

DATE: 2/27/2020

TO:

DHHS Central Procurement Services  
DHHS - 3rd Floor Reception Desk  
Attn: Keith Roland & Jennifer Crouse  
301 Centennial Mall South  
Lincoln, NE 68509  
Phone: (402) 471-0727

FROM:

Peter C. Iwen, PhD, D(ABMM), F(AAM), NPHL Director  
The Nebraska Public Health Laboratory at the University of  
Nebraska Medical Center (NPHL)

RE: RFP 6212-Z1 Proposal Response

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*II. Terms and Conditions*

*RFP 6212-Z1*

*NPHL*

**II. TERMS AND CONDITIONS**

**Bidders should complete Sections II through VI as part of their proposal.** Bidders should read the Terms and Conditions and should initial either accept, reject, or reject and provide alternative language for each clause. The bidder should also provide an explanation of why the bidder rejected the clause or rejected the clause and provided alternate language. By signing the solicitation, bidder is agreeing to be legally bound by all the accepted terms and conditions, and any proposed alternative terms and conditions submitted with the proposal. The State reserves the right to negotiate rejected or proposed alternative language. If the State and bidder fail to agree on the final Terms and Conditions, the State reserves the right to reject the proposal. The State of Nebraska is soliciting proposals in response to this solicitation. The State of Nebraska reserves the right to reject proposals that attempt to substitute the bidder's commercial contracts and/or documents for this solicitation.

The bidders should submit with their proposal any license, user agreement, service level agreement, or similar documents that the bidder wants incorporated in the Contract. The State will not consider incorporation of any document not submitted with the bidder's proposal as the document will not have been included in the evaluation process. These documents shall be subject to negotiation and will be incorporated as addendums if agreed to by the Parties.

If a conflict or ambiguity arises after the Addendum to Contract Award have been negotiated and agreed to, the Addendum to Contract Award shall be interpreted as follows:

1. If only one Party has a particular clause then that clause shall control;
2. If both Parties have a similar clause, but the clauses do not conflict, the clauses shall be read together;
3. If both Parties have a similar clause, but the clauses conflict, the State's clause shall control.

**A. GENERAL**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
JCS			

The contract resulting from this solicitation shall incorporate the following documents:

4. Request for Proposal and Addenda;
5. Amendments to the solicitation;
6. Questions and Answers;
7. Bidder's proposal (Solicitation and properly submitted documents);
8. The executed Contract and Addendum One to Contract, if applicable; and,
9. Amendments/Addendums to the Contract.

These documents constitute the entirety of the contract.

Unless otherwise specifically stated in a future contract amendment, in case of any conflict between the incorporated documents, the documents shall govern in the following order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document: 1) Amendment to the executed Contract with the most recent dated amendment having the highest priority, 2) executed Contract and any attached Addenda, 3) Amendments to solicitation and any Questions and Answers, 4) the original solicitation document and any Addenda, and 5) the bidder's submitted Proposal.

Any ambiguity or conflict in the contract discovered after its execution, not otherwise addressed herein, shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

**B. NOTIFICATION**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PL			

Contractor and State shall identify the contract manager who shall serve as the point of contact for the executed contract.

Communications regarding the executed contract shall be in writing and shall be deemed to have been given if delivered personally or mailed, by U.S. Mail, postage prepaid, return receipt requested, to the parties at their respective addresses set forth below, or at such other addresses as may be specified in writing by either of the parties. All notices, requests, or communications shall be deemed effective upon personal delivery or five (5) calendar days following deposit in the mail.

Either party may change its address for notification purposes by giving notice of the change, and setting forth the new address and an effective date.

**C. BUYER'S REPRESENTATIVE**

The State reserves the right to appoint a Buyer's Representative to manage [or assist the Buyer in managing] the contract on behalf of the State. The Buyer's Representative will be appointed in writing, and the appointment document will specify the extent of the Buyer's Representative authority and responsibilities. If a Buyer's Representative is appointed, the Contractor will be provided a copy of the appointment document, and is required to cooperate accordingly with the Buyer's Representative. The Buyer's Representative has no authority to bind the State to a contract, amendment, addendum, or other change or addition to the contract.

**D. GOVERNING LAW (Statutory)**

Notwithstanding any other provision of this contract, or any amendment or addendum(s) entered into contemporaneously or at a later time, the parties understand and agree that, (1) the State of Nebraska is a sovereign state and its authority to contract is therefore subject to limitation by the State's Constitution, statutes, common law, and regulation; (2) this contract will be interpreted and enforced under the laws of the State of Nebraska; (3) any action to enforce the provisions of this agreement must be brought in the State of Nebraska per state law; (4) the person signing this contract on behalf of the State of Nebraska does not have the authority to waive the State's sovereign immunity, statutes, common law, or regulations; (5) the indemnity, limitation of liability, remedy, and other similar provisions of the final contract, if any, are entered into subject to the State's Constitution, statutes, common law, regulations, and sovereign immunity; and, (6) all terms and conditions of the final contract, including but not limited to the clauses concerning third party use, licenses, warranties, limitations of liability, governing law and venue, usage verification, indemnity, liability, remedy or other similar provisions of the final contract are entered into specifically subject to the State's Constitution, statutes, common law, regulations, and sovereign immunity.

The Parties must comply with all applicable local, state and federal laws, ordinances, rules, orders, and regulations.

**E. BEGINNING OF WORK**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PL			

The bidder shall not commence any billable work until a valid contract has been fully executed by the State and the awarded bidder. The awarded bidder will be notified in writing when work may begin.

**F. AMENDMENT**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PP			

This Contract may be amended in writing, within scope, upon the agreement of both parties.

**G. CHANGE ORDERS OR SUBSTITUTIONS**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PP			

The State and the Contractor, upon the written agreement, may make changes to the contract within the general scope of the solicitation. Changes may involve specifications, the quantity of work, or such other items as the State may find necessary or desirable. Corrections of any deliverable, service, or work required pursuant to the contract shall not be deemed a change. The Contractor may not claim forfeiture of the contract by reasons of such changes.

The Contractor shall prepare a written description of the work required due to the change and an itemized cost sheet for the change. Changes in work and the amount of compensation to be paid to the Contractor shall be determined in accordance with applicable unit prices if any, a pro-rated value, or through negotiations. The State shall not incur a price increase for changes that should have been included in the Contractor's proposal, were foreseeable, or result from difficulties with or failure of the Contractor's proposal or performance.

No change shall be implemented by the Contractor until approved by the State, and the Contract is amended to reflect the change and associated costs, if any. If there is a dispute regarding the cost, but both parties agree that immediate implementation is necessary, the change may be implemented, and cost negotiations may continue with both Parties retaining all remedies under the contract and law.

In the event any product is discontinued or replaced upon mutual consent during the contract period or prior to delivery, the State reserves the right to amend the contract or purchase order to include the alternate product at the same price.

**\*\*\*Contractor will not substitute any item that has been awarded without prior written approval of SPB\*\*\***

**H. VENDOR PERFORMANCE REPORT(S)**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PP			

The State may document any instance(s) of products or services delivered or performed which exceed or fail to meet the terms of the purchase order, contract, and/or solicitation specifications. The State Purchasing Bureau may contact the Vendor regarding any such report. Vendor performance report(s) will become a part of the permanent record of the Vendor.

**I. NOTICE OF POTENTIAL CONTRACTOR BREACH**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
<i>JD</i>			

If Contractor breaches the contract or anticipates breaching the contract, the Contractor shall immediately give written notice to the State. The notice shall explain the breach or potential breach, a proposed cure, and may include a request for a waiver of the breach if so desired. The State may, in its discretion, temporarily or permanently waive the breach. By granting a waiver, the State does not forfeit any rights or remedies to which the State is entitled by law or equity, or pursuant to the provisions of the contract. Failure to give immediate notice, however, may be grounds for denial of any request for a waiver of a breach.

**J. BREACH**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
<i>JD</i>			

Either Party may terminate the contract, in whole or in part, if the other Party breaches its duty to perform its obligations under the contract in a timely and proper manner. Termination requires written notice of default and a thirty (30) calendar day (or longer at the non-breaching Party's discretion considering the gravity and nature of the default) cure period. Said notice shall be delivered by Certified Mail, Return Receipt Requested, or in person with proof of delivery. Allowing time to cure a failure or breach of contract does not waive the right to immediately terminate the contract for the same or different contract breach which may occur at a different time. In case of default of the Contractor, the State may contract the service from other sources and hold the Contractor responsible for any excess cost occasioned thereby. OR In case of breach by the Contractor, the State may, without unreasonable delay, make a good faith effort to make a reasonable purchase or contract to purchased goods in substitution of those due from the contractor. The State may recover from the Contractor as damages the difference between the costs of covering the breach. Notwithstanding any clause to the contrary, the State may also recover the contract price together with any incidental or consequential damages defined in UCC Section 2-715, but less expenses saved in consequence of Contractor's breach.

The State's failure to make payment shall not be a breach, and the Contractor shall retain all available statutory remedies and protections.

**K. NON-WAIVER OF BREACH**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
<i>JD</i>			

The acceptance of late performance with or without objection or reservation by a Party shall not waive any rights of the Party nor constitute a waiver of the requirement of timely performance of any obligations remaining to be performed.

**L. SEVERABILITY**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
<i>PL</i>			

If any term or condition of the contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the provision held to be invalid or illegal.

**M. INDEMNIFICATION**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
<i>PL</i>			

**1. GENERAL**

The Contractor agrees to defend, indemnify, and hold harmless the State and its employees, volunteers, agents, and its elected and appointed officials ("the indemnified parties") from and against any and all third party claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against the State for personal injury, death, or property loss or damage, arising out of, resulting from, or attributable to the willful misconduct, negligence, error, or omission of the Contractor, its employees, Subcontractors, consultants, representatives, and agents, resulting from this contract, except to the extent such Contractor liability is attenuated by any action of the State which directly and proximately contributed to the claims.

**2. PERSONNEL**

The Contractor shall, at its expense, indemnify and hold harmless the indemnified parties from and against any claim with respect to withholding taxes, worker's compensation, employee benefits, or any other claim, demand, liability, damage, or loss of any nature relating to any of the personnel, including subcontractor's and their employees, provided by the Contractor.

**3. SELF-INSURANCE**

The State of Nebraska is self-insured for any loss and purchases excess insurance coverage pursuant to Neb. Rev. Stat. § 81-8,239.01 (Reissue 2008). If there is a presumed loss under the provisions of this agreement, Contractor may file a claim with the Office of Risk Management pursuant to Neb. Rev. Stat. §§ 81-8,829 – 81-8,306 for review by the State Claims Board. The State retains all rights and immunities under the State Miscellaneous (§ 81-8,294), Tort (§ 81-8,209), and Contract Claim Acts (§ 81-8,302), as outlined in Neb. Rev. Stat. § 81-8,209 et seq. and under any other provisions of law and accepts liability under this agreement to the extent provided by law.

**4. ALL REMEDIES AT LAW**

Nothing in this agreement shall be construed as an indemnification by one Party of the other for liabilities of a Party or third parties for property loss or damage or death or personal injury arising out of and during the performance of this contract. Any liabilities or claims for property loss or damages or for death or personal injury by a Party or its agents, employees, contractors or assigns or by third persons, shall be determined according to applicable law.

**5.** The Parties acknowledge that Attorney General for the State of Nebraska is required by statute to represent the legal interests of the State, and that any provision of this indemnity clause is subject to the statutory authority of the Attorney General.

**N. ATTORNEY'S FEES**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PP			

In the event of any litigation, appeal, or other legal action to enforce any provision of the contract, the Parties agree to pay all expenses of such action, as permitted by law and if ordered by the court, including attorney's fees and costs, if the other Party prevails.

**O. PERFORMANCE BOND**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PP			

The Contractor will be required to supply a bond executed by a corporation authorized to contract surety in the State of Nebraska, payable to the State of Nebraska, which shall be valid for the life of the contract to include any renewal and/or extension periods. The amount of the bond must be \$100,000 (one hundred thousand dollars). The bond will guarantee that the Contractor will faithfully perform all requirements, terms and conditions of the contract. Failure to comply shall be grounds for forfeiture of the bond as liquidated damages. Amount of forfeiture will be determined by the agency based on loss to the State. The bond will be returned when the contract has been satisfactorily completed as solely determined by the State, after termination or expiration of the contract.

**P. ASSIGNMENT, SALE, OR MERGER**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PP			

Either Party may assign the contract upon mutual written agreement of the other Party. Such agreement shall not be unreasonably withheld.

The Contractor retains the right to enter into a sale, merger, acquisition, internal reorganization, or similar transaction involving Contractor's business. Contractor agrees to cooperate with the State in executing amendments to the contract to allow for the transaction. If a third party or entity is involved in the transaction, the Contractor will remain responsible for performance of the contract until such time as the person or entity involved in the transaction agrees in writing to be contractually bound by this contract and perform all obligations of the contract.

**Q. CONTRACTING WITH OTHER NEBRASKA POLITICAL SUB-DIVISIONS OF THE STATE OR ANOTHER STATE**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
DD			

The Contractor may, but shall not be required to, allow agencies, as defined in Neb. Rev. Stat. §81-145, to use this contract. The terms and conditions, including price, of the contract may not be amended. The State shall not be contractually obligated or liable for any contract entered into pursuant to this clause. A listing of Nebraska political subdivisions may be found at the website of the Nebraska Auditor of Public Accounts.

The Contractor may, but shall not be required to, allow other states, agencies or divisions of other states, or political subdivisions of other states to use this contract. The terms and conditions, including price, of this contract shall apply to any such contract, but may be amended upon mutual consent of the Parties. The State of Nebraska shall not be contractually or otherwise obligated or liable under any contract entered into pursuant to this clause. The State shall be notified if a contract is executed based upon this contract.

**R. FORCE MAJEURE**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
DD			

Neither Party shall be liable for any costs or damages, or for default resulting from its inability to perform any of its obligations under the contract due to a natural or manmade event outside the control and not the fault of the affected Party ("Force Majeure Event"). The Party so affected shall immediately make a written request for relief to the other Party, and shall have the burden of proof to justify the request. The other Party may grant the relief requested; relief may not be unreasonably withheld. Labor disputes with the impacted Party's own employees will not be considered a Force Majeure Event.

**S. CONFIDENTIALITY**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
DD			

All materials and information provided by the Parties or acquired by a Party on behalf of the other Party shall be regarded as confidential information. All materials and information provided or acquired shall be handled in accordance with federal and state law, and ethical standards. Should said confidentiality be breached by a Party, the Party shall notify the other Party immediately of said breach and take immediate corrective action.

It is incumbent upon the Parties to inform their officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a (i)(1), which is made applicable by 5 U.S.C. 552a (m)(1), provides that any officer or employee, who by virtue of his/her employment or official position has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.

**T. OFFICE OF PUBLIC COUNSEL (Statutory)**

If it provides, under the terms of this contract and on behalf of the State of Nebraska, health and human services to individuals; service delivery; service coordination; or case management, Contractor shall submit to the jurisdiction of the Office of Public Counsel, pursuant to Neb. Rev. Stat. §§ 81-8,240 et seq. This section shall survive the termination of this contract.

**U. LONG-TERM CARE OMBUDSMAN (Statutory)**

Contractor must comply with the Long-Term Care Ombudsman Act, per Neb. Rev. Stat. §§ 81-2237 et seq. This section shall survive the termination of this contract.

**V. EARLY TERMINATION**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
dy			

The contract may be terminated as follows:

1. The State and the Contractor, by mutual written agreement, may terminate the contract at any time.
2. The State, in its sole discretion, may terminate the contract for any reason upon thirty (30) calendar day's written notice to the Contractor. Such termination shall not relieve the Contractor of warranty or other service obligations incurred under the terms of the contract. In the event of termination the Contractor shall be entitled to payment, determined on a pro rata basis, for products or services satisfactorily performed or provided.
3. The State may terminate the contract immediately for the following reasons:
  - a. if directed to do so by statute;
  - b. Contractor has made an assignment for the benefit of creditors, has admitted in writing its inability to pay debts as they mature, or has ceased operating in the normal course of business;
  - c. a trustee or receiver of the Contractor or of any substantial part of the Contractor's assets has been appointed by a court;
  - d. fraud, misappropriation, embezzlement, malfeasance, misfeasance, or illegal conduct pertaining to performance under the contract by its Contractor, its employees, officers, directors, or shareholders;
  - e. an involuntary proceeding has been commenced by any Party against the Contractor under any one of the chapters of Title 11 of the United States Code and (i) the proceeding has been pending for at least sixty (60) calendar days; or (ii) the Contractor has consented, either expressly or by operation of law, to the entry of an order for relief; or (iii) the Contractor has been decreed or adjudged a debtor;
  - f. a voluntary petition has been filed by the Contractor under any of the chapters of Title 11 of the United States Code;
  - g. Contractor intentionally discloses confidential information;
  - h. Contractor has or announces it will discontinue support of the deliverable; and,
  - i. In the event funding is no longer available.

**W. CONTRACT CLOSEOUT**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
dy			

Upon contract closeout for any reason the Contractor shall within 30 days, unless stated otherwise herein:

1. Transfer all completed or partially completed deliverables to the State;
2. Transfer ownership and title to all completed or partially completed deliverables to the State;
3. Return to the State all information and data, unless the Contractor is permitted to keep the information or data by contract or rule of law. Contractor may retain one copy of any information or data as required to comply with applicable work product documentation standards or as are automatically retained in the course of Contractor's routine back up procedures;
4. Cooperate with any successor Contractor, person or entity in the assumption of any or all of the obligations of this contract;
5. Cooperate with any successor Contractor, person or entity with the transfer of information or data related to this contract;
6. Return or vacate any state owned real or personal property; and,
7. Return all data in a mutually acceptable format and manner.

Nothing in this Section should be construed to require the Contractor to surrender intellectual property, real or personal property, or information or data owned by the Contractor for which the State has no legal claim.

**II. CONTRACTOR DUTIES**

**A. INDEPENDENT CONTRACTOR / OBLIGATIONS**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
			<p><i>we are a state of NE entity.</i></p>

It is agreed that the Contractor is an independent contractor and that nothing contained herein is intended or should be construed as creating or establishing a relationship of employment, agency, or a partnership.

The Contractor is solely responsible for fulfilling the contract. The Contractor or the Contractor's representative shall be the sole point of contact regarding all contractual matters.

The Contractor shall secure, at its own expense, all personnel required to perform the services under the contract. The personnel the Contractor uses to fulfill the contract shall have no contractual or other legal relationship with the State; they shall not be considered employees of the State and shall not be entitled to any compensation, rights or benefits from the State, including but not limited to, tenure rights, medical and hospital care, sick and vacation leave, severance pay, or retirement benefits.

By-name personnel commitments made in the Contractor's proposal shall not be changed without the prior written approval of the State. Replacement of these personnel, if approved by the State, shall be with personnel of equal or greater ability and qualifications.

All personnel assigned by the Contractor to the contract shall be employees of the Contractor or a subcontractor, and shall be fully qualified to perform the work required herein. Personnel employed by the Contractor or a subcontractor to fulfill the terms of the contract shall remain under the sole direction and control of the Contractor or the subcontractor respectively.

With respect to its employees, the Contractor agrees to be solely responsible for the following:

1. Any and all pay, benefits, and employment taxes and/or other payroll withholding;
2. Any and all vehicles used by the Contractor's employees, including all insurance required by state law;
3. Damages incurred by Contractor's employees within the scope of their duties under the contract;
4. Maintaining Workers' Compensation and health insurance that complies with state and federal law and submitting any reports on such insurance to the extent required by governing law;
5. Determining the hours to be worked and the duties to be performed by the Contractor's employees; and,
6. All claims on behalf of any person arising out of employment or alleged employment (including without limit claims of discrimination alleged against the Contractor, its officers, agents, or subcontractors or subcontractor's employees)

If the Contractor intends to utilize any subcontractor, the subcontractor's level of effort, tasks, and time allocation should be clearly defined in the bidder's proposal. The Contractor shall agree that it will not utilize any subcontractors not specifically included in its proposal in the performance of the contract without the prior written authorization of the State.

The State reserves the right to require the Contractor to reassign or remove from the project any Contractor or subcontractor employee.

Contractor shall insure that the terms and conditions contained in any contract with a subcontractor does not conflict with the terms and conditions of this contract.

The Contractor shall include a similar provision, for the protection of the State, in the contract with any Subcontractor engaged to perform work on this contract.

**B. EMPLOYEE WORK ELIGIBILITY STATUS**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
JK			

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of an employee.

If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at <http://das.nebraska.gov/materiel/purchasing.html>
2. The completed United States Attestation Form should be submitted with the solicitation response.
3. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation required to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.
4. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

**C. COMPLIANCE WITH CIVIL RIGHTS LAWS AND EQUAL OPPORTUNITY EMPLOYMENT / NONDISCRIMINATION (Statutory)**

The Contractor shall comply with all applicable local, state, and federal statutes and regulations regarding civil rights laws and equal opportunity employment. The Nebraska Fair Employment Practice Act prohibits Contractors of the State of Nebraska, and their Subcontractors, from discriminating against any employee or applicant for employment, with respect to hire, tenure, terms, conditions, compensation, or privileges of employment because of race, color, religion, sex, disability, marital status, or national origin (Neb. Rev. Stat. §48-1101 to 48-1125). The Contractor guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision shall be regarded as a material breach of contract. The Contractor shall insert a similar provision in all Subcontracts for goods and services to be covered by any contract resulting from this solicitation.

**D. COOPERATION WITH OTHER CONTRACTORS**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
JK			

Contractor may be required to work with or in close proximity to other contractors or individuals that may be working on same or different projects. The Contractor shall agree to cooperate with such other contractors or individuals, and shall not commit or permit any act which may interfere with the performance of work by any other contractor or individual. Contractor is not required to compromise Contractor's intellectual property or proprietary information unless expressly required to do so by this contract.

**E. DISCOUNTS**

Prices quoted shall be inclusive of ALL trade discounts. Cash discount terms of less than thirty (30) days will not be considered as part of the proposal. Cash discount periods will be computed from the date of receipt of a properly

executed claim voucher or the date of completion of delivery of all items in a satisfactory condition, whichever is later.

**F. PRICES**

Prices quoted shall be net, including transportation and delivery charges fully prepaid by the contractor, F.O.B. destination named in the solicitation. No additional charges will be allowed for packing, packages, or partial delivery costs. When an arithmetic error has been made in the extended total, the unit price will govern.

Prices submitted on the cost proposal form, once accepted by the State, shall remain fixed for the initial term of the contract. Any request for a price increase for each renewal period shall not exceed five percent (5%) of the price proposed for the period. Increases shall not be cumulative and will only apply to that period of the contract. The request for a price increase must be submitted in writing to the DHHS a minimum of 120 days prior to the end of the current contract period. Documentation may be required by the State to support the price increase.

**The State reserves the right to deny any requested price increase. No price increases are to be billed to any State Agencies prior to written amendment of the contract by the parties.**

**The State will be given full proportionate benefit of any decreases for the term of the contract.**

**G. COST CLARIFICATION**

The State reserves the right to review all aspects of cost for reasonableness and to request clarification of any proposal where the cost component shows significant and unsupported deviation from industry standards or in areas where detailed pricing is required.

**H. PERMITS, REGULATIONS, LAWS**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PCJ			

The contract price shall include the cost of all royalties, licenses, permits, and approvals, whether arising from patents, trademarks, copyrights or otherwise, that are in any way involved in the contract. The Contractor shall obtain and pay for all royalties, licenses, and permits, and approvals necessary for the execution of the contract. The Contractor must guarantee that it has the full legal right to the materials, supplies, equipment, software, and other items used to execute this contract.

**I. OWNERSHIP OF INFORMATION AND DATA / DELIVERABLES**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PCJ			

The State shall have the unlimited right to publish, duplicate, use, and disclose all information and data developed or obtained by the Contractor on behalf of the State pursuant to this contract.

The State shall own and hold exclusive title to any deliverable developed as a result of this contract. Contractor shall have no ownership interest or title, and shall not patent, license, or copyright, duplicate, transfer, sell, or exchange, the design, specifications, concept, or deliverable.

**J. INSURANCE REQUIREMENTS**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PJ			Self-Insured See Attachment E Certificate of Insurance

The Contractor shall throughout the term of the contract maintain insurance as specified herein and provide the State a current Certificate of Insurance/Acord Form (COI) verifying the coverage. The Contractor shall not commence work on the contract until the insurance is in place. If Contractor subcontracts any portion of the Contract the Contractor must, throughout the term of the contract, either:

1. Provide equivalent insurance for each subcontractor and provide a COI verifying the coverage for the subcontractor;
2. Require each subcontractor to have equivalent insurance and provide written notice to the State that the Contractor has verified that each subcontractor has the required coverage; or,
3. Provide the State with copies of each subcontractor's Certificate of Insurance evidencing the required coverage.

The Contractor shall not allow any Subcontractor to commence work until the Subcontractor has equivalent insurance. The failure of the State to require a COI, or the failure of the Contractor to provide a COI or require subcontractor insurance shall not limit, relieve, or decrease the liability of the Contractor hereunder.

In the event that any policy written on a claims-made basis terminates or is canceled during the term of the contract or within one (1) year of termination or expiration of the contract, the contractor shall obtain an extended discovery or reporting period, or a new insurance policy, providing coverage required by this contract for the term of the contract and one (1) year following termination or expiration of the contract.

If by the terms of any insurance a mandatory deductible is required, or if the Contractor elects to increase the mandatory deductible amount, the Contractor shall be responsible for payment of the amount of the deductible in the event of a paid claim.

Notwithstanding any other clause in this Contract, the State may recover up to the liability limits of the insurance policies required herein.

**1. WORKERS' COMPENSATION INSURANCE**

The Contractor shall take out and maintain during the life of this contract the statutory Workers' Compensation and Employer's Liability Insurance for all of the contactors' employees to be engaged in work on the project under this contract and, in case any such work is sublet, the Contractor shall require the Subcontractor similarly to provide Worker's Compensation and Employer's Liability Insurance for all of the Subcontractor's employees to be engaged in such work. This policy shall be written to meet the statutory requirements for the state in which the work is to be performed, including Occupational Disease. **The policy shall include a waiver of subrogation in favor of the State. The COI shall contain the mandatory COI subrogation waiver language found hereinafter.** The amounts of such insurance shall not be less than the limits stated hereinafter. For employees working in the State of Nebraska, the policy must be written by an entity authorized by the State of Nebraska Department of Insurance to write Workers' Compensation and Employer's Liability Insurance for Nebraska employees.

**2. COMMERCIAL GENERAL LIABILITY INSURANCE AND COMMERCIAL AUTOMOBILE LIABILITY INSURANCE**

The Contractor shall take out and maintain during the life of this contract such Commercial General Liability Insurance and Commercial Automobile Liability Insurance as shall protect Contractor and any Subcontractor performing work covered by this contract from claims for damages for bodily injury, including death, as well as from claims for property damage, which may arise from operations under this contract, whether such operation be by the Contractor or by any Subcontractor or by anyone directly or indirectly employed by either of them, and the amounts of such insurance shall not be less than limits stated hereinafter.

The Commercial General Liability Insurance shall be written on an **occurrence basis**, and provide Premises/Operations, Products/Completed Operations, Independent Contractors, Personal Injury, and

Contractual Liability coverage. The policy shall include the State, and others as required by the contract documents, as Additional Insured(s). This policy shall be primary, and any insurance or self-insurance carried by the State shall be considered secondary and non-contributory. The COI shall contain the mandatory COI liability waiver language found hereinafter. The Commercial Automobile Liability Insurance shall be written to cover all Owned, Non-owned, and Hired vehicles.

<b>REQUIRED INSURANCE COVERAGE</b>		
<b>COMMERCIAL GENERAL LIABILITY</b>		
General Aggregate		\$2,000,000
Products/Completed Operations Aggregate		\$2,000,000
Personal/Advertising Injury		\$1,000,000 per occurrence
Bodily Injury/Property Damage		\$1,000,000 per occurrence
Medical Payments		\$10,000 any one person
Damage to Rented Premises (Fire)		\$300,000 each occurrence
Contractual		Included
XCU Liability (Explosion, Collapse, and Underground Damage)		Included
Independent Contractors		Included
<i>If higher limits are required, the Umbrella/Excess Liability limits are allowed to satisfy the higher limit.</i>		
<b>WORKER'S COMPENSATION</b>		
Employers Liability Limits		\$500K/\$500K/\$500K
Statutory Limits- All States		Statutory - State of Nebraska
Voluntary Compensation		Statutory
<b>COMMERCIAL AUTOMOBILE LIABILITY</b>		
Bodily Injury/Property Damage		\$1,000,000 combined single limit
Include All Owned, Hired & Non-Owned Automobile liability		Included
Motor Carrier Act Endorsement		Where Applicable
<b>UMBRELLA/EXCESS LIABILITY</b>		
Over Primary Insurance		\$5,000,000 per occurrence
<b>CYBER LIABILITY</b>		
Breach of Privacy, Security Breach, Denial of Service, Remediation, Fines and Penalties		\$2,000,000
<b>CONTRACTOR'S POLLUTION LIABILITY</b>		
Each Occurrence/Aggregate Limit		\$2,000,000
Includes Non-Owned Disposal Sites		
<b>MANDATORY COI SUBROGATION WAIVER LANGUAGE</b>		
"Workers' Compensation policy shall include a waiver of subrogation in favor of the State of Nebraska."		
<b>MANDATORY COI LIABILITY WAIVER LANGUAGE</b>		
"Commercial General Liability & Commercial Automobile Liability policies shall name the State of Nebraska as an Additional Insured and the policies shall be primary and any insurance or self-insurance carried by the State shall be considered secondary and non-contributory as additionally insured."		

**3. EVIDENCE OF COVERAGE**

The Contractor shall furnish the Contract Manager, with a certificate of insurance coverage complying with the above requirements prior to beginning work at:

Department of Health and Human Services  
 Attn: STD Program Manager  
 301 Centennial Mall S., 3<sup>rd</sup> floor  
 Lincoln, NE 68509

These certificates or the cover sheet shall reference the RFP number, and the certificates shall include the name of the company, policy numbers, effective dates, dates of expiration, and amounts and types of coverage afforded. If the State is damaged by the failure of the Contractor to maintain such insurance, then the Contractor shall be responsible for all reasonable costs properly attributable thereto.

Reasonable notice of cancellation of any required insurance policy must be submitted to the contract manager as listed above when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

**4. DEVIATIONS**

The insurance requirements are subject to limited negotiation. Negotiation typically includes, but is not necessarily limited to, the correct type of coverage, necessity for Workers' Compensation, and the type of automobile coverage carried by the Contractor.

**K. ANTITRUST**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PG			

The Contractor hereby assigns to the State any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under antitrust laws of the United States and the antitrust laws of the State.

**L. CONFLICT OF INTEREST**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PG			

By submitting a proposal, bidder certifies that no relationship exists between the bidder and any person or entity which either is, or gives the appearance of, a conflict of interest related to this Request for Proposal or project.

Bidder further certifies that bidder will not employ any individual known by bidder to have a conflict of interest nor shall bidder take any action or acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its contractual obligations hereunder or which creates an actual or appearance of conflict of interest.

If there is an actual or perceived conflict of interest, bidder shall provide with its proposal a full disclosure of the facts describing such actual or perceived conflict of interest and a proposed mitigation plan for consideration. The State will then consider such disclosure and proposed mitigation plan and either approve or reject as part of the overall bid evaluation.

**M. SITE RULES AND REGULATIONS**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PG			

The Contractor shall use its best efforts to ensure that its employees, agents, and Subcontractors comply with site rules and regulations while on State premises. If the Contractor must perform on-site work outside of the daily operational hours set forth by the State, it must make arrangements with the State to ensure access to the facility and the equipment has been arranged. No additional payment will be made by the State on the basis of lack of access, unless the State fails to provide access as agreed to in writing between the State and the Contractor.

**N. ADVERTISING**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PCJ			

The Contractor agrees not to refer to the contract award in advertising in such a manner as to state or imply that the company or its goods or services are endorsed or preferred by the State. Any publicity releases pertaining to the project shall not be issued without prior written approval from the State.

**O. NEBRASKA TECHNOLOGY ACCESS STANDARDS (Statutory)**

Contractor shall review the Nebraska Technology Access Standards, found at <http://nitc.nebraska.gov/standards/2-201.html> and ensure that products and/or services provided under the contract are in compliance or will comply with the applicable standards to the greatest degree possible. In the event such standards change during the Contractor's performance, the State may create an amendment to the contract to request the contract comply with the changed standard at a cost mutually acceptable to the parties.

**P. DISASTER RECOVERY/BACK UP PLAN**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PCJ			

The Contractor shall have a disaster recovery and back-up plan, of which a copy should be provided upon request to the State, which includes, but is not limited to equipment, personnel, facilities, and transportation, in order to continue delivery of goods and services as specified under the specifications in the contract in the event of a disaster.

**Q. DRUG POLICY**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PCJ			

Contractor certifies it maintains a drug free work place environment to ensure worker safety and workplace integrity. Contractor agrees to provide a copy of its drug free workplace policy at any time upon request by the State.

**R. WARRANTY**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PCJ			

Despite any clause to the contrary, the Contractor represents and warrants that its services hereunder shall be performed by competent personnel and shall be of professional quality consistent with generally accepted industry standards for the performance of such services and shall comply in all respects with the requirements of this

Agreement. For any breach of this warranty, the Contractor shall, for a period of ninety (90) days from performance of the service, perform the services again, at no cost to the State, or if Contractor is unable to perform the services as warranted, Contractor shall reimburse the State all fees paid to Contractor for the unsatisfactory services. The rights and remedies of the parties under this warranty are in addition to any other rights and remedies of the parties provided by law or equity, including, without limitation actual damages, and, as applicable and awarded under the law, to a prevailing party, reasonable attorneys' fees and costs.

**IV. PAYMENT**

**A. PROHIBITION AGAINST ADVANCE PAYMENT (Statutory)**

Neb. Rev. Stat. §§81-2403 states, "[n]o goods or services shall be deemed to be received by an agency until all such goods or services are completely delivered and finally accepted by the agency."

**B. TAXES (Statutory)**

The State is not required to pay taxes and assumes no such liability as a result of this solicitation. The Contractor may request a copy of the Nebraska Department of Revenue, Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption, Form 13 for their records. Any property tax payable on the Contractor's equipment which may be installed in a state-owned facility is the responsibility of the Contractor

**C. INVOICES**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PJ			

Invoices for payments must be submitted quarterly by the Contractor to the agency requesting the services with sufficient detail to support payment. Invoices should include, at a minimum, billing period, name of test, number of tests, unit cost of test, and extended cost. Invoices must be sent electronically to the STD Program Manager by the 15th of the month following the end of the quarter. An email address will be provided to the awarded bidder. The terms and conditions included in the Contractor's invoice shall be deemed to be solely for the convenience of the parties. No terms or conditions of any such invoice shall be binding upon the State, and no action by the State, including without limitation the payment of any such invoice in whole or in part, shall be construed as binding or estopping the State with respect to any such term or condition, unless the invoice term or condition has been previously agreed to by the State as an amendment to the contract.

**D. INSPECTION AND APPROVAL**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PJ			

Final inspection and approval of all work required under the contract shall be performed by the designated State officials.

The State and/or its authorized representatives shall have the right to enter any premises where the Contractor or Subcontractor duties under the contract are being performed, and to inspect, monitor or otherwise evaluate the work being performed. All inspections and evaluations shall be at reasonable times and in a manner that will not unreasonably delay work.

**E. PAYMENT (Statutory)**

Payment will be made by the responsible agency in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §81-2403). The State may require the Contractor to accept payment by electronic means such as ACH deposit. In no event shall the State be responsible or liable to pay for any goods and services provided by the Contractor prior to the Effective Date of the contract, and the Contractor hereby waives any claim or cause of action for any such services.

**F. LATE PAYMENT (Statutory)**

The Contractor may charge the responsible agency interest for late payment in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §81-2401 through 81-2408).

**G. SUBJECT TO FUNDING / FUNDING OUT CLAUSE FOR LOSS OF APPROPRIATIONS (Statutory)**

The State's obligation to pay amounts due on the Contract for a fiscal years following the current fiscal year is contingent upon legislative appropriation of funds. Should said funds not be appropriated, the State may terminate the contract with respect to those payments for the fiscal year(s) for which such funds are not appropriated. The State will give the Contractor written notice thirty (30) calendar days prior to the effective date of termination. All obligations of the State to make payments after the termination date will cease. The Contractor shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall the Contractor be paid for a loss of anticipated profit.

**H. RIGHT TO AUDIT (First Paragraph is Statutory)**

The State shall have the right to audit the Contractor's performance of this contract upon a thirty (30) days' written notice. Contractor shall utilize generally accepted accounting principles, and shall maintain the accounting records, and other records and information relevant to the contract (Information) to enable the State to audit the contract. (Neb. Rev. Stat. §84-304 et seq.) The State may audit and the Contractor shall maintain, the Information during the term of the contract and for a period of five (5) years after the completion of this contract or until all issues or litigation are resolved, whichever is later. The Contractor shall make the Information available to the State at Contractor's place of business or a location acceptable to both Parties during normal business hours. If this is not practical or the Contractor so elects, the Contractor may provide electronic or paper copies of the Information. The State reserves the right to examine, make copies of, and take notes on any Information relevant to this contract, regardless of the form or the Information, how it is stored, or who possesses the Information. Under no circumstance will the Contractor be required to create or maintain documents not kept in the ordinary course of contractor's business operations, nor will contractor be required to disclose any information, including but not limited to product cost data, which is confidential or proprietary to contractor.

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
PJ			

The Parties shall pay their own costs of the audit unless the audit finds a previously undisclosed overpayment by the State. If a previously undisclosed overpayment exceeds one-half of one percent (0.5%) of the total contract billings, or if fraud, material misrepresentations, or non-performance is discovered on the part of the Contractor, the Contractor shall reimburse the State for the total costs of the audit. Overpayments and audit costs owed to the State shall be paid within ninety (90) days of written notice of the claim. The Contractor agrees to correct any material weaknesses or condition found as a result of the audit.

**V. PROJECT DESCRIPTION AND SCOPE OF WORK**

The bidder should provide the following information in response to this solicitation.

**A. PROJECT OVERVIEW**

The Request for Proposal (RFP) is intended to provide a variety of Sexually Transmitted Disease (STD) testing for the Nebraska Department of Health and Human Services (DHHS) STD approved sites throughout the State of Nebraska. The Contractor will perform laboratory STD tests, including but not limited to: syphilis, chlamydia, and gonorrhea. DHHS may add STD tests throughout the term of the contract by written amendment per section II.F. The purpose of the RFP is to provide STD testing as required by DHHS STD Program in a timely manner. Samples are collected at DHHS STD Program approved testing sites. Samples will then be directly shipped to the Contractor by the collector to reduce the time the sample spends in route to the Contractor and to facilitate faster sample turnaround.

**B. PROJECT ENVIRONMENT**

Annually, the DHHS STD Program uses approximately 45,775 STD test. The estimated number of annual tests in no way commits the State to those figures as maximum or minimum contract amounts, but are for information purposes only. The tests are broken down in the following manner:

- 1. Syphilis IgG EIA Screen: 2,500
- 2. RPR Confirmation FTA: 50
- 3. GC Culture 0 (rare and requires approval from DHHS STD Program Manager)
- 4. RPR Titer: 90
- 5. RPR Quantitative: 120
- 6. GC/Chlamydia Amplified – Swab: 15
- 7. GC/Chlamydia Amplified - Urine: 43,000

There are approximately eighty-nine (89) STD testing sites across Nebraska which include local health departments, non-profits, correctional facilities, and universities. A listing of all testing sites can be found on Attachment 1. The number and location of testing sites may change throughout the term of this contract.

All testing sites collect samples to test for chlamydia and gonorrhea, while only about twenty-five (25) testing sites collect for syphilis testing. Testing sites across the state are responsible for screening and testing individuals who present themselves at a testing site and who have been exposed or fear exposure to an STD. Samples are collected by testing sites, electronically ordered, and shipped to the Contractor for laboratory testing. The DHHS STD Testing Program is funded by both state and federal dollars. The majority of the funding is through state funds.

State regulations regarding STD testing can be found at Title 173 of the Nebraska Administrative Code, chapter 1, and are available at the following link:

[https://sos.nebraska.gov/rules-and-regs/regsearch/Rules/Health\\_and\\_Human\\_Services\\_System/Title-173/Chapter-01.pdf](https://sos.nebraska.gov/rules-and-regs/regsearch/Rules/Health_and_Human_Services_System/Title-173/Chapter-01.pdf)

**C. MANDATORY REQUIREMENTS**

- 1. The contractor must hold Clinical Laboratory Improvement Amendments (CLIA) waiver. See <https://www.cdc.gov/clia/waived-tests.html>

Acknowledge (Initial)	NOTES/COMMENTS:
<i>BY</i>	<i>See Attachment A</i>

- 2. Tests must be performed using the traditional syphilis algorithm, which is an initial workup for syphilis using the traditional algorithm includes rapid plasma regain (RPR) followed by confirmation using Treponema pallidum-specific antibody tests. Having the RPR titer first rapidly helps assess disease activity.

Acknowledge (Initial)	NOTES/COMMENTS:
<i>BY</i>	<i>See Attachment B</i>

3. Maintain and/or utilize laboratories fully accredited by the College of American Pathologists that meet all appropriate standards for laboratories performing medical laboratory testing. The Contractor agrees that all laboratory services will meet standards of certification under the CLIA.

Acknowledge (Initial)	NOTES/COMMENTS:
PJ	See Attachment C

4. Reporting of STD test results must be done via Electronic Lab Reporting (ELR). The Contractor must use ELR to report STD test results.

Acknowledge (Initial)	NOTES/COMMENTS:
PJ	

**D. SCOPE OF WORK**

1. The Contractor must comply with all State statutes and regulations governing the performance of services required herein as listed in section V.B. Contractor must obtain all necessary permits, documents, and inspections at contractor's expense.
2. The Contractor must provide training regarding how to conduct sample collection, ordering tests, and shipping of samples.
3. The Contractor will do onsite or on the phone training with sites, when necessary, for technical assistance purposes.
4. All supplies, materials, services, and shipping costs required by this RFP, whether explicitly or not, must be provided at the Contractor's expense as part of the testing prices, and not additionally thereto.
5. If a sample must be re-collected due to error on the part of the Contractor, shipping expense from the testing site to the Contractor must be covered at the Contractor's expense.
6. The Contractor will also be the sole contact with all the subcontractors regarding any sample rejection, testing, reporting of results, billing, or any other concern.
7. The Contractor must supply sample collection kits, shipping containers and appropriate labels as requested by DHHS STD Program-approved testing sites.
8. If a specimen is inadequate or inappropriate for testing, lost, or damaged by the Contractor, the Contractor must notify the testing site by phone or email within two (2) State business days so the same specimen may be collected within two (2) State business days.
9. Contractor must notify DHHS within two (2) State business days of discovery of any analytic results that indicate a problem with:
  - a. A sample;
  - b. Sample collection;
  - c. Processing; or
  - d. Any event or concern that would delay or affect the reporting of results.
10. Contractor must maintain an internal Quality Control Program.
11. Contractor must use established methodologies and procedures to provide accurate results;
12. Contractor must seek approval in advance from the DHHS STD Program Manager, in writing, before any STD testing method changes can be made by the Contractor.
13. Results must be entered through Electronic Lab Reporting (ELR) within the turnaround time of seven (7) days after sample is received by Contractor.
14. Syphilis tests must be performed using the traditional syphilis algorithm.
15. Contractor must perform reflex testing (automatic confirmatory testing) on specimens submitted for syphilis screening.
16. Reflex testing will only be performed according to the mutually agreed-upon protocol and Centers for Disease Control (CDC) recommendations when indicated by a screening test or as requested by DHHS via email notification.
17. Contractor agrees to provide information on STD reportable diseases to CDC as required by state regulations and guidelines.
18. Contractor will provide DHHS with a monthly report accounting of tests performed under this contract.
19. As requested by DHHS, approximately two to four (2-4) times annually, the Contractor's Laboratory Director or equivalent position and requested staff will meet with or participate in a teleconference with DHHS STD Program Manager.
20. Any changes in status of the required CLIA waiver must be communicated to the DHHS STD Program Manager in writing within five (5) State business days of the change.
21. Contractor must notify DHHS of any major laboratory changes or events within five (5) State business days of discovery. Major laboratory changes or events include the loss or replacement of the laboratory director or any situation that affects the Contractor's ability to meet the provisions of this contract.

- 22. The Contractor must work with DHHS to manage the funds available under this contract, in the event that demand begins to exceed the available State budget.
- 23. Contractor will monitor the DHHS approved budget.

**E. PROPOSAL REQUIREMENTS**

1.	Describe your plan for how to coordinate STD testing with the testing sites throughout Nebraska.
	Bidder's Response:
2.	Describe how you will meet the requirements to report STD test results and turnaround time for results.
	Bidder's Response:
3.	Provide a comprehensive list of quality assurance best practices and quality assurance procedures.
	Bidder's Response:
4.	Describe procedures and methodology bidder will use to provide accurate test results.
	Bidder's Response:

- F. DELIVERABLES**  
See Cost Proposal.



*Corporate Overview*

*RFP 6212-Z1*

*NPHL*

#### **IV. CORPORATE OVERVIEW**

This section documents the requirements that must be met by bidders in preparing the Technical and Cost Proposal. Bidders must identify the subdivisions of "Project Description and Scope of Work" clearly in their proposals; failure to do so may result in disqualification. Failure to respond to a specific requirement may be the basis for elimination from consideration during the State's comparative evaluation.

Proposals are due by the date and time shown in the Schedule of Events. Content requirements for the Technical and Cost Proposal are presented separately in the following subdivisions; format and order:

#### **A. PROPOSAL SUBMISSION**

##### **1. CORPORATE OVERVIEW**

The Corporate Overview section of the Technical Proposal should consist of the following subdivisions:

##### **a. BIDDER IDENTIFICATION AND INFORMATION**

The bidder should provide the full company or corporate name, address of the company's headquarters, entity organization (corporation, partnership, proprietorship), state in which the bidder is incorporated or otherwise organized to do business, year in which the bidder first organized to do business and whether the name and form of organization has changed since first organized.

*Nebraska Public Health Laboratory at UNMC (NPHL) is an entity created by the University of Nebraska Board of Regents in 1997, the name and form of organization has NOT changed since first organized, and is identified as follows:  
University of Nebraska Board of Regents- Nebraska Public Health Laboratory  
985900 Nebraska Medical Center  
Omaha, NE 68198-5900*

##### **b. FINANCIAL STATEMENTS**

The bidder should provide financial statements applicable to the firm. If publicly held, the bidder should provide a copy of the corporation's most recent audited financial reports and statements, and the name, address, and telephone number of the fiscally responsible representative of the bidder's financial or banking organization.

*See Attachment D.*

If the bidder is not a publicly held corporation, either the reports and statements required of a publicly held corporation, or a description of the organization, including size, longevity, client base, areas of specialization and expertise, and any other pertinent information, should be submitted in such a manner that proposal evaluators may reasonably formulate a determination about the stability and financial strength of the organization. Additionally, a non-publicly held firm should provide a banking reference.

*See Attachment D.*

The bidder should disclose any and all judgments, pending or expected litigation, or other real or potential financial reversals, which might materially affect the viability or stability of the organization, or state that no such condition is known to exist.

*No such condition is known to exist.*

The State may elect to use a third party to conduct credit checks as part of the corporate overview evaluation.

*Bidder acknowledges that a third party may conduct a credit check.*

##### **c. CHANGE OF OWNERSHIP**

If any change in ownership or control of the company is anticipated during the twelve (12) months following the proposal due date, the bidder should describe the circumstances of such change and indicate when the change will likely occur. Any change of ownership to an awarded bidder(s) will require notification to the State.

*NO change in ownership or control of the company is anticipated during the twelve (12) months following the proposal due date.*

**d. OFFICE LOCATION**

The bidder's office location responsible for performance pursuant to an award of a contract with the State of Nebraska should be identified.

*Nebraska Public Health Laboratory  
University of Nebraska Medical Center  
985900 Nebraska Medical Center  
Omaha, NE 68198-5900*

**e. RELATIONSHIPS WITH THE STATE**

The bidder should describe any dealings with the State over the previous five (5) years. If the organization, its predecessor, or any Party named in the bidder's proposal response has contracted with the State, the bidder must identify the contract number(s) and/or any other information available to identify such contract(s). If no such contracts exist, the bidder should so declare.

*The NPHL at UNMC is an entity created by the University of Nebraska Board of Regents and is a State of Nebraska Agency operating under the State Nebraska.*

*2019-20 ELC Special Pathogens Laboratory Services Agreement ,  
NEDHHS Biological and Chemical Terrorism Laboratory Subaward,  
NEDHHS*

*STD Agreement, NEDHH,  
HIV Agreement, NEDHH  
TB Agreement, NEDHH*

*2018-19 ELC Special Pathogens Laboratory Services Agreement ,  
NEDHHS Biological and Chemical Terrorism Laboratory Subaward,  
NEDHHS*

*STD Agreement, NEDHH  
HIV Agreement, NEDHH  
TB Agreement, NEDHH*

*2017-18 ELC Special Pathogens Laboratory Services Agreement  
Biological and Chemical Terrorism Laboratory Subaward, NEDHHS*

*STD Agreement, NEDHH  
HIV Agreement, NEDHH  
TB Agreement, NEDHH*

*2016-17 ELC Special Pathogens Laboratory Services Agreement ,  
NEDHHS Biological and Chemical Terrorism Laboratory Subaward,  
NEDHHS*

*STD Agreement, NEDHH  
HIV Agreement, NEDHH  
TB Agreement, NEDHH*

2015-16 ELC Special Pathogens Laboratory Services Agreement, NEDHHS Biological and Chemical Terrorism Laboratory Subaward, NEDHHS

STD Agreement, NEDHH

HIV Agreement, NEDHH

TB Agreement, NEDHH

f. **BIDDER'S EMPLOYEE RELATIONS TO STATE**

If any Party named in the bidder's proposal response is or was an employee of the State within the past twelve (12) months, the bidder should identify the individual(s) by name, State agency with whom employed, job title or position held with the State, and separation date. If no such relationship exists or has existed, the bidder should so declare.

*All parties are State employees under the University of Nebraska.*

If any employee of any agency of the State of Nebraska is employed by the bidder or is a Subcontractor to the bidder, as of the due date for proposal submission, the bidder should identify all such persons by name, position held with the bidder, and position held with the State (including job title and agency). The bidder should describe the responsibilities of such persons within the proposing organization. If, after review of this information by the State, it is determined that a conflict of interest exists or may exist, the bidder may be disqualified from further consideration in this proposal. If no such relationship exists, bidder should so declare.

*All parties are State employees under the University of Nebraska.*

*Peter C. Iwen, PhD*

*University of Nebraska Medical Center*

*Director, Nebraska Public Health Laboratory*

*Responsibility, direct the activities of the Nebraska Public Health Laboratory*

*No conflicts of interest*

g. **CONTRACT PERFORMANCE**

If the bidder or any proposed subcontractor has had a contract terminated for default during the past five (5) years, all such instances should be described as required below. Termination for default is defined as a notice to stop performance delivery due to the bidder's non-performance or poor performance, and the issue was either not litigated due to inaction on the part of the bidder or litigated and such litigation determined the bidder to be in default.

*No contract terminated for default during the past five (5) years.*

It is mandatory that the bidder submit full details of all termination for default experienced during the past five (5) years, including the other Party's name, address, and telephone number. The response to this section must present the bidder's position on the matter. The State will evaluate the facts and will score the bidder's proposal accordingly. If no such termination for default has been experienced by the bidder in the past five (5) years, the contractor must so declare.

*No such termination for default has been experienced by the NPHL in the past five (5) years.*

If at any time during the past five (5) years, the bidder has had a contract terminated for convenience, non-performance, non-allocation of funds, or any other reason, the bidder should describe fully all circumstances surrounding such termination, including the name and address of the other contracting Party.

*No time during the past five (5) years, has the NPHL had a contract terminated for convenience, non-performance, non-allocation of funds, or any other reason.*

**h. SUMMARY OF BIDDER'S CORPORATE EXPERIENCE**

The bidder should provide a summary matrix listing the bidder's previous projects similar to this solicitation in size, scope, and complexity. The State will use no more than three (3) narrative project descriptions submitted by the bidder during its evaluation of the proposal.

The bidder should address the following:

- i. Provide narrative descriptions to highlight the similarities between the bidder's experience and this solicitation. These descriptions must include:
  - a) The time period of the project;  
*The NPHL at UNMC has created and maintained all current aspects of the of laboratory testing for the laboratory STD Program since 1997. NPHL has met all requirements and cost projections for this program for the past 22 years. The NPHL has not received notice of any documented deficiencies over this time period.*
  - b) The scheduled and actual completion dates;  
*The NPHL is the current STD test provider for the state through an agreement that expires at the end of June, 2020. If selected, NPHL can operate immediately.*
  - c) The bidder's responsibilities;  
*The NPHL will provide the following services: 1) testing to include syphilis RPR screen, RPR qualitative screen, RPR quantitative confirmation, FTA-ABS reflex testing, GC culture, and GC/Chlamydia amplification (swab and urine); 2) syphilis confirmatory testing on specimens; 3) laboratory analyses on all samples submitted for tests and to make available the necessary sample kits to medical providers; 3) provide laboratory results of the testing performed to the medical services provider and DHHS; 4) provide information on STD reportable diseases to DHHS as required by Title 173 and to the CDC as required by state regulations and guidelines; 5) provide DHHS STD Program with a monthly accounting of test performed under contract; 6) maintain laboratories fully accredited by the College of American Pathologists that meet all appropriate standards for laboratories performing medical laboratory testing; and 7) periodically meet with various groups to discuss laboratory operations services or other related topics as appropriate.*
  - d) For reference purposes, a customer name (including the name of a contact person, a current telephone number, a facsimile number, and e-mail address);

Anne O'Keefe, MD  
Senior Epidemiologist  
Douglas County Health Department  
1111 South 41st St  
Omaha, NE 68105  
anne.okeefe@douglascounty.ne.gov  
Tel: 402-444-6956

- e) Each project description must identify whether the work was performed as the prime Contractor or as a Subcontractor. If a bidder performed as the prime Contractor, the description must provide the originally scheduled completion date and budget, as well as the actual (or currently planned) completion date and actual (or currently planned) budget.  
*NPHL is not considered a sub-contractor for the purposes of this RFP.*
  
- ii. Contractor and Subcontractor(s) experience should be listed separately. Narrative descriptions submitted for Subcontractors must be specifically identified as Subcontractor projects.  
*See description above.*
  
- iii. If the work was performed as a Subcontractor, the narrative description should identify the same information as requested for the Contractors above. In addition, Subcontractors should identify what share of contract costs, project responsibilities, and time period were performed as a Subcontractor.  
*See description above.*
  
- i. **SUMMARY OF BIDDER'S PROPOSED PERSONNEL/MANAGEMENT APPROACH**  
The bidder should present a detailed description of its proposed approach to the management of the project.  
*Dr. Peter Iwen, as the Director of the Nebraska Public Health Laboratory, will provide overall management to this project. This management structure is in concert to the management structure as required for the other agreements/contracts the laboratory has with DHHS.*

The bidder should identify the specific professionals who will work on the State's project if it is awarded the contract resulting from this solicitation. The names and titles of the team proposed for assignment to the State project should be identified in full, with a description of the team leadership, interface and support functions, and reporting relationships. The primary work assigned to each person should also be identified.

*Peter C. Iwen, PhD  
Director, Nebraska Public Health Laboratory  
Primary assignment: Overall management of the project*

The bidder should provide resumes for all personnel proposed by the bidder to work on the project. The State will consider the resumes as a key indicator of the bidder's understanding of the skill mixes required to carry out the requirements of the solicitation in addition to assessing the experience of specific individuals.

Resumes cannot be longer than three (3) pages. Resumes should include, at a minimum, academic background and degrees, professional certifications, understanding of the

process, and at least three (3) references (name, address, and telephone number) who can attest to the competence and skill level of the individual. Any changes in proposed personnel shall only be implemented after written approval from the State.

Each of the individuals listed above will need to provide a resume as described.

*See Attachment F.*

j.

**SUBCONTRACTORS**

If the bidder intends to Subcontract any part of its performance hereunder, the bidder should provide:

- i. name, address, and telephone number of the Subcontractor(s);
- ii. specific tasks for each Subcontractor(s);
- iii. percentage of performance hours intended for each Subcontract; and
- iv. total percentage of Subcontractor(s) performance hours.



*Technical Approach*

*RFP 6212-Z1*

*NPHL*

2. TECHNICAL APPROACH

a. Narrative demonstrating an understanding of the project

IV,A,2.a.

*Overview*

*The human testing component of the Nebraska Public Health Laboratory was transitioned to the University of Nebraska Medical Center in 1997 was hailed as unique collaboration between sister organizations of the State of Nebraska that resulted in aggregate savings of millions of dollars over remodeling and implementing advanced technology for the existing laboratory in Lincoln at that time. That laboratory is now referred to as the Nebraska Environmental Laboratory and has a concentration on environmental monitoring of Nebraska communities. This transition had an immediate impact on the quality of epidemiology testing for the State of Nebraska by using the cutting edge testing methods, information technology, and medical expertise of UNMC. NPHL has created and maintained all current aspects of the of laboratory testing for the laboratory STD Program since 1997. NPHL has met all requirements and cost projections for this program for the past 22 years. The NPHL has not received notice of any documented deficiencies over this time period. The State has continued to benefit from our laboratory services that includes an approximate \$30,000 per year of absorbed courier expense by "piggy-backing" courier runs with other UNMC entities. It is questionable whether this state wide courier network can be maintained absent of this STD contract. NPHL designed and built the ELIRT system, now upgraded to the NuLlirt System which is a first-in-CDC-Region-VII, web portal for test orders and results for the STD Program and for years pre-NEDDS funneled STD Program results to the CDC, in their required format. NPHL laboratory services includes a coordinator who has been training STD testing sites since 1997 and has helped maintain consistency in the STD Program laboratory component amongst the many changes in leadership of DHHS STD Program over the years. Under this contract, the NPHL will provide the requested laboratory services in concert with its academic and clinical partner, the Nebraska Medicine Clinical Pathology Laboratory. The following is our understanding of the DHHS Scope of Work in this new RFP.*

How the Contactor understands the DHHS Scope of Work

1. The Contractor must comply with all State statutes and regulations governing the performance of services required herein as listed in section V.B. Contractor must obtain all necessary permits, documents, and inspections at contractor's expense.

*NPHL agrees and does comply with all State statutes and regulations governing the performance of services required herein as listed in section V.B. NPHL currently provides screening services for Syphilis, G.C. Culture, and GC/Chlamydia Amplified urine and swab sources to the 89 STD testing sites across Nebraska. NPHL has all necessary permits, documents, and inspections in place currently.*

2. The Contractor must provide training regarding how to conduct sample collection, ordering tests, and shipping of samples.

*NPHL agrees and will provide training regarding how to conduct sample collection, ordering tests, and shipping of samples. The NPHL training coordinator provides a site training at startup of the testing site and periodically over the life of the relationship as needed. Since 1997, NPHL has traveled to the 89 or so testing sites throughout Nebraska. This resulted in over 100 trainings in that time.*

3. The Contractor will do onsite or on the phone training with sites, when necessary, for technical assistance purposes.

*NPHL agrees and will perform onsite or on the phone training with sites, when necessary, for technical assistance purposes.*

4. All supplies, materials, services, and shipping costs required by this RFP, whether explicitly or not, must be provided at the Contractor's expense as part of the testing prices, and not additionally thereto.

*All supplies, materials, services, and shipping costs required by this RFP, whether explicitly or not, will be provided by NPHL and NPHL's expense as part of the testing prices, and not additionally thereto.*

5. If a sample must be re-collected due to error on the part of the Contractor, shipping expense from the testing site to the Contractor must be covered at the Contractor's expense.

*If a sample must be re-collected due to error on the part of NPHL, shipping expense from the testing site to the Contractor will be covered at NPHL's expense.*

6. The Contractor will also be the sole contact with all the subcontractors regarding any sample rejection, testing, reporting of results, billing, or any other concern.

*NPHL agrees and will be the sole contact with all the subcontractors regarding any sample rejection, testing, reporting of results, billing, or any other concern. We maintain a toll free phone number specifically for all testing sites backed by local staff that are experienced with the testing sites and type of testing performed. This leads to a successful client interaction on the first call the majority of the time.*

7. The Contractor must supply sample collection kits, shipping containers and appropriate labels as requested by DHHS STD Program-approved testing sites.

*NPHL will supply sample collection kits, shipping containers and appropriate labels as requested by DHHS STD Program-approved testing sites. NPHL maintains a supply order module on its information website, [www.nphl.org](http://www.nphl.org), which allows testing sites to place supply requests for testing specific to the STD Program.*

8. If a specimen is inadequate or inappropriate for testing, lost, or damaged by the Contractor, the Contractor must notify the testing site by phone or email within two (2) State business days so the same specimen may be collected within two (2) State business days.

*If a specimen is inadequate or inappropriate for testing, lost, or damaged by NPHL, NPHL will notify the testing site by phone or email within two (2) State business days so the same specimen may be collected within two (2) State business days. NPHL maintains a client relationship program that provides a database for each testing site where problems can be tracked. Reports regarding these client interaction can be made available to the STD Program if requested. These reports are reviewed weekly by management staff.*

9. Contractor must notify DHHS within two (2) State business days of discovery of any analytic results that indicate a problem with:

- a. A sample;
- b. Sample collection;
- c. Processing; or
- d. Any event or concern that would delay or affect the reporting of results.

*NPHL will notify DHHS within two (2) State business days of discovery of any analytic results that indicate a problem with:*

- a. A sample;
- b. Sample collection;
- c. Processing; or
- d. Any event or concern that would delay or affect the reporting of results.

*NPHL maintains a client relationship program that provides a database for each testing site where problems can be tracked. Reports regarding these client interaction can be made available to the STD Program if requested. These reports are reviewed weekly by management staff.*

10. Contractor must maintain an internal Quality Control Program.

*NPHL maintains internal Quality Control Programs regarding STD testing.*

11. Contractor must use established methodologies and procedures to provide accurate results;

*NPHL will use its established methodologies and procedures to provide accurate results. All testing procedures are in CLIA format and include Quality Control testing and Quality Assurance steps.*

12. Contractor must seek approval in advance from the DHHS STD Program Manager, in writing, before any STD testing method changes can be made by the Contractor.

*NPHL will seek approval in advance from the DHHS STD Program Manager, in writing, before any STD testing method changes can be made by the Contractor.*

13. Results must be entered through Electronic Lab Reporting (ELR) within the turnaround time of seven (7) days after sample is received by Contractor.

*Results will be entered through Electronic Lab Reporting (ELR) within the turnaround time of seven (7) days after sample is received NPHL Reports documenting this are available upon request..*

14. Syphilis tests must be performed using the traditional syphilis algorithm.

*Syphilis tests will be performed using the traditional syphilis algorithm.*

15. Contractor must perform reflex testing (automatic confirmatory testing) on specimens submitted for syphilis screening.

*NPHL will perform reflex testing (automatic confirmatory testing) on specimens submitted for syphilis screening.*

16. Reflex testing will only be performed according to the mutually agreed-upon protocol and Centers for Disease Control (CDC) recommendations when indicated by a screening test or as requested by DHHS via email notification.

*NPHL agrees that reflex testing will only be performed according to the mutually agreed-upon protocol and Centers for Disease Control (CDC) recommendations when indicated by a screening test or as requested by DHHS via email notification.*

17. Contractor agrees to provide information on STD reportable diseases to CDC as required by state regulations and guidelines.

*NPHL agrees to provide information on STD reportable diseases to CDC as required by state regulations and guidelines.*

18. Contractor will provide DHHS with a monthly report accounting of tests performed under this contract.

*NPHL agrees and will provide DHHS with a monthly report accounting of tests performed under this contract.*

19. As requested by DHHS, approximately two to four (2-4) times annually, the Contractor's Laboratory Director or equivalent position and requested staff will meet with or participate in a teleconference with DHHS STD Program Manager.

*NPHL agrees as requested by DHHS, approximately two to four (2-4) times annually, to have the Contractor's Laboratory Director or equivalent*

*position and requested staff will meet with or participate in a teleconference with DHHS STD Program Manager.*

20. Any changes in status of the required CLIA waiver must be communicated to the DHHS STD Program Manager in writing within five (5) State business days of the change.

*DHHS agrees that any changes in status of the required CLIA waiver must be communicated to the DHHS STD Program Manager in writing within five (5) State business days of the change.*

21. Contractor must notify DHHS of any major laboratory changes or events within five (5) State business days of discovery. Major laboratory changes or events include the loss or replacement of the laboratory director or any situation that affects the Contractor's ability to meet the provisions of this contract.

*NPHL will notify DHHS of any major laboratory changes or events within five (5) State business days of discovery. Major laboratory changes or events include the loss or replacement of the laboratory director or any situation that affects the Contractor's ability to meet the provisions of this contract.*

22. The Contractor must work with DHHS to manage the funds available under this contract, in the event that demand begins to exceed the available State budget.

*NPHL agrees and will work with DHHS to manage the funds available under this contract, in the event that demand begins to exceed the available State budget. NPHL over the past 22 years has worked with DHHS and Douglas County budgets to maintain service even during times of budget shortfall.*

23. Contractor will monitor the DHHS approved budget.

*NPHL agrees to and will monitor the DHHS approved budget as mutually agreed upon.*

b Response to section V.C. 1-4

*V.C. 1. NPHL holds Clinical Laboratory Improvement Amendments (CLIA) certificates. See Attachment A*

*V.C.2. Screening will be performed using the traditional syphilis algorithm including rapid plasma regain (RPR) as the initial workup followed by confirmation using Treponema pallidum-specific antibody tests. See Attachment: B*

*V.C.3 NPHL is fully accredited by the College of American Pathologists and meet all appropriate standards for laboratories performing medical*

*laboratory testing. The entities agree that all laboratory services will meet standards of certification under the CLIA. See Attachment C.*

*V.C.4. The bidder reports all STD test results via Electronic Lab Reporting (ELR) in to NEDDS and will report results electronically to the State as currently if performed and technically described in V.E.4.*

c. Response to section V.E., 1-4

V.,E.,1.

Describe your plan for how to coordinate STD testing with the testing sites throughout Nebraska

#### *Overview*

*The Nebraska Public Health Laboratory (NPHL) is the current reference laboratory for the STD Program and provided testing services for all 89 testing sites in the State of Nebraska. NPHL has created and maintained all current aspects of the of laboratory testing for the laboratory STD Program since 1997 and has met all requirements and cost projections for this program for the past 22 years. The NPHL has not received notice of any documented deficiencies over this time period. NPHL developed the laboratory information technology system, NuLirt, a web-based order entry and result reporting system used by all testing sites. NuLirt also houses a historical database of three years of orders and results for each testing site. NPHL has also developed various order and result interfaces to testing site Electronic Medical Record systems, which will take several months for any new connectivity to be recreated according to the specifications of the STD Program. NPHL has developed all laboratory specimen collection training materials used by all testing sites.*

#### *Coordination of the STD Program testing sites.*

*The DHHS STD Program notifies NPHL via email when requesting a new testing site. NPHL maintains a data base of these testing site demographics and creates the testing site account in all systems, returning this information to DHHS STD Program when completed. NPHL testing site Medical Technologist Training Coordinator will then work with DHHS STD Program Coordinator to schedule an onsite client training at the testing site. The training included overview and practice with the NuLirt System for testing site orders and results to NPHL, specimen collection focusing on the various sources, and specimen shipping to NPHL. Testing sites are also trained on how to interact with NPHL Client Services using a toll free phone number specific to NPHL, informational website and other NPHL contact information. Upon*

completion of the training, DHHS STD Program Coordinator opens the testing site to begin screening. Testing sites send specimens to NPHL via U.S. Mail and ground courier. When samples are received by NPHL a number of quality control steps are initiated by NPHL staff before testing begins. Testing is performed daily. Results are sent back to testing site electronically through NuLirt, the NPHL order and result web-portal, fax to testing site if that testing site is set up for faxing, and reported to DHHS STD Program through NuLirt and NEDDS. DHHS STD Program and NPHL staff meet once each year to officially review service, however DHHS STD Program Director and NPHL Coordinator communicate via phone and email several times a month to address any questions, requests or concerns. The NPHL liaison is a Medical Technologist level trainer who maintains communication with each of the 89 testing sites several times each year through on-site client service courtesy visits, on-site re-training, or courtesy phone calls. DHHS STD Program does not provide any funding for this position or travel expenses.

#### *NPHL Testing Site Database*

NPHL maintains a record of internal account numbers as well as a DHHS testing site ID numbers. The ID numbers will provide DHHS with information regarding county of operation, type of testing approved by DHHS (swab or urine) and testing site designation NIPP, Semi-STD, Syphilis screening. NuLirt internally maintains an historical three year database of orders and results for each testing site so patient information can be readily retrieved by test or aggregate testing.

#### *Testing Site Training*

Testing sites are trained on site by NPHL staff. The training includes how to prepare the patient prior to specimen collection, what type of specimen to collect, provider collection or patient collection, proper handling of specimen by testing site staff post specimen collection, electronic specimen order via NuLirt Web-portal, and packaging specimen for shipping to NPHL. Testing site staff are also trained on how to retrieve results from the NuLirt Web-portal as well as run aggregate data reports from NuLirt Web-portal. NPHL staff reviews the NPHL website with testing site staff to show how to find NPHL staff contact information, specimen collection instructions and diagrams, as well as specific individual test information for each test.

#### *Testing Site Updates*

NPHL client services staff are in daily communication with testing sites to discuss and help trouble shoot any issues that may arise. All testing site account information and particular details are available to these client services staff through a client relationship management tool maintained by NPHL. This tool allows client services staff to track and update all staff on specific account needs. The main NPHL client coordinator/site trainer is a medical technologist with 23 years of experience on the laboratory side of the DHHS STD Program.

### *Specimen Shipping*

*NPHL provides specimen transport for testing sites through U.S. Mail, Ground Courier, and Overnight Mail.*

### *NPHL Results*

*NPHL sends results back to testing sites as soon as results are completed via NuLirt, the NPHL orders and results web-portal, and daily or multiple times daily via faxing to testing site fax. NuLirt also maintains a historical database of patient results by testing site or aggregate sites for DHHS administrators.*

V., E., 2.

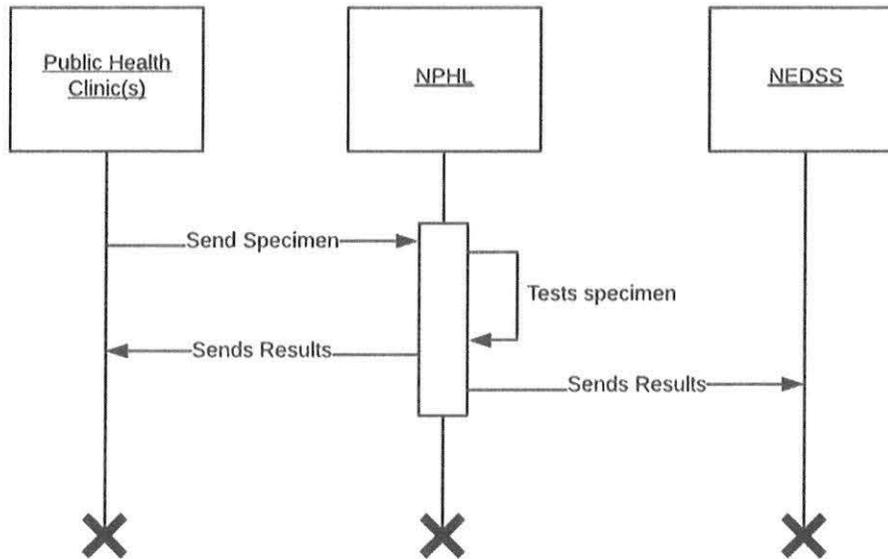
Describe how you will meet the requirements to report STD test results and turnaround time for results.

*NPHL will monitor on a quarterly basis, the time specimens are spent in shipping from testing sites to NPHL Client Services. Any testing site that has a shipping time over three days are reviewed for improvement, which could include contacting the US Mail Post Master in the ZIP Code, changing shipping agent, or moving to ground courier. When received at NPHL, the screening for GT/GC and syphilis is performed daily, with results reported and available to testing sites real-time via NuLirt Web-portal, faxing and orders and results interfaces to testing sites. Turnaround time reports are made available to DHHS Program when requested. Results are also reported to the DHHS Program real-time through NEDDS in the following manner.*

*In accordance with Nebraska Title 173, Chapter 1 (173 NAC 1), the reporting requirements are currently met by infrastructure in place at NPHL. Ordering takes place via an online web portal and data points are entered by the public health clinic for each patient.*

*The interface into the NEDSS system is automated and currently meets all reporting requirements specified in 1-005.02C1 from 173 NAC1 which governs the reporting of communicable diseases within the state via Electronic Lab Reporting (ELR). The interface is currently not reporting pregnancy status or patient admit status as public health clinics are outpatient only. The ELR will be updated to include these additional fields. All other data points specified in 1-005.02C1 are included in the ELR data stream to NEDSS. The automation of the interface allows for immediate reporting of data, far exceeding the 7 day requirement to report as specified in 173 NAC 1-004.02.*

*The current interface with Nebraska DHHS is summarized in the following sequence diagram. No work would be required to continue operating in this manner.*



V.,E.,3.

Provide a Comprehensive list of quality assurance best practices and quality assurance procedures.

**Pre-Analytical Phase Quality Assurance**

*Testing sites are trained in specimen collection that includes detailed instruction on avoiding contamination of specimen and specimen caps. This procedure includes individual bagging of patient specimens by testing site. The testing site is contacted if policy is not followed and a re-training is offered and future specimens from testing site monitored for compliance.*

*Testing site test orders are verified by NPHL Client Services staff with each testing site specimen label. The testing site is contacted with any discrepancy and written clarification is requested from the testing site to NPHL via fax before testing can begin.*

*Each specimen submitted from a testing site is verified for correct specimen volume and correct swab (cleansing vs. sampling) in case of CT/GC swab test. The testing site is contacted with any discrepancy and written clarification is requested from the testing site to NPHL via fax before testing can begin.*

*Each testing site specimen label is screened to include a second patient identifier per College of American Pathology (CAP) guidelines. The testing site is contacted with any discrepancy and written clarification is requested from the testing site to NPHL via fax before testing can begin.*

*Reactive RPR tests are verified for a previous positive to avoid redundant reflex screening if exception can be made.*

### **Analytical Phase Quality Assurance**

*Testing area are cleaned with bleach to avoid contamination. Cleaning frequently is best practice to avoid contamination.*

*Proper handling of specimen containers to avoid contamination.*

*RPR quality documentation is recorded on each run's testing worksheets and reviewed monthly. It is detailed in the procedure.*

*RPR quality documentation is recorded on each run's testing worksheets and reviewed monthly. It is detailed in the procedure.*

### **Post Analytical phase Quality Assurance**

*Annual LIS auto-verification checks.*

*Daily, weekly and monthly checks*

*Tracking the monthly positivity rate for Chlamydia and GC are part of the department and laboratory's Quality Management plan. We've established positivity rate ranges for each test. Results are tracked by age range and sex on a monthly basis. Results trending outside of these ranges are investigated for potential contamination, etc. Annual LIS auto-verification checks.*

*Monthly environmental contaminant checks of testing surfaces.*

*Monthly QC review*

*NPHL Client Services runs and reviews DHHS test turnaround reports periodically.*

*Laboratory participation in College of American Pathologist proficiency testing programs for all testing.*

*Medical director reviews all results, daily.*

V.,E.,4.

Describe procedures and methodology bidder will use to provide accurate test results.

### **Overview:**

*The performing laboratory is both CAP and CLIA accredited which requires compliance with quality assurance procedures defined by the test kit manufacturer and CLIA 88. In addition the laboratory utilizes a quality assurance monitoring program to identify processing errors and reporting errors in a timely manner. The laboratory employs a fulltime quality assurance and safety manager. Quality control results for each test run are reviewed daily by the supervisor and monthly by the medical director. Quarterly quality assurance is review by the laboratory quality assurance committee.*

## **Test Procedures and Methods**

### ***Chlamydia trachomatis and Neisseria gonorrhoeae (CT/GC) Screening Method and Procedure.***

NPHL uses the APTIMA Combo 2 Assay for simultaneous detection of *Chlamydia* and *N. gonorrhoeae*. APTIMA Combo 2 Assay is a second generation NAAT that utilizes target capture, Transcription-Mediated Amplification (TMA), and Dual Kinetic Assay (DKA) technologies to streamline specimen processing, amplify target rRNA, and detect amplicon, respectively.

### ***Neisseria gonorrhoeae Culture***

A standard reference culture procedure is used for *Neisseria gonorrhoeae* culture and identification. A Jembec plate of Modified Thayer-Martin agar is inoculated, sealed in a plastic bag with a CO<sub>2</sub>-generating tablet, and transported to the lab in test-specific transport device.

### ***Syphilis Screening Method and Procedure***

The Rapid Plasma Reagin (RPR) Card Flocculation test for detection of syphilis uses the RPR 18-mm circle card test is a macroscopic, nontreponemal flocculation card test. The RPR antigen detects anti-lipid antibodies (reagin) present in the serum of patients with syphilis. Finely divided charcoal particles are added to the antigen suspension as a visualizing agent. A stabilized suspension of carbon-particle cardiolipin antigen is mixed with patient's serum on a mechanical rotator and then examined macroscopically. If antibodies are present, they combine with the lipid particles of the antigen, causing them to agglutinate. The charcoal particles co-agglutinate with the antibodies and show up as black clumps against the white card background. Non-reactive specimens appear to have an even gray color. The test measures both IgG and IgM anti-lipid antibodies formed in response both to lipid material released from damaged host cells and to lipid from the treponeme itself.

See Attachment B.

### ***Syphilis Confirmation Method and Procedure***

Syphilis Confirmation Testing using Fluorescent Treponemal Antibody (FTA-ABS). The FTA-ABS is a treponemal test used to confirm a diagnosis of syphilis in patients that have been found to be positive or equivocal by the RPR Screen. The principle of the Fluorescent Treponemal Antibody (FTA-ABS) IgG Indirect Fluorescent Antibody FTA procedure uses a non-syphilitic treponemal culture (sorbent) to absorb sera, prior to testing, to remove nonspecific antibodies. The samples are then incubated on *Treponema pallidum*-coated slides. If specific antibodies are present in the patient's serum, stable antigen-antibody complexes are formed. The formed complexes bind fluorescein labeled goat anti-human immunoglobulin. The resultant positive reaction is observed as apple-green fluorescence of the *Treponema pallidum* organisms when examined under a fluorescence microscope.

See Attachment B.



**Form A**  
**Bidder Proposal Point of Contact**  
**Request for Proposal Number 6212-Z1**

Form A should be completed and submitted with each response to this solicitation. This is intended to provide the State with information on the bidder's name and address, and the specific person(s) who are responsible for preparation of the bidder's response.

Preparation of Response Contact Information	
Bidder Name:	The Nebraska Public Health Laboratory at the University of Nebraska Medical Center
Bidder Address:	985900 Nebraska Medical Center Omaha, Nebraska, 68198-5900
Contact Person & Title:	Peter Iwen, Ph.D, D(ABMM), NPHL Director
E-mail Address:	piwen@unmc.edu
Telephone Number (Office):	402-559-7774
Telephone Number (Cellular):	
Fax Number:	402-552-3733

Each bidder should also designate a specific contact person who will be responsible for responding to the State if any clarifications of the bidder's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Communication with the State Contact Information	
Bidder Name:	The Nebraska Public Health Laboratory at the University of Nebraska Medical Center
Bidder Address:	985900 Nebraska Medical Center Omaha, Nebraska, 68198-5900
Contact Person & Title:	Peter Iwen, Ph.D, D(ABMM), NPHL Director
E-mail Address:	piwen@unmc.edu
Telephone Number (Office):	402-559-7774
Telephone Number (Cellular):	
Fax Number:	402-552-3733

## REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES FORM

### BIDDER MUST COMPLETE THE FOLLOWING

By signing this Request for Proposal for Contractual Services form, the bidder guarantees compliance with the procedures stated in this Solicitation, and agrees to the terms and conditions unless otherwise indicated in writing and certifies that contractor maintains a drug free work place.

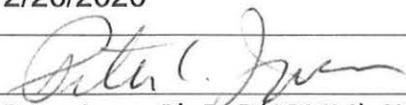
Per Nebraska's Transparency in Government Procurement Act, Neb. Rev Stat § 73-603 DAS is required to collect statistical information regarding the number of contracts awarded to Nebraska Contractors. This information is for statistical purposes only and will not be considered for contract award purposes.

*PCJ* NEBRASKA CONTRACTOR AFFIDAVIT: Bidder hereby attests that bidder is a Nebraska Contractor. "Nebraska Contractor" shall mean any bidder who has maintained a bona fide place of business and at least one employee within this state for at least the six (6) months immediately preceding the posting date of this Solicitation.

\_\_\_\_\_ I hereby certify that I am a Resident disabled veteran or business located in a designated enterprise zone in accordance with Neb. Rev. Stat. § 73-107 and wish to have preference, if applicable, considered in the award of this contract.

\_\_\_\_\_ I hereby certify that I am a blind person licensed by the Commission for the Blind & Visually Impaired in accordance with Neb. Rev. Stat. §71-8611 and wish to have preference considered in the award of this contract.

### FORM MUST BE SIGNED USING AN INDELIBLE METHOD (NOT ELECTRONICALLY)

FIRM:	The Nebraska Public Health Laboratory at the University of Nebraska Medical Center
COMPLETE ADDRESS:	985900 Nebraska Medical Center Omaha, Nebraska, 68198-5900
TELEPHONE NUMBER:	402-559-7774
FAX NUMBER:	402-552-3733
DATE:	2/26/2020
SIGNATURE:	
TYPED NAME & TITLE OF SIGNER:	Peter Iwen, Ph.D, D(ABMM), NPHL Director



*Attachment A*

*CLIA Certificate Nebraska Public Health Laboratory*

CENTERS FOR MEDICARE & MEDICAID SERVICES  
CLINICAL LABORATORY IMPROVEMENT AMENDMENTS  
CERTIFICATE OF ACCREDITATION

LABORATORY NAME AND ADDRESS  
NEBRASKA PUBLIC HEALTH LABORATORY AT U  
560 SOUTH 45TH STREET, DRC 2, 8035A  
OMAHA, NE 68198-5900

CLIA ID NUMBER  
28D2014420

EFFECTIVE DATE  
08/12/2019

LABORATORY DIRECTOR  
PETER C IWEN Ph.D.

EXPIRATION DATE  
08/11/2021

Pursuant to Section 353 of the Public Health Services Act (42 U.S.C. 263a) as revised by the Clinical Laboratory Improvement Amendments (CLIA), the above named laboratory located at the address shown hereon (and other approved locations) may accept human specimens for the purposes of performing laboratory examinations or procedures.

This certificate shall be valid until the expiration date above, but is subject to revocation, suspension, limitation, or other sanctions for violation of the Act or the regulations promulgated thereunder.



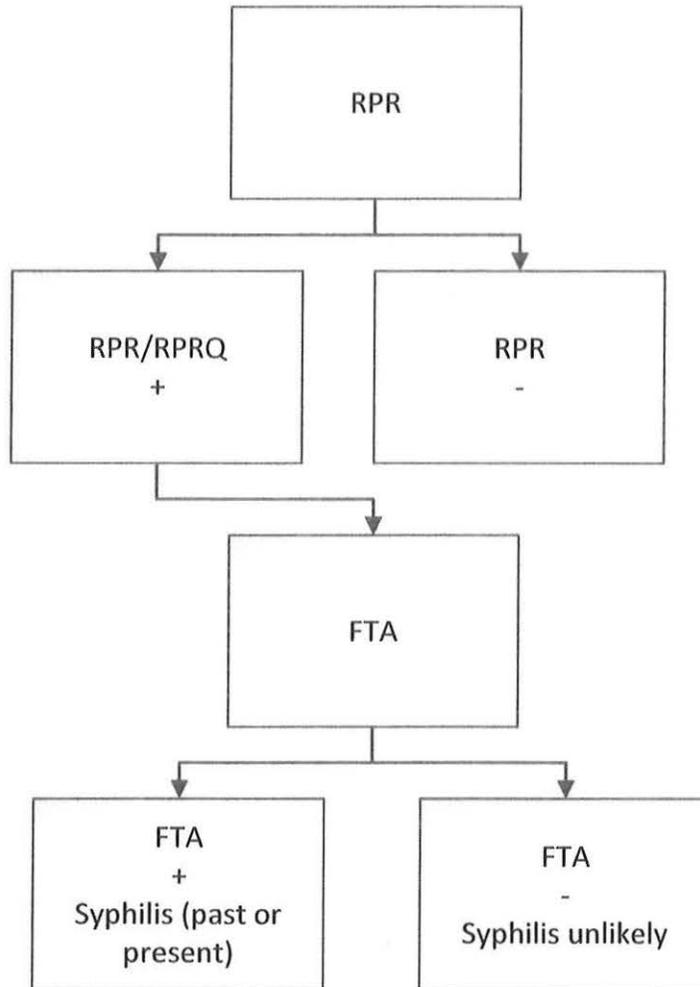
*Karen W. Dyer*  
Karen W. Dyer, Director  
Division of Laboratory Services  
Survey and Certification Group  
Center for Clinical Standards and Quality



*Attachment B*

*NPHL Syphilis Screening Algorithm*

## CDC Recommended Syphilis Screening



RPR Rapid Plasma Reagin Screen  
RPRQ Rapid Plasma Reagin Quantitative  
FTA Fluorescent Treponema Antibody



*Attachment C*

*CAP Accreditation Certificate Nebraska Public Health Laboratory*



COLLEGE of AMERICAN  
PATHOLOGISTS



The College of American Pathologists  
certifies that the laboratory named below

**Univ of Nebraska Med Ctr  
Nebraska Public Health Laboratory  
Omaha, Nebraska  
Peter C. Iwen, PhD, D(ABMM)**

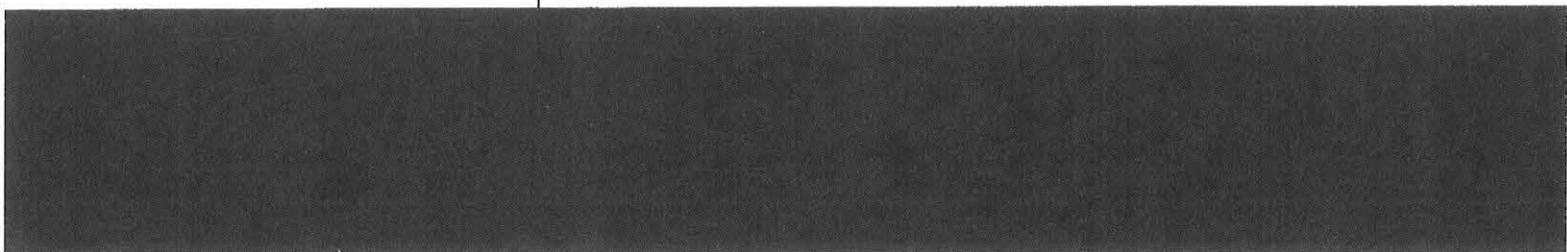
CAP Number: 7190283  
AU-ID: 1487906  
CLIA Number: 28D2014420

has met all applicable standards for accreditation and is hereby accredited by the  
College of American Pathologists' Laboratory Accreditation Program. Reinspection  
should occur prior to July 23, 2021 to maintain accreditation.

Accreditation does not automatically survive a change in director, ownership,  
or location and assumes that all interim requirements are met.

Chair, Accreditation Committee

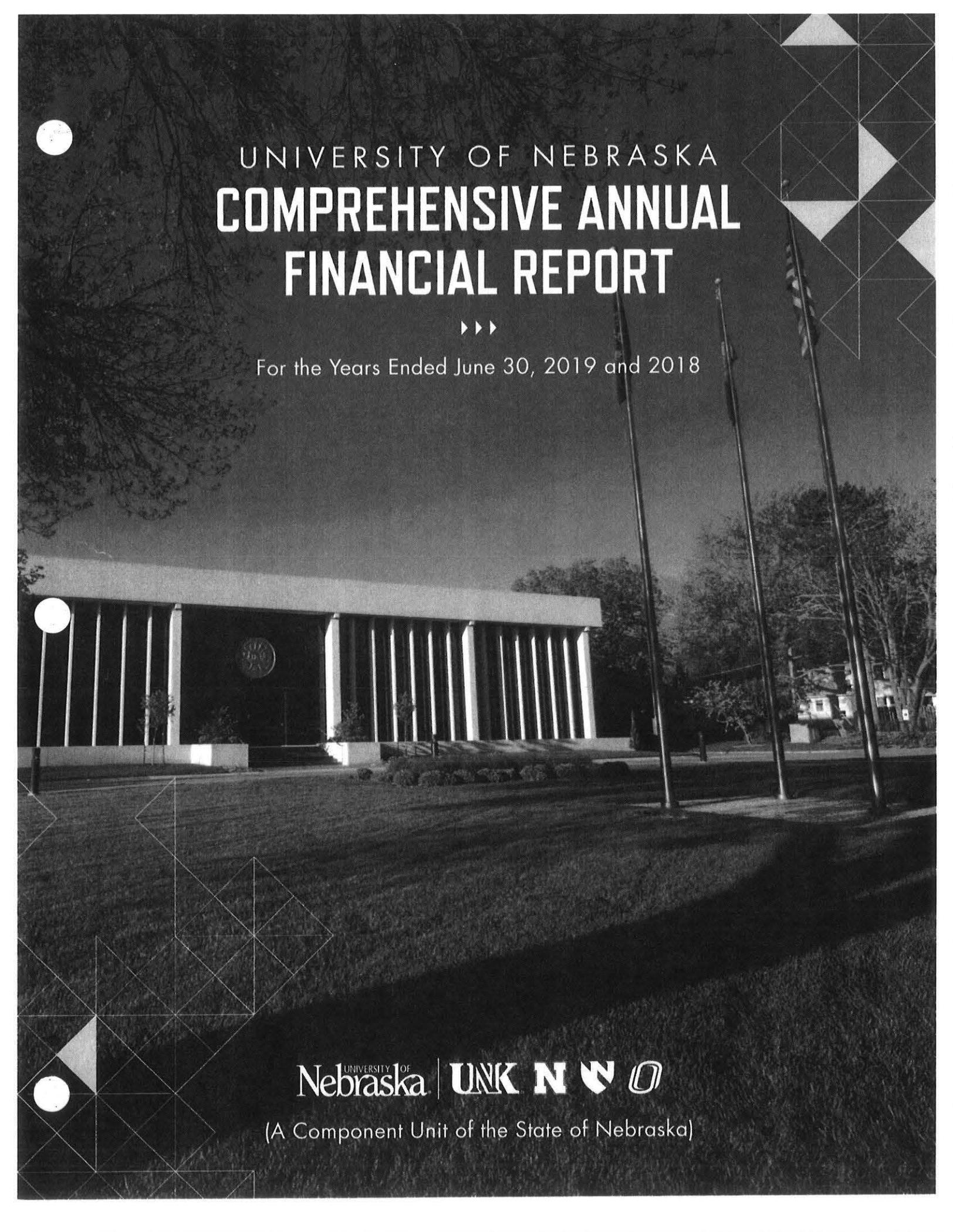
President, College of American Pathologists





Attachment D

University of Nebraska Comprehensive Annual Financial Report

A black and white photograph of a large, modern building with a series of tall, thin columns, likely a library or administrative building at the University of Nebraska. The building is illuminated from below, creating a strong contrast against the dark sky. In the foreground, there is a grassy lawn and several flagpoles with flags. The overall mood is professional and academic.

# UNIVERSITY OF NEBRASKA COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Years Ended June 30, 2019 and 2018

UNIVERSITY OF  
**Nebraska** | **UNK** **N** **W** **O**

(A Component Unit of the State of Nebraska)



**THE UNIVERSITY OF NEBRASKA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Years Ended June 30, 2019 and 2018**

**(A Component Unit of the State of Nebraska)**

**Office of the Vice President | CFO**



**THE UNIVERSITY OF NEBRASKA**  
**COMPREHENSIVE ANNUAL FINANCIAL**  
**REPORT FOR THE YEAR ENDED JUNE 30, 2019**

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**THE UNIVERSITY OF NEBRASKA**  
**COMPREHENSIVE ANNUAL FINANCIAL**  
**REPORT FOR THE YEAR ENDED JUNE 30, 2019**

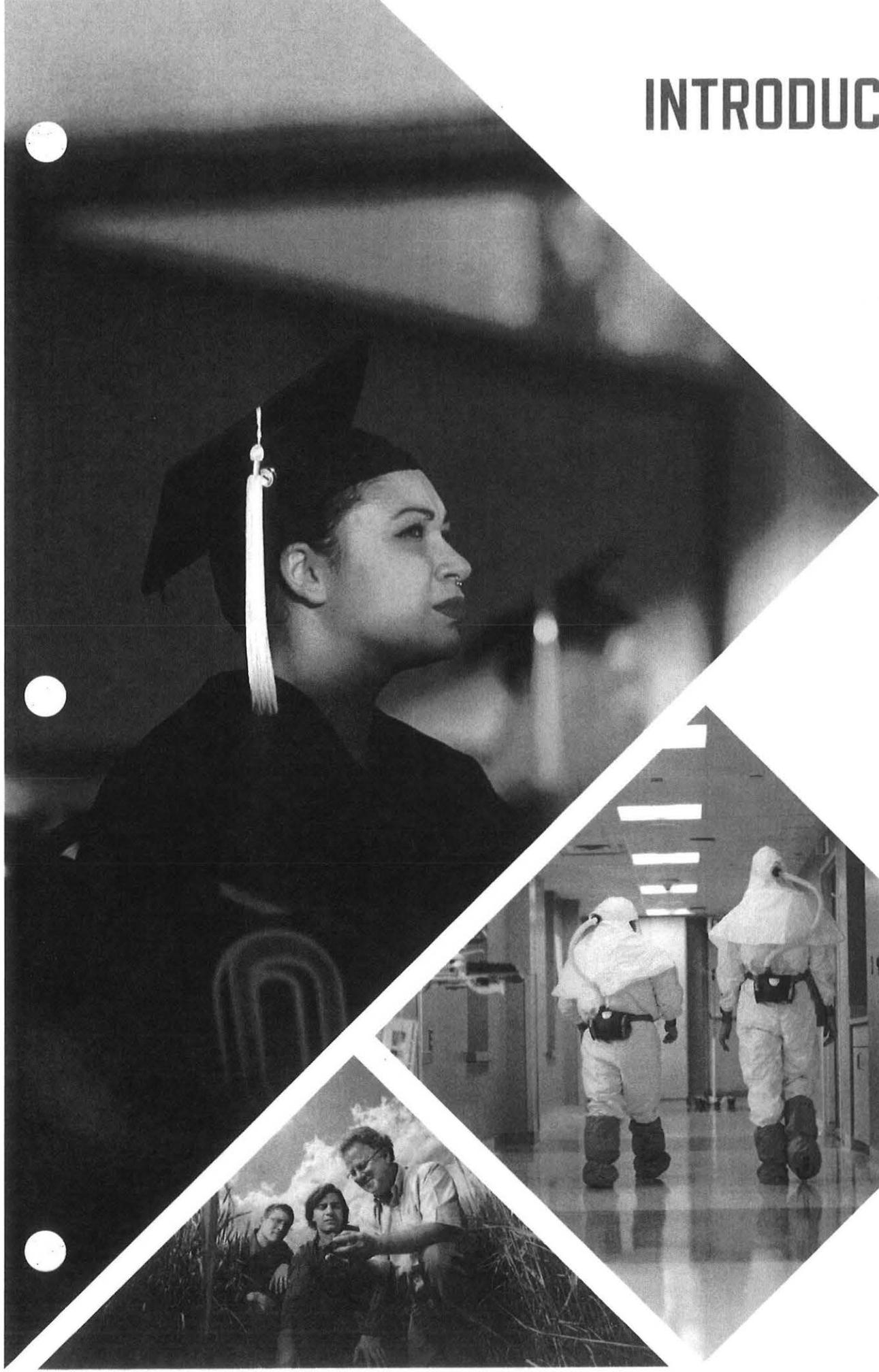
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\*Tables Relating to Property Tax Levies, Assessed Values, Property Tax Rates, Legal Debt Margin, Bonded Debt to Assessed Value, Direct and Overlapping Debt, and Principal Taxpayers are omitted, as they are not applicable to the University of Nebraska

# INTRODUCTION







December 18, 2019

Dr. Susan Fritz, Interim President  
Members of the Board of Regents  
University of Nebraska

Dear Interim President Fritz 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, 2019.

Management is responsible for the preparation and fair presentation of the financial statements, based upon a comprehensive internal control framework that it has established for this purpose. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Because the cost of control should not exceed the benefits derived, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The University of Nebraska's financial statements for the year ended June 30, 2019 were audited by the Auditor of Public Accounts, who has, based on their audit and the reports of other auditors, issued an unmodified opinion on those financial statements. The independent auditors' report is presented in the financial section of this document.

Management's discussion and analysis (MD&A) immediately follows the auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A is designed to complement this letter and should be read in conjunction with it.

### **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. In 1903 it became the first institution west of the Mississippi River to offer graduate education. 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.

Subject to the approval of the Board, the President 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. 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.

**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.

**The University of Nebraska Foundation.** The University of Nebraska Foundation is a strong supporter of the University in its drive to excellence. The Foundation continues to experience fundraising successes for the

support of academics, research, and facilities. The University received over \$200 million from the Foundation during 2019 for the funding of scholarships, professorships, and capital projects.

The financial statements include the discrete presentations of the Foundation's statements. Governmental Accounting Standards Board (GASB) Statement 39, *Determining Whether Certain Organizations Are Component Units*, and Statement 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and 34* that require that financial reporting for a component unit that raises and holds funds for the direct benefit of the University be included in its financial statements.

### **The Nebraska Economy**

The state-wide presence and mission of the University closely ties its well-being with that of the state economy. The economy of Nebraska is broad-based with one-third of non-farm jobs being in the services sector of the economy. Behind the services sector, another third is accounted for by the combination of manufacturing, retail and financial sectors. Omnipresent is performance of the agricultural economy. The combination of this broad economic base and the underpinning of agriculture have tended to buffer Nebraska from some of the national economic woes.

The State of Nebraska has historically been conservative in its financial management. The State is required to achieve a balanced budget, is prohibited from borrowing, and has no outstanding indebtedness.

The State of Nebraska finished fiscal 2019 in June with General Fund net receipts of \$4.896 billion, or 3.7% above projections. A majority of the surplus accrues to strength in gross individual and corporate income tax receipts being a combined \$123 million or 3.7% in excess of projections.

In September 2019, receipts continued to be greater than forecasted, with receipts exceeding projections by \$42 million or 8.2%. We are optimistic that University officials, residents of Nebraska, and State leadership will increasingly work together with a common vision to the future. This collaboration yields a growing, vibrant University while providing a high quality, affordable education to its citizens. This is fundamental, even vital, to the long-term well-being of the Nebraska economy. Today the University of Nebraska represents a \$4.5 billion annual economic engine for the state and is a leading player in workforce development, with 1 of every 26 jobs in Nebraska attributable to the University. Beyond the numbers are the many ways in which the University advances health care, scholarship and quality of life in communities across the state.

### **Planning and Initiatives**

The University will be undergoing a Presidential leadership change, as Dr. Hank Bounds announced in the Spring of 2019 his intentions to leave the University effective August 2019. On December 5, 2019, the University of Nebraska Board of Regents voted to confirm Walter "Ted" Carter, VADM (Ret.), as the eighth president of the University of Nebraska system. Carter, the immediate past superintendent of the U.S. Naval Academy whose tenure included records in graduation rates and student diversity and a top national ranking by Forbes Magazine, will begin transition work as NU's president-elect on Dec. 16, 2019. He will assume overall leadership on Jan. 1 2020, succeeding Interim President Susan Fritz, Ph.D.

Carter, a Distinguished Flying Cross and Bronze Star recipient, brings extensive military service, having graduated from the Navy Fighter Weapons School (Top Gun) in Miramar, Calif. He was commander for the Carrier Strike Group Twelve, in which he commanded 20 ships, two nuclear-powered aircraft carriers and two carrier air wings that were deployed to Afghanistan and the Arabian Gulf. He is a naval flight officer with more than 6,300 flying hours, and has completed 2,016 carrier-arrested landings, an American record. Carter was

superintendent of the U.S. Naval Academy in Annapolis, Md. from 2014 to 2019, the longest continuously serving superintendent in Annapolis.

During the leadership transition, the University continued to make and maintain investments in several key strategic initiatives. The Buffett Early Childhood Institute, the Water for Food Initiative, the Fred and Pamela Buffett Cancer Center, and the National Strategic Research Institute (NSRI) are just a few of the pillars supporting the University's strategic agenda. NSRI is the 14th University Affiliated Research Center (UARC) in the United States and only the second such entity in the Big Ten. A UARC is a specially designed entity that provides essential engineering and technology capabilities of particular importance to the U.S. Department of Defense. This enterprise will prove increasingly important in maintaining research pre-eminence in an era of flat/declining traditional Federal grants and contracts sources. It also assists in retaining key faculty assets in the research enterprise. In June of 2018, the University of Nebraska and the United States Strategic Command announced that NSRI has been renewed with a five-year, \$92 million contract from the U.S. Air Force.

The University of Nebraska continues to make important gains in expanding access to education and growing the diversity of its student body, providing reasons to celebrate even as enrollment dipped slightly in fall 2019, according to figures announced in the Fall of 2019 by Interim President Susan Fritz. Enrollment across the four NU campuses and the Nebraska College of Technical Agriculture is 51,150, a decline of 1.4 percent from last year's total of 51,885. This is the ninth straight year NU enrollment has topped 50,000, a streak that includes back-to-back record highs in 2016 and 2017. The University's graduating classes have grown steadily over time, with more than 11,000 new graduates now entering the workforce every year as NU focuses on meeting the economic needs of the state.

#### Acknowledgements

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 Interim President Fritz and the Board of Regents for their active support in maintaining the highest standards of professionalism in the management of the University of Nebraska's finances.

Respectfully submitted,



Chris J. Kabourek

Vice President | CFO



Brenda Owen

Assistant Vice President | Controller

# THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA



Timothy F. Clare, Chairman,  
District 1



Jim Pillen, Vice Chairman,  
District 3



Howard Hawks, Omaha  
District 2



Elizabeth O'Connor, Omaha  
District 4



Robert Schafer, Beatrice  
District 5



Paul R. Kenney, Amherst  
District 6



Bob Phares, North Platte  
District 7



Barbara Weitz, Omaha  
District 8

## STUDENT REGENTS



Nicole Kent, UNK



Emily Johnson, UNL



Keith Ozanne, UNMC



Aya Yousuf, UNO

**THE UNIVERSITY OF NEBRASKA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Principal University Business Officials**

University of Nebraska Officers

Susan Fritz, Interim President  
David Jackson, Interim Executive Vice President and Provost  
Chris Kabourek, Vice President | CFO  
James Pottorff, Vice President and General Counsel  
Carmen Maurer, Corporation Secretary  
Brenda Owen, Assistant Vice President | Controller

University of Nebraska-Lincoln Administration

Ronnie D. Green, Chancellor  
William Nunez, Vice Chancellor  
Mary LaGrange, Associate Vice Chancellor

University of Nebraska Medical Center Administration

Jeffrey Gold, Chancellor  
Doug Ewald, Vice Chancellor for Finance and Business  
William Lawlor, Assistant Vice Chancellor

University of Nebraska at Omaha Administration

Jeffrey Gold, Chancellor  
Doug Ewald, Vice Chancellor for Business and Finance  
James Kamm, Assistant Vice Chancellor for Business and Finance

University of Nebraska at Kearney Administration

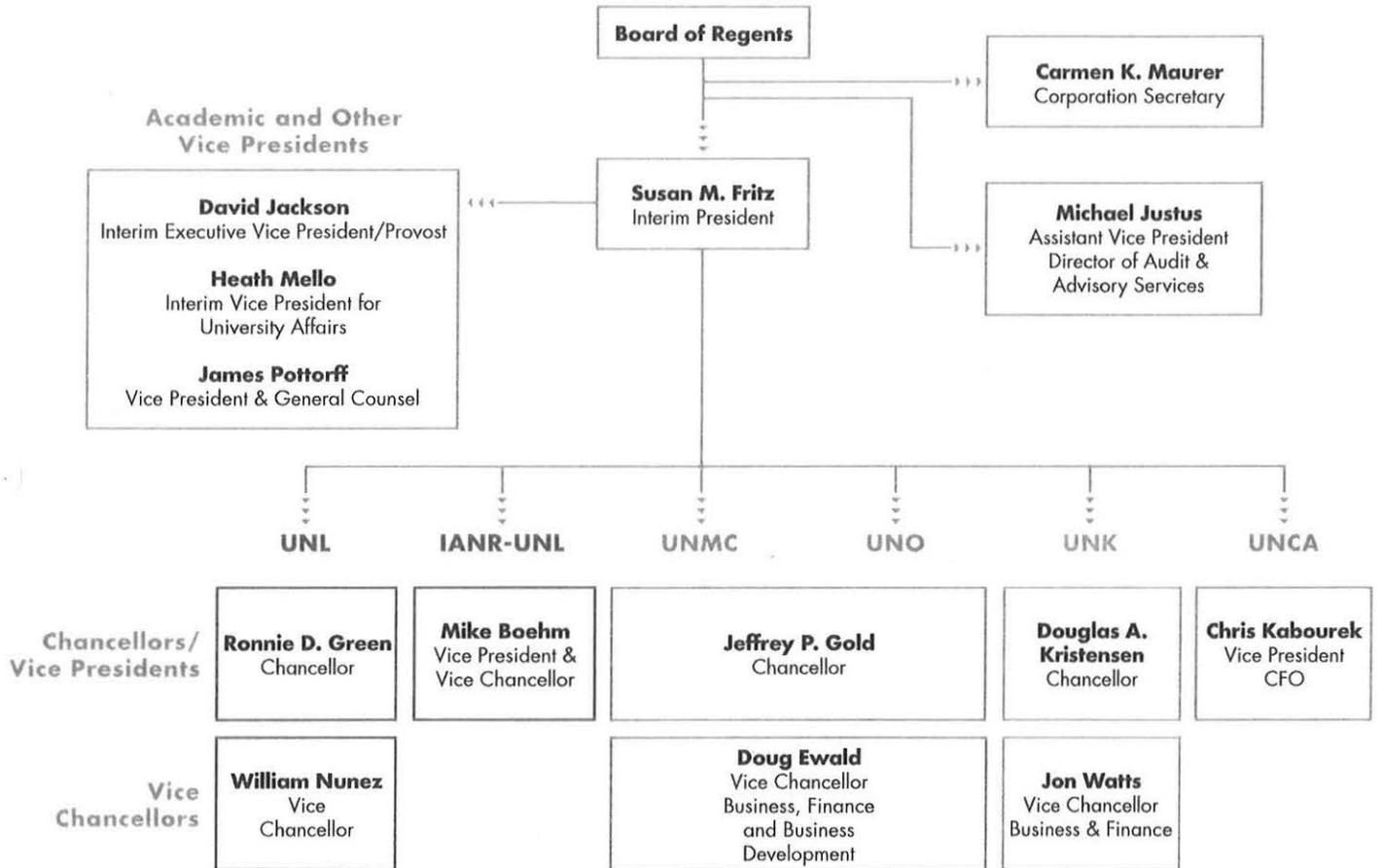
Douglas Kristensen, Chancellor  
Jon Watts, Vice Chancellor for Business and Finance  
Jill Purdy, Director of Finance

University of Nebraska Facilities Corporation

Bob Phares, President  
Paul Kenney, Vice President  
Chris Kabourek, Secretary-Treasurer

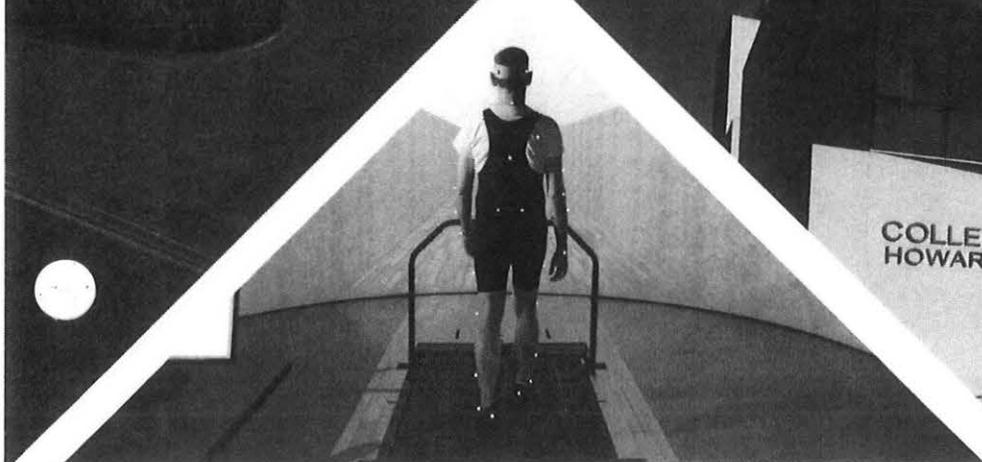
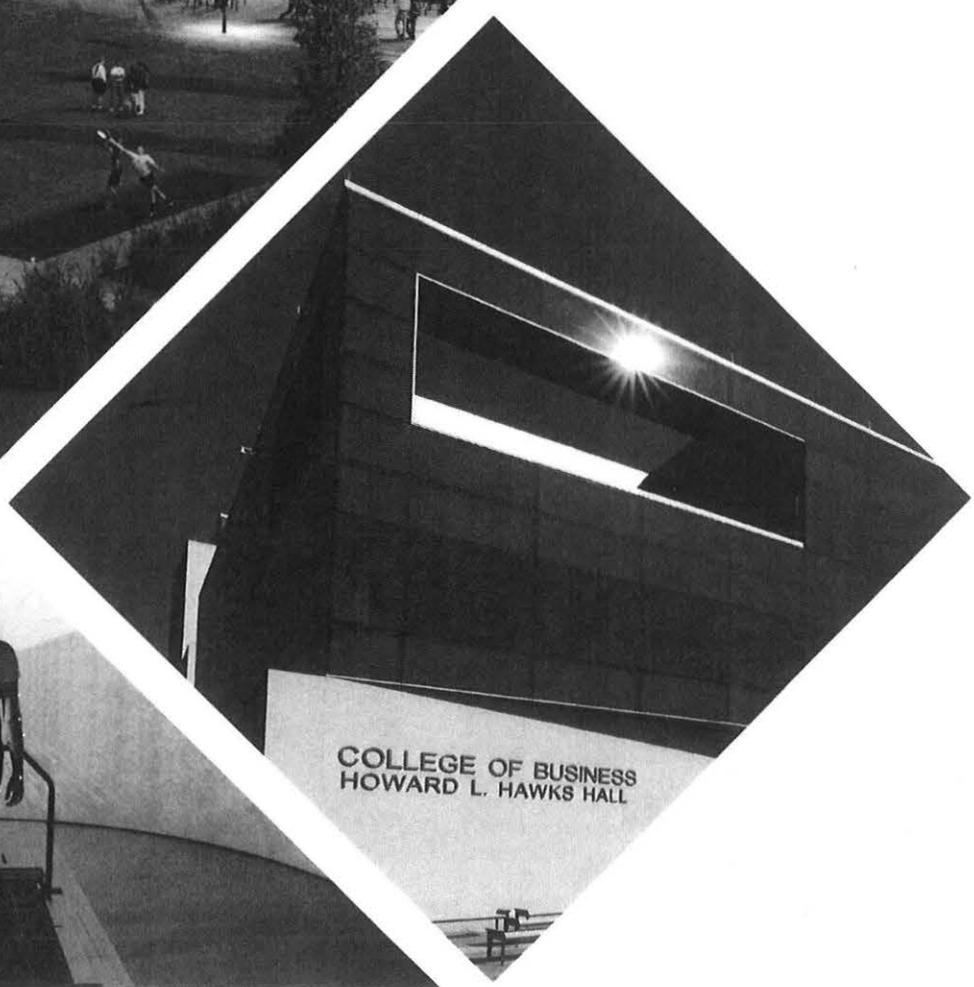
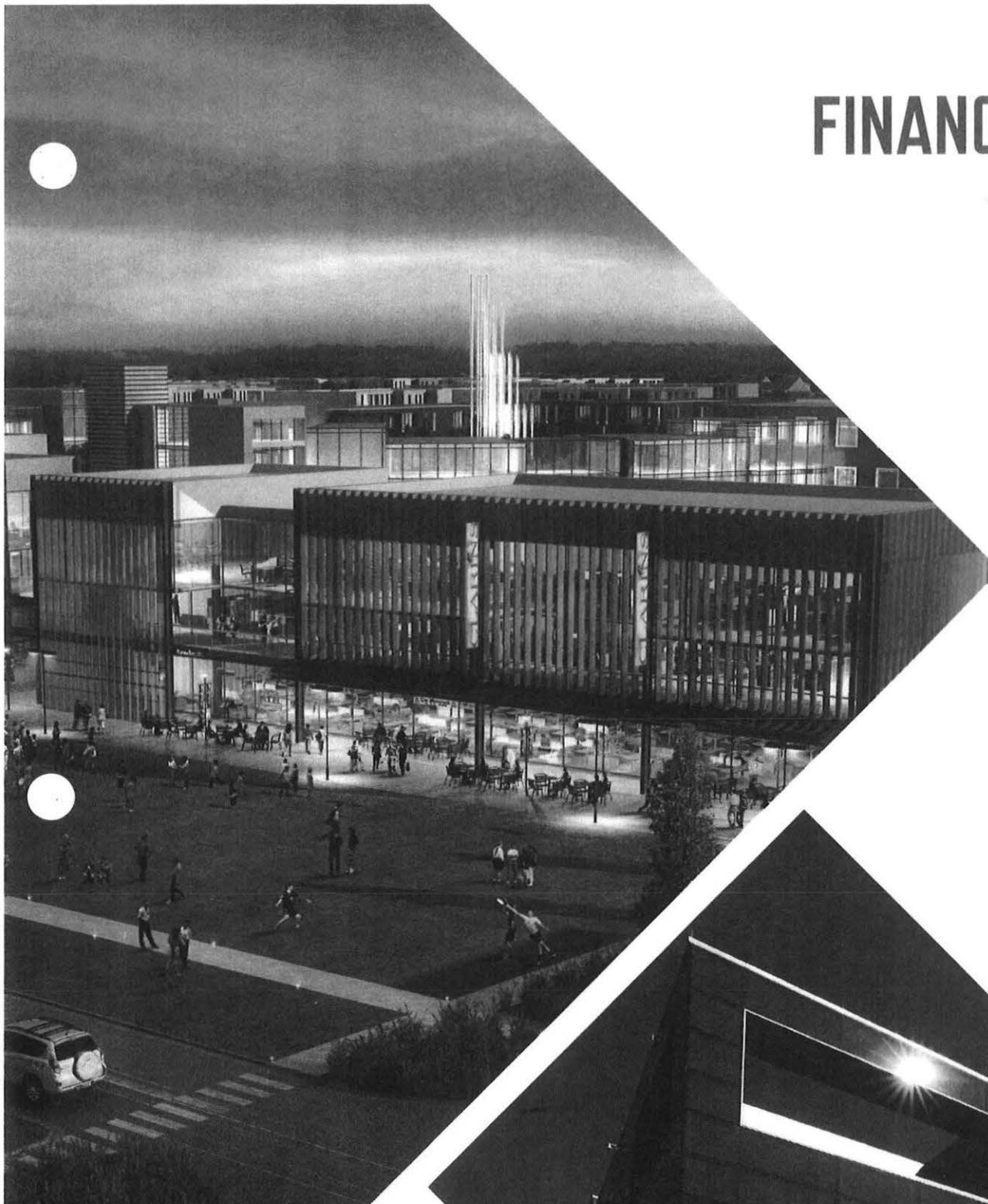
# UNIVERSITY OF NEBRASKA ADMINISTRATION

## Business Affairs Organizational Chart



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# FINANCIALS





## THE UNIVERSITY OF NEBRASKA

The University of Nebraska strives to be the best public university in the country as measured by the impact we have on our people and our state—and through them, the world. We help build and sustain Nebraska by offering educational and economic opportunity and a high quality of life: through access to high-quality education, through research that improves lives, through developing the state’s workforce, and through programs that leverage Nebraska’s resources in areas that are important in our state, nationally and globally.

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. Founded in Lincoln, the university included a medical center in Omaha 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.

Today’s University of Nebraska stands proudly in the company of America’s great public universities, with faculty and staff of about 16,000 serving 51,000 students and 1.9 million Nebraskans. The University’s momentum is apparent, with new initiatives that are improving access for Nebraskans, ambitious goals for enrollment growth, continued improvements in student outcomes, success in increasing research funding, and record levels of private support.





## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

---

Charlie Janssen  
State Auditor

Charlie.Janssen@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
auditors.nebraska.gov

### INDEPENDENT AUDITORS' REPORT

Board of Regents of the University of Nebraska  
Lincoln, Nebraska:

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of the business-type activities, and the discretely presented component unit of the University of Nebraska (University) (a component unit of the State of Nebraska) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the University of Nebraska Foundation (Foundation), a discretely presented component unit of the University; the University of Nebraska Facilities Corporation, the University Technology Development Corporation, the University Dental Associates, the UNeHealth, the UNMC Science Research Fund, and the Nebraska Utility Corporation, blended component units of the University (collectively identified as the Blended Component Units); and the activity relating to the Members of the Obligated Group under the Master Trust Indenture. The Blended Component Units and the activity relating to the Members of the Obligated Group under the Master Trust Indenture represent 22 percent, 6 percent, and 13 percent, respectively, of the assets, net position, and revenues of the University at June 30, 2019, and 22 percent, 5 percent, and 12 percent, respectively, of the assets, net position, and revenues of the University at June 30, 2018. Those statements were audited by other auditors, whose reports have been furnished to us, along with the Foundation report, which appears herein, and our opinion, insofar as it relates to the amounts included for the Foundation, the Blended Component Units, and the activity relating to the

Members of the Obligated Group under the Master Trust Indenture, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation, the University of Nebraska Facilities Corporation, the University Dental Associates, the UNeHealth, the UNMC Science Research Fund, and the Nebraska Utility Corporation were not audited in accordance with *Government Auditing Standards*.

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

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

### ***Opinion***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University of Nebraska, as of June 30, 2019 and 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the 2018 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 18 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying introductory and statistical sections on pages 3 through 10 and pages 98 through 115 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



Mark Avery, CPA  
Assistant Deputy Auditor

Lincoln, Nebraska  
December 13, 2019



KPMG LLP  
Suite 300  
1212 N. 96th Street  
Omaha, NE 68114-2274

Suite 1120  
1248 O Street  
Lincoln, NE 68508-1493

## Independent Auditors' Report

The Board of Directors  
University of Nebraska Foundation:

We have audited the accompanying consolidated financial statements of the University of Nebraska Foundation (the Foundation), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University of Nebraska Foundation as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



*Emphasis of Matter*

As discussed in note 1 to the consolidated financial statements, in 2019 the Foundation adopted new accounting guidance, ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

**KPMG LLP**

Lincoln, Nebraska  
September 27, 2019

# THE UNIVERSITY OF NEBRASKA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 and 2018 (UNAUDITED) (Columnar Amounts in Thousands)

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### 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 years ended June 30, 2019 and 2018. 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, Nebraska 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 financial statements for the University of Nebraska include six blended entities, those being the University of Nebraska Facilities Corporation (UNFC), the UNMC Science Research Fund, the University Dental Associates, UNeHealth, the Nebraska Utility Corporation, and the University Technology Development Corporation. Additional information regarding these entities is described in the footnotes to the financial statements.

In accordance with the guidance of Governmental Accounting Standards Board (GASB) Statement No. 39 and GASB Statement No. 61, the University of Nebraska Foundation's (the Foundation) financial statements are discretely presented with the University's financial statements. Management's discussion and analysis relates only to the University and does not include any overview of the financial position and activities of the Foundation. References to the Foundation within the analysis relate only to specific transactions with the University.

# THE UNIVERSITY OF NEBRASKA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 and 2018 (UNAUDITED) (Columnar Amounts in Thousands)

Campus	Student Enrollment – Headcount				
	Fiscal Year				
	2015	2016	2017	2018	2019
UNL	25,390	25,772	26,239	26,396	26,155
UNMC	3,696	3,790	3,862	3,908	3,972
UNO	15,227	15,526	15,627	15,731	15,431
UNK	6,902	6,747	6,788	6,644	6,327
Total	51,215	51,835	52,516	52,679	51,885

The fall semester (fiscal 2019) headcount enrollment was 51,885 students on the four campuses. Increasing enrollment is a strategic priority of the University and all campuses have devoted greater efforts to recruit both in-state and out-of-state students through such activities as improvement of student residences and facilities. The number of students enrolled in graduate and professional programs was 12,937 representing 25% of the student body, an important part of the University's commitment to its increasing prominence as a major research institution.

### Financial and Operating Highlights

- **Growth in Net Position.** Net position of the University grew by \$201 million or 5% and is attributable to several factors. Invested in capital assets increased by \$87 million, due in part to a \$36 million building gifted from the Foundation. Plant construction increased \$5 million, while expendable debt service increased \$15 million. Additionally, unrestricted net position continued to grow and sits at \$1,182 million, an increase of \$100 million over the prior year. This increase was due to a variety of factors, including a \$48 million increase in equity of a joint venture investment.
- **New Capital Construction.** Investments in capital projects followed University priorities, with many of these projects coming courtesy of private support. The following endeavors align behind the educational, research, and public service missions and make the University more competitive in continuing to attract high caliber students and faculty.
  - Construction began on the Munroe-Meyer Institute building renovation at UNMC, with a total budget of \$55 million. Some of the features in this space will be a redesigned integrated Center for Autism Spectrum Disorders (iCASD), as well as a Caring For Champions Program, a collaboration with Special Olympics that will provide sustained vision, dental and weight management services.
  - Construction is progressing towards the Fall 2020 opening of the \$30 million STEM building at UNK, which will house seven academic departments in science, technology, engineering and math education fields. UNK is also finishing the Plambeck Early Childhood Education Center, a \$7 million center that will feature 11 classrooms to provide early education for up to 180 children.

# THE UNIVERSITY OF NEBRASKA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 and 2018 (UNAUDITED) (Columnar Amounts in Thousands)

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- At UNO, construction continued for the Biomechanics Research building addition. This project provides additional space, more than doubling the size of the existing building. It will include laboratories, instructional space, offices, and collaboration space for students and researchers. The total cost is approximately \$12 million. Construction also continued for the Arts and Sciences Hall renovation, a project with a total cost of \$12 million. Additionally, construction began on the Mammel Hall addition, with a total projected cost of \$17 million.
- At UNL, work continues on the East Union renovation, with a budget of about \$28.6 million. Additional projects include the Carson Center for Emerging Arts, a \$10.9 million building renovation, as well as a new Gymnastics facility with a budget of \$14 million.
- **Indebtedness.** Overall, bonded indebtedness increased in 2019 by approximately \$30 million on a base of \$926 million at June 30, 2018, the result of one new issue, net of maturities/calls:

One new issue was marketed by UNFC:

- \$94 million of Deferred Maintenance Bonds, Series 2018 for continued renewal, renovation, and replacement projects on the four campuses of the University.

Financial performance in the operations financed by the Master Trust Indenture (MTI) bonds (unions, student residences, recreation facilities, and parking) led to strong debt coverage ratios of 1.63 times versus a required 1.15. As the bond covenants state that defined excess funds must stay within the bonded portion of the enterprise, strong performance also allows MTI members to create reserves that allow measured, planned modernizations of facilities and equity infusion into projects without incurring additional incremental borrowings that would otherwise be required.

- **State appropriations and tuition.** The Nebraska Legislature appropriated a 1% increase in state support of University operations for 2019 compared to a 2% decrease in 2018 and a 3% increase in 2017. Tuition increased 3.2% and 5.4% in 2019 and 2018, respectively, compared to a 2.5% increase in 2017. This support, along with internal reallocations, permitted the University to provide a 2% increase in the salary pool for faculty and staff and to pay negotiated salary increases for UNO and UNK collective bargaining units.
- **Federal Grants and Contracts.** Revenues from Federal grants and contracts increased by 13% from 2019 to 2018 compared to a 7% increase from 2018 to 2017. Revenues from Federal sources support the research and discovery efforts of the University and provide financial aid to students.
- **Capital grants and gifts.** Capital grants and gifts continue to be an important source of funding for facilities at the University. Capital grants and gifts totaled \$94 million in 2019 compared to \$55 million in 2018, and \$98 million in 2017. The largest increase in capital gifts resulted from the gift of a \$36 million office building from the Foundation. This building will be renovated for use of the Munroe-Meyer Institute at UNMC.

# THE UNIVERSITY OF NEBRASKA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 and 2018 (UNAUDITED) (Columnar Amounts in Thousands)

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### Using the Financial Statements

The financial statements of the University include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements are prepared in accordance with 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.

**Statement of Net Position.** The Statement of Net Position includes all of the assets, deferred outflows, liabilities, and deferred inflows of the University and its component units on the accrual basis of accounting. The difference between total assets and deferred outflows and total liabilities and deferred inflows represents the net position of the University, and is one indicator of its overall current financial condition. Over time, increases or decreases in the University's net position are 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 position is divided into three parts:

- Net investment in capital assets: The University's total investment in capital assets, net of accumulated depreciation and reduced by outstanding bond obligations incurred to acquire, construct, or improve those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included.
- Restricted:
  - Expendable: A fund externally restricted by creditors, grantors, or donors and includes grant and research funds, student loan programs, funds for plant construction, and debt service on bond obligations.
  - Non-expendable: Permanent endowments.
- Unrestricted: Comprised of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

**Statement of Revenues, Expenses, and Changes in Net Position.** The Statement of Revenues, Expenses, and Changes in Net Position disclose the revenues and expenses of the University during the year. 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, certain Federal student aid programs, 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 statement of revenues and expenses and negative cash flows from operations in the statement 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.

# THE UNIVERSITY OF NEBRASKA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 and 2018 (UNAUDITED) (Columnar Amounts in Thousands)

**Statement of Cash Flows.** The Statement of Cash Flows provides 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 year.

### Condensed Financial Statements and Analysis

#### Condensed Statements of Net Position

	June 30,		
	2019	2018	2017
<b>Assets and Deferred Outflows</b>			
Current assets	\$ 1,455,756	\$ 1,345,686	\$ 1,302,071
Capital assets, net of accumulated depreciation	2,878,778	2,797,199	2,768,094
Other non-current assets	1,245,658	1,167,883	1,063,152
Total assets	<u>5,580,192</u>	<u>5,310,768</u>	<u>5,133,317</u>
Deferred Outflows of Resources	<u>18,547</u>	<u>19,810</u>	<u>16,681</u>
<b>Liabilities, Deferred Inflows, and Net Position</b>			
Current liabilities	478,233	450,922	446,543
Non-current liabilities	963,365	919,218	897,124
Total liabilities	<u>1,441,598</u>	<u>1,370,140</u>	<u>1,343,667</u>
Deferred Inflows of Resources	<u>15,192</u>	<u>19,785</u>	<u>19,486</u>
<b>Net position:</b>			
Net investment in capital assets	2,031,214	1,944,552	1,777,515
Restricted for:			
Nonexpendable:			
Permanent endowment	225,959	233,949	225,490
Expendable:			
Externally restricted funds	367,397	365,561	344,631
Loan funds	42,498	42,063	43,439
Plant construction	122,268	117,039	211,566
Debt service	170,249	155,395	145,500
Unrestricted	<u>1,182,364</u>	<u>1,082,094</u>	<u>1,038,704</u>
Total net position	<u>\$ 4,141,949</u>	<u>\$ 3,940,653</u>	<u>\$ 3,786,845</u>

# THE UNIVERSITY OF NEBRASKA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 and 2018 (UNAUDITED) (Columnar Amounts in Thousands)

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

	Year Ended June 30,		
	2019	2018	2017
Operating Revenues:			
Tuition and fees	\$ 436,946	\$ 444,577	\$ 425,860
Federal grants and contracts - restricted	310,668	275,146	257,214
Private grants and contracts - restricted	201,716	180,070	187,662
State grants and contracts - restricted	38,087	39,309	39,792
Sales and services of educational activities	66,890	75,204	68,531
Sales and services of health care entities	22,359	26,210	27,437
Sales and services of auxiliary operations	218,807	216,244	176,981
Sales and services of auxiliary segments	124,057	122,603	125,625
Other operating revenues	17,975	13,746	12,956
Total operating revenues	<u>1,437,505</u>	<u>1,393,109</u>	<u>1,322,058</u>
Operating Expenses:			
Compensation and benefits	1,348,676	1,304,999	1,263,594
Supplies and services	566,237	563,282	567,470
Depreciation	142,862	139,408	120,111
Scholarships and fellowships	74,835	76,402	68,639
Total operating expenses	<u>2,132,610</u>	<u>2,084,091</u>	<u>2,019,814</u>
Operating Loss	<u>(695,105)</u>	<u>(690,982)</u>	<u>(697,756)</u>
Non-operating Revenues (Expenses):			
State of Nebraska non-capital appropriations	574,746	559,188	576,559
Federal grants	50,365	48,820	43,004
Gifts	100,997	96,442	101,192
Investment income	48,157	45,633	39,037
Interest on bond obligations	(35,621)	(32,758)	(24,044)
Equity in joint venture	48,870	36,243	36,784
Other non-operating revenues (expenses)	(10,811)	(2,432)	8,466
Net non-operating revenues	<u>776,703</u>	<u>751,136</u>	<u>780,998</u>
Income before Other Revenues, Expenses, Gains or Losses	81,598	60,154	83,242
Other Revenues, Expenses, Gains or Losses:			
State of Nebraska capital appropriations	21,266	36,182	32,497
Capital grants and gifts	94,393	55,213	98,506
Additions to permanent endowments	4,039	2,259	2,119
Net other revenues, expenses, and gains or losses	<u>119,698</u>	<u>93,654</u>	<u>133,122</u>
Increase in net position	201,296	153,808	216,364
Net position, beginning of year	3,940,653	3,786,845	3,570,481
Net position, end of year	<u>\$ 4,141,949</u>	<u>\$ 3,940,653</u>	<u>\$ 3,786,845</u>

# THE UNIVERSITY OF NEBRASKA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 and 2018 (UNAUDITED) (Columnar Amounts in Thousands)

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**Analysis of Financial Position.** Cash and cash equivalents represent the majority of current assets of the University and increased \$84 million in 2019, after a \$94 million increase in 2018 and a slight decrease in 2017.

Non-current assets of the University are led by the investment in capital assets. At June 30, 2019, total investment in capital assets was \$4.2 billion, yielding a net investment, after accumulated depreciation, of \$2.9 billion. The increase in capital assets was \$81 million, consisting of additions of \$224 million net of depreciation of \$143 million. Changes in capital assets are further detailed in the capital asset section of this discussion.

Capital gifts from the Foundation contributed to funding the UNO Biomechanics Research building addition, Strauss Performing Arts Center addition and renovation, the UNL Gymnastics facility, the Johnny Carson Center for Emerging Media Arts, the UNMC Munroe-Meyer Institute building renovation, and funds for debt service on certain UNFC projects. All other projects were funded or partially funded from MTI and UNFC bond issues of current and prior years, capital appropriations, and certain designated internal funds.

Net bonded indebtedness increased by \$30 million in 2019 following increases of \$14 million and \$39 million in 2018 and 2017, respectively. Indebtedness issued was \$94 million in 2019 with \$153 million issued in 2018 and \$194 million issued in 2017. The individual bond issuances were recounted earlier in this discussion and in the debt activity portion of this communication.

The unrestricted net position of the University increased by 9% or \$100 million during the year to \$1.1 billion. Of this increase, \$48 million was due to the University's share in equity in a joint venture.

**Analysis of Operations – Overview.** The University generated \$1,437 million of operating revenues during 2019, an increase of \$44 million over 2018, while operating expenses were \$2,133 million, up \$49 million over the prior year. These changes resulted in an increase in the operating loss of \$4 million to \$695 million in 2019 compared to losses of \$691 million and \$697 million for 2018 and 2017. 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. If non-capital appropriations were added to the operating loss as displayed in the statements of revenues, expenses, and changes in net position, the University's "operating loss after appropriations" would have been \$120 million in 2019 compared to similar "losses" of \$131 million in 2018 and \$121 million in 2017.

The Nebraska Legislature provided \$575 million in non-capital appropriations for 2019, an increase of \$16 million over 2018 following a decrease of \$17 million in 2017. The University, in conjunction with the Foundation, generated non-operating and capital gifts of approximately \$195 million that, when combined with all other non-operating revenues and expenses including investment income of \$48 million, netted an overall increase in net position of approximately \$201 million.

# THE UNIVERSITY OF NEBRASKA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 and 2018 (UNAUDITED) (Columnar Amounts in Thousands)

**Revenues.** The following chart depicts the operating revenues for 2019 and 2018 and the comparative changes that occurred between those years.

	2019		2018		2019-2018 Change	
	Amount	% of Total	Amount	% of Total	Dollars	Percent
Tuition and fees	\$ 436,946	30%	\$ 444,577	32%	\$ (7,631)	(2)%
Federal grants and contracts - restricted	310,668	22	275,146	20	35,522	13
Private grants and contracts - restricted	201,716	14	180,070	13	21,646	12
State grants and contracts - restricted	38,087	3	39,309	3	(1,222)	(3)
Sales and services of educational activities	66,890	5	75,204	5	(8,314)	(11)
Sales and services of health care entities	22,359	1	26,210	2	(3,851)	(15)
Sales and services of auxiliary operations	218,807	15	216,244	15	2,563	1
Sales and services of auxiliary segments	124,057	9	122,603	9	1,454	1
Other operating revenues	17,975	1	13,746	1	4,229	31
Total operating revenues	\$ 1,437,505	100%	\$ 1,393,109	100%	\$ 44,396	3%

The University's operating revenues increased in fiscal year 2019 by 3% or \$44 million. A three-year comparison of revenues for the years 2019, 2018, and 2017 is presented on page 23.

- The largest increases in revenue were realized in federal and private grants and contracts, which together increased \$57 million, a nearly 13% increase from the prior year. Federal grants were driven by a significant increase in the Ryan White HIV program activity at UNMC, while private grant increases are largely attributable to increased funding from Children's Hospital to assist with exponential growth in the pediatric departments at UNMC.

**Expenses.** The following chart shows the University's operating expenses for 2019 and 2018 and comparative changes that occurred between those years. A three-year comparison of operating expenses for the years 2019, 2018, and 2017 is presented on page 23.

	2019		2018		2019-2018 Change	
	Amount	% of Total	Amount	% of Total	Dollars	Percent
Compensation and benefits	\$ 1,348,676	63%	\$ 1,304,999	62%	\$ 43,677	3%
Supplies and services	566,237	27	563,282	27	2,955	1
Depreciation	142,862	7	139,408	7	3,454	2
Scholarships and fellowships	74,835	3	76,402	4	(1,567)	(2)
Total operating expenses	\$ 2,132,610	100%	\$ 2,084,091	100%	\$ 48,519	2%

Operating expenses increased by \$49 million for the 2019 fiscal year. Changes in the major expense classifications follow.

- Compensation and benefits increased by 3% in 2019, following a 3% increase in 2018 and a 4% increase in 2017. While the 2019 University salary pool was 2.0%, funding of strategic priorities and an increase in federal grant activity also contributed to the increase.

# THE UNIVERSITY OF NEBRASKA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 and 2018 (UNAUDITED) (Columnar Amounts in Thousands)

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**Non-Operating Revenues (Expenses).** Net non-operating revenues increased \$25 million during 2019 compared to 2018. Increases in non-capital state appropriations and equity in joint venture were the primary reasons for the increase.

Non-capital state appropriations increased \$16 million, due to a 1% increase in state funding. The University holds a 50% equity interest in Nebraska Medicine, a joint venture operation that generated \$49 million in non-operating revenues in 2019 for the University as compared to \$36 million in 2018.

**Other Revenues, Expenses, Gains, or Losses.** Net other revenues, expenses, gains, or losses increased by \$26 million. A \$39 million increase in capital gifts was the primary driver, offset by a decrease of \$15 million in State of Nebraska capital appropriations. Capital gifts increased mainly due to a \$36 million office building gift from the Foundation. The decrease in capital appropriations can be attributed to a \$12 million decrease in expenditures for the iEXCEL project at UNMC as it nears completion.

### Capital Assets

The University made significant investments in capital assets during the current year. Major construction projects and acquisitions completed were:

- At UNL, a new fourth-floor expansion was completed at Morrill Hall. This expansion to the University of Nebraska State Museum highlights Nebraska's natural history, looking at the state's ecosystems across multiple time scales, with a host of new and interactive exhibits.
- The Strauss Performing Arts Center addition and renovation was completed at UNO at a cost of approximately \$16 million. The new space will increase productivity and collaboration within the School of Music and the performance community. The renovation was needed to update current ADA, fire and life safety codes and rehabilitate interior spaces.
- UNMC completed the Skybridge connecting Truhlsen Eye Institute to Lauritzen Outpatient Center as a cost of approximately \$2 million. Other projects completed during the year included \$3.5 million of renovation costs at the College of Nursing building and the Central Utility Plant.
- At UNK, the Village Flats Housing project was completed at a cost of about \$16 million, providing UNK students with additional housing options. Additionally, the Student Union was renovated for approximately \$5 million.

More information on capital asset activity is disclosed in the Notes to the Financial Statements included in this report on page 49.

### Debt Activity

**Bond Financings.** The University marketed one bond financing during 2019. This financing was issued through UNFC:

- In July 2018, UNFC issued \$94,275 of Deferred Maintenance Bonds, Series 2018 for continued renewal, renovation, and replacement projects on the four campuses of the University.

The Board of Regents of the University of Nebraska Members of the Obligated Group under the MTI has bonds outstanding from the construction of student housing, parking, student recreation, and student unions. The financial position of the MTI had operating income that provided a debt service ratio of 1.63 times for the year ended June 30, 2019, compared to 1.65 times for 2018 and 1.72 times in 2017. The debt service ratio required by the MTI covenants is 1.15 times.

# THE UNIVERSITY OF NEBRASKA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 and 2018 (UNAUDITED) (Columnar Amounts in Thousands)

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UNFC met all debt service requirements during 2019. The State of Nebraska Legislature has reaffirmed and appropriated funds for their portion of the debt service pertaining to the Deferred Maintenance Projects, UNL Veterinary Diagnostic Center, the NCTA Education Center/Student Housing Project, and the UNL Health Center and College of Nursing Projects. The Foundation continues to receive funds from donor gifts pledged toward the funding of the UNO/Community Facility Refunding and the UNMC Cancer Center. Funds from internal University sources continue to meet expectations allowing the service of UNFC-related debt obligations in their normal course.

More information on debt financing is disclosed beginning on page 50 in the Notes to Financial Statements included in this report.

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

The University of Nebraska, as the State's only public education/intensive research university, is an important component in driving the economic success of Nebraska. Economic development takes many forms in a major university, running the gamut from educating and retaining the best and brightest to research growth, tech transfer, and its by-product of job creation. This university-state partnership in fostering a climate of success also means, like other major land-grant universities, that State funding plays an important part in fueling the success of the University in many areas.

The 2019 session of the Nebraska Legislature included enactment of the State's two-year budget for fiscal years 2019-2020 and 2020-2021. At the beginning of the legislative session there were multiple demands on State funding including Medicaid expansion, health care provider rates, prison overcrowding, replenishing a depleted State cash reserve fund, and property tax relief. The Legislature's challenge was attempting to address all of these areas within the confines of available revenues.

The appropriations bill ultimately contained a 3.0% increase in 2019-2020 and a 3.7% increase in 2020-2021 for the University. In the enacted budget, these general increases are included at a level to cover estimates of salary and health insurance increased costs. Increased funds for salary were based on a 2.0% increase for bargaining units at UNO and UNK for faculty and the equivalent of 2.2% for all other employees. For health insurance, the University is anticipating increases of 3.2% on January 1, 2020 and 8.7% on January 1, 2021. The budget also includes funding for a 2% per year increase in utility costs.

The State's partnership is a key reason the University was able to hold tuition increases to an average of 2.75% over the next two years in 2019-2020 and 2020-2021. With the minimal increases, tuition rates at University of Nebraska campuses will continue to be well below those at peer institutions.

Yet then-President Hank Bounds noted that the University's State funding increases – coming on the heels of multiple rounds of cuts that have necessitated \$28 million in administrative and programmatic reductions – were not enough to cover all its needs. Adjusted for inflation, the University's spending will be flat or down for a second consecutive year. Flat spending produces challenges for investing in talent and workforce development necessary for future growth in the State. However, the University believes its partnership with the State, together with continued focus on operating efficiently, will promote affordable excellence for the people of the State.

Bounds said the University will continue to work together with policymakers and the private sector to address the needs of the State, including the 34,000 annual openings in high-skill, high-demand, high-wage jobs like nursing, engineering and accounting that will soon exist across Nebraska. Two-thirds of those jobs will require higher education, meaning continued investment in an accessible and competitive university is vital.

# THE UNIVERSITY OF NEBRASKA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 and 2018 (UNAUDITED) (Columnar Amounts in Thousands)

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The University will be undergoing a Presidential leadership change, as Bounds announced in the Spring of 2019 his intentions to leave the University effective August 2019. On December 5, 2019, the University of Nebraska Board of Regents voted to confirm Walter "Ted" Carter, VADM (Ret.), as the eighth president of the University of Nebraska system. Carter, the immediate past superintendent of the U.S. Naval Academy whose tenure included records in graduation rates and student diversity and a top national ranking by Forbes Magazine, will begin transition work as NU's president-elect on Dec. 16, 2019. He will assume overall leadership on Jan. 1 2020, succeeding Interim President Susan Fritz, Ph.D.

Carter, a Distinguished Flying Cross and Bronze Star recipient, brings extensive military service, having graduated from the Navy Fighter Weapons School (Top Gun) in Miramar, Calif. He was commander for the Carrier Strike Group Twelve, in which he commanded 20 ships, two nuclear-powered aircraft carriers and two carrier air wings that were deployed to Afghanistan and the Arabian Gulf. He is a naval flight officer with more than 6,300 flying hours, and has completed 2,016 carrier-arrested landings, an American record. Carter was superintendent of the U.S. Naval Academy in Annapolis, Md. from 2014 to 2019, the longest continuously serving superintendent in Annapolis.

During the leadership transition, the University continued to make and maintain investments in several key strategic initiatives. The Buffett Early Childhood Institute, the Water for Food Initiative, the Fred and Pamela Buffett Cancer Center, and the National Strategic Research Institute (NSRI) are just a few of the pillars supporting the University's strategic agenda. NSRI is the 14th University Affiliated Research Center (UARC) in the United States and only the second such entity in the Big Ten. A UARC is a specially designed entity that provides essential engineering and technology capabilities of particular importance to the U.S. Department of Defense. This enterprise will prove increasingly important in maintaining research pre-eminence in an era of flat/declining traditional Federal grants and contracts sources. It also assists in retaining key faculty assets in the research enterprise. In June of 2018, the University of Nebraska and the United States Strategic Command announced that NSRI has been renewed with a five-year, \$92 million contract from the U.S. Air Force.

The University of Nebraska continues to make important gains in expanding access to education and growing the diversity of its student body, providing reasons to celebrate even as enrollment dipped slightly in fall 2019, according to figures announced in the Fall of 2019 by Interim President Susan Fritz. Enrollment across the four NU campuses and the Nebraska College of Technical Agriculture is 51,150, a decline of 1.4 percent from last year's total of 51,885. This is the ninth straight year NU enrollment has topped 50,000, a streak that includes back-to-back record highs in 2016 and 2017. The university's graduating classes have grown steadily over time, with more than 11,000 new graduates now entering the workforce every year as NU focuses on meeting the economic needs of the state.

The University of Nebraska Foundation also continues to provide much needed resources. Funds provided to the University, predominantly restricted to capital, academic support, and student assistance, totaled \$200 million in 2019, yielding a five-year total of over \$1 billion. This is greatly valued as it provides scholarships, professorships, and much needed capital project funding, the very things that will strategically power the University forward.

# THE UNIVERSITY OF NEBRASKA

## STATEMENTS OF NET POSITION

JUNE 30, 2019 AND 2018

(Thousands)

(See Independent Auditors' Report on Pages 13, 14, and 15)

	2019	2018
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 655,599	\$ 603,703
Cash and cash equivalents - restricted	327,059	322,480
Cash and cash equivalents held by trustee - restricted	96,374	68,992
Investments - restricted	145,786	148,374
Accounts receivable and unbilled charges, net	204,192	175,447
Loans to students, net	4,613	5,233
Other current assets	22,133	21,457
Total current assets	<u>1,455,756</u>	<u>1,345,686</u>
<b>NON-CURRENT ASSETS:</b>		
Cash and cash equivalents	-	1,508
Cash and cash equivalents - restricted	500	339
Cash and cash equivalents held by trustee - restricted	303,763	275,091
Investments - restricted	393,329	375,486
Investments held by trustee - restricted	7,731	12,871
Accounts receivable and unbilled charges, net	30,830	30,819
Investment in joint venture	483,410	443,182
Loans to students, net of current portion	25,597	28,045
Capital assets, net of accumulated depreciation	2,878,778	2,797,199
Other non-current assets	498	542
Total non-current assets	<u>4,124,436</u>	<u>3,965,082</u>
Total assets	<u>5,580,192</u>	<u>5,310,768</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred loss on bond refunding	<u>18,547</u>	<u>19,810</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	142,970	104,949
Accrued salaries and wages	49,760	48,035
Accrued compensated absences	54,686	51,725
Bond obligations payable	69,569	79,227
Capital lease obligations	273	288
Unearned revenues and other credits	147,890	152,438
Health and other insurance claims	13,085	14,260
Total current liabilities	<u>478,233</u>	<u>450,922</u>
<b>NON-CURRENT LIABILITIES:</b>		
Accrued salaries and wages, net of current portion	1	4
Accrued compensated absences, net of current portion	24,078	22,772
Bond obligations payable, net of current portion	886,550	847,120
Capital lease obligations, net of current portion	49,309	49,121
Unearned revenues and other credits, net of current portion	3,427	201
Total non-current liabilities	<u>963,365</u>	<u>919,218</u>
Total liabilities	<u>1,441,598</u>	<u>1,370,140</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred service concession arrangement receipts	14,848	19,143
Deferred gain on bond refunding	344	642
Total deferred inflows of resources	<u>15,192</u>	<u>19,785</u>
<b>NET POSITION:</b>		
Net investment in capital assets	2,031,214	1,944,552
Restricted for:		
Nonexpendable:		
Permanent endowment	225,959	233,949
Expendable:		
Externally restricted funds for scholarships, student aid, and research	367,397	365,561
Loan funds	42,498	42,063
Plant construction	122,268	117,039
Debt service	170,249	155,395
Unrestricted	<u>1,182,364</u>	<u>1,082,094</u>
Total net position	<u>\$ 4,141,949</u>	<u>\$ 3,940,653</u>

See notes to financial statements.

# THE UNIVERSITY OF NEBRASKA

**UNIVERSITY OF NEBRASKA FOUNDATION**  
**(A Component Unit of the University of Nebraska) CONSOLIDATED**  
**STATEMENTS OF FINANCIAL POSITION JUNE 30, 2019 AND 2018**  
**(Thousands)**  
**(See Independent Auditors' Reports on Pages 13, 14, 15, 16 and 17)**

	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 33,092	\$ 48,769
Temporary investments	472,927	400,377
Pledges receivable	202,503	187,856
Other receivables	6,973	6,276
Investments	1,797,556	1,756,282
Property and equipment, net of depreciation	<u>4,587</u>	<u>50,456</u>
Total assets	<u>\$ 2,517,638</u>	<u>\$ 2,450,016</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 4,944	\$ 2,695
University of Nebraska payable	21,191	16,671
Note payable	—	17,559
Deferred annuities payable	16,448	16,644
Deposits held in custody for others	339,491	334,749
Deferred revenue	<u>—</u>	<u>2,725</u>
Total liabilities	<u>382,074</u>	<u>391,043</u>
<b>NET ASSETS:</b>		
Without donor restrictions	54,990	47,665
With donor restrictions	<u>2,080,574</u>	<u>2,011,308</u>
Total net assets	<u>2,135,564</u>	<u>2,058,973</u>
Total liabilities and net assets	<u>\$ 2,517,638</u>	<u>\$ 2,450,016</u>

See notes to financial statements.

# THE UNIVERSITY OF NEBRASKA

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2019 AND 2018 (Thousands)

(See Independent Auditors' Report on Pages 13, 14, and 15)

	2019	2018
OPERATING REVENUES:		
Tuition and fees (net of scholarship allowances of \$165,080 and \$142,373 in 2019 and 2018, respectively)	\$ 436,946	\$ 444,577
Federal grants and contracts - restricted	310,668	275,146
Private grants and contracts - restricted	201,716	180,070
State and local grants and contracts - restricted	38,087	39,309
Sales and services of educational activities	66,890	75,204
Sales and services of health care entities	22,359	26,210
Sales and services of auxiliary operations	218,807	216,244
Sales and services of auxiliary segments (net of scholarship allowances of \$16,268 and \$15,054 in 2019 and 2018, respectively)	124,057	122,603
Other operating revenues	17,975	13,746
Total operating revenues	<u>1,437,505</u>	<u>1,393,109</u>
OPERATING EXPENSES:		
Compensation and benefits	1,348,676	1,304,999
Supplies and services	566,237	563,282
Depreciation	142,862	139,408
Scholarships and fellowships	74,835	76,402
Total operating expenses	<u>2,132,610</u>	<u>2,084,091</u>
OPERATING LOSS	<u>(695,105)</u>	<u>(690,982)</u>
NON-OPERATING REVENUES (EXPENSES):		
State of Nebraska non-capital appropriations	574,746	559,188
Federal Grants	50,365	48,820
Gifts	100,997	96,442
Investment income (net of investment management fees of \$6,034 and \$6,517 in 2019 and 2018, respectively)	48,157	45,633
Interest on bond obligations	(35,621)	(32,758)
Equity in joint venture	48,870	36,243
Other non-operating revenues (expenses)	(10,811)	(2,432)
Net non-operating revenues	<u>776,703</u>	<u>751,136</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	<u>81,598</u>	<u>60,154</u>
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:		
State of Nebraska capital appropriations	21,266	36,182
Capital grants and gifts	94,393	55,213
Additions to permanent endowments	4,039	2,259
Net other revenues, expenses, gains, or losses	<u>119,698</u>	<u>93,654</u>
INCREASE IN NET POSITION	201,296	153,808
NET POSITION:		
Net position, beginning of year	<u>3,940,653</u>	<u>3,786,845</u>
Net position, end of year	<u>\$ 4,141,949</u>	<u>\$ 3,940,653</u>

See notes to financial statements.

# THE UNIVERSITY OF NEBRASKA

UNIVERSITY OF NEBRASKA FOUNDATION  
 (A Component Unit of the University of Nebraska) CONSOLIDATED  
 STATEMENTS OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2019  
 (Thousands)

(See Independent Auditors' Reports on Pages 13, 14, 15, 16, and 17)

	2019		
	Without donor restrictions	With donor restrictions	Total
<b>REVENUE AND GAINS:</b>			
Gifts, bequests, and life insurance proceeds	\$ 885	\$ 234,883	\$ 235,768
Investment income (loss)	38,219	(2,954)	35,265
Change in value of split-interest agreements	-	(36)	(36)
Realized and unrealized gains, net	740	45,178	45,918
Total revenue and gains	39,844	277,071	316,915
<b>EXPENSES</b>			
Payments to benefit the University:			
Academic support	49,113	-	49,113
Student assistance	25,883	-	25,883
Faculty assistance	6,913	-	6,913
Research	6,740	-	6,740
Museum, library, and fine arts	3,931	-	3,931
Campus and building improvements	106,541	-	106,541
Alumni associations	570	-	570
Total payments to benefit the University	199,691	-	199,691
Operating expenses:			
Salaries and benefits	21,123	-	21,123
Office expense	1,079	-	1,079
Office rent and utilities	1,777	-	1,777
Professional services	1,353	-	1,353
Dues and subscriptions	170	-	170
Travel and conferences	1,097	-	1,097
Cultivation expense	1,426	-	1,426
Miscellaneous expense	286	-	286
Contributions to other charities	8,068	-	8,068
Paid to beneficiaries	2,311	-	2,311
Depreciation	1,943	-	1,943
Total operating expenses	40,633	-	40,633
Total expenses	240,324	-	240,324
Other changes in net assets:			
Net assets released from restrictions	207,805	(207,805)	-
Total other changes in net assets	207,805	(207,805)	-
Increase in net assets	7,325	69,266	76,591
NET ASSETS at beginning of year	47,665	2,011,308	2,058,973
NET ASSETS at end of year	\$ 54,990	\$ 2,080,574	\$ 2,135,564

See notes to financial statements.

# THE UNIVERSITY OF NEBRASKA

UNIVERSITY OF NEBRASKA FOUNDATION  
(A Component Unit of the University of Nebraska) CONSOLIDATED  
STATEMENTS OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018  
(Thousands)

(See Independent Auditors' Reports on Pages 13, 14, 15, 16, and 17)

	2018		
	Without donor restrictions	With donor restrictions	Total
<b>REVENUE AND GAINS:</b>			
Gifts, bequests, and life insurance proceeds	\$ 904	\$ 184,970	\$ 185,874
Investment income (loss)	35,156	(1,346)	33,810
Change in value of split-interest agreements	-	1,118	1,118
Realized and unrealized gains, net	893	102,085	102,978
Total revenue and gains	<u>36,953</u>	<u>286,827</u>	<u>323,780</u>
<b>EXPENSES</b>			
Payments to benefit the University:			
Academic support	93,401	-	93,401
Student assistance	25,316	-	25,316
Faculty assistance	7,592	-	7,592
Research	6,244	-	6,244
Museum, library, and fine arts	2,894	-	2,894
Campus and building improvements	44,535	-	44,535
Alumni associations	570	-	570
Total payments to benefit the University	<u>180,552</u>	<u>-</u>	<u>180,552</u>
Operating expenses:			
Salaries and benefits	20,256	-	20,256
Office expense	1,255	-	1,255
Office rent and utilities	1,710	-	1,710
Professional services	1,680	-	1,680
Dues and subscriptions	141	-	141
Travel and conferences	1,034	-	1,034
Cultivation expense	1,574	-	1,574
Miscellaneous expense	279	-	279
Contributions to other charities	173	-	173
Paid to beneficiaries	2,626	-	2,626
Depreciation	1,959	-	1,959
Total operating expenses	<u>32,687</u>	<u>-</u>	<u>32,687</u>
Total expenses	<u>213,239</u>	<u>-</u>	<u>213,239</u>
Other changes in net assets:			
Net assets released from restrictions	178,569	(178,569)	-
Total other changes in net assets	<u>178,569</u>	<u>(178,569)</u>	<u>-</u>
Increase in net assets	<u>2,283</u>	<u>108,258</u>	<u>110,541</u>
NET ASSETS at beginning of year, as previously reported	13,507	1,934,925	1,948,432
Effect of adoption of ASU 2016-14	<u>31,875</u>	<u>(31,875)</u>	<u>-</u>
NET ASSETS at beginning of year, as restated	<u>45,382</u>	<u>1,903,050</u>	<u>1,948,432</u>
NET ASSETS at end of year	<u>\$ 47,665</u>	<u>\$ 2,011,308</u>	<u>\$ 2,058,973</u>

See notes to financial statements.

# THE UNIVERSITY OF NEBRASKA

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

(Thousands)

(See Independent Auditors' Report on Pages 13, 14, and 15)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Grants and contracts	\$ 521,773	\$ 516,223
Tuition and fees	439,978	443,469
Sales and services of health care entities	22,959	23,140
Sales and services of auxiliary operations	219,713	234,329
Sales and services of auxiliary segments	123,524	120,993
Sales and services of educational activities	65,364	78,004
Student loans collected	5,776	6,252
Other Receipts	25,643	35,271
Payments to employees	(1,342,392)	(1,304,502)
Payments to vendors	(556,935)	(555,436)
Scholarships paid to students	(74,836)	(76,403)
Student loans issued	(2,070)	(5,016)
Net cash flows from operating activities	<u>(551,503)</u>	<u>(483,676)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
State of Nebraska non-capital appropriations	574,746	559,189
Gifts	106,900	101,961
Federal grants	47,365	45,503
Other receipts	658	1,271
Direct lending receipts	233,251	244,023
Direct lending payments	(233,251)	(244,023)
Net cash flows from non-capital financing activities	<u>729,669</u>	<u>707,924</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from the issuance of bonds	94,275	152,950
Gifts	57,785	62,032
State of Nebraska capital appropriations	21,662	37,306
Premium on issuance of bonds	16,480	17,989
Purchases of capital assets	(185,990)	(204,973)
Defeasance of bond obligations	-	(71,021)
Principal paid on bond obligations	(73,305)	(83,465)
Interest paid on bond obligations	(40,168)	(38,101)
Payments made on lease obligations	(347)	(345)
Net cash flows from capital and related financing activities	<u>(109,608)</u>	<u>(127,628)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	160,688	230,015
Interest on investments	46,991	44,996
Distributions received from joint venture	8,643	8,634
Purchases of investments	(173,698)	(243,511)
Net cash flows from investing activities	<u>42,624</u>	<u>40,134</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>111,182</b>	<b>136,754</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b><u>1,272,113</u></b>	<b><u>1,135,359</u></b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b><u>\$ 1,383,295</u></b>	<b><u>\$ 1,272,113</u></b>

See notes to financial statements.

(Continued)

# THE UNIVERSITY OF NEBRASKA

## STATEMENTS OF CASH FLOWS (Continued) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

(Thousands)

(See Independent Auditors' Report on Pages 13, 14, and 15)

	2019	2018
CASH AND CASH EQUIVALENTS - END OF YEAR AS PRESENTED IN STATEMENTS OF NET POSITION:		
Cash and cash equivalents (current)	\$ 655,599	\$ 603,703
Cash and cash equivalents - restricted (current)	327,059	322,480
Cash and cash equivalents held by trustee - restricted (current)	96,374	68,992
Cash and cash equivalents (non-current)	-	1,508
Cash and cash equivalents - restricted (non-current)	500	339
Cash and cash equivalents held by trustee - restricted (non-current)	303,763	275,091
	<u>\$ 1,383,295</u>	<u>\$ 1,272,113</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (695,105)	\$ (690,982)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation expense	142,862	139,408
Changes in assets and liabilities:		
Accounts receivable and unbilled charges, net	(26,101)	13,090
Loans to students	3,066	832
Other current assets	505	24,216
Accounts payable	22,366	8,536
Accrued salaries and wages	5,805	144
Unearned revenues and credits	(3,725)	19,579
Health and other insurance claims	(1,176)	1,501
	<u>\$ (551,503)</u>	<u>\$ (483,676)</u>
Net cash flows used in operating activities		
NON-CASH TRANSACTIONS:		
Capital gifts and grants	\$ 36,139	\$ 128
Increase (decrease) in fair value of investments	(3,320)	2,481
Purchase of capital assets through lease obligations	(520)	623
Equity in earnings	719	515
Capital expenditures in accounts payable	591	179
Draw on line of credit for note receivable advanced	(5,944)	(2,412)
Unrelated business income	(145)	(586)

See notes to financial statements.

# THE UNIVERSITY OF NEBRASKA

**UNIVERSITY OF NEBRASKA FOUNDATION**  
**(A Component Unit of the University of Nebraska) CONSOLIDATED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**  
**(Thousands)**  
**(See Independent Auditors' Report on Pages 13, 14, 15, 16, and 17)**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 76,591	\$ 110,541
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	1,943	1,959
Net realized and unrealized gains on investments, net	(45,918)	(102,978)
Imputed interest expense	441	588
Contribution to endowment funds	(39,189)	(42,324)
Real and personal property contributions received	(252)	(1,169)
Noncash donation to the University of Nebraska	44,241	-
(Increase) Decrease in:		
Pledges receivable	(8,512)	13,264
Other receivables	(960)	(534)
(Decrease) Increase in:		
Accounts payable and accrued liabilities	2,249	720
University of Nebraska payable	4,520	(1,127)
Deferred annuities payable	(196)	(2,523)
Deferred revenue	(2,725)	(392)
Net cash provided by (used in) operating activities	<u>32,233</u>	<u>(23,975)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of temporary investments	(173,467)	(576,386)
Proceeds from sale and maturity of temporary investments	114,480	540,392
Net increase (decrease) in student loans	263	(233)
Purchase of investments	(367,317)	(402,740)
Proceeds from sale and maturity of investments	363,392	428,006
Proceeds from sales of property and equipment	-	6
Purchase of property and equipment	(315)	(288)
Net cash used in investing activities	<u>(62,964)</u>	<u>(11,243)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY:</b>		
Payment of notes payable	(18,000)	-
Contribution to endowment funds	33,054	43,207
Net cash provided by financing activities	<u>15,054</u>	<u>43,207</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(15,677)</b>	<b>7,989</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>48,769</b>	<b>40,780</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 33,092</b>	<b>\$ 48,769</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Noncash property donation to the University of Nebraska	44,241	-

See notes to financial statements.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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### 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 (the 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 U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). GASB requires the following components of the basic financial statements:

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

The University follows all applicable GASB pronouncements.

**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 University's financial reporting entity consists of the University and 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 Dental Associates (UDA) is a not-for-profit corporation organized for the purpose of billing, collecting, and distributing dental service fees generated by dentists employed by the UNMC. The distribution of fees is governed by the terms of the University of Nebraska Dental Service Plan applicable to member dentists.
- The UNMC Science Research Fund (SRF) is a not-for-profit corporation organized by the Board of Regents to solely support the research mission of the UNMC and provides services entirely, or almost entirely, to UNMC and advance academic technology transfer globally through fostering strategic collaborations with industry through licensing, research, and new venture agreements.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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- UNeHealth, a Nebraska not-for-profit corporation, was organized in 1996 to further the general health care purpose of the University of Nebraska Medical Center (UNMC). UNeHealth will increase the efficiency and effectiveness, boost visibility of commercial clinical research and ensure that contract budgets take in consideration the best interests of UNMC, UNMC Physicians (UNMC-P) and The Nebraska Medical Center (TNMC). UNeHealth seeks to create a more appealing environment for industry collaborations.
- 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 (UNL). NUCorp provides services entirely, or almost entirely, to the UNL campus. NUCorp is governed by a five-member Board, three of which are University officials.
- The University Technology Development Corporation (UTDC) was organized to solely support the research mission of the University and provides services entirely, or almost entirely, to the University campuses and advance academic technology transfer globally through fostering strategic collaborations with industry through licensing, research, and new venture agreements. The blended entity consists of the UTDC activity and the activities of six non-profit subsidiaries and one for profit subsidiary. UTDC is the sole member/stockholder of each subsidiary.

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

The University of Nebraska Foundation's (the Foundation) financial statements are discretely presented within the University's financial statements. The Foundation is a non-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code whose purpose is to provide financial support for the University system. The Foundation reports under FASB standards, including FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented (see Note S).

***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 is earned. Expenses are recorded when a liability is incurred. The University first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available. All significant revenues and expenses resulting from intra-University transactions have been eliminated.

***Cash and Cash Equivalents*** – Cash and cash equivalents and cash and cash equivalents – restricted are stated at fair value. Cash and cash equivalents – restricted is cash received from external sources designated for specific purposes. 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. These funds are considered to be cash and cash equivalents, which are available for expenditures as needed. The investments of the pool include Commercial Paper, U.S. Government Securities, Federal Agency Debt Instruments, Corporate Bonds, Money Market Funds, and Bank Deposits. Additional information on the pool can be found in the State of Nebraska's Comprehensive Annual Financial Report.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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Cash and cash equivalents held by trustee – restricted is cash held by bond fund trustees and held for the purposes designated by the respective bond covenants.

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

**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 and unrealized gains and losses.

**Capital Assets** – Land improvements, leasehold improvements, buildings, and equipment are stated at cost at the date of acquisition. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. At UNL, and for certain research buildings at UNMC, estimated useful lives for buildings are accounted for on a componentized basis. 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 2 to 10 years depending on its useful life. Leasehold improvements are depreciated using the straight-line method over the aforementioned estimated useful lives or the term of the related lease, if shorter. 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. It is the University's policy that library books are not capitalized.

The University does not capitalize interest cost incurred according to GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

The University has artwork and other collections that it does not capitalize. These collections adhere to the University's policy to (a) maintain them for public exhibition, education, or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. U.S. generally accepted accounting principles permit collections maintained in this manner to be charged to operations at time of purchase rather than be capitalized.

**Accrued Compensated Absences** – Staff and certain University faculty earn 12 to 25 days of vacation annually. Vacation is no longer earned once an employee accrues 280 hours of unused vacation. Any unused vacation balance is carried over into the next year. Vacation may be used or received as a cash payment upon retirement or termination. In addition, certain classified staff 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, subject to a 32 hour cap, which may be taken at any time during the year.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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**Unearned Revenues and Credits** – These consist of advance payments on athletic tickets, fall semester student residence hall contracts, tuition deposits, unearned income on direct financing leases, and cash received in advance for grants and contracts.

**Deferred Outflows and Inflows of Resources** – Deferred outflows represent the unamortized losses/gains on bond refundings, which are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt. Deferred inflows represent the present value of remaining accounts receivable due from a vendor resulting from a service concession arrangement. The University enters into service concession arrangements with outside vendors for services, including food service, bookstores, banking, and concession and catering operations. Capital improvements received are recorded as capital assets as the University retains rights to the facilities. Amounts receivable are present valued and realized over the course of the contract. These assets are offset by deferred inflows of resources. Resources are recognized over the respective contract periods.

**Classification of Revenues and Expenses** – The University has classified its revenues and expenses as either operating or non-operating revenues and expenses according to the following criteria:

**Operating Revenues and Expenses** – Operating revenues and expenses include activities that have the characteristics of exchange transactions.

**Non-Operating Revenues** – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts, contributions, State appropriations, investment income, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34.

**Non-Operating Expenses** – Non-operating expenses are activities of non-operating nature and include interest expense on bond obligations and loss on disposal of capital assets.

**Unrestricted Gifts** – Revenue is recognized when an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received.

**Scholarships and Fellowships** – The University receives funds that 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, 2019 and 2018, Federal grants and contracts includes Pell grant awards amounting to \$50,429 and \$48,857, respectively, and are also included in Scholarships and Fellowships expense. For employee tuition waivers, the University records a benefit expense and corresponding revenue. Ford direct student loans amounting to \$233,217 and \$244,121 at June 30, 2019 and 2018, respectively, are treated as agency funds and not included in revenues and expenses.

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

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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**Environmental** – Environmental assessments are performed when environmental issues are identified on property owned by the Board of Regents. The cost of any assessments is expensed as incurred. Any cost of remediation is accrued when the University's obligation is probable and the amount can be reasonably estimated or determined.

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

**Reclassifications** – The fiscal year 2018 financial statements have been restated to present certain components of net position in accordance with generally accepted accounting principles. A total of \$428,222 in net position (\$296,051 previously classified as net investment in capital assets and \$132,171 previously classified as expendable debt service) was reclassified as unrestricted net position. Certain other 2018 amounts have been reclassified to conform to the current year presentation.

### B. DEPOSITS

**Custodial credit risk** – In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University does not have a formal custodial risk policy. Bank balances of cash and cash equivalents amounted to approximately \$1,994 (book balance of approximately \$1,188) at June 30, 2019, with approximately \$1,946 covered by Federal depository insurance. Bank balances of cash and cash equivalents amounted to approximately \$1,830 (book balance of approximately \$987) at June 30, 2018, with approximately \$1,548 covered by Federal depository insurance. The remaining bank balances at June 30, 2019 and 2018, were collateralized with securities held by the pledging financial institution, but not in the University's name.

### C. INVESTMENTS

Funds held for the support of University operations, excluding endowed 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 Nebraska Investment Council's investment pool is equal to its pool units. University endowed funds are invested by the University and its designated investment managers, 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.

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

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

In certain cases, the inputs used to measure fair value may fall in different levels of fair value hierarchy. The three levels are as follows:

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

The tables below present by Level the asset balances at estimated fair value on a recurring basis.

	Assets at fair value as of June 30, 2019			
	Total	Level 1	Level 2	Level 3
Investments:				
U.S. Government Agencies	\$ 48,856	\$ -	\$ 48,856	\$ -
U.S. Government Treasuries	28,432	-	28,432	-
Municipal Bonds	7,904	-	7,904	-
International Bonds	9,602	-	9,602	-
Corporate Bonds	67,219	-	67,219	-
Mutual Funds-Fixed Income	25,149	25,149	-	-
Common Stock	10,201	10,201	-	-
Domestic Equity	169,675	169,675	-	-
International equity	111,443	111,443	-	-
Mutual Funds	28,421	28,421	-	-
Index Funds-Commodities	3,133	3,133	-	-
Index Funds-Public Equity	5,673	5,673	-	-
Real Estate held for investment purposes	932	-	-	932
Real Estate Mutual Funds	10,684	10,684	-	-
Money Market funds	19,522	19,522	-	-
Total	<u>\$ 546,846</u>	<u>\$ 383,901</u>	<u>\$ 162,013</u>	<u>\$ 932</u>

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

	Assets at fair value as of June 30, 2018			
	Total	Level 1	Level 2	Level 3
Investments:				
U.S. Government Agencies	\$ 50,712	\$ -	\$ 50,712	\$ -
U.S. Government Treasuries	22,549	-	22,549	-
Municipal Bonds	8,747	-	8,747	-
International Bonds	9,915	-	9,915	-
Corporate Bonds	69,715	-	69,715	-
Mutual Funds-Fixed Income	27,915	27,915	-	-
Common Stock	7,521	7,521	-	-
Domestic Equity	157,423	157,423	-	-
International Equity	108,520	108,520	-	-
Mutual Funds	27,860	27,860	-	-
Index Funds-Commodities	3,541	3,541	-	-
Index Funds-Public Equity	6,040	6,040	-	-
Real Estate held for investment purposes	932	-	-	932
Real Estate Mutual Funds	10,856	10,856	-	-
Money Market Funds	24,485	24,485	-	-
Total	<u>\$ 536,731</u>	<u>\$ 374,161</u>	<u>\$ 161,638</u>	<u>\$ 932</u>

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

Investment maturities as of June 30, 2019 are as follows:

	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Investments type:					
Debt securities:					
U.S. Government Agencies	\$ 48,856	\$ 15,121	\$ 4,611	\$ 2,700	\$ 26,424
U.S. Government Treasuries	28,432	4,174	13,754	9,295	1,209
Municipal Bonds	7,904	774	4,105	2,957	68
Corporate Bonds	67,219	6,334 (1)	42,033 (2)	17,585 (3)	1,267 (4)
International Bonds	9,602	3,232	4,099	564	1,707
	<u>162,013</u>	<u>\$ 29,635</u>	<u>\$ 68,602</u>	<u>\$ 33,101</u>	<u>\$ 30,675</u>
Other investments:					
Mutual Funds – Fixed Income	25,149				
Common Stock	10,201				
Domestic Equity	169,675				
International Equity	111,443				
Mutual Funds	28,421				
Index Funds – Commodities	3,133				
Index Funds – Public Equity	5,673				
Real Estate Mutual Funds	10,684				
Real Estate held for investment purposes	932				
Money Market Funds	19,522				
Total	<u>\$ 546,846</u>				

(1) This amount includes \$155 of bonds callable in less than 1 year.

(2) This amount includes \$979 of bonds callable in less than 3 years, \$238 of bonds callable in less than 4 years, \$237 of bonds callable in less than 5 years, and \$240 of bonds callable in less than 6 years.

(3) This amount includes \$675 of bonds callable in less than 7 years, \$293 of bonds callable in less than 8 years.

(4) This amount includes \$235 of bonds callable in 20-26 years.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

Investments maturities as of June 30, 2018 are as follows:

Investment type:	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Debt securities:					
U.S. Government Agencies	\$ 50,713	\$ 5,802	\$ 12,286	\$ 3,876	\$ 28,749
U.S. Government Treasuries	22,549	860	7,143	13,196	1,350
Municipal Bonds	8,747	1,539	4,235	2,908	65
Corporate Bonds	69,713	3,197 (1)	50,275 (2)	14,770 (3)	1,471 (4)
International Bonds	9,916	4,298	3,315	507	1,796
	<u>161,638</u>	<u>\$ 15,696</u>	<u>\$ 77,254</u>	<u>\$ 35,257</u>	<u>\$ 33,431</u>
Other investments:					
Mutual Funds – Fixed Income	27,915				
Common Stock	7,522				
Domestic Equity	157,423				
International Equity	108,520				
Mutual Funds	27,860				
Index Funds - Commodities	3,541				
Index Funds – Public Equity	6,040				
Real Estate Mutual Funds	10,856				
Real estate held for investment purposes	932				
Money Market Funds	24,484				
Total	<u>\$ 536,731</u>				

(1) This amount includes \$261 of bonds callable in less than 1 year.

(2) This amount includes \$700 of bonds callable in less than 3 years, \$204 of bonds callable in less than 4 years, \$137 of bonds callable in less than 5 years, and \$162 of bonds callable in less than 6 years.

(3) This amount includes \$139 of bonds callable in less than 7 years, \$340 of bonds callable in less than 8 years, and \$191 of bonds callable in less than 9 years.

(4) This amount includes \$219 of bonds callable in 21 - 27 years,

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

**Credit Risk** – State statutes authorize the University to invest funds in accordance with the prudent person rule: Investments are made, as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The University does not follow a more restrictive policy. Credit ratings for these investments that are rated are as follows:

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

	2019						
	Fair Value	Quality Ratings					
		Aaa	AA	A	Baa	Ba	Unrated
Investment type:							
U.S. Government Agencies	\$ 48,856	\$ 48,856	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Government Treasuries	28,432	28,432	-	-	-	-	-
Municipal Bonds	7,904	7,040	796	68	-	-	-
Corporate Bonds	67,219	4,847	9,945	49,896	2,485	46	-
International Bonds	9,602	3,807	1,614	3,268	497	416	-
Mutual Funds – Fixed Income	25,149	-	-	-	-	-	25,149
Common Stock	10,201	-	-	-	-	-	10,201
Domestic Equity	169,675	-	-	-	-	-	169,675
International Equity	111,443	-	-	-	-	-	111,443
Mutual Funds	28,421	-	-	-	-	-	28,421
Index Funds – Commodities	3,133	-	-	-	-	-	3,133
Index Funds – Public Equity	5,673	-	-	-	-	-	5,673
Real Estate Mutual Funds	10,684	-	-	-	-	-	10,684
Real Estate held for investment purposes	932	-	-	-	-	-	932
Money Market Funds	19,522	-	-	-	-	-	19,522
	<u>\$ 546,846</u>	<u>\$ 92,982</u>	<u>\$ 12,355</u>	<u>\$ 53,232</u>	<u>\$ 2,982</u>	<u>\$ 462</u>	<u>\$ 384,833</u>

	2018						
	Fair Value	Quality Ratings					
		Aaa	AA	A	Baa	Ba	Unrated
Investment type:							
U.S. Government Agencies	\$ 50,712	\$ 50,712	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Government Treasuries	22,549	22,549	-	-	-	-	-
Municipal Bonds	8,747	8,682	-	65	-	-	-
Corporate Bonds	69,715	2,554	13,957	50,452	2,752	-	-
International Bonds	9,915	3,381	2,251	3,308	975	-	-
Mutual Funds – Fixed Income	27,915	-	-	-	-	-	27,915
Common Stock	7,522	-	-	-	-	-	7,522
Domestic Equity	157,423	-	-	-	-	-	157,423
International Equity	108,520	-	-	-	-	-	108,520
Mutual Funds	27,860	-	-	-	-	-	27,860
Index Funds – Commodities	3,541	-	-	-	-	-	3,541
Index Funds – Public Equity	6,040	-	-	-	-	-	6,040
Real Estate Mutual Funds	10,856	-	-	-	-	-	10,856
Real Estate held for investment purposes	932	-	-	-	-	-	932
Money Market Funds	24,484	-	-	-	-	-	24,484
	<u>\$ 536,731</u>	<u>\$ 87,878</u>	<u>\$ 16,208</u>	<u>\$ 53,825</u>	<u>\$ 3,727</u>	<u>\$ -</u>	<u>\$ 375,093</u>

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The University places no limit on the amount that may be invested in any one issuer. Investment types comprising 5% or more of the University’s portfolio are as follows at June 30:

	Concentration	
	2019	2018
U.S. Government Treasuries	5%	4%

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a formal custodial credit risk policy. Investments are stated at fair value and are uninsured, unregistered, and held by the trustee or an agent, but not in the name of the University.

**Foreign Currency Risk** – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University does not have a formal policy to limit foreign currency risk. Primary exposure to foreign currency risk from investment in international bonds is presented in the following table.

	Foreign Currency	
	2019	2018
Mexican Peso	\$ 1,368	\$ 1,352
Australian Dollar	518	562
British Pound	1,292	1,340
Brazilian Real	416	368
Poland Zloty	638	646
Peruvian Sol	271	211
South African Rand	497	607
Malaysian Ringgit	815	819
Totals	<u>\$ 5,815</u>	<u>\$ 5,905</u>

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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### D. 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 \$15,570 and \$14,325 at June 30, 2019 and 2018, respectively. In addition, the University established an allowance for doubtful collections of student loans of approximately \$2,553 and \$3,254 at June 30, 2019 and 2018, respectively.

### E. INVESTMENT IN JOINT VENTURE

The University and Bishop Clarkson Memorial Hospital (Clarkson) entered into a Joint Operating Agreement in 1997 forming the Nebraska Health System, a Nebraska non-profit corporation doing business as the Nebraska Medical Center. Effective July 1, 2016, NMC, the University, Clarkson, and UNMC Physicians (UNMCP) entered into a System Integration Agreement (SIA) and a successor Joint Operating Agreement (SJOA) to permanently integrate the businesses of NMC and UNMCP into Nebraska Medicine (NM). Should there be a dissolution of NM, the University and Clarkson will share equally in the remaining net position. As the University has an ongoing financial interest in NM, the University is accounting for the joint venture under the equity method, and accordingly, equity in joint venture in the accompanying statement of net position represents its one-half undivided interest based on the separate financial statements of the venture. The University has recorded 50% equity in earnings of NM for the years ended June 30, 2019 and 2018 totaling \$48,151 and \$35,728, respectively. In addition, to the extent that sufficient funds are available, as determined by the NM Board of Directors, the University will receive an annual capital distribution. Distributions of \$8 million and \$8 million, shared equally by the venturers, were declared and paid for both 2019 and 2018, respectively.

Separate financial statements of NM can be obtained from the Nebraska Medicine, 42<sup>nd</sup> Street and Dewey Avenue, Omaha, Nebraska 68105.

In addition, the University and NM have entered into an Academic Affiliation Agreement for Education and Research. In connection with the agreement, NM 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 NM. During the fiscal years ended June 30, 2019 and 2018, the University received approximately \$68,026 and \$64,874, respectively, of support in connection with the agreement.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

### F. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2019 and 2018 is as follows:

	2019			Ending Balance
	Beginning Balance	Additions	Disposals	
Capital assets not being depreciated:				
Land	\$ 91,273	\$ 743	\$ -	\$ 92,016
Construction work in progress	118,840	163,092	56,937	224,995
Total capital assets not being depreciated	210,113	163,835	56,937	317,011
Capital assets, being depreciated:				
Land improvements	300,125	25,829	3,300	322,654
Leasehold improvements	44,445	-	-	44,445
Buildings	2,954,470	56,523	31,625	2,979,368
Equipment	516,422	39,038	16,136	539,324
Total capital assets, being depreciated	3,815,462	121,390	51,061	3,885,791
Less accumulated depreciation for:				
Land improvements	98,729	12,030	3,248	107,511
Leasehold improvements	13,130	2,018	-	15,148
Buildings	751,755	88,036	29,583	810,208
Equipment	364,762	40,778	14,383	391,157
Total accumulated depreciation other assets	1,228,376	142,862	47,214	1,324,024
Capital assets, net	\$ 2,797,199	\$ 142,363	\$ 60,784	\$ 2,878,778

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

	2018			
	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 89,773	\$ 1,500	\$ -	\$ 91,273
Construction work in progress	252,972	134,868	269,000	118,840
Total capital assets not being depreciated	342,745	136,368	269,000	210,113
Capital assets, being depreciated:				
Land improvements	262,532	38,409	816	300,125
Leasehold improvements	42,958	1,487	-	44,445
Buildings	2,745,740	222,603	13,873	2,954,470
Equipment	499,150	43,429	26,157	516,422
Total capital assets, being depreciated	3,550,380	305,928	40,846	3,815,462
Less accumulated depreciation for:				
Land improvements	88,635	10,779	685	98,729
Leasehold improvements	10,394	2,736	-	13,130
Buildings	678,499	84,864	11,608	751,755
Equipment	347,503	41,029	23,770	364,762
Total accumulated depreciation other assets	1,125,031	139,408	36,063	1,228,376
Capital assets, net	\$ 2,768,094	\$ 302,888	\$ 273,783	\$ 2,797,199

### G. ACCRUED COMPENSATED ABSENCES

Accrued compensated absences are as follows at June 30:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2019	\$ 74,497	\$ 58,058	\$ 53,791	\$ 78,764	\$ 54,686
2018	\$ 74,581	\$ 54,105	\$ 54,189	\$ 74,497	\$ 51,725

### H. BOND OBLIGATIONS PAYABLE

Bond obligations payable are as follows at June 30:

	Beg Balance	Additions	Reductions	Ending Balance	Current
<b>2019</b>					
Revenue Bonds	817,915	94,275	67,085	845,105	59,335
Revenue Bonds - Direct Placement	39,660	-	6,220	33,440	2,560
Total	857,575	94,275	73,305	878,545	61,895
<b>2018</b>					
Revenue Bonds	818,155	139,950	140,190	817,915	67,085
Revenue Bonds - Direct Placement	33,485	13,000	6,825	39,660	6,220
Total	851,640	152,950	147,015	857,575	73,305

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

Bond obligations payable at June 30, 2019 and 2018 consist of the following:

Obligations under the master trust indenture:	Coupon Rate	Annual Installment	Principal Amount Outstanding	
			2019	2018
<b>Revenue Bonds:</b>				
University of Nebraska-Lincoln:				
Student Fees and Facilities:				
Series 2009B, revenue bonds	3.00 - 5.70%	\$510 - 1,840	\$ 7,905	\$ 8,400
Series 2011, revenue bonds	2.00 - 5.00%	1,495 - 4,095	60,580	62,040
Series 2012, refunding bonds	3.99 - 5.00%	1,220 - 4,560	55,945	59,565
Series 2012B, revenue bonds	1.50 - 5.00%	350 - 1,640	15,025	16,070
Series 2015A, revenue bonds	2.00 - 5.00%	1,335 - 4,100	65,355	66,615
Series 2016A, revenue bonds	3.00 - 5.00%	1,995 - 4,365	61,390	64,175
Lincoln Parking Project:				
Series 2009A&B, revenue bonds	3.50 - 6.00%	780 - 1,110	9,400	10,145
Series 2013, revenue and refunding	2.00 - 4.00%	275 - 40	4,905	5,175
Series 2015, revenue and refunding	2.00 - 5.00%	505 - 1,965	4,750	6,625
University of Nebraska at Omaha:				
Student Facilities:				
Series 2015B, revenue bonds	2.00 - 5.00%	370 - 640	7,780	8,165
Series 2016B, revenue bonds	1.50 - 5.00%	915 - 2,295	33,990	35,200
Student Housing and Parking:				
Series 2014, revenue bonds	1.50 - 5.00%	500 - 790	9,065	9,595
Series 2015, revenue bonds	1.20 - 5.00%	890 - 2,580	39,980	41,545
Series 2017A, revenue bonds	1.30 - 5.00%	125 - 955	14,570	14,995
Series 2017B, revenue bonds	1.30 - 5.00%	265 - 1,075	9,950	10,695
University of Nebraska at Kearney:				
Student Facilities:				
Series 2015, revenue bonds	2.00 - 3.15%	835 - 1,270	16,610	17,440
Series 2017, revenue bonds	2.00 - 4.00%	280 - 675	12,415	12,690
Total obligations under the master trust indenture			<u>429,615</u>	<u>449,135</u>
<b>Obligations of blended entities:</b>				
University of Nebraska Facilities Corporation:				
Revenue Bonds:				
Series 2018 (Deferred Maintenance Bonds)	5.00%	\$7,500 - 11,630	\$ 94,275	\$ -
Series 2017A (Deferred Maintenance Bonds)	4.00 - 5.00%	6,270 - 9,410	77,335	77,335
Series 2017B (UNO/Community Facility Refunding)	2.00 - 5.00%	540 - 2,940	36,000	36,535
Series 2017 (UNMC Global Experiential Learning Center)	2.00 - 5.00%	1,015 - 13,795	51,260	59,010
Series 2016 (UNL Health Center and College of Nursing)	2.00 - 5.00%	790 - 2,245	17,610	18,375
Series 2016 (Deferred Maintenance Refunding)	3.00 - 4.00%	10,380 - 10,690	21,070	30,955
Series 2016 (UNMC Cancer Center)	2.00 - 5.00%	2,090 - 2,900	29,280	31,350
Series 2016 (UNMC Utility Improvement Project)	1.75 - 5.00%	1,295 - 1,590	9,920	11,180
Series 2015 (Veterinary Diagnostic Project)	4.00%	2,680 - 4,895	7,575	12,275
Series 2014A (UNMC Cancer Center)	5.00%	3,415 - 17,410	49,140	60,550
Series 2014B (Qualified Energy Conservation Bonds)	2.50 - 4.25%	370 - 510	4,325	4,325
Series 2013 (UNMC Cancer Center)	-	-	-	6,980
Series 2011 (NCTA Education Center/Student Housing Project)	4.00% - 5.50%	85 - 1,645	6,280	6,910
Series 2003 (UNL Alexander Building Project)	4.65% - 5.00%	170 - 205	930	1,090
Revenue Bonds, Direct Placement:				
Series 2018 (UNMC Eye Institute Project)	2.40%	13,000	13,000	13,000
Series 2015 (UNO Arena and UNL College of Business)	2.00%	180 - 4,855	12,065	18,285
Series 2015 (UNMC Qualified Energy Conservation Bonds)	4.25%	180 - 200	1,875	1,875
Total University of Nebraska Facilities Corporation			<u>431,940</u>	<u>390,030</u>

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

### Obligations of blended entities (Continued):

Nebraska Utility Corporation (NUCorp):

Revenue Bonds:

Series 2010 revenue bonds	1.00 - 5.00%	\$1,420 - 2,035	\$ 4,990	\$ 6,410
Series 2014B revenue bonds	5.00%	5,500	5,500	5,500
Revenue Bonds, Direct Placement:				
Series 2014A revenue bonds	3.40%	6,500	6,500	6,500
Total NUCorp			16,990	18,410
Subtotal bonds payable			878,545	857,575
Add unamortized bond premium			77,805	69,048
Less unamortized bond discount			231	276
Total bond obligations payable			\$ 956,119	\$ 926,347

Annual maturities subject to mandatory redemption at June 30, 2019, are as follows:

Year	MTI					
	Revenue Bonds		Revenue Bonds (Direct Placement)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 20,150	\$ 17,599	\$ -	\$ -	\$ 20,150	\$ 17,599
2021	19,355	16,813	-	-	19,355	16,813
2022	20,040	16,095	-	-	20,040	16,095
2023	22,070	15,270	-	-	22,070	15,270
2024	25,240	15,162	-	-	25,240	15,162
2025-2029	100,725	56,683	-	-	100,725	56,683
2030-2034	90,840	37,059	-	-	90,840	37,059
2035-2039	82,175	19,422	-	-	82,175	19,422
2040-2044	39,020	5,762	-	-	39,020	5,762
2045-2049	10,000	464	-	-	10,000	464
	\$ 429,615	\$ 200,329	\$ -	\$ -	\$ 429,615	\$ 200,329

Year	UNFC					
	Revenue Bonds		Revenue Bonds (Direct Placement)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 37,745	\$ 17,691	\$ 2,560	\$ 633	\$ 40,305	\$ 18,324
2021	54,320	16,190	5,035	578	59,355	16,768
2022	37,245	13,693	180	473	37,425	14,166
2023	29,960	11,963	13,365	465	43,325	12,428
2024	40,135	10,719	370	142	40,505	10,861
2025-2029	129,405	31,136	5,430	214	134,835	31,350
2030-2034	59,465	6,488	-	-	59,465	6,488
2035-2039	8,915	2,231	-	-	8,915	2,231
2040-2044	7,810	628	-	-	7,810	628
2045-2049	-	-	-	-	-	-
	\$ 405,000	\$ 110,739	\$ 26,940	\$ 2,505	\$ 431,940	\$ 113,244

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

Year	NUCorp					
	Revenue Bonds		Revenue Bonds (Direct Placement)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,440	\$ 517	\$ -	\$ 221	\$ 1,440	\$ 738
2021	1,515	444	-	221	1,515	665
2022	2,035	369	-	221	2,035	590
2023	-	275	-	221	-	496
2024	-	275	-	221	-	496
2025-2029	-	1,375	-	1,106	-	2,481
2030-2034	5,500	1,100	6,500	885	12,000	1,985
2035-2039	-	-	-	-	-	-
2040-2044	-	-	-	-	-	-
2045-2049	-	-	-	-	-	-
	<u>\$ 10,490</u>	<u>\$ 4,355</u>	<u>\$ 6,500</u>	<u>\$ 3,096</u>	<u>\$ 16,990</u>	<u>\$ 7,451</u>

Year	Total University					
	Revenue Bonds		Revenue Bonds (Direct Placement)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 59,335	\$ 35,807	\$ 2,560	\$ 854	\$ 61,895	\$ 36,661
2021	75,190	33,447	5,035	799	80,225	34,246
2022	59,320	30,157	180	694	59,500	30,851
2023	52,030	27,508	13,365	686	65,395	28,194
2024	65,375	26,156	370	363	65,745	26,519
2025-2029	230,130	89,194	5,430	1,320	235,560	90,514
2030-2034	155,805	44,647	6,500	885	162,305	45,532
2035-2039	91,090	21,653	-	-	91,090	21,653
2040-2044	46,830	6,390	-	-	46,830	6,390
2045-2049	10,000	464	-	-	10,000	464
	<u>\$ 845,105</u>	<u>\$ 315,423</u>	<u>\$ 33,440</u>	<u>\$ 5,601</u>	<u>\$ 878,545</u>	<u>\$ 321,024</u>

At June 30, 2019 and 2018, the University and trustees for these bond funds held cash and investments in the amount of approximately \$433,474 and \$378,948, respectively, which is reflected as cash and cash equivalents, cash and cash equivalents held by trustee – restricted, and investments held by trustee – restricted on the statements of net position.

### *Master Trust Indenture*

The Board of Regents entered into a Master Trust Indenture dated as of June 1, 1995, (as amended and supplemented from time to time, hereinafter the MTI) with a fiduciary with respect to the facilities (including student housing, student unions, student health and recreational facilities, and parking facilities) from which the Board of Regents derives revenues, fees, and earnings. The MTI was created for the purpose of achieving lower borrowing costs through sharing accumulated excess revenues and

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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earnings derived from such facilities. As of June 30, 2019, the members of the Obligated Group are (a) the student housing, student unions, student recreation, and student health facilities on the University of Nebraska - Lincoln campus (UNL Student Fees and Facilities), (b) the parking facilities on the University of Nebraska - Lincoln campus (UNL Parking); (c) the student center and HPER facility at the University of Nebraska at Omaha (UNO Facilities); (d) certain student housing and parking facilities at the University of Nebraska at Omaha (UNO Student Housing and Parking); and (e) the student housing facilities on the University of Nebraska at Kearney campus (UNK Student Facilities). The accumulated surplus revenues, fees, and other payments of the members have been jointly pledged to the payment of 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 MTI in the future as circumstances permit.

The University of Nebraska Medical Center Student Housing Project was removed from the Obligated Group effective June 1, 2018 as no related bonds are outstanding under the provisions of the related bond resolution.

Pledged revenues are defined in the Obligated Group as all of the revenues of each member that remain after payment of the expenses of such member. Pledged revenues do not include any balances in any debt service fund or debt service reserve fund, but shall include any balances in any other reserve, replacement, or contingency fund and any surplus fund held for and on behalf of such member under a Related Bond Resolution (as defined in the Obligated Group).

The bonds are not obligations of the State, nor do they constitute debt of the Board of Regents, but shall be payable solely from the aforementioned pledged revenues and fees.

Events of default under the applicable bond resolution for each Obligated Group Member include defaults in the payment of principal at any time, or of interest not remedied within 30 days, failure to perform covenants that is not remedied within 90 days, failure to complete construction of a facility; damage to the facilities constituting part of the facilities group resulting in a material reduction in revenues; insolvency or institution of bankruptcy proceedings; receivership appointment; or a final judgment against the Board of Regents resulting in a superior lien on the applicable pledged revenues. Certain events of default related to legal proceedings include provisions for appeal by the Board of Regents. Upon the occurrence of an event of default under the applicable bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 20% of bonds outstanding in the case of UNL Student Fees and Facilities, and 25% of bonds outstanding for all other Obligated Group Members, shall, declare all outstanding principal and accrued interest due. The bond resolutions provide for the appointment of a receiver for the facilities and the related revenues and fees by the applicable bond trustee upon an event of default and the institution of legal proceedings by the bond trustee or a bondholder.

As of October 24, 2019, none of the bonds secured by the MTI are legally outstanding or remain obligations of the Board. See Note Q-SUBSEQUENT EVENTS for a description of the refinancing transaction.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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### *MTI Bond Issuances*

On December 20, 2017, the Board of Regents issued \$15,120 of University of Nebraska at Omaha Revenue and Refunding Bonds, Series 2017A. The net proceeds of the bonds, together with other funds available, were used to defease \$15,405 of Series 2010B Bonds dated May 26, 2010. The refunding reduced total debt service payments by approximately \$2,589 and resulted in an economic gain of approximately \$1,646. The accounting loss of \$673 is deferred and amortized over the remaining life of the refunded issues or the life of the 2017A Bonds, whichever is shorter.

On December 20, 2017, the Board of Regents issued \$10,960 of University of Nebraska at Omaha Revenue and Refunding Bonds, Series 2017B. The net proceeds of the bonds, together with other funds available, were used to advance refund \$12,345 of Series 2010 Bonds dated February 24, 2010. The refunding reduced total debt service payments by approximately \$1,501 and resulted in an economic gain of approximately \$866. The accounting loss of \$416 is deferred and amortized over the remaining life of the refunded issues or the life of the 2017B Bonds, whichever is shorter.

### *University of Nebraska Facilities Corporation*

The 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, and the UNFC bonds do not constitute debt of the Board of Regents of the University of Nebraska but shall be payable solely out of moneys derived from the Board's obligations under the applicable financing or lease agreement. The Board has covenanted to make payments from legally available repayment sources and, in certain cases, to apply designated State appropriations to repayment.

### *UNFC Bond Issuances*

*Facilities Bonds, Series 2018* – On August 9, 2018, UNFC issued \$94,275 of Facilities Bonds, Series 2018. The proceeds of the bonds will be used for continued renewal, renovation and replacement projects on the four campuses of the University of Nebraska. Principal and interest payments will be paid from appropriations by the State of Nebraska and matched amounts by the Board of Regents. The bonds are secured by a covenant by the Board of Regents to make payments under a third amended and restated financing agreement between the Board of Regents and UNFC.

*UNMC Eye Institute Bonds, Series 2018* – In 2018, UNFC authorized the issuance of \$13,000 of UNMC Eye Institute Project Bonds, Series 2018 dated March 1, 2018. The proceeds of the Series 2018 bonds are being used to refinance \$14,740 of UNMC Eye Institute Bonds, Series 2011. Principal and interest payments will come from moneys derived by UNFC under a financing agreement with the Board of Regents.

*Deferred Maintenance Bonds, Series 2017A* – In 2017, UNFC authorized the issuance of \$77,335 of Deferred Maintenance Bonds, Series 2017A dated October 4, 2017. The proceeds of the Series 2017A bonds will be used for continued renewal, renovation and replacement projects on the four campuses of the University of Nebraska. Principal and interest payments will be paid from appropriations by the State of Nebraska and matched amounts from the Board of Regents. The bonds are secured by a covenant by the Board of Regents to make payments under a third amended and restated financing agreement between the Board of Regents and UNFC.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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*UNO/Community Facility Refunding, Series 2017B* – In 2017, UNFC authorized the issuance of \$36,535 of UNO/Community Facility Refunding Bonds, Series 2017B dated October 4, 2017. The proceeds of the Series 2017B bonds were used to advance refund \$35,800 of UNO/Community Facility Bonds, Series 2013A. The refunding reduced total debt service payments by approximately \$1,015 and resulted in an economic gain of approximately \$866. The accounting loss of \$3,202 is deferred and amortized over the remaining life of the refunded issue or the life of the 2017B bonds, whichever is shorter. Principal and interest payments will come from moneys derived by UNFC under a financing agreement with the Regents.

### *Events of Default and Acceleration Provisions – UNFC Deferred Maintenance Bonds*

The below-described events of default and acceleration provisions are contained within the respective legal documentation for the following bond issues of UNFC:

- Facilities Bonds, Series 2018
- Facilities Bonds, Series 2017A
- Deferred Maintenance Refunding Bonds, Series 2016

Events of default under the bond resolution include default of payment of principal or interest, or a covenant default that continues for 60 days after written notice to UNFC or the bond trustee. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders of not less than 10% of bonds outstanding are also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

The third amended and restated financing agreement for the Facilities Bonds, Series 2018 also governs the Board's obligations under UNFC's Deferred Maintenance Refunding Bonds, Series 2016 and Facilities Bonds, Series 2017A. UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 15 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the holders of at least 25% of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the third amended and restated financing agreement to the bond trustee.

### *Events of Default and Acceleration Provisions – Certain UNFC Bonds*

The below-described events of default and acceleration provisions are contained within the respective legal documentation for the following bond issues of UNFC:

- UNMC Eye Institute Project, Series 2018
- UNO/Community Facility Refunding Bonds, Series 2017B
- UNL Veterinary Diagnostic Center, Series 2015

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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Events of default under the bond resolution include default of payment of principal or interest, or a covenant default that continues for 60 days after written notice to UNFC or the bond trustee. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders of not less than 10% of bonds outstanding are also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 15 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the holders of at least 25% of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the financing agreement to the bond trustee.

The below-described events of default and acceleration provisions are contained within the respective legal documentation for the following bond issues of UNFC:

- UNMC Global Experiential Learning Center, Series 2017
- UNL Health Center and College of Nursing Projects, Series 2016
- UNMC Utility Improvements Project, Series 2016
- UNMC Cancer Center Bonds, Series 2016
- UNMC Cancer Center Bonds, Series 2014A
- UNMC QECBs, Series 2014B
- UNMC Cancer Research Center, Series 2013

Events of default under the bond resolution include default of payment of principal or interest on the bonds; a covenant default that continues for 30 days after written notice to UNFC or the bond trustee; the institution of bankruptcy proceedings with regards to the Board; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 15 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the holders of at least 25% of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the financing agreement to the bond trustee.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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### *Events of Default and Acceleration Provisions – UNO Arena and UNL College of Business, Series 2015*

Events of default under the bond resolution include default of payment of principal or interest on the bonds; a covenant default that continues for 30 days after written notice to UNFC or the bondholder; the institution of bankruptcy proceedings with regards to the Board; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the bondholder may declare all outstanding principal and accrued interest due and payable immediately. The bondholder is also entitled to equitable and legal remedies to enforce its rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 5 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the bondholder shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the financing agreement to the bondholder.

### *Events of Default and Acceleration Provisions – UNMC Qualified Energy Conservation Bond, Series 2015*

Events of default under the bond resolution include default of payment of principal or interest on the bonds; a covenant default that continues for 30 days after written notice to UNFC or the bondholder; the institution of bankruptcy proceedings with regards to the Board; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders are also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 5 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the holders of at least 25% of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the financing agreement to the bond trustee.

### *Events of Default and Acceleration Provisions – UNMC Qualified Energy Conservation Bond, Series 2015*

Events of default under the bond indenture include default of payment of principal or interest, or a covenant default that continues for 30 days after written notice to UNFC or the bond trustee. Upon the occurrence of an event of default under the bond indenture, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders of not less than 25% of bonds outstanding are also entitled to equitable and legal remedies to enforce their rights under the bond indenture.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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UNFC also has the right to accelerate the Board's obligations under the lease upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default; a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice or if the Board is not diligently working to cure such failure; an admission by the Board in writing that it is unable to pay its debts when due; the institution of bankruptcy proceedings with regards to the Board; appointment of receivership or similar proceedings; a writ or warrant of attachment or similar process against all or a substantial portion of the Board's property, which is not contested or stayed within 60 days; or if the Board shall abandon the project and it shall remain uncared for or unoccupied for a period of 60 days. UNFC may, and upon the written direction of the trustee shall declare the bonds due and payable, take possession of the facilities constituting the project and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the lease to the bond trustee.

### *Events of Default and Acceleration Provisions – UNL Alexander Building Project, Series 2003*

Events of default under the bond indenture include default of payment of principal or interest, a covenant default that continues for 30 days after written notice to UNFC or the bond trustee, or a default under the lease. Upon the occurrence of an event of default under the bond indenture, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders of not less than 25% of bonds outstanding are also entitled to equitable and legal remedies to enforce their rights under the bond indenture.

UNFC also has the right to accelerate the Board's obligations under the lease upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default; a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice or if the Board is not diligently working to cure such failure; an admission by the Board in writing that it is unable to pay its debts when due; the institution of bankruptcy proceedings with regards to the Board; appointment of receivership or similar proceedings; a writ or warrant of attachment or similar process against all or a substantial portion of the Board's property, which is not contested or stayed within 60 days; or if the Board shall abandon the project and it shall remain uncared for or unoccupied for a period of 60 days. UNFC may, and upon the written direction of the trustee shall declare the bonds due and payable, take possession of the facilities constituting the project and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the lease to the bond trustee.

The 2003 bonds were refunded with a portion of the proceeds of a bond issue of UNFC that closed on October 24, 2019. See Note Q-SUBSEQUENT EVENTS for a description of the refinancing transaction.

### *Nebraska Utility Corporation*

#### *Events of Default and Acceleration Provisions – NUCorp 2010 Bonds*

Events of default under the bond resolution include default of payment of principal on the bonds, or the payment of interest that is not remedied within 30 days after the payment date; a covenant default that continues for 90 days after written notice NUCorp (subject to limitations of inability to comply due to a force majeure); the failure of NUCorp to pay its debts when due; the institution of bankruptcy by

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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NUCorp or similar proceedings with regards to the NUCorp; bankruptcy proceedings commenced against NUCorp that have not been stayed or dismissed within 90 days; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the holders of not less than 25% of bonds outstanding may appoint a receiver to act as trustee for the benefit of bondholders. The receiver may sue for all amounts then due or during a default becoming, and at any time remaining due from NUCorp. Bondholders representing not less than 25% of outstanding bonds are also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

### *Events of Default and Acceleration Provisions – NUCorp 2014A and 2014B Bonds*

Events of default under the applicable bond resolution include default of payment of principal on the bonds, or the payment of interest that is not remedied within 30 days after the payment date; a covenant default that continues for 90 days after written notice NUCorp (subject to limitations of inability to comply due to a force majeure); the failure of NUCorp to pay its debts when due; the institution of bankruptcy by NUCorp or similar proceedings with regards to the NUCorp; bankruptcy proceedings commenced against NUCorp that have not been stayed or dismissed within 90 days; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the holders of not less than 25% of bonds outstanding may appoint a receiver to act as trustee for the benefit of bondholders. The receiver may sue for all amounts then due or during a default becoming, and at any time remaining due from NUCorp. Bondholders representing not less than a majority of outstanding bonds are also entitled direct the proceedings of the receiver, subject to the receiver's opinion of fairness to all bondholders.

### *Bond Resolutions/Indentures*

The bond resolutions or indentures, as applicable, specify the funds that need to be established, the required transfers between funds, and the maximum maturity limits for each funds' investments. The bond resolutions or indentures also require that specified amounts be deposited with the trustee for certain funds. At June 30, 2019 and 2018, the University, UNFC, and NUCorp are in compliance with these requirements.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

### I. LEASE OBLIGATIONS

The University is presently leasing real property, buildings, and equipment with either the option to purchase or transfer of title at the expiration of the lease term.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2019	\$ 49,409	\$ 520	\$ 347	\$ 49,582	\$ 273
2018	\$ 49,130	\$ 624	\$ 345	\$ 49,409	\$ 288

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

	Buildings and Properties	Equipment	Total
2020	\$ 4,223	\$ 300	\$ 4,523
2021	4,239	298	4,537
2022	4,249	102	4,351
2023	4,253	47	4,300
2024	4,250	19	4,269
2025-2029	21,277	-	21,277
2030-2034	25,411	-	25,411
2035-2039	28,056	-	28,056
2040-2044	30,976	-	30,976
2045-2049	6,720	-	6,720
	133,654	766	134,420
Less interest and executory costs	84,787	51	84,838
	<u>\$ 48,867</u>	<u>\$ 715</u>	<u>\$ 49,582</u>

Capital assets held under capital lease obligations at June 30, 2019, are as follows:

	Cost	Accumulated Depreciation	Net
Buildings	\$ 48,572	\$ 6,439	\$ 42,133
Equipment	1,478	389	1,089
	<u>\$ 50,050</u>	<u>\$ 6,828</u>	<u>\$ 43,222</u>

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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The University has entered into operating leases for certain space and equipment, which expire at various dates through 2043. Outstanding commitments for these leases, with non-cancelable periods greater than one year, are expected to be paid in the following years ending June 30:

	<b>Operating</b>
2020	\$ 3,774
2021	3,042
2022	2,245
2023	1,972
2024	1,457
2025-2029	6,359
2030-2034	4,689
2035-2039	3,750
2040-2044	<u>3,000</u>
	<u>\$ 30,288</u>

Expenses for all operating leases totaled \$10,518 and \$10,766 in fiscal years 2019 and 2018, respectively.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

### J. HEALTH AND OTHER INSURANCE CLAIMS

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

	Self- Insurance	General Liability	Health and Dental	Total
Claim reserve, July 1, 2017	\$ 1,750	\$ 2,826	\$ 8,185	\$ 12,761
Incurred claims	-	903	171,435	172,338
Payments on claims	(597)	(945)	(169,297)	(170,839)
Claim reserve, June 30, 2018	1,153	2,784	10,323	14,260
Incurred claims	-	1,201	170,250	171,451
Payments on claims	(410)	(1,101)	(171,115)	(172,626)
Claim reserve, June 30, 2019	<u>\$ 743</u>	<u>\$ 2,884</u>	<u>\$ 9,458</u>	<u>\$ 13,085</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 generally provide for \$1,250,000 in property coverage with a \$500 per occurrence deductible and \$1,000 aggregate deductible, \$5,000 in educators legal liability coverage with a \$1,000 per claim deductible, and \$20,000 in umbrella excess liability coverage with a \$1,000 per occurrence deductible and \$3,000 aggregate deductible. 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 an outside actuarial firm. The discount rate used by the actuaries for estimation of the claim reserve was 1.5% 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 that provides coverage from \$500 up to \$2,250 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 self-insurance program. The University accrued an estimate for known as well as 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, 2019 and 2018, the trustees for the health and other insurance claims programs held cash and cash equivalents and investments totaling approximately \$92,622 and \$99,809, respectively, whose use is limited to the payment of claims under the programs. These amounts are included in cash and cash equivalents and investments – restricted on the statements of net position.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

### K. RETIREMENT PLANS

The University sponsors a defined contribution retirement plan that the Board of Regents established and has the authority to amend. 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 6.5% and 8.0% 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 years 2019 and 2018 was approximately \$1,074,621 and \$1,055,813, respectively, of which approximately \$802,862 and \$785,784 was covered by the plan. The University's contribution during 2019 and 2018 was approximately \$62,672, or 7.81%, and \$61,378, or 7.81%, of covered payroll, respectively, and the faculty and staff's contribution was approximately \$42,108, or 5.24%, and \$41,253, or 5.25%, of covered payroll, respectively.

Faculty and staff (at least 0.5 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 0.5 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.

### L. COMMITMENTS AND CONTINGENCIES

The University has budgeted for the construction of facilities that are estimated to cost approximately \$641,253 and \$613,284 at June 30, 2019 and 2018, respectively. As of June 30, 2019 and 2018, the approximate remaining costs to complete these facilities were \$396,495 and \$315,363, respectively, which will be financed as follows:

	2019	2018
Bond funds	\$ 189,690	\$ 186,835
Federal Funds	8,362	12,771
University funds	26,400	38,388
State capital appropriations	241	3,796
Private gifts, grants, and contracts	<u>171,802</u>	<u>73,573</u>
	<u>\$ 396,495</u>	<u>\$ 315,363</u>

During the normal course of business, the University receives funds from the U.S. 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 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 established its Agricultural Research and Development Center (ARDC) on approximately 9,000 acres acquired from the Nebraska Ordnance Plant (NOP) from 1962 to 1971. The Federal government produced munitions at NOP during World War II and the Korean Conflict, exposing the area to contaminants. The University legally disposed of certain materials at the site in the 1970s.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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In 1990, the NOP became a Federal Superfund site. An administrative order has been entered into between the Board of Regents and the Environmental Protection Agency (EPA) requiring a remedial investigation/feasibility study to determine the extent of contamination and removal actions necessary. This study was completed and the consulting firm made recommendations to the University for the removal and disposal of the contaminants at the site.

The Board of Regents and the EPA subsequently agreed to an action for the remediation and restoration of the area, which was completed pending acceptance of the final remedial investigation feasibility study report by the EPA. In 2011, the University received a proposed plan from the EPA for additional remedial activities, such as installation of a landfill cap, an establishment of a monitoring well network, and treatment for a groundwater contaminant. In 2013, the EPA submitted a record of decision of an approved remedy and, in 2014, the University and the EPA signed a consent decree and statement of work to complete the remediation work, which decree was approved by the United States District Court in June 2015.

The University and the EPA have agreed that an amendment to the record of decision is necessary to reduce the scope of remediation efforts at NOP. Current cost estimates are approximately \$138 per year until the amendment process is complete, at which time more precise costs will be known.

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

### M. RELATED-PARTY TRANSACTIONS

The University routinely has transactions with Nebraska Medicine (NM). The members of the faculty at the University are also members of the medical staff of NM, and in many other areas, the operations of the University and NM are integrated and overlap. The University provides certain operational and support services, as well as certain direct financial support to NM. For the fiscal years ended June 30, 2019 and 2018, NM purchased approximately \$26,715 and \$29,763 of goods and services from UNMC. In addition, during 2019 and 2018, UNMC paid NM \$16,369 and \$14,056, respectively, for support services provided by NM.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

### N. FUNCTIONAL CLASSIFICATIONS OF EXPENSES

For the year ended June 30, 2019:

	Compensation	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 512,535	\$ 56,856	\$ 11,162	\$ -	\$ 580,553
Research	253,446	140,402	3,274	-	397,122
Public service	73,281	41,783	667	-	115,731
Academic support	123,729	43,945	168	-	167,842
Student services	29,035	9,294	404	-	38,733
Institutional support	105,066	23,286	41	-	128,393
Operation and maintenance of plant	41,557	71,953	-	-	113,510
Healthcare entities	66,923	15,077	876	-	82,876
Scholarships and fellowships	1,337	271	53,732	-	55,340
Auxiliary operations	141,767	163,370	4,511	-	309,648
Depreciation	-	-	-	142,862	142,862
Total expenses	<u>\$ 1,348,676</u>	<u>\$ 566,237</u>	<u>\$ 74,835</u>	<u>\$ 142,862</u>	<u>\$ 2,132,610</u>

For the year ended June 30, 2018:

	Compensation	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 500,009	\$ 57,284	\$ 9,206	\$ -	\$ 566,499
Research	236,696	134,955	2,294	-	373,945
Public service	71,782	38,017	557	-	110,356
Academic support	118,089	35,516	109	-	153,714
Student services	28,142	7,325	391	-	35,858
Institutional support	96,922	23,354	57	-	120,333
Operation and maintenance of plant	41,049	85,823	-	-	126,872
Healthcare entities	59,085	16,446	1,758	-	77,289
Scholarships and fellowships	1,469	1,469	61,656	-	64,594
Auxiliary operations	151,756	163,093	374	-	315,223
Depreciation	-	-	-	139,408	139,408
Total expenses	<u>\$ 1,304,999</u>	<u>\$ 563,282</u>	<u>\$ 76,402</u>	<u>\$ 139,408</u>	<u>\$ 2,084,091</u>

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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### O. AUXILIARY SEGMENT

The University issues revenue bonds to finance certain auxiliary activities under its Master Trust Indenture. Investors in these bonds rely on the revenue generated by the individual activities and other sources specified for repayment. Descriptive segment information for the Master Trust Indenture Obligated Group includes the following:

*UNL Student Fees and Facilities Bonds, Series 2009B, Series 2011, Series 2012, Series 2012B, Series 2015A, and Series 2016A* – 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.

*University of Nebraska – Lincoln Parking Revenue Bonds, Series 2009A, Series 2009B, Series 2013 and Series 2015* – These bonds are used to provide parking-related facilities as allowed by the bond covenants for the UNL campus. Operating revenues consist of parking fee revenues.

*UNO Student Facilities Bonds, Series 2015B and 2016B* – These bonds are used to provide a variety of services for the benefit of the University and its students in the Student Center and to provide health, physical education, and recreation services in the HPER building.

*UNO Student Housing/Parking Bonds, Series 2014, Series 2015, Series 2017A, and Series 2017B* – The bonds are used to provide student housing, parking, and related facilities as allowed by the covenants for the University. Operating revenues consist primarily of rentals, student fees, and parking fees.

*UNK Student Fees and Facilities Revenue Bonds, Series 2015 and Series 2017* – The bonds are used to provide student housing and related facilities as allowed by the bond covenants for the UNK campus. Operating revenues consist primarily of rentals, food service income, and student fees.

Pledges pertaining to these issues are disclosed in Note H.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

Condensed financial information for the University's segment follows (in thousands):

	June 30,	
	2019	2018
<b>Condensed Statements of Net Position</b>		
Assets and Deferred Outflows of Resources		
Assets:		
Current assets	\$ 74,502	\$ 68,750
Non-current assets:		
Capital assets	542,514	549,327
Other non-current assets	134,139	129,241
Total assets	<u>751,155</u>	<u>747,318</u>
Deferred Outflows of Resources:		
Deferred loss on bond refunding	<u>15,504</u>	<u>16,423</u>
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities:		
Current liabilities	43,029	45,194
Non-current liabilities	443,569	463,694
Total liabilities	<u>486,598</u>	<u>508,888</u>
Deferred Inflows of Resources:		
Deferred service concession arrangement receipts	<u>2,214</u>	<u>4,576</u>
Net Position:		
Net investment in capital assets	92,165	79,431
Restricted:		
Expendable:		
Plant construction	28,364	25,913
Debt service	136,482	128,585
Unrestricted	20,836	16,348
Total net position	<u>\$ 277,847</u>	<u>\$ 250,277</u>

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

	Years Ended June 30,	
	2019	2018
<b>Condensed Statements of Revenues, Expenses, and Changes in Net Position</b>		
Operating revenues		
Room and board	\$ 99,394	\$ 97,602
Student Fees	13,814	14,183
Parking facilities	14,670	13,926
Bookstore and bookstore commissions	6,727	6,616
Other operating revenues	5,291	5,237
Operating expenses:		
Depreciation	(20,467)	(20,157)
Other operating expenses	(87,718)	(91,434)
Operating income	31,711	25,973
Non-operating expense	(4,141)	(21,204)
Change in net position	27,570	4,769
Net position, beginning of year	250,277	245,508
Net position, end of year	\$ 277,847	\$ 250,277

	Years Ended June 30,	
	2019	2018
<b>Condensed Statements of Cash Flows</b>		
Net cash flows from operating activities	\$ 49,770	\$ 47,921
Net cash flows from capital and related financing activities	(45,149)	(64,722)
Net cash flows from investing activities	7,092	1,336
Net change in cash and cash equivalents	11,713	(15,465)
Cash and cash equivalents, beginning of year	176,324	191,789
Cash and cash equivalents, end of year	\$ 188,037	\$ 176,324

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

### P. CONDENSED COMPONENT UNIT FINANCIAL INFORMATION

Condensed financial information, before the elimination of certain intra-University transactions, for each of the University's Component Units follows (in thousands):

For the year ended June 30, 2019

	UTDC	UNFC	UNeHealth	UDA	SRF	NUCorp
<b>Condensed Statement of Net Position</b>						
Assets and Deferred Outflows of Resources						
Assets:						
Current assets	\$ 12,653	\$ 60,186	\$ 5,666	\$ 1,010	\$ 18,923	\$ 9,292
Non-current assets						
Capital assets	858	-	-	11	-	62,328
Other non-current assets	-	184,089	-	-	134,363	10,667
Total assets	13,511	244,275	5,666	1,021	153,286	82,287
Deferred Outflows of Resources						
Deferred loss on bond refunding	-	2,754	-	-	-	288
Liabilities, Deferred Inflows of Resources, and Net Position						
Liabilities:						
Current liabilities	11,692	71,737	1,938	418	10,948	6,155
Non-current liabilities	74	430,130	-	-	1,418	15,727
Total liabilities	11,766	501,867	1,938	418	12,366	21,882
Deferred Inflows of Resources						
Deferred service concession arrangement receipts	-	344	-	-	-	-
Net Position:						
Net investment in capital assets	858	-	-	-	-	45,857
Restricted:						
Expendable	-	-	-	-	47,039	-
Plant construction	-	168,651	-	-	-	-
Debt service	-	50,023	-	-	-	4,367
Unrestricted	887	(473,856)	3,728	603	93,881	10,469
Total net position	\$ 1,745	\$ (255,182)	\$ 3,728	\$ 603	\$ 140,920	\$ 60,693

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

	UTDC	UNFC	UNcHealth	UDA	SRF	NUCorp
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>						
Operating revenues						
Grants and contracts	\$ 19,761	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and services of educational activities	6,742	-	-	-	-	-
DDIR revenue	-	-	-	-	7,130	-
Sales and services of health care entities	-	-	7,420	2,507	-	-
Other operating revenue	2,330	-	-	-	-	30,126
Operating expenses:						
Depreciation	332	-	-	25	-	2,955
Other operating expenses	37,274	1,188	6,892	2,418	(193)	20,465
Operating income	<u>(8,773)</u>	<u>(1,188)</u>	<u>528</u>	<u>64</u>	<u>7,323</u>	<u>6,706</u>
Non-operating income (expense)	8,274	(13,711)	-	-	1,040	(118)
Increase (decrease) in net position	(499)	(14,899)	528	64	8,363	6,588
Net position - beginning of year	2,244	(240,283)	3,200	539	132,557	54,105
Net position - end of year	<u>\$ 1,745</u>	<u>\$ (255,182)</u>	<u>\$ 3,728</u>	<u>\$ 603</u>	<u>\$ 140,920</u>	<u>\$ 60,693</u>
<b>Condensed Statement of Cash Flows</b>						
Net cash flows from operating activities	\$ (7,800)	\$ -	\$ 621	\$ 77	\$ 8,205	\$ 10,649
Net cash flows from noncapital financing activities	-	-	-	-	(1,301)	-
Net cash flows from capital and related financing activities	8,258	42,442	-	-	-	(6,130)
Net cash flows from investing activities	11	5,510	-	-	(5,090)	(7,069)
Net change in cash and cash equivalents	469	47,952	621	77	1,814	(2,550)
Cash and cash equivalents - beginning of year	5,620	189,754	2,996	554	1,641	8,630
Cash and cash equivalents - end of year	<u>\$ 6,089</u>	<u>\$ 237,706</u>	<u>\$ 3,617</u>	<u>\$ 631</u>	<u>\$ 3,455</u>	<u>\$ 6,080</u>

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

For the year ended June 30, 2018

	UTDC	UNFC	UNeHealth	UDA	SRF	NUCorp
<b>Condensed Statement of Net Position</b>						
Assets and Deferred Outflows of Resources						
Assets:						
Current assets	\$ 10,891	\$ 32,574	\$ 4,981	\$ 917	\$ 17,020	\$ 10,838
Non-current assets						
Capital assets	1,190	-	-	36	-	60,432
Other non-current assets	-	165,219	-	-	119,429	4,790
Total assets	12,081	197,793	4,981	953	136,449	76,060
Deferred outflows of Resources						
Deferred loss on bond refunding	-	3,016	-	-	-	371
Liabilities, Deferred Inflows of Resources, and Net Position						
Liabilities:						
Current liabilities	9,837	73,302	1,781	414	3,892	5,054
Non-current liabilities	-	367,148	-	-	-	17,272
Total liabilities	9,837	440,450	1,781	414	3,892	22,326
Deferred Inflows of Resources						
Deferred service concession arrangement receipts	-	642	-	-	-	-
Net Position:						
Net investment in capital assets	1,190	-	-	-	-	42,932
Restricted:						
Expendable	-	-	-	-	43,768	-
Plant construction	-	134,093	-	-	-	-
Debt service	-	46,842	-	-	-	3,569
Unrestricted	1,054	(421,218)	3,200	539	88,789	7,604
Total net position	\$ 2,244	\$ (240,283)	\$ 3,200	\$ 539	\$ 132,557	\$ 54,105

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

	<u>UTDC</u>	<u>UNFC</u>	<u>UNeHealth</u>	<u>UDA</u>	<u>SRF</u>	<u>NUCorp</u>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>						
Operating revenues						
Grants and contracts	\$ 12,643	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and services of educational activities	5,983	-	-	-	-	-
DDIR revenue	-	-	-	-	7,528	-
Sales and services of health care entities	-	-	7,138	2,537	-	-
Other operating revenue	1,393	-	-	-	-	30,406
Operating expenses:						
Depreciation	322	-	-	40	-	2,146
Other operating expenses	29,930	1,013	6,303	2,410	(389)	20,297
Operating income	<u>(10,233)</u>	<u>(1,013)</u>	<u>835</u>	<u>87</u>	<u>7,917</u>	<u>7,963</u>
Non-operating income (expense)	10,659	9,150	-	-	2,874	(372)
Increase (decrease) in net position	426	8,137	835	87	10,791	7,591
Net position - beginning of year	1,818	(248,420)	2,365	452	121,766	46,514
Net position - end of year	<u>\$ 2,244</u>	<u>\$ (240,283)</u>	<u>\$ 3,200</u>	<u>\$ 539</u>	<u>\$ 132,557</u>	<u>\$ 54,105</u>
<b>Condensed Statement of Cash Flows</b>						
Net cash flows from operating activities	\$ (8,654)	\$ -	\$ 757	\$ 28	\$ 1,220	\$ 10,659
Net cash flows from noncapital financing activities	-	-	-	-	(392)	-
Net cash flows from capital and related financing activities	10,420	42,259	-	-	-	(9,059)
Net cash flows from investing activities	(129)	3,366	-	(10)	782	(615)
Net change in cash and cash equivalents	1,637	45,625	757	18	1,610	985
Cash and cash equivalents - beginning of year	3,983	144,129	2,239	536	31	7,645
Cash and cash equivalents - end of year	<u>\$ 5,620</u>	<u>\$ 189,754</u>	<u>\$ 2,996</u>	<u>\$ 554</u>	<u>\$ 1,641</u>	<u>\$ 8,630</u>

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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### Q. SUBSEQUENT EVENTS

On October 24, 2019 UNFC issued \$525,880 of Series 2019A (taxable) Bonds and \$37,415 Series 2019B (tax-exempt) Bonds. Pursuant to a Financing Agreement between the University and UNFC, and a Trust Indenture, UNFC will use the proceeds of the Series 2019 bonds to (a) pay the costs of certain renewal, renovation and replacement projects on the campuses of the University, (b) refund or fund escrows to refund certain outstanding obligations of the Board of Regents of the University of Nebraska, and (c) pay the costs of issuance of the Series 2019 Bonds. Portions of the proceeds referenced in (b) were used to refund all outstanding bonds under the Master Trust Indenture and the Master Trust Indenture has subsequently been dissolved.

The University of Nebraska has evaluated subsequent events from the balance sheet date through December 13, 2019, the date at which the financial statements were available to be issued.

### R. UNIVERSITY OF NEBRASKA FOUNDATION

The Foundation is a separate, nonprofit organization incorporated in the State of Nebraska and has as its purpose to encourage private financial support of the University from individuals, corporations, and other foundations. Oversight of the Foundation is the responsibility of a separate and independent Board of Trustees, not otherwise affiliated with the University. In carrying out its responsibilities, the Board of Trustees of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation.

Although the University does not control the timing or amount of receipts from the Foundation, the resources that the Foundation holds and invests, or the income thereon, are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation are primarily used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is therefore discretely presented with the University's financial statements. Based on the Foundation's audited financial statements as of June 30, 2019 and 2018, the Foundation's net assets (including unrealized gains) totaled \$2,135,564 and \$2,058,973, respectively.

During the years ended June 30, 2019 and 2018, the Foundation contributed \$93 million and \$135 million, respectively, to the University for academic support, student assistance, faculty assistance, research, museums, and libraries. In addition, the Foundation provided capital gifts of \$107 million and \$45 million during 2019 and 2018, respectively, to the University. These contributions provided support for several projects, including renovations of the UNMC Munroe-Meyer Institute and the UNL Johnny Carson Center for Emerging Media Arts, the UNO Biomechanics Research building addition, and the construction of the UNL Gymnastics facility.

Complete financial statements for the Foundation can be obtained from the University of Nebraska Foundation, 1010 Lincoln Mall, Suite 300, Lincoln, Nebraska 68508-2886.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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### S. COMPONENT UNIT DISCLOSURES

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

##### *(a) Nature of the Entity and Principles of Consolidation*

The University of Nebraska Foundation (the Foundation) is a nonprofit corporation whose purpose is to provide financial support to the University of Nebraska system. The accompanying consolidated financial statements include the Foundation's wholly owned subsidiaries, UNF Investments, LLC and UNF Charitable Gift Fund (UNFCGF). All significant intercompany accounts and transactions have been eliminated upon consolidation.

The University of Nebraska considers the University of Nebraska Foundation a Component Unit under GASB standards and therefore includes the audited financial statements of the University of Nebraska Foundation in its Comprehensive Annual Financial Reports.

##### *(b) Basis of Accounting and Presentation*

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles.

Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets that have similar characteristics have been combined into similar categories as follows:

- *Net assets without donor restrictions* – Net assets and contributions not subject to donor-imposed stipulations.
- *Net assets with donor restrictions* – Net assets and contributions subject to donor-imposed stipulations outlining a specific use or time restriction. After the donor-imposed time or purpose restriction is satisfied or after the board appropriates their expenditures in the case of gains and income realized on permanent endowment funds, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported within the consolidated statements of activities as net assets released from restrictions.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on investments and any other assets or liabilities are reported as increases (decreases) in net assets without donor restrictions, unless their use is limited by donor stipulation or by laws. Expirations of temporary restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets. At times, the Foundation receives requests by donors or their designees to change the use for which the gifts were originally intended. The requests are reviewed by the Foundation for approval. Approved changes, depending on the donor's request, may result in the reclassification due to change in donor intent in the consolidated statements of activities.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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### *(c) Cash and Cash Equivalents*

Cash and cash equivalents include certain investments in highly liquid instruments with original maturity of three months or less when purchased, excluding those amounts held as part of the investment portfolio.

The Foundation maintains cash balances and certificates of deposit at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. At various times during the fiscal year, the Foundation's cash in bank balances exceeded the federally insured limits. The Foundation has maintained its cash balances and certificates of deposit at financial institutions in accordance with all Foundation policies and procedures.

### *(d) Gifts, Bequests, and Life Insurance Proceeds*

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as contributions with donor restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are transferred to net assets without donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the contribution as a component of net assets without donor restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

### *(e) Investments and Temporary Investments*

Investments and temporary investments in equity securities with readily determinable fair values and debt securities are reported at fair value. Investments in securities traded on a national securities exchange are valued at the latest quoted market prices. Corporate bonds are valued at market quotations for securities that have quoted prices in active markets. For alternative investments in funds that do not have readily determinable fair values, including hedge funds and limited partnerships, the Foundation records these investments using net asset value per share or its equivalent as a practical expedient to fair value. These investments in limited partnerships are generally valued based upon the most recent net asset value or capital account information available from the general partner of the limited partnership, taking into consideration, where applicable, other information determined to be a reliable indicator of fair value. Real estate, mortgage contracts, and the cash value of insurance policies are recorded at amortized cost. They are reviewed for impairment on an annual basis.

Temporary investments comprise short-term investments used to maintain liquidity and are comprised mainly of a mix of U.S., state, and local government fixed income securities and corporate bonds. Investments comprise a mix of equities, fixed income, other investments, and alternative investments, which have a longer term focus (generally investing endowment funds).

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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Donated investments are reported at estimated fair value at the date of receipt. Realized gains and losses on sales of investments are recognized in the consolidated statements of activities as specific investments are sold. Interest income is recognized as earned. Dividend income is recognized on the ex-dividend date. All realized and unrealized gains and losses and income arising from investments are recognized in the consolidated statements of activities as increases or decreases to net assets without donor restrictions, unless their use is restricted by donor stipulation or by law.

Included in investment income is a management fee charged to accounts within each net asset class for which the Foundation manages investments. This management fee is charged based on the market value and type of investments managed. These fees are used for the administration of the Foundation's management and fund-raising operations. During the years ended June 30, 2019 and 2018, \$21,806 and \$20,214, respectively, was charged to donor restricted investment income and credited to investment income without donor restriction in the consolidated statements of activities related to the management fee for endowment funds. Also, included in investment income without donor restriction for the years ended June 30, 2019 and 2018 is \$5,272 and \$4,967, respectively, of a management fee charged to agency funds.

### *(f) Property and Equipment*

Property and equipment, consisting of real estate, furniture, equipment, and computer software, are stated at cost or, if contributed, at fair value at date of contribution. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which ranges from 3 to 32 years.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as contributions without donor restriction, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as contributions with donor restriction. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service.

### *(g) Deposits Held for Others*

Deposits held for others represent funds held in a fiduciary capacity. The transactions of these funds are not reflected in the consolidated statements of activities as the Foundation is acting as an agent for these funds. Such funds approximated \$339 million and \$335 million at June 30, 2019 and 2018 and were held on behalf of the University of Nebraska and other related entities.

### *(h) Fair Value of Financial Instruments*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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The Foundation's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Foundation's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Cash and cash equivalents, other receivables, accounts payable and accrued liabilities, University of Nebraska benefits payable, scholarships, research, fellowships and professorships payable, and deferred revenue approximate fair value due to their short-term nature. The carrying value of deferred annuities payable and pledges receivable approximates fair value since the inherent interest rates closely reflect current market rates. The note payable was discounted at market rates and approximates fair value.

### *(i) Income Taxes*

The Foundation has been recognized as a not-for-profit corporation by the Internal Revenue Service as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Such tax positions, which are more than 50% likely of being realized, are measured at their highest value. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Foundation believes it is no longer subject to income tax examinations for years prior to 2015. During 2019 and 2018, management determined that there are no income tax positions requiring recognition in the consolidated financial statements.

### *(j) Use of Estimates*

The preparation of consolidated financial statements in accordance with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### *(k) New Accounting Pronouncements*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 provides a single model for recognizing revenue arising from contracts with customers and supersedes current revenue recognition guidance. This ASU requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of goods or services and will replace existing revenue recognition guidance in U.S. GAAP when it becomes effective. The guidance permits entities to either apply the requirements retrospectively to all prior periods presented, or apply the requirements in the year of adoption, through a cumulative adjustment. The Foundation adopted the new standard on July 1, 2019. The effect of the adoption did not impact the Foundations' consolidated financial statements.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires the lessee to recognize assets and liabilities for leases with lease terms of more than twelve months. For leases with a term of twelve months or less, the Foundation is permitted to make an accounting policy election by class of underlying asset to recognize lease assets and lease liabilities. Further ASU 2016-02 requires a finance lease to recognize both an interest expense and an amortization of the associated expense. Operating leases generally recognize the associated expense on a straight line basis. ASU 2016-02 requires the Foundation to adopt the standard using a modified retrospective approach and adoption beginning in fiscal year 2020. The Foundation is currently evaluating the impact that ASU 2016-02 will have on its consolidated statement of financial position, statement of activities, and cash flows.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements for Not For Profit Entities*, which improves the current net asset classification requirements and the information presented in financial statements and notes about a not for profit entity's liquidity, financial performance, and cash flows. The guidance requires entities to present two classes of net assets on the face of the consolidated statements of financial position: net assets with donor restrictions and net assets without donor restrictions. Further, the guidance provides for enhanced disclosures. The Foundation adopted the provisions of ASU 2016-14 as of July 1, 2018. As a result of the adoption, the Foundation's previously reported temporarily restricted net assets of \$1,021,314 and permanently restricted net assets of \$1,011,145 have been combined in net assets with donor restrictions as of June 30, 2018. In addition, \$31,875 of net assets were reclassified as of July 1, 2017 from net assets without donor restrictions to net assets with donor restrictions, representing unrealized losses on endowed net assets previously recorded against net assets without donor restrictions. As of June 30, 2018, the amount was \$21,151, of which \$10,724 of unrealized losses was reclassified between net asset classifications in the 2018 consolidated statement of activities.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides assistance in determining if a transaction should be accounted for as a contribution or as an exchange, as well as providing guidance in determining whether a contribution is conditional. The guidance should be applied on a modified prospective basis, although a retrospective application is permitted. The new standard is effective for the Foundation in fiscal year 2020. The Foundation is currently evaluating the impact that ASU 2016-02 will have on its consolidated statement of financial position, statement of activities, and cash flows.

### (1) *Reclassification*

Certain reclassifications were made to prior year financials to conform to the 2019 presentation.

### (2) **Fair Value Investments**

The Foundation uses valuation approaches that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The tables below presents the balances of assets and liabilities measured at June 30, 2019 and 2018 at estimated fair value on a recurring basis:

	2019			
	Total	Level 1	Level 2	Level 3
Assets:				
Investments:				
Certificates of deposit, savings, and money market funds	\$ 11,658	\$ 11,658	\$ —	\$ —
U.S. government securities and sovereign debt	35,173	—	35,173	—
International bonds	18,724	—	18,724	—
Corporate bonds	69,337	—	69,337	—
Common stock	459,786	425,370	—	34,416
Mutual funds – equity	147,842	147,842	—	—
Mutual funds – fixed income	130,383	130,383	—	—
Preferred stock	530	—	530	—
Commingled funds – public equity	332,924	—	332,924	—
Commingled funds – diversified real assets	37,190	—	37,190	—
Index funds – commodities	14,674	14,674	—	—
Index funds – public equity	209,088	209,088	—	—
Investments measured at net asset value <sup>(1)</sup> :				
Hedge funds	165,963	—	—	—
Limited partnerships	131,139	—	—	—
Temporary Investments:				
U.S. treasuries	119,464	—	119,464	—
Certificates of deposit and money funds	9,515	8,770	745	—
State government securities	27,357	—	27,357	—
Local government securities	29,384	—	29,384	—
Corporate bonds	165,050	—	165,050	—
Exchange traded funds – equity	122,133	122,133	—	—
Total	<u>\$ 2,237,314</u>	<u>\$ 1,069,918</u>	<u>\$ 835,878</u>	<u>\$ 34,416</u>
Liabilities:				
Deferred annuities payable	\$ 16,448	\$ —	\$ 16,448	\$ —

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

	2018			
	Total	Level 1	Level 2	Level 3
<b>Assets:</b>				
Investments:				
Certificates of deposit, savings, and money market funds	\$ 9,750	\$ 9,714	\$ 36	\$ —
U.S. government securities and sovereign debt	38,311	—	38,311	—
International bonds	19,479	—	19,479	—
Corporate bonds	65,997	—	65,997	—
Common stock	515,833	485,252	—	30,581
Mutual funds – equity	86,528	86,528	—	—
Mutual funds – fixed income	126,854	126,854	—	—
Preferred stock	655	—	655	—
Commingled funds – public equity	335,843	—	335,843	—
Commingled funds – diversified real assets	38,929	—	38,929	—
Index funds – commodities	16,584	16,584	—	—
Index funds – public equity	209,493	209,493	—	—
Investments measured at net asset value <sup>(1)</sup> :				
Hedge funds	169,380	—	—	—
Limited partnerships	89,870	—	—	—
Temporary Investments:				
U.S. treasuries	102,463	—	102,463	—
Certificates of deposit and money funds	546	46	500	—
State government securities	26,212	—	26,212	—
Local government securities	30,687	—	30,687	—
Corporate bonds	138,861	—	138,861	—
Exchange traded funds – equity	101,584	101,584	—	—
<b>Total</b>	<b>\$ 2,123,859</b>	<b>\$ 1,036,055</b>	<b>\$ 797,973</b>	<b>\$ 30,581</b>
<b>Liabilities:</b>				
Deferred annuities payable	\$ 16,644	\$ —	\$ 16,644	\$ —

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position. The policy is to reflect transfers between levels at the beginning of the year in which a change in circumstances resulted in the transfer. There were no transfers between levels during the years ended June 30, 2019 and 2018.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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The fair values of the financial instruments shown in the above tables represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, available observable and unobservable inputs.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

*Investment money market funds and cash and cash equivalents:* Money market funds included with cash and cash equivalents and investment money market funds, including equity and fixed income are recorded at fair value using quoted market prices. These are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

*Certificates of Deposit:* Investments include certificates of deposit, savings, and other short-term investments, which are reported at face value plus accrued interest at the reporting date. These investments are classified as Level 2.

*Corporate bonds and government obligations:* Investments include fixed-income securities comprised of U.S. government securities, sovereign debt, and corporate bonds. Publicly traded fixed-income securities and funds are classified as Level 1 and valued based upon observable market prices on the reporting date. When quoted prices of identical investment securities in active markets are not available, the fair values for the investment securities are obtained primarily from pricing services; one evaluated price is received for each security. The fair values provided by the pricing services are estimated using matrix pricing or other pricing models, where the inputs are based on observable market inputs or recent trades of similar securities. Such investment securities are generally classified as Level 2.

*Equity securities:* Equity securities include common stock and exchanged traded funds, such as index funds. Equity securities are measured using quoted market prices at the reporting date multiplied by the quantity held. These are classified as Level 1 securities as they are traded in an active market for which closing prices are readily available. The fair values of equity securities accounted for under the cost method (nonmarketable equity securities) are determined using market multiples derived from comparable companies. Under that approach, the identification of comparable companies requires significant judgment. Additionally, multiples might lie in ranges with a different multiple for each comparable company. The selection of where the appropriate multiple falls within that range also requires significant judgment, considering both qualitative and quantitative factors.

*Commingled funds:* Commingled funds including public equity and diversified real asset funds have readily determinable fair values. The balance of these funds are private funds that do not have a public proxy that can be used to price them. Price quotes for the underlying assets are available for identical assets but in markets that are not considered active. While trades occur, they are limited to once a month and as such limit the number of investors. The investors involved generally have longer term horizons and as such they are not considered to be active markets and are not as liquid as index funds. These funds are classified as Level 2.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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*Alternative investments:* Alternative investments that do not have a readily determinable fair value includes investments in private equity and venture capital funds, natural resources, real estate funds, and hedge funds. These investments are valued based on the funds' net asset value, or its equivalent, as supplied by the fund managers and these valuations are used as a practical expedient to fair value. These investments are not included in the fair value hierarchy table.

*Closely held stock:* Investments in closely held stock are recorded at their estimated fair value which is based on net asset value of the respective company. The closely held stock is classified as Level 3 as these are securities without readily observable inputs or measures, rarely ever traded, and are calculated based on net asset value.

*Annuities payable:* Annuities payable value is based on the carrying value which management believes to approximate fair value since the inherent interest rates closely reflect current market rates, as such these are classified as Level 2.

The following table summarizes the changes in fair value of Level 3 investments for the years ended June 30, 2019 and 2018:

Balance, June 30, 2017	\$	27,164
Net unrealized gains		<u>3,417</u>
Balance, June 30, 2018		30,581
Net unrealized gains		<u>3,835</u>
Balance, June 30, 2019	\$	<u>34,416</u>

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

### (3) Investments

Investments consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Investments stated at fair value:		
Certificates of deposit, savings, and money market funds	\$ 11,658	\$ 9,750
U.S. government securities and sovereign debt	35,173	38,311
International bonds	18,724	19,479
Corporate bonds	69,337	65,997
Common stock	459,786	515,833
Mutual funds – equity	147,842	86,528
Mutual funds – fixed income	130,383	126,854
Preferred stock	530	655
Limited partnerships	131,139	89,870
Commingled funds – public equity	332,924	335,843
Commingled funds – diversified real assets	37,190	38,929
Index funds – commodities	14,674	16,584
Index funds – public equity	209,088	209,493
Hedge funds	165,963	169,380
Investments stated at other than fair value:		
Real estate	27,435	27,627
Real estate mortgage and contracts	808	793
Other	2,062	1,904
Cash value of life insurance	2,840	2,294
Annuity contracts	–	158
	<u>\$ 1,797,556</u>	<u>\$ 1,756,282</u>
	<u>2019</u>	<u>2018</u>
Temporary investments stated at fair value:		
U.S. treasuries	\$ 119,464	\$ 102,463
Certificates of deposit and money market funds	9,515	546
State government securities	27,357	26,212
Local government securities	29,384	30,687
Corporate bonds	165,050	138,861
Exchange traded funds – equity	122,133	101,584
Temporary investments stated at other than fair value:		
Real estate	24	24
	<u>\$ 472,927</u>	<u>\$ 400,377</u>

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

The estimated value of hedge funds and limited partnerships was provided by the respective companies. For these alternative investments, the Foundation uses the net asset value (or its equivalent) reported by the underlying fund to estimate the fair value of the investment. Below is a summary of investments accounted for at net asset value at June 30, 2019 and 2018:

	2019			
	Net asset value	Unfunded commitments	*Redemption frequency (if currently eligible)	Redemption notice period
Private equity/venture capital	\$ 105,336	\$ 129,598	N/A	N/A
Natural resources	11,531	12,867	N/A	N/A
Real asset funds	14,272	10,341	N/A	N/A
Hedge funds:				
Domestic long/short	28,805	–	q/sa/a	90-360 days
Global long/short	31,252	–	q/sa/a	90-360 days
Multiple strategies	70,880	–	q/sa/a	90-360 days
Credit strategies	35,026	–	q/sa/a	90-360 days
	<u>\$ 297,102</u>	<u>\$ 152,806</u>		

\* m – monthly, q – quarterly, sa – semiannual, a – annual

	2018			
	Net asset value	Unfunded commitments	*Redemption frequency (if currently eligible)	Redemption notice period
Private equity/venture capital	\$ 68,285	\$ 100,814	N/A	N/A
Natural resources	9,012	19,435	N/A	N/A
Real asset funds	12,573	17,064	N/A	N/A
Hedge funds:				
Domestic long/short	38,472	–	q/sa/a	90-360 days
Global long/short	9,412	–	q/sa/a	90-360 days
Multiple strategies	87,306	–	q/sa/a	90-360 days
Credit strategies	34,190	–	q/sa/a	90-360 days
	<u>\$ 259,250</u>	<u>\$ 137,313</u>		

\* m – monthly, q – quarterly, sa – semiannual, a – annual

The Foundation invests a portion of its assets in private investment limited partnerships that have predetermined fund lives. Generally, these funds have lives of up to 10 years and in certain cases may be extended for an additional 1-2 years upon approval by a majority of limited partners. Although capital may be returned to limited partners at any time during the fund life, it is generally anticipated that such distributions will commence several years into the fund life with a target of all capital being returned to investors by the end of the term. Each specific limited partnership is governed by an individual Limited Partnership Agreement which details liquidity terms and other provisions.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

Liquidity terms for hedge fund investments are governed by each specific funds' terms as outlined in each respective set of governing fund documents. On an aggregated bases, it is anticipated that 90% of capital would be returned within 12 months of redemption action, with the remainder of assets being returned within 36 months.

Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the Foundation's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is, therefore, reasonably possible that if the Foundation were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

### (4) Pledges Receivable

Pledges receivable are recorded on the consolidated statements of financial position, net of an allowance for uncollectible accounts and discounted to their present value. Pledges, net of discount to present value at 6% and allowance for doubtful accounts are due to be collected as follows as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Gross amount due in:		
One year or less	\$ 75,523	\$ 65,891
One to five years	144,182	139,425
More than five years	9,049	7,397
	<u>228,754</u>	<u>212,713</u>
Less discount to present value	19,988	19,047
	<u>208,766</u>	<u>193,666</u>
Less allowance for doubtful accounts	6,263	5,810
	<u>\$ 202,503</u>	<u>\$ 187,856</u>

The discount will be recognized as contribution income in years 2020 through 2044.

In addition, the Foundation has been informed of intentions to give in the form of possible future bequests, currently of indeterminable value, that have not been reflected in the accompanying consolidated financial statements because they are not unconditional pledges.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

### (5) Property and Equipment

Property and equipment at June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Land	\$ 204	\$ 8,314
Buildings	1,251	40,660
Leasehold improvements	3,581	3,578
Automobiles	169	168
Furniture, equipment, and software	10,620	10,362
	<u>15,825</u>	<u>63,082</u>
Less accumulated depreciation	11,238	12,626
Net property and equipment	<u>\$ 4,587</u>	<u>\$ 50,456</u>

During 2019, the Foundation donated certain assets, including a building and land, in the amount of \$44,241 to the University of Nebraska.

### (6) Split-Interest Agreements

The Foundation is the beneficiary of split-interest agreements in the form of charitable gift annuities, charitable remainder trusts, and pooled income funds. The liability is established at the time of the contribution using actuarial tables and an assumed interest rate. The interest rates used for the establishment of the liability was 2.8% for the years 2019 and 2018. In connection with certain agreements, the Foundation has committed to the payment of an annual annuity to the donor. Liabilities associated with these agreements as of June 30, 2019 and 2018 are \$16,448 and \$16,644, respectively, and have been reflected as deferred annuities payable on the consolidated statements of financial position. Annuity obligations are adjusted annual for actuarial changes in life expectancy. The increases and decreases to the liability are reflected as with donor or without donor restriction change in the value of split-interest agreements, which is consistent with the method used to initially record the contribution.

### (7) Net Assets with Donor Restrictions

Net assets are restricted by donors for various purposes in support of activities at the University of Nebraska, including the campuses at Lincoln, Kearney, Omaha, the Medical Center in Omaha, and Nebraska Medicine. The purposes include scholarships, fellowships, research, academic support, and campus building and improvements. Included in net assets with donor restriction are the net assets of UNFCGF. The net assets of UNFCGF are restricted for distribution to qualified 501(c)(3) organizations, including the Foundation, at the request of the donor and approval by the Grants Committee of UNFCGF. Net assets with donor restrictions include gifts contributed for a specified period or until the occurrence of some future event or unspent earnings on endowed funds.

The amounts of net assets with donor restrictions as of June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Temporarily restricted – charitable trusts and annuities	\$ 21,957	\$ 24,714
Temporarily restricted – available for specific purposes	828,610	801,995
Permanently restricted – endowment	1,230,007	1,184,599
	<u>\$ 2,080,574</u>	<u>\$ 2,011,308</u>

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

The Foundation had net assets without donor restrictions of \$54,990 and \$47,665 at the end of 2019 and 2018, respectively. Net assets of \$207,805 and \$178,569 were released from donor restrictions during 2019 and 2018 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

As a result of the adoption of ASU No. 2016-14, the Foundation reclassified \$31,875 of unrealized losses on endowment funds as of July 1, 2017, from net assets without donor restrictions to net assets with donor restrictions.

### (8) Financial Assets and Liquidity Resources

As of June 30, 2019, the Foundation's average month's operating cash on hand of approximately 10 months, based on normal expenditures.

The following table reflects the Foundation's financial assets as of June 30, 2019, reduced by amounts not available for general expenditure because of contractual or donor-imposed restrictions within one year of the financial position date. Financial assets are considered unavailable when subject to donor-imposed restrictions or because the governing board has directed funds be invested as board designated or quasi endowments.

	<u>2019</u>
Financial assets:	
Cash and cash equivalents	\$ 33,092
Temporary investments	472,927
Pledges	202,503
Investments	<u>1,797,556</u>
Financial assets, at the end of the year	<u>2,506,078</u>
Less those unavailable for general expenditure within one year due to:	
Permanent endowment net assets	\$ 1,230,007
Deposits held in custody for others	339,491
Other nonpermanently endowed donor restricted fund	<u>850,567</u>
	<u>2,420,065</u>
	<u>\$ 86,013</u>

The Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

### (9) Functional Expenses

The Foundation solicits and distributes funds for the benefit of the University. Expenses related to those activities providing these services for the years ended June 30, 2019 and 2018 are as follows:

	2019			
	Program support	Management and general	Fundraising	Total
Payments to benefit the University	\$ 199,691	-	-	199,691
Contributions to other charities	8,068	-	-	8,068
Salaries and benefits	-	6,959	14,164	21,123
Office expense	-	361	718	1,079
Office rent and utilities	-	594	1,183	1,777
Professional services	-	574	779	1,353
Dues and subscriptions	-	57	113	170
Travel and conferences	-	367	730	1,097
Cultivation expense	-	-	1,426	1,426
Miscellaneous expense	-	51	235	286
Paid to beneficiaries	-	2,311	-	2,311
Depreciation	-	537	1,406	1,943
Total expense	<u>\$ 207,759</u>	<u>11,811</u>	<u>20,754</u>	<u>240,324</u>
	2018			
	Program support	Management and general	Fundraising	Total
Payments to benefit the University	\$ 180,552	-	-	180,552
Contributions to other charities	173	-	-	173
Salaries and benefits	-	7,043	13,213	20,256
Office expense	-	421	834	1,255
Office rent and utilities	-	573	1,137	1,710
Professional services	-	809	871	1,680
Dues and subscriptions	-	47	94	141
Travel and conferences	-	347	687	1,034
Cultivation expense	-	-	1,574	1,574
Miscellaneous expense	-	51	228	279
Paid to beneficiaries	-	2,626	-	2,626
Depreciation	-	544	1,415	1,959
Total expense	<u>\$ 180,725</u>	<u>12,461</u>	<u>20,053</u>	<u>213,239</u>

Expenses are allocated to the various functions based on either the underlying purpose of the expense or allocated based on the percentage of time employees spend on each function for those that can be attributable to more than one function.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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### (10) Endowments

The Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) sets out guidelines to be considered when managing and investing donor-restricted endowment funds.

The Foundation's endowment consists of approximately 5,600 individual funds established for a variety of purposes. The Foundation holds endowment funds for support of its programs and operations. As required by U.S. GAAP, net assets and the changes therein associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted NUPMIFA as allowing the Foundation to appropriate the expenditure or accumulate so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, the Foundation classifies as net assets with permanent donor restrictions the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Interest, dividends, and net appreciation of the donor-restricted endowment funds are classified according to donor stipulations, if any. Absent any donor-imposed restrictions, interest, dividends, and net appreciation of donor-restricted endowment funds are classified as net assets with temporary donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by NUPMIFA. In accordance with NUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) the duration and preservation of the endowment fund
- (2) the purposes of the Foundation and the donor-restricted endowment fund
- (3) general economic conditions
- (4) the possible effect of inflation or deflation
- (5) the expected total return from income and the appreciation of investments
- (6) other resources of the Foundation
- (7) the investment policy of the Foundation

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

Endowment net asset composition by type of fund as of June 30, 2019 and 2018 is as follows:

	2019		
	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	1,407,724	1,407,724
Board-designated endowment funds	28,030	-	28,030
Endowment totals	\$ 28,030	1,407,724	1,435,754

	2018		
	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	1,371,460	1,371,460
Board-designated endowment funds	27,047	-	27,047
Endowment totals	\$ 27,047	1,371,460	1,398,507

Changes in endowment net assets for the years ended June 30, 2019 and 2018 are as follows:

	2019		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 27,047	1,371,460	1,398,507
Contributions	885	39,189	40,074
Investment income, net of expenses	-	9,671	9,671
Realized and unrealized gains, net	1,284	43,959	45,243
Amounts appropriated for expenditures	(1,186)	(56,555)	(57,741)
Endowment net assets, end of year	\$ 28,030	1,407,724	1,435,754

	2018		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ (5,302)	1,314,518	1,309,216
Adoption of ASU 2016-14	31,875	(31,875)	-
Endowment net assets, beginning of year, as restated	26,573	1,282,643	1,309,216
Contributions	904	47,838	48,742
Investment income, net of expenses	-	4,869	4,869
Realized and unrealized gains, net	758	90,524	91,282
Amounts appropriated for expenditures	(1,188)	(54,414)	(55,602)
Endowment net assets, end of year	\$ 27,047	1,371,460	1,398,507

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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### *(a) Investment Return Objectives, Risk Parameters, and Strategies*

The Foundation has adopted investment and spending policies, approved by the Board of Directors of the Foundation, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity, debt securities, and illiquid alternative investments that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4.25%, while growing the funds if possible. Therefore, the Foundation expects its endowment assets, over time, to earn a real (inflation-adjusted) rate of return of at least 6.0% per year net of investment management fees and investment operations expenses, when measured over a rolling five-year period. Actual return in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

### *(b) Spending Policy and How the Investment Objectives Relate to the Appropriate Policy*

The Foundation has a policy of appropriating for distribution each year 4.25% of the average fair market value of the prior 20 quarters of the unitized endowment shares. In establishing this policy and in the annual review of the policy, the Foundation considers the long-term expected return on its investment assets, the nature, and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation.

## **(11) Lease Commitments**

The minimum rentals for operating leases for office space with guaranteed terms for the five fiscal years after June 30, 2019 are as follows:

2020	\$	1,148
2021		1,117
2022		1,101
2023		667
2024		149
Thereafter		—

## **(12) Notes Payable**

During the year ended June 30, 2016, the Foundation entered into an agreement resulting in the acquisition of certain properties. The transaction included the purchase of certain properties valued at \$47.5 million in exchange for an interest free note of \$18 million. The note was recorded at its present value and the imputed interest expense is being recognized over the life of the loan. The \$18 million was paid in full in 2019. In addition, the Foundation agreed to lease certain space back over 36 months at a nominal amount. During the years ended June 30, 2019 and 2018, the Foundation recognized imputed interest of \$441 and \$588, respectively, related to the interest free loan.

# THE UNIVERSITY OF NEBRASKA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 and 2018 (Thousands)

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### **(13) Retirement Plan**

The Foundation sponsors a retirement plan that covers employees of the Foundation with one year of service who work in excess of 1,000 hours annually and have attained the age of 21 years or previous participation in the TIAA CREF or Fidelity annuity plan. Participation in the plan is mandatory upon attainment of age 30. The plan is an annuity arrangement under Section 403b(1) of the Internal Revenue Code using annuities under TIAA CREF and Fidelity Investments. Under the plan, the employee chooses to contribute either 5.5% or 3.5% of his/her salary to the plan and the Foundation matches the amount with either 8.0% or 5.5% of salary, respectively, unless grandfathered in under previous terms, which allowed for a 6.5% match instead of the 5.5%. The Foundation contributions to the plan for the years ended June 30, 2019 and 2018 were \$1,089 and \$1,048, respectively.

### **(14) Contingencies and Commitments**

The Foundation is involved in several legal actions in the ordinary course of business. The Foundation believes it has defenses for all such claims, believes the claims are substantially without merit, and is vigorously defending the actions. In the opinion of management, the final dispositions of these matters will not have a material effect on the Foundation's financial position.

### **(15) Subsequent Events**

In preparing the consolidated financial statements, the Foundation has evaluated subsequent events for potential recognition or disclosure through September 27, 2019, the date the consolidated financial statements were available to be issued.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

#### Independent Auditors' Report

Board of Regents of the University of Nebraska  
Lincoln, Nebraska:

We have audited, in accordance with the 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, the financial statements of the business-type activities, and the discretely presented component unit of the University of Nebraska (University) (a component unit of the State of Nebraska) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 13, 2019. Our report includes a reference to other auditors who audited the financial statements of the University of Nebraska Foundation (Foundation), a discretely presented component unit of the University; the University of Nebraska Facilities Corporation, the University Technology Development Corporation, the University Dental Associates, the UNeHealth, the UNMC Science Research Fund, and the Nebraska Utility Corporation, blended component units of the University (collectively identified as the Blended Component Units); and the activity relating to the Members of the Obligated Group under the Master Trust Indenture, as described in our report on the University's financial statements. The financial statements of the Foundation, the University of Nebraska Facilities Corporation, the University Dental Associates, the UNeHealth, the UNMC Science Research Fund, and the Nebraska Utility Corporation were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these entities.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in

internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

### **University's Findings**

We did note certain other matters that we reported to management of the University in a separate letter dated December 13, 2019.

### **Purpose of this Report**

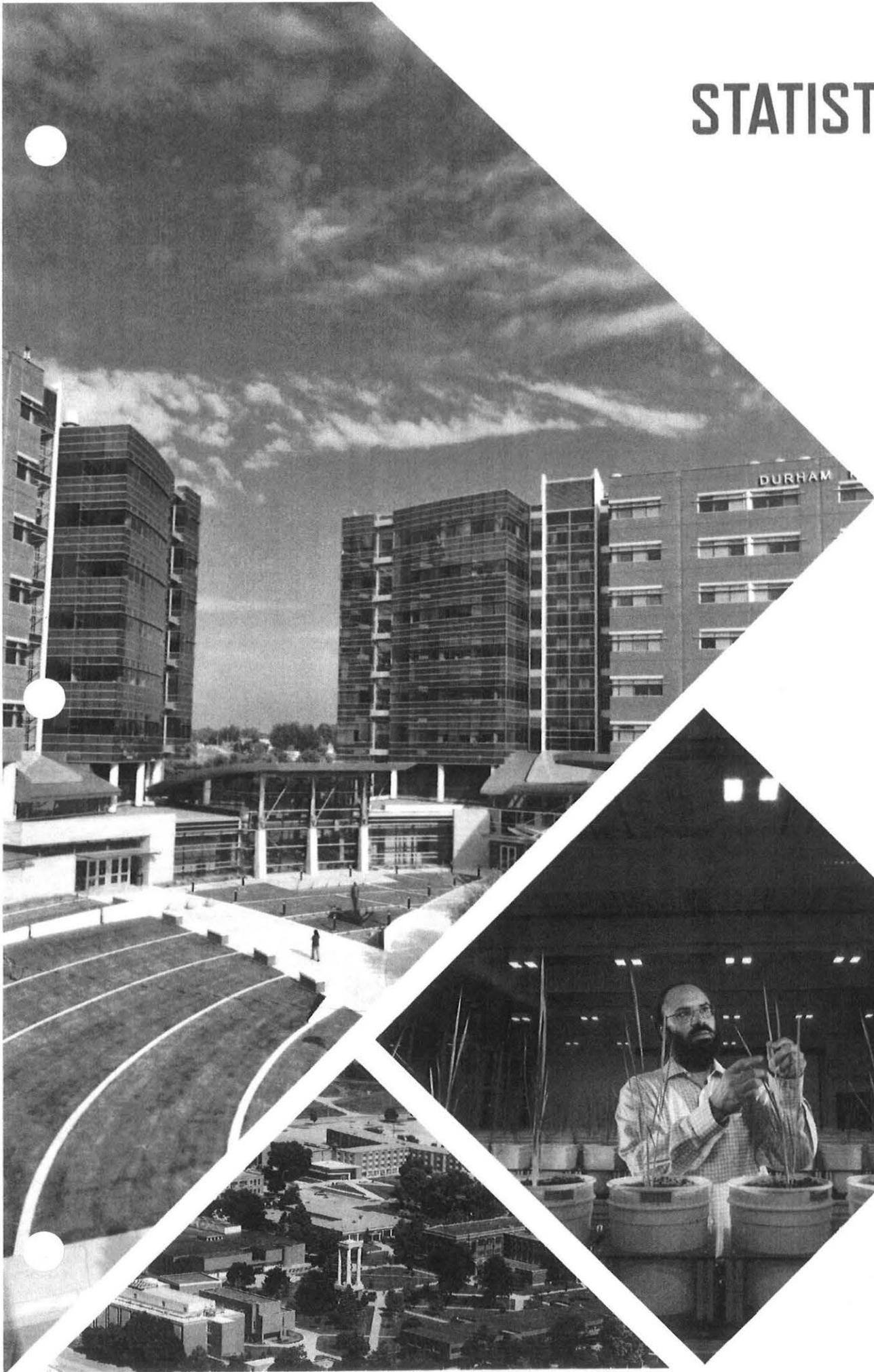
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lincoln, Nebraska  
December 13, 2019



Mark Avery, CPA  
Assistant Deputy Auditor

# STATISTICAL





**THE UNIVERSITY OF NEBRASKA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2019  
 TABLE OF CONTENTS**

**STATISTICAL SECTION (Unaudited)**

This part of the University of Nebraska’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the University’s overall financial health.

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These schedules contain trend information to help the reader understand how the University’s financial performance and well-being have changed over time.	
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**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year and provided by the Office of the Senior Vice President | CFO

THE UNIVERSITY OF NEBRASKA

FINANCIAL TRENDS

SCHEDULE OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION (THOUSANDS) (UNAUDITED)  
YEARS ENDED JUNE 30

	(Dollars)					2019
	2019	2018	2017	2016	2015	
Revenues:						
Tuition and fees	\$ 436,946	\$ 444,577	\$ 425,860	\$ 376,599	\$ 362,210	19 %
Grants and contracts - restricted	550,471	494,525	484,668	444,877	444,104	23
Sales and services of educational activities	66,890	75,204	68,531	98,992	97,332	3
Sales and services of health care entities	22,359	26,210	27,437	23,557	24,828	1
Sales and services of auxiliary operations	342,864	338,847	302,606	297,825	275,466	14
Other operating revenues	17,975	13,746	12,956	13,238	12,235	1
Total operating revenues	<u>1,437,505</u>	<u>1,393,109</u>	<u>1,322,058</u>	<u>1,255,088</u>	<u>1,216,175</u>	<u>61</u>
State of Nebraska noncapital appropriations	574,746	559,188	576,559	561,079	544,201	24
Other non-operating revenues, net	368,087	320,792	361,605	387,697	366,561	15
Total revenues	<u>2,380,338</u>	<u>2,273,089</u>	<u>2,260,222</u>	<u>2,203,864</u>	<u>2,126,937</u>	<u>100</u>
Expenses:						
Compensation and benefits	1,348,676	1,304,999	1,263,594	1,221,257	1,156,166	62 %
Supplies and services	566,237	563,282	567,470	540,357	527,388	26
Depreciation	142,862	139,408	120,111	115,216	106,270	7
Scholarships and fellowships	74,835	76,402	68,639	63,600	70,440	3
Total operating expenses	<u>2,132,610</u>	<u>2,084,091</u>	<u>2,019,814</u>	<u>1,940,430</u>	<u>1,860,264</u>	<u>98</u>
Other non-operating expenses, net	46,432	35,190	24,044	47,069	43,836	2
Total expenses	<u>2,179,042</u>	<u>2,119,281</u>	<u>2,043,858</u>	<u>1,987,499</u>	<u>1,904,100</u>	<u>100 %</u>
Increase in net position	<u>\$ 201,296</u>	<u>\$ 153,808</u>	<u>\$ 216,364</u>	<u>\$ 216,365</u>	<u>\$ 222,837</u>	

THE UNIVERSITY OF NEBRASKA

FINANCIAL TRENDS

SCHEDULE OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION (THOUSANDS) (UNAUDITED)  
YEARS ENDED JUNE 30

	(Dollars)					2014	%
	2014	2013	2012	2011	2010		
<b>Revenues:</b>							
Tuition and fees	\$ 347,428	\$ 336,112	\$ 321,279	\$ 291,855	\$ 258,559	16	%
Grants and contracts - restricted	356,423	371,709	366,212	378,881	358,364	16	
Sales and services of educational activities	96,858	93,759	88,046	103,977	73,609	4	
Sales and services of health care entities	239,521	227,924	217,799	218,546	204,221	11	
Sales and services of auxiliary operations	281,363	270,906	245,366	237,599	216,564	13	
Other operating revenues	11,999	13,132	12,777	11,488	9,782	1	
Total operating revenues	<u>1,333,592</u>	<u>1,313,542</u>	<u>1,251,479</u>	<u>1,242,346</u>	<u>1,121,099</u>	<u>61</u>	
State of Nebraska noncapital appropriations	527,656	498,509	486,155	489,774	496,963	24	
Other non-operating revenues, net	352,391	330,105	227,816	314,215	286,779	15	
Total revenues	<u>2,213,639</u>	<u>2,142,156</u>	<u>1,965,450</u>	<u>2,046,335</u>	<u>1,904,841</u>	<u>100</u>	<u>%</u>
<b>Expenses:</b>							
Compensation and benefits	1,232,351	1,174,580	1,126,038	1,104,876	1,043,839	62	%
Supplies and services	537,445	510,068	494,789	521,995	471,859	27	
Depreciation	117,361	106,788	104,088	90,846	81,724	6	
Scholarships and fellowships	70,195	70,155	67,820	69,835	58,702	3	
Total operating expenses	<u>1,957,352</u>	<u>1,861,591</u>	<u>1,792,735</u>	<u>1,787,552</u>	<u>1,656,124</u>	<u>98</u>	
Other non-operating expenses, net	33,647	25,598	28,701	37,548	21,847	2	
Total expenses	<u>1,990,999</u>	<u>1,887,189</u>	<u>1,821,436</u>	<u>1,825,100</u>	<u>1,677,971</u>	<u>100</u>	<u>%</u>
Increase in net position	<u>\$ 222,640</u>	<u>\$ 254,967</u>	<u>\$ 144,014</u>	<u>\$ 221,235</u>	<u>\$ 226,870</u>		

THE UNIVERSITY OF NEBRASKA

FINANCIAL TRENDS  
 SCHEDULE OF NET POSITION COMPONENTS (THOUSANDS) (UNAUDITED)  
 YEARS ENDED JUNE 30

	2019	2018	2017	2016	2015	2014	2013
Net investment in capital assets	\$ 2,031,214	\$ 1,944,552	\$ 1,777,515	\$ 1,953,065	\$ 1,683,616	1,559,636	\$ 1,408,851
Restricted for:							
Nonexpendable:							
Permanent endowment	225,959	233,949	225,490	207,481	221,048	234,690	204,529
Expendable:							
Externally restricted funds	367,397	365,561	344,631	227,970	197,616	162,118	160,479
Loan fund	42,498	42,063	43,439	43,110	44,916	44,562	44,869
Plant construction	122,268	117,039	211,566	243,917	312,047	284,336	185,744
Debt service	170,249	155,395	145,500	144,167	132,662	136,229	157,353
Unrestricted	<u>1,182,364</u>	<u>1,082,094</u>	<u>1,038,704</u>	<u>750,771</u>	<u>762,211</u>	<u>722,932</u>	<u>760,038</u>
Total net position	<u>\$ 4,141,949</u>	<u>\$ 3,940,653</u>	<u>\$ 3,786,845</u>	<u>\$ 3,570,481</u>	<u>\$ 3,354,116</u>	<u>\$ 3,144,503</u>	<u>\$ 2,921,863</u>
Reconciliation of Adjusted Unrestricted Assets:							
Unrestricted net position per statements	\$ 1,182,364	\$ 1,082,094	\$ 1,038,704	\$ 750,771	\$ 762,211	\$ 722,932	\$ 760,038
Less: Investment in joint venture	<u>483,410</u>	<u>443,182</u>	<u>415,573</u>	<u>385,080</u>	<u>343,098</u>	<u>316,599</u>	<u>296,747</u>
Adjusted unrestricted net position	<u>\$ 698,954</u>	<u>\$ 638,912</u>	<u>\$ 623,131</u>	<u>\$ 365,691</u>	<u>\$ 419,113</u>	<u>\$ 406,333</u>	<u>\$ 463,291</u>
Reconciliation of outstanding indebtedness:							
Bond obligations payable	\$ 878,545	\$ 857,575	\$ 851,640	\$ 826,625	\$ 792,995	\$ 757,965	\$ 684,265
Lease obligations payable	<u>49,582</u>	<u>49,409</u>	<u>49,130</u>	<u>48,523</u>	<u>12,398</u>	<u>1,163</u>	<u>1,325</u>
Total outstanding indebtedness	<u>\$ 928,127</u>	<u>\$ 906,984</u>	<u>\$ 900,770</u>	<u>\$ 875,148</u>	<u>\$ 805,393</u>	<u>\$ 759,128</u>	<u>\$ 685,590</u>
Ratio of adjusted unrestricted net position to total outstanding indebtedness (times)	<u>0.75</u>	<u>0.70</u>	<u>0.69</u>	<u>0.42</u>	<u>0.52</u>	<u>0.54</u>	<u>0.68</u>

**THE UNIVERSITY OF NEBRASKA**

**MARKET, DEMOGRAPHIC, AND ECONOMIC INFORMATION  
NON-CAPITAL APPROPRIATIONS (THOUSANDS) (UNAUDITED)**

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Year	Appropriations		University as Percent of State
	State General Fund	University Non-capital	
2010	3,319,795	492,481	14
2011	3,405,101	494,720	14
2012	3,486,350	491,278	14
2013	3,632,424	497,999	14
2014	3,841,240	519,614	14
2015	4,105,826	542,817	13
2016	4,265,178	563,886	13
2017	4,411,691	583,069	13
2018	4,390,295	559,189	13
2019	4,456,284	574,746	13

Source: Legislative Fiscal Office

**THE UNIVERSITY OF NEBRASKA**

**MARKET, DEMOGRAPHIC, AND ECONOMIC INFORMATION  
STATE OF NEBRASKA POPULATION, AND PERSONAL INCOME PER PERSON  
CALENDAR YEARS 2009 - 2018 (UNAUDITED)**

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Year	Calendar Years 2009 - 2018		
	Population	Personal Income (In Millions)	Personal Income Per Person
2009	1,812,683	71,174	39,264
2010	1,829,536	74,864	40,920
2011	1,840,538	83,614	45,429
2012	1,853,323	86,294	46,562
2013	1,865,414	86,914	46,592
2014	1,879,522	91,999	48,948
2015	1,891,507	95,687	50,588
2016	1,905,924	94,731	49,703
2017	1,917,575	97,151	50,663
2018	1,929,268	102,759	53,263

Source: U.S. Department of Commerce, Bureau of Economic Analysis

State of Nebraska

**TEN LARGEST EMPLOYERS**

2018 and 2009

NAME OF COMPANY	December 2018			December 2009		
	RANK	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYMENT	RANK	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYMENT
		<b>991,668</b>			<b>945,648</b>	
US Government (excluding Department of Defense) *	1	25,899	2.612	1	25,258	2.671
University of Nebraska **	2	19,051	1.921	4	11,764	1.244
State of Nebraska (excluding University)	3	18,650	1.881	2	15,796	1.670
Alegent Health/CHI	4	11,424	1.152			
Creighton University	5	10,299	1.039	5	9,715	1.027
Werner Enterprises	6	10,262	1.035	3	12,620	1.335
City of Omaha	7	10,178	1.026	9	6,161	0.652
Omaha Public Schools	8	9,897	0.998	10	5,614	0.594
Walmart	9	9,896	0.998	8	6,950	0.735
Hy-Vee Food Stores	10	7,778	0.784			
Valmont				6	7,689	0.813
Bryan Health				7	7,134	0.754

**SOURCE:** The Nebraska Department of Economic Development, Hoovers, a Dun and Bradstreet data base, and Employers

**NOTES:**

\* Sources did not track US Government employment in Nebraska

\*\* University of Nebraska - Medical Center, University of Nebraska - Lincoln, University of Nebraska at Omaha, University of Nebraska at Kearney





THE UNIVERSITY OF NEBRASKA

DEBT INFORMATION

CAPITAL LEASE OBLIGATIONS PAYABLE

FOR THE PAST TEN YEARS AS OF JUNE 30 (THOUSANDS) (UNAUDITED)

	At June 30,	
Year	Outstanding Capital Lease Obligations	
2019	\$	49,582
2018		49,409
2017		49,130
2016		48,523
2015		12,398
2014		1,163
2013		1,325
2012		3,442
2011		5,063
2010		6,586

THE UNIVERSITY OF NEBRASKA

OPERATING INFORMATION  
SCHEDULE OF CAPITAL ASSET INFORMATION (THOUSANDS) (UNAUDITED)

	Years Ended June 30,							
	2019	2018	2017	2016	2015	2014	2013	2012
Land	\$ 92,016	\$ 91,273	\$ 89,773	\$ 91,299	\$ 88,020	\$ 84,660	\$ 84,625	\$ 7,000
Land improvements	322,654	300,125	262,532	251,411	210,805	197,686	183,577	15,000
Leasehold improvements	44,445	44,445	42,958	40,626	33,435	31,937	31,223	1,000
Buildings	2,979,368	2,954,470	2,745,740	2,347,924	2,169,553	2,088,516	1,928,844	1,920,000
Equipment	539,324	516,422	499,150	470,985	462,487	431,543	413,843	38,000
Construction work in progress	224,995	118,840	252,972	426,895	345,823	202,643	227,881	11,000
Total capital assets	<u>4,202,802</u>	<u>4,025,575</u>	<u>3,893,125</u>	<u>3,629,140</u>	<u>3,310,123</u>	<u>3,036,985</u>	<u>2,869,993</u>	<u>2,680,000</u>
Less accumulated depreciation for:								
Land improvements	107,511	98,729	88,635	79,943	72,688	66,213	59,849	5,000
Leasehold improvements	15,148	13,130	10,394	7,901	11,412	9,780	8,187	0
Buildings	810,208	751,755	678,499	620,296	588,202	562,535	533,744	510,000
Equipment	391,157	364,762	347,503	332,194	329,110	306,977	283,009	250,000
Total capital assets	<u>1,324,024</u>	<u>1,228,376</u>	<u>1,125,031</u>	<u>1,040,334</u>	<u>1,001,412</u>	<u>945,505</u>	<u>884,789</u>	<u>820,000</u>
Capital assets, net	<u>\$ 2,878,778</u>	<u>\$ 2,797,199</u>	<u>\$ 2,768,094</u>	<u>\$ 2,588,806</u>	<u>\$ 2,308,711</u>	<u>\$ 2,091,480</u>	<u>\$ 1,985,204</u>	<u>\$ 1,850,000</u>
Age of plant (in years) (1):	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>8</u>	<u>8</u>	

(1) Computed as accumulated depreciation divided by depreciation expense.

**THE UNIVERSITY OF NEBRASKA**

**OPERATING INFORMATION**

**FRESHMAN SELECTIVITY AND MATRICULATION DATA (UNAUDITED)**

		2019	2018	2017	2016	2015	2014	2013
UNL	Applications	16,829	14,956	12,321	11,193	9,724	11,865	10,929
	Accepted	13,165	11,906	7,524	8,425	7,425	8,293	6,999
	<i>Selectivity</i>	78.2%	79.6%	61.1%	75.3%	76.4%	69.9%	64.0%
	Enrolled	4,775	4,816	4,905	4,860	4,628	4,652	4,420
	<i>Matriculation</i>	36.3%	40.5%	65.2%	57.7%	62.3%	56.1%	63.2%
	Composite ACT Scores	25.5	25.4	25.3	25.2	25.2	25.4	25.3
UNO	Applications	8,565	8,170	5,036	5,551	5,581	5,750	4,955
	Accepted	7,148	6,673	4,628	4,799	4,238	4,514	3,507
	<i>Selectivity</i>	83.5%	81.7%	91.9%	86.5%	75.9%	78.5%	70.8%
	Enrolled	2,069	2,151	2,105	2,069	2,007	1,848	1,890
	<i>Matriculation</i>	28.9%	32.2%	45.5%	43.1%	47.4%	40.9%	53.9%
	Composite ACT Scores	22.5	22.6	22.0	22.0	22.5	22.6	22.7
UNK	Applications	5,324	5,518	2,594	2,815	2,511	2,706	2,589
	Accepted	4,535	4,809	2,181	2,395	2,144	2,276	2,197
	<i>Selectivity</i>	85.2%	87.2%	84.1%	85.1%	85.4%	84.1%	84.9%
	Enrolled	863	944	904	1,008	938	990	1,022
	<i>Matriculation</i>	19.0%	19.6%	41.4%	42.1%	43.8%	43.5%	46.5%
	Composite ACT Scores	23.2	22.7	21.1	23.0	22.6	22.8	22.6
Total	Applications	30,718	28,644	19,951	19,559	17,816	20,321	18,473
	Accepted	24,848	23,388	14,333	15,619	13,807	15,083	12,703
	<i>Selectivity</i>	80.9%	81.7%	71.8%	79.9%	77.5%	74.2%	68.8%
	Enrolled	7,707	7,911	7,914	7,937	7,573	7,490	7,332
	<i>Matriculation</i>	31.0%	33.8%	55.2%	50.8%	54.8%	49.7%	57.7%

Selectivity computed as accepted freshman as a percent of applications.  
 Matriculation computed as enrolled freshman as a percent of acceptances.

Beginning in 2018, the University moved to one application for resident first-time freshman for UNL, UNO, and UNK for a single application fee. This significantly increased the duplicate applications across campuses, bringing downward pressure on the matriculation rate.

UNMC's curriculum is comprised mainly of professional programs and, therefore, freshman data is not included.  
 Source: University of Nebraska Central Administration Office of Institutional Research and Planning

THE UNIVERSITY OF NEBRASKA

OPERATING INFORMATION  
STUDENT FTE'S, TUITION, AND DISCOUNTS (UNAUDITED)

	Years Ended June 30,						
	2019	2018	2017	2016	2015	2014	2013
<b>Level</b>							
Undergraduate	35,115	35,524	35,850	35,913	35,260	34,753	34,303
Graduate	5,662	5,839	5,943	5,868	5,797	5,758	5,532
Professional	2,958	2,951	2,878	2,784	2,669	2,566	2,661
<b>Total</b>	<b>43,735</b>	<b>44,314</b>	<b>44,671</b>	<b>44,565</b>	<b>43,726</b>	<b>43,077</b>	<b>42,496</b>
<b>Percent</b>							
Undergraduate	80 %	80 %	80 %	81 %	81 %	81 %	81 %
Graduate	13	13	13	13	13	13	13
Professional	7	7	7	6	6	6	6
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>
<b>Gross tuition and fees (thousands)</b>							
	\$ 602,026	\$ 586,950	\$ 552,017	\$ 493,776	\$ 474,057	\$ 452,929	\$ 433,498
Tuition discounts and allowances (thousands)	(165,080)	(142,373)	(126,157)	(117,177)	(111,847)	(105,501)	(97,386)
<b>Net tuition revenue and fees (thousands)</b>	<b>\$ 436,946</b>	<b>\$ 444,577</b>	<b>\$ 425,860</b>	<b>\$ 376,599</b>	<b>\$ 362,210</b>	<b>\$ 347,428</b>	<b>\$ 336,112</b>
<b>Net tuition revenue and fees per FTE</b>							
	\$ 9,991	\$ 10,032	\$ 9,533	\$ 8,451	\$ 8,284	\$ 8,065	\$ 7,909
<b>Percent of tuition discounts and allowances (1)</b>							
	27 %	24 %	23 %	24 %	24 %	23 %	22 %

(1) Tuition discounts and allowances as a percent of gross tuition and fees.

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

**THE UNIVERSITY OF NEBRASKA**

**OPERATING INFORMATION  
FACULTY AND STAFF FTE (UNAUDITED)**

	Years Ended June 30,						
	2019	2018	2017	2016	2015	2014	2013
Faculty	4,486	4,365	4,468	4,429	4,159	4,122	3,953
Staff *	12,891	12,270	11,961	12,166	12,404	12,087	12,099
Total Employees	17,377	16,635	16,429	16,595	16,563	16,209	16,052
Student FTE per Faculty FTE	10	10	10	10	11	11	11

\* Staff includes all non-faculty employees (administrative, managerial-professional, graduate assistants and students.)

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

**THE UNIVERSITY OF NEBRASKA**

**OPERATING INFORMATION**

**TENURE DENSITY DATA**

**FOR THE YEARS ENDED JUNE 30 (UNAUDITED)**

		2019	2018	2017	2016	2015	2014	2013
UNL	Tenured Faculty	869	855	873	877	847	886	882
	Tenure-Track	311	323	327	326	295	287	280
	Percent of tenured and tenure track	73.6%	72.6%	72.8%	72.9%	74.2%	75.5%	75.9%
UNMC	Tenured Faculty	245	245	264	263	268	276	271
	Health Professionals	677	639	578	564	519	484	487
	Percent of tenured	26.6%	27.7%	31.4%	31.8%	34.1%	36.3%	35.8%
UNO	Tenured Faculty	334	333	332	327	323	338	338
	Tenure-Track	128	131	126	127	114	115	97
	Percent of tenured and tenure track	72.3%	71.8%	72.5%	72.0%	73.9%	74.6%	77.7%
UNK	Tenured Faculty	177	164	169	162	164	168	165
	Tenure-Track	86	93	93	74	81	95	80
	Percent of tenured and tenure track	67.3%	63.8%	64.5%	68.6%	66.9%	63.9%	66.3%

**RETENTION RATES OF FRESHMAN AND BACCALAUREATE GRADUATION RATES  
FOR THE YEARS ENDED JUNE 30 (UNAUDITED)**

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**Retention Rates of First-Time  
Full-Time Freshmen After One Year**

<u>Fall Cohort</u>	<u>UNL</u>	<u>UNO</u>	<u>UNK</u>
2008	84 %	72 %	80 %
2009	84	72	83
2010	84	73	82
2011	84	73	77
2012	84	72	79
2013	84	77	75
2014	83	77	80
2015	82	78	84
2016	83	76	79
2017	83	75	80
2018	84	75	80

**Baccalaureate Graduation Rate After Six Years**

<u>Fall Cohort</u>	<u>UNL</u>	<u>UNO</u>	<u>UNK</u>
2003	63 %	45 %	59 %
2004	64	45	58
2005	67	43	61
2006	64	45	56
2007	67	42	58
2008	67	45	56
2009	67	46	57
2010	67	45	57
2011	70	47	61
2012	69	49	58
2013	68	52	60

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

UNIVERSITY OF NEBRASKA

OPERATING INFORMATION  
DEGREES EARNED  
FOR THE YEARS ENDED JUNE 30 (UNAUDITED)

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**BACHELOR'S**

<u>Year</u>	<u>UNL</u>	<u>UNO</u>	<u>UNMC</u>	<u>UNK</u>
2009	3,219	1,836	354	851
2010	3,312	1,769	379	850
2011	3,621	1,937	359	750
2012	3,719	2,172	607	788
2013	3,716	2,205	452	889
2014	3,864	2,410	466	927
2015	3,716	2,280	434	876
2016	3,657	2,405	420	995
2017	3,964	2,233	639	890
2018	4,102	2,301	660	964
2019	4,464	2,224	646	850

**MASTER'S**

<u>Year</u>	<u>UNL</u>	<u>UNO</u>	<u>UNMC</u>	<u>UNK</u>
2009	842	681	185	293
2010	853	720	159	311
2011	874	696	162	340
2012	1,017	793	157	373
2013	859	717	306	399
2014	852	698	262	327
2015	859	834	257	397
2016	852	907	248	397
2017	953	880	405	435
2018	943	891	406	435
2019	951	878	409	456

**DOCTOR'S**

<u>Year</u>	<u>UNL</u>	<u>UNO</u>	<u>UNMC</u>
2009	399	19	321
2010	417	22	311
2011	426	23	293
2012	391	32	309
2013	463	21	336
2014	445	29	319
2015	464	27	368
2016	442	29	368
2017	412	40	361
2018	403	50	356
2019	453	46	406

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

## 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.



*Attachment E*  
*Certificate of Insurance*

# CERTIFICATE OF INSURANCE

DATE 2/21/2020

**PRODUCER**  
 BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA  
 3835 HOLDREGE  
 COLN NE 68583

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**INSURERS AFFORDING COVERAGE**

**INSURED**  
 BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA  
 3835 HOLDREGE  
 LINCOLN NE 68583

INSURER A: Self Insured Trust Agreement	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

**COVERAGES**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A		<b>GENERAL LIABILITY</b>	SELF INSURED TRUST	7/1/2019	7/1/2020	EACH OCCURRENCE
		<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				\$1,000,000
		<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				
		GEN'L AGGREGATE LIMIT APPLIES PER:				
		<input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC				
A		<b>AUTOMOBILE LIABILITY</b>	SELF INSURED TRUST	7/1/2019	7/1/2020	COMBINED SINGLE LIMIT (Ea Occurrence)
		<input checked="" type="checkbox"/> ANY AUTO				\$1,000,000
		<input checked="" type="checkbox"/> ALL OWNED AUTOS				
		<input checked="" type="checkbox"/> HIRED AUTOS				
		<input checked="" type="checkbox"/> NON - OWNED AUTOS				
		<b>GARAGE LIABILITY</b>				Auto Only - Ea Accident
		<input type="checkbox"/> ANY AUTO				Other than Auto Only:
						EA ACC
						AGG
		<b>EXCESS/UMBRELLA LIABILITY</b>				EACH OCCURRENCE
		<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE
		<input type="checkbox"/> DEDUCTIBLE				
		<input type="checkbox"/> RETENTION \$				
		<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b>				WC STATUTORY LIMITS
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				OTHER
		If yes, describe under SPECIAL PROVISIONS below				E. L. EACH ACCIDENT
						E. L. DISEASE-EA EMPLOYEE
						E. L. DISEASE-POLICY LIMIT
		<b>OTHER</b>				

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Evidence of coverage for the University of Nebraska

**CERTIFICATE HOLDER**

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE:

Christopher J. Kabourek

*Chris A Kabourek*



*Attachment F*

*NPHL Organizational Chart with Employee Responsibilities*

*Resumes of Key Employees*

*Peter C. Iwen, PhD, D(ABMM), F(AAM), NPHL Director*

*Paul Douglas Fey, Ph.D., Director Microbiology Laboratory*

*Amy Crismon, MT(ASCP), Manager of Microbiology Department*

*Chastity West, MT(ASCP), Lead Microbiologist*

*References*

# Nebraska Public Health Lab

2/26/2020

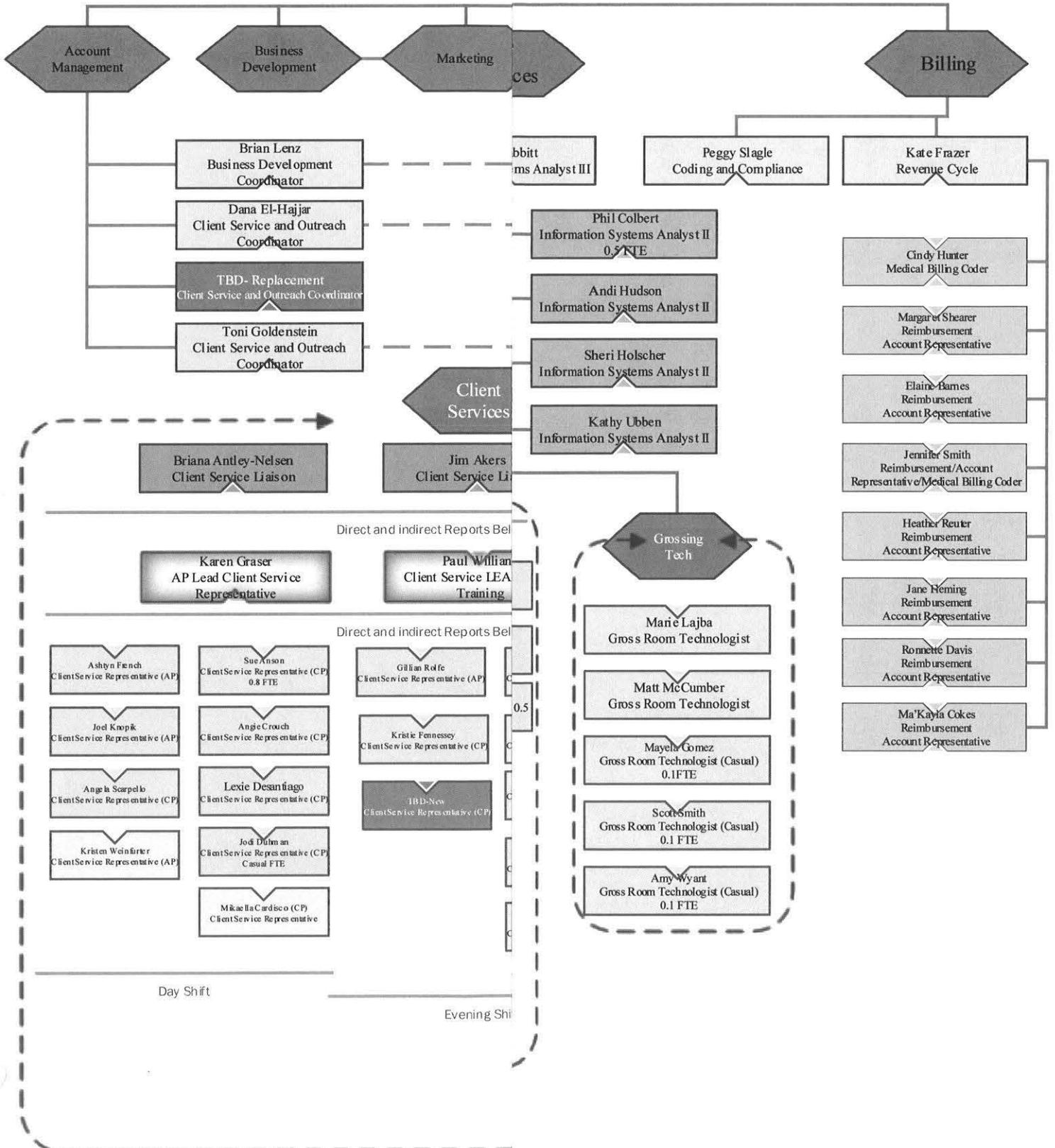
ees

opment: 5

Operations: 61

IT: 5

Billing: 10



## BIOGRAPHICAL SKETCH

Provide the following information for the Senior/key personnel and other significant contributors.  
Follow this format for each person. **DO NOT EXCEED FIVE PAGES.**

NAME: Peter C. Iwen, PhD, D(ABMM), F(AAM)

eRA COMMONS USER NAME (credential, e.g., agency login): pciwen

POSITION TITLE: Professor of Medicine

EDUCATION/TRAINING:

INSTITUTION AND LOCATION	DEGREE (if applicable)	Completion Date MM/YYYY	FIELD OF STUDY
North Dakota State University, Fargo	BS	05/1976	Bacteriology
Univer. Nebraska Medical Center, Omaha	MS	12/1982	Medical Microbiology
Univer. Nebraska Medical Center, Omaha	PhD	12/2001	Molecular Microbiology

### A. Personal Statement

Research activities in my lab include the development and optimization of molecular assays for the identification of microbial pathogens with an emphasis on fungi and bacteria (including the *Mycobacterium* species). Original work in my laboratory showed that the internal transcribe spacer region within the rDNA complex was a useful target for the identification of both the common and uncommon fungal and mycobacterial species. Subsequent work has continued on providing sequences of a wide variety of microbial species and using this information in collaboration with bioinformatics researchers to develop curated databases that can be used with different molecular platforms for identification purposes. This work has also been used to evaluate pathogens of interest that are associated with public health outbreaks

### B. Positions and Honors

1993-1996 Instructor, Dept of Path and Micro, University of NE Med Ctr., Omaha  
1986-2000 Instructor, Dept. of Nursing, Iowa Western Community College, Council Bluffs, IA  
1996-2002 Assistant Professor, Dept of Path and Micro, University of NE Med Ctr., Omaha  
2002-2009 Associate Professor, Dept. of Path and Micro, University of NE Med Ctr., Omaha  
2008-2014 Associate Professor-Joint, College of Public Health, University of NE Med Ctr., Omaha  
2006-present Tenured, Dept of Path and Micro, University of NE Med Ctr., Omaha  
2009-present Professor, Dept of Path and Micro, University of NE Med Ctr  
2018-present Professor-Joint, Dept of Public Health, University of NE Med Ctr, Omaha

### Other Experience

1978-1980 Laboratory Technician, Medical Microbiology, University of NE Med Ctr., Omaha  
1980-1983 Laboratory Technologist, Medical Microbiology, University of NE Med Ctr., Omaha  
1983-1986 Technical Supervisor, Medical Microbiology, University of NE Med Ctr., Omaha  
1986-1993 Supervisor, Pathology and Microbiology, University of NE Med Ctr., Omaha  
1994-1997 Clinical Projects Coordinator, University Hospital's Clinical Microbiology Laboratory  
1997-2012 Associate Director, Nebraska Public Health Laboratory  
2002-present Biosafety Officer, University of NE Med Ctr., University of NE at Omaha  
2003-2016 Responsible Official, UNMC Select Agent Program  
2008-present Co-Director, CPEP Postdoctoral Clinical Microbiology Fellowship  
2012-present Director, Nebraska Public Health Laboratory  
2016-present Alternate Responsible Official, UNMC Select Agent Program

### Honors (major awards)

1997 Scherago-Rubin Award, American Society for Microbiology, Washington, D.C.  
2003 Young Investigators Award, Focus on Fungal Infections 13 Merck & Co., Inc., Maui, HI

- 2006 Outstanding Teacher, UNMC Faculty Senate, UNMC, Omaha, NE  
2017 Fellow, American Academy of Microbiology, F(AAM)  
2019 Distinguished Scientist Award, UNMC Chancellor

#### **Certifications (active)**

- 2007 Diplomat, American Board of Medical Microbiology.  
American Academy of Microbiology, D(ABMM)  
2005 Specialist Microbiologist.  
American Society of Clinical Pathologists, SM(ASCP)

#### **C. Contributions to Science**

The contributions of my laboratory and my associates are within areas of clinical microbiology to include 1) development of molecular assays for the identification of novel fungal pathogens, 2) molecular characterization of mycobacterial pathogens, 3) diagnostic characterization of *Francisella tularensis*, 4) biosafety and biosecurity as pertaining to high risk pathogens, and 5) public health-related diagnostics for outbreak investigating. The papers that follow are taken from a total of 129 peer-reviewed publications.

##### **1. Molecular assays for the identification of novel fungal pathogens**

Southern T, A Alelew, and PC Iwen. 2015. Discrimination of *Candida albicans* from *Candida dubliniensis* using the BioFire FilmArray blood culture identification Panel. *J Clin Microbiol.* 53: 1999-2000. Cited in PubMed: PMID 25878337.

Roberts, AL, A Alelew, and PC Iwen. 2016. Evaluation of matrix-assisted laser desorption ionization time of flight mass spectrometry to differentiate between *Candida albicans* and *Candida dubliniensis*. *Diag Microbiol Infect Dis.* 85(1): 73-6. Cited in PubMed: PMID 26971641.

##### **2. Molecular characterization of mycobacterial pathogens**

Bills, N, SH Hinrichs, TA Aden, RS Wickert, and PC Iwen. 2009. Molecular identification of *Mycobacterium chimerae* as a cause of infection in a patient with chronic obstructive pulmonary disease. *Diag Microbiol Infect Dis.* 63: 292-5, Cited in PubMed: PMID-19216940.

Davidson, RM, MA DeGroot, J Marola, S Buss, V. Jones, MR McNeil, AG Freifeld, LE Epperson, NA Hasan, M Jackson, PC Iwen, M Salfinger, and M. Strong. 2017. *Mycobacterium talmoniae* sp. nov., a slowly growing mycobacterium isolated from human respiratory samples. *Inter J Syst. Evol Microbiol* 67(8):2640-2645. Cited in PubMed: PMID 28809146.

##### **3. Diagnostic characterization of *Francisella tularensis***

Larson, MA, PD Fey, AM Bartling, PC Iwen, MP Dempsey, SC Francesconi, and SH Hinrichs. 2011. *Francisella tularensis* molecular typing using differential insertion sequence amplification. *J. Clin. Microbiol.* 49: 2786-97. Cited in PubMed: PMID-21613430.

Larson, MA, PD Fey, SH Hinrichs, and PC Iwen. 2014. *Francisella tularensis* bacteria associated with feline tularemia in the United States. *Emerg. Infect. Dis.* 20: 2068-71. Cited in PubMed: PMID-25424732.

##### **4. Biosafety and biosecurity issues as pertaining to high-risk pathogens**

Jelden, KC, SG Gibbs, PW Smith, AL Hewlett, PC Iwen, KK Schmid, and JJ Lowe. 2017. Ultraviolet (UV)-reflective paint with ultraviolet germicidal irradiation (UVGI) improves decontamination of nosocomial bacteria on hospital room surfaces. *J Occup Environ Hyg.* 14(6): 456-460. Cited in PubMed: PMID 28278065.

Herstein JJ, PC Iwen, KC Jelden, PD Biddinger, SG Gibbs, AB Le, AL Hewlett, and JJ Lowe. 2018. US High-level isolation unit clinical laboratory capabilities update. *J Clin Microbiol.* 56(2) e01608-17. Cited in PubMed: PMID 29167287.

##### **5. Public health-related diagnostics for outbreak investigating**

Murphy, CN, RC Fowler, AJ Williams, PC Iwen, and PD Fey. 2018. Nontyphoidal *Salmonella enterica* non-susceptible to both ciprofloxacin and ceftriaxone in Nebraska, United States, 2014-2015. *Foodborne Pathog Dis* 15:235-236. Cited in PubMed: PMID 29298125.

Parry, SM, AM Aldrich, A Carlson, SA Trotter, PC Iwen, and TJ Cieslak. 2019. *Salmonella enterica* serotype Panama: an exceptionally virulent cause of illness in children. *SAGE Open Med Case Rpts.* (in press)

**D. Research Support (Active)**

- 2019-20 ELC Special Pathogens Laboratory Services Agreement  
Epidemiology and Laboratory Capacity for ID (CDC)  
NE DHHS (contractual)  
\$812,592 (direct \$812,592)  
Principal Investigator, **PC Iwen**
  
- 2019-20 Biological and Chemical Terrorism Laboratory Subaward  
Public Health Emergency Preparedness Program (CDC)  
NE DHHS (contractual)  
\$745,730 (direct \$745,730)  
Principal Investigator, **PC Iwen**
  
- 2019-20 STD Agreement  
NE DHHS (contractual)  
\$428,505 (direct \$428,505)  
Principal Investigator, **PC Iwen**
  
- 2020 HIV Agreement  
NE DHHS (contractual)  
\$10,000 (direct \$10,000)  
Principal Investigator, **PC Iwen**
  
- 2020 TB Agreement  
TB Elimination and Laboratory Cooperative Agreement (CDC)  
CDC/NE DHHS (contractual)  
\$68,570 (direct \$68,570)  
Principal Investigator, **PC Iwen**

**BIOGRAPHICAL SKETCH**

Provide the following information for the Senior/key personnel and other significant contributors.  
Follow this format for each person. **DO NOT EXCEED FIVE PAGES.**

NAME: Fey, Paul Douglas

eRA COMMONS USER NAME (credential, e.g., agency login): FEY.PAUL

POSITION TITLE: Professor and Vice Chair

EDUCATION/TRAINING (Begin with baccalaureate or other initial professional education, such as nursing, include postdoctoral training and residency training if applicable. Add/delete rows as necessary.)

INSTITUTION AND LOCATION	DEGREE (if applicable)	Completion Date MM/YYYY	FIELD OF STUDY
Kansas State University	B.S.	05/1990	Biology and Microbiology
Creighton University	Ph.D.	05/1995	Medical Microbiology
Medical College of Virginia	Postdoctoral	07/1997	Bacterial Genetics

**A. Personal Statement**

My training and experience is broad including the pathogenesis, genetics, and biology of the staphylococci in addition to clinical microbiology and related themes including diagnostics, epidemiological methods and characterization of antibiotic resistance. I also serve as Medical Director of the Nebraska Medicine Clinical Microbiology Laboratory. This work has afforded me great insight into relevant questions related to infectious disease and bacterial pathogenesis including mechanisms of antibiotic resistance. Currently, the two major themes in my research laboratory include the function and relevance of accumulation and adherence molecules in *Staphylococcus epidermidis* including polysaccharide intercellular adhesin (PIA) and accumulation-associated protein (Aap). Secondly, we are investigating amino acid catabolism in *S. aureus* and the importance of the use of amino acids and peptides as secondary carbon sources in an *in vivo* environment.

**B. Positions and Honors****Positions and Employment:**

1995-1997	Post-Doctoral Fellow, Medical College of Virginia, Richmond, VA. Mentor: Gordon L. Archer
1997-2003	Assistant Professor, University of Nebraska Medical Center, Departments of Internal Medicine and Pathology and Microbiology, Division of Infectious Disease, Omaha, NE.
1997-2012.	Associate Medical Director; Clinical Microbiology Laboratory, University of Nebraska Medical Center, Department of Pathology and Microbiology, Omaha, NE.
2003-2004	Associate Professor, University of Nebraska Medical Center, Departments of Internal Medicine and Pathology and Microbiology, Division of Infectious Disease, Omaha, NE.
2005-2006	Associate Professor, University of Nebraska Medical Center, Department of Pathology and Microbiology, Omaha, NE.
2006-2011	Associate Professor, Tenured, University of Nebraska Medical Center, Department of Pathology and Microbiology, Omaha, NE.
2011-pres.	Professor, Tenured, University of Nebraska Medical Center, Department of Pathology and Microbiology, Omaha, NE.
2012-pres.	Medical Director, Nebraska Medical Center Clinical Microbiology Laboratory
2015-pres.	Vice Chair-Department of Pathology and Microbiology

**Selected awards/honors**

2018:	Department of Pathology and Microbiology Outstanding Graduate Student Educator Award.
2016:	Invited Speaker. Matriculation Ceremony, Graduate Studies, UNMC. August 2016.
2016:	UNMC Graduate Student Association Mentor of the year

- 2015: Infection and Immunity Spotlight Feature (Schaeffer et al; I&I 2015).
- 2014: Convener with Alex Horswill for ISSSI 2014 session on Biofilm.
- 2014: Nature Research Highlights. Sequencing spots killer microbes *Nature* 508, 152 (10 April 2014) (Laabei et al; Gen Res 2014)
- 2013: AEM Spotlight Feature (Moormeier et al; AEM 2013)
- 2013: mBio January/February editors pick (Fey et al. mBio 2013)
- 2012-16 Joint IDSA/ATS guidelines committee for HAP/VAP therapy
- 2010: UNMC Distinguished Scientist
- 2007: The University of Texas at Houston mentor award
- 2003: Fey et al. AAC 2003. Feature story in *Science*. Resistant Staph Finds New Niches. *Science* 14, March 2003: 1639-1641.
- 2002: The Internal Medicine Basic Science Research Award
- 2000: Fey et al. NEJM 2000. Feature story in *Science*. Superbugs on the Hoof? *Science* 5, May 2000: 792-794.
- 2000: ASM ICAAC Top 10 manuscript of year (Fey et al. NEJM 2000)

### **Other Experience and Professional Memberships**

#### **Selected Invited Seminars and Conference service**

- 2019: Plenary Talk, IQTB, Oeiras, Portugal
- 2018: Plenary Talk, International Symposium on Staphylococci and Staphylococcal Infections, Copenhagen, Denmark.
- 2017: Plenary Talk, Staphylococcal Diseases Gordon Research Conference, Waterville Valley, NH
- 2016: Plenary Talk, 3<sup>rd</sup> International conference on the Pathophysiology of Staphylococci, Tübingen, Germany.
- 2015: Plenary Talk, Society for General Microbiology, Galway, Ireland.
- 2013: Plenary Talk, SFB766 Bacterial Cell Envelope meeting. Irsee Germany.
- 2012: Co-Chair, International Conference on Gram Positive Pathogens
- 2006: Symposium Convener, American Society for Microbiology, Orlando FL.
- 2005: Plenary Talk, Staphylococcal Diseases Gordon Research Conference, Newport, RI
- 2004: Plenary Talk, NARMS Scientific Meeting, Centers for Disease Control and Prevention, Atlanta.
- 2003: Symposium Talk, American Society for Microbiology General meeting, Washington DC
- 2002: Plenary Talk, Centers for Disease Control and Prevention, Atlanta, GA.
- 1999: Plenary Talk, Food Safety Symposium on Antimicrobial Resistance. Centers for Disease Control and Prevention, Atlanta, GA.

#### **NIH Grant Panels**

- 2019: Co-Chair, Topics in Bacterial Pathogenesis
- 2009-19: BACP Ad-Hoc (n=5)
- 2017-18: Center for Scientific Review Special Emphasis Panel. Antimicrobial Resistance Rapid, Point of Need Diagnostic Test Challenge.
- 2017: NIDCR Special Emphasis Panel/Scientific Review Group
- 2017: Chair, Topics in Bacterial Pathogenesis
- 2005-16: Topics in Bacterial Pathogenesis or related (n=6)
- 2017: NIH Multi-IC Small Business Workshop. Scientific Review Panel
- 2015: NIH Systems Biology and Antibacterial Resistance U01 study section.
- 2013: NIH CFRS Clinical Research and Field Studies of Infectious Disease
- 2013-14: Chair, Non-HIV Diagnostics, Food Safety, Sterilization/Disinfection and Bioremediation (n=6).
- 2013: Omics technologies for Predictive Modeling of Infectious Diseases (U19).
- 2006-12: Non-HIV Diagnostics, Food Safety, Sterilization/Disinfection and Bioremediation (n=15)
- 2010: PCMB Ad-hoc

#### **Memberships and Journal Service:**

- 1990-pres. Member, American Society for Microbiology
- 1998-Present Ad Hoc Reviewer for journals including: *Infect Immun*, *J Clin Microbiol*, *Science*, *Mol Microbiol*, *eLife*, *J Bacteriol*, *Microbiol (UK)*, *Nature*, *mBio*, *PNAS*, *J Infect Disease*, *N Engl J Med*, *PLoS Path*, *PLoS Genetics*, *PLoS Computational Biol*.
- 2005-Present Editorial Board: *Antimicrobial Agents and Chemotherapy*
- 2018-Present Editorial Board: *Infection and Immunity*

### Contribution to Science

1. Early work from my laboratory was focused on understanding biofilm formation in *Staphylococcus epidermidis* and its function in disease. This work included the first two manuscripts demonstrating the importance of PIA synthesis in an *in vivo* environment. More recently, in collaboration with Professors Holger Rohde, Jim O'Gara, Alex Horswill and Andrew Herr, we have developed a model investigating the function of specific *S. epidermidis* proteases (SepA) that function to cleave Aap and facilitate both initial binding to surfaces and subsequent intracellular accumulation. These studies were key to the development of hypotheses related to the current application and Aap function in skin adherence.

- a. Hoang, Tra-My, Lindgren, J.K., Galac, M.R., Ong, A.C., Hinkle, M., Endres, J.E., Olson, M.E., and Fey, P.D. 2019. Transcriptional regulation of *icaADBC* by both IcaR and TcaR in *Staphylococcus epidermidis*. *J. Bacteriol.* Feb 25;201(6). JB.00524-18. doi: 10.1128/JB.00524-18.
- b. Alexandra E. Paharik, Marta Kotasinska, Henning Büttner, Anna Both, Tra-My Hoang, Paroma Roy, P D. Fey, Alexander R. Horswill, and Holger Rohde. 2017. The metalloprotease SepA governs processing of accumulation-associated protein and shapes intercellular adhesive surface properties in *Staphylococcus epidermidis*. *Mol Microbiol* 103(5):860-874 doi: 10.1111/mmi.13594.
- c. C. R. Schaeffer, Tra-My N. Hoang, C. M. Sudbeck, M. Alawi, I. E. Tolo, D. A. Robinson, A. R. Horswill, H. Rohde, and P.D. Fey. 2016. Versatility of biofilm matrix molecules in *Staphylococcus epidermidis* clinical isolates and importance of polysaccharide intercellular adhesin (PIA) expression during high shear stress. *mSphere* Oct 5;1(5). pii: e00165-16 PMID: 27747298
- d. Schaeffer C.R., Woods K.M., Longo G.M., Kiedrowski M.R., Büttner H., Christner M., Horswill A.R., Rohde H. and P.D. Fey. 2015. Accumulation-associated protein (Aap) enhances *Staphylococcus epidermidis* biofilm formation under dynamic conditions and is required for infection in a rat catheter model. *Infect and Immun.* 83:1 214-226. doi: 10.1128/IAI.02177-14.

2. Current studies are investigating the hypothesis that arginine and proline catabolism are critical for *Staphylococci* to survive in niches of the host where proteins are the only carbon source. We discovered that CcpA regulates amino acid catabolism in *S. aureus*, particularly proline, arginine and glutamate metabolism. In addition, other recent studies have focused on other pathways related to arginine catabolism including urease function in *S. aureus*.

- a. M.K. Lehman, Nuxoll, A.S., Yamada, K., Kielian, T., Carson, S.D., and Fey, P.D. 2019. Protease-mediated growth of *Staphylococcus aureus* on host proteins is *opp-3*-dependent. *mBio.* Apr 30;10(2). pii: e02553-18. doi: 10.1128/mBio.02553-18
- b. C. Zhou, Bhinderwala, F., Lehman, M.K., Thomas, V.C., Chaudhari, S.S., Yamada, K.J., Powers, R., Kielian, T., and Fey, P.D. 2019. Urease is an essential component of the acid response network of *Staphylococcus aureus* and is required for a persistent murine kidney infection. *PLoS Path.* 15(1):e1007538. doi: 10.1371/journal.ppat.1007538.
- c. Cortney R. Halsey, Shulei Lei, Jacqueline Wax, McKenzie K. Lehman, Austin S. Nuxoll, Laurey Steinke, Marat Sadykov, Robert Powers, and P D Fey. 2017. Amino acid catabolism in *Staphylococcus aureus* and the function of carbon catabolite repression. *mBio* Feb 14;8(1). doi: 10.1128/mBio.01434-16.
- d. A.S. Nuxoll, S.M. Halouska, M.R. Sadykov, M.L. Hanke, K.W. Bayles, T. Kielian, R. Powers, and P.D. Fey. 2012. CcpA Regulates Arginine Biosynthesis in *Staphylococcus aureus* through Repression of Proline Catabolism. *PLoS Pathogens* Nov;8(11):e1003033 PMID:PMC3510247

3. In collaboration with Dr. Ken Bayles, we have created a sequence defined transposon mutant library for subsequent dissemination within the staphylococcal community. 1952 sequence-defined mutants were identified, and, in collaboration with BEI resources, over 5,000 mutants have been shipped to staphylococcal investigators worldwide free of charge. In addition, the entire library has been shipped to over 100 laboratories. Lastly, in collaboration with Dr. Jeff Bose, specific tools have been developed that are used in conjunction with the library including fluorescent reporter and antibiotic cassette replacement vectors.

- a. P.D. Fey, J. L. Endres, V.K. Yajjala, T.J. Widhelm, R.J. Boissy, J.L. Bose, and K.W. Bayles. 2013. A Genetic Resource for Rapid and Comprehensive Phenotype Screening of Non-essential *Staphylococcus aureus* Genes. *mBio* 4(1):e00537-12. PMID:PMC3573662

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## WORK HISTORY:

July 1992 –  
February 2003

Medical Technologist, Microbiology, B.S. MT (ASCP) SM  
PHYSICIAN'S LABORATORY SERVICES, OMAHA, NE.

-Bench technologist, performing all functions of the microbiology department of a reference laboratory.

### COMMITTEES

1995-2003  
1997-2003  
1999-2003

Quality Assurance/improvement committee representative  
Report/Review committee representative  
Policy/Procedure committee representative

February 2003-  
11/17/2008

Medical Technologist, Microbiology, B.S. MT (ASCP) SM  
THE NEBRASKA MEDICAL CENTER, OMAHA, NE.

-Bench technologist, performing all functions of the microbiology department of a large university system clinical laboratory.

### ADDITIONAL AREAS OF RESPONSIBILITY

-MicroScan Identification and Susceptibility system superuser  
-Document Control, online creation and oversight  
-Specialty benches: Mycobacteriology and Mycology

11/17/2008-  
7/2013

Clinical Laboratory Specialist, Microbiology  
THE NEBRASKA MEDICAL CENTER, OMAHA, NE.

-CAP and CMS preparedness. Online CAP hyperlink project  
-Oversight of proficiency testing program  
-Client communication, education and customer service

-Evaluation and implementation of new testing. Employee training and competency assessment

- Daily troubleshooting and problem solving of bench and physician issues.
- Day to day oversight and supervision of department in manager's absence.
- Oversight of Document Control
- Ongoing specialization of bench technologist area of responsibility.

7/2013 –  
Present

Laboratory Manager, Microbiology/Virology  
THE NEBRASKA MEDICAL CENTER, OMAHA, NE.

**Education:**

9/1988- 5/1991

UNIVERSITY OF NEBRASKA – LINCOLN  
Pre-Medical Technology  
-Part time work study 88-91  
American Mathematics Competitions  
-University Dormitory Health Aide 89-91  
-Lambda Tau, Honorary Medical Technology Society 89-91  
Secretary 90-91

6/1991 -6/1992

UNIVERSITY OF NEBRASKA MEDICAL CENTER  
B.S. Medical Technology  
Clinical training year completed at Bishop Clarkson Hospital  
-Student member American Society of Clinical Pathologists

**Honors, Achievements and Organizations:**

October 1992-  
Present

American Society of Clinical Pathologists (ASCP) Board of Registry Examination. Certified Medical Technologist.

March 2001

ASCP Board of Registry Specialty Examination. Certified Specialist in Microbiology, MT (ASCP) SM

February 2003-  
Present

CAP trained and experienced inspector. Inspector #1073854

2009-Present

Member, American Society for Microbiology

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[chwest@nebraskamed.com](mailto:chwest@nebraskamed.com)

**WORK HISTORY:**

2002–2006	Staff Medical Technologist The Nebraska Medical Center
2006 – Present	Laboratory Lead, Microbiology/Virology THE NEBRASKA MEDICAL CENTER, OMAHA, NE.

**Education:**

1997 -2001	UNIVERSITY OF NEBRASKA – LINCOLN Pre-Medical Technology
2001-2002	UNIVERSITY OF NEBRASKA MEDICAL CENTER, OMAHA,NE. B.S. Medical Technology

## Key Staff References

Anne L O'Keefe, MD, MPH

Senior Epidemiologist

Douglas County Health Department

Omaha, Nebraska

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Steven H. Hinrichs, M.D

Professor and Chair

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