

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: Revenue Bond and Note Fund Audit Reports (ISU)
Date: January 6, 2003

Recommended Action:

Receive the following Iowa State University Revenue Bond and Note Fund Audit Reports for the fiscal year ended June 30, 2002:

1. Academic Building
 2. Dormitory and Dining Services
 3. Hilton Coliseum
 4. Ice Arena Facility (note)
 5. Parking System
 6. Recreational Facility
 7. Student Health Facility
 8. Telecommunications Facilities
 9. Utility System
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Executive Summary:

Revenue Bond and Note Fund audit reports are presented to the Banking Committee as required by Board policy.

The identified revenue bond and note fund audit reports of Iowa State University for the year ended June 30, 2002 indicate that the financial statements of each of the revenue bond and note funds were presented fairly in all material respects.

No findings were reported regarding financial or compliance issues.

Background and Analysis:

The Office of Auditor of State conducted all of the listed independent revenue bond and note fund audits as required by the bond covenants and note resolution.

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

For each of the University's revenue bond and note fund audits, the auditor's opinion concluded that the financial statements presented fairly, in all material respects, the financial position of the revenue funds at June 30, 2002, and that the revenues, expenditures, and changes in fund balances (deficit) were in conformity with generally accepted accounting principles.

Financial Statements

The financial statements of each fund are:

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

Principal payments on all 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. The notes mature on January 1 and July 1 of each year.

The auditor noted no findings regarding financial or compliance issues.

Amounts Payable

Iowa State University's revenue bonds and notes payable at June 30, 2002, were as follows:

	<u>Balance</u>	<u>Final Maturity</u>
Academic Building	\$72,405,000	July 1, 2020
Dormitory and Dining Services	116,635,000	July 1, 2028
Hilton Coliseum	2,380,000	July 1, 2008
Ice Arena Facility (note)	1,520,546	January 1, 2013
Parking System	6,110,000	July 1, 2022
Recreational Facility	9,500,000	July 1, 2010
Student Health Facility	3,990,000	July 1, 2013
Telecommunications Facilities	4,935,000	July 1, 2007
Utility System	<u>23,680,000</u>	November 1, 2013
Total	<u>\$241,155,546</u>	

Related Activity

Dormitory Revenue Bonds of \$14,980,000 were sold in January 2002 to finance, in part, the construction of a new community center for the Union Drive Neighborhood Residential Community.

Parking System Revenue Bonds of \$6,110,000 were sold in May 2002 to finance, in part, expanded and improved parking at Jack Trice Stadium, construction of a new single-level parking deck in central campus, and other improvements to the Parking System.

Bond Issuance Schedule

The Banking Committee approved a bond issuance schedule for calendar year 2003, which totals \$117.0 million. The schedule includes plans to issue ISU Residence System bonds in March 2003 (B.C. 5 for preliminary resolution) and Utility System bonds of \$15.0 million in November 2003. Each bond sale will require Board approval.