

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: Revenue Bond Fund Audit Reports (SUI)
Date: January 7, 2002

Recommended Action: Receive the following University of Iowa Revenue Bond Fund Audit Reports for the fiscal year ended June 30, 2001:

1. Academic Building
2. Athletics Facilities
3. Center for University Advancement
4. Department of Residence
5. Iowa Memorial Union
6. Parking System
7. Recreation Building
8. Student Health Facility
9. Telecommunications Facilities
10. Utility System

Executive Summary:

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

The identified revenue bond fund audit reports of the University of Iowa for the year ended June 30, 2001 indicate that the financial statements of each of the revenue bond funds were presented fairly in all material respects.

No findings were reported regarding financial or compliance issues with the revenue bond resolutions.

Background and Analysis:

Deloitte & Touche LLP conducted all of the listed revenue bond fund audits.

All 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 auditor's opinion concluded that the financial statements for each of the listed revenue bond fund audits presented fairly, in all material respects, the assets, liabilities and fund balances as of June 30, 2001, and the related changes in investments for the year then ended.

Financial
Statements

Bond covenants require the use of the modified cash basis for the revenue bond audits. The financial statements:

- Are intended to present only that portion of the funds attributable to the cash transactions related to the revenue bonds;
- Have been presented on a modified cash basis, which is a basis other than generally accepted accounting principles, in accordance with the prescribed bond covenants; and
- Report cash receipts and disbursements as well as property, equipment, deferred revenue, and revenue bonds payable arising from cash transactions.

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.

Bonds Payable

Bonds payable at June 30, 2001 include:

Academic Building	\$82,138,826
Athletics Facilities	13,950,000
Center for University Advancement	13,345,000
Department of Residence Services	35,155,000
Iowa Memorial Union	5,450,000
Parking System	12,415,000
Recreation Building	825,000
Student Health Facility	3,225,000
Telecommunications Facilities	28,545,000
Utility System	<u>50,625,000</u>
Total	\$245,673,826

July 1, 2001 principal payments have not been deducted from June 30, 2001 payables.

Related Bond
Activity

The \$10.0 million of Athletic Facilities Revenue Bonds sold in October 2000 to fund the construction of improvements to the University's Hawkeye Athletic/Recreation Facilities Complex are reflected in the audit.

The FY 2001 Residence System audit does not include the \$13.7 million of dormitory) revenue bonds sold in October 2001 to renovate the former dining area in Currier Residence Hall and to upgrade fire protection in Currier, Stanley, Burge, and Daum residence halls.

The Iowa Memorial Union audit does not include the \$4.8 million of revenue refunding bonds sold in November 2001.