

**TELECOMMUNICATIONS FACILITIES REVENUE BOND FUNDS
IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2006

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Independent Auditor's Report

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

We have audited the accompanying statement of net assets, and the related statements of revenues, expenses and changes in fund net assets and cash flows, of the Telecommunications Facilities Revenue Bond Funds of Iowa State University of Science and Technology (Iowa State University) as of and for the year ended June 30, 2006, which collectively comprise the Bond Funds' basic financial statements listed in the table of contents. We have also audited the financial statements of each individual fund of the Telecommunications Facilities Revenue Bond Funds of Iowa State University as of and for the year ended June 30, 2006 presented in the combining fund financial statements in the supplementary information listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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 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 our audit provides a reasonable basis for our opinions.

As discussed in note 1, the financial statements present only the Telecommunications Facilities Revenue Bond Funds and do not purport to, and do not, present fairly the financial position of Iowa State University as of June 30, 2006 and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

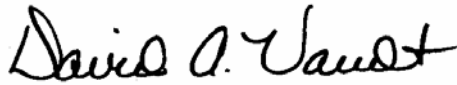
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Telecommunications Facilities Revenue Bond Funds of Iowa State University as of June 30, 2006, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles. In addition, in our opinion, the combining fund financial statements referred to above present fairly, in all material respects, the respective financial position of each individual fund of the Telecommunications Facilities Revenue Bond Funds of Iowa State University as of June 30, 2006, and the respective changes in financial position of each individual fund for the year then ended in conformity with U.S. generally accepted accounting principles.

In connection with our audit, nothing came to our attention that caused us to believe Iowa State University was not in compliance with the accounting requirements of the Board of Regents Resolution for the issuance of the Telecommunications Facilities Revenue Bonds.

Iowa State University has not presented Management's Discussion and Analysis for the Telecommunications Facilities Revenue Bond Funds that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the financial statements.

This report, a public record by law, is intended solely for the information and use of the officials and employees of Iowa State University, the members of the Board of Regents, citizens of the State of Iowa and other parties to whom Iowa State University 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 opinions on the financial statements taken as a whole. The supplementary information included as Schedules 3 and 4 is presented for purposes of additional analysis and is not a required part of the financial statements. The information in the schedule of insurance coverage and the schedule of student enrollment has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 29, 2006

Basic Financial Statements

Exhibit A

Telecommunications Facilities Revenue Bond Funds
Iowa State University of Science and Technology

Statement of Net Assets

June 30, 2006

Assets

Current assets:

Cash and cash equivalents	\$ 2,625
Cash with paying agents	914,161
Accounts receivable	82,539
Interest receivable	1,486
Prepaid expense	12,278
Total current assets	<u>1,013,089</u>

Noncurrent assets:

Cash, cash equivalents and investments	10,156,449
Interest receivable	80,757
Capital assets, net	13,452,311
Total noncurrent assets	<u>23,689,517</u>
Total assets	<u>24,702,606</u>

Liabilities

Current liabilities:

Accounts payable	54,791
Compensated absences payable	201,132
Accrued salaries and wages	2,625
Interest payable	39,161
Revenue bonds payable, current portion	875,000
Total current liabilities	<u>1,172,709</u>

Noncurrent liabilities:

Accounts payable	363,851
Revenue bonds payable, noncurrent portion	915,000
Total noncurrent liabilities	<u>1,278,851</u>
Total liabilities	<u>2,451,560</u>

Net assets:

Invested in capital assets, net of related debt	13,298,811
Restricted for debt service	4,217
Restricted for improvements	8,948,018
Total net assets	<u>\$ 22,251,046</u>

See the accompanying notes which are an integral part of these financial statements.

Telecommunications Facilities Revenue Bond Funds
Iowa State University of Science and Technology

Statement of Revenues, Expenditures and Changes in Fund Net Assets

Year ended June 30, 2006

Operating revenues	<u>\$ 7,054,753</u>
Operating expenses	
Operating expenses	4,848,406
Depreciation	<u>3,165,590</u>
Total operating expenses	<u>8,013,996</u>
Operating loss	<u>(959,243)</u>
Nonoperating revenues (expenses):	
Investment income	365,292
Net decrease in fair value of investments	(57,081)
Interest expense	(78,322)
Administrative expense	(750)
Net nonoperating revenues (expenses)	<u>229,139</u>
Loss before transfers	(730,104)
Transfers:	
Transfers from other University funds	<u>696,908</u>
Decrease in net assets	(33,196)
Net assets beginning of year	<u>22,284,242</u>
Net assets end of year	<u><u>\$ 22,251,046</u></u>

See the accompanying notes which are an integral part of these financial statements.

Exhibit CTelecommunications Facilities Revenue Bond Funds
Iowa State University of Science and Technology

Statement of Cash Flows

Year ended June 30, 2006

Cash flows from operating activities:	
Cash received from operations	\$ 7,047,194
Cash paid for operations	(4,797,540)
Net cash provided by operating activities	<u>2,249,654</u>
Cash flows from capital financing activities:	
Additions to capital assets	(1,449,144)
Transfer from other University funds	304,562
Principal paid on capital debt	(875,000)
Interest paid on capital debt	(78,322)
Administrative expense	(750)
Net cash used by capital financing activities	<u>(2,098,654)</u>
Cash flows from investing activities:	
Interest on investments	315,848
Proceeds from sales of investments	5,912,741
Purchases of investments	(9,079,158)
Net cash used by investing activities	<u>(2,850,569)</u>
Net decrease in cash and cash equivalents	(2,699,569)
Cash and cash equivalents beginning of year	<u>6,231,523</u>
Cash and cash equivalents end of year	<u>\$ 3,531,954</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (959,243)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	3,165,590
(Increase) in accounts receivables	(7,540)
(Increase) in prepaid expense	(3,850)
Increase in accounts payables	27,762
Increase in compensated absences payable	29,588
(Decrease) in salaries and wages payable	(2,653)
Net cash provided by operating activities	<u>\$ 2,249,654</u>
Reconciliation of cash and cash equivalents to the Statement of Net Assets	
Cash and cash equivalents classified as current assets	\$ 2,625
Cash and cash equivalents classified as noncurrent assets	<u>3,529,329</u>
Total cash and cash equivalents	<u>\$ 3,531,954</u>
Noncash Capital Financing Activities	
Additions to capital assets financed by other University funds	<u>\$ 392,346</u>

See the accompanying notes which are an integral part of these financial statements.

Telecommunications Facilities Revenue Bond Funds
Iowa State University of Science and Technology

Notes to Financial Statements

June 30, 2006

(1) Summary of Significant Accounting Policies

Accounting Entity and Basis of Accounting

The Telecommunications Facilities Revenue Bond Funds were created by resolution of the Board of Regents, State of Iowa which authorized the issuance of revenue bonds to defray the additional costs of constructing, improving and equipping the telecommunications system of Iowa State University of Science and Technology. The revenue bonds are issued on behalf of the University.

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

Basis of Presentation

Basic Financial Statements – The Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Fund Net Assets and the Statement of Cash Flows report information on all of the activities of the Telecommunications Facilities Revenue Bond Funds. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Net Assets presents assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Revenues, Expenses and Changes in Fund Net Assets demonstrates how net assets changed during the fiscal year.

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

Fund Financial Statements – 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 Telecommunications Facilities Revenue Bonds issued by the University. These fund financial statements reflect only those accounts and transactions related to these bonds. 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) Renewals and Replacements, (3) Retirement of Indebtedness and (4) Investment in Plant. Unexpended, including the Construction Fund established by the bond resolution, is comprised of amounts allocated or designated for constructing, acquiring and improving the Telecommunications Facilities. Renewals and Replacements, including the Improvement and the Operations Reserve Funds established by the bond resolution, is comprised of amounts allocated or designated for repairs and improvements for the Telecommunications Facilities. Retirement of Indebtedness, including Sinking, Reserve and Arbitrage 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 the total of telecommunications system infrastructure and equipment, all net of accumulated depreciation and the related liabilities.

The Current Funds, including the Revenue and the Operations and Maintenance Funds established by the bond resolution, are classified as a University Auxiliary Enterprise to account for transactions of substantially self-supporting activities that primarily perform a service to students.

The following funds are required by the bond resolution:

Revenue Fund – The Revenue Fund is used to account for all financial resources except those to be accounted for in another fund. In accordance with the provisions and terms of the bond resolution, the gross revenues of the Telecommunications Facilities shall be deposited as collected in this fund.

Operation and Maintenance Fund – The Operation and Maintenance Fund is used to pay expenses of operating the Telecommunications Facilities.

Construction Fund – The Construction Fund accounts for the receipts of the bond proceeds, together with such other funds as may be lawfully available for the purpose, to pay project construction costs as required by the bond resolution. There were no transactions or balances in this fund during the year ended June 30, 2006.

Improvement and Extension Fund (Improvement Fund) – The bond resolution provides semi-annual installments will be credited to the Improvement Fund from the net rents, profits and income of the Telecommunications Facilities remaining after first making the required payments into the Sinking and Reserve Funds in the sum of \$200,000 or a greater amount as determined by the Board of Regents. All monies credited to the Improvement Fund are used to pay any extraordinary cost of maintaining the Telecommunications Facilities and to pay the costs of constructing necessary repairs, improvements, and extensions thereto. At the end of each fiscal year, any excess cash balance above \$400,000 on deposit in the Improvement Fund shall be transferred to the Operations Reserve Fund. Transfers will made to fund deficits in the following months.

Operations Reserve Fund – The bond resolution provides all remaining net rents, profits and income of the Telecommunications Facilities are deposited to the Operations Reserve Fund. Monies deposited to the Operations Reserve Fund are used and applied to the payment of necessary operating and maintenance expenses whenever, for any reason, no other funds are available for such purpose, transferred and credited to the Sinking Fund to prevent or remedy a default in the payment of principal and interest on the outstanding bonds and credited to the Reserve Fund or Improvement Fund whenever any deficiency may exist. Until so needed, monies deposited to the Operations Reserve Fund may be used to: (1) purchase bonds prior to maturity, (2) pay costs of constructing, acquiring and improving the Telecommunications Facilities or extraordinary costs of operating, repairing or maintaining the Telecommunications Facilities or (3) pay principal of and interest on any other obligations which by their terms shall be payable from the revenues of the Telecommunications Facilities, but subordinate to the bonds or bonds ranking on a parity therewith, and which have been issued for the purpose of extensions and improvements to the Facilities or to retire the bonds or bonds ranking on a parity therewith in advance of maturity or to pay for extraordinary repairs and replacements to the Facilities.

Bond Sinking Fund (Sinking Fund) – The bond resolution provides equal semi-annual installments shall be set aside from the net rents, profits and income derived from the Telecommunications Facilities to the Sinking Fund sufficient for the principal and interest payment that will become due and payable on and prior to the next succeeding January 1 or July 1. Any excess amount shall be transferred to the Reserve Fund or to the Operations Reserve Fund if the amount on deposit in the Reserve Fund is equal to or greater than the debt service reserve requirement.

Debt Service Reserve Fund (Reserve Fund) – The bond resolution establishes a Debt Service Reserve Fund as additional security for the bonds. The Debt Service Reserve Fund will be funded in an amount equal to the lesser of (1) ten percent of the stated principal amount of the bonds, (2) the maximum annual payments of principal and interest on the bonds or (3) 125% of the average annual principal and interest requirements on the Bonds (the “debt service reserve requirement”). The Reserve Fund was funded at bond closing in the amount of \$761,500. All moneys credited to the Reserve Fund shall be transferred to the Sinking Fund and used for the payment of principal and interest on the bonds whenever for any reason the funds on deposit in the Sinking Fund are insufficient to pay such principal and interest when due. All amounts in excess of the debt service reserve requirement shall be transferred to the Operations Reserve Fund.

Arbitrage Reserve Fund – Moneys credited to the Arbitrage Reserve Fund shall be used for the payment of arbitrage rebates and related administrative expenses. Transfers will be made to fund any deficits in the following months.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and are reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Revenues are recorded when earned and expenses are recorded when the liability is incurred.

Purchases of facilities and equipment providing future benefits are capitalized and depreciated.

Cash, Cash Equivalents 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. For purposes of the Statement of Net Assets and the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

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 \$5,000 for equipment and \$50,000 for infrastructure. Such assets are recorded at historical cost if 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, 2006, no interest costs were capitalized.

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

Asset	Years
Equipment	5-12
Infrastructure	10

(2) Cash, Cash Equivalents and Investments

The University's deposits were covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. In the unlikely event a bank fails, the State Treasurer first determines the amount of the loss and validates the amount of applicable FDIC insurance. He is empowered by this chapter to cover the remaining loss from the state sinking fund for public deposits in banks. If the balance in the sinking fund is inadequate to pay the entire loss, he is empowered to make assessments against other banks to insure there will be no loss of public funds. Cash in banks of \$1,190,296 is combined with other University funds. The money market balance for the Telecommunications Facilities Revenue Bond Funds is \$2,341,658, which is considered to be cash equivalents.

At June 30, 2006, the Telecommunications Facilities Revenue Bond Funds had the following investments:

Investment Type	Fair Value
Fixed Income:	
U.S. Government Treasury Notes	<u>\$ 6,627,120</u>

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations to the University. At June 30, 2006, the Telecommunications Facility Revenue Bond Funds fixed income assets were 100% government guaranteed.

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the University's investment in a single issue. Except for U.S. Government investments, no one issuer represents 5% or more of the total assets.

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using the effective duration. It is widely used in the management of fixed income portfolios in that it quantifies to a much greater degree the risk of interest rate changes.

Investment Type	Fair Value	Duration
Fixed Income:		
U.S. Government Treasury Notes	<u>\$ 6,627,120</u>	<u>0.83</u>

(3) Capital Assets

The following is a summary of capital assets activity for the Investment in Plant Fund for Telecommunications Facilities assets for the year ended June 30, 2006:

	Balance			Balance
	July 1, 2005	Additions	Deletions	June 30, 2006
Capital assets, depreciable:				
Telecommunications system infrastructure	\$ 37,779,224	2,075,961	-	39,855,185
Equipment	8,905,088	6,339	-	8,911,427
Total capital assets	46,684,312	2,082,300	-	48,766,612
Less accumulated depreciation:				
Telecommunications system infrastructure	(24,486,520)	(2,711,594)	-	(27,198,114)
Equipment	(7,662,191)	(453,996)	-	(8,116,187)
Total accumulated depreciation	(32,148,711)	(3,165,590)	-	(35,314,301)
Capital assets, net	\$ 14,535,601	(1,083,290)	-	13,452,311

(4) Revenue Bonds Payable

The bonds, issued on August 1, 1997 for \$7,615,000, were to be used to construct, improve and equip the Telecommunications Facilities for the University. The bonds bear interest at rates ranging from 4.35% to 4.4% per year, payable semi-annually on January 1 and July 1. The bonds mature on July 1, in annual amounts as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 875,000	59,291	934,291
2008	915,000	20,130	935,130
Total	\$ 1,790,000	79,421	1,869,421

Under the provisions of the bond resolution, these bonds, and additional parity bonds that may be subsequently issued, will be retired solely from the net rents, profits and income from the Telecommunications Facilities of the University.

In accordance with the provisions of the bond resolution, all principal and interest maturing July 1 of each year shall be considered to be obligations of the then immediately preceding fiscal year. Therefore, such debt is reflected in the Sinking Fund.

At June 30, 2006, cash with paying agents of \$914,161 was on deposit in the Agency Fund of the University for the purpose of paying current obligations of bond principal and interest.

(5) Debt Service Coverage

Telecommunications Facilities Revenue Bond Fund principal and interest payments totaling \$953,322 due January 1 and July 1, 2006, require debt service coverage of a minimum of 110%, or \$1,048,654. Telecommunications Facilities operating income before depreciation of \$2,412,460 and investment income of \$365,292 provided debt service coverage of \$2,777,752, or 291% of the principal and interest due for the year ended June 30, 2006.

The debt service coverage for the current and two prior years is as follows:

Year Ended	Principal and Interest	Required Debt Service Coverage	Actual Debt Service Coverage	Required Coverage Percentage	Actual Coverage Percentage
2006	\$ 953,322	1,048,654	2,777,752	110%	291%
2005	954,443	1,049,887	2,911,995	110	305
2004	948,442	1,043,286	3,117,912	110	329

Supplementary Information

Telecommunications Facilities Revenue Bond Funds
Iowa State University of Science and Technology

Combining Statement of Net Assets

June 30, 2006

	Renewals and Replacements	
	Improvement Fund	Operations Reserve
Assets		
Current assets:		
Cash and cash equivalents	\$ -	2,625
Cash with paying agents	-	-
Accounts receivable	-	82,539
Interest receivable	-	-
Prepaid expense	-	12,278
Total current assets	-	97,442
Noncurrent assets:		
Cash, cash equivalents and investments	400,000	8,994,949
Interest receivable	-	78,026
Capital assets, net	-	-
Total noncurrent assets	400,000	9,072,975
Total assets	400,000	9,170,417
Liabilities		
Current liabilities:		
Accounts payable	16,455	38,336
Compensated absences payable	-	201,132
Accrued salaries and wages	-	2,625
Interest payable	-	-
Revenue bonds payable, current portion	-	-
Total current liabilities	16,455	242,093
Noncurrent liabilities:		
Accounts payable	363,851	-
Revenue bonds payable, noncurrent portion	-	-
Total noncurrent liabilities	363,851	-
Total liabilities	380,306	242,093
Net assets:		
Net investment in plant	-	-
Restricted for debt service	-	-
Restricted for improvements	19,694	8,928,324
Total net assets	\$ 19,694	8,928,324

See the accompanying notes which are an integral part of these financial statements.

Plant Funds			
Retirement of Indebtedness			
Sinking Fund	Reserve Fund	Investment in Plant	Total
-	-	-	2,625
914,161	-	-	914,161
-	-	-	82,539
1,486	-	-	1,486
-	-	-	12,278
915,647	-	-	1,013,089
-	761,500	-	10,156,449
-	2,731	-	80,757
-	-	13,452,311	13,452,311
-	764,231	13,452,311	23,689,517
915,647	764,231	13,452,311	24,702,606
-	-	-	54,791
-	-	-	201,132
-	-	-	2,625
39,161	-	-	39,161
875,000	-	-	875,000
914,161	-	-	1,172,709
-	-	-	363,851
-	761,500	153,500	915,000
-	761,500	153,500	1,278,851
914,161	761,500	153,500	2,451,560
-	-	13,298,811	13,298,811
1,486	2,731	-	4,217
-	-	-	8,948,018
1,486	2,731	13,298,811	22,251,046

Telecommunications Facilities Revenue Bond Funds
Iowa State University of Science and Technology

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

June 30, 2006

	Current Funds		Renewals and Replacements	
	Revenue Fund	Operations and Maintenance Fund	Improvement Fund	Operations Reserve
Operating revenues	\$ 7,054,753	-	-	-
Operating expenses:				
Operating expenses	-	4,642,293	206,113	-
Depreciation	-	-	-	-
Total operating expenses	-	4,642,293	206,113	-
Operating income (loss)	7,054,753	(4,642,293)	(206,113)	-
Nonoperating revenues (expenses):				
Investment income	40,997	-	-	283,573
Net decrease in fair value of investments	-	-	-	(51,803)
Interest expense	-	-	-	-
Administrative expense	-	-	-	-
Net nonoperating revenues (expenses)	40,997	-	-	231,770
Income (loss) before other revenues (expenses) and transfers	7,095,750	(4,642,293)	(206,113)	231,770
Other revenues (expenses) and transfers:				
Additions to capital assets	-	(6,339)	(1,683,615)	-
Mandatory transfers	(1,353,322)	-	400,000	-
Non-mandatory transfers	(6,046,990)	4,648,632	1,232,464	206,837
Transfers from other University funds	304,562	-	-	-
Transfer of revenue bonds payable	-	-	-	-
Total other revenues (expenses) and transfers	(7,095,750)	4,642,293	(51,151)	206,837
Increase (decrease) in net assets	-	-	(257,264)	438,607
Net assets beginning of year	-	-	276,958	8,489,717
Net assets end of year	\$ -	-	19,694	8,928,324

See the accompanying notes which are an integral part of these financial statements.

Retirement of Indebtedness				
Sinking Fund	Reserve Fund	Arbitrage Reserve Fund	Investment in Plant	Total
-	-	-	-	7,054,753
-	-	-	-	4,848,406
-	-	-	3,165,590	3,165,590
-	-	-	3,165,590	8,013,996
-	-	-	(3,165,590)	(959,243)
7,607	33,115	-	-	365,292
-	(5,278)	-	-	(57,081)
(78,322)	-	-	-	(78,322)
-	-	(750)	-	(750)
(70,715)	27,837	(750)	-	229,139
(70,715)	27,837	(750)	(3,165,590)	(730,104)
-	-	-	1,689,954	-
953,322	-	-	-	-
(6,880)	(34,813)	750	-	-
-	-	-	392,346	696,908
(875,000)	-	-	875,000	-
71,442	(34,813)	750	2,957,300	696,908
727	(6,976)	-	(208,290)	(33,196)
759	9,707	-	13,507,101	22,284,242
1,486	2,731	-	13,298,811	22,251,046

Schedule 3

Telecommunications Facilities Revenue Bond Funds
Iowa State University of Science and Technology

Insurance Coverage
(Unaudited)

June 30, 2006

Insurer

Cincinnati Insurance Company

Description of Coverage

Electronic Data Processing coverage with a \$5,000 deductible for each single loss.

Amount of Coverage

\$ 11,198,798

Policy Number

CAP5839400

Terms of Policy

July 1, 2005 to July 1, 2006

See accompanying independent auditor's report.

Telecommunications Facilities Revenue Bond Funds
Iowa State University of Science and Technology

Student Enrollment
(Unaudited)

Year ended June 30, 2006

Enrollment at Iowa State University of Science and Technology for the year ended June 30, 2006 was as follows:

Summer Semester, 2005	9,364
Fall Semester, 2006	25,741
Spring Semester, 2006	23,709

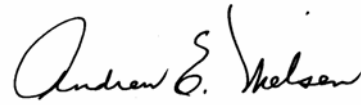
See accompanying independent auditor's report.

Telecommunications Facilities Revenue Bond Funds
Iowa State University of Science and Technology

Staff

This audit was performed by:

Kay F. Dunn, CPA, Manager
Ernest H. Ruben Jr., CPA, Senior Auditor II

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial 'A' and 'N'.

Andrew E. Nielsen, CPA
Deputy Auditor of State