



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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Chief Deputy Auditor of State

NEWS RELEASE

FOR RELEASE

November 7, 2002

Contact: Andy Nielsen
515/281-5515

Auditor of State Richard Johnson today released reports for the year ended June 30, 2002 on the Iowa State Center Business Office and on the following Revenue Bond Funds of Iowa State University of Science and Technology: Dormitory and Dining Services, Telecommunications Facilities, Utility System, Hilton Coliseum, Recreational Facility, Student Health Center, Parking System and Academic Building; and the Ice Arena Facility Revenue Note Funds.

These reports demonstrate compliance with the provisions included in the various bond agreements. The financial information included in these reports is also included in the Annual Financial Report of Iowa State University of Science and Technology and the Comprehensive Annual Financial Report of the State of Iowa.

Copies of the reports are available for review in the office of the Auditor of State.

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**PARKING SYSTEM REVENUE BON D FUNDS
IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

JUNE 30, 2002

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Independent Auditor's Report

To the Members of the Board of Regents,
State of Iowa:

We have audited the accompanying balance sheet of the Parking System Revenue Bond Funds of Iowa State University of Science and Technology as of June 30, 2002, and the related statement of revenues, expenditures and changes in fund balances (deficit) for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and Chapter 11 of the Code of Iowa. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the financial statements present only the Parking System Revenue Bond Funds and do not purport to, and do not, present fairly the financial position of Iowa State University of Science and Technology as of June 30, 2002 and its revenues, expenditures and changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Parking System Revenue Bond Funds of Iowa State University of Science and Technology as of June 30, 2002, and the revenues, expenditures and changes in fund balances (deficit) for the year then ended in conformity with U.S. generally accepted accounting principles.

Iowa State University of Science and Technology adopted Governmental Accounting Standards Board Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments for the year ended June 30, 2002.

In connection with our audit, nothing came to our attention that caused us to believe that Iowa State University of Science and Technology was not in compliance with the accounting requirements of the Board of Regents Resolution for the issuance of the Parking System Revenue Bond Funds. It should be noted, however, that our audit was not directed primarily toward obtaining knowledge of such non-compliance.

This report, a public record by law, is intended solely for the information and use of the officials and employees of Iowa State University of Science and Technology, the members of the Board of Regents, citizens of the State of Iowa and other parties to whom Iowa State University of Science and Technology may report. This report is not intended to be and should not be used by anyone other than these specified parties.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information, included on Schedule 1, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 25, 2002

Financial Statements

Parking System Revenue Bond Funds
Iowa State University of Science and Technology

Balance Sheet

June 30, 2002

		Current Fund Revenue Fund	Unexpended Project Fund
Assets			
Cash and investments (note 2)	\$	-	4,888,047
Interest receivable		-	4,145
Capital assets (note 4)		-	-
Total assets	\$	-	4,892,192
Liabilities and Fund Balances (Deficit)			
Liabilities:			
Accounts payable	\$	-	826,315
Revenue bonds payable (note 3)		-	4,139,094
Total liabilities		-	4,965,409
Fund balances (deficit):			
Net investment in plant		-	-
Reserved for debt service		-	-
Unreserved, designated for specific purposes		-	(73,217)
Total fund balances (deficit)		-	(73,217)
Total liabilities and fund balances (deficit)	\$	-	4,892,192

See notes to financial statements.

Plant Funds			
Retirement of Indebtedness		Investment In Plant	Total
Sinking Fund	Reserve Fund		
8,595	480,250	-	5,376,892
5	357	-	4,507
-	-	1,490,656	1,490,656
8,600	480,607	1,490,656	6,872,055
-	-	-	826,315
-	480,250	1,490,656	6,110,000
-	480,250	-	6,936,315
-	-	-	-
8,600	357	-	8,957
-	-	-	(73,217)
8,600	357	-	(64,260)
8,600	480,607	1,490,656	6,872,055

Parking System Revenue Bond Funds
Iowa State University of Science and Technology

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)

Year ended June 30, 2002

	Current Fund Revenue Fund	Unexpended Project Fund
Other revenues (expenditures):		
Administrative expenses	\$ -	(25,919)
Investment income	-	4,637
Excess (deficiency) of revenues over (under) expenditures	-	(21,282)
Other financing sources (uses):		
Additions to capital assets	-	(1,490,656)
Discount on revenue bonds issued		(51,935)
Transfer of revenue bonds payable	-	1,490,656
Total other financing sources (uses)	-	(51,935)
Net increase (decrease) for the year	-	(73,217)
Fund balances beginning of year	-	-
Fund balances (deficit) end of year	\$ -	(73,217)

See notes to financial statements.

Plant Funds			
Retirement of Indebtedness			
Sinking Fund	Reserve Fund	Investment in Plant	Total
-	-	-	(25,919)
8,600	357	-	13,594
8,600	357	-	(12,325)
-	-	1,490,656	-
-	-	-	(51,935)
-	-	(1,490,656)	-
-	-	-	(51,935)
8,600	357	-	(64,260)
-	-	-	-
8,600	357	-	(64,260)

Parking System Revenue Bond Funds
Iowa State University of Science and Technology

Notes to Financial Statements

June 30, 2002

(1) Summary of Significant Accounting Policies

Accounting Entity and Basis of Accounting

The Parking System Revenue Bond Funds were created by resolution of the Board of Regents, State of Iowa which authorized the issuance of revenue bonds to be used to construct and improve parking system facilities on the campus of Iowa State University of Science and Technology. The revenue bonds are issued on behalf of the University.

The financial statements of the Parking System Revenue Bond Funds of Iowa State University of Science and Technology (University) include only the financial position and operating activities of the Parking System Revenue Bond Funds. These fund financial statements present only a portion of the funds of the University.

The financial statements have been prepared on the accrual basis.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the University, the accounts of the University are maintained in accordance with the principles of "fund accounting" under which resources for various projects are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified.

The University's accounts and transactions include those related to the Parking System Revenue Bond Funds issued by the University. These fund financial statements reflect only those accounts and transactions related to these bonds. Certain of these accounts and transactions are included as a portion of the University's Plant Funds. Plant Funds are used to account for the transactions relating to investment in University properties. Plant Funds include the following funds: (1) Unexpended, (2) Retirement of Indebtedness, and (3) Investment in Plant. Unexpended, including the Project Fund established by the bond resolution, is comprised of amounts allocated or designated for constructing, acquiring, and improving the Parking System. Retirement of Indebtedness, including the Sinking and Reserve Funds established by the bond resolution, is comprised of amounts to provide for payment of principal and interest. Investment in Plant is comprised of amounts representing land improvements, net of accumulated depreciation, and the related liabilities.

The Current Fund, including the Revenue Fund, is classified as a University Auxiliary Enterprise to account for transactions of substantially self-supporting activities that primarily perform a service to students.

Revenue Fund

The Revenue Fund is used to account for the income and revenues of the Parking System. All monies credited to the Revenue Fund must first be disbursed to pay current expenses of the Parking System and thereafter must be deposited in the Sinking Fund. The Revenue Fund will be used to account for Parking System operations beginning during the year ended June 30, 2003.

Project Fund

The Project Fund accounts for the receipts of the bond proceeds, less the initial deposits required in the Reserve Fund. These proceeds, together with such other funds as may be lawfully available for the purpose, are disbursed and used to pay project construction costs as required by the bond resolution.

Revenue Bond and Interest Sinking Fund (Sinking Fund)

The bond resolution provides that the required amount to be deposited from the Revenue Fund to the Sinking Fund during any fiscal year must be the amount necessary to pay in full the installment of principal and interest due on each January 1 and July 1 of each fiscal year.

Revenue Bond Debt Service Reserve Fund (Reserve Fund)

The bond resolution provides that money in the Revenue Fund shall next be disbursed to maintain a Debt Service Reserve Fund in an amount equal to the Reserve Fund requirement. All monies credited to the Reserve Fund shall be used solely for the purpose of paying principal at maturity of or interest on the Bonds and any Parity Bonds for which there is insufficient funds available in the Sinking Fund.

Cash and Investments

The University deposits the cash of most funds in commingled bank accounts and makes disbursements from the combined cash balances. An individual fund's cash balance represents that fund's cumulative deposits to and disbursements from the University's bank accounts.

Investments are reported at fair value.

Capital Assets

Capital assets are defined by the University as assets with an initial individual cost of more than \$50,000 for land improvements. Such assets are recorded at historical cost when purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Outlays for capital assets are capitalized as projects are constructed. During the year ended June 30, 2002, no interest costs were capitalized.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Land improvements	25

(2) Cash and Investments

Cash in excess of immediate needs for debt service is invested in money market accounts. The money market accounts are not subject to risk categorization. Cash and investments at June 30, 2002 are as follows:

	<u>Fair Value</u>
Cash	\$ (803,373)
Money market accounts	<u>6,180,265</u>
Total	<u>\$ 5,376,892</u>

(3) Revenue Bonds Payable

The bonds, issued on June 1, 2002 for \$6,110,000, are to be used to recondition and expand vehicle parking spaces with the construction of a connecting roadway at the University's Jack Trice Stadium. In addition, the bonds are to be used to construct a single level parking deck on the University campus. Bond proceeds may also be used for other construction or improvement projects of the Parking System.

The bonds bear interest at rates ranging from 1.75% to 5.00% per year, payable semi-annually on January 1 and July 1. The bonds mature on January 1 and July 1 of each year, in annual amounts as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ -	150,410	150,410
2004	185,000	256,226	441,226
2005	215,000	252,135	467,135
2006	220,000	246,583	466,583
2007	225,000	240,015	465,015
2008	235,000	232,650	467,650
2009	245,000	224,362	469,362
2010	255,000	215,108	470,108
2011	265,000	204,963	469,963
2012	275,000	194,025	469,025
2013	285,000	182,402	467,402
2014	300,000	169,968	469,968
2015	310,000	156,697	466,697
2016	325,000	142,484	467,484
2017	340,000	127,185	467,185
2018	355,000	110,937	465,937
2019	375,000	93,501	468,501
2020	395,000	74,829	469,829
2021	415,000	54,875	469,875
2022	435,000	33,625	468,625
2023	455,000	11,375	466,375
	<u>\$ 6,110,000</u>	<u>3,374,355</u>	<u>9,484,355</u>

Under the provisions of the bond resolution, these bonds will be retired solely from the net revenues of the University's Parking System. Principal and interest is not due for the Parking System revenue bonds until January 1, 2003.

(4) Capital Assets

The following is a summary of capital assets activity in the Investment in Plant Fund for Parking System assets for the year ended June 30, 2002:

	Balance July 1, 2001	Additions	Balance June 30, 2002
Land improvements	\$ -	1,490,656	1,490,656

The land improvement construction financed by the Parking System revenue bond proceeds was in progress as of June 30, 2002. Therefore, no depreciation has been recorded as of June 30, 2002.

(5) Commitments

Encumbrances outstanding at June 30, 2002 amounted to \$1,061,448 and represent commitments related to unperformed contracts for capital expenditures that have been entered on the University's purchase order system.

Parking System Revenue Bond Funds
Iowa State University of Science and Technology

Supplemental Information

Schedule 1

Parking System Revenue Bond Funds
Iowa State University of Science and Technology

Student Enrollment
(Unaudited)

Year ended June 30, 2002

Enrollment at Iowa State University of Science and Technology for the year ended June 30, 2002 was as follows:

Summer Semester, 2001	9,829
Fall Semester, 2001	27,823
Spring Semester, 2002	25,875

See accompanying independent auditor's report.

**Parking System Revenue Bond Funds
Iowa State University of Science and Technology**

Staff

This audit was performed by:

**Ronald D. Swanson, CPA, Manager
Patricia J. King, CPA, Senior Auditor II
Mark Moglestad, CPA, Senior Auditor**

**Andrew E. Nielsen, CPA
Deputy Auditor of State**