

McGladrey & Pullen

Certified Public Accountants

McGladrey & Pullen, LLP
201 N Harrison St., Ste. 300,
Davenport, IA 52801-1992
O 563.888.4140 F 563.324.6939
www.mcgladrey.com

December 14, 2007

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

In accordance with your request, we are attaching the accompanying PDF file, which contains an electronic final version of the financial statements for the Department of Residence Services Revenue Bond Funds of State University of Iowa as of and for the year ended June 30, 2007. We understand that your request for the electronic copy has been made as a matter of convenience. You understand that the electronic transmission is not entirely secure and that it is possible for confidential financial information to be intercepted by others.

These financial statements and our report on them are not to be modified in any manner. This final version supersedes all prior drafts. Any preliminary draft version of the financial statements previously provided to you in an electronic format should be deleted from your computer, and all printed copies of any superseded preliminary draft versions should likewise be destroyed.

Professional standards and our firm policies require that we perform certain additional procedures whenever our reports are included, or we are named as accountants, auditors or "experts," in a document used in a public or private offering of equity or debt securities. Accordingly, as provided for and agreed to in the terms of our arrangement letter, the University will not include our reports, or otherwise make reference to us, in any public or private securities offering without first obtaining our consent. Any request to consent is also a matter for which separate arrangements will be necessary. After obtaining our consent, the University also agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the University seeks such consent, we will be under no obligation to grant such consent or approval.

Thank you for the opportunity to serve Department of Residence Services Revenue Bond Funds of State University of Iowa.

McGladrey & Pullen, LLP



Sarah Bohnsack, Partner

SB:sdw

Attachment

McGladrey & Pullen, LLP is a member firm of RSM International –
an affiliation of separate and independent legal entities.

Department of Residence Services Revenue Bond Funds State University of Iowa

Financial Report

06.30.2007

McGladrey & Pullen
Certified Public Accountants

McGladrey & Pullen, LLP is a member firm of RSM International –
an affiliation of separate and independent legal entities.

Contents

Independent Auditor's Report	1 – 2
-------------------------------------	-------

Financial Statements

Statement of net assets	3
Statement of revenues, expenses and changes in net assets	4
Statement of cash flows	5 – 6
Notes to basic financial statements	7 – 14

Supplementary Information

Combining statement of net assets	15 – 16
Combining statement of revenues, expenses and changes in net assets	17 – 18
Schedule of student enrollment (unaudited)	19

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 statements 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, 2007, 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, 2007 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, 2007 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, 2007, 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, 2007, 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 the 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
December 14, 2007

Department of Residence Services Revenue Bond Funds
State University of Iowa

Statement of Net Assets
June 30, 2007

Assets	
Current Assets:	
Cash and cash equivalents	\$ 19,720,454
Deposit with bond paying agent	1,021,000
Accounts receivable	1,148,098
Interest receivable	47,232
Prepaid expenses	55,654
Inventories	480,897
Total current assets	22,473,335
Noncurrent Assets:	
Investments	3,452,490
Capital assets:	
Nondepreciable	2,925,012
Depreciable, net	80,649,590
Total noncurrent assets	87,027,092
	\$ 109,500,427
Liabilities and Net Assets	
Current Liabilities:	
Checks written in excess of bank balance	\$ 858,801
Accounts payable	822,484
Accrued salaries and wages payable	909,339
Deferred revenue	336,529
Accrued interest payable	1,284,098
Revenue bonds payable, current portion	3,430,000
Total current liabilities	7,641,251
Noncurrent Liabilities,	
revenue bonds payable	53,740,000
Total liabilities	61,381,251
Net Assets:	
Invested in capital assets, net of related debt	26,404,602
Restricted	17,872,953
Unrestricted	3,841,621
Total net assets	48,119,176
Total liabilities and net assets	\$ 109,500,427

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, 2007

Operating revenues and expenses:	
Operating revenues	\$ 42,796,995
Operating expenses:	
Operating expenses other than depreciation	34,035,634
Depreciation expense	5,445,885
Total operating expenses	<u>39,481,519</u>
Operating income	<u>3,315,476</u>
Nonoperating revenues (expenses):	
Investment income	1,121,853
Interest expense	(2,296,480)
Loss on sale of capital assets	(22,919)
Other revenue	89,823
Total nonoperating revenues (expenses)	<u>(1,107,723)</u>
Income before transfers	2,207,753
Transfers to other University funds	<u>(388,755)</u>
Increase in net assets	1,818,998
Net assets:	
Beginning	46,300,178
Ending	<u><u>\$ 48,119,176</u></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, 2007

Cash Flows from Operating Activities:	
Cash received from operations	\$ 42,817,260
Cash paid for operations	<u>(34,938,858)</u>
Net cash provided by operating activities	<u>7,878,402</u>
Cash Flows from Noncapital Financing Activities:	
Transfers to other University funds	(388,755)
Other revenue	89,823
Net cash (used in) noncapital financing activities	<u>(298,932)</u>
Cash Flows from Capital Financing Activities:	
Purchase of capital assets	(3,960,071)
Decrease in deposit with bond paying agent	21,000
Principal paid on capital debt	(3,315,000)
Interest paid on capital debt	<u>(2,369,386)</u>
Net cash (used in) capital financing activities	<u>(9,623,457)</u>
Cash Flows from Investing Activities:	
Interest on investments	1,128,153
Proceeds from sales of investments	496,441
Net cash provided by investing activities	<u>1,624,594</u>
Net (decrease) in cash and cash equivalents	(419,393)
Cash and cash equivalents:	
Beginning	<u>20,139,847</u>
Ending	<u>\$ 19,720,454</u>

(Continued)

Department of Residence Services Revenue Bond Funds
State University of Iowa

Statement of Cash Flows (Continued)
Year Ended June 30, 2007

Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating income	\$ 3,315,476
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	5,445,885
(Increase) decrease in assets:	
Accounts receivable	32,247
Prepaid expense	(15,964)
Inventories	85,934
Increase (decrease) in liabilities:	
Checks written in excess of bank balance	155,578
Accounts payable	(1,167,469)
Accrued salaries and wages payable	38,697
Deferred revenue	(11,982)
Net cash provided by operating activities	<u><u>\$ 7,878,402</u></u>
Schedule of Noncash Investing Activity,	
unrealized loss on investments	\$ 21,972

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, 2007:

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 Department of Residence Services Revenue Bond Funds and do not purport to, and do not, present the financial position of the State University of Iowa as of June 30, 2007, 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

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

Note 1. Significant Accounting Policies (Continued)

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, 2007, \$271,715 of 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

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

Note 2. Cash and Cash Equivalents and Investments

In accordance with the Code of Iowa and the bond resolutions, the Funds may invest in direct 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, 2007, the Funds' investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration</u>
U.S. government treasuries, notes, bonds	\$ 3,452,490	1.843

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. The maximum duration of the University's operating portfolio may not exceed the duration of the Merrill 1-3 years Government/Corporate Index by more than 20%. Effective maturities are limited to 63 months.

Credit risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the University. Investments are limited to direct obligations of the U.S. government, which are backed by the full faith and credit of the U.S. government.

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. Investments are limited to direct obligations of the U.S. government.

Custodial credit risk:

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Funds' deposits may not be returned. Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the Funds will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party.

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, 2007 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,091,724	\$ -	\$ -	\$ 1,091,724
Construction in progress	9,863,417	3,686,359	(11,716,488)	1,833,288
	<u>10,955,141</u>	<u>3,686,359</u>	<u>(11,716,488)</u>	<u>2,925,012</u>
Capital assets being depreciated:				
Building	124,726,309	11,235,115	(35,000)	135,926,424
Improvements	6,772,930	481,372	-	7,254,302
Furniture and equipment	2,279,114	273,713	(134,005)	2,418,822
	<u>133,778,353</u>	<u>11,990,200</u>	<u>(169,005)</u>	<u>145,599,548</u>
Less accumulated depreciation	(59,650,159)	(5,445,885)	146,086	(64,949,958)
	<u>74,128,194</u>	<u>6,544,315</u>	<u>(22,919)</u>	<u>80,649,590</u>
Capital assets, net	\$ 85,083,335	\$ 10,230,674	\$ (11,739,407)	\$ 83,574,602

Note 4. Revenue Bonds Payable

A summary of revenue bonds payable activity for the year ended June 30, 2007 is as follows:

Beginning balance	\$ 60,485,000
Payments	<u>3,315,000</u>
Ending balance	<u>\$ 57,170,000</u>
Due within one year	<u>\$ 3,430,000</u>

A summary of bond principal and interest maturities as of June 30, 2007 is as follows:

	Principal	Interest	Total
Year ending June 30:			
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	2,940,000	2,024,446	4,964,446
2013 - 2017	16,845,000	8,071,559	24,916,559
2018 - 2022	20,605,000	3,728,574	24,333,574
2023 - 2025	5,330,000	377,729	5,707,729
	<u>\$ 57,170,000</u>	<u>\$ 23,457,584</u>	<u>\$ 80,627,584</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, 2007 may be called at par value as follows:

Bond Series	Call Date	Amount Callable
S.U.I. 1966	Currently callable	\$ 1,000,000
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>\$ 42,045,000</u>

Note 5. Related Party Transactions

Included in the statement of revenues, expenses and changes in net assets are revenues of \$1,533,933 from various University departments and expenses of \$8,432,103 for services purchased from various University departments.

Note 6. Commitments

As of June 30, 2007, the University has entered into \$3,462,534 of contract commitments for construction projects.

Note 7. Pending Pronouncements

GASB 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.

Department of Residence Services Revenue Bond Funds
State University of Iowa

Notes to Basic Financial Statements

Note 7. Pending Pronouncements (Continued)

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, will be effective for financial statements for periods beginning after December 15, 2007. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This Statement requires the government to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for financial statements for periods beginning after June 15, 2009. This Statement provides guidance regarding how to identify, account for and report intangible assets. The new Statement characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This Statement provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new Statement, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.

The University has not yet determined the effect, if any, these Statements 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, 2007

	Revenue Fund	Operations and Maintenance Fund	Bond Sinking Fund
Assets			
Current Assets:			
Cash and cash equivalents	\$ -	\$ 1,851,627	\$ 3,693,098
Deposit with bond paying agent	-	-	1,021,000
Accounts receivable	1,148,098	-	-
Interest receivable	47,232	-	-
Prepaid expenses	-	55,654	-
Inventories	-	480,897	-
Total current assets	1,195,330	2,388,178	4,714,098
Noncurrent Assets:			
Investments	-	-	-
Capital assets:			
Nondepreciable	-	-	-
Depreciable, net	-	-	-
Total noncurrent assets	-	-	-
	\$ 1,195,330	\$ 2,388,178	\$ 4,714,098
Liabilities and Net Assets			
Current Liabilities:			
Checks written in excess of bank balance	\$ 858,801	\$ -	\$ -
Accounts payable	-	478,839	-
Accrued salaries and wages payable	-	909,339	-
Deferred revenue	336,529	-	-
Accrued interest payable	-	-	1,284,098
Revenue bonds payable, current portion	-	-	3,430,000
Total current liabilities	1,195,330	1,388,178	4,714,098
Noncurrent Liabilities,			
revenue bonds payable	-	-	53,740,000
Total liabilities	1,195,330	1,388,178	58,454,098
Net Assets:			
Invested in capital assets, net of related debt	-	-	(57,170,000)
Restricted	-	1,000,000	3,430,000
Unrestricted	-	-	-
Total net assets	-	1,000,000	(53,740,000)
Total liabilities and net assets	\$ 1,195,330	\$ 2,388,178	\$ 4,714,098

Debt Service Reserve Fund	Surplus Fund	Improvement and Extension Fund	Investment in Plant Fund	Total
\$ 1,728,365	\$ 3,841,621	\$ 8,605,743	\$ -	\$ 19,720,454
-	-	-	-	1,021,000
-	-	-	-	1,148,098
-	-	-	-	47,232
-	-	-	-	55,654
-	-	-	-	480,897
<u>1,728,365</u>	<u>3,841,621</u>	<u>8,605,743</u>	<u>-</u>	<u>22,473,335</u>
3,452,490	-	-	-	3,452,490
-	-	-	2,925,012	2,925,012
-	-	-	80,649,590	80,649,590
<u>3,452,490</u>	<u>-</u>	<u>-</u>	<u>83,574,602</u>	<u>87,027,092</u>
<u>\$ 5,180,855</u>	<u>\$ 3,841,621</u>	<u>\$ 8,605,743</u>	<u>\$ 83,574,602</u>	<u>\$ 109,500,427</u>
\$ -	\$ -	\$ -	\$ -	\$ 858,801
-	-	343,645	-	822,484
-	-	-	-	909,339
-	-	-	-	336,529
-	-	-	-	1,284,098
-	-	-	-	3,430,000
<u>-</u>	<u>-</u>	<u>343,645</u>	<u>-</u>	<u>7,641,251</u>
-	-	-	-	53,740,000
<u>-</u>	<u>-</u>	<u>343,645</u>	<u>-</u>	<u>61,381,251</u>
-	-	-	83,574,602	26,404,602
5,180,855	-	8,262,098	-	17,872,953
-	3,841,621	-	-	3,841,621
<u>5,180,855</u>	<u>3,841,621</u>	<u>8,262,098</u>	<u>83,574,602</u>	<u>48,119,176</u>
<u>\$ 5,180,855</u>	<u>\$ 3,841,621</u>	<u>\$ 8,605,743</u>	<u>\$ 83,574,602</u>	<u>\$ 109,500,427</u>

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, 2007

	Revenue Fund	Operations and Maintenance Fund	Bond Sinking Fund
Operating revenues and expenses:			
Operating revenues	\$ 42,796,995	\$ -	\$ -
Operating expenses:			
Operating expenses other than depreciation	45,869	27,047,276	-
Depreciation expense	-	-	-
Total operating expenses	45,869	27,047,276	-
Operating income (loss)	42,751,126	(27,047,276)	-
Nonoperating revenues (expenses):			
Investment income	1,143,040	-	-
Interest expense	-	-	(2,296,480)
Loss on sale of capital assets	(22,919)	-	-
Other revenue	89,823	-	-
Total nonoperating revenues (expenses)	1,209,944	-	(2,296,480)
Income (loss) before transfers	43,961,070	(27,047,276)	(2,296,480)
Transfers:			
Transfers from (to) other University funds	(8,534,943)	1,600,000	-
Mandatory transfers	(35,460,114)	25,447,276	(51,443,520)
Non-mandatory transfers	33,987	-	-
Total transfers	(43,961,070)	27,047,276	(51,443,520)
Increase (decrease) in net assets	-	-	(53,740,000)
Net assets:			
Beginning	-	1,000,000	-
Ending	\$ -	\$ 1,000,000	\$ (53,740,000)

Debt Service Reserve Fund	Surplus Fund	Improvement and Extension Fund	Investment in Plant Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 42,796,995
-	(23,744)	6,966,233	-	34,035,634
-	-	-	5,445,885	5,445,885
-	(23,744)	6,966,233	5,445,885	39,481,519
-	23,744	(6,966,233)	(5,445,885)	3,315,476
(21,187)	-	-	-	1,121,853
-	-	-	-	(2,296,480)
-	-	-	-	(22,919)
-	-	-	-	89,823
(21,187)	-	-	-	(1,107,723)
(21,187)	23,744	(6,966,233)	(5,445,885)	2,207,753
-	(1,260,304)	7,555,698	250,794	(388,755)
(1,146,813)	1,146,813	600,000	60,856,358	-
-	(33,987)	-	-	-
(1,146,813)	(147,478)	8,155,698	61,107,152	(388,755)
(1,168,000)	(123,734)	1,189,465	55,661,267	1,818,998
6,348,855	3,965,355	7,072,633	27,913,335	46,300,178
\$ 5,180,855	\$ 3,841,621	\$ 8,262,098	\$ 83,574,602	\$ 48,119,176

Department of Residence Services Revenue Bond Funds
State University of Iowa

Schedule of Student Enrollment
(Unaudited)
Year Ended June 30, 2007

Enrollment at the State University of Iowa for the year ended June 30, 2007 was as follows:

Summer semester, 2006	11,191
Fall semester, 2006	29,979
Spring semester, 2007	28,653