

# Department of Residence Services Revenue Bond Funds State University of Iowa

Financial Report

06.30.2006

**McGladrey & Pullen**  
Certified Public Accountants

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# McGladrey & Pullen

Certified Public Accountants

## 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 statement of revenues, expenses and changes in net assets and cash flows of the Department of Residence Services Revenue Bond Funds of State University of Iowa 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 Department of Residence Services Revenue Bond Funds of State University of Iowa 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 the auditing standards generally accepted in the United States of America. 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 Department of Residence Services Revenue Bond Funds of State University of Iowa and do not purport to, and do not, present fairly the financial position of State University of Iowa as of June 30, 2006 and changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Because the financial statements present only the Department of Residence Services Revenue Bond Funds of State University of Iowa, and do not purport to, and do not present the financial statements of State University of Iowa, management has chosen not to present a Management's Discussion and Analysis.

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

In connection with our audit, nothing came to our attention that caused us to believe Department of Residence Services Revenue Bond Funds of State University of Iowa were not in compliance with the accounting requirements of the Board of Regents Resolution for the issuance of the Department of Residence Services Revenue Bond Funds; however, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The information in the schedule of student enrollment has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

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

*McGladrey & Pullen, LLP*

Davenport, Iowa  
September 29, 2006

Department of Residence Services Revenue Bond Funds  
 State University of Iowa

Statement of Net Assets  
 June 30, 2006

<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 20,139,847
Deposit with bond paying agent	1,042,000
Accounts receivable	1,180,345
Interest receivable	75,504
Prepaid expenses	39,690
Inventories	566,831
<b>Total current assets</b>	<u>23,044,217</u>
Noncurrent Assets:	
Investments	3,926,959
Capital assets, net	85,083,335
<b>Total noncurrent assets</b>	<u>89,010,294</u>
	<u>\$ 112,054,511</u>
<b>Liabilities and Net Assets</b>	
Current Liabilities:	
Checks written in excess of bank balance	\$ 703,223
Accounts payable	1,989,953
Accrued salaries and wages payable	870,642
Deferred revenue	348,511
Accrued interest payable	1,357,004
Revenue bonds payable, current portion	3,315,000
<b>Total current liabilities</b>	<u>8,584,333</u>
Noncurrent Liabilities,	
revenue bonds payable	<u>57,170,000</u>
<b>Total liabilities</b>	<u>65,754,333</u>
Net Assets:	
Invested in capital assets, net of related debt	24,598,335
Restricted	17,736,488
Unrestricted	3,965,355
<b>Total net assets</b>	<u>46,300,178</u>
<b>Total liabilities and net assets</b>	<u>\$ 112,054,511</u>

See Notes to Basic Financial Statements.

Department of Residence Services Revenue Bond Funds  
State University of Iowa

Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended June 30, 2006

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Operating revenues and expenses:	
Operating revenues	\$ 40,023,045
Operating expenses:	
Operating expenses other than depreciation	31,348,766
Depreciation expense	5,080,812
<b>Total operating expenses</b>	<u>36,429,578</u>
<b>Operating income</b>	<u>3,593,467</u>
Nonoperating revenues (expenses):	
Investment income	889,884
Interest expense	(2,714,008)
Loss on disposal of capital asset	(407,430)
<b>Total nonoperating revenues (expenses)</b>	<u>(2,231,554)</u>
<b>Increase in net assets</b>	1,361,913
Net assets:	
Beginning	44,938,265
Ending	<u>\$ 46,300,178</u>

See Notes to Basic Financial Statements.

Department of Residence Services Revenue Bond Funds  
State University of Iowa

Statement of Cash Flows  
Year Ended June 30, 2006

Cash Flows from Operating Activities:	
Cash received from operations	\$ 39,137,471
Cash paid for operations	(30,101,639)
<b>Net cash provided by operating activities</b>	<u>9,035,832</u>
Cash Flows from Capital Financing Activities:	
Purchase of capital assets	(5,479,668)
Proceeds from the sale of capital assets	707,362
Decrease in deposit with bond paying agent	21,000
Principal paid on capital debt	(3,170,000)
Interest paid on capital debt	(2,784,370)
<b>Net cash (used in) capital financing activities</b>	<u>(10,705,676)</u>
Cash Flows from Investing Activities:	
Interest on investments	876,190
Proceeds from sales of investments	1,868,000
<b>Net cash provided by investing activities</b>	<u>2,744,190</u>
<b>Net increase in cash and cash equivalents</b>	1,074,346
Cash and cash equivalents:	
Beginning	19,065,501
Ending	<u>\$ 20,139,847</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating income	\$ 3,593,467
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	5,080,812
(Increase) decrease in assets:	
Accounts receivable	(344,112)
Prepaid expense	(39,690)
Inventories	35,317
Increase (decrease) in liabilities:	
Checks written in excess of bank balance	703,223
Accounts payable	525,465
Accrued salaries and wages payable	22,812
Deferred revenue	(541,462)
<b>Net cash provided by operating activities</b>	<u>\$ 9,035,832</u>

See Notes to Basic Financial Statements.

Department of Residence Services Revenue Bond Funds  
State University of Iowa

Notes to Basic Financial Statements

Note 1. Significant Accounting Policies

Reporting entity:

The accompanying financial statements include only the Department of Residence Services Revenue Bond Funds Series S.U.I. 1966, 1999, 2000, 2001, and 2003 (collectively the Funds), enterprise funds of the State University of Iowa (University), which were created by various resolutions of The State of Iowa Board of Regents which authorized the issuance of revenue bonds to defray additional costs of constructing, improving, and maintaining various residence halls and related facilities of the University. The Revenue Bonds are issued on behalf of the University. Under the provisions of the resolutions, the net assets of the Funds are, in general, restricted to provide for the retirement of the outstanding bonds of the Funds and the construction and maintenance of residence halls and related facilities. The following summarizes the bond series, dates of resolution and original issuance amounts of the Revenue Bonds outstanding as of June 30, 2006:

Bond Series	Resolution Date	Original Issuance Amount
S.U.I. 1966	December 8, 1966	\$ 7,785,000
S.U.I. 1999	March 17, 1999	10,000,000
S.U.I. 2000	March 16, 2000	16,000,000
S.U.I. 2001	November 1, 2001	13,735,000
S.U.I. 2003	October 1, 2003	25,000,000
		<u>\$ 72,520,000</u>

These financial statements present only the Funds and do not purport to, and do not, present the financial position of the State University of Iowa as of June 30, 2006, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. The Funds' financial statements are presented to comply with bond agreements.

Basic financial statements:

The statement of net assets and the statement of revenues, expenses and changes in net assets report information on all of the activities of the Department of Residence Services 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, notes 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.

Department of Residence Services Revenue Bond Funds  
State University of Iowa

Notes to Basic Financial Statements

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**Note 1. Significant Accounting Policies (Continued)**

*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 Funds first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The statement of revenues, expenses and changes in 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 accounting:**

In order to ensure the observance of limitations and restrictions placed on the use of available resources, the accounts are maintained in accordance with the principles of fund accounting. Each fund provides a separate set of self-balancing accounts which comprises its assets, liabilities, reserves, net assets, revenues and expenses. Fund accounting is the procedure by which resources for various purposes are classified, for accounting and reporting purposes, into funds according to the activities or objectives specified.

The following funds are used to account for transactions:

***Revenue Fund*** – The Revenue Fund is used to record all revenues and expenses related to operations.

***Operations and Maintenance Fund*** – The Operations and Maintenance Fund is used to record all operating expense related to the Funds.

***Bond Sinking Fund*** – The Bond Sinking Fund is used to make principal and interest payments.

***Debt Service Reserve Fund*** – The Debt Service Reserve Fund represents bond sinking reserves to provide payment of principal and interest, in the event there are not sufficient funds in the Bond Sinking Fund to make such payments.

***Surplus Fund*** – The Surplus Fund is used to accumulate amounts not required to be deposited into the Bond Sinking Fund or the Debt Service Reserve Fund. Amounts held in the Surplus Fund may be used for any purpose at the discretion of The State of Iowa Board of Regents.

***Improvement and Extension Fund*** – The Improvement and Extension Fund is used to record payments for substantial building improvements, additions and replacements. Additions to the Improvement and Extension Fund are made via transfers from other funds in which the costs of the assets are initially accumulated.

***Investment in Plant Fund*** – The Investment in Plant Fund is used to account for buildings, equipment and accumulated depreciation. Additions to the Investment in Plant Fund are made via transfers from other funds in which the costs of the assets are initially accumulated.

Department of Residence Services Revenue Bond Funds  
State University of Iowa

Notes to Basic Financial Statements

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**Note 1. Significant Accounting Policies (Continued)**

*Construction Fund* – The Construction Fund is used to record payments made for the costs of the project, including buildings and improvements.

**Basis of presentation:**

The Funds' financial statements have been prepared on the basis of the proprietary fund concept, which pertains to financial activities that operate in a manner similar to private business enterprises and are financed through fees and charges assessed primarily to the users of the services. Accordingly, the financial statements have been prepared using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Funds have elected not to apply the provisions of pronouncements of the Financial Accounting Standards Board issued after November 30, 1989.

**Cash and cash equivalents:**

Cash and cash equivalents represent amounts in cash accounts or the Funds' share of the Pooled Investment Fund of the University. The Pooled Investment Fund is composed of cash and short-term U.S. government securities, and a monthly allocation is made of the interest received based on the percentage of each participant's investment.

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:**

Investments are stated at fair value. Fair value is based on quoted market prices. Investments with an original maturity of one year or less are reported as current in the statement of net assets.

**Capital assets:**

Capital assets includes property and equipment representing total residence services land, buildings, improvements, furniture, and equipment owned by the University. The balance represents assets built with bond proceeds and other University resources. The property and equipment are not collateral for the outstanding debt. Property and equipment is stated at cost at the date of acquisition or estimated fair market value at date of receipt in the case of gifts. Capital assets costing greater than \$2,000 and with an estimated life of greater than one year are capitalized. Renovations or remodeling that increase the value of a capital asset or extend its useful life are capitalized. During the year ended June 30, 2006, no interest costs were capitalized. Routine repairs and maintenance costs are expensed as incurred.

Department of Residence Services Revenue Bond Funds  
State University of Iowa

Notes to Basic Financial Statements

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**Note 1. Significant Accounting Policies (Continued)**

Depreciation is calculated using the straight-line method over the estimated useful lives of the capital assets, generally, 40 to 50 years for buildings, 10 to 30 years for improvements and 5 to 20 years for furniture and equipment.

**Fringe benefits:**

The University utilizes the fringe benefits pool method to account for fringe benefits. Under the fringe benefits pool method, fringe benefits are expensed as a percentage of actual salary or wage costs. The use of fringe benefits rates rather than actual fringe benefits costs is accepted by the federal government and widely used by universities. Rates are reviewed annually prior to the beginning of the fiscal year and adjusted to reflect differences between the rates charged and actual benefits costs as well as future benefit projections. The federal government must approve the annual rate study.

**Deferred revenue:**

Deferred revenue includes student fees related to a future fiscal year and amount received from rents, grants and contracts that have not yet been earned.

**Operating and nonoperating activities:**

Operating activities, as reported in the statement of revenues, expenses and changes in net assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include transactions such as investment earnings and interest expense.

**Use of estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Transfers in (out):**

After meeting certain requirements specified in the bond agreements, the balance of net receipts may be transferred to the University for its general operations. However, all such monies that have been transferred shall be returned by the University, if necessary, to satisfy the requirements of the bond indentures.

Department of Residence Services Revenue Bond Funds  
State University of Iowa

Notes to Basic Financial Statements

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**Note 2. Cash and Cash Equivalents and Investments**

In accordance with the Code of Iowa and the bond resolutions, the Funds may invest in obligations of the U.S. government and its agencies, certificates of deposit, prime bankers' acceptances, commercial paper and repurchase agreements.

Investments held by the Funds are recorded at fair value, as determined by quoted market prices. As of June 30, 2006, the Funds' investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration</u>
U.S. government treasuries, notes, bonds	\$ 3,926,959	0.449

**Interest rate risk:**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using the effective duration. In accordance with the University's investment policy, the maximum duration of the University's operating portfolio may not exceed the duration of the Merrill 1-3 year Government/Corporate Index by more than 20%.

**Credit risk:**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2006, the Funds' investments were 100% government guaranteed.

**Concentration of credit risk:**

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

Department of Residence Services Revenue Bond Funds  
State University of Iowa

Notes to Basic Financial Statements

**Note 3. Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2006 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,091,724	\$ -	\$ -	\$ 1,091,724
Construction in progress	6,776,523	5,961,276	(2,874,382)	9,863,417
	<u>7,868,247</u>	<u>5,961,276</u>	<u>(2,874,382)</u>	<u>10,955,141</u>
Capital assets being depreciated:				
Building	122,559,286	2,167,023	-	124,726,309
Improvements	6,772,930	-	-	6,772,930
Furniture and equipment	3,613,342	225,751	(1,559,979)	2,279,114
	<u>132,945,558</u>	<u>2,392,774</u>	<u>(1,559,979)</u>	<u>133,778,353</u>
Less accumulated depreciation	(55,014,534)	(5,080,812)	445,187	(59,650,159)
	<u>77,931,024</u>	<u>(2,688,038)</u>	<u>(1,114,792)</u>	<u>74,128,194</u>
<b>Capital assets, net</b>	<b>\$ 85,799,271</b>	<b>\$ 3,273,238</b>	<b>\$ (3,989,174)</b>	<b>\$ 85,083,335</b>

**Note 4. Revenue Bonds Payable**

A summary of revenue bonds payable activity for the year ended June 30, 2006 is as follows:

Beginning balance	\$ 63,655,000
Payments	<u>3,170,000</u>
Ending balance	<u>\$ 60,485,000</u>

A summary of bond principal and interest maturities as of June 30, 2006 is as follows:

Year ending June 30:	Principal	Interest	Total
2007	\$ 3,315,000	\$ 2,641,101	\$ 5,956,101
2008	3,430,000	2,493,295	5,923,295
2009	2,550,000	2,362,911	4,912,911
2010	2,670,000	2,255,285	4,925,285
2011	2,800,000	2,143,785	4,943,785
2012 - 2016	16,100,000	8,787,423	24,887,423
2017 - 2021	20,375,000	4,696,254	25,071,254
2022 - 2025	9,245,000	718,631	9,963,631
	<u>\$ 60,485,000</u>	<u>\$ 26,098,685</u>	<u>\$ 86,583,685</u>

The bonds bear interest at rates ranging from 3.25% to 6.25% per year.

Department of Residence Services Revenue Bond Funds  
State University of Iowa

Notes to Basic Financial Statements

**Note 4. Revenue Bonds Payable (Continued)**

Under provisions of the bond agreements, specified amounts of net receipts are to be retained by the Funds to pay for the costs of constructing and maintaining the residence halls of the University and to provide for the payment of interest and the retirement of the outstanding bonds. After meeting such requirements, the balance of the net receipts may be used for any lawful purpose connected with the residence services system as The State of Iowa Board of Regents may direct.

Certain revenue bonds payable as of June 30, 2006 may be called at par value as follows:

Bond Series	Call Date	Amount Callable
S.U.I. 1966	Currently callable	\$ 2,000,000
S.U.I. 1999	After July 1, 2010	6,175,000
S.U.I. 2000	After July 1, 2011	10,175,000
S.U.I. 2001	After July 1, 2011	8,330,000
S.U.I. 2003	After July 1, 2013	16,365,000
		<u>\$ 43,045,000</u>

**Note 5. Related Party Transactions**

Included in the statement of revenues, expenses and changes in net assets are revenues of \$1,468,798 from various University departments and expenses of \$8,199,952 for services purchased from various University departments.

**Note 6. Commitments**

As of June 30, 2006, the University has entered into \$2,688,674 of contract commitments for construction projects.

**Note 7. Pending Pronouncements**

Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, is effective for periods beginning after December 15, 2006. This Statement establishes accounting and financial reporting standards for transactions in which an entity receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for entities that pledge or commit future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues. The University has not yet determined the effect if any this Statement will have on the Revenue Bond Funds.

Department of Residence Services Revenue Bond Funds  
State University of Iowa

Combining Statement of Net Assets  
June 30, 2006

	Revenue Fund	Operations and Maintenance Fund	Bond Sinking Fund
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ -	\$ 1,607,376	\$ 3,630,004
Deposit with bond paying agent	-	-	1,042,000
Accounts receivable	979,229	38,220	-
Interest receivable	75,504	-	-
Prepaid expenses	-	39,690	-
Inventories	-	566,831	-
<b>Total current assets</b>	<u>1,054,733</u>	<u>2,252,117</u>	<u>4,672,004</u>
Noncurrent Assets:			
Investments	-	-	-
Capital assets, net	-	-	-
<b>Total noncurrent assets</b>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,054,733</u>	<u>\$ 2,252,117</u>	<u>\$ 4,672,004</u>
<b>Liabilities and Net Assets</b>			
Current Liabilities:			
Checks written in excess of bank balance	\$ 703,223	\$ -	\$ -
Accounts payable	2,999	381,475	-
Accrued salaries and wages payable	-	870,642	-
Deferred revenue	348,511	-	-
Accrued interest payable	-	-	1,357,004
Revenue bonds payable, current portion	-	-	3,315,000
<b>Total current liabilities</b>	<u>1,054,733</u>	<u>1,252,117</u>	<u>4,672,004</u>
Noncurrent Liabilities,			
revenue bonds payable	-	-	-
<b>Total liabilities</b>	<u>1,054,733</u>	<u>1,252,117</u>	<u>4,672,004</u>
Net Assets:			
Invested in capital assets, net of related debt	-	-	(3,315,000)
Restricted	-	1,000,000	3,315,000
Unrestricted	-	-	-
<b>Total net assets</b>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
<b>Total liabilities and net assets</b>	<u>\$ 1,054,733</u>	<u>\$ 2,252,117</u>	<u>\$ 4,672,004</u>

Debt Service Reserve Fund	Surplus Fund	Improvement and Extension Fund	Investment in Plant Fund	Construction Fund	Total
\$ 2,421,896	\$ 3,962,356	\$ 8,518,215	\$ -	\$ -	\$ 20,139,847
-	-	-	-	-	1,042,000
-	2,999	159,897	-	-	1,180,345
-	-	-	-	-	75,504
-	-	-	-	-	39,690
-	-	-	-	-	566,831
2,421,896	3,965,355	8,678,112	-	-	23,044,217
3,926,959	-	-	-	-	3,926,959
-	-	-	85,083,335	-	85,083,335
3,926,959	-	-	85,083,335	-	89,010,294
\$ 6,348,855	\$ 3,965,355	\$ 8,678,112	\$ 85,083,335	\$ -	\$ 112,054,511
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 703,223
-	-	1,605,479	-	-	1,989,953
-	-	-	-	-	870,642
-	-	-	-	-	348,511
-	-	-	-	-	1,357,004
-	-	-	-	-	3,315,000
-	-	1,605,479	-	-	8,584,333
-	-	-	57,170,000	-	57,170,000
-	-	1,605,479	57,170,000	-	65,754,333
-	-	-	27,913,335	-	24,598,335
6,348,855	-	7,072,633	-	-	17,736,488
-	3,965,355	-	-	-	3,965,355
6,348,855	3,965,355	7,072,633	27,913,335	-	46,300,178
\$ 6,348,855	\$ 3,965,355	\$ 8,678,112	\$ 85,083,335	\$ -	\$ 112,054,511

Department of Residence Services Revenue Bond Funds  
 State University of Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets  
 Year Ended June 30, 2006

	Revenue Fund	Operations and Maintenance Fund	Bond Sinking Fund
Operating revenues and expenses:			
Operating revenues	\$ 40,023,045	\$ -	\$ -
Operating expenses:			
Operating expenses other than depreciation	-	29,193,652	-
Depreciation expense	-	-	-
<b>Total operating expenses</b>	<b>-</b>	<b>29,193,652</b>	<b>-</b>
<b>Operating income (loss)</b>	<b>40,023,045</b>	<b>(29,193,652)</b>	<b>-</b>
Nonoperating revenues (expenses):			
Investment income	889,884	-	-
Interest expense	-	-	(2,714,008)
Loss on disposal of capital asset	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>889,884</b>	<b>-</b>	<b>(2,714,008)</b>
<b>Income (loss) before transfers</b>	<b>40,912,929</b>	<b>(29,193,652)</b>	<b>(2,714,008)</b>
Transfers:			
Transfers to other University funds	-	-	-
Mandatory transfers	(34,227,329)	27,593,652	2,714,008
Non-mandatory transfers	(6,685,600)	1,600,000	-
<b>Total transfers</b>	<b>(40,912,929)</b>	<b>29,193,652</b>	<b>2,714,008</b>
<b>Increase (decrease) in net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net assets:			
Beginning	-	1,000,000	-
Ending	<b>\$ -</b>	<b>\$ 1,000,000</b>	<b>\$ -</b>

Debt Service Reserve Fund	Surplus Fund	Improvement and Extension Fund	Investment in Plant Fund	Construction Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,023,045
-	399,108	1,756,006	-	-	31,348,766
-	-	-	5,080,812	-	5,080,812
-	399,108	1,756,006	5,080,812	-	36,429,578
-	(399,108)	(1,756,006)	(5,080,812)	-	3,593,467
-	-	-	-	-	889,884
-	-	-	-	-	(2,714,008)
-	-	-	(407,430)	-	(407,430)
-	-	-	(407,430)	-	(2,231,554)
-	(399,108)	(1,756,006)	(5,488,242)	-	1,361,913
-	-	-	-	-	-
-	(4,391)	(4,163,246)	8,087,306	-	-
-	(481,651)	5,567,251	-	-	-
-	(486,042)	1,404,005	8,087,306	-	-
-	(885,150)	(352,001)	2,599,064	-	1,361,913
6,348,855	4,850,505	7,424,634	25,314,271	-	44,938,265
\$ 6,348,855	\$ 3,965,355	\$ 7,072,633	\$ 27,913,335	\$ -	\$ 46,300,178

Department of Residence Services Revenue Bond Funds  
State University of Iowa

Schedule of Student Enrollment  
(Unaudited)  
Year Ended June 30, 2006

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

Summer semester, 2005	11,448
Fall semester, 2005	29,642
Spring semester, 2006	28,355