



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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

Robert Donley, Executive Director  
Board of Regents  
State of Iowa:

I, Mary Mosiman, 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 December 5, 2014 for the Utility System Revenue Bonds Series I.S.U. 2006, dated April 1, 2006; the Utility System Revenue Refunding Bonds Series I.S.U. 2013, dated June 1, 2013; and the Utility System Revenue Bonds Series I.S.U. 2013A, dated November 1, 2013 (collectively, the "Parity Bonds"), and for the Utility System Revenue Bonds Series I.S.U. 2015 which are scheduled for settlement (the "Bonds") prepared pursuant to the indentures and 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 indentures and 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 that the aggregate Net Revenues of the Utility System collected by Iowa State University of Science and Technology during the year ended June 30, 2014 are equal to at least 120% 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 December 5, 2014 and (b) the Utility System Revenue Bonds Series I.S.U. 2015 which are scheduled for settlement pursuant to a resolution adopted by the Board of Regents, State of Iowa, dated December 3, 2014.

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.

A handwritten signature in cursive script that reads "Mary Mosiman".

Mary Mosiman, CPA  
Auditor of State

December 5, 2014

**IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY  
UTILITY SYSTEM**

**Schedule of Debt Service and Coverage**

Fiscal Year Ending June 30,	The Bonds		Debt	Total Debt Service	Coverage to Fiscal Year 2014 Net Revenues (c)
	Principal	Principal and Interest (a)	Service on Outstanding Parity Bonds (b)		
2015	\$ -	-	771,734	771,734	(d)
2016	660,000	1,273,583	3,511,769	4,785,352	1.39
2017	660,000	1,105,337	3,487,694	4,593,031	1.44
2018	675,000	1,106,988	3,456,819	4,563,807	1.45
2019	690,000	1,108,337	3,440,178	4,548,515	1.46
2020	700,000	1,104,438	3,412,687	4,517,125	1.47
2021	715,000	1,101,712	3,397,478	4,499,190	1.47
2022	730,000	1,095,038	3,384,147	4,479,185	1.48
2023	745,000	1,087,912	3,363,512	4,451,424	1.49
2024	770,000	1,090,188	3,359,862	4,450,050	1.49
2025	790,000	1,086,787	3,356,437	4,443,224	1.49
2026	815,000	1,087,713	2,490,156	3,577,869	1.85
2027	840,000	1,087,887	2,486,609	3,574,496	1.85
2028	865,000	1,087,313	1,941,706	3,029,019	2.19
2029	890,000	1,085,987	1,946,006	3,031,993	2.19
2030	915,000	1,083,913	1,952,607	3,036,520	2.18
2031	945,000	1,086,012	1,961,307	3,047,319	2.18
2032	975,000	1,087,213	1,965,901	3,053,114	2.17
2033	1,005,000	1,087,512	1,976,135	3,063,647	2.16
2034	1,040,000	1,091,188	1,991,438	3,082,626	2.15
2035	1,075,000	1,092,469	-	1,092,469	6.07
<b>Total</b>	<b>\$ 16,500,000</b>	<b>22,037,527</b>	<b>53,654,182</b>	<b>75,691,709</b>	

(a) Includes the bond principal and interest at a TIC rate of 2.9078514% for the Utility System Revenue Bonds Series I.S.U. 2015.

(b) Excludes Series I.S.U. 2015 Utility System Revenue Bonds. As of December 5, 2014, principal on the Outstanding Parity Bonds is in the aggregate amount of \$38,520,000.

(c) Fiscal Year 2014 Net Revenues:	
Operating revenues	\$41,958,249
Operating expenses before depreciation	(35,751,851)
Operating income before depreciation	<u>6,206,398</u>
Add: Investment income	422,418
Net Revenues	<u><u>\$ 6,628,816</u></u>

(d) Coverage to Fiscal Year 2014 Net Revenues is 1.94 prior to excluding \$2,640,960 of principal and interest due and paid on November 1, 2014.