

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Report of the Banking Committee  
**Date:** May 8, 2000

**Recommended Actions:**

1. Adopt the following resolutions, subject to the receipt of acceptable bids:

A Resolution providing for the sale and award of \$14,040,000 Dormitory Revenue Bonds, Series U.N.I. 2000, and approving and authorizing the agreement of such sale and award.

A Resolution authorizing and providing for the issuance and securing the payment of \$14,040,000 Dormitory Revenue Bonds, Series U.N.I. 2000, for the purpose of constructing necessary improvements to and equipping existing residence halls and related facilities, all located on the campus of The University of Northern Iowa, including funding the debt service reserve fund and paying costs of issuing the Bonds.

**(ROLL CALL VOTE)**

2. Receive the report of the Banking Committee.

**Executive Summary:**

The Banking Committee materials, which include a memorandum covering each item in detail, have been furnished to all Board members. During its meeting on May 17, 2000, the Banking Committee is scheduled to consider the approval of the minutes from the April 2000 Banking Committee meeting and Resolutions for the Sale and Award of \$14,040,000 Dormitory Revenue Bonds, Series U.N.I. 2000

The Banking Committee is also scheduled to receive an external audit report on the University of Iowa Hospitals and Clinics financial statements, a state audit report and follow-up of selected departments at Iowa State University, and internal audit reports from Iowa State University.

**Background:**

**Approve Minutes of the April 19, 2000, Banking Committee Meeting**

The minutes of the meeting will be included with the materials for the Banking Committee meeting.

**Resolutions for the Sale and Award of \$14,040,000 Dormitory Revenue Bonds, Series U.N.I. 2000**

The Board is requested to adopt two resolutions related to the sale and award and issuance of \$14,040,000 Dormitory Revenue Bonds, Series U.N.I.

At its April 2000 meeting, the Board authorized the Executive Director to fix the date(s) for the sale of the bonds which would be sold to finance projects to address deferred maintenance and fire safety needs and to make facility improvements, including renovations, to the residence system at the University of Northern Iowa.

The projects proposed to be funded from the bond proceeds were included in the residence system facilities master plan presented to the Board in March 1999. The proposed sale, which was included in the Proposed Bond Issuance Schedule for Calendar Year 2000 presented to the Banking Committee in November 1999, would be the second under the plan. Bonds in the amount of \$7 million were issued in 1999.

The bonds will be issued for a period of 21 years, with debt service estimated not to exceed \$1,354,000 annually to be paid from net rents, profits and income from the operation of the residence system. The University's residence system is a self-supporting operation and receives no state appropriations.

**External Audit Report (UIHC)**

The University of Iowa Hospitals and Clinics (UIHC) accrual basis financial statements were audited by KPMG LLP for the fiscal years ended June 30, 1999 and 1998 per requirements in the UIHC revenue bond resolutions. No significant audit adjustments or disagreements were reported.

The auditor's management letter to the Chair of the Banking Committee noted that the audit report was delayed as a result of UIHC having complications with the new fixed asset system implemented in 1998. The complications required UIHC and University personnel to perform additional reconciliations and adjustments to finalize UIHC's 1999 financial statements. KPMG's report was delayed until the reconciliations were completed.

The Board of Regents, in its role as Trustees of the University of Iowa Hospitals and Clinics, will be provided a quarterly report on operations of the UIHC at the May Board meeting. (See docket item SUI B-6.)

### **State Auditor Report and Follow-Up of Selected Departments (ISU)**

During FY 1995, the State Auditor's Office began reviewing transactions at Iowa State University to determine departmental compliance with certain established University guidelines. These are the fifth and sixth reports issued by the State Auditor regarding departmental compliance at Iowa State University. They summarize the procedures performed on transactions for the period July 1, 1997, through June 30, 1998, and the follow-up procedures performed on transactions for the same departments for the six months ended December 31, 1999.

The reviews are conducted to study and evaluate departmental controls and/or compliance with University guidelines and identify a standard set of compliance areas reviewed by the auditors and detail auditors' comments and recommendations for the specific departments. Certain University departments received no comments, while other departments had some issues noted.


Neither the University nor the departments were provided an opportunity to respond to the reports prior to their publication. Further follow-up is dependent on the State Auditor's Office.

### **Internal Audit Reports (ISU)**

Completed institutional internal audit reports are presented to the Banking Committee as required by Board policy. The Board Office monitors the progress of the institutions' follow-up. When corrective action has been satisfactorily completed, the audits are closed.

Six completed internal audit reports are presented this month: four new and two follow-up that have previously been presented to the Banking Committee. Of these audits, five related to Iowa State University and the other audit related to the Iowa Braille and Sight Saving School. The internal auditors at Iowa State University have closed two internal audits that had required follow-up.

The *Status of Internal Audit Follow-Up* table identified 30 internal audits, which require follow-up.

  
Pamela M. Elliott

Approved:   
Frank J. Stork