

Contact: Andrea Anania

REVENUE BOND FUND AUDITS

Action Requested: Receive the following Revenue Bond Fund Audit Reports for the fiscal year ended June 30, 2008.

UNIVERSITY OF IOWA

- Academic Building
- Athletic Facilities
- Center for University Advancement
- Department of Residence Services
- Iowa Memorial Union
- Parking System
- Recreation Building
- Recreational Facilities
- Student Health Facility
- Telecommunications Facilities
- Utility System

IOWA STATE UNIVERSITY

- Academic Building
- Athletic Facilities
- Dormitory and Dining Services
- Ice Arena Facility (note)
- Indoor Multipurpose Use and Training Facility
- Memorial Union
- Parking System
- Recreational Facility
- Regulated Materials Facility
- Student Health Facility
- Utility System

UNIVERSITY OF NORTHERN IOWA

- Academic Building
- Field House
- Student Health System
- Student Union
- University Residence System

Executive Summary: Revenue Bond Fund audit reports are presented to the Board as required by Board policy.

All 27 audits were conducted in accordance with generally accepted auditing standards to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements for each of the bonded enterprises for the year ended June 30, 2008, have been prepared using the accrual method of accounting.

Representatives from the firms that conducted the bonded enterprise audits will be available for questions. The firms include: SUI – McGladrey & Pullen; ISU – State Auditor's Office; and UNI – Carney, Alexander, Marold & Co., L.L.P.

Auditors concluded that the financial statements for each of the listed revenue bond fund audits presented fairly, in all material respects, the financial position as of June 30, 2008, and the related revenues, expenses, and changes in fund balances for the year then ended in conformity with generally accepted accounting principles. No findings were reported regarding financial or compliance issues with the revenue bond resolutions.

Principal payments on each of the bonds are due on July 1 of each year, except for the Utility System Revenue Bonds which mature on November 1 of each year.

Bond covenants consider the July 1, 2008, principal payments obligations of the prior fiscal year. The table on the following page shows the principal component of the bonds outstanding as of June 30, 2008, including the July 1 principal payments.

No FY 2008 Revenue Bond Fund Audit was prepared for ISU Telecommunications Facilities. Since the bonds were defeased, both legally and from an accounting perspective as of June 30, 2008, bond counsel advised that an audit was not needed.

This is the final year for individual annual bond audits and for a full docket item on revenue bond fund audits. Beginning with FY 2008, segment footnotes will be used in the audited financial statements for each university. FY 2008 is a transition year where both audits and segment footnotes are used; FY 2009 will have segment footnotes only. Occasional individual bond audits may still be performed.

**Table of Audit Reports
Combined Regent-Wide Summary Report
Audit Reports for University Bonded Enterprise Indebtedness
Year Ended June 30, 2008**

	<u>Report Link</u>	Outstanding Note and <u>Bond Balance</u>
<u>University of Iowa</u>		
Academic Building	http://auditor.iowa.gov/reports/0861-8010-CC01.pdf	\$114,335,481
Athletic Facilities	http://auditor.iowa.gov/reports/0861-8010-CC02.pdf	114,880,000
Center for University Advancement	http://auditor.iowa.gov/reports/0861-8010-CC03.pdf	8,020,000
Department of Residence Services	http://auditor.iowa.gov/reports/0861-8010-CC04.pdf	53,740,000
Iowa Memorial Union	http://auditor.iowa.gov/reports/0861-8010-CC05.pdf	11,410,000
Parking System	http://auditor.iowa.gov/reports/0861-8010-CC06.pdf	24,565,000
Recreation Building	http://auditor.iowa.gov/reports/0861-8010-CC07.pdf	130,000
Recreational Facilities	http://auditor.iowa.gov/reports/0861-8010-CC11.pdf	26,000,000
Student Health Facility	http://auditor.iowa.gov/reports/0861-8010-CC08.pdf	1,570,000
Telecommunications Facilities	http://auditor.iowa.gov/reports/0861-8010-CC09.pdf	17,745,000
Utility System	http://auditor.iowa.gov/reports/0861-8010-CC10.pdf	<u>161,480,000</u>
Subtotal		<u>\$533,875,481</u>
<u>Iowa State University</u>		
Academic Building	http://auditor.iowa.gov/reports/0961-8021-BC01.pdf	\$104,950,000
Athletic Facilities	http://auditor.iowa.gov/reports/0961-8021-BC16.pdf	20,395,000
Dormitory and Dining Services	http://auditor.iowa.gov/reports/0961-8021-BC02.pdf	137,985,000
Ice Arena Facility (note)	http://auditor.iowa.gov/reports/0961-8021-BC11.pdf	767,071
Indoor Multipurpose Use and Training Facility	http://auditor.iowa.gov/reports/0961-8021-BC13.pdf	5,100,000
Memorial Union	http://auditor.iowa.gov/reports/0961-8021-BC15.pdf	23,375,000
Parking System	http://auditor.iowa.gov/reports/0961-8021-BC10.pdf	5,030,000
Recreational Facility	http://auditor.iowa.gov/reports/0961-8021-BC04.pdf	3,255,000
Regulated Materials Facility	http://auditor.iowa.gov/reports/0961-8021-BC14.pdf	5,645,000
Student Health Facility	http://auditor.iowa.gov/reports/0961-8021-BC05.pdf	2,475,000
Utility System	http://auditor.iowa.gov/reports/0961-8021-BC06.pdf	<u>32,660,000</u>
Subtotal		<u>\$341,637,071</u>
<u>University of Northern Iowa</u>		
Academic Building	http://auditor.iowa.gov/reports/0861-8030-CC01.pdf	\$57,066,061
Field House	http://auditor.iowa.gov/reports/0861-8030-CC02.pdf	19,130,000
Student Health System	http://auditor.iowa.gov/reports/0861-8030-CC04.pdf	3,440,000
Student Union	http://auditor.iowa.gov/reports/0861-8030-CC05.pdf	10,480,000
University Residence System	http://auditor.iowa.gov/reports/0861-8030-CC03.pdf	<u>32,355,000</u>
Subtotal		<u>\$122,471,061</u>
Total		<u>\$997,983,613</u>

Bonds Issued Subsequent to FY 2008

- ◆ August 2008 - \$26,000,000 SUI Recreational Facilities Revenue Bonds; issued to partially fund the Campus Recreation and Wellness Center project, for which the Board has approved a project budget of \$69,125,000. This was the second of three anticipated bond sales for the project.
- ◆ October 2008 - \$25,000,000 ISU Academic Building Revenue Bonds; issued for the purpose of paying a portion of the costs of constructing, improving, remodeling, repairing, and equipping the Chemistry Building (Hach Hall) facilities.