSITY OF NEBRASKA MEDICAL CENTER

ADDITIONAL INFORMATION STATEMENTS OF CASH FLOWS (Continued) FOR THE YEARS ENDED JUNE 30, 2003 AND 2002 (Thousands)

	2003	2002
CASH AND CASH EQUIVALENTS - END OF YEAR AS PRESENTED IN STATEMENT OF NET ASSETS:		
Cash and cash equivalents (Current)	\$ 48,424	\$ 45,444
Cash and cash equivalents - restricted (Current)	<u>83,057</u>	<u>85,103</u>
Cash and cash equivalents - end of year	<u>\$ 131,481</u>	<u>\$ 130,547</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (71,968)	\$ (100,896)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation expense	14,467	12,942
Changes in assets and liabilities:		
Accounts receivable and unbilled charges	(2,567)	(1,364)
Loans to students	79	(123)
Other current assets	(122)	214
Accounts payable	(3,948)	(1,292)
Accrued salaries, wages and post-retirement benefits	680	995
Deferred revenues and credits	2,082	(7,096)
Health and other insurance claims	<u>684</u>	<u>-</u>
Net cash flows from operating activities	<u>\$ (60,613)</u>	<u>\$ (96,620)</u>
NONCASH INVESTING ACTIVITIES:		
Increase (decrease) in fair value of investments	<u>\$ 1,591</u>	<u>\$ (1,340)</u>

UNIVERSITY OF NEBRASKA AT OMAHA

Serving the community since 1908, the University of Nebraska at Omaha is Nebraska's metropolitan university. Located in the heart of the state's largest city, UNO is committed to placing students first, striving for academic excellence and engaging with the community. Many of UNO's academic majors, research activities and public service programs respond to the urban environment. The university also has statewide responsibility for providing programs and services in criminal justice, gerontology, public administration and social work.

The University of Nebraska Peter Kiewit Institute, which is home to the UNO College of Information Science and Technology and the University of Nebraska-Lincoln College of Engineering and Technology, is located at 67th and Pacific streets. UNO classes also are offered at Offutt Air Force Base. Students at UNO can select from 110 bachelor's degree programs, 42 master's degree programs, four doctoral programs and two specialist's degree programs. The university also offers nine post-baccalaureate certificate programs. Approximately 14,000 undergraduate and graduate students are currently pursuing their studies at UNO.

Students may enroll and register via the web at www.unomaha.edu. Residential housing is now a reality at UNO through the creation of University Village on the main campus, along with Scott Residence Hall and Scott Village on the south campus at 67th and Pacific streets. UNO has more than 100 student organizations, including fraternities and sororities. Maverick athletic teams are making headlines at home and across the country in everything from soccer to Division I hockey.

Through the Colleges of Arts & Sciences, Business Administration, Education, Fine Arts, Information Science and Technology, Public Affairs and Community Service, and the university-wide Graduate College, UNO's teacher-scholars are making real-world contributions to the community via teaching, research and public service. Within the University of Nebraska, students also may enroll in classes and inter-campus programs in the Colleges of Agricultural Sciences and Natural Resources, Architecture, Engineering and Technology, and Education and Human Sciences.



THE UNIVERSITY OF NEBRASKA AT OMAHA

ADDITIONAL INFORMATION STATEMENTS OF NET ASSETS JUNE 30, 2003 AND 2002 (Thousands)

ASSETS	2003	2002
CURRENT ASSETS:		
Cash and cash equivalents	\$ 12,381	\$ 15,062
Cash and cash equivalents - restricted	8,258	6,202
Accounts receivable and unbilled charges	5,243	4,830
Loans to students	1,328	983
Due from other campuses	83	-
Other current assets	1,737	1,336
Total current assets	<u>29,030</u>	<u>28,413</u>
NON-CURRENT ASSETS:		
Investments	4,648	5,441
Loans to students	5,157	5,485
Capital assets, net of accumulated depreciation	109,687	113,739
Other non-current assets	3,002	2,877
Total non-current assets	<u>122,494</u>	<u>127,542</u>
Total assets	<u>151,524</u>	<u>155,955</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	2,762	2,783
Accrued salaries, wages and post-retirement benefits	5,613	5,285
Accrued compensated absences	701	658
Bond obligations payable	475	370
Due to other campuses	-	837
Deferred revenues and credits	2,664	3,608
Total current liabilities	<u>12,215</u>	<u>13,541</u>
NON-CURRENT LIABILITIES:		
Accrued salaries, wages and post-retirement benefits	191	159
Accrued compensated absences	2,716	2,662
Bond obligations payable	5,335	6,445
Deferred revenues and credits	2,820	2,877
Total non-current liabilities	<u>11,062</u>	<u>12,143</u>
Total liabilities	<u>23,277</u>	<u>25,684</u>
NET ASSETS:		
Invested in capital assets, net of related debt	104,080	106,924
Restricted for:		
Nonexpendable:		
Permanent endowment	300	308
Expendable:		
Externally restricted funds	1,770	1,938
Loan funds	7,464	7,254
Plant construction	2,935	2,731
Debt service	1,806	2,271
Unrestricted	9,892	8,845
Total net assets	<u>\$128,247</u>	<u>\$130,271</u>

THE UNIVERSITY OF NEBRASKA AT OMAHA

ADDITIONAL INFORMATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

(Thousands)

	2003	2002
OPERATING REVENUES:		
Tuition and fees (net of scholarship allowances of \$8,028 and \$6,555)	\$ 38,095	\$ 35,075
Federal grants and contracts-restricted	14,289	15,620
State and local grants and contracts - restricted	2,227	2,432
Private grants and contracts - restricted	1,821	1,660
Sales and services of educational activities	4,563	4,804
Sales and services of auxiliary operations	6,278	6,026
Sales and services of auxiliary segments (net of scholarship allowances of \$293 and \$242)	9,971	9,546
Other operating revenues	442	420
Total operating revenues	<u>77,686</u>	<u>75,583</u>
OPERATING EXPENSES:		
Salaries and wages	73,870	71,167
Benefits	16,892	15,434
Total compensation and benefits	90,762	86,601
Supplies and materials	23,194	26,507
Contractual services	3,793	3,757
Repairs and maintenance	3,867	4,314
Utilities	2,386	2,118
Communications	1,134	1,098
Depreciation	4,942	4,896
Scholarships and fellowships	9,283	8,156
Total operating expenses	<u>139,361</u>	<u>137,447</u>
TRANSFERS:		
Intercampus reallocation	(2,042)	(3,591)
Other	128	642
Total transfers	<u>(1,914)</u>	<u>(2,949)</u>
OPERATING LOSS	<u>(63,589)</u>	<u>(64,813)</u>
NON-OPERATING REVENUES (EXPENSES):		
State of Nebraska noncapital appropriations	54,646	56,669
Gifts	5,231	3,753
Investment income (net of investment management fees of \$9 and \$9)	989	962
Increase (decrease) in fair value of investments	279	(147)
Interest on loans receivable	119	118
Interest on bond obligations	(327)	(363)
Net non-operating revenues	<u>60,937</u>	<u>60,992</u>
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(2,652)	(3,821)
Capital grants and gifts	388	-
US Government advances	296	297
Loss on disposal of plant assets	(56)	(399)
DECREASE IN NET ASSETS	(2,024)	(3,923)
NET ASSETS:		
Net assets, beginning of year	<u>130,271</u>	<u>134,194</u>
Net assets, end of year	<u>\$128,247</u>	<u>\$130,271</u>

THE UNIVERSITY OF NEBRASKA AT OMAHA

ADDITIONAL INFORMATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

(Thousands)

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants and contracts	\$ 19,655	\$ 19,371
Tuition and fees	38,039	36,316
Sales and services of auxiliary operations	3,555	6,749
Sales and services of auxiliary segments	9,971	8,232
Sales and services of educational activities	4,532	4,858
Other receipts	399	479
Student loans collected	1,535	1,067
Payments to employees	(90,305)	(85,975)
Payments to vendors	(35,572)	(36,295)
Scholarships paid to students	(9,283)	(8,156)
Student loans issued	(1,552)	(1,439)
Transfers:		
Intercampus reallocation	(2,042)	(3,591)
Other	128	642
Net cash flows from operating activities	<u>(60,940)</u>	<u>(57,742)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State of Nebraska noncapital appropriations	54,646	56,669
Private gifts and grants for operating use	5,349	3,790
Net cash flows from noncapital financing activities	<u>59,995</u>	<u>60,459</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	5,810	-
Grants and contracts	388	-
U.S. Government advances	296	297
Purchases of capital assets	(1,193)	(1,848)
Principal paid on bond obligations	(370)	(355)
Defeasance of bond obligations	(6,445)	-
Interest paid on bond obligations	(349)	(365)
Net cash flows from capital and related financing activities	<u>(1,863)</u>	<u>(2,271)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	3,080	3,279
Interest on investments	997	1,464
Interest on loans receivable	119	118
Purchases of investments	(2,013)	(3,928)
Net cash flows from investing activities	<u>2,183</u>	<u>933</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(625)	1,379
CASH AND CASH EQUIVALENTS, Beginning of year	<u>21,264</u>	<u>19,885</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 20,639</u>	<u>\$ 21,264</u>

THE UNIVERSITY OF NEBRASKA AT OMAHA

ADDITIONAL INFORMATION STATEMENTS OF CASH FLOWS (Continued) FOR THE YEARS ENDED JUNE 30, 2003 AND 2002 (Thousands)

	2003	2002
CASH AND CASH EQUIVALENTS - END OF YEAR AS PRESENTED IN STATEMENT OF NET ASSETS:		
Cash and cash equivalents (Current)	\$ 12,381	\$ 15,062
Cash and cash equivalents - restricted (Current)	<u>8,258</u>	<u>6,202</u>
Cash and cash equivalents - end of year	<u>\$ 20,639</u>	<u>\$ 21,264</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (63,589)	\$ (64,813)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation expense	4,942	4,896
Changes in assets and liabilities:		
Accounts receivable and unbilled charges	(534)	(294)
Loans to students	(17)	(371)
Other current assets	(526)	160
Accounts payable	(672)	1,370
Accrued salaries, wages and post-retirement benefits	457	626
Deferred revenues and credits	<u>(1,001)</u>	<u>684</u>
Net cash flows from operating activities	<u>\$ (60,940)</u>	<u>\$ (57,742)</u>
NONCASH INVESTING ACTIVITIES:		
Increase (decrease) in fair value of investments	<u>\$ 279</u>	<u>\$ (147)</u>

UNIVERSITY OF NEBRASKA AT KEARNEY

The University of Nebraska at Kearney is a comprehensive, mid-sized university distinguished by its commitment to excellence in undergraduate education. Three key distinctions have been a long-standing source of pride: an above-the-national-average number of freshmen students succeed and return to the campus to continue their university education, a high percentage of full-time, doctorate-level faculty teach undergraduate-level classes, and the university has an impressive 16-to-one student/faculty ratio. Small classes taught by full-time faculty is a UNK hallmark. Students, and the campus, benefit from being part of a thriving, supportive regional population center which affords multiple opportunities for student employment and internships.

An affordable university, students come to the UNK campus from 37 states, 49 foreign countries and all 93 Nebraska counties. Total enrollment approaches 6,500, one-third of whom live in on-campus housing. More than 160 student organizations provide a wealth of co-curricular opportunities. Campus life is further enriched by a renowned music and performing arts program, a highly successful intercollegiate athletics program and a lively intramural program.

UNK has more than 170 undergraduate degree options and 25 pre-professional programs, as well as 34 graduate programs offered by 15 departments in education, business, fine arts and humanities, and the natural and social sciences. A strong general studies program provides undergraduate students a broad familiarity with diverse academic disciplines. There are more than 300 full-time faculty, of which 90 percent have terminal degrees in their specialties. UNK departments and individual faculty have earned numerous prestigious university-wide awards for their teaching and research.



THE UNIVERSITY OF NEBRASKA AT KEARNEY

ADDITIONAL INFORMATION STATEMENTS OF NET ASSETS JUNE 30, 2003 AND 2002 (Thousands)

ASSETS	2003	2002
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,230	\$ 7,999
Cash and cash equivalents - restricted	7,495	8,575
Investments	101	686
Accounts receivable and unbilled charges	1,533	1,368
Loans to students	405	321
Other current assets	443	1,014
Total current assets	<u>19,207</u>	<u>19,963</u>
NON-CURRENT ASSETS:		
Investments	110	211
Loans to students	2,314	2,585
Capital assets, net of accumulated depreciation	61,045	61,107
Other non-current assets	177	192
Total non-current assets	<u>63,646</u>	<u>64,095</u>
Total assets	<u>82,853</u>	<u>84,058</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	1,226	2,570
Accrued salaries, wages and post-retirement benefits	3,556	3,354
Accrued compensated absences	259	250
Bond obligations payable	1,220	1,165
Capital lease obligations	84	80
Due to other campuses	22	18
Deferred revenues and credits	1,047	1,227
Total current liabilities	<u>7,414</u>	<u>8,664</u>
NON-CURRENT LIABILITIES:		
Accrued salaries, wages and post-retirement benefits	230	81
Accrued compensated absences	1,114	1,074
Bond obligations payable	10,595	11,815
Capitalized lease obligations	118	201
Total non-current liabilities	<u>12,057</u>	<u>13,171</u>
Total liabilities	<u>19,471</u>	<u>21,835</u>
NET ASSETS:		
Invested in capital assets, net of related debt	49,139	47,964
Restricted for:		
Nonexpendable:		
Permanent endowment	38	38
Expendable:		
Externally restricted funds	1,487	1,555
Loan funds	2,380	2,418
Plant construction	651	1,617
Debt service	5,940	5,906
Unrestricted	3,747	2,725
Total net assets	<u>\$ 63,382</u>	<u>\$ 62,223</u>

THE UNIVERSITY OF NEBRASKA AT KEARNEY

ADDITIONAL INFORMATION STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2003 AND 2002 (Thousands)

	2003	2002
OPERATING REVENUES:		
Tuition and fees (net of scholarship allowances of \$4,474 and \$3,791)	\$ 13,878	\$ 12,986
Federal grants and contracts-restricted	5,631	4,897
State and local grants and contracts - restricted	887	896
Private grants and contracts - restricted	391	910
Sales and services of educational activities	2,791	2,646
Sales and services of auxiliary operations	2,060	1,865
Sales and services of auxiliary segments (net of scholarship allowances of \$1,438 and \$1,236)	7,267	6,640
Other operating revenues	442	329
Total operating revenues	<u>33,347</u>	<u>31,169</u>
OPERATING EXPENSES:		
Salaries and wages	34,321	32,697
Benefits	8,898	8,056
Total compensation and benefits	<u>43,219</u>	<u>40,753</u>
Supplies and materials	10,314	10,109
Contractual services	1,196	1,273
Repairs and maintenance	2,122	2,955
Utilities	1,839	1,803
Communications	1,006	901
Depreciation	2,858	2,616
Scholarships and fellowships	3,356	3,068
Total operating expenses	<u>65,910</u>	<u>63,478</u>
TRANSFERS:		
Intercampus reallocation	(1,294)	(1,144)
Other	774	3,123
Total transfers	<u>(520)</u>	<u>1,979</u>
OPERATING LOSS	<u>(33,083)</u>	<u>(30,330)</u>
NON-OPERATING REVENUES (EXPENSES):		
State of Nebraska noncapital appropriations	32,386	32,096
Gifts	960	798
Investment income (net of investment management fees of \$8 and \$8)	520	679
Decrease in fair value of investments	(10)	-
Interest on loans receivable	46	47
Interest on bond obligations	(589)	(433)
Net non-operating revenues	<u>33,313</u>	<u>33,187</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	230	2,857
State of Nebraska capital appropriations	1,020	4,471
Capital grants and gifts	40	-
US Government advances	51	96
Additions to permanent endowments	-	38
Loss on disposal of plant assets	(182)	(490)
INCREASE IN NET ASSETS	1,159	6,972
NET ASSETS:		
Net assets, beginning of year	<u>62,223</u>	<u>55,251</u>
Net assets, end of year	<u>\$ 63,382</u>	<u>\$ 62,223</u>

THE UNIVERSITY OF NEBRASKA AT KEARNEY

ADDITIONAL INFORMATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

(Thousands)

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants and contracts	\$ 6,881	\$ 6,719
Tuition and fees	13,879	12,977
Sales and services of auxiliary operations	2,075	1,879
Sales and services of auxiliary segments	7,175	6,670
Sales and services of educational activities	2,769	2,646
Other receipts	514	419
Student loans collected	451	330
Payments to employees	(42,819)	(40,456)
Payments to vendors	(16,927)	(16,767)
Scholarships paid to students	(3,356)	(3,067)
Student loans issued	(344)	(524)
Transfers:		
Intercampus reallocation	(1,294)	(1,144)
Other	774	3,123
Net cash flows from operating activities	<u>(30,222)</u>	<u>(27,195)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State of Nebraska noncapital appropriations	32,386	32,095
Private gifts and grants for operating use	852	860
Private gifts and bequests for endowment use	-	38
Net cash flows from noncapital financing activities	<u>33,238</u>	<u>32,993</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Grants and contracts	(84)	-
State of Nebraska capital appropriations	1,545	4,656
U.S. Government advances	51	96
Purchases of capital assets	(3,816)	(12,780)
Principal paid on bond obligations	(1,165)	(920)
Interest paid on bond obligations	(581)	(425)
Payments made on lease obligations	(79)	(130)
Net cash flows from capital and related financing activities	<u>(4,129)</u>	<u>(9,503)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	676	301
Interest on investments	542	709
Interest on loans receivable	46	47
Net cash flows from investing activities	<u>1,264</u>	<u>1,057</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	151	(2,648)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>16,574</u>	<u>19,222</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 16,725</u>	<u>\$ 16,574</u>

THE UNIVERSITY OF NEBRASKA AT KEARNEY

ADDITIONAL INFORMATION STATEMENTS OF CASH FLOWS (Continued) FOR THE YEARS ENDED JUNE 30, 2003 AND 2002 (Thousands)

	2003	2002
CASH AND CASH EQUIVALENTS - END OF YEAR AS PRESENTED IN STATEMENT OF NET ASSETS:		
Cash and cash equivalents (Current)	\$ 9,230	\$ 7,999
Cash and cash equivalents - restricted (Current)	<u>7,495</u>	<u>8,575</u>
Cash and cash equivalents - end of year	<u>\$ 16,725</u>	<u>\$ 16,574</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (33,083)	\$ (30,330)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation expense	2,858	2,616
Changes in assets and liabilities:		
Accounts receivable and unbilled charges	47	(5)
Loans to students	187	(113)
Other current assets	52	(73)
Accounts payable	(503)	357
Accrued salaries, wages and post-retirement benefits	400	298
Deferred revenues and credits	<u>(180)</u>	<u>55</u>
Net cash flows from operating activities	<u>\$ (30,222)</u>	<u>\$ (27,195)</u>
NONCASH INVESTING ACTIVITIES:		
(Decrease) increase in fair value of investments	<u>\$ (10)</u>	<u>\$ 122</u>

UNIVERSITY OF NEBRASKA CENTRAL ADMINISTRATION AND UNIVERSITYWIDE ACTIVITIES

The University of Nebraska was founded on February 15, 1869, less than two years after Nebraska became the nation's 37th state. The original goal of this new land-grant university was, "To afford the inhabitants of this state with the means of acquiring a thorough knowledge of the various branches of literature, science, and the arts." This goal has stood the test of time, inspiring the university's dedication to the education of students, research in a broad range of disciplines, and service to the state's citizens.

Founded in Lincoln, the University of Nebraska was expanded in 1869 into a state educational system under the guidance of a Board of Regents and a University of Nebraska Central Administration (UNCA).

University of Nebraska Central Administration includes the central administrative offices of the University of Nebraska Computing Services Network. Central Administration offices include the President, Executive Vice President and Provost, Vice President for Business and Finance, Vice President for External Affairs and Corporation Secretary, Vice President and General Counsel, and the Board of Regents. The president is the chief executive officer of the University, and each campus is under the direct administration of a chancellor.

Universitywide activities, in addition to computing services, are portions of the Nebraska Experimental Program to Stimulate Competitive Research and student education contracts for veterinary medicine and optometry.

THE UNIVERSITY OF NEBRASKA CENTRAL ADMINISTRATION

ADDITIONAL INFORMATION STATEMENTS OF NET ASSETS JUNE 30, 2003 AND 2002 (Thousands)

ASSETS	2003	2002
CURRENT ASSETS:		
Cash and cash equivalents	\$ 12,740	\$ 7,700
Cash and cash equivalents - restricted	-	83
Investments	24,773	20,141
Accounts receivable and unbilled charges	1,331	1,520
Other current assets	-	620
Total current assets	<u>38,844</u>	<u>30,064</u>
NON-CURRENT ASSETS:		
Investments	24,529	23,596
Capital assets, net of accumulated depreciation	<u>7,249</u>	<u>6,164</u>
Total non-current assets	<u>31,778</u>	<u>29,760</u>
Total assets	<u>70,622</u>	<u>59,824</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	269	1,599
Accrued salaries, wages and post-retirement benefits	54	50
Accrued compensated absences	135	144
Capital lease obligations	782	203
Due to other campuses	1,777	529
Deferred revenues and credits	41	40
Health and other insurance claims	<u>9,587</u>	<u>11,025</u>
Total current liabilities	<u>12,645</u>	<u>13,590</u>
NON-CURRENT LIABILITIES:		
Accrued compensated absences	616	591
Capitalized lease obligations	<u>3,403</u>	<u>3,539</u>
Total non-current liabilities	<u>4,019</u>	<u>4,130</u>
Total liabilities	<u>16,664</u>	<u>17,720</u>
NET ASSETS:		
Invested in capital assets, net of related debt	3,064	2,422
Restricted for:		
Nonexpendable:		
Permanent endowment	18,213	17,327
Expendable:		
Externally restricted funds	1,725	1,551
Plant construction	79	73
Unrestricted	<u>30,877</u>	<u>20,731</u>
Total net assets	<u>\$ 53,958</u>	<u>\$ 42,104</u>

THE UNIVERSITY OF NEBRASKA CENTRAL ADMINISTRATION

ADDITIONAL INFORMATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

(Thousands)

	2003	2002
OPERATING REVENUES:		
Federal grants and contracts-restricted	\$ 1,572	\$ 1,374
Private grants and contracts - restricted	206	279
Sales and services of auxiliary operations	134	107
Other operating revenues	<u>8,610</u>	<u>1,509</u>
Total operating revenues	<u>10,522</u>	<u>3,269</u>
OPERATING EXPENSES:		
Salaries and wages	4,289	4,108
Benefits	<u>841</u>	<u>789</u>
Total compensation and benefits	5,130	4,897
Supplies and materials	2,866	2,914
Contractual services	2,240	3,518
Repairs and maintenance	1,390	3,368
Utilities	44	75
Communications	220	104
Depreciation	615	720
Scholarships and fellowships	<u>654</u>	<u>595</u>
Total operating expenses	<u>13,159</u>	<u>16,191</u>
TRANSFERS		
Intercampus reallocation	2,162	2,967
Other	<u>-</u>	<u>(350)</u>
Total transfers	<u>2,162</u>	<u>2,617</u>
OPERATING LOSS	<u>(475)</u>	<u>(10,305)</u>
NON-OPERATING REVENUES (EXPENSES)		
State of Nebraska noncapital appropriations	10,209	8,905
Gifts	175	-
Investment income (expense)	(988)	893
Increase (decrease) in fair value of investments	<u>1,118</u>	<u>(2,549)</u>
Net non-operating revenues	<u>10,514</u>	<u>7,249</u>
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	10,039	(3,056)
Capital grants and gifts	783	1,678
Additions to permanent endowments	1,060	400
Loss on disposal of plant assets	<u>(28)</u>	<u>(699)</u>
INCREASE (DECREASE) IN NET ASSETS	11,854	(1,677)
NET ASSETS:		
Net assets, beginning of year	<u>42,104</u>	<u>43,781</u>
Net assets, end of year	<u>\$ 53,958</u>	<u>\$ 42,104</u>

THE UNIVERSITY OF NEBRASKA CENTRAL ADMINISTRATION

ADDITIONAL INFORMATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002
(Thousands)

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants and contracts	\$ 1,821	\$ 1,304
Sales and services of auxiliary operations	123	636
Other receipts	7,171	1,509
Payments to employees	(5,110)	(4,846)
Payments to vendors	(6,222)	(11,880)
Scholarships paid to students	(654)	(596)
Transfers:		
Intercampus reallocation	2,162	2,967
Other	-	(350)
Net cash flows from operating activities	<u>(709)</u>	<u>(11,256)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State of Nebraska noncapital appropriations	10,209	8,905
Private gifts and grants for operating use	175	-
Private gifts and bequests for endowment use	1,060	400
Net cash flows from noncapital financing activities	<u>11,444</u>	<u>9,305</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Grants and contracts	941	1,756
Purchases of capital assets	(1,273)	-
Payments made on lease obligations	(895)	(1,358)
Net cash flows from capital and related financing activities	<u>(1,227)</u>	<u>398</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	19,539	19,107
Interest on investments	(988)	893
Purchases of investments	(23,102)	(20,194)
Net cash flows from investing activities	<u>(4,551)</u>	<u>(194)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,957	(1,747)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>7,783</u>	<u>9,530</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 12,740</u>	<u>\$ 7,783</u>

THE UNIVERSITY OF NEBRASKA CENTRAL ADMINISTRATION

ADDITIONAL INFORMATION

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

(Thousands)

	2003	2002
CASH AND CASH EQUIVALENTS - END OF YEAR AS PRESENTED IN STATEMENT OF NET ASSETS:		
Cash and cash equivalents (Current)	\$ 12,740	\$ 7,700
Cash and cash equivalents - restricted (Current)	<u>-</u>	<u>83</u>
Cash and cash equivalents - end of year	<u>\$ 12,740</u>	<u>\$ 7,783</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (475)	\$ (10,305)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation expense	615	720
Changes in assets and liabilities:		
Accounts receivable	31	182
Other current assets	620	(619)
Accounts payable	(82)	(1,282)
Accrued compensation	20	50
Deferred revenues and credits	-	(2)
Health and other insurance claims	<u>(1,438)</u>	<u>-</u>
Net cash flows from operating activities	<u>\$ (709)</u>	<u>\$ (11,256)</u>
NONCASH INVESTING ACTIVITIES:		
Purchase of capital assets through lease obligations	\$ 455	\$ 3,158
Increase (decrease) in fair value of investments	<u>1,118</u>	<u>(2,549)</u>
Noncash investing activities	<u>\$ 1,573</u>	<u>\$ 609</u>

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

The University of Nebraska Facilities Corporation (UNFC) is a not-for-profit corporation duly organized and existing under the laws of the State, and particularly the provisions of the Nebraska Non-Profit Corporation Act, as amended. UNFC was organized by the Board in 1930 and exists for the purposes of erecting, owning, leasing, furnishing and managing any buildings, halls, dormitories, or apartments, lands or grounds for use, in whole or in part, by the University of Nebraska and for the purpose of holding property of any nature in trust for the University. Its board of directors, the members of which are the eight voting members of the Board of Regents, manages the affairs and business of the UNFC.

Several bond issues have been issued by UNFC on behalf of the University. These bonds are not obligation of the University and are to be repaid from funds provided by the University of Nebraska and cigarette taxes appropriated by the Nebraska Legislature. The University has recorded the amounts expended for projects as an addition to capital assets but UNFC reports the bond payable.

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

ADDITIONAL INFORMATION STATEMENTS OF NET ASSETS (DEFICIT) JUNE 30, 2003 AND 2002 (Thousands)

ASSETS	2003	2002
CURRENT ASSETS:		
Cash and cash equivalents - restricted	\$ 50,766	\$ 47,407
Investments	1,605	7,074
Accounts receivable and unbilled charges	265	683
Capital lease obligation receivable - UNMC	<u>213</u>	<u>284</u>
Total current assets	<u>52,849</u>	<u>55,448</u>
NON-CURRENT ASSETS:		
Investments	14,128	52,010
Capital lease obligation receivable - UNMC	2,628	1,419
Other non-current assets	<u>505</u>	<u>509</u>
Total non-current assets	<u>17,261</u>	<u>53,938</u>
Total assets	<u>70,110</u>	<u>109,386</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	12,902	7,570
Bond obligations payable	8,615	8,050
Due to other campuses	<u>1,625</u>	<u>106</u>
Total current liabilities	<u>23,142</u>	<u>15,726</u>
NON-CURRENT LIABILITIES:		
Bond obligations payable	133,815	139,495
Deferred revenues and credits	<u>2,237</u>	<u>2,479</u>
Total non-current liabilities	<u>136,052</u>	<u>141,974</u>
Total liabilities	<u>159,194</u>	<u>157,700</u>
NET ASSETS (DEFICIT):		
Invested in capital assets, net of related debt	(142,430)	(147,545)
Restricted for:		
Expendable:		
Plant construction	23,746	72,074
Debt service	<u>29,600</u>	<u>27,157</u>
Total net assets (deficit)	<u>\$ (89,084)</u>	<u>\$ (48,314)</u>

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

ADDITIONAL INFORMATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICIT) FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

(Thousands)

	2003	2002
OPERATING EXPENSES:		
Repairs and maintenance	\$ 353	\$ 323
Total operating expenses	<u>353</u>	<u>323</u>
TRANSFERS:		
Intercampus reallocation	7,861	5,200
Other	(63,041)	(24,790)
Total transfers	<u>(55,180)</u>	<u>(19,590)</u>
OPERATING LOSS	(55,533)	(19,913)
NON-OPERATING REVENUES (EXPENSES):		
Investment income	1,831	2,176
Increase in fair value of investments	57	87
Increase in lease obligation receivable	1,351	-
Interest on bond obligations	(6,567)	(5,220)
Net non-operating revenues	<u>(3,328)</u>	<u>(2,957)</u>
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(58,861)	(22,870)
State of Nebraska capital appropriations	5,500	5,500
Capital grants and gifts	<u>12,591</u>	<u>2,176</u>
DECREASE IN NET ASSETS (DEFICIT)	(40,770)	(15,194)
NET ASSETS (DEFICIT):		
Net assets (deficit), beginning of year	<u>(48,314)</u>	<u>(33,120)</u>
Net assets (deficit), end of year	<u><u>\$ (89,084)</u></u>	<u><u>\$ (48,314)</u></u>

THE UNIVERSITY OF NEBRASKA FACILITIES CORPORATION

ADDITIONAL INFORMATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

(Thousands)

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to vendors	\$ 6,798	\$ (123)
Transfers:		
Intercampus reallocation	7,861	5,200
Other	<u>(63,041)</u>	<u>(24,790)</u>
Net cash flows from operating activities	<u>(48,382)</u>	<u>(19,713)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	2,935	56,695
Grants and contracts	12,591	2,176
State capital appropriations	5,500	5,500
Purchases of capital assets	-	743
Principal paid on bond obligations	(8,050)	(7,760)
Interest paid on bond obligations	<u>(6,892)</u>	<u>(3,633)</u>
Net cash flows from capital and related financing activities	<u>6,084</u>	<u>53,721</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	51,738	15,640
Interest on investments	2,250	1,870
Purchases of investments	<u>(8,331)</u>	<u>(57,523)</u>
Net cash flows from investing activities	<u>45,657</u>	<u>(40,013)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,359	(6,005)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>47,407</u>	<u>53,412</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 50,766</u>	<u>\$ 47,407</u>
CASH AND CASH EQUIVALENTS - END OF YEAR AS PRESENTED IN STATEMENT OF NET ASSETS:		
Cash and cash equivalents (Current) - end of year	<u>\$ 50,766</u>	<u>\$ 47,407</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (55,533)	\$ (19,913)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Changes in assets and liabilities:		
Other current assets	287	200
Accounts payable	<u>6,864</u>	<u>-</u>
Net cash flows from operating activities	<u>\$ (48,382)</u>	<u>\$ (19,713)</u>
NONCASH INVESTING ACTIVITIES:		
Increase in fair value of investments	<u>\$ 57</u>	<u>\$ 87</u>

STATISTICAL



THIS PAGE LEFT INTENTIONALLY BLANK

THE UNIVERSITY OF NEBRASKA

**BOND DEBT SERVICE COVERAGE BY CAMPUS AND ISSUE
FOR THE PAST TEN YEARS AS OF JUNE 30
(AMOUNTS IN THOUSANDS) (UNAUDITED)**

FISCAL YEAR	CAMPUS	DESCRIPTION	REVENUES AVAILABLE FOR DEBT SERVICE					DEBT SERVICE REQUIREMENT	COVERAGE
			BONDS OUTSTANDING	BEGINNING BALANCE	DEDICATED REVENUES	RELATED EXPENSES	ENDING BALANCE		
1994	UNIVERSITY OF NEBRASKA	REVENUE BONDS							
	UNL	STUDENT FEES AND FACILITIES	\$ 11,745	\$ 593	\$ 23,275	\$ 20,170	\$ 3,698	\$ 2,101	1.76
	UNL	PARKING	1,100	293	1,860	1,420	733	232	3.16
	UNK	STUDENT FEES AND FACILITIES	13,080	54	7,211	5,489	1,776	1,329	1.34
	UNMC	PARKING	630	246	494	167	573	155	3.70
	UNMC	HOUSING	1,105	-	340	193	147	134	1.10
	UNO	PARKING	1,095	190	683	405	468	190	2.46
	UNO	STUDENT CENTER	9,295	1,356	2,959	2,802	1,513	297	5.09
			<u>\$ 38,050</u>	<u>\$ 2,732</u>	<u>\$ 36,822</u>	<u>\$ 30,646</u>	<u>\$ 8,908</u>	<u>\$ 4,438</u>	<u>\$ 2</u>
	UNIVERSITY OF NEBRASKA FACILITIES CORPORATION	REVENUE BONDS	44,915	-	177,958	164,785	13,173	3,347	3.94
		BONDS	12,550	-	5,264	-	5,264	4,701	1.12
			<u>\$ 95,515</u>	<u>\$ 2,732</u>	<u>\$ 220,044</u>	<u>\$ 195,431</u>	<u>\$ 27,345</u>	<u>\$ 12,486</u>	<u>\$ 2</u>
1995	UNIVERSITY OF NEBRASKA	REVENUE BONDS							
	UNL	STUDENT FEES AND FACILITIES	\$ 10,815	\$ 694	\$ 24,781	\$ 22,014	\$ 3,461	\$ 2,038	1.70
	UNL	PARKING	2,555	65	2,442	1,758	749	232	3.23
	UNK	STUDENT FEES AND FACILITIES	12,165	-	6,859	5,254	1,605	1,182	1.36
	UNMC	PARKING	515	301	502	186	617	154	4.01
	UNMC	HOUSING	1,030	-	324	167	157	131	1.20
	UNO	PARKING	960	89	686	452	323	189	1.71
	UNO	STUDENT CENTER	9,020	1,519	3,722	2,575	2,666	724	3.68
			<u>37,060</u>	<u>2,668</u>	<u>39,316</u>	<u>32,406</u>	<u>9,578</u>	<u>4,650</u>	<u>2.06</u>
	UNIVERSITY OF NEBRASKA FACILITIES CORPORATION	REVENUE BONDS	43,160	-	194,008	171,884	22,124	3,901	5.67
		BONDS	9,245	727	3,621	-	4,348	3,740	1.16
			<u>89,465</u>	<u>3,395</u>	<u>236,945</u>	<u>204,290</u>	<u>36,050</u>	<u>12,291</u>	<u>2.93</u>
1996	UNIVERSITY OF NEBRASKA	REVENUE BONDS							
	UNL	STUDENT FEES AND FACILITIES	\$ 27,120	\$ 579	\$ 27,474	\$ 25,078	\$ 2,975	\$ 1,729	1.72
	UNL	PARKING	2,280	306	2,499	1,690	1,115	393	2.84
	UNK	STUDENT FEES AND FACILITIES	11,280	-	7,762	5,743	2,019	1,193	1.69
	UNMC	PARKING	395	334	540	160	714	150	4.76
	UNMC	HOUSING	950	-	326	180	146	132	1.11
	UNO	PARKING	820	49	705	447	307	187	1.64
	UNO	STUDENT CENTER	8,740	1,970	3,700	3,424	2,246	719	3.12
			<u>\$ 51,585</u>	<u>\$ 3,238</u>	<u>\$ 43,006</u>	<u>\$ 36,722</u>	<u>\$ 9,522</u>	<u>\$ 4,503</u>	<u>2.11</u>
	UNIVERSITY OF NEBRASKA FACILITIES CORPORATION	REVENUE BONDS	41,345	-	183,876	174,954	8,922	3,900	2.29
		BONDS	6,050	851	2,932	-	3,783	2,632	1.44
			<u>\$ 98,980</u>	<u>\$ 4,089</u>	<u>\$ 229,814</u>	<u>\$ 211,676</u>	<u>\$ 22,227</u>	<u>\$ 11,035</u>	<u>2.01</u>

THE UNIVERSITY OF NEBRASKA

BOND DEBT SERVICE COVERAGE BY CAMPUS AND ISSUE FOR THE PAST TEN YEARS AS OF JUNE 30 (AMOUNTS IN THOUSANDS) (UNAUDITED)

FISCAL YEAR	CAMPUS	DESCRIPTION	BONDS OUTSTANDING	REVENUES AVAILABLE FOR DEBT SERVICE			DEBT SERVICE REQUIREMENT	COVERAGE	
				BEGINNING BALANCE	DEDICATED REVENUES	RELATED EXPENSES			ENDING BALANCE
1997		UNIVERSITY OF NEBRASKA REVENUE BONDS							
	UNL	STUDENT FEES AND FACILITIES	\$ 26,135	\$ 298	\$ 28,014	25,173	3,139	2,340	1.34
	UNL	PARKING	11,205	384	2,466	2,030	820	793	1.03
	UNK	STUDENT FEES AND FACILITIES	10,605	-	7,937	6,190	1,747	1,194	1.46
	UNMC	PARKING	265	202	600	219	583	152	3.84
	UNMC	HOUSING	875	-	330	204	126	124	1.02
	UNO	PARKING	670	73	675	384	364	189	1.93
	UNO	STUDENT CENTER	8,450	1,272	4,115	3,285	2,102	719	2.92
			<u>\$ 58,205</u>	<u>\$ 2,229</u>	<u>\$ 44,137</u>	<u>\$ 37,485</u>	<u>\$ 8,881</u>	<u>\$ 5,511</u>	<u>1.61</u>
		UNIVERSITY OF NEBRASKA FACILITIES CORPORATION REVENUE BONDS	39,465	-	210,120	198,808	11,312	3,895	2.90
		BONDS	5,855	884	2,765	-	3,649	2,717	1.34
			<u>\$ 103,525</u>	<u>\$ 3,113</u>	<u>\$ 257,022</u>	<u>\$ 236,293</u>	<u>\$ 23,842</u>	<u>\$ 12,123</u>	<u>1.97</u>
1998		UNIVERSITY OF NEBRASKA REVENUE BONDS							
	UNL	STUDENT FEES AND FACILITIES	\$ 24,545	\$ 215	\$ 29,374	\$ 26,680	\$ 2,909	\$ 2,416	1.20
	UNL	PARKING	10,900	126	2,850	2,191	785	876	0.90
	UNK	STUDENT FEES AND FACILITIES	9,840	-	8,006	6,245	1,761	1,257	1.40
	UNMC	PARKING	-	207	765	183	789	277	2.85
	UNMC	HOUSING	785	-	321	178	143	135	1.06
	UNO	PARKING	515	108	697	395	410	185	2.22
	UNO	STUDENT CENTER	8,150	1,129	4,218	3,065	2,282	717	3.18
			<u>\$ 54,735</u>	<u>\$ 1,785</u>	<u>\$ 46,231</u>	<u>\$ 38,937</u>	<u>\$ 9,079</u>	<u>\$ 5,863</u>	<u>1.55</u>
		UNIVERSITY OF NEBRASKA FACILITIES CORPORATION BONDS	23,825	1,186	3,049	-	4,235	3,723	1.14
			<u>\$ 78,560</u>	<u>\$ 2,971</u>	<u>\$ 49,280</u>	<u>\$ 38,937</u>	<u>\$ 13,314</u>	<u>\$ 9,586</u>	<u>1.39</u>
1999		UNIVERSITY OF NEBRASKA REVENUE BONDS							
	UNL	STUDENT FEES AND FACILITIES	\$ 21,965	\$ -	\$ 22,215	\$ 18,831	\$ 3,384	\$ 3,392	1.00
	UNL	PARKING	10,520	-	3,257	2,163	1,094	800	1.37
	UNK	STUDENT FEES AND FACILITIES	9,050	-	7,925	6,089	1,836	1,250	1.47
	UNMC	HOUSING	690	-	337	178	198	135	1.47
	UNO	PARKING	350	118	690	461	347	186	1.87
	UNO	STUDENT CENTER	7,835	1,272	4,296	3,186	2,382	720	3.31
			<u>\$ 50,410</u>	<u>\$ 1,390</u>	<u>\$ 38,720</u>	<u>\$ 30,908</u>	<u>\$ 9,241</u>	<u>\$ 6,483</u>	<u>1.43</u>
		UNIVERSITY OF NEBRASKA FACILITIES CORPORATION BONDS	104,080	-	4,931	-	4,931	4,735	1.04
			<u>\$ 154,490</u>	<u>\$ 1,390</u>	<u>\$ 43,651</u>	<u>\$ 30,908</u>	<u>\$ 14,172</u>	<u>\$ 11,218</u>	<u>1.26</u>

THE UNIVERSITY OF NEBRASKA

BOND DEBT SERVICE COVERAGE BY CAMPUS AND ISSUE FOR THE PAST TEN YEARS AS OF JUNE 30 (AMOUNTS IN THOUSANDS) (UNAUDITED)

FISCAL YEAR	CAMPUS	DESCRIPTION	REVENUES AVAILABLE FOR DEBT SERVICE				DEBT SERVICE REQUIREMENT	COVERAGE	
			BONDS OUTSTANDING	BEGINNING BALANCE	DEDICATED REVENUES	RELATED EXPENSES			ENDING BALANCE
2000		UNIVERSITY OF NEBRASKA REVENUE BONDS							
	UNL	STUDENT FEES AND FACILITIES	\$ 19,855	\$ -	\$ 24,174	\$ 20,495	\$ 3,679	\$ 3,247	1.13
	UNL	PARKING	10,120	420	4,169	2,488	2,101	943	2.23
	UNK	STUDENT FEES AND FACILITIES	8,220	-	9,108	6,850	2,258	1,257	1.80
	UNMC	HOUSING	590	-	330	192	198	134	1.48
	UNO	STUDENT CENTER	7,510	1,456	4,428	3,193	2,691	717	3.75
			<u>\$ 46,295</u>	<u>\$ 1,876</u>	<u>\$ 42,209</u>	<u>\$ 33,218</u>	<u>\$ 10,927</u>	<u>\$ 6,298</u>	<u>1.73</u>
		UNIVERSITY OF NEBRASKA FACILITIES CORPORATION BONDS	103,885	-	11,344	-	11,344	5,101	2.22
			<u>\$ 150,180</u>	<u>\$ 1,876</u>	<u>\$ 53,553</u>	<u>\$ 33,218</u>	<u>\$ 22,271</u>	<u>\$ 11,399</u>	<u>1.95</u>
2001		UNIVERSITY OF NEBRASKA REVENUE BONDS							
	UNL	STUDENT FEES AND FACILITIES	\$ 17,655	\$ -	\$ 25,918	\$ 22,524	\$ 3,394	\$ 2,619	1.30
	UNL	PARKING	30,675	866	4,715	2,464	3,117	1,992	1.56
	UNK	STUDENT FEES AND FACILITIES	13,900	-	9,001	6,923	2,078	1,266	1.64
	UNMC	HOUSING	485	-	337	198	139	134	1.04
	UNO	STUDENT CENTER	7,170	1,757	4,554	3,175	3,136	718	4.37
			<u>\$ 69,885</u>	<u>\$ 2,623</u>	<u>\$ 44,525</u>	<u>\$ 35,284</u>	<u>\$ 11,864</u>	<u>\$ 6,729</u>	<u>1.76</u>
		UNIVERSITY OF NEBRASKA FACILITIES CORPORATION BONDS	98,610	-	13,489	-	13,489	9,990	1.35
			<u>\$ 168,495</u>	<u>\$ 2,623</u>	<u>\$ 58,014</u>	<u>\$ 35,284</u>	<u>\$ 25,353</u>	<u>\$ 16,719</u>	<u>1.52</u>
2002		UNIVERSITY OF NEBRASKA REVENUE BONDS							
	UNL	STUDENT FEES AND FACILITIES	\$ 16,740	\$ -	\$ 27,769	\$ 23,117	\$ 4,652	\$ 1,851	2.51
	UNL	PARKING	30,235	-	5,475	2,954	2,521	2,087	1.21
	UNK	STUDENT FEES AND FACILITIES	12,980	-	9,132	6,997	2,135	1,272	1.68
	UNMC	HOUSING	370	-	387	219	168	140	1.20
	UNO	STUDENT CENTER	6,815	-	10,315	9,296	1,019	720	1.42
			<u>\$ 67,140</u>	<u>\$ -</u>	<u>\$ 53,078</u>	<u>\$ 42,583</u>	<u>\$ 10,495</u>	<u>\$ 6,070</u>	<u>1.73</u>
		UNIVERSITY OF NEBRASKA FACILITIES CORPORATION	147,545	-	13,882	-	13,882	12,980	1.07
		NEBRASKA UTILITY CORPORATION	21,880	-	-	-	-	-	-
			<u>\$ 236,565</u>	<u>\$ -</u>	<u>\$ 66,960</u>	<u>\$ 42,583</u>	<u>\$ 24,377</u>	<u>\$ 19,050</u>	<u>1.28</u>

THE UNIVERSITY OF NEBRASKA

BOND DEBT SERVICE COVERAGE BY CAMPUS AND ISSUE
 FOR THE PAST TEN YEARS AS OF JUNE 30
 (AMOUNTS IN THOUSANDS) (UNAUDITED)

FISCAL YEAR	CAMPUS	DESCRIPTION	REVENUES AVAILABLE FOR DEBT SERVICE				DEBT SERVICE REQUIREMENT	COVERAGE	
			BONDS OUTSTANDING	BEGINNING BALANCE	DEDICATED REVENUES	RELATED EXPENSES			ENDING BALANCE
2003		UNIVERSITY OF NEBRASKA REVENUE BONDS							
		MEMBERS OF THE OBLIGATED GROUP	\$ 76,765	\$ -	\$ 46,682	\$ 37,089	\$ 9,593	\$ 5,138	1.87
	UNK	STUDENT FEES AND FACILITIES	11,815	-	9,810	7,349	2,461	1,741	1.41
	UNMC	HOUSING	245	-	350	205	145	140	1.04
			<u>\$ 88,825</u>	<u>\$ -</u>	<u>\$ 56,842</u>	<u>\$ 44,643</u>	<u>\$ 12,199</u>	<u>\$ 7,019</u>	<u>1.74</u>
		UNIVERSITY OF NEBRASKA FACILITIES CORPORATION	142,430	-	16,724	-	16,724	14,617	1.14
		NEBRASKA UTILITY CORPORATION	21,880	-	-	-	-	-	-
			<u>\$ 253,135</u>	<u>\$ -</u>	<u>\$ 73,566</u>	<u>\$ 44,643</u>	<u>\$ 28,923</u>	<u>\$ 21,636</u>	<u>1.34</u>

- 06 -

Source: Office of Vice President for Business and Finance

THE UNIVERSITY OF NEBRASKA

RATIO OF DEBT SERVICE REQUIREMENTS TO OPERATING EXPENSES AND

RATIO OF DEBT SERVICE REQUIREMENTS TO UNRESTRICTED CURRENT FUND EXPENDITURES AND MANDATORY TRANSFERS

(AMOUNTS IN THOUSANDS) (UNAUDITED)

	YEAR ENDED JUNE 30,									
	2003	2002	2001	2000	1999	1998	1997(1)	1996	1995	1994
Debt service requirements	\$ 26,872	\$ 25,508	\$ 21,072	\$ 14,161	\$ 16,196	\$ 13,990	\$ 14,989	\$ 15,267	\$ 15,446	\$ 14,329
Operating Expenses (2)	1,165,971	1,108,569	-	-	-	-	-	-	-	-
Current funds expenditures	-	-	863,629	801,664	766,344	740,594	888,518	823,864	764,182	702,633
Percent of debt service requirement to operating expense	2.30%	2.30%	-	-	-	-	-	-	-	-
Percent of debt service requirement to current funds expenditures	-	-	2.44%	1.77%	2.11%	1.89%	1.69%	1.85%	2.02%	2.04%

(1) The fiscal year 1997 health care entities expenditures have been restated to reflect comparable expenditures due to the joint operating between the Board of Regents and Bishop Clarkson Memorial Hospital to form Nebraska Health System on October 1, 1997.

(2) Operating expenses defined as operating expenses less depreciation.

Source: Office of Vice President for Business and Finance.

THE UNIVERSITY OF NEBRASKA

FALL ENROLLMENT DATA (UNAUDITED)

BY CAMPUS, BY GENDER

		2003	2002	2001	2000	1999	1998	1997(a)	1996	1995	1994
UNL	MEN	11,658	11,844	11,833	11,617	11,620	11,859	12,102	12,676	13,024	12,811
	WOMEN	10,901	11,144	10,931	10,651	10,522	10,549	10,725	11,211	11,296	11,043
		<u>22,559</u>	<u>22,988</u>	<u>22,764</u>	<u>22,268</u>	<u>22,142</u>	<u>22,408</u>	<u>22,827</u>	<u>23,887</u>	<u>24,320</u>	<u>23,854</u>
UNMC	MEN	968	970	997	1,014	1,024	1,010	1,011	1,031	1,062	1,082
	WOMEN	1,897	1,849	1,727	1,681	1,566	1,589	1,607	1,687	1,703	1,696
		<u>2,865</u>	<u>2,819</u>	<u>2,724</u>	<u>2,695</u>	<u>2,590</u>	<u>2,599</u>	<u>2,618</u>	<u>2,718</u>	<u>2,765</u>	<u>2,778</u>
UNO	MEN	6,337	6,475	6,313	6,061	6,037	5,950	6,207	6,580	6,648	6,796
	WOMEN	7,660	7,976	7,830	7,418	7,227	7,324	7,503	7,894	8,043	8,255
		<u>13,997</u>	<u>14,451</u>	<u>14,143</u>	<u>13,479</u>	<u>13,264</u>	<u>13,274</u>	<u>13,710</u>	<u>14,474</u>	<u>14,691</u>	<u>15,051</u>
UNK	MEN	2,717	2,727	2,733	2,738	2,838	2,850	3,020	3,265	3,301	3,302
	WOMEN	3,662	3,668	3,693	3,768	3,942	3,999	4,113	4,415	4,319	4,282
		<u>6,379</u>	<u>6,395</u>	<u>6,426</u>	<u>6,506</u>	<u>6,780</u>	<u>6,849</u>	<u>7,133</u>	<u>7,680</u>	<u>7,620</u>	<u>7,584</u>
NCTA	MEN	105	112	97	116	129	138	168	149	144	137
	WOMEN	110	141	137	118	123	123	109	124	119	98
		<u>215</u>	<u>253</u>	<u>234</u>	<u>234</u>	<u>252</u>	<u>261</u>	<u>277</u>	<u>273</u>	<u>263</u>	<u>235</u>
ALL CAMPUSES	MEN	21,785	22,128	21,973	21,546	21,648	21,807	22,508	23,701	24,179	24,128
	WOMEN	24,230	24,778	24,318	23,636	23,380	23,584	24,057	25,331	25,480	25,374
		<u>46,015</u>	<u>46,906</u>	<u>46,291</u>	<u>45,182</u>	<u>45,028</u>	<u>45,391</u>	<u>46,565</u>	<u>49,032</u>	<u>49,659</u>	<u>49,502</u>
ALL CAMPUSES	MEN	47.3%	47.2%	47.5%	47.7%	48.1%	48.0%	48.3%	48.3%	48.7%	48.7%
	WOMEN	52.7%	52.8%	52.5%	52.3%	51.9%	52.0%	51.7%	51.7%	51.3%	51.3%
		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

THE UNIVERSITY OF NEBRASKA

FALL ENROLLMENT DATA (CONTINUED) (UNAUDITED)

BY CAMPUS, BY RESIDENCY

		2003	2002	2001	2000	1999	1998	1997(a)	1996	1995	1994
UNL	RESIDENT	17,807	18,274	18,249	18,044	18,252	18,645	19,317	20,625	21,665	20,993
	NON-RESIDENT	4,752	4,714	4,515	4,224	3,890	3,763	3,510	3,262	2,655	2,861
		<u>22,559</u>	<u>22,988</u>	<u>22,764</u>	<u>22,268</u>	<u>22,142</u>	<u>22,408</u>	<u>22,827</u>	<u>23,887</u>	<u>24,320</u>	<u>23,854</u>
UNMC	RESIDENT	1,982	2,004	1,974	1,970	1,893	1,954	2,020	2,148	2,239	2,262
	NON-RESIDENT	468	407	356	338	303	256	231	205	159	151
	HOUSE OFFICERS	415	408	394	387	394	389	367	365	367	365
		<u>2,865</u>	<u>2,819</u>	<u>2,724</u>	<u>2,695</u>	<u>2,590</u>	<u>2,599</u>	<u>2,618</u>	<u>2,718</u>	<u>2,765</u>	<u>2,778</u>
UNO	RESIDENT	12,401	12,753	12,493	12,006	11,953	12,070	12,561	13,444	13,833	14,190
	NON-RESIDENT	1,596	1,698	1,650	1,473	1,311	1,204	1,149	1,030	858	861
		<u>13,997</u>	<u>14,451</u>	<u>14,143</u>	<u>13,479</u>	<u>13,264</u>	<u>13,274</u>	<u>13,710</u>	<u>14,474</u>	<u>14,691</u>	<u>15,051</u>
UNK	RESIDENT	5,638	5,719	5,770	5,915	6,158	6,217	6,540	7,105	7,159	7,143
	NON-RESIDENT	741	676	656	591	622	632	593	575	461	441
		<u>6,379</u>	<u>6,395</u>	<u>6,426</u>	<u>6,506</u>	<u>6,780</u>	<u>6,849</u>	<u>7,133</u>	<u>7,680</u>	<u>7,620</u>	<u>7,584</u>
NCTA	RESIDENT	179	212	194	200	223	232	250	259	250	231
	NON-RESIDENT	36	41	40	34	29	29	27	14	13	4
		<u>215</u>	<u>253</u>	<u>234</u>	<u>234</u>	<u>252</u>	<u>261</u>	<u>277</u>	<u>273</u>	<u>263</u>	<u>235</u>
ALL CAMPUSES	RESIDENT	38,007	38,962	38,680	38,135	38,479	39,118	40,688	43,581	45,146	44,819
	NON-RESIDENT	7,593	7,536	7,217	6,660	6,155	5,884	5,510	5,086	4,146	4,318
	NOT AVAILABLE	415	408	394	387	394	389	367	365	367	365
		<u>46,015</u>	<u>46,906</u>	<u>46,291</u>	<u>45,182</u>	<u>45,028</u>	<u>45,391</u>	<u>46,565</u>	<u>49,032</u>	<u>49,659</u>	<u>49,502</u>
ALL CAMPUSES	RESIDENT	82.6%	83.1%	83.6%	84.4%	85.5%	86.2%	87.4%	88.9%	90.9%	90.5%
	NON-RESIDENT	16.5%	16.1%	15.6%	14.7%	13.7%	13.0%	11.8%	10.4%	8.3%	8.7%
	HOUSE OFFICERS	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.7%	0.7%	0.7%
		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

THE UNIVERSITY OF NEBRASKA

FALL ENROLLMENT DATA (CONTINUED) (UNAUDITED)

BY CAMPUS, BY LEVEL OF INSTRUCTION

		2003	2002	2001	2000	1999	1998	1997(a)	1996	1995	1994
UNL	UNDERGRADUATE	17,851	18,118	17,985	17,968	17,804	17,980	18,246	18,954	19,186	18,700
	GRADUATE	4,289	4,380	4,309	3,925	3,954	3,966	4,204	4,546	4,711	4,732
	PROFESSIONAL	419	490	470	375	384	462	377	387	423	422
		<u>22,559</u>	<u>22,988</u>	<u>22,764</u>	<u>22,268</u>	<u>22,142</u>	<u>22,408</u>	<u>22,827</u>	<u>23,887</u>	<u>24,320</u>	<u>23,854</u>
UNMC	UNDERGRADUATE	742	699	663	639	764	784	836	889	923	985
	GRADUATE	1,229	536	485	469	323	309	396	417	824	794
	PROFESSIONAL	894	1,584	1,576	1,587	1,503	1,506	1,386	1,412	1,018	999
		<u>2,865</u>	<u>2,819</u>	<u>2,724</u>	<u>2,695</u>	<u>2,590</u>	<u>2,599</u>	<u>2,618</u>	<u>2,718</u>	<u>2,765</u>	<u>2,778</u>
UNO	UNDERGRADUATE	11,102	11,333	11,138	10,694	10,659	10,732	11,075	11,695	11,921	12,218
	GRADUATE	2,895	3,118	3,005	2,785	2,605	2,542	2,635	2,779	2,770	2,833
		<u>13,997</u>	<u>14,451</u>	<u>14,143</u>	<u>13,479</u>	<u>13,264</u>	<u>13,274</u>	<u>13,710</u>	<u>14,474</u>	<u>14,691</u>	<u>15,051</u>
UNK	UNDERGRADUATE	5,373	5,366	5,407	5,502	5,805	5,886	6,111	6,289	6,467	6,452
	GRADUATE	1,006	1,029	1,019	1,004	975	963	1,022	1,391	1,153	1,132
		<u>6,379</u>	<u>6,395</u>	<u>6,426</u>	<u>6,506</u>	<u>6,780</u>	<u>6,849</u>	<u>7,133</u>	<u>7,680</u>	<u>7,620</u>	<u>7,584</u>
NCTA	UNDERGRADUATE	215	253	234	234	252	261	277	273	263	235
ALL CAMPUSES	UNDERGRADUATE	35,283	35,769	35,427	35,037	35,284	35,643	36,545	38,100	38,760	38,590
	GRADUATE	9,419	9,063	8,818	8,183	7,857	7,780	8,257	9,133	9,458	9,491
	PROFESSIONAL	1,313	2,074	2,046	1,962	1,887	1,968	1,763	1,799	1,441	1,421
		<u>46,015</u>	<u>46,906</u>	<u>46,291</u>	<u>45,182</u>	<u>45,028</u>	<u>45,391</u>	<u>46,565</u>	<u>49,032</u>	<u>49,659</u>	<u>49,502</u>
ALL CAMPUSES	UNDERGRADUATE	76.7%	76.3%	76.5%	77.5%	78.4%	78.5%	78.5%	77.7%	78.1%	78.0%
	GRADUATE	20.5%	19.3%	19.0%	18.1%	17.4%	17.1%	17.7%	18.6%	19.0%	19.2%
	PROFESSIONAL	2.9%	4.4%	4.4%	4.3%	4.2%	4.3%	3.8%	3.7%	2.9%	2.9%
		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

(a) The University of Nebraska implemented new, more stringent admission requirements effective in the fall semester of 1997. This resulted in an enrollment decrease which is anticipated to reverse within two to five years.

Source: University of Nebraska Central Administration Office of Institutional Research and Planning

THE UNIVERSITY OF NEBRASKA

FRESHMAN ENROLLMENT DATA (UNAUDITED)

		2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
UNL	APPLICATIONS	7,375	7,631	7,266	7,348	6,977	6,608	6,315	7,438	7,318	6,182
	ACCEPTED	5,586	6,836	6,578	6,726	6,453	6,164	5,238	6,164	6,158	5,902
	ENROLLED	3,679	3,653	3,532	3,667	3,673	3,416	3,256	3,715	3,984	3,357
	COMPOSIT ACT SCORES	24.4	24.3	24.2	24.1	24.1	24.2	24.3	23.3	23.2	22.4
UNO	APPLICATIONS	3,994	3,682	4,121	3,892	3,379	2,961	2,469	2,543	2,420	2,286
	ACCEPTED	3,393	3,166	3,527	3,379	3,048	2,641	2,133	2,364	2,138	2,052
	ENROLLED	1,543	1,725	1,895	1,832	1,792	1,622	1,088	1,397	1,453	1,340
	COMPOSIT ACT SCORES	22.8	22.0	22.1	21.8	22.2	21.6	21.9	20.9	20.9	20.9
UNK	APPLICATIONS	2,676	2,599	2,554	2,577	2,503	2,610	2,628	2,559	2,811	2,410
	ACCEPTED	2,248	2,284	2,457	2,398	2,382	2,440	2,517	2,488	2,685	2,336
	ENROLLED	1,123	1,138	1,197	1,125	1,224	1,227	1,281	1,369	1,407	1,253
	COMPOSIT ACT SCORES	22.1	21.8	21.6	22.0	21.8	21.8	21.8	21.5	21.1	21.5

UNMC's curriculum is comprised mainly of professional programs and, therefore, freshman data is not included.

The University of Nebraska implemented new, more stringent admission requirements effective in the fall semester of 1997. This resulted in an enrollment decrease which is anticipated to reverse within two to five years.

Source: University of Nebraska Central Administration Office of Institutional Research and Planning

THE UNIVERSITY OF NEBRASKA

TENURE DENSITY DATA (UNAUDITED)

		2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
UNL	TENURED FACULTY	876	905	902	865	942	953	960	954	948	853
	TENURE-TRACK	210	232	243	228	227	239	226	248	272	377
	PERCENT OF TENURED AND TENURED TRACK	80.7%	79.6%	78.8%	79.1%	80.6%	79.9%	80.9%	79.4%	77.7%	69.3%
UNMC	TENURED FACULTY	253	254	251	242	245	254	248	251	247	233
	TENURE-TRACK	-	-	-	-	-	-	-	-	-	13
	HEALTH PROFESSIONALS PERCENT OF TENURED AND TENURED TRACK	342	330	321	311	308	292	304	323	331	336
		42.5%	43.5%	43.9%	43.8%	44.3%	46.5%	44.9%	43.7%	42.7%	40.0%
UNO	TENURED FACULTY	301	301	299	302	321	325	328	333	323	300
	TENURE-TRACK	126	136	136	106	94	102	102	85	87	107
	PERCENT OF TENURED AND TENURED TRACK	70.5%	68.9%	68.7%	74.0%	77.3%	76.1%	76.3%	79.7%	78.8%	73.7%
UNK	TENURED FACULTY	175	184	186	197	200	203	202	216	219	199
	TENURE-TRACK	74	79	78	69	74	68	78	73	66	86
	PERCENT OF TENURED AND TENURED TRACK	70.3%	70.0%	70.5%	74.1%	73.0%	74.9%	72.1%	74.7%	76.8%	69.8%

Source: University of Nebraska Central Administration Office of Institutional Research and Planning

THE UNIVERSITY OF NEBRASKA

DEGREES GRANTED BY CAMPUS AND LEVEL (UNAUDITED)

	YEAR ENDED JUNE 30,									
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
UNL										
Below Bachelor	5	5	3	3	6	16	23	15	19	33
Bachelor	2,980	2,897	2,997	3,115	2,876	2,940	2,850	2,834	2,900	3,073
Master	812	672	743	661	721	758	725	781	757	806
Post Master	13	7	6	2	10	8	7	13	15	11
Doctoral	254	213	235	251	251	282	276	261	229	227
1st Professional	123	146	138	148	117	109	131	147	147	153
Total	<u>4,187</u>	<u>3,940</u>	<u>4,122</u>	<u>4,180</u>	<u>3,981</u>	<u>4,113</u>	<u>4,012</u>	<u>4,051</u>	<u>4,067</u>	<u>4,303</u>
UNMC										
Bachelor	438	455	420	408	412	352	325	379	436	412
Post Bachelor	10	9	10	6	9	11	14	14	7	10
Master	744	643	625	615	611	485	184	125	126	99
Post Master	7	5	7	8	4	9	14	33	4	3
Doctoral	23	27	23	33	28	23	32	20	20	12
1st Professional	244	220	232	229	212	214	230	229	221	214
Total	<u>1,466</u>	<u>1,359</u>	<u>1,317</u>	<u>1,299</u>	<u>1,276</u>	<u>1,094</u>	<u>799</u>	<u>800</u>	<u>814</u>	<u>750</u>
UNO										
Bachelor	1,507	1,423	1,419	1,455	1,483	1,580	1,569	1,514	1,586	1,501
Master	711	670	639	638	654	679	667	616	595	547
Doctoral	13	15	11	8	4	6	3	1	1	1
Total	<u>2,231</u>	<u>2,108</u>	<u>2,069</u>	<u>2,101</u>	<u>2,141</u>	<u>2,265</u>	<u>2,239</u>	<u>2,131</u>	<u>2,181</u>	<u>2,048</u>
UNK										
Bachelor	901	830	934	936	854	876	964	872	998	1,059
Master	222	182	284	161	171	178	162	201	188	179
Post Master	18	23	22	22	20	16	15	12	16	12
Total	<u>1,141</u>	<u>1,035</u>	<u>1,218</u>	<u>1,119</u>	<u>1,045</u>	<u>1,070</u>	<u>1,141</u>	<u>1,085</u>	<u>1,202</u>	<u>1,250</u>
NCTA										
Below Bachelor	61	74	89	88	84	103	97	72	63	67
TOTALS										
Below Bachelor	66	79	92	91	90	119	120	87	82	100
Bachelor	5,826	5,605	5,770	5,914	5,625	5,748	5,708	5,599	5,920	6,045
Post Bachelor	10	9	10	6	9	11	14	14	7	10
Master	2,489	2,167	2,291	2,075	2,157	2,100	1,738	1,723	1,666	1,631
Post Master	38	35	13	32	34	33	36	58	35	26
Doctoral	290	255	269	292	283	311	311	282	249	239
1st Professional	367	366	370	377	329	323	361	376	368	367
Total	<u>9,086</u>	<u>8,516</u>	<u>8,815</u>	<u>8,787</u>	<u>8,527</u>	<u>8,645</u>	<u>8,288</u>	<u>8,139</u>	<u>8,327</u>	<u>8,418</u>

- 97 -

Source: Integrated Postsecondary Education Data System (IPEDS) Completions surveys

ACCREDITATION

Accreditation in colleges and universities indicates the dedication of the faculty and administration of the University to meet rigorous standards of academic quality. These standards include such factors as professional attainments of faculty, quality of research, library holdings, physical facilities and general support for programs by funding authorities.

The University of Nebraska has been accredited by the North Central Association of Colleges and Secondary Schools since the Association first began accrediting colleges and universities in 1913. In addition, various colleges, schools, and departments are accredited by their respective professional agencies.