

Contact: Andrea Anania

REVENUE BOND FUND AUDITS

Action Requested: Receive the following Revenue Bond Fund Audit Reports for the fiscal year ended June 30, 2005.

UNIVERSITY OF IOWA

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

IOWA STATE UNIVERSITY

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

UNIVERSITY OF NORTHERN
IOWA

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

Executive Summary: Twenty-seven Revenue Bond Fund audit reports are presented to the Audit and Compliance Committee as required by Board policy.

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

The financial statements for each of the bonded enterprises for the year ended June 30, 2005, have been prepared using the accrual method of accounting.

Auditors' Opinions – Auditors for the three university bonded enterprises noted an exception to each of their opinions indicating that the omission of a statement of cash flows results in an incomplete presentation of the financial statements.

Otherwise, the 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, 2005, 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.

The State Auditor's Office did highlight an insurance coverage deductibility issue on the Hilton Coliseum audit.

Bonds Payable – 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, 2005, principal payments obligations of the prior fiscal year. The table on the following page represents the principal component of the bonds outstanding as of June 30, 2005, which include the July 1 principal payments.

Bonds
Payable

Revenue Bonds Outstanding as of June 30, 2005
(includes payments due on July 1, 2005)

Bond Issuance	Principal Balance	Fiscal Year of Final Maturity
UNIVERSITY OF IOWA		
Academic Building	\$78,910,231	2025
Athletic Facilities	25,000,000	2031
Center for University Advancement	9,595,000	2020
Department of Residence (Dormitory)	63,655,000	2025
Iowa Memorial Union	14,135,000	2026
Parking System	27,225,000	2026
Recreation Building	450,000	2009
Student Health Facility	2,345,000	2013
Telecommunications Facilities	25,245,000	2016
Utility System	<u>77,215,000</u>	2025
Total	\$323,775,231	
IOWA STATE UNIVERSITY		
Academic Building	\$ 58,330,000	2021
Dormitory and Dining Services	134,375,000	2030
Hilton Coliseum	1,430,000	2009
Ice Arena Facility (note)	1,176,857	2013
Indoor Multipurpose Use and Training Facility	5,917,333	2021
Memorial Union	24,293,510	2031
Parking System	5,710,000	2023
Recreational Facility	6,292,000	2011
Regulated Materials Facility	6,693,098	2020
Student Health Facility	3,285,000	2014
Telecommunications Facilities	2,630,000	2008
Utility System	<u>32,089,335</u>	2025
Total	\$282,222,133	
UNIVERSITY OF NORTHERN IOWA		
Academic Building	\$37,890,054	2021
Field House	30,840,000	2048
Residence System	36,935,000	2024
Student Health System	3,875,000	2025
Student Union	<u>11,885,000</u>	2022
Total	\$121,425,054	

Bonds Issued Subsequent to FY 2005

<u>Date Sold</u>	<u>Bond Issuance</u>	<u>Bond Type</u>	<u>Bond Amount</u>
Aug 2005	SUI - Athletic Facilities	Revenue	\$25,000,000
Aug 2005	SUI - Athletic Facilities (taxable)	Revenue	\$15,000,000
Sep 2005	UNI - Academic Building	Revenue	\$12,800,000
Nov 2005	ISU - Academic Building	Revenue	<u>\$20,000,000</u>
	Total		\$72,800,000

UNIVERSITY OF IOWA

In August 2005, the Board sold \$25,000,000 in Athletic Facilities Revenue Bonds and \$15,000,000 in taxable Athletic Facilities Revenue Bonds for the purpose of improving, remodeling, repairing, furnishing, equipping, and building additions to Kinnick Stadium, funding a debt service reserve fund, and paying the costs of issuance.

UNIVERSITY OF NORTHERN IOWA

In September 2005, the Board sold \$12,800,000 Academic Building Revenue Bonds for the purpose of paying for the costs of the science buildings and Russell Hall renovation projects, funding a reserve fund and paying the costs of issuance.

IOWA STATE UNIVERSITY

In November 2005, the Board sold \$20,000,000 in Academic Building Revenue Bonds for the purpose of paying a portion of the costs of constructing additions and improving, remodeling, repairing, and equipping the veterinary teaching hospital and diagnostic lab and Coover Hall, and for fire safety costs on the campus of Iowa State University of Science and Technology, funding a reserve fund, and paying the costs of issuance.