



**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

Mark Braun, 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 19, 2017 for the Recreational System Facilities Revenue Refunding Bonds, Series I.S.U. 2017, dated July 1, 2017 (the "Parity Bonds"), and for the Recreational System Facilities Revenue Refunding Bonds, Series I.S.U. 2017A, which are scheduled for settlement (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 of the Recreational System Facilities (as defined in the Parity Bond Resolutions) collected by Iowa State University of Science and Technology during the year ended June 30, 2016 is 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 December 19, 2017 and (b) the Recreational System Facility Revenue Refunding Bonds, Series I.S.U. 2017A which are scheduled for settlement pursuant to a resolution adopted by the Board of Regents, State of Iowa dated December 6, 2017.

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.


MARY MOSIMAN, CPA
Auditor of State

December 19, 2017

**IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY
RECREATIONAL SYSTEM FACILITIES**

Schedule of Debt Service and Coverage

Fiscal Year Ending June 30	The Bonds		Debt Service on Outstanding Parity Bonds (b)	Total Debt Service	Coverage to Fiscal Year 2016 Net Revenues (c)
	Principal	Principal and Interest (a)			
2018	\$ 630,000	1,001,963	1,617,850	2,619,813	7.77
2019	800,000	1,425,050	1,614,850	3,039,900	6.70
2020	840,000	1,441,050	1,616,550	3,057,600	6.66
2021	865,000	1,440,850	1,637,850	3,078,700	6.62
2022	890,000	1,439,900	1,628,350	3,068,250	6.64
2023	915,000	1,438,200	1,648,800	3,087,000	6.60
2024	950,000	1,445,750	1,662,750	3,108,500	6.55
2025	975,000	1,442,250	1,675,350	3,117,600	6.53
2026	1,005,000	1,443,000	1,681,600	3,124,600	6.52
2027	1,040,000	1,447,850	1,686,650	3,134,500	6.50
2028	1,075,000	1,451,650	1,690,500	3,142,150	6.48
2029	1,110,000	1,454,400	1,713,150	3,167,550	6.43
2030	1,150,000	1,461,100	1,704,000	3,165,100	6.44
2031	1,190,000	1,466,600	1,718,950	3,185,550	6.39
2032	1,230,000	1,470,900	1,732,250	3,203,150	6.36
2033	1,265,000	1,469,000	1,738,900	3,207,900	6.35
2034	1,310,000	1,476,050	1,769,050	3,245,100	6.28
2035	1,360,000	1,486,750	1,791,950	3,278,700	6.21
2036	1,410,000	1,495,950	1,782,750	3,278,700	6.21
2037	1,455,000	1,498,650	1,797,350	3,296,000	6.18
Total	\$ 21,465,000	28,696,913	33,909,450	62,606,363	

(a) Includes the bond principal and interest at a TIC rate of 2.7608304% for the Series I.S.U. 2017A Recreational System Facilities Revenue Refunding Bonds.

(b) Excludes Series I.S.U. 2017A Recreational System Facilities Revenue Refunding Bonds, Series I.S.U. 2009 Recreational System Facilities Revenue Bonds and the Series I.S.U. 2010 Recreational System Facilities Revenue Bonds. Includes the Series I.S.U. 2017 Recreational System Facilities Revenue Refunding Bonds. As of December 19, 2017, principal on the outstanding Parity Bonds is outstanding in the aggregate amount of \$25,170,000.

(c) Fiscal Year 2016 Net Revenues:

Operating revenues	\$ 861,848
Operating expenses before depreciation	<u>(6,022,920)</u>
Operating loss before depreciation	(5,161,072)
Add: Investment income	294,909
Add back: Allocation of student fees	10,769,828
Add back: Beginning system fund unexpended balance	<u>14,465,204</u>
Net Revenues	<u>\$ 20,368,869</u>