

**Tennessee Technological University
Dormitory Corporation**

For the Year Ended June 30, 1998

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January 8, 1999

The Honorable Don Sundquist, Governor
and

Members of the General Assembly
State Capitol
Nashville, Tennessee 37243

and

The Honorable Charles E. Smith, Chancellor
Tennessee Board of Regents
1415 Murfreesboro Road, Suite 350
Nashville, Tennessee 37217

and

Mr. Ed Hooper, President
Tennessee Technological University Dormitory Corporation
59 North Jefferson Street
Cookeville, Tennessee 38501

Ladies and Gentlemen:

Transmitted herewith is the financial and compliance audit of the Tennessee Technological University Dormitory Corporation for the year ended June 30, 1998. You will note from the independent auditor's report that an unqualified opinion was given on the fairness of the presentation of the financial statements.

Consideration of internal control over financial reporting and tests of compliance resulted in no audit findings.

Very truly yours,

W. R. Snodgrass
Comptroller of the Treasury

WRS/ms
99/021

State of Tennessee

A u d i t H i g h l i g h t s

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit
Tennessee Technological University Dormitory Corporation
For the Year Ended June 30, 1998

AUDIT OBJECTIVES

The objectives of the audit were to consider the corporation's internal control over financial reporting; to determine compliance with certain provisions of laws and regulations; to determine the fairness of the presentation of the financial statements; and to recommend appropriate actions to correct any deficiencies.

AUDIT FINDINGS

The audit report contains no findings.

OPINION ON THE FINANCIAL STATEMENTS

The opinion on the financial statements is unqualified.

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-0264
(615) 741-3697

Audit Report
Tennessee Technological University Dormitory Corporation
For the Year Ended June 30, 1998

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Tennessee Technological University Dormitory Corporation For the Year Ended June 30, 1998

INTRODUCTION

POST-AUDIT AUTHORITY

This is a report on the financial and compliance audit of the Tennessee Technological University Dormitory Corporation. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any state governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

BACKGROUND AND ORGANIZATION

The Tennessee Technological University Dormitory Corporation was chartered as a general welfare, nonprofit corporation on February 23, 1966. The purpose of the corporation is to borrow the necessary funds to finance the construction of, and to maintain and operate, student apartment and dormitory housing for the university. Upon dissolution of the corporation, all the corporation’s assets remaining after the payment of all its liabilities are to be transferred to the university without further consideration.

A meeting of the five-member board of directors of the Tennessee Technological University Dormitory Corporation was held on July 14, 1966, to adopt a bond resolution authorizing the issuance of dormitory revenue bonds of \$3,425,000. First Tennessee Bank was named as trustee. At a similar meeting on May 12, 1967, the board of directors adopted a resolution authorizing the issuance of \$2,900,000 in dormitory revenue bonds and named Union Planters National Bank of Memphis as trustee.

AUDIT SCOPE

The audit was limited to the period July 1, 1997, through June 30, 1998, and was conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General

of the United States. Financial statements are presented for the year ended June 30, 1998, and for comparative purposes, the year ended June 30, 1997. The Tennessee Technological University Dormitory Corporation is a blended component unit of Tennessee Technological University.

OBJECTIVES OF THE AUDIT

The objectives of the audit were

1. to consider the corporation's internal control over financial reporting to determine auditing procedures for the purpose of expressing an opinion on the financial statements;
2. to determine compliance with certain provisions of laws and regulations;
3. to determine the fairness of the presentation of the financial statements; and
4. to recommend appropriate actions to correct any deficiencies.

PRIOR AUDIT FINDINGS

There were no findings in the prior audit report.

RESULTS OF THE AUDIT

AUDIT CONCLUSIONS

Internal Control

As part of the audit of the corporation's financial statements for the year ended June 30, 1998, we considered internal control over financial reporting to determine auditing procedures for the purpose of expressing an opinion on the financial statements, as required by generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Consideration of internal control over financial reporting disclosed no material weaknesses.

Compliance

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Fairness of Financial Statement Presentation

The Division of State Audit has rendered an unqualified opinion on the corporation's financial statements.

**Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of
Financial Statements Performed in Accordance With
*Government Auditing Standards***

October 22, 1998

The Honorable W. R. Snodgrass
Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37243

Dear Mr. Snodgrass:

We have audited the financial statements of the Tennessee Technological University Dormitory Corporation, a blended component unit of Tennessee Technological University, as of and for the year ended June 30, 1998, and have issued our report thereon dated October 22, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the corporation's financial statements are free of material misstatement, we performed tests of the corporation's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The Honorable W. R. Snodgrass
October 22, 1998
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Internal Control Over Financial Reporting

In planning and performing our audit, we considered the corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the General Assembly of the State of Tennessee and management. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director
Division of State Audit

AAH/ms

Independent Auditor's Report

October 22, 1998

The Honorable W. R. Snodgrass
Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37243

Dear Mr. Snodgrass:

We have audited the accompanying balance sheets of the Tennessee Technological University Dormitory Corporation, a blended component unit of Tennessee Technological University, as of June 30, 1998, and June 30, 1997, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the years then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements, based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tennessee Technological University Dormitory Corporation as of June 30, 1998, and June 30, 1997, and the changes in fund balances and the current funds revenues, expenditures, and other changes for the years then ended in conformity with generally accepted accounting principles.

The Honorable W. R. Snodgrass
October 22, 1998
Page Two

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information, following the notes to the financial statements, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 1998, on our consideration of the corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director
Division of State Audit

AAH/ms

TENNESSEE TECHNOLOGICAL UNIVERSITY DORMITORY CORPORATION
BALANCE SHEETS
JUNE 30, 1998, AND JUNE 30, 1997

	<u>June 30, 1998</u>	<u>June 30, 1997</u>		<u>June 30, 1998</u>	<u>June 30, 1997</u>
ASSETS			LIABILITIES AND FUND BALANCES		
Plant funds:			Plant funds:		
Retirement of indebtedness:			Retirement of indebtedness:		
Deposits with trustees (Note 2)	\$ 518,044.46	\$ 513,845.93	Liabilities:		
Accrued interest receivable	-	1,439.16	Accrued interest payable	\$ 15,152.00	\$ 17,415.00
			Fund balances:		
			Restricted	354,300.00	354,300.00
			Unrestricted	148,592.46	143,570.09
			Total fund balances	502,892.46	497,870.09
Total retirement of indebtedness	518,044.46	515,285.09	Total retirement of indebtedness	518,044.46	515,285.09
Investment in plant:			Investment in plant:		
Buildings	6,888,005.68	6,888,005.68	Liabilities:		
			Loan payable to the university	215,646.55	399,913.21
			Bonds payable (Note 3)	1,745,000.00	2,012,000.00
			Total liabilities	1,960,646.55	2,411,913.21
			Fund balance:		
			Net investment in plant	4,927,359.13	4,476,092.47
Total investment in plant	6,888,005.68	6,888,005.68	Total investment in plant	6,888,005.68	6,888,005.68
Total plant funds	\$ 7,406,050.14	\$ 7,403,290.77	Total plant funds	\$ 7,406,050.14	\$ 7,403,290.77

The notes to the financial statements are an integral part of this statement.

TENNESSEE TECHNOLOGICAL UNIVERSITY DORMITORY CORPORATION
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1998

	Current Funds		Plant Funds		
	Unrestricted	Renewals and Replacements	Retirement of Indebtedness	Investment In Plant	
REVENUES AND OTHER ADDITIONS					
Dormitory rentals	\$ 1,321,295.37	\$ -	\$ -	\$ -	-
Apartment rentals	514,806.79	-	-	-	-
Special and clinic revenues	63,800.47	-	-	-	-
Investment income	-	-	24,662.62	-	-
Retirement of indebtedness	-	-	-	-	267,000.00
Decrease in loan payable	-	-	-	-	184,266.66
Other	15,598.10	-	-	-	-
Total revenues and other additions	1,915,500.73	-	24,662.62	-	451,266.66
EXPENDITURES AND OTHER DEDUCTIONS					
Administrative	87,390.62	-	-	-	-
Maintenance	382,112.90	-	-	-	-
Telephone	142,794.72	-	-	-	-
Counselor fees	54,889.48	-	-	-	-
Plant costs	299,139.83	-	-	-	-
General	196,615.91	-	-	-	-
Conferences	7,447.15	-	-	-	-
Transfer to the university	179,244.26	-	-	-	-
Expended for noncapital items	-	208,704.36	-	-	-
Retirement of indebtedness	-	-	267,000.00	-	-
Interest on indebtedness	-	-	98,597.00	-	-
Debt service agent fees	-	-	10,467.92	-	-
Other	736.83	-	-	-	-
Total expenditures and other deductions	1,350,371.70	208,704.36	376,064.92	-	-
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS)					
Mandatory:					
Renewals and replacements	(208,704.36)	208,704.36	-	-	-
Principal and interest	(356,424.67)	-	356,424.67	-	-
Total transfers	(565,129.03)	208,704.36	356,424.67	-	-
Net increases for the year	0.00	-	5,022.37	-	451,266.66
Fund balances at beginning of year	-	-	497,870.09	-	4,476,092.47
Fund balances at end of year	\$ 0.00	\$ -	\$ 502,892.46	\$ -	\$ 4,927,359.13

The notes to the financial statements are an integral part of this statement.

TENNESSEE TECHNOLOGICAL UNIVERSITY DORMITORY CORPORATION
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1997

	Current Funds	Plant Funds		
	Unrestricted	Renewals and Replacements	Retirement of Indebtedness	Investment In Plant
<u>REVENUES AND OTHER ADDITIONS</u>				
Dormitory rentals	\$ 1,255,772.72	\$ -	\$ -	\$ -
Apartment rentals	516,199.29	-	-	-
Special and clinic revenues	74,003.24	-	-	-
Investment income	-	-	23,178.26	-
Retirement of indebtedness	-	-	-	255,000.00
Decrease in loan payable	-	-	-	179,150.36
Other	14,377.11	-	-	-
Total revenues and other additions	1,860,352.36	-	23,178.26	434,150.36
<u>EXPENDITURES AND OTHER DEDUCTIONS</u>				
Administrative	98,098.70	-	-	-
Maintenance	366,703.84	-	-	-
Telephone	151,268.67	-	-	-
Counselor fees	55,066.21	-	-	-
Plant costs	292,668.85	-	-	-
General	188,388.38	-	-	-
Conferences	8,190.71	-	-	-
Transfer to the university	178,073.50	-	-	-
Expended for noncapital items	-	162,997.13	-	-
Retirement of indebtedness	-	-	255,000.00	-
Interest on indebtedness	-	-	112,029.50	-
Debt service agent fees	-	-	12,238.88	-
Other	1,729.39	-	-	-
Total expenditures and other deductions	1,340,188.25	162,997.13	379,268.38	-
<u>TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS)</u>				
Mandatory:				
Renewals and replacements	(162,997.13)	162,997.13	-	-
Principal and interest	(357,166.98)	-	357,166.98	-
Total transfers	(520,164.11)	162,997.13	357,166.98	-
Net increases for the year	-	-	1,076.86	434,150.36
Fund balances at beginning of year	-	-	496,793.23	4,041,942.11
Fund balances at end of year	\$ -	\$ -	\$ 497,870.09	\$ 4,476,092.47

The notes to the financial statements are an integral part of this statement.

TENNESSEE TECHNOLOGICAL UNIVERSITY DORMITORY CORPORATION
 STATEMENTS OF CURRENT FUNDS REVENUES, EXPENDITURES
 AND OTHER CHANGES
 FOR THE YEARS ENDED JUNE 30, 1998, AND JUNE 30, 1997

	Unrestricted	
	Year Ended <u>June 30, 1998</u>	Year Ended <u>June 30, 1997</u>
<u>REVENUES</u>		
Dormitory rentals	\$ 1,321,295.37	\$ 1,255,772.72
Apartment rentals	514,806.79	516,199.29
Special and clinic revenues	63,800.47	74,003.24
Other	15,598.10	14,377.11
Total current revenues	<u>1,915,500.73</u>	<u>1,860,352.36</u>
<u>EXPENDITURES AND TRANSFERS</u>		
Expenditures:		
Administrative	87,390.62	98,098.70
Maintenance	382,112.90	366,703.84
Telephone	142,794.72	151,268.67
Counselor fees	54,889.48	55,066.21
Plant costs	299,139.83	292,668.85
General	196,615.91	188,388.38
Conferences	7,447.15	8,190.71
Other	736.83	1,729.39
Total expenditures	1,171,127.44	1,162,114.75
Mandatory transfers for:		
Renewals and replacements	208,704.36	162,997.13
Principal and interest	356,424.67	357,166.98
Total expenditures and transfers	<u>1,736,256.47</u>	<u>1,682,278.86</u>
<u>OTHER DEDUCTION</u>		
Transfer to the university	<u>(179,244.26)</u>	<u>(178,073.50)</u>
Net increase (decrease) in fund balances	\$ <u><u>-</u></u>	\$ <u><u>0.00</u></u>

The notes to the financial statements are an integral part of this statement.

Tennessee Technological University Dormitory Corporation
Notes to the Financial Statements
June 30, 1998, and June 30, 1997

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Tennessee Technological University Dormitory Corporation was chartered as a body corporate and politic; it is a general welfare corporation whose purpose is to borrow the necessary funds to finance the construction of, and to maintain and operate, student apartment and dormitory housing for the university.

The corporation is a blended component unit of Tennessee Technological University. Although it is legally separate from the university, in the university's financial statements the corporation is reported as if it were part of the university. Because of the nature and significance of its relationship with the university, the exclusion of the corporation from the university's reporting entity would render the university's financial statements incomplete. The assets and liabilities of the corporation are included in the plant funds on the university's balance sheet. Revenues and expenditures of the corporation are also included in the university's financial statements. The excess of expenditures over revenues is recorded as an increase to accounts receivable by the university, and the excess of revenues over expenditures is recorded as a decrease to accounts receivable. Upon dissolution of the corporation, all the corporation's assets remaining after payment of all its liabilities are to be transferred to the university without further consideration.

Basis of Presentation

The financial statements of the corporation have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The corporation uses the AICPA College Guide model for accounting and financial reporting.

Basis of Accounting

The financial statements of the corporation have been prepared on the accrual basis, except that depreciation on buildings is not recorded and revenues and expenditures of an academic term encompassing more than one fiscal year are reported solely in the fiscal year in which the term is predominantly conducted. The statement of current funds revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport

Tennessee Technological University Dormitory Corporation
Notes to the Financial Statements (Cont.)
June 30, 1998, and June 30, 1997

to present the results of operations or the net income or loss for the period, as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the funds are accounted for as mandatory transfers for unexpended plant, renewal and replacement, and required debt amortization and interest.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of the resources available, the corporation maintains accounts in accordance with the principles of fund accounting. With this procedure, resources for various purposes are classified for accounting and reporting purposes into funds for specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds with similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds which are allocated to specific purposes by the governing board. Externally restricted funds may be used only in accordance with the purposes established by the source of such funds and contrast with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional purposes.

Ordinary income derived from investments is accounted for in the fund owning such assets. All unrestricted revenue is accounted for in the unrestricted current funds.

Current Funds

Unrestricted current funds consist of those funds over which the corporation retains full control for use in achieving any of its authorized corporate purposes.

Plant Funds

The plant funds group consists of (1) funds set aside for the acquisition of physical properties for corporate purposes, (2) funds set aside for the renewal and replacement of corporate properties, (3) funds set aside for debt service charges and for the retirement of the indebtedness on corporate properties, and (4) funds expended for, and thus invested in, corporate properties.

Tennessee Technological University Dormitory Corporation
Notes to the Financial Statements (Cont.)
June 30, 1998, and June 30, 1997

Plant Assets

Buildings are stated at cost; depreciation is not recorded.

Loan Payable to the University

The loan payable is the amount of funds paid from the university's general housing operations on behalf of the corporation. This cumulative amount reflects the net loss of the corporation for the period from the inception of the corporation through June 30, 1998. The loss takes into account the expenditures for unexpended plant, renewals and replacements, and debt service.

NOTE 2. DEPOSITS WITH TRUSTEES

Reserves at First Tennessee Bank and Union Planters National Bank have been maintained at a level equal to or higher than that required by the various bond resolutions. At June 30, 1998, the reserves consisted of \$17.59 in cash and mutual funds with a carrying amount and market value of \$518,026.87. At June 30, 1997, the reserves consisted of \$48,343.67 in cash and mutual funds with a carrying amount and market value of \$465,502.26. Mutual funds are not susceptible to credit risk categorization.

Deposits with financial institutions are required to be categorized to indicate the level of risk assumed by the corporation. Category 1 consists of deposits that are insured or collateralized with securities held by the corporation or by its agent in the corporation's name. Category 2 consists of deposits collateralized with securities held by the pledging financial institution's trust department or agent in the corporation's name. Category 3 deposits are uncollateralized. This category includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the corporation's name.

At June 30, 1998, the carrying amount and bank balance of the corporation's deposits was \$17.59. The bank balance was category 1.

At June 30, 1997, the carrying amount and bank balance of the corporation's deposits was \$48,343.67. The bank balance was category 1.

Tennessee Technological University Dormitory Corporation
Notes to the Financial Statements (Cont.)
June 30, 1998, and June 30, 1997

NOTE 3. BONDS PAYABLE

Bond issues, with interest rates ranging from 4.5% to 5.0%, are due serially to 2005 and are secured by pledges of the facilities' revenues to which they relate. The corporation's debt service requirements to maturity for bonds payable at June 30, 1998, are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 278,000.00	\$ 97,257.50	\$ 375,257.50
2000	292,000.00	82,617.50	374,617.50
2001	303,000.00	67,400.00	370,400.00
2002	321,000.00	51,425.00	372,425.00
2003	315,000.00	28,052.50	343,052.50
2004-2005	<u>236,000.00</u>	<u>21,080.00</u>	<u>257,080.00</u>
	<u>\$1,745,000.00</u>	<u>\$ 347,832.50</u>	<u>\$2,092,832.50</u>

NOTE 4. TRANSMITTAL OF REVENUE

Revenue has been transmitted to the proper trust officer of each bond issue in accordance with the applicable bond resolution and memorandum of agreement between the university, the corporation, and the various trust officers involved with the bond issues.

NOTE 5. EXPENDITURES

The maintenance of the married student apartments and residence halls is in keeping with the stipulations in the various bond resolutions.

Tennessee Technological University Dormitory Corporation
Notes to the Financial Statements (Cont.)
June 30, 1998, and June 30, 1997

NOTE 6. INSURANCE-RELATED ACTIVITIES

The state purchases commercial insurance for real property losses above \$5 million per year and surety bond coverage on the state's officials and employees. In the past three fiscal years, the state has not had any claims filed with the commercial insurer. A designation for casualty losses in the amount of \$5 million has been established in the state's general fund to provide for any property losses not covered by the commercial insurance.

At June 30, 1998, and June 30, 1997, the scheduled coverage for the corporation was \$25,907,000 for buildings and \$1,267,400 for contents.

The corporation has a business interruption insurance policy issued by the Continental National American Group which provides \$530,000 of coverage. In the past three fiscal years, the corporation has not had any claims filed with the commercial insurer.

The state has set aside assets for claim settlement in an internal service fund, the Claims Award Fund. This fund services all claims for risk of loss to which the state is exposed, including general liability, automobile liability, professional malpractice, and workers' compensation. The corporation participates in the Claims Award Fund. The fund allocates the cost of providing claims servicing and claims payment by charging a premium to the corporation based on a percentage of the corporation's expected loss costs, which include both experience and exposures. This charge considers recent trends in actual claims experience of the state as a whole. An actuarial valuation is performed as of fiscal year-end to determine the fund liability and premium allocation. Since the corporation participates in the Claims Award Fund, it is subject to the liability limitations under the provisions of the Tennessee Claims Commission Act, *Tennessee Code Annotated*, Section 9-8-101 et seq. Liability for negligence of the corporation for bodily injury and property damage is limited to \$300,000 per person and \$1,000,000 per occurrence. The limits of liability under workers' compensation are set forth in *Tennessee Code Annotated*, Section 50-6-101 et seq. Claims are paid through the state's Claims Award Fund.

TENNESSEE TECHNOLOGICAL UNIVERSITY DORMITORY CORPORATION
 SCHEDULE OF CHANGES IN RESERVE BALANCE
 FOR THE YEAR ENDED JUNE 30, 1998

	6-8-150 <u>Apartments</u>	Women's <u>Residence Halls</u>	<u>Total</u>
Balance, July 1	\$ 352,746.83	\$ 162,538.26	\$ 515,285.09
Additions:			
Principal and interest transfers	184,103.51	172,321.16	356,424.67
Investment income	<u>16,238.97</u>	<u>8,423.65</u>	<u>24,662.62</u>
Total available	<u>553,089.31</u>	<u>343,283.07</u>	<u>896,372.38</u>
Deductions:			
Retirement of indebtedness	150,000.00	117,000.00	267,000.00
Interest payments	40,950.00	59,910.00	100,860.00
Debt service agent fees	<u>5,797.96</u>	<u>4,669.96</u>	<u>10,467.92</u>
Total deductions	<u>196,747.96</u>	<u>181,579.96</u>	<u>378,327.92</u>
Balance, June 30	\$ <u><u>356,341.35</u></u>	\$ <u><u>161,703.11</u></u>	\$ <u><u>518,044.46</u></u>

TENNESSEE TECHNOLOGICAL UNIVERSITY DORMITORY CORPORATION
SCHEDULE OF REVENUES AND EXPENDITURES BY BOND ISSUE
FOR THE YEAR ENDED JUNE 30, 1998

	6-8-150 Apartments	7-50 Apartments	Women's Residence Halls	Total
University building name	Browning, Cooper, Dunn, Evins, and Married Student Apartments	Ellington, Warf, and Married Student Apartments	Murphy and Jobe	
Rated capacity (fall semester)	739	303	0	
Occupancy - academic year	1389	559	0	
Percent occupied	93.98%	92.24%	0.00%	
Trustee	First Tennessee Bank	Union Planters National Bank	Union Planters National Bank	
Revenues:				
Dormitory rentals	\$ 930,646.56	\$ 390,648.81	\$ -	\$ 1,321,295.37
Apartment rentals	394,352.85	120,453.94	-	514,806.79
Special and clinic revenues	36,909.65	12,662.86	14,227.96	63,800.47
Investment income	16,238.97	-	8,423.65	24,662.62
Other	11,266.34	4,331.76	-	15,598.10
Total revenues	<u>1,389,414.37</u>	<u>528,097.37</u>	<u>22,651.61</u>	<u>1,940,163.35</u>
Expenditures:				
Administrative	63,886.95	23,043.96	459.71	87,390.62
Maintenance	269,962.18	108,721.82	3,428.90	382,112.90
Telephone	101,848.18	40,946.54	-	142,794.72
Counselor fees	38,347.44	15,984.17	557.87	54,889.48
Plant costs	214,933.30	82,065.34	2,141.19	299,139.83
General	137,588.10	57,063.73	1,964.08	196,615.91
Conferences	4,308.30	1,478.08	1,660.77	7,447.15
Expended for noncapital items	109,279.88	29,272.44	70,152.04	208,704.36
Interest on indebtedness	39,841.00	-	58,756.00	98,597.00
Debt service agent fees	5,797.96	-	4,669.96	10,467.92
Other	514.77	214.57	7.49	736.83
Total expenditures	<u>986,308.06</u>	<u>358,790.65</u>	<u>143,798.01</u>	<u>1,488,896.72</u>
Net increase (decrease) for the year	<u>\$ 403,106.31</u>	<u>\$ 169,306.72</u>	<u>\$ (121,146.40)</u>	<u>\$ 451,266.63</u>

TENNESSEE TECHNOLOGICAL UNIVERSITY DORMITORY CORPORATION
 SCHEDULE OF DEBT SERVICE STATISTICS
 FOR THE YEAR ENDED JUNE 30, 1998

Name	Date of Issue	Interest Rate	Amount	Total Paid On Principal	Principal Outstanding June 30, 1998	Reserve Account	During the Year Ended June 30, 1998 Principal, Interest, and Agent's Fee Paid	During the Year Ending June 30, 1999 Principal, Interest, and Agent's Fee Payable
Tennessee Technological University Dormitory Corporation (First Tennessee Trustee)	5/1/66	4.5%	\$ 3,425,000.00	\$ 2,590,000.00	\$ 835,000.00	\$ 356,341.35	\$ 196,747.96	\$ 196,087.50
Tennessee Technological University Dormitory Corporation (Series B) (Union Planters Trustee)	11/1/67	5.0%	<u>1,439,000.00</u>	<u>529,000.00</u>	<u>910,000.00</u>	<u>161,703.11</u>	<u>181,579.96</u>	<u>179,170.00</u>
Total			<u>\$ 4,864,000.00</u>	<u>\$ 3,119,000.00</u>	<u>\$ 1,745,000.00</u>	<u>\$ 518,044.46</u>	<u>\$ 378,327.92</u>	<u>\$ 375,257.50</u>