

Contact: Andrea Anania

REVENUE BOND FUND AUDITS

Action Requested: Receive the following Revenue Bond Fund Audit Reports for the fiscal year ended June 30, 2006.

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/Compliance and Investment Committee as required by Board policy.

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 financial statements for each of the bonded enterprises for the year ended June 30, 2006, have been prepared using the accrual method of accounting.

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

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, 2006, 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.

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, 2006, 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, 2006, which include the July 1 principal payments.

Bonds Issued Subsequent to FY 2006

- ♦ August 2006 - \$23,800,000 in SUI Facilities Corporation Revenue Bonds; issued to purchase, renovate and equip approximately 101,185 gross square feet of condominium space in the Old Capitol Town Center in Iowa City, Iowa.
- ♦ August 2006 - \$9,200,000 in ISU Dormitory Revenue Refunding Bonds; issued to advance refund the 2007 – 2027 maturities of the \$9,525,000 Dormitory Revenue Bonds, I.S.U. Series 2000A, which were issued to complete construction of Phase 2 of Hawthorn Court, now known as Frederiksen Court.
- ♦ August 2006 - \$5,510,000 in ISU Academic Building Revenue Refunding Bonds; issued to refund the 2007 – 2015 maturities of the \$7,100,000 Academic Building Refunding Bonds, Series I.S.U. 1995; these bonds were issued to refund Academic Building Revenue Project Notes issued in 1992. The notes were issued to fund improvements to Gilman Hall and the Swine Nutrition Management Research Center.
- ♦ November 2006 - \$25,000,000 in SUI Utility System Revenue Bonds; issued to partially fund a number of utility projects, including the West Campus Chilled Water Plant Renovation and Expansion, Pump House Renovation, Chilled Water North River Crossing and the Substation “U” Transformer. Proceeds from the bond issue may also be used for utility projects, subject to Board approval.

Transmittal Letter
Combined Regent-wide Summary Report
Audit Reports for University Bonded Enterprise Indebtedness
Year Ended June 30, 2006

To the Members of the Audit and Compliance Committee of the Board of Regents, State of Iowa:

As required by Board Policy, twenty-seven Revenue Bond/Note Fund audit reports are hereby presented to the Audit and Compliance Committee of the Board of Regents, State of Iowa.

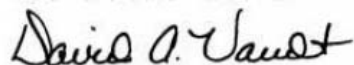
The accompanying table lists the twenty-seven bonded enterprises. The list is sorted by university and audit firm and includes the respective June 30, 2006 outstanding balances of the bonds/note, which include the payments due on July 1, 2006.

The table also includes a hyperlink for each of the audit reports.

Respectfully submitted:

For the twelve audit reports for Iowa State University of Science and Technology:

Office of Auditor of State



David A. Vaudt, CPA, Auditor of State

Dated: January 23, 2007

For the ten audit reports for the State University of Iowa:

McGladrey & Pullen LLP

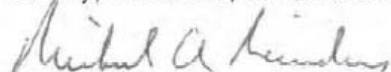


Sarah Bohnsack, CPA, Partner

Dated: 1-24-07

For the five audit reports for the University of Northern Iowa:

Carney, Alexander, Marold & CO., L.L.P.



Michael A. Meinders, CPA, Partner

Dated: 11-17-06

**Table of Audit Reports
Combined Regent-Wide Summary Report
Audit Reports for University Bonded Enterprise Indebtedness
Year Ended June 30, 2006**

	<u>Report Link</u>	<u>Outstanding Note and Bond Balance</u>
<u>University of Iowa</u>		
Academic Building	http://auditor.iowa.gov/reports/0661-8010-CC01.pdf	\$73,209,514
Athletic Facilities	http://auditor.iowa.gov/reports/0661-8010-CC02.pdf	92,500,000
Center for University Advancement	http://auditor.iowa.gov/reports/0661-8010-CC03.pdf	9,065,000
Department of Residence (Dormitory)	http://auditor.iowa.gov/reports/0661-8010-CC04.pdf	60,485,000
Iowa Memorial Union	http://auditor.iowa.gov/reports/0661-8010-CC05.pdf	13,490,000
Parking System	http://auditor.iowa.gov/reports/0661-8010-CC06.pdf	26,790,000
Recreation Building	http://auditor.iowa.gov/reports/0661-8010-CC07.pdf	345,000
Student Health Facility	http://auditor.iowa.gov/reports/0661-8010-CC08.pdf	2,100,000
Telecommunications Facilities	http://auditor.iowa.gov/reports/0661-8010-CC09.pdf	22,815,000
Utility System	http://auditor.iowa.gov/reports/0661-8010-CC10.pdf	97,430,000
Subtotal		<u>\$398,229,514</u>
<u>Iowa State University</u>		
Academic Building	http://auditor.iowa.gov/reports/0761-8021-BC01.pdf	\$72,690,000
Dormitory and Dining Services	http://auditor.iowa.gov/reports/0761-8021-BC02.pdf	131,270,000
Hilton Coliseum	http://auditor.iowa.gov/reports/0761-8021-BC03.pdf	1,080,000
Ice Arena Facility (note)	http://auditor.iowa.gov/reports/0761-8021-BC11.pdf	1,048,188
Indoor Multipurpose and Training Facility	http://auditor.iowa.gov/reports/0761-8021-BC13.pdf	5,705,000
Memorial Union	http://auditor.iowa.gov/reports/0761-8021-BC15.pdf	24,625,000
Parking System	http://auditor.iowa.gov/reports/0761-8021-BC10.pdf	5,490,000
Recreational Facility	http://auditor.iowa.gov/reports/0761-8021-BC04.pdf	5,275,000
Regulated Materials Facility	http://auditor.iowa.gov/reports/0761-8021-BC14.pdf	6,390,000
Student Health Facility	http://auditor.iowa.gov/reports/0761-8021-BC05.pdf	3,030,000
Telecommunications Facility	http://auditor.iowa.gov/reports/0761-8021-BC08.pdf	1,790,000
Utility System	http://auditor.iowa.gov/reports/0761-8021-BC06.pdf	37,560,000
Subtotal		<u>\$295,953,188</u>
<u>University of Northern Iowa</u>		
Academic Building	http://auditor.iowa.gov/reports/0661-8030-CC01.pdf	\$42,737,748
Field House	http://auditor.iowa.gov/reports/0661-8030-CC02.pdf	22,140,000
Residence System	http://auditor.iowa.gov/reports/0661-8030-CC03.pdf	35,655,000
Student Health System	http://auditor.iowa.gov/reports/0661-8030-CC04.pdf	3,730,000
Student Union	http://auditor.iowa.gov/reports/0661-8030-CC05.pdf	11,430,000
Subtotal		<u>\$115,692,748</u>
Total		<u><u>\$809,875,450</u></u>