



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ December 20, 2005

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Auditor of State David A. Vaudt stated today the Iowa Public Employees' Retirement System (IPERS) released its comprehensive annual financial report for the year ended June 30, 2005. IPERS was created by the Iowa Legislature in 1953 and is responsible for providing retirement and death benefits for all covered employees of the State of Iowa and its political subdivisions.

IPERS' net assets held in trust for pension benefits totaled \$18,767,228,779 at June 30, 2005. IPERS reported total additions of \$2,437,197,885 for the year ended June 30, 2005. Additions included \$513,449,599 from employer and employee contributions, \$11,217,246 from buy-back/buy-in contributions and net investment income of \$1,905,551,641. Deductions for the fiscal year totaled \$919,885,957, including benefits paid to retirees and beneficiaries of \$868,557,596 and refunds for members leaving IPERS of \$43,113,458.

IPERS' unfunded actuarial accrued liability increased approximately \$112,000,000 during fiscal year 2005, from \$2,176,468,067 at June 30, 2004 to \$2,288,608,596 at June 30, 2005, due primarily to the impact of the contribution rate being lower than the actuarially determined rate and an experience loss on actuarial liabilities. Based upon the current contribution rates, the amortization period to pay off the unfunded actuarial accrued liability is an infinite number of years, which exceeds the funding policy maximum of 30 years.

A copy of the audit report is available for review in the Iowa Public Employees' Retirement System, the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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Independent Auditor's Report

To the Members of the  
Iowa Public Employees' Retirement System Investment Board:

We have audited the accompanying statement of plan net assets of the Iowa Public Employees' Retirement System (IPERS) as of June 30, 2005 and 2004, and the related statement of changes in plan net assets for the years then ended. These financial statements are the responsibility of IPERS' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in note 1, the financial statements present the financial position and the changes in financial position of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of IPERS. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2005 and 2004, and the changes in its financial position and its cash flows, where applicable, for the years then ended in conformity with U.S. generally accepted accounting principles.

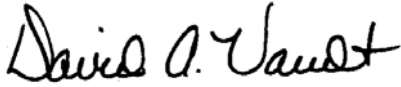
In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of IPERS at June 30, 2005 and 2004, and the changes in plan net assets for the years then ended in conformity with U.S. generally accepted accounting principles.

Management's Discussion and Analysis and the schedules of funding progress and employer contributions on pages 31 through 34 and 55 through 56 are not required parts of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

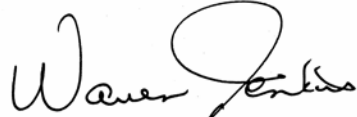
Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The other supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audits of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

We did not audit the data included in the introduction, investments, actuarial, statistical and plan summary sections and, accordingly, express no opinion thereon.

Our report on IPERS' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts and other matters required by Government Auditing Standards will be issued under separate cover. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 22, 2005