



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report

Robert Donley, Executive Director
Board of Regents
State of Iowa

I, David A. Vaudt, CPA, the duly elected Auditor of State, State of Iowa, being first duly sworn, do hereby depose and certify that I am a duly qualified and practicing certified public accountant and that I am not in the regular employ of the Board of Regents, State of Iowa, or of Iowa State University of Science and Technology.

We have audited the accompanying Schedule of Debt Service and Coverage (Schedule) for Iowa State University of Science and Technology as of February 10, 2012 for the Athletic Facilities Revenue Bond Funds Series I.S.U. 2007, dated October 1, 2007; and 2007A, dated November 1, 2007 (collectively, the "Parity Bonds") and for the Athletic Facilities Revenue Bonds Series I.S.U. 2012 which are scheduled for settlement (collectively the "Bonds") prepared pursuant to the Parity Bonds section of the resolutions adopted by the Board of Regents, State of Iowa authorizing the Bonds. The Schedule is the responsibility of Iowa State University of Science and Technology's management. Our responsibility is to express an opinion on the Schedule based on our audit.

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

In our opinion, the accompanying Schedule has been prepared in accordance with the Parity Bonds section of the resolutions adopted by the Board of Regents, State of Iowa authorizing the Bonds and Iowa State University of Science and Technology is in compliance with the requirement the aggregate net revenues collected by Iowa State University of Science and Technology during the year ended June 30, 2011 are equal to at least 125% of the maximum amount for both principal and interest that will become due in any fiscal year during the life of (a) the Parity Bonds outstanding as of February 10, 2012 and (b) the Athletic Facilities Revenue Bonds Series I.S.U. 2012 which are scheduled for settlement pursuant to a resolution adopted by the Board of Regents, State of Iowa dated February 7, 2012.

This report is solely for the information and use of the Board of Regents, State of Iowa, management of Iowa State University of Science and Technology and Ahlers & Cooney, P.C., and should not be used for any other purpose.

DAVID A. VAUDT, CPA
Auditor of State

February 10, 2012

Iowa State University of Science and Technology
Athletic Facilities System

Schedule of Debt Service and Coverage

Fiscal Year Ending June 30	The Bonds		Debt	Total	Coverage to
	Principal	Principal and Interest (a)	Service on Outstanding Parity Bonds (b)	Debt Service	Fiscal Year 2011 Net Revenues (c)
2012	\$ -	-	983,001	983,001	10.53
2013	780,000	1,753,533	1,487,541	3,241,074	3.19
2014	800,000	1,514,550	1,487,846	3,002,396	3.45
2015	800,000	1,498,550	1,491,916	2,990,466	3.46
2016	815,000	1,497,550	1,489,476	2,987,026	3.47
2017	820,000	1,486,250	1,490,634	2,976,884	3.48
2018	825,000	1,474,850	1,490,271	2,965,121	3.49
2019	840,000	1,473,350	1,488,389	2,961,739	3.49
2020	860,000	1,476,550	1,494,986	2,971,536	3.48
2021	875,000	1,474,350	1,498,531	2,972,881	3.48
2022	895,000	1,476,850	1,495,011	2,971,861	3.48
2023	915,000	1,476,713	1,504,151	2,980,864	3.47
2024	940,000	1,479,981	1,499,701	2,979,682	3.47
2025	970,000	1,481,781	1,502,670	2,984,451	3.47
2026	1,000,000	1,482,681	1,502,883	2,985,564	3.47
2027	1,030,000	1,482,681	1,500,420	2,983,101	3.47
2028	1,065,000	1,486,781	1,504,695	2,991,476	3.46
2029	1,105,000	1,494,831	1,505,005	2,999,836	3.45
2030	1,145,000	1,501,681	1,511,975	3,013,656	3.43
2031	1,185,000	1,507,331	1,515,075	3,022,406	3.42
2032	1,235,000	1,520,300	1,519,225	3,039,525	3.41
2033	1,280,000	1,525,163	1,519,200	3,044,363	3.40
2034	1,330,000	1,531,963	-	1,531,963	6.76
2035	1,385,000	1,540,413	-	1,540,413	6.72
2036	1,445,000	1,551,938	-	1,551,938	6.67
2037	1,505,000	1,559,556	-	1,559,556	6.64
Total	\$ 25,845,000	37,750,177	32,482,602	70,232,779	

(a) Includes the bond principal and interest at a TIC rate of 3.1581%.

(b) Excludes Series I.S.U. 2012 Athletic Facilities Revenue Bonds. As of February 10, 2012, principal on the outstanding parity bonds is in the aggregate amount of \$19,070,000.

(c) Fiscal Year 2011 Net Revenues:

Operating revenues	\$ 11,337,421
Operating expenses before depreciation	1,099,998
Operating income before depreciation	<u>10,237,423</u>
Add: Investment income	25,100
Add: Beginning system fund unexpended balance	<u>88,121</u>
Net Revenues	<u>\$ 10,350,644</u>