

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: Revenue Bond Fund Audit Reports (ISU)
Date: February 12, 2001

Recommended Action:

Receive the audits for the following Iowa State University Revenue Bond Funds for the fiscal year ended June 30, 2000:

- a. Academic Building
- b. Dormitory and Dining Services
- c. Hilton Coliseum
- d. Recreational Facility
- e. Student Health Facility
- f. Telecommunications Facilities
- g. Utility System

Executive Summary:

The identified revenue bond fund audit reports of Iowa State University for the year ended June 30, 2000, indicated that the financial statements of each of the revenue bond funds were presented fairly in all material respects. No findings were reported.

Background:

The Office of Auditor of State conducted seven independent revenue bond fund audits at Iowa State University for the fiscal year ended June 30, 2000, as required by the bond covenants.

The audits were conducted in accordance with generally accepted auditing standards and Iowa Code Chapter 11 to obtain reasonable assurance that the financial statements were free of material misstatement.

For each of the University's revenue bond fund audits, the auditor's opinion concluded that the financial statements presented fairly, in all material respects, the financial position of the revenue bond funds at June 30, 2000, and that the revenues, expenditures, and changes in fund balances (deficit) were in conformity with generally accepted accounting principles.

The financial statements of each bond fund are:

- Intended to present only that portion of the funds attributable to the transactions related to the revenue bonds; and
- Have been prepared on the accrual basis of accounting following the reporting model for colleges and universities.

Principal payments on all 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.

The auditor noted no findings regarding financial issues or compliance with the revenue bond resolutions.

Analysis:

Iowa State University's revenue bonds outstanding at June 30, 2000, were as follows:

	<u>Balance</u>	<u>Final Maturity</u>
Academic Building	\$86,465,000	July 1, 2020
Dormitory and Dining Services	83,490,000	July 1, 2027
Hilton Coliseum	2,945,000	July 1, 2008
Recreational Facility	11,060,000	July 1, 2010
Student Health Facility	4,410,000	July 1, 2013
Telecommunications Facilities	6,315,000	July 1, 2007
Utility System	<u>26,380,000</u>	July 1, 2013
Total	\$221,065,000	

During FY 2000, Dormitory Revenue Bonds in the amount of \$26.9 million were sold to finance Hawthorn Court, Phase II.

Bond related activity for FY 2001 is as follows:

- Dormitory Revenue Bonds of \$21.7 million were sold in January 2001 for the Union Drive Neighborhood Suite Building I and infrastructure improvements.
- Dormitory Revenue Bonds of \$15.0 million, as included on the approved Proposed Bond Issuance Schedule – Calendar Year 2001, are expected to be sold in May 2001 for the Union Drive Community Center.