

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: Revenue Bond Fund Audit Reports (SUI)
Date: November 3, 2003

Recommended Action:

Receive the following University of Iowa Revenue Bond Fund Audit Reports for the fiscal year ended June 30, 2003:

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
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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, 2003 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:

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 bond audit for the University of Iowa Hospitals and Clinics is not included in this report. UIHC is audited by a different firm and is reported in a separate docket memo to the Banking Committee.

Analysis:

Financial Statements Based on the changes and provisions in generally accepted accounting standards, the financial statements for the year ended June 30, 2003 have been prepared using the accrual method of accounting. In the past, the statements had been prepared using the modified cash basis.

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.

Auditor's Opinion 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 financial position as of June 30, 2003, and the related revenues, expenses, and changes in fund balances for the year then ended in conformity with generally accepted accounting principles.

Bonds Payable

Revenue Bonds Outstanding as of June 30, 2003
(includes payments due on July 1, 2003)

Bond Issuance	Principal Balance	Fiscal Year of Final Maturity
Academic Building	\$66,214,898	2020
Athletics Facilities	11,835,000	2021
Center for University Advancement	11,685,000	2012
Department of Residence (Dormitory)	44,030,000	2021
Iowa Memorial Union	4,365,000	2009
Parking System	9,800,000	2019
Recreation Building	645,000	2008
Student Health Facility	2,805,000	2012
Telecommunications Facilities	25,185,000	2015
Utility System	<u>59,610,000</u>	2022
Total	\$236,174,898	

July 1, 2003 principal payments have not been deducted from June 30, 2003 payables, although under the bond covenants they are obligations of the prior fiscal year.

Related Activity	Date Sold	Bond Issuance	Type	Bond Amount
	Feb 2003	Utility System	Refunding	\$6,080,000
	Apr 2003	Academic Building	Refunding	<u>10,530,000</u>
		Total		\$16,610,000

**BOND ISSUANCE
ACTIVITY DURING
FY 2003**

In February 2003, the Board sold Utility System Revenue Refunding Bonds of \$6,080,000 for the purpose of refunding outstanding maturities of the 1993 University of Iowa Utility System Revenue Bonds.

In April 2003, the Board sold Academic Building Revenue Refunding Bonds of \$10,530,000 to refund outstanding maturities of the S.U.I. Academic Building Revenue Bonds, Series 1993.

**BOND ISSUANCE
ACTIVITY
SUBSEQUENT TO
FY 2003**

In September 2003, the Board sold Dormitory Revenue Bonds of \$25,000,000, Series S.U.I. 2003, to finance a number of projects in the University's Residence System including the Burge Residence Hall Remodel Food Service Area project, fire protection upgrades for Rienow, Quadrangle and Parklawn Residence Halls, and improvements to Mayflower Residence Hall.

UIHC BONDS

The University of Iowa Hospitals and Clinics is audited by KPMG LLP and is reported in a separate docket memo to the Banking Committee.

In November 2002, the Board sold Hospital Revenue Bonds of \$25,000,000, Series S.U.I. 2002, to pay the costs of constructing, improving, remodeling, repairing, furnishing, and equipping inpatient and outpatient facilities and patient care facilities, including facilities for image-guided radiation therapy services and mechanical and other supporting facilities.