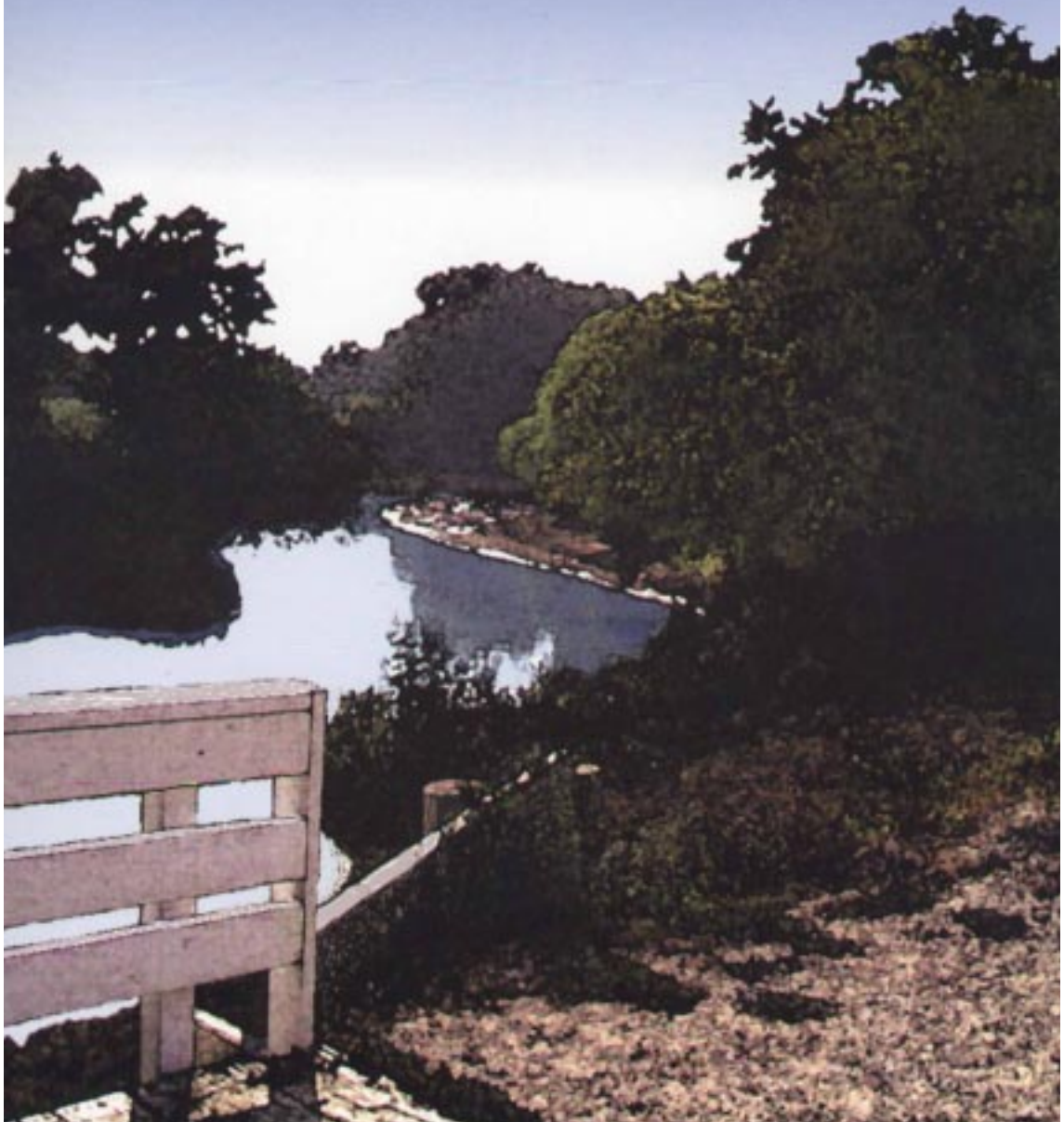


# Iowa 98

Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 1998



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year  
Ended June 30, 1998*

Terry E. Branstad - Governor

PREPARED BY: \_\_\_\_\_  
Iowa Department of Revenue and Finance - Gerald D. Bair - Director

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**ACKNOWLEDGEMENTS**

# INTRODUCTORY

December 9, 1998

TO THE CITIZENS, GOVERNOR,  
AND MEMBERS OF THE IOWA  
GENERAL ASSEMBLY:

In accordance with Iowa Code Section 421.31(5), we are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the State of Iowa for the fiscal year ended June 30, 1998. The Department of Revenue and Finance is responsible for both the accuracy of the presented data, and the completeness and fairness of the presentation. We believe the information presented is accurate in all material respects and the necessary disclosures have been made which enable the reader to obtain an understanding of the State's financial activity.

This report has been prepared in accordance with generally accepted accounting principles (GAAP) for governments as promulgated by the Governmental Accounting Standards Board (GASB).

The report is presented in three sections as follows:

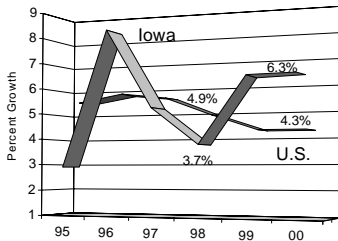
- \* The INTRODUCTORY SECTION includes this transmittal letter, the Government Finance Officers Association (GFOA) Certificate of Achievement for the fiscal year 1997 CAFR, an organizational chart of State government, and a list of principal State officials.
- \* The FINANCIAL SECTION contains the independent auditor's report on the financial statements, the general purpose financial statements, the combining statements, schedules of required pension disclosures, and detailed breakdowns of General Fund revenues and expenditures.
- \* The STATISTICAL SECTION highlights selected financial and demographic information, generally presented on a multi-year basis.

This report includes all of the fund types, account groups, departments and agencies of the State, as well as boards, commissions, authorities, and universities for which the State's executive, legislative, and judicial branches are financially accountable. The criterion considered in establishing financial accountability, as set forth by the GASB include: appointing a voting majority of the organization's governing body, and either (1) the ability to impose its will on the organization or (2) the potential for the organization to provide specific financial benefits to, or impose financial burdens on the State. It also includes component units where the nature and significance of their relationship with the State are such that their exclusion would cause the financial statements to be misleading or incomplete. The reader is directed to Note 1.B in the Notes to the Financial Statements for a more complete description of the factors used to define the reporting entity.

All activities which would generally be considered part of the State of Iowa are included in this report. These activities provide a range of services including education, health and human services, transportation, agriculture and natural resources, law enforcement, public safety, economic development, legislative, judicial, and administrative services.

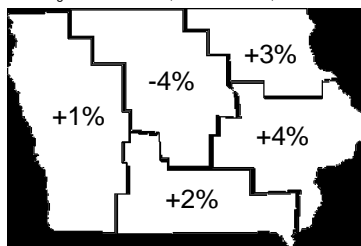
## ECONOMIC CONDITION AND OUTLOOK

Iowa personal income growth is forecast to outpace the nation after '98



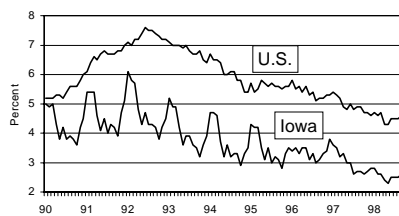
Source: Iowa Economic Forecasting Council

Federal Reserve Bank of Chicago  
Survey of Farmland Value  
Change in value October, 1997 to October, 1998



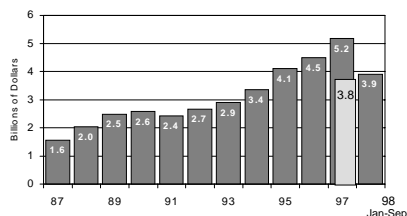
Statewide increase October, 1997 to October, 1998 +2%

Iowa's jobless rate 2 points below U.S.



Source: Iowa Workforce Development

Iowa factory exports were still showing moderate growth through mid-year



Source: Iowa Department of Economic Development

**Personal Income.** Iowa has seen an incredible 8.2% income growth in 1996, followed by 5.1% growth in 1997. The current estimates based upon second quarter data indicate a more moderate rate for 1998. Based upon two quarters of 1998 data, the Iowa Economic Forecasting Council currently projects a 3.7% growth rate for the year. Annual income growth in 1999 and 2000 is expected to be about 6.3%.

The softest spot in the economy is farm income. Excess world capacity of coarse grains and reduced demand has impacted the market for Iowa grain farmers. In addition, a drop in the sale and manufacturing of farm machinery is likely. It remains to be seen whether this is a one-year downturn or not. In the meantime, there is some comfort in the fact that 1996 and 1997 were extraordinarily strong years for farm income. Farmers purchased new capital equipment, consolidated debt and built up savings. However, our agricultural experts indicate that for the period 1996 through 2000, net farm income will average or fall slightly below the previous five-year period.

This year, Iowa's economy is more resilient to a farm downturn. Over the past 16 years Iowa has seen an increase of 471,000 jobs that are unrelated to agriculture. This did not happen by accident but was the result of a focused State industrial policy. The purpose has been to insulate the rest of the State's economy from the volatility of farm income.

**Farmland Values.** Despite the softer farm economy, Iowa's farmland by the third quarter of 1998 was worth 2% more than a year earlier, according to the Federal Reserve Bank of Chicago's survey of area bankers. For the July through September period, values declined by 1% from the same quarter in 1997.

**Employment.** In 1998, once again Iowa had one of the lowest average unemployment rates in the nation. The percentage of growth in Iowa's employed workforce began in earnest in 1992, when the State's economy was more resilient to the 1990-92 recession than was the rest of the nation. From mid-1992 until now, Iowa's unemployment rate has consistently remained about two percentage points below the national average, even as the U.S. rate has been falling during that time. By year's end, Iowa's seasonally adjusted unemployment rate was running in the 2.5-2.6% range while the U.S. unemployment rate has been hovering in the 4.4 - 4.7% range. To date, not one Iowa city or county had an unemployment rate that matched or exceeded the U.S. average.

By October 1998, the pool of resident employment had grown by 16,000 from the previous October, a 1% growth rate. This more moderate growth rate is a consequence of having a labor supply that is more fully utilized.

As of October, the number of non-farm payroll jobs was up about 33,000 from year-earlier numbers. However, the Iowa Economic Forecasting Council's November outlook is that only 11,000 more jobs will be added over the next two years.

**Exports.** Some of Iowa's economic growth during the past decade can be attributed to the enhanced cultivation of export markets. Despite the State's inland location, Iowa has become a major supplier to the world's markets for industrial machinery, instruments and measurement devices, electronics, specialized transportation equipment, chemicals and pharmaceuticals, and processed food products, in addition to the traditional farm commodities and livestock. In 1997, the export of factory goods accounted for \$5.2 billion, or about half of the \$9.4 billion total exports from Iowa. In the years 1994, 1995, and 1996, the growth rate increased by 16%, 22% and 11%, respectively. Factory exports in 1997 grew by 13%, but the pace appears to have slowed in 1998. Comparing the three quarters of 1998 to the same period in 1997, factory exports grew by 2%.

**Gross State Product.** In 1996, the most recent year for which data is available, Iowa's Gross State Product (GSP) was \$76 billion, having grown 6.9% since 1995. The GSP is the U.S. Commerce Department's measure of the value of all goods and services produced in the state each year. The nation's Gross Domestic Product grew by 5.6% between 1995 and 1996.

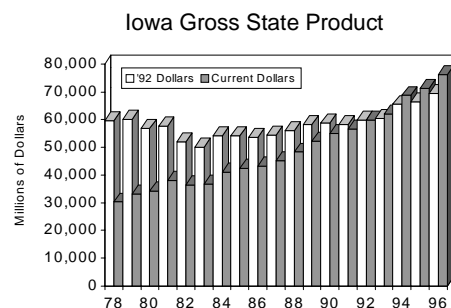
**Residential Construction Permits.** Iowa's largest communities have been experiencing a housing construction boom that has surpassed the pattern seen elsewhere in the country. During the first ten months of 1998, the dollar value of permits issued by the state's 48 largest communities set a record of over \$610 million, a 38% increase over the same period in 1997. Attractive mortgage rates and above average income growth has spurred this growth. For the year-to-date, 34 communities had levels that exceeded the same period in 1997 indicating the degree to which this trend was geographically spread.

### MAJOR INITIATIVES AND ISSUES

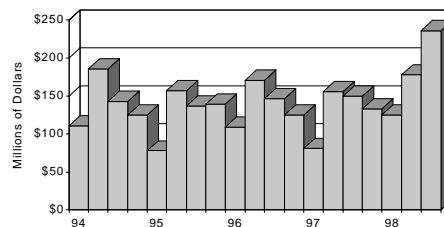
**Personal Income Tax.** Effective January 1, 1998, Iowa reduced personal income taxes by 10% across-the-board. This action significantly eased the burden on all working Iowans. No action taken by State government this decade has directly benefited taxpaying Iowans as much as this income tax cut. The reductions are based upon three guiding principles: 1) the reductions make Iowa more competitive; 2) the reductions are fair to all Iowans; and 3) the reductions are sustainable over the long run. This change allows Iowans to keep an additional \$200 million of their earnings each year.

**Capital Gains Tax Exemption.** Family owned businesses and farms continue to be the foundation of Iowa's economic strength. To ensure that children and grandchildren do not lose the assets their parents and grandparents have worked hard to secure, legislation was passed in 1997 exempting from inheritance tax property passed onto lineal descendants. Believing that Iowans should not have to wait until the death of a family member to transfer assets without the extra burden of taxes on the capital gains, legislation was passed in 1998 eliminating capital gains taxes on all property and businesses sold to lineal descendants. In addition, the legislation expanded the current capital gains exemptions, which apply to long-term business owners and certain value-added agricultural operations, from 45% of the first \$17,000 of gain to a 100% exemption with no ceiling.

**Pension Exemption.** Iowa is one of the few states in the Midwest to tax pension income. As a result, it is common to hear about families raising their children and sending them to Iowa schools, then moving across the river to Illinois or South Dakota upon retirement. Iowa also competes with Sunbelt states that have more hospitable income tax policies. Retired persons contribute significantly to their communities through community leadership, philanthropic, and volunteer efforts. Losing a retiree to another state creates a real loss for the community and over time can erode its vibrancy. In order to help Iowans decide to stay in Iowa after retirement, legislation was passed in 1997, which raised the exemption from \$3,000 for individuals and \$6,000 for joint filers to \$5,000 for individuals and \$10,000 for joint filers.



Quarterly Iowa residential construction permits are setting record levels in 1998



Source: Iowa Department of Economic Development



**Education.** Education continues to be Iowa's top priority. Iowa's educational excellence is primarily due to the State's continued and growing financial commitment to the K-12 educational system. To that end, in FY 1998, the State increased K-12 spending by \$84.7 million, the majority of this increase going to community school districts and area education agencies as part of the State's school foundation aid program.

**Agrifutures Fund.** A new financing structure has been created to support producer-led ventures that expand production, processing and marketing of high value agricultural products. A private corporation known as the Iowa Agricultural Industry Financing Corporation is being developed. The Department of Economic Development is authorized to make a loan of \$25 million to this Corporation, with the loan repayable to the State over a period of 25 years.

**Year 2000 Conversion Activities.** A Y2K Project Office has been created within the Department of Management, and a substantial amount of financial and internal State government resources have been committed to secure the State of Iowa's completion of its Year 2000 conversion activities by the end of calendar year 1999. The steps undertaken by the State include: inventorying mainframe and midrange computer programs, personal computers, mainframe computer hardware and software and embedded computer chips; reviewing and correcting lines of coding; testing Y2K corrections; independent verification and validation of Y2K corrections; and maintaining accountability through monthly status reports with follow-up and corrective action as needed.

**Technology Initiatives.** Iowa has embarked on a course to provide all Iowans with technological access, primarily through the Internet, to all governmental services and information, 24 hours a day, 7 days a week, anywhere in Iowa. Each agency is reviewing its services and is working with the State's contractor to achieve this real time access.

At the same time, Iowa is using \$19 million from FY 1998 reversions to build needed technology infrastructure. All these systems will result in vastly improved customer service, significant operating efficiencies and new ways for Iowans to access government.

Finally, Iowa created the Reengineering Fund with resources of \$800,000 during FY 1998. This fund supports service redesign and reengineering projects and other process improvement activities that cannot be funded through regular agency budgets. Funds are used to either facilitate the reengineering or improvement process itself or to finance the solution identified by the process improvement team. "Process" funds are often used for training and/or consultants. "Solution" funds are often used for the purchase of technology, related equipment and supplies, and training.

Budgeting for Results. In 1998, the Council of State Governments recognized Budgeting for Results as a best practice. Using Budgeting for Results, State agencies define desired program results, measure how well they are doing in achieving those results, and take action to improve the program results. Program results measures become tools for decision-makers to use when making resource allocation decisions. All State agencies are presenting the department's FY 2000 budget requests using this method. Therefore, the Governor's goal of fully implementing Budgeting for Results by FY 2000 will be achieved.

## FINANCIAL INFORMATION

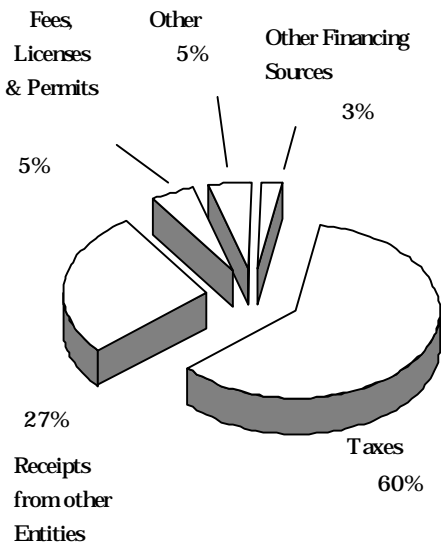
Budgetary Controls and Accounting Systems. The current statewide accounting system was implemented in 1983 and has been periodically upgraded and modified. As a part of that implementation, and on an ongoing basis, emphasis has been placed on the adequacy of internal and budgetary controls. Internal controls are in place to provide reasonable, but not absolute, assurance that assets are safeguarded against unauthorized use or disposition, and that financial records from all appropriate sources are reliable for preparing financial statements and maintaining accountability. The concept of reasonable assurance recognizes the cost of internal controls should not exceed the benefits likely to be derived from their use. To monitor the adequacy of internal controls, the Auditor of State's Office reviews internal control procedures as an integral part of departmental audits.

Budgetary controls are incorporated into the various State accounting systems. The annual budget of the State is established through separate appropriations to individual departments for specific purposes, special outlays and/or operating expenditures.

All claims presented for payment must be certified by the appropriate department that the expenditure is for a purpose intended by law and a sufficient unexpended appropriation balance is available for the expenditure. The automated statewide accounting system also performs various edits to assure appropriation authorizations are not exceeded. In addition to these centralized controls, each department director is required by statute to maintain expenditures within appropriated limits. For programs supported totally or in part with federal or other funds, expenditures can not exceed the sum of appropriations and additional dedicated revenue that is received. If dedicated revenue is not received as expected, expenditures must be reduced in a like manner.

Extensive use is made of on-line tables and reports, updated on a daily basis, to provide detailed and management level reports to State departments, budget authorities, and the State Legislature. Detailed monthly reports are prepared to assure expenditures are being executed according to plan, deviations are identified and budget or spending modifications are made on a continuing basis.

**Governmental Revenues and Other Financing Sources - 1998**



Financial Statement Presentation. The State's financial statements are prepared in accordance with GAAP. The Governmental funds and Expendable Trust funds are presented on the modified accrual basis of accounting, whereby, revenues are recognized when measurable and available, and expenditures are recognized when goods or services are received and the related liabilities are incurred. The Proprietary, Nonexpendable Trust, and Pension Trust funds are presented on the accrual basis of accounting with all revenues and expenses recognized when the transactions occur, regardless of when related cash is received or disbursed. The financial statements of the University funds are reported in conformity with GAAP.

General Government Functions. Most State operations are accounted for through Governmental fund types: General, Special Revenue, and Capital Projects.

Governmental Revenues And Other Financing Sources totaled \$7,962.9 million for fiscal year 1998. Taxes had the largest increase of \$198.1 million which was a 4.3% increase over the previous year, while Receipts From Other Financing Sources increased \$64.4 million which was a 46.3% increase over the previous year. The revenues from various sources, and the change from the previous year are shown in the following schedule (amounts in thousands):

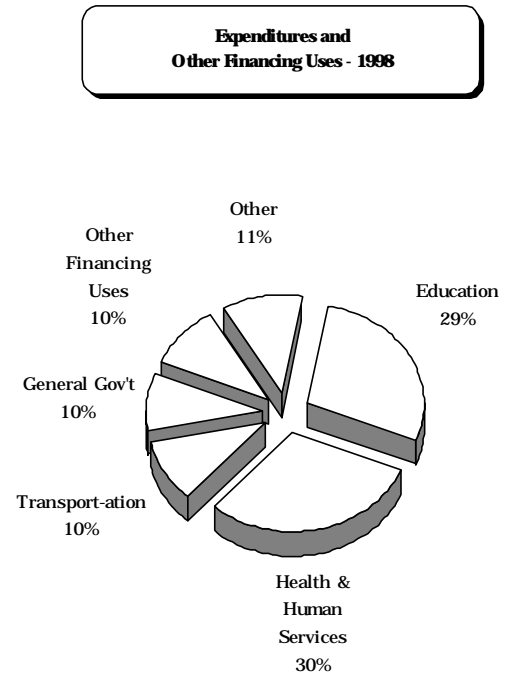
Governmental Revenues and Other Financing Sources	1998	1997	Increase (Decrease) Over 1997 Actual	
			Amount	Percent
Taxes (Net)	\$ 4,847,520	\$ 4,649,429	\$ 198,091	4.3%
Receipts From Other Entities	2,141,475	2,113,538	27,937	1.3
Fees, Licenses & Permits (Net)	408,399	377,509	30,890	8.2
Subtotal	7,397,394	7,140,476	256,918	3.6
Other:				
Refunds & Reimbursements	180,994	186,697	(5,703)	(3.1)
Investment Income	102,804	81,212	21,592	26.6
Miscellaneous	66,223	55,772	10,451	18.7
Sales, Rents & Services	12,091	11,420	671	5.9
Subtotal	362,112	335,101	27,011	8.1
Total Revenues	7,759,506	7,475,577	283,929	3.8
Other Financing Sources	203,429	139,027	64,402	46.3
Total Revenues And Other Financing Sources	\$ 7,962,935	\$ 7,614,604	\$ 348,331	4.6

(Changes in revenues were highlighted by):

- \* State tax collections increased by \$246.3 million. The major increases were \$177.1 million in individual income tax, \$38.7 million in sales tax, and \$32.5 million in use tax. However, after providing for refunds, the net increase in taxes was \$198.1 million, a 4.3% increase over the previous year.
- \* Receipts From Other Financing Sources increased by \$64.4 million due primarily to \$42.6 million of advance refunding of bond proceeds for the Underground Storage Tank Program, and \$19.2 million of Transfers In.

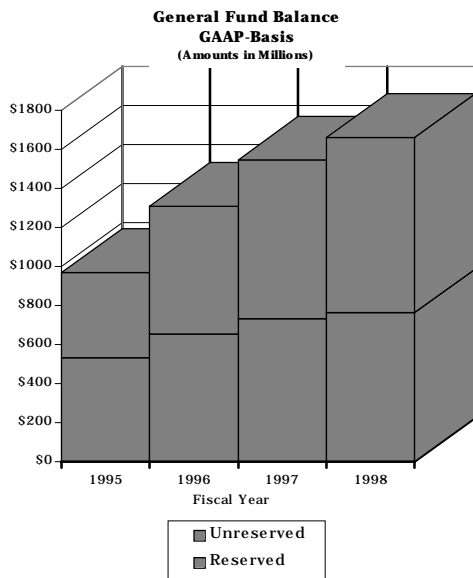
Governmental Expenditures And Other Financing Uses totaled \$7,853.7 million for fiscal year 1998. Health & Human Services had the largest increase of \$219.4 million which was a 10.1% increase over the previous year, while Other Financing Uses experienced an increase of \$130.9 million which was a 19.4% increase over the previous year. Changes in expenditures from fiscal year 1997 levels are presented in the following schedule (amounts in thousands):

Governmental Expenditures and Other Financing Uses	1998	1997	Increase (Decrease) Over 1997 Actual	
			Amount	Percent
Health & Human Services	\$ 2,389,458	\$ 2,170,097	\$ 219,361	10.1%
Education	2,233,579	2,130,301	103,278	4.8
Transportation	803,174	782,816	20,358	2.6
General Government	<u>755,938</u>	<u>797,063</u>	<u>(41,125)</u>	(5.2)
Subtotal	<u>6,182,149</u>	<u>5,880,277</u>	<u>301,872</u>	5.1
Other:				
Law, Justice & Public Safety	765,623	465,623	38,973	8.4
Economic/Manpower Development	161,905	158,382	3,523	2.2
Agriculture & Natural Resources	113,238	109,664	3,574	3.3
Capital Outlay	58,068	72,273	(14,205)	(19.7)
Regulation Of Business	<u>26,424</u>	<u>25,309</u>	<u>1,115</u>	4.4
Subtotal	<u>864,231</u>	<u>831,251</u>	<u>32,980</u>	4.0
Total Expenditures	7,046,380	6,711,528	334,852	5.0
Other Financing Uses	<u>807,341</u>	<u>676,412</u>	<u>130,929</u>	19.4
Total Expenditures And Other Financing Uses	<u>\$ 7,853,721</u>	<u>\$ 7,387,940</u>	<u>\$ 465,781</u>	6.3



(Changes in expenditures were highlighted by):

- \* Health & Human Services increased \$219.4 million due primarily to increased state aid in Human Services Assistance of \$205.7.
- \* Law, Justice & Public Safety expenditures increased by \$39.0 million, due primarily to a 21.2% growth (\$26.8 million) in the Department of Corrections due to the new Ft. Dodge Correctional Facility (\$7.4 million), and the expansion of the Newton Correctional Facility (\$9.6 million).
- \* Other Financing Uses increased by \$130.9 million (19.4%) due primarily for payments to refund bond proceeds (\$42.6 million) for the Underground Storage Tank Program, and for Transfers to the State Universities (\$69.1 million).



General Fund Balance. GAAP-basis fund balances for the General Fund at June 30 (expressed in thousands) for the past four fiscal years were:

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Reserved	\$ 765,227	\$ 730,427	\$ 653,052	\$ 534,815
Unreserved	<u>895,926</u>	<u>815,935</u>	<u>657,083</u>	<u>434,701</u>
Total General Fund	<u>\$ 1,661,153</u>	<u>\$ 1,546,362</u>	<u>\$ 1,310,135</u>	<u>\$ 969,516</u>

The reserved portion of the General Fund balance represents amounts legally required to be segregated and cannot be appropriated for general operating expenditures. The unreserved portion of the General Fund balance is determined as total General Fund balance less reserved amounts. Further detail on fund balances reserved for specific purposes can be found in Note 15 of the Notes to the Financial Statements.

The Unreserved Fund Balance of the General Fund increased from \$815.9 million at June 30, 1997, to \$895.9 million at June 30, 1998. This represents an increase of \$80.0 million, or 9.8%.

The fund balance of the General Fund totaled \$1,661.2 million as of June 30, 1998, an increase of \$114.8 million, or 7.4%, from the previous fiscal year end balance.

**Enterprise Funds.** The State's enterprise operations are comprised of a number of separate and distinct activities, including the Iowa Lottery, the Iowa Communications Network, the Iowa State Prison Industries, and the Underground Storage Tank Programs. Combined operating revenues for the State's Enterprise funds increased from \$299.6 million in Fiscal Year 1997 to \$312.3 million in Fiscal Year 1998. The combined operating expenses increased from \$253.0 million to \$263.7 million during the same period. The increase in revenues and expenses is due to the expanding capacity of the Iowa Communications Network and increased activity in the Liquor Control Act fund.

**Internal Service Funds.** The Internal Service funds account for the financing of goods or services provided by one department or agency to other agencies of the State. The principal internal service operations provide energy saving capital improvements, centralized purchasing, acquisition and replacement of State vehicles, materials and equipment for Department of Transportation operations, and insurance operations for the State. Combined operating revenues increased from \$308.7 million in Fiscal Year 1997 to \$322.6 million in Fiscal Year 1998. Combined operating expenses increased from \$316.5 million to \$334.3 million during the same period. The increase in revenues and expenses is due primarily to increased activity in Centralized Purchasing Revolving and Health Insurance Premium Operating Funds.

**Pension Trust Funds.** The latest actuarial valuations of the separately funded and independent pension plans disclose the following information: the Iowa Public Employees Retirement System (IPERS) has an Unfunded Actuarial Accrued Liability (UAAL) of \$554.5 million which represents a funding ratio of 95.34%, the Peace Officers' Accident and Disability System (PORS) has an UAAL of \$(29.1) million which represents a funded ratio of 116.25%; and the Judicial Retirement System (JRS) has a UAAL of \$10.2 million which represents a funded ratio of 84.37%. Schedules of Funding Progress for PORS and JRS are presented in the Required Supplemental Information Section. The funding policies of the Pension Trust funds are discussed in detail in the Notes to the Financial Statements (NOTE 18 - PENSION PLANS).

**Debt Administration.** The Constitution of the State of Iowa prohibits the State from exceeding a maximum of \$250 thousand in general obligation debt without voter approval. However, State law authorizes the issuance of Tax and Revenue Anticipation Notes (TRANS), provided that the total issuance does not exceed anticipated revenue receipts for the fiscal year and that the total issuance mature during the fiscal year. Once again, it was not necessary for the State to issue TRANS.

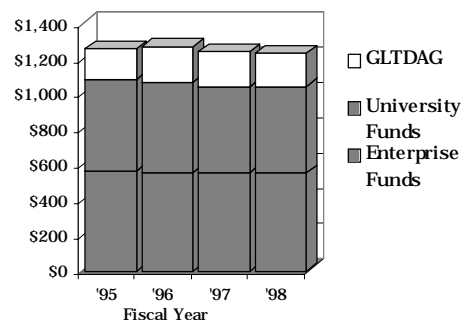
Revenue bonds issued by various authorities of the State totaled \$1,231.5 million outstanding at fiscal year-end. This amount consisted of \$3.6 million of internal service revenue bonds, \$549.3 million of component unit - proprietary funds revenue bonds (housing and higher education), \$489.3 million in revenue bonds issued by the three State universities (for facilities), and \$97.6 million and \$91.7 million in various bonds issued by the Iowa Finance Authority for the Underground Storage Tank Program and the Department of Corrections, respectively. Such bonds are backed by the revenues of the issuing project or authority.

Certificates of Participation (COPS), issued by the State and outstanding at fiscal year-end, amounted to \$103.4 million. COPS represent an ownership interest of the certificate holder in a lease purchase agreement. Other financing arrangements payable, excluding COPS, totaled \$5.5 million at June 30, 1998.

State agencies, including the universities, have also entered into capital leases and installment purchase agreements for various purposes. Total long-term capital leases and installment purchases outstanding on June 30, 1998, was \$32.9 million.

**Cash Management.** The cash management function is the responsibility of the State Treasurer. Funds of State agencies, which are temporarily available for investment, are pooled together and invested in certificates of deposit, U.S. Treasury bills and notes, U.S. Government Agency and instrumentality obligations, repurchase agreements, and corporate debt instruments as allowed by law and the Treasurer's investment policy. The three goals of the investment policy, in order of importance, are: 1) safety of funds; 2) liquidity; and 3) return. A custodial bank is utilized to safekeep investments and to provide payment and collection services for investment transactions. All investment transactions occur on a payment versus delivery basis. It is the policy of the Treasurer's Office that all deposits under its control are insured or collateralized in accordance with Chapter 12C of the Iowa Code.

**OUTSTANDING REVENUE BONDED DEBT  
ALL REPORTING ENTITY COMPONENTS  
(Amounts in Millions)**



Presented below is comparative data for the State's investment pool for the last four fiscal years. Interest Earnings do not include any unrealized gains or losses on investments. The Annual Rates of Return shown are calculated by dividing Interest Earnings by the Pool Average Daily Investment Balance. The amounts below are expressed in thousands:

	<u>FY 98</u>	<u>FY 97</u>	<u>FY 96</u>	<u>FY 95</u>
Interest Earnings*	\$89,687	\$76,051	\$62,349	\$47,025
Average Daily Investment Balance	\$1,481,684	\$1,292,371	\$1,060,513	\$786,928
Annual Rate of Return	6.05%	5.88%	5.88%	5.98%

\* Safekeeping and banking expenses have been deducted from Interest Earnings

**Risk Management.** It is the policy of the State not to purchase commercial insurance, with the exception of limited third-party coverage for specific potential losses, for the risks of losses to which it is exposed. Instead, the State's management believes that it is more economical to manage its risks internally and set aside assets for claim settlement in its internal service funds or to pay claims from the General Fund. The State is self-insured for risks related to property and casualty, workers' compensation, and general liability. For further information refer to the Notes to the Financial Statements (NOTE 25 - RISK MANAGEMENT).

#### OTHER INFORMATION

**Independent Audit.** The Auditor of State is required by Chapter 11 of the Code of Iowa to audit annually all departments of the State. The accompanying general purpose financial statements of the State of Iowa have been audited by the Auditor of State in accordance with generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. His report appears elsewhere herein.

In addition, the Auditor of State conducts a single audit under the requirements set forth in the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. This report is issued separately.

**Certificate of Achievement -** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to the State of Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1997. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the fifth consecutive year the State of Iowa has received this award. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA. We are committed to continue this effort, and we intend to maintain a highly qualified and professional staff to make this certification possible.

Conclusion. The State Financial Management Division of the Department of Revenue and Finance takes great satisfaction in the preparation of this report. The preparation of the report on a timely basis was made possible only with the cooperation and support of the Executive, Legislative, and Judicial branch agencies, universities, and component units of the State.

We wish to express our appreciation to the Auditor of State's Office, to the Department of Management, to the entire staff of the Accounting Bureau within Revenue and Finance, and to the financial and management personnel throughout State government, for their professional and dedicated efforts in assisting us in the preparation of this Report. We also convey a special thanks to the Printing Division staff in the Department of General Services, for their assistance in the printing of this report.

This report continues our commitment to the citizens of the State of Iowa, the Governor, the Legislature, and the financial community, to maintain our financial statements in conformance with the highest standards of financial accountability.

Respectfully submitted,

Gerald D. Bair, Director  
Department of Revenue  
and Finance

Patricia L. Schroeder, Acting Director  
Department of Management



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1997

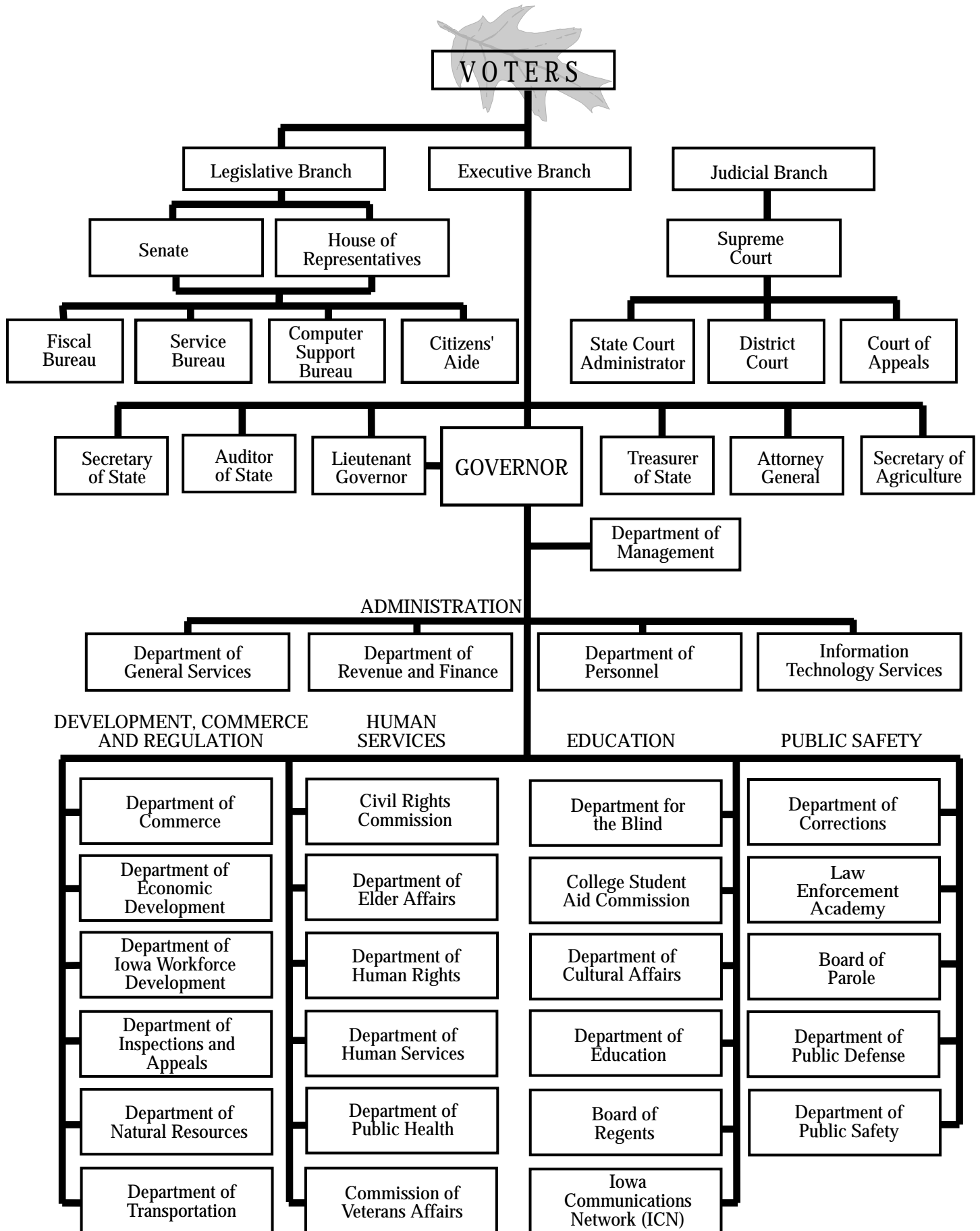
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Douglas R. Ellsworth*  
President

*Jeffrey L. Esler*  
Executive Director

# IOWA ORGANIZATION STRUCTURE





PRINCIPAL OFFICIALS

**Elected Officials**

---

GOVERNOR - Terry E. Branstad  
LIEUTENANT GOVERNOR - Joy C. Corning  
SECRETARY OF STATE - Paul D. Pate  
AUDITOR OF STATE - Richard D. Johnson  
TREASURER OF STATE - Michael L. Fitzgerald  
SECRETARY OF AGRICULTURE - Dale M. Cochran  
ATTORNEY GENERAL - Thomas J. Miller

**Legislative Branch**

---

PRESIDENT OF THE SENATE - Mary E. Kramer  
SPEAKER OF THE  
HOUSE OF REPRESENTATIVES - Ron J. Corbett

**Judicial Branch**

---

CHIEF JUSTICE OF  
THE SUPREME COURT - Arthur A. McGiverin

## FINANCIAL

## Independent Auditor's Report

To the Governor and Members of the General Assembly:

We have audited the accompanying general purpose financial statements of the State of Iowa, as of and for the year ended June 30, 1998 as listed in the table of contents. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of certain discretely presented component units, which statements reflect 96% of assets and 82% of revenues of the discretely presented component units. These statements were examined by other auditors whose reports thereon have been furnished to us, and our opinion insofar as it relates to the amounts included for these discretely presented component units is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Iowa Public Television Foundation and the Iowa Finance Authority, a component unit of the State of Iowa, were not audited in accordance with Government Auditing Standards. 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 financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Iowa as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust funds and discretely presented component units, for the year then ended in conformity with generally accepted accounting principles.

The State of Iowa implemented Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools," during the year ended June 30, 1998. As a result, the State of Iowa changed its accounting policy for investments to fair value rather than cost as described in Note 21.

For the year ended June 30, 1998, appropriations of \$18,640,286 were made from the Iowa Infrastructure Capital Projects Fund, legally known as the Rebuild Iowa Infrastructure Fund, for items which are inconsistent with the fund's legislatively established purpose that it be used for public vertical infrastructure-related expenditures and completion of Part III of the Iowa Communications Network. These items included, but were not limited to, assistance payments and development and improvement of technology systems used by various state agencies and community colleges. Expenditures for these items during the year ended

June 30, 1998 totaled \$12,782,675, of which \$2,807,242 was funded from previous years' appropriations from the Rebuild Iowa Infrastructure Fund. These items have been reported as having been transferred to and expended from the General Fund in the accompanying financial statements, except for the Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual - Budgetary Basis, General Fund and Special Revenue Funds.

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

We did not audit the data included in the statistical section and, accordingly, express no opinion thereon.

The report on the State of Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants in accordance with Government Auditing Standards will be issued under separate cover.

RICHARD D. JOHNSON, CPA  
Auditor of State

December 9, 1998

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## GENERAL PURPOSE FINANCIAL STATEMENTS



STATE OF IOWA

Combined Balance Sheet  
 All Fund Types, Account Groups, and Discretely Presented Component Units  
 June 30, 1998  
 (Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE
<b>ASSETS AND OTHER DEBITS</b>					
Cash & Investments (Note 2)	\$ 1,228,646	\$ 5,095	\$ 135,016	\$ 60,515	\$ 77,467
Deposits With Trustees (Note 2)	4,205	-	4,683	20,184	-
Accounts Receivable (Net)(Note 4)	753,194	241	5,256	8,171	2,159
Interest Receivable	-	-	17	56	14
Notes Receivable (Net)	761	-	-	-	-
Loans Receivable (Net)	83,738	-	-	-	-
Benefit Overpayment Receivable (Net)	-	-	-	-	-
Due From Other Funds/Advances					
To Other Funds (Note 5)	23,980	150	12,005	2,976	37,710
Due From Component Units (Note 5)	1	-	-	-	-
Bond Issuance Costs	-	-	-	-	16
Fixed Assets (Net) (Note 6)	-	-	-	93,485	79,250
Inventory	9,964	-	-	9,923	9,817
Food Stamp Inventory	38,155	-	-	-	-
Prepaid Expenditures/Expenses	12,719	2	45	2,628	215
Other Assets	-	-	-	3,132	1,094
Investment In Prize Annuity (Note 7)	-	-	-	75,279	-
Prize Deposit	-	-	-	5,243	-
Equity In Wholly Owned Subsidiary	-	-	-	-	-
Amount To Be Provided For Retirement Of General Long-Term Debt	-	-	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b><u>\$ 2,155,363</u></b>	<b><u>\$ 5,488</u></b>	<b><u>\$ 157,022</u></b>	<b><u>\$ 281,592</u></b>	<b><u>\$ 207,742</u></b>
<b>LIABILITIES</b>					
Accounts Payable & Accruals	\$ 365,673	\$ 88	\$ 13,035	\$ 17,290	\$ 48,286
Due To Other Funds/Advances From Other Funds (Note 5)	71,693	320	2,688	5,196	2,729
Due To Primary Government	-	-	-	-	-
Due To Component Units (Note 5)	-	-	-	-	-
Interest Payable	-	-	-	2,824	-
Deferred Revenue	56,844	-	17	1,291	7,933
Compensated Absences (Note 1)	-	-	-	1,055	497
Capital Leases (Note 9)	-	-	-	-	-
Bonds Payable (Note 12)	-	-	-	-	3,595
Other Financing Arrangements Payable (Note 11)	-	-	-	92,635	-
Annuities Payable (Note 7)	-	-	-	75,459	-
Lottery Prizes Payable	-	-	-	8,956	-
Funds Held In Custody	-	-	-	662	-
Deferred Compensation Payable (Note 23)	-	-	-	-	-
Lease Obligation From Discontinued Operations (Note 13)	-	-	-	300	-
Installment Purchases (Note 10)	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Deposits	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>494,210</u></b>	<b><u>408</u></b>	<b><u>15,740</u></b>	<b><u>205,668</u></b>	<b><u>63,040</u></b>
<b>FUND EQUITY AND OTHER CREDITS</b>					
Contributed Capital	-	-	-	56,513	-
Retained Earnings	-	-	-	19,411	144,702
Fund Balances:					
Reserve For:					
Encumbrances & Contracts	36,765	-	91,826	-	-
Inventory & Prepaid Expenditures	22,683	-	45	-	-
Noncurrent Receivables	101,846	-	-	-	-
Debt Service	-	-	-	-	-
Employees' Pension Benefit Specific Purposes	603,933	-	5,145	-	-
Unreserved Fund Equity	895,926	5,080	44,266	-	-
Net Investment In Plant	-	-	-	-	-
Investment In General Fixed Assets	-	-	-	-	-
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b><u>1,661,153</u></b>	<b><u>5,080</u></b>	<b><u>141,282</u></b>	<b><u>75,924</u></b>	<b><u>144,702</u></b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b><u>\$ 2,155,363</u></b>	<b><u>\$ 5,488</u></b>	<b><u>\$ 157,022</u></b>	<b><u>\$ 281,592</u></b>	<b><u>\$ 207,742</u></b>

The notes are an integral part of the financial statements.

STATE OF IOWA

FIDUCIARY FUND TYPE TRUST AND AGENCY	ACCOUNT GROUPS		UNIVERSITY FUNDS	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT				
\$ 16,270,964	\$ -	\$ -	\$ 910,932	\$ 18,688,635	\$ 613,943	\$ 19,302,578
-	-	-	24,429	53,501	-	53,501
1,090,334	-	-	182,154	2,041,509	201	2,041,710
51,464	-	-	9,619	61,170	6,191	67,361
18	-	-	67,254	68,033	178	68,211
-	-	-	-	83,738	243,643	327,381
14,088	-	-	-	14,088	-	14,088
37,584	-	-	1,083	115,488	-	115,488
-	-	-	-	1	353	354
-	-	-	502	518	-	518
1,144	1,062,273	-	2,930,477	4,166,629	24,836	4,191,465
256	-	-	38,731	68,691	93	68,784
-	-	-	-	38,155	-	38,155
10	-	-	8,689	24,308	104	24,412
-	-	-	-	4,226	129	4,355
-	-	-	-	75,279	-	75,279
-	-	-	-	5,243	-	5,243
-	-	-	9,871	9,871	-	9,871
-	-	354,837	-	354,837	-	354,837
<b><u>\$ 17,465,862</u></b>	<b><u>\$ 1,062,273</u></b>	<b><u>\$ 354,837</u></b>	<b><u>\$ 4,183,741</u></b>	<b><u>\$ 25,873,920</u></b>	<b><u>\$ 889,671</u></b>	<b><u>\$ 26,763,591</u></b>
\$ 2,414,854	\$ -	\$ -	\$ 132,510	\$ 2,991,736	\$ 13,428	\$ 3,005,164
31,779	-	-	1,083	115,488	-	115,488
-	-	-	-	-	1	1
-	-	-	-	-	353	353
936	-	-	17,983	20,807	9,697	30,504
-	-	-	19,573	86,594	6,114	92,708
-	-	91,363	102,462	195,377	224	195,601
-	-	3,482	29,098	32,580	-	32,580
-	-	189,314	489,248	682,157	549,343	1,231,500
-	-	12,419	3,850	108,904	-	108,904
-	-	-	-	75,459	-	75,459
-	-	-	-	8,956	-	8,956
72,601	-	-	91,737	165,000	-	165,000
214,010	-	-	-	214,010	-	214,010
-	-	-	-	300	-	300
-	-	347	-	347	-	347
-	-	57,912	-	57,912	-	57,912
-	-	-	48	48	-	48
<b><u>2,734,180</u></b>	<b><u>-</u></b>	<b><u>354,837</u></b>	<b><u>887,592</u></b>	<b><u>4,755,675</u></b>	<b><u>579,160</u></b>	<b><u>5,334,835</u></b>
-	-	-	-	56,513	23,356	79,869
-	-	-	-	164,113	276,867	440,980
-	-	-	128,612	257,203	-	257,203
266	-	-	37,904	60,898	93	60,991
1,003	-	-	-	102,849	-	102,849
-	-	-	22,192	22,192	-	22,192
13,955,598	-	-	-	13,955,598	-	13,955,598
2,176	-	-	610,503	1,221,757	7,504	1,229,261
772,639	-	-	36,463	1,754,374	2,691	1,757,065
-	-	-	2,460,475	2,460,475	-	2,460,475
-	1,062,273	-	-	1,062,273	-	1,062,273
<b><u>14,731,682</u></b>	<b><u>1,062,273</u></b>	<b><u>-</u></b>	<b><u>3,296,149</u></b>	<b><u>21,118,245</u></b>	<b><u>310,511</u></b>	<b><u>21,428,756</u></b>
<b><u>\$ 17,465,862</u></b>	<b><u>\$ 1,062,273</u></b>	<b><u>\$ 354,837</u></b>	<b><u>\$ 4,183,741</u></b>	<b><u>\$ 25,873,920</u></b>	<b><u>\$ 889,671</u></b>	<b><u>\$ 26,763,591</u></b>

STATE OF IOWA

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Fund Types, Expendable Trust Funds, and  
Discretely Presented Component Units**

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
<b>REVENUES:</b>			
Taxes	\$ 5,221,537	\$ -	\$ 82,706
Receipts From Other Entities	2,138,916	-	2,559
Investment Income	63,985	455	38,364
Fees, Licenses & Permits	468,522	78	2,368
Refunds & Reimbursements	178,243	2,547	-
Sales, Rents & Services	12,083	8	-
Miscellaneous	66,011	212	204
Centralized Payroll	-	-	-
	<b>8,149,297</b>	<b>3,300</b>	<b>126,201</b>
<b>GROSS REVENUES</b>			
Less Revenue Refunds	519,292	-	-
	<b>7,630,005</b>	<b>3,300</b>	<b>126,201</b>
<b>NET REVENUES</b>			
<b>EXPENDITURES:</b>			
Current:			
General Government	755,937	-	1
Education	2,233,272	145	162
Health & Human Services	2,389,426	32	-
Transportation	803,174	-	-
Law, Justice & Public Safety	492,470	1,329	10,797
Economic/Manpower Development	161,905	-	-
Regulation Of Business	26,342	82	-
Agriculture & Natural Resources	108,267	-	4,971
Capital Outlay:			
General Government	-	-	19,640
Education	-	-	111
Transportation	-	-	841
Law, Justice & Public Safety	-	-	16,932
Agriculture & Natural Resources	-	-	20,544
	<b>6,970,793</b>	<b>1,588</b>	<b>73,999</b>
<b>TOTAL EXPENDITURES</b>			
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>659,212</b>	<b>1,712</b>	<b>52,202</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers:			
Transfers In	127,168	51	30,543
Transfers Out	(42,814)	(241)	(42,897)
Transfers To Universities	(628,668)	-	(47,665)
Transfers From Component Units	4	-	-
Transfers To Primary Government	-	-	-
Capital Lease Acquisitions	602	-	-
Refunding Bond Proceeds	42,610	-	-
Payments to Refund Bonds	(42,610)	-	-
Refunding COPS Proceeds	2,451	-	-
Payments To Refund COPS	(2,446)	-	-
	<b>(543,703)</b>	<b>(190)</b>	<b>(60,019)</b>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>115,509</b>	<b>1,522</b>	<b>(7,817)</b>
<b>FUND BALANCE JULY 1</b>	<b>1,546,362</b>	<b>3,294</b>	<b>149,609</b>
Adjustments (Note 21)	(718)	264	(510)
<b>FUND BALANCE JULY 1, RESTATED</b>	<b>1,545,644</b>	<b>3,558</b>	<b>149,099</b>
Residual Equity Transfer Out	-	-	-
<b>FUND BALANCE JUNE 30</b>	<b>\$ 1,661,153</b>	<b>\$ 5,080</b>	<b>\$ 141,282</b>

The notes are an integral part of the financial statements.

STATE OF IOWA

<u>FIDUCIARY FUND TYPE</u> EXPENDABLE TRUST	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
\$ 140,047	\$ 5,444,290	\$ -	\$ 5,444,290
3,828	2,145,303	7,457	2,152,760
50,327	153,131	447	153,578
178	471,146	16	471,162
5,877	186,667	-	186,667
3,615	15,706	167	15,873
12,711	79,138	736	79,874
21	21	-	21
<u>216,604</u>	<u>8,495,402</u>	<u>8,823</u>	<u>8,504,225</u>
763	520,055	-	520,055
<u>215,841</u>	<u>7,975,347</u>	<u>8,823</u>	<u>7,984,170</u>
3,132	759,070	-	759,070
2,381	2,235,960	176	2,236,136
663	2,390,121	-	2,390,121
-	803,174	-	803,174
2,961	507,557	-	507,557
168,697	330,602	1,053	331,655
-	26,424	-	26,424
806	114,044	445	114,489
-	19,640	-	19,640
-	111	-	111
-	841	-	841
-	16,932	-	16,932
-	20,544	-	20,544
<u>178,640</u>	<u>7,225,020</u>	<u>1,674</u>	<u>7,226,694</u>
<u>37,201</u>	<u>750,327</u>	<u>7,149</u>	<u>757,476</u>
7,530	165,292	-	165,292
(13,863)	(99,815)	-	(99,815)
-	(676,333)	-	(676,333)
-	4	-	4
-	-	(4)	(4)
-	602	-	602
-	42,610	-	42,610
-	(42,610)	-	(42,610)
-	2,451	-	2,451
-	(2,446)	-	(2,446)
<u>(6,333)</u>	<u>(610,245)</u>	<u>(4)</u>	<u>(610,249)</u>
<u>30,868</u>	<u>140,082</u>	<u>7,145</u>	<u>147,227</u>
734,070	2,433,335	11,508	2,444,843
804	(160)	-	(160)
734,874	2,433,175	11,508	2,444,683
-	-	(9,110)	(9,110)
<u>\$ 765,742</u>	<u>\$ 2,573,257</u>	<u>\$ 9,543</u>	<u>\$ 2,582,800</u>

STATE OF IOWA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Budgetary Basis  
General Fund and Special Revenue Funds

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	GENERAL FUND			SPECIAL REVENUE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>APPROPRIATED REVENUE:</b>						
<b>SPECIAL TAXES:</b>						
Personal Income Tax	\$ 2,299,800	\$ 2,296,181	\$ (3,619)	\$ -	\$ -	\$ -
Sales Tax	1,279,900	1,276,718	(3,182)	-	-	-
Corporation Income Tax	295,200	290,996	(4,204)	-	-	-
Use Tax	249,100	247,086	(2,014)	-	-	-
Inheritance Tax	105,700	108,269	2,569	-	-	-
Insurance Premium Tax	110,000	108,868	(1,132)	-	-	-
Cigarette Tax	97,000	94,626	(2,374)	-	-	-
Tobacco Tax	6,100	6,077	(23)	-	-	-
Beer & Liquor Tax	12,500	12,696	196	-	-	-
Franchise Tax	36,800	35,565	(1,235)	-	-	-
Miscellaneous Tax	1,300	1,301	1	-	-	-
<b>TOTAL SPECIAL TAXES</b>	<b>4,493,400</b>	<b>4,478,383</b>	<b>(15,017)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REIMBURSEMENTS &amp; FEES:</b>						
Institutional Reimbursements	68,900	67,808	(1,092)	-	-	-
Liquor Transfers	39,000	40,000	1,000	-	-	-
Interest	27,800	32,403	4,603	-	-	-
Fees	64,300	64,186	(114)	-	-	-
Judicial Revenue	41,700	42,670	970	-	-	-
Miscellaneous Receipts	57,500	59,137	1,637	-	-	-
Racing & Gaming Receipts	60,000	60,000	-	-	-	-
<b>TOTAL RECEIPTS</b>	<b>4,852,600</b>	<b>4,844,587</b>	<b>(8,013)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers	37,100	39,965	2,865	448,843	444,815	(4,028)
Economic Emergency Fund Surplus	339,500	339,561	61	-	-	-
<b>TOTAL APPROPRIATED REVENUE</b>	<b>5,229,200</b>	<b>5,224,113</b>	<b>(5,087)</b>	<b>448,843</b>	<b>444,815</b>	<b>(4,028)</b>
<b>RECEIPTS CREDITED TO APPROPRIATIONS:</b>						
Sales Tax	-	-	-	5	11	6
Use Tax	-	-	-	1,074	1,207	133
Individual Income Tax Quarterly	-	-	-	5,531	4,965	(566)
Individual Income Tax - Prior Year	70	31	(39)	-	-	-
Multi-Suspense	500	494	(6)	-	-	-
Other Taxes	-	-	-	7,248	7,158	(90)
Federal Support	1,447,092	1,326,059	(121,033)	192,495	187,651	(4,844)
Local Governments	88,950	64,928	(24,022)	2,600	6,207	3,607
Other States	-	-	-	2,925	3,248	323
Internal Service Transfers	194,810	181,588	(13,222)	-	-	-
Internal Service Reimbursements	23,331	20,648	(2,683)	-	-	-
Reimbursements From Other Agencies	-	-	-	961	922	(39)
Interest	2	1	(1)	4,562	9,621	5,059
Bonds & Loans	-	-	-	5	-	(5)
Fees, Licenses, & Permits	2,443	2,987	544	19,606	21,565	1,959
Refunds & Reimbursements	65,571	144,852	79,281	4,710	5,947	1,237
Sale of Real Estate	-	-	-	1,710	2,858	1,148
Sale of Equipment & Salvage	3	1	(2)	45	70	25
Rents & Leases	1,647	1,900	253	21	29	8
Agricultural Sales	1	1	-	60	5	(55)
Other Sales & Services	667	1,065	398	855	795	(60)
Unearned Receipts	69	14	(55)	298	209	(89)
Income Tax Checkoffs	-	-	-	130	170	40
Other	20,903	29,006	8,103	4,815	3,154	(1,661)
<b>TOTAL APPROPRIATED RECEIPTS</b>	<b>1,846,059</b>	<b>1,773,575</b>	<b>(72,484)</b>	<b>249,656</b>	<b>255,792</b>	<b>6,136</b>
<b>TOTAL ALL REVENUE</b>	<b>7,075,259</b>	<b>6,997,688</b>	<b>(77,571)</b>	<b>698,499</b>	<b>700,607</b>	<b>2,108</b>
<b>REFUNDS OF TAXES COLLECTED</b>	<b>(429,200)</b>	<b>(455,085)</b>	<b>(25,885)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUES AVAILABLE</b>	<b>6,646,059</b>	<b>6,542,603</b>	<b>(103,456)</b>	<b>698,499</b>	<b>700,607</b>	<b>2,108</b>

continued on next page

STATE OF IOWA

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Budgetary Basis  
General Fund and Special Revenue Funds**

For the Year Ended June 30, 1998  
(Expressed in Thousands)

(Continued)

	GENERAL FUND			SPECIAL REVENUE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>EXPENDITURES:</b>						
Administration	395,330	385,298	10,032	12,382	3,113	9,269
Agriculture & Natural Resources	112,683	104,508	8,175	22,316	12,773	9,543
Economic Development	29,450	27,831	1,619	-	-	-
Education	2,675,131	2,661,746	13,385	31,042	34,187	(3,145)*
Health & Human Rights	170,331	166,989	3,342	-	-	-
Human Services	2,333,806	2,262,658	71,148	-	-	-
Justice	330,850	325,128	5,722	-	-	-
Regulation	93,257	87,055	6,202	6,634	6,584	50
Transportation & Public Safety	98,209	104,957	(6,748)*	376,057	416,039	(39,982)*
Capitals	3,150	1,800	1,350	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>6,242,197</b>	<b>6,127,970</b>	<b>114,227</b>	<b>448,431</b>	<b>472,696</b>	<b>(24,265)</b>
Transfers	-	-	-	246,945	257,757	(10,812)
<b>TOTAL EXPENDITURES AND TRANSFERS</b>	<b>6,242,197</b>	<b>6,127,970</b>	<b>114,227</b>	<b>695,376</b>	<b>730,453</b>	<b>(35,077)</b>
<b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES</b>	<b>403,862</b>	<b>414,633</b>	<b>10,771</b>	<b>3,123</b>	<b>(29,846)</b>	<b>(32,969)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Appropriations Funded From Prior Years	31,981	37,199	5,218	-	-	-
Unexpended Appropriations	-	(36,765)	(36,765)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>31,981</b>	<b>434</b>	<b>(31,547)</b>	-	-	-
<b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND OTHER ITEMS</b>	<b>435,843</b>	<b>415,067</b>	<b>(20,776)</b>	<b>3,123</b>	<b>(29,846)</b>	<b>(32,969)</b>
<b>BEGINNING FUND BALANCE (BUDGETARY)</b>	-	348,731	348,731	186,682	186,682	-
Statutory Transfer to Cash Reserve Fund	-	(348,731)	(348,731)	-	-	-
<b>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</b>	-	-	-	<b>186,682</b>	<b>186,682</b>	-
<b>ENDING FUND BALANCE (BUDGETARY)</b>	<b>\$ 435,843</b>	<b>\$ 415,067</b>	<b>\$ (20,776)</b>	<b>\$ 189,805</b>	<b>\$ 156,836</b>	<b>\$ (32,969)</b>
<b>ENDING FUND BALANCE (BUDGETARY) AMOUNT STATUTORILY REQUIRED TO BE TRANSFERRED TO CASH RESERVE FUND</b>		<b>\$ 415,067</b>				
		<b>(415,067) **</b>				
<b>ENDING FUND BALANCE AVAILABLE FOR APPROPRIATION</b>		<b>\$ -</b>				

\* Actual expenditures exceeded budgeted amounts as a result of the legal expenditure of federal and other nonstate funds which had been received for restricted purposes. The overexpenditure in the General Fund occurred in the Department of Transportation. The Special Revenue funds had overexpenditures of \$3,145,428 in the Guaranteed Student Loan Administration Fund, and \$39,981,623 in the Primary Road Fund.

\*\* The Code of Iowa, Section 8.57, provides that the excess of revenues and other financing sources over expenditures and other financing uses at the conclusion of the fiscal year is to be transferred to the Cash Reserve Fund. The amount to meet the statutorily required cash reserve is retained in the Cash Reserve Fund and the remainder is forwarded to the GAAP Deficit Reduction Fund and the Iowa Economic Emergency Fund.

The notes are an integral part of the financial statements.

STATE OF IOWA

**Combined Statement of Revenues, Expenses and Changes in  
Retained Earnings/Fund Balances - All Proprietary Fund Types,  
Nonexpendable Trust Funds, and Discretely Presented Component Units**

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	<u>PROPRIETARY FUND TYPES</u>	
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
<b>OPERATING REVENUES:</b>		
Receipts From Other Entities	\$ 1,200	\$ 149,714
Investment Income	-	-
Fees, Licenses & Permits	9,019	99
Refunds & Reimbursements	92	166,942
Sales, Rents & Services	301,057	2,751
Miscellaneous	<u>906</u>	<u>3,082</u>
<b>TOTAL OPERATING REVENUES</b>	<b><u>312,274</u></b>	<b><u>322,588</u></b>
<b>OPERATING EXPENSES:</b>		
General & Administrative	24,404	-
Depreciation	14,582	13,736
Direct Expense	23,745	-
Prize Expense	96,374	-
Personal Services	6,083	6,076
Travel & Subsistence	385	9,451
Supplies & Materials	6,121	31,245
Contractual Services	16,810	7,793
Equipment & Repairs	179	9,222
Claims & Miscellaneous	71,640	256,675
Licenses, Permits, & Refunds	680	129
State Aids & Credits	2,618	-
Plant Improvements	<u>33</u>	<u>-</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>263,654</u></b>	<b><u>334,327</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>48,620</u></b>	<b><u>(11,739)</u></b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Taxes	3,729	491
Intragovernmental Income	22,567	-
Federal Support	5,678	-
Investment Income	3,974	3,925
Interest Expense	(5,759)	(411)
Payments To Subrecipients	(5,678)	-
Miscellaneous Nonoperating Expense	(249)	-
Gain On Sale Of Fixed Assets	10	752
Loss On Sale Of Fixed Assets	<u>(7)</u>	<u>(184)</u>
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b><u>24,265</u></b>	<b><u>4,573</u></b>
<b>INCOME BEFORE OPERATING TRANSFERS</b>	<b><u>72,885</u></b>	<b><u>(7,166)</u></b>
<b>OPERATING TRANSFERS:</b>		
Transfers In	797	14,377
Transfers Out	<u>(75,709)</u>	<u>(4,929)</u>
<b>TOTAL OPERATING TRANSFERS</b>	<b><u>(74,912)</u></b>	<b><u>9,448</u></b>
<b>NET INCOME (LOSS)</b>	<b><u>(2,027)</u></b>	<b><u>2,282</u></b>
Add Back Depreciation On Assets Acquired With Contributed Capital	<u>4,295</u>	<u>-</u>
<b>INCREASE (DECREASE) IN RETAINED EARNINGS</b>	<b><u>2,268</u></b>	<b><u>2,282</u></b>
<b>RETAINED EARNINGS/FUND BALANCES JULY 1</b>	<b>20,961</b>	<b>147,404</b>
Adjustments (Note 21)	<u>(3,818)</u>	<u>257</u>
<b>RETAINED EARNINGS/FUND BALANCES JULY 1, RESTATED</b>	<b>17,143</b>	<b>147,661</b>
<b>RESIDUAL EQUITY TRANSFER</b>	<u>-</u>	<u>(5,241)</u>
<b>RETAINED EARNINGS/FUND BALANCES JUNE 30</b>	<b><u>\$ 19,411</u></b>	<b><u>\$ 144,702</u></b>

The notes are an integral part of the financial statements.

STATE OF IOWA

<b>FIDUCIARY FUND TYPE</b> <hr/> <b>NONEXPENDABLE TRUST</b>	<b>TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT</b>	<b>COMPONENT UNITS</b>	<b>TOTAL (MEMORANDUM ONLY) REPORTING ENTITY</b>
\$ -	\$ 150,914	\$ 20,197	\$ 171,111
13	13	29,189	29,202
-	9,118	8,861	17,979
-	167,034	9	167,043
-	303,808	4,509	308,317
<u>77</u>	<u>4,065</u>	<u>291</u>	<u>4,356</u>
<b><u>90</u></b>	<b><u>634,952</u></b>	<b><u>63,056</u></b>	<b><u>698,008</u></b>
-	24,404	17,999	42,403
-	28,318	1,367	29,685
-	23,745	-	23,745
-	96,374	-	96,374
-	12,159	-	12,159
-	9,836	-	9,836
-	37,366	-	37,366
-	24,603	-	24,603
-	9,401	-	9,401
-	328,315	-	328,315
-	809	-	809
-	2,618	-	2,618
<u>-</u>	<u>33</u>	<u>-</u>	<u>33</u>
<b><u>-</u></b>	<b><u>597,981</u></b>	<b><u>19,366</u></b>	<b><u>617,347</u></b>
<b><u>90</u></b>	<b><u>36,971</u></b>	<b><u>43,690</u></b>	<b><u>80,661</u></b>
-	4,220	557	4,777
-	22,567	-	22,567
-	5,678	-	5,678
-	7,899	25,773	33,672
-	(6,170)	(35,576)	(41,746)
-	(5,678)	-	(5,678)
-	(249)	-	(249)
-	762	-	762
<u>-</u>	<u>(191)</u>	<u>(152)</u>	<u>(343)</u>
<b><u>-</u></b>	<b><u>28,838</u></b>	<b><u>(9,398)</u></b>	<b><u>19,440</u></b>
<b><u>90</u></b>	<b><u>65,809</u></b>	<b><u>34,292</u></b>	<b><u>100,101</u></b>
-	15,174	-	15,174
<u>(13)</u>	<u>(80,651)</u>	<u>-</u>	<u>(80,651)</u>
<b><u>(13)</u></b>	<b><u>(65,477)</u></b>	<b><u>-</u></b>	<b><u>(65,477)</u></b>
77	332	34,292	34,624
<u>-</u>	<u>4,295</u>	<u>497</u>	<u>4,792</u>
<b><u>77</u></b>	<b><u>4,627</u></b>	<b><u>34,789</u></b>	<b><u>39,416</u></b>
<b>10,265</b>	<b>178,630</b>	<b>242,739</b>	<b>421,369</b>
<u>-</u>	<u>(3,561)</u>	<u>84</u>	<u>(3,477)</u>
<b>10,265</b>	<b>175,069</b>	<b>242,823</b>	<b>417,892</b>
<u>-</u>	<u>(5,241)</u>	<u>-</u>	<u>(5,241)</u>
<b><u>\$ 10,342</u></b>	<b><u>\$ 174,455</u></b>	<b><u>\$ 277,612</u></b>	<b><u>\$ 452,067</u></b>



STATE OF IOWA

**Combined Statement of Cash Flows - All Proprietary Fund Types,  
Nonexpendable Trust Funds, and Discretely Presented Component Units**

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	<u>PROPRIETARY FUND TYPES</u>	
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received From Customers	\$ 313,479	\$ 71,167
Cash Received From Quasi-External Transactions	7	258,003
Other Operating Revenues	71	-
Cash Received From Miscellaneous	-	-
Cash Received On Loans Receivable	-	-
Interest Received	-	-
Cash Payments To Suppliers For Goods & Services	(110,280)	(288,624)
Cash Payments To Employees For Services	(5,203)	(5,979)
Cash Payments For Quasi-External Transactions	(41,540)	(20,148)
Cash Payments For Prizes	(106,280)	-
Purchase Of Loans Receivable	-	-
Cash Payments For Other Expenses	-	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>50,254</u></b>	<b><u>14,419</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Operating Transfers In From Other Funds	584	14,377
Operating Transfers Out To Other Funds	(76,599)	(4,729)
Residual Equity Transfer Out	-	(2,694)
Federal Grants Received	5,678	-
Federal Grants Disbursed To Subrecipients	(5,678)	-
Proceeds From Sale Of Revenue Bonds	-	-
Principal Paid On Revenue Bonds	-	(1,610)
Interest Paid	-	(404)
Tax Receipts	26,296	491
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b><u>(49,719)</u></b>	<b><u>5,431</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition & Construction Of Capital Assets	(8,996)	(19,488)
Interest Paid	(5,879)	-
COPs Payments	(7,869)	-
Proceeds From Other Financing Arrangements	-	-
Cash Payments to Contractors	(926)	-
Contributed Capital	16,745	-
Proceeds From Sale Of Capital Assets	135	1,707
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>(6,790)</u></b>	<b><u>(17,781)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest & Dividends On Investments	4,261	3,886
Proceeds From Sale & Maturities Of Investments	12,085	7,715
Purchase Of Investments	(1,821)	(7,666)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>14,525</u></b>	<b><u>3,935</u></b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>8,270</b>	<b>6,004</b>
<b>CASH &amp; CASH EQUIVALENTS JULY 1</b>	<b><u>67,973</u></b>	<b><u>68,387</u></b>
<b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>	<b>76,243</b>	<b>74,391</b>
<b>INVESTMENTS</b>	<b>4,456</b>	<b>3,076</b>
<b>LESS: DEPOSITS WITH TRUSTEES</b>	<b><u>20,184</u></b>	<b>-</b>
<b>CASH &amp; INVESTMENTS PER BALANCE SHEET</b>	<b><u>\$ 60,515</u></b>	<b><u>\$ 77,467</u></b>

STATE OF IOWA

<u>FIDUCIARY FUND TYPE</u> NONEXPENDABLE TRUST	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
\$ -	\$ 384,646	\$ 10,659	\$ 395,305
-	258,010	-	258,010
-	71	23,154	23,225
76	76	-	76
-	-	48,108	48,108
-	-	22,749	22,749
-	(398,904)	(14,224)	(413,128)
-	(11,182)	(3,198)	(14,380)
-	(61,688)	-	(61,688)
-	(106,280)	-	(106,280)
-	-	(90,301)	(90,301)
-	-	(43)	(43)
<u>76</u>	<u>64,749</u>	<u>(3,096)</u>	<u>61,653</u>
-	14,961	-	14,961
(13)	(81,341)	-	(81,341)
-	(2,694)	-	(2,694)
-	5,678	-	5,678
-	(5,678)	-	(5,678)
-	-	71,060	71,060
-	(1,610)	(77,392)	(79,002)
-	(404)	(32,775)	(33,179)
-	26,787	557	27,344
<u>(13)</u>	<u>(44,301)</u>	<u>(38,550)</u>	<u>(82,851)</u>
-	(28,484)	(9,406)	(37,890)
-	(5,879)	-	(5,879)
-	(7,869)	-	(7,869)
-	-	-	-
-	(926)	-	(926)
-	16,745	10,023	26,768
-	1,842	15	1,857
<u>-</u>	<u>(24,571)</u>	<u>632</u>	<u>(23,939)</u>
39	8,186	28,407	36,593
-	19,800	22,436	42,236
-	(9,487)	(6,029)	(15,516)
<u>39</u>	<u>18,499</u>	<u>44,814</u>	<u>63,313</u>
<b>102</b>	<b>14,376</b>	<b>3,800</b>	<b>18,176</b>
<u>10,304</u>	<u>146,664</u>	<u>38,764</u>	<u>185,428</u>
<b>10,406</b>	<b>161,040</b>	<b>42,564</b>	<b>203,604</b>
-	7,532	561,910	569,442
<u>-</u>	<u>20,184</u>	<u>-</u>	<u>20,184</u>
<u>\$ 10,406</u>	<u>\$ 148,388</u>	<u>\$ 604,474</u>	<u>\$ 752,862</u>

(continued on next page)

STATE OF IOWA

**Combined Statement of Cash Flows - All Proprietary Fund Types,  
Nonexpendable Trust Funds and Discretely Presented Component Units**

For the Year Ended June 30, 1998  
(Expressed in Thousands)

(continued)

	<b>PROPRIETARY FUND TYPES</b>	
	ENTERPRISE	INTERNAL SERVICE
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>Operating Income (Loss)</b>	<b>\$ 48,620</b>	<b>\$ (11,739)</b>
<b>Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities</b>		
Depreciation	14,582	13,736
Amortization	-	-
Compensated Absences	139	24
Interest (Income)	-	-
Loss (Gain) On Sale Of Fixed Assets	8	-
(Increase) Decrease In Accounts Receivable	(1,569)	12,542
(Increase) Decrease In Due From Other Funds	227	(6,476)
(Increase) Decrease In Inventory	(1,390)	178
(Increase) Decrease In Prepaid Expense	(445)	10
(Increase) Decrease In Interest Receivable	-	-
(Increase) Decrease In Loans Receivable	-	-
(Increase) Decrease In Bond Issue Costs	-	10
(Increase) Decrease In Other Assets	(450)	1,634
Increase (Decrease) In Accounts Payable & Accruals	(744)	5,585
Increase (Decrease) In Due To Other Funds	923	104
Increase (Decrease) In Deferred Revenue	52	(1,189)
Increase (Decrease) In Funds Held In Custody	452	-
Increase (Decrease) In Prizes Payable	59	-
Increase (Decrease) In Prize Annuity	(10,210)	-
<b>Net Cash Provided By Operating Activities</b>	<b><u>\$ 50,254</u></b>	<b><u>\$ 14,419</u></b>

**Noncash investing, capital and financing activities:**

Bond discount and issuance costs of \$918,099 were deducted from the proceeds of the Revenue Bonds issued by discrete component units.

In addition to a cash residual equity transfer out of \$2,693,887, the Telephone Revolving Fund, an internal service fund, transferred remaining assets with a net book value of \$2,547,403.

**Cash & Cash Equivalent Reconciliation to Combined Balance Sheet:**

*Fiduciary Fund Types -*

Cash per Combined Balance Sheet \$ 16,270,964

Less Fund Types Not Requiring Cash Flow Statements:

Expendable Trust \$ 755,446

Pension Trust 15,207,536

Agency Fund 297,576

Noncash Flow Statement Cash 16,260,558

Nonexpendable Trust Cash & Cash Equivalents \$ 10,406

*Component Units -*

Cash per Combined Balance Sheet \$ 613,943

Less: Component Units Not Requiring Cash Flow Statements:

General Fund \$ 4,678

Expendable Trust 4,791

Noncash Flow Statement Cash 9,469

Component Unit Cash & Cash Equivalents \$ 604,474

The notes are an integral part of the financial statements.

STATE OF IOWA

<b>FIDUCIARY FUND TYPE</b> <hr style="border: 0; border-top: 1px solid black;"/> <b>NONEXPENDABLE TRUST</b>	<b>TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT</b>	<b>COMPONENT UNITS</b>	<b>TOTAL (MEMORANDUM ONLY) REPORTING ENTITY</b>
\$ 90	\$ 36,971	\$ 43,690	\$ 80,661
-	28,318	1,367	29,685
-	-	(3)	(3)
-	163	25	188
(13)	(13)	(290)	(303)
-	8	-	8
(1)	10,972	8	10,980
-	(6,249)	-	(6,249)
-	(1,212)	-	(1,212)
-	(435)	4	(431)
-	-	(588)	(588)
-	-	(47,686)	(47,686)
-	10	-	10
-	1,184	61	1,245
-	4,841	438	5,279
-	1,027	-	1,027
-	(1,137)	(122)	(1,259)
-	452	-	452
-	59	-	59
-	(10,210)	-	(10,210)
<b><u>\$ 76</u></b>	<b><u>\$ 64,749</u></b>	<b><u>\$ (3,096)</u></b>	<b><u>\$ 61,653</u></b>

STATE OF IOWA

Combining Statement of Changes in Plan Net Assets  
Pension Trust Funds

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	TOTAL
<b>ADDITIONS</b>				
Contributions:				
Member Contributions	\$ 151,848	\$ 2,520	\$ 668	\$ 155,036
Employer Contributions	227,773	4,589	3,806	236,168
Buy-Back/Buy-In Contributions	<u>7,582</u>	<u>-</u>	<u>-</u>	<u>7,582</u>
Total Contributions	<u>387,203</u>	<u>7,109</u>	<u>4,474</u>	<u>398,786</u>
Investment Income:				
Net Appreciation in Fair Value of Investments	1,777,414	21,500	5,882	1,804,796
Interest	262,775	6,472	1,980	271,227
Dividends	89,710	1,589	205	91,504
Other	<u>128,960</u>	<u>-</u>	<u>-</u>	<u>128,960</u>
Total Investment Income	2,258,859	29,561	8,067	2,296,487
Less Investment Expense	<u>56,016</u>	<u>1,906</u>	<u>244</u>	<u>58,166</u>
Net Investment Income	<u>2,202,843</u>	<u>27,655</u>	<u>7,823</u>	<u>2,238,321</u>
<b>Total Additions</b>	<b><u>2,590,046</u></b>	<b><u>34,764</u></b>	<b><u>12,297</u></b>	<b><u>2,637,107</u></b>
<b>DEDUCTIONS:</b>				
Pension and Annuity Benefits	402,545	7,601	3,137	413,283
Administrative Expense	4,013	59	6	4,078
Member and Employer Refunds	<u>24,557</u>	<u>5</u>	<u>-</u>	<u>24,562</u>
<b>Total Deductions</b>	<b><u>431,115</u></b>	<b><u>7,665</u></b>	<b><u>3,143</u></b>	<b><u>441,923</u></b>
<b>Net Increase</b>	<b>2,158,931</b>	<b>27,099</b>	<b>9,154</b>	<b>2,195,184</b>
<b>Fund Balance - Reserved for Employees' Pension Benefits July 1</b>	<b><u>11,533,969</u></b>	<b><u>180,551</u></b>	<b><u>45,894</u></b>	<b><u>11,760,414</u></b>
<b>Fund Balance - Reserved for Employees' Pension Benefits June 30</b>	<b><u>\$ 13,692,900</u></b>	<b><u>\$ 207,650</u></b>	<b><u>\$ 55,048</u></b>	<b><u>\$ 13,955,598</u></b>

The notes are an integral part of the financial statements.

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**STATE OF IOWA**  
**Combined Statement of Changes in Fund Balances**  
**University Funds**

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	CURRENT FUNDS		LOAN FUNDS
	UNRESTRICTED	RESTRICTED	
<b>REVENUES &amp; ADDITIONS:</b>			
Educational & General Revenues	\$ 460,661	\$ -	\$ -
Auxiliary Enterprises Revenues	199,928	-	-
Sales & Services Of Health Care Units	386,835	-	-
Federal Grants & Contracts	-	239,735	762
Other Gifts, Grants & Contracts	-	99,622	374
Federal Appropriations	-	13,250	-
Investment & Endowment Income	-	7,347	298
Interest Income	-	-	1,740
Expended For Plant Facilities	-	-	-
Retirement Of Indebtedness	-	-	-
ISU Press Revenue	-	-	-
Independent Operations	-	25,562	-
Fees & Other Additions	-	6,781	237
	<b>1,047,424</b>	<b>392,297</b>	<b>3,411</b>
<b>EXPENDITURES &amp; OTHER DEDUCTIONS:</b>			
Educational & General Expenditures	864,873	372,295	-
Indirect Costs Recovered	-	47,803	106
Auxiliary Enterprises Expenditures	191,297	-	-
Health Care Units Expenditures	390,342	-	-
Independent Operations	-	25,902	-
Loan Cancellation & Write-Off	-	-	893
Administrative & Collection Cost	-	-	677
Expended For Plant Facilities	-	-	-
Retirement Of Indebtedness	-	-	-
Interest On Indebtedness	-	-	-
Adjustment To Plant Facilities	-	-	-
Bond Issuance Cost Amortization	-	-	-
ISU Press Expenditures	-	-	-
Other	-	-	30
	<b>1,446,512</b>	<b>446,000</b>	<b>1,706</b>
<b>TRANSFERS ADDITIONS (DEDUCTIONS):</b>			
Mandatory Transfers, Net	(139,253)	168	261
Transfers In - State General Fund	566,511	62,157	-
Debt Proceeds For Plant Additions	-	-	-
Nonmandatory Transfers, Net	(48,122)	(3,281)	(208)
	<b>379,136</b>	<b>59,044</b>	<b>53</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>(19,952)</b>	<b>5,341</b>	<b>1,758</b>
<b>FUND BALANCE JULY 1</b>	<b>217,637</b>	<b>50,646</b>	<b>74,117</b>
Adjustments (Note 21)	2,238	4,349	20
<b>FUND BALANCE JULY 1, RESTATED</b>	<b>219,875</b>	<b>54,995</b>	<b>74,137</b>
<b>FUND BALANCE JUNE 30</b>	<b>\$ 199,923</b>	<b>\$ 60,336</b>	<b>\$ 75,895</b>

The notes are an integral part of the financial statements.

STATE OF IOWA

ENDOWMENTS & SIMILAR FUNDS	PLANT FUNDS				COMPONENT UNITS	TOTAL
	UN- EXPENDED	RENEWALS & REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 460,661
-	-	-	-	-	-	199,928
-	-	-	-	-	-	386,835
-	408	12	-	-	-	240,917
14,311	12,085	737	-	993	-	128,122
-	-	-	-	-	-	13,250
26,382	2,910	4,820	2,086	-	23	43,866
-	-	-	-	-	-	1,740
-	-	-	-	211,227	-	211,227
-	-	-	-	32,957	-	32,957
-	-	-	-	-	1,950	1,950
-	-	-	-	-	-	25,562
<u>12,648</u>	<u>977</u>	<u>64</u>	<u>622</u>	<u>-</u>	<u>-</u>	<u>21,329</u>
<b><u>53,341</u></b>	<b><u>16,380</u></b>	<b><u>5,633</u></b>	<b><u>2,708</u></b>	<b><u>245,177</u></b>	<b><u>1,973</u></b>	<b><u>1,768,344</u></b>
-	-	-	-	-	-	1,237,168
-	-	-	-	-	-	47,909
-	-	-	-	-	-	191,297
-	-	-	-	-	-	390,342
-	-	-	-	-	-	25,902
-	-	-	-	-	-	893
-	-	-	-	-	-	677
-	132,965	16,069	261	-	-	149,295
-	-	-	32,957	-	-	32,957
-	-	-	26,854	-	-	26,854
-	-	-	-	99,381	-	99,381
-	-	-	-	30	-	30
-	-	-	-	-	1,831	1,831
<u>500</u>	<u>-</u>	<u>-</u>	<u>255</u>	<u>620</u>	<u>-</u>	<u>1,405</u>
<b><u>500</u></b>	<b><u>132,965</u></b>	<b><u>16,069</u></b>	<b><u>60,327</u></b>	<b><u>100,031</u></b>	<b><u>1,831</u></b>	<b><u>2,205,941</u></b>
1	13,288	70,329	55,890	(684)	-	-
-	47,665	-	-	-	-	676,333
-	9,301	-	-	(9,301)	-	-
<u>9,891</u>	<u>93,197</u>	<u>(54,518)</u>	<u>3,041</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>9,892</u></b>	<b><u>163,451</u></b>	<b><u>15,811</u></b>	<b><u>58,931</u></b>	<b><u>(9,985)</u></b>	<b><u>-</u></b>	<b><u>676,333</u></b>
<b><u>62,733</u></b>	<b><u>46,866</u></b>	<b><u>5,375</u></b>	<b><u>1,312</u></b>	<b><u>135,161</u></b>	<b><u>142</u></b>	<b><u>238,736</u></b>
<b>91,561</b>	<b>165,818</b>	<b>46,211</b>	<b>58,940</b>	<b>2,325,314</b>	<b>669</b>	<b>3,030,913</b>
<u>20,009</u>	<u>(54)</u>	<u>(51)</u>	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>26,500</u>
<b><u>111,570</u></b>	<b><u>165,764</u></b>	<b><u>46,160</u></b>	<b><u>58,929</u></b>	<b><u>2,325,314</u></b>	<b><u>669</u></b>	<b><u>3,057,413</u></b>
<b><u>\$ 174,303</u></b>	<b><u>\$ 212,630</u></b>	<b><u>\$ 51,535</u></b>	<b><u>\$ 60,241</u></b>	<b><u>\$ 2,460,475</u></b>	<b><u>\$ 811</u></b>	<b><u>\$ 3,296,149</u></b>



STATE OF IOWA

Combined Statement of Current Funds Revenues, Expenditures and Other Changes  
University Funds

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	<u>CURRENT FUNDS</u>		<b>TOTAL</b>
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	
<b>REVENUES:</b>			
Educational & General:			
Tuition & Fees	\$ 254,947	\$ -	\$ 254,947
Federal Appropriations	220	13,042	13,262
Federal Grants & Contracts	41,968	197,576	239,544
Other Grants & Contracts	17,268	90,271	107,539
Investment & Endowment Income	33,196	4,983	38,179
Sales & Services Of Educational Departments	40,796	-	40,796
Other	<u>72,266</u>	<u>7,401</u>	<u>79,667</u>
Total Educational & General Revenues	460,661	313,273	773,934
Auxiliary Enterprises Revenues	199,928	-	199,928
Independent Operations	-	25,902	25,902
Sales & Services Of Health Care Units	<u>386,835</u>	<u>-</u>	<u>386,835</u>
<b>TOTAL REVENUES</b>	<b><u>1,047,424</u></b>	<b><u>339,175</u></b>	<b><u>1,386,599</u></b>
<b>EXPENDITURES &amp; MANDATORY TRANSFERS:</b>			
Educational & General:			
Instruction	398,474	12,457	410,931
Research	34,137	232,635	266,772
Public Service	66,008	69,060	135,068
Academic Support	130,039	4,830	134,869
Student Services	45,247	1,429	46,676
Institutional Support	67,247	6,991	74,238
Operation & Maintenance Of Plant	81,835	14	81,849
Student Aid	<u>41,886</u>	<u>44,879</u>	<u>86,765</u>
Total Educational & General Expenditures	864,873	372,295	1,237,168
Auxiliary Enterprises Expenditures	191,297	-	191,297
Health Care Units Expenditures	390,342	-	390,342
Independent Operations	-	25,902	25,902
Mandatory Transfers, Net Out (In)	<u>139,253</u>	<u>(168)</u>	<u>139,085</u>
<b>TOTAL EXPENDITURES &amp; MANDATORY TRANSFERS</b>	<b><u>1,585,765</u></b>	<b><u>398,029</u></b>	<b><u>1,983,794</u></b>
<b>OTHER TRANSFERS &amp; ADDITIONS</b>			
<b>(DEDUCTIONS):</b>			
Excess Of Restricted Receipts Over Transfers			
To Revenue	-	5,319	5,319
Transfers In - State General Fund	566,511	62,157	628,668
Nonmandatory Transfers, Net	<u>(48,122)</u>	<u>(3,281)</u>	<u>(51,403)</u>
<b>TOTAL OTHER TRANSFERS &amp; ADDITIONS</b>	<b><u>518,389</u></b>	<b><u>64,195</u></b>	<b><u>582,584</u></b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b><u>\$ (19,952)</u></b>	<b><u>\$ 5,341</u></b>	<b><u>\$ (14,611)</u></b>

The notes are an integral part of the financial statements.

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**STATE OF IOWA**  
**Combining Balance Sheet**  
**Component Units**  
**June 30, 1998**  
**(Expressed in Thousands)**

	<b>IOWA STATE FAIR AUTHORITY</b>	<b>IOWA HIGHER EDUCATION LOAN AUTHORITY</b>
<b>ASSETS AND OTHER DEBITS</b>		
Cash & Investments (Note 2)	\$ 7,378	\$ 14,517
Accounts Receivable (Net) (Note 4)	50	-
Interest Receivable	-	210
Notes Receivable	-	-
Loans Receivable (Net)	-	38,801
Due From Component Units (Note 5)	353	-
Fixed Assets (Net) (Note 6)	24,690	4
Inventory	72	-
Prepaid Expenditures/Expenses	-	104
Other Assets	-	-
	<hr/>	<hr/>
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b><u>\$ 32,543</u></b>	<b><u>\$ 53,636</u></b>
<b>LIABILITIES</b>		
Accounts Payable & Accruals	\$ 565	\$ 90
Due To Primary Government	-	-
Due To Component Units (Note 5)	353	-
Interest Payable	-	483
Deferred Revenue	-	491
Compensated Absences (Note 1)	197	-
Bonds Payable (Note 12)	-	51,081
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b><u>1,115</u></b>	<b><u>52,145</u></b>
<b>FUND EQUITY AND OTHER CREDITS</b>		
Contributed Capital:		
Intergovernmental	23,356	-
Retained Earnings	4,121	1,491
Fund Balances:		
Reserve For:		
Inventory & Prepaid Expenditures	72	-
Specific Purposes	3,319	-
Unreserved Fund Equity	560	-
	<hr/>	<hr/>
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b><u>31,428</u></b>	<b><u>1,491</u></b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b><u>\$ 32,543</u></b>	<b><u>\$ 53,636</u></b>

STATE OF IOWA

IOWA FINANCE AUTHORITY	IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	WALLACE TECHNOLOGY TRANSFER FOUNDATION	LAWYER TRUST ACCOUNT COMMISSION	CLIENT SECURITY & ATTORNEY DISCIPLINARY COMMISSION	COMMISSION ON CONTINUING LEGAL EDUCATION
\$ 579,897	\$ 3,692	\$ 100	924	\$ 1,496	\$ 30
-	-	1	-	-	-
5,867	75	-	-	25	-
-	-	-	-	-	-
203,406	1,436	-	-	-	-
-	-	-	-	-	-
71	36	-	4	4	4
-	-	-	-	-	-
-	-	-	-	-	-
<u>79</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>\$ 789,320</u></b>	<b><u>\$ 5,239</u></b>	<b><u>\$ 101</u></b>	<b><u>\$ 928</u></b>	<b><u>\$ 1,525</u></b>	<b><u>\$ 34</u></b>
\$ 12,130	\$ 80	\$ -	\$ 430	\$ 42	\$ 1
-	-	1	-	-	-
-	-	-	-	-	-
9,214	-	-	-	-	-
5,623	-	-	-	-	-
-	-	-	2	4	3
<u>498,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>525,229</u></b>	<b><u>80</u></b>	<b><u>1</u></b>	<b><u>432</u></b>	<b><u>46</u></b>	<b><u>4</u></b>
-	-	-	-	-	-
264,091	5,159	-	496	1,479	30
-	-	-	-	-	-
-	-	100	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>264,091</u></b>	<b><u>5,159</u></b>	<b><u>100</u></b>	<b><u>496</u></b>	<b><u>1,479</u></b>	<b><u>30</u></b>
<b><u>\$ 789,320</u></b>	<b><u>\$ 5,239</u></b>	<b><u>\$ 101</u></b>	<b><u>\$ 928</u></b>	<b><u>\$ 1,525</u></b>	<b><u>\$ 34</u></b>

(continued on next page)

**STATE OF IOWA**  
**Combining Balance Sheet**  
**Component Units**  
**June 30, 1998**  
**(Expressed in Thousands)**

(Continued)

	<b>IOWA SEED CAPITAL LIQUIDATION CORPORATION</b>	<b>IOWA CENTENNIAL MEMORIAL FOUNDATION</b>
<b>ASSETS AND OTHER DEBITS</b>		
Cash & Investments (Note 2)	\$ 4,578	\$ 732
Accounts Receivable (Net) (Note 4)	8	-
Interest Receivable	-	14
Notes Receivable	178	-
Loans Receivable (Net)	-	-
Due From Component Units (Note 5)	-	-
Fixed Assets (Net) (Note 6)	-	-
Inventory	-	-
Prepaid Expenditures/Expenses	-	-
Other Assets	<u>50</u>	<u>-</u>
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b><u>\$ 4,814</u></b>	<b><u>\$ 746</u></b>
<b>LIABILITIES</b>		
Accounts Payable & Accruals	\$ 12	\$ 1
Due to Primary Government	-	-
Due To Component Units (Note 5)	-	-
Interest Payable	-	-
Deferred Revenue	-	-
Compensated Absences (Note 1)	18	-
Bonds Payable (Note 12)	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>30</u></b>	<b><u>1</u></b>
<b>FUND EQUITY AND OTHER CREDITS</b>		
Contributed Capital:		
Intergovernmental	-	-
Retained Earnings	-	-
Fund Balances:		
Reserve For:		
Inventory & Prepaid Expenditures	-	-
Specific Purposes	3,125	699
Unreserved Fund Equity	<u>1,659</u>	<u>46</u>
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b><u>4,784</u></b>	<b><u>745</u></b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b><u>\$ 4,814</u></b>	<b><u>\$ 746</u></b>

The notes are an integral part of the financial statements.

# STATE OF IOWA

ECONOMIC DEVELOPMENT FOUNDATION	IOWA HISTORICAL FOUNDATION	TOTAL
\$ 443	\$ 156	\$ 613,943
12	130	201
-	-	6,191
-	-	178
-	-	243,643
-	-	353
-	23	24,836
-	21	93
-	-	104
-	-	129
<u>\$ 455</u>	<u>\$ 330</u>	<u>\$ 889,671</u>
\$ 72	\$ 5	\$ 13,428
-	-	1
-	-	353
-	-	9,697
-	-	6,114
-	-	224
-	-	549,343
<u>72</u>	<u>5</u>	<u>579,160</u>
-	-	23,356
-	-	276,867
-	21	93
261	-	7,504
<u>122</u>	<u>304</u>	<u>2,691</u>
<u>383</u>	<u>325</u>	<u>310,511</u>
<u>\$ 455</u>	<u>\$ 330</u>	<u>\$ 889,671</u>

**STATE OF IOWA**

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Discretely Presented Component Units - Governmental and  
Expendable Trust Fund Types**

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	<u>GENERAL</u>	
	<u>WALLACE TECHNOLOGY TRANSFER FOUNDATION</u>	<u>IOWA SEED CAPITAL LIQUIDATION CORPORATION</u>
<b>REVENUES:</b>		
Receipts From Other Entities	\$ -	\$ 75
Investment Income	2	367
Fees, Licenses & Permits	-	-
Sales, Rents & Services	-	-
Miscellaneous	<u>2</u>	<u>4</u>
<b>TOTAL REVENUES</b>	<u>4</u>	<u>446</u>
<b>EXPENDITURES:</b>		
Current:		
Education	-	-
Economic/Manpower Development	7	381
Agriculture & Natural Resources	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>7</u>	<u>381</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3)</u>	<u>65</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers To Primary Government	<u>(4)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(4)</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES &amp; OTHER USES</b>	<u>(7)</u>	<u>65</u>
<b>FUND BALANCE JULY 1</b>	<b>107</b>	<b>4,719</b>
Residual Equity Transfer Out	<u>-</u>	<u>-</u>
<b>FUND BALANCE JUNE 30</b>	<u><b>\$ 100</b></u>	<u><b>\$ 4,784</b></u>

The notes are an integral part of the financial statements.

# STATE OF IOWA

EXPENDABLE TRUST			
IOWA STATE FAIR AUTHORITY	ECONOMIC DEVELOPMENT FOUNDATION	IOWA HISTORICAL FOUNDATION	TOTAL
\$ 7,166	\$ -	\$ 216	\$ 7,457
60	12	6	447
-	-	16	16
117	-	50	167
<u>-</u>	<u>729</u>	<u>1</u>	<u>736</u>
<b><u>7,343</u></b>	<b><u>741</u></b>	<b><u>289</u></b>	<b><u>8,823</u></b>
-	-	176	176
-	665	-	1,053
<u>445</u>	<u>-</u>	<u>-</u>	<u>445</u>
<b><u>445</u></b>	<b><u>665</u></b>	<b><u>176</u></b>	<b><u>1,674</u></b>
<b><u>6,898</u></b>	<b><u>76</u></b>	<b><u>113</u></b>	<b><u>7,149</u></b>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>
<b><u>6,898</u></b>	<b><u>76</u></b>	<b><u>113</u></b>	<b><u>7,145</u></b>
6,163	307	212	11,508
<u>(9,110)</u>	<u>-</u>	<u>-</u>	<u>(9,110)</u>
<b><u>\$ 3,951</u></b>	<b><u>\$ 383</u></b>	<b><u>\$ 325</u></b>	<b><u>\$ 9,543</u></b>



## STATE OF IOWA

### Combining Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances Discretely Presented Component Units - Proprietary Fund Type and Nonexpendable Trust Fund

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	ENTERPRISE			
	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA FINANCE AUTHORITY	IOWA AGRICULTURAL DEVELOPMENT AUTHORITY
<b>OPERATING REVENUES:</b>				
Receipts From Other Entities	\$ -	\$ 7	\$ 19,373	\$ 17
Investment Income	-	2,044	26,762	323
Fees, Licenses & Permits	4,006	-	3,759	366
Refunds & Reimbursements	-	-	-	-
Sales, Rents & Services	4,509	-	-	-
Miscellaneous	<u>206</u>	<u>84</u>	<u>-</u>	<u>1</u>
<b>TOTAL OPERATING REVENUES</b>	<b><u>8,721</u></b>	<b><u>2,135</u></b>	<b><u>49,894</u></b>	<b><u>707</u></b>
<b>OPERATING EXPENSES:</b>				
General & Administrative	8,173	127	7,441	545
Depreciation	<u>1,274</u>	<u>1</u>	<u>77</u>	<u>9</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>9,447</u></b>	<b><u>128</u></b>	<b><u>7,518</u></b>	<b><u>554</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>(726)</u></b>	<b><u>2,007</u></b>	<b><u>42,376</u></b>	<b><u>153</u></b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Taxes	-	-	557	-
Investment Income	75	724	24,831	-
Interest Expense	-	(2,615)	(32,961)	-
Loss on Sale of Fixed Assets	<u>(152)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b><u>(77)</u></b>	<b><u>(1,891)</u></b>	<b><u>(7,573)</u></b>	<b><u>-</u></b>
<b>NET INCOME (LOSS)</b>	<b>(803)</b>	<b>116</b>	<b>34,803</b>	<b>153</b>
Add Back Depreciation On Assets Acquired With Contributed Capital	<u>497</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>INCREASE (DECREASE) IN RETAINED EARNINGS</b>	<b><u>(306)</u></b>	<b><u>116</u></b>	<b><u>34,803</u></b>	<b><u>153</u></b>
<b>RETAINED EARNINGS/FUND BALANCES JULY 1</b>	<b>4,427</b>	<b>1,375</b>	<b>229,288</b>	<b>5,006</b>
Adjustments (Note 21)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE JULY 1, RESTATED</b>	<b><u>4,427</u></b>	<b><u>1,375</u></b>	<b><u>229,288</u></b>	<b><u>5,006</u></b>
<b>RETAINED EARNINGS/FUND BALANCES JUNE 30</b>	<b><u>\$ 4,121</u></b>	<b><u>\$ 1,491</u></b>	<b><u>\$ 264,091</u></b>	<b><u>\$ 5,159</u></b>

The notes are an integral part of the financial statements.

## STATE OF IOWA

LAWYER TRUST ACCOUNT COMMISSION	CLIENT SECURITY & ATTORNEY DISCIPLINARY COMMISSION	COMMISSION ON CONTINUING LEGAL EDUCATION	NON- EXPENDABLE TRUST  IOWA CENTENNIAL MEMORIAL FOUNDATION	TOTAL
\$ 800	\$ -	\$ -	\$ -	\$ 20,197
-	-	-	60	29,189
-	675	55	-	8,861
-	9	-	-	9
-	-	-	-	4,509
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>291</u>
<b><u>800</u></b>	<b><u>684</u></b>	<b><u>55</u></b>	<b><u>60</u></b>	<b><u>63,056</u></b>
823	777	73	40	17,999
<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>1,367</u>
<b><u>825</u></b>	<b><u>779</u></b>	<b><u>75</u></b>	<b><u>40</u></b>	<b><u>19,366</u></b>
<b><u>(25)</u></b>	<b><u>(95)</u></b>	<b><u>(20)</u></b>	<b><u>20</u></b>	<b><u>43,690</u></b>
-	-	-	-	557
44	98	1	-	25,773
-	-	-	-	(35,576)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(152)</u>
<b><u>44</u></b>	<b><u>98</u></b>	<b><u>1</u></b>	<b><u>-</u></b>	<b><u>(9,398)</u></b>
19	3	(19)	20	34,292
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>497</u>
<b><u>19</u></b>	<b><u>3</u></b>	<b><u>(19)</u></b>	<b><u>20</u></b>	<b><u>34,789</u></b>
477	1,476	49	641	242,739
<u>-</u>	<u>-</u>	<u>-</u>	<u>84</u>	<u>84</u>
<b><u>477</u></b>	<b><u>1,476</u></b>	<b><u>49</u></b>	<b><u>725</u></b>	<b><u>242,823</u></b>
<b><u>\$ 496</u></b>	<b><u>\$ 1,479</u></b>	<b><u>\$ 30</u></b>	<b><u>\$ 745</u></b>	<b><u>\$ 277,612</u></b>

## STATE OF IOWA

### Combining Statement of Cash Flows Discretely Presented Component Units - Proprietary Fund Type and Nonexpendable Trust Fund

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	ENTERPRISE		
	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA FINANCE AUTHORITY
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received From Customers	\$ 8,728	\$ 7	\$ -
Other Operating Revenues	-	84	23,070
Cash Received On Loans Receivable	-	4,080	43,965
Interest Received	-	2,072	20,593
Cash Payments To Suppliers For Goods & Services	(4,843)	(96)	(7,033)
Cash Payments To Employees For Services	(3,198)	-	-
Purchases Of Loans Receivable	-	(1,750)	(88,056)
Cash Payments For Other Expenses	-	-	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>687</b>	<b>4,397</b>	<b>(7,461)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Proceeds From Sale Of Revenue Bonds	-	-	71,060
Principal Paid On Revenue Bonds	-	(1,805)	(75,587)
Interest Paid	-	(2,746)	(30,029)
Tax Receipts	-	-	557
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>(4,551)</b>	<b>(33,999)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition & Construction Of Capital Assets	(9,372)	(3)	(14)
Contributed Capital	10,023	-	-
Proceeds From Sale of Capital Assets	15	-	-
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>666</b>	<b>(3)</b>	<b>(14)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest & Dividends On Investments	76	724	27,217
Proceeds From Sale & Maturities Of Investments	-	-	20,094
Purchase Of Investments	-	(917)	(2,733)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>76</b>	<b>(193)</b>	<b>44,578</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>1,429</b>	<b>(350)</b>	<b>3,104</b>
<b>CASH &amp; CASH EQUIVALENTS JULY 1</b>	<b>1,757</b>	<b>524</b>	<b>32,334</b>
<b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>	<b>3,186</b>	<b>174</b>	<b>35,438</b>
<b>INVESTMENTS</b>	<b>-</b>	<b>14,343</b>	<b>544,459</b>
<b>CASH AND INVESTMENTS PER BALANCE SHEET</b>	<b>\$ 3,186</b>	<b>\$ 14,517</b>	<b>\$ 579,897</b>

**STATE OF IOWA**

<b>IOWA AGRICULTURAL DEVELOPMENT AUTHORITY</b>	<b>LAWYER TRUST ACCOUNT COMMISSION</b>	<b>CLIENT SECURITY &amp; ATTORNEY DISCIPLINARY COMMISSION</b>	<b>COMMISSION ON CONTINUING LEGAL EDUCATION</b>	<b>NON- EXPENDABLE TRUST</b>	<b>IOWA CENTENNIAL MEMORIAL FOUNDATION</b>	<b>TOTAL</b>
\$ 384	\$ 800	\$ 684	\$ 56	\$ -	\$ -	\$ 10,659
-	-	-	-	-	-	23,154
63	-	-	-	-	-	48,108
84	-	-	-	-	-	22,749
(464)	(844)	(870)	(74)	-	-	(14,224)
-	-	-	-	-	-	(3,198)
(495)	-	-	-	-	-	(90,301)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43)</u>	<u>-</u>	<u>(43)</u>
<b><u>(428)</u></b>	<b><u>(44)</u></b>	<b><u>(186)</u></b>	<b><u>(18)</u></b>	<b><u>(43)</u></b>	<b><u>-</u></b>	<b><u>(3,096)</u></b>
-	-	-	-	-	-	71,060
-	-	-	-	-	-	(77,392)
-	-	-	-	-	-	(32,775)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>557</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>(38,550)</u></b>
(12)	(2)	(2)	(1)	-	-	(9,406)
-	-	-	-	-	-	10,023
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>
<b><u>(12)</u></b>	<b><u>(2)</u></b>	<b><u>(2)</u></b>	<b><u>(1)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>632</u></b>
226	20	88	2	54	-	28,407
112	900	1,330	-	-	-	22,436
(220)	(859)	(1,266)	-	(34)	-	(6,029)
<b><u>118</u></b>	<b><u>61</u></b>	<b><u>152</u></b>	<b><u>2</u></b>	<b><u>20</u></b>	<b><u>-</u></b>	<b><u>44,814</u></b>
(322)	15	(36)	(17)	(23)	-	3,800
<b><u>3,577</u></b>	<b><u>80</u></b>	<b><u>400</u></b>	<b><u>47</u></b>	<b><u>45</u></b>	<b><u>-</u></b>	<b><u>38,764</u></b>
3,255	95	364	30	22	-	42,564
<u>437</u>	<u>829</u>	<u>1,132</u>	<u>-</u>	<u>710</u>	<u>-</u>	<u>561,910</u>
<b><u>\$ 3,692</u></b>	<b><u>\$ 924</u></b>	<b><u>\$ 1,496</u></b>	<b><u>\$ 30</u></b>	<b><u>\$ 732</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 604,474</u></b>

continued on next page

**STATE OF IOWA**

**Combining Statement of Cash Flows  
Discretely Presented Component Units - Proprietary Fund Type and  
Nonexpendable Trust Fund**

For the Year Ended June 30, 1998  
(Expressed in Thousands)

(continued)

	ENTERPRISE		
	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA FINANCE AUTHORITY
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
<b>Operating Income (Loss)</b>	\$ (726)	\$ 2,007	\$ 42,376
<b>Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities</b>			
Depreciation	1,274	1	77
Amortization	-	-	-
Compensated Absences	25	-	-
Interest (Income)	-	-	-
(Increase) Decrease In Accounts Receivable	8	-	-
(Increase) Decrease In Prepaid Expense	-	4	-
(Increase) Decrease In Interest Receivable	-	128	(707)
(Increase) Decrease In Loans Receivable	-	2,230	(49,553)
(Increase) Decrease In Other Assets	-	-	61
Increase (Decrease) In Accounts Payable & Accruals	106	27	407
Increase (Decrease) In Deferred Revenue	-	-	(122)
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 687</u>	<u>\$ 4,397</u>	<u>\$ (7,461)</u>

The notes are an integral part of the financial statements.

Noncash investing, capital and financing activities:

Bond discount and issuance cost of \$918,099 were deducted from the proceeds of the Revenue Bonds issued by discrete component units.

**STATE OF IOWA**

IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	LAWYER TRUST ACCOUNT COMMISSION	CLIENT SECURITY & ATTORNEY DISCIPLINARY COMMISSION	COMMISSION ON CONTINUING LEGAL EDUCATION	NON- EXPENDABLE TRUST  IOWA CENTENNIAL MEMORIAL FOUNDATION	TOTAL
\$ 153	\$ (25)	\$ (95)	\$ (20)	\$ 20	\$ 43,690
9	2	2	2	-	1,367
-	-	(2)	-	(1)	(3)
-	-	1	(1)	-	25
(229)	-	-	-	(61)	(290)
-	-	-	-	-	8
-	-	-	-	-	4
(9)	-	-	-	-	(588)
(363)	-	-	-	-	(47,686)
-	-	-	-	-	61
11	(21)	(92)	1	(1)	438
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(122)</u>
<u>\$ (428)</u>	<u>\$ (44)</u>	<u>\$ (186)</u>	<u>\$ (18)</u>	<u>\$ (43)</u>	<u>\$ (3,096)</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Presentation

The accompanying financial statements of the State of Iowa have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

#### B. Financial Reporting Entity

For financial reporting purposes, the State of Iowa includes all funds, account groups, departments, agencies and universities of the State. The State has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State.

As required by GAAP, these financial statements present the State of Iowa (the primary government) and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State. Each of the State's individual component units issue separate financial statements which can be obtained from their respective administrative offices.

#### *Blended Component Units*

These component units are entities which are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State. They are reported as part of the State's primary government and are blended with the appropriate funds.

- Iowa Public Television Foundation (Special Revenue Fund) - solicits and manages gifts of money or property, for the exclusive purpose of granting gifts of

money or property to Iowa Public Television. Iowa Public Television has sole discretion as to the use of the money or property. The State appoints a voting majority of the Foundation's board and has the ability to impose its will on the organization, as it can make personnel decisions regarding the management of the Foundation.

- Friends of Iowa Public Television (Expendable Trust Fund) - serves as a funding medium for Iowa Public Television. Iowa Public Television has complete discretion as to the use of the money. The organization provides services only to the State and the relationship is such that it would be misleading to exclude the organization from the financial statements.

- State of Iowa Facilities Improvement Corporation (Internal Service Fund) - was formed to finance energy saving capital improvements for State departments and agencies. The Corporation is administered by the Department of Natural Resources. It issues bonds to finance the improvements, contracts for the installation of the improvements, and leases the improvements to the State agencies to provide funds to retire the bonds and pay financing and administrative costs. All nine board members are appointed by the State.

#### *Discrete Component Units*

These component units are entities which are legally separate from the State, but are financially accountable to the State, or whose relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. The Component Units columns of the combined financial statements include the financial data of these entities.

- Iowa Finance Authority (Proprietary) - issues bonds to assist in attainment of adequate housing for special needs individuals such as the low to moderate income and the disabled, and to provide limited types of financing to small

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

businesses. The nine members of the Board of Directors are appointed by the Governor and confirmed by the Senate.

- . Iowa Higher Education Loan Authority (Proprietary) - provides for the financing of educational loans for students attending private educational institutions in the State and financing for the acquisition, construction, and renovation of educational facilities. The five members of the Board of Directors are appointed by the Governor and confirmed by the Senate. The State has the ability to impose its will upon the Authority.
- . Lawyer Trust Account Commission (Proprietary) - provides for legal assistance to the poor in civil cases and for other needs including educational and other specific law-related programs designed to improve the administration of justice in Iowa from the interest earned on lawyers' pooled trust accounts which holds client funds that are either so small in amount or held for such a brief period of time that it is not possible for the funds to economically benefit the individual client. The State appoints the Commission members and has the ability to impose its will on the Commission (November 30 year end).
- . Client Security and Attorney Disciplinary Commission (Proprietary) - examines breaches of professional responsibility by attorneys, assists the court in administering attorney disciplinary procedures, and administers the Client Security Fund, whose purpose is to prevent defalcations by members of the Iowa bar, and to provide for the indemnification by the profession for losses caused to the public by dishonest conduct of members of the bar of Iowa. The State appoints the Commission members and has the ability to impose its will on the Commission (November 30 year end).
- . Commission on Continuing Legal Education (Proprietary) - enforces the continuing education rules pertaining to attorneys to ensure that they can fulfill

their obligation to competently serve their clients. The State appoints the Commission members and has the ability to impose its will on the Commission (November 30 year end).

- . Iowa State Fair Authority (Proprietary and Expendable Trust) - conducts the annual State Fair and Exposition and other interim events on the Iowa State Fairgrounds. The State must approve any bonds issued by the Authority (October 31 year end).
- . Iowa Agricultural Development Authority (Proprietary) - undertakes programs which assist beginning farmers in purchasing land, improvements and property for agricultural purposes, and provides financing for agricultural and soil conservation development, and other various agricultural development programs. The State appoints a voting majority of the organization and is able to impose its will on the Authority.
- . Wallace Technology Transfer Foundation (Governmental) - is a non-profit corporation which supports collaborative projects, between Iowa industry and the State's institutions of higher education, for the purpose of commercial development of advanced technologies. All voting members of the Board of Directors are appointed by the Governor and confirmed by the Senate. Legislation required the foundation to revert unobligated funds and transfer assets back to the State as of June 30, 1997. The entity will continue to exist until all assets are distributed or disposed.
- . Iowa Centennial Memorial Foundation (Nonexpendable Trust Fund) - was incorporated to recognize and encourage outstanding ability and potential leadership as a permanent observance of the Iowa Centennial. The State appoints all the voting members of the Foundation's Board. It consists of the Governor, Treasurer, Attorney General, President of the State Board of Regents, all former governors residing in or maintaining legal residence in the State,



# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

and four citizens selected by the other members of the board (May 31 year end).

. Iowa Department of Economic Development Foundation (Expendable Trust Fund) - manages funds from public and private sources to be used to further the overall development and well being of the State. The State appoints a voting majority of the board and has the ability to influence the management of the organization.

. Iowa Historical Foundation (Expendable Trust) - solicits financial support for programs of the State Historical Society of Iowa to promote the preservation of the history of Iowa and to assist the Society in developing and promoting local historical societies and programs throughout the State. The State provides office space and provides partial funding to the Foundation. The State appoints a voting majority of the Board of Directors.

. Iowa Seed Capital Corporation (Governmental) - provides financial assistance to small businesses launching new ventures based on innovation. Its objective is to aid the diversification of Iowa's economy and the creation of new jobs. All seven members of the Board of Directors are appointed by the Governor and approved by the Senate. The State has the ability to impose its will on the Corporation. Senate File 2296 of the 1998 Regular Session Acts of General Assembly terminated the terms of the board members of Iowa Seed Capital Corporation at May 31, 1998. The Corporation was renamed the ISCC Liquidation Corporation and a three-person board was constituted to supervise the liquidation or sale of the assets of the ISCC Liquidation Corporation. The officers and staff of the Corporation were terminated at June 30, 1998, and the Corporation offices closed. Following the complete liquidation or sale of the assets, all remaining moneys shall be transferred to the strategic investment fund and the ISCC Liquidation Corporation board shall be dissolved.

### *Related Organizations*

These related organizations are excluded from the reporting entity because the State's accountability does not extend beyond appointing a voting majority of the organizations' board members. Financial statements are available from the respective organizations.

- . Iowa Student Loan Liquidity Corporation
- . Iowa Comprehensive Health Association
- . Turkey Marketing Council
- . Iowa Business Development Finance Corporation
- . Community Health Management Information System

### C. Fund Accounting

The accounts of the State of Iowa are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. For financial statement presentation, funds with similar characteristics, including those component units referenced above, are grouped into fund categories and fund types. The various funds are grouped in these financial statements as follows:

#### *Governmental Funds*

*The General Fund-* is the principal operating fund of the State and is used to account for all financial resources except for those accounted for in another fund.

*Special Revenue Funds-* to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for a specified purpose.

*Capital Projects Funds-* to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### *Proprietary Funds*

*Enterprise Funds-* to account for operations (a) that are financed and operated in a manner similar to private business enterprise - where the intent of the State is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the State has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

*Internal Service Funds-* to account for the financing of goods or services provided by one department or agency to other departments or agencies of the State, or to other governmental units, on a cost reimbursement basis.

### *Fiduciary Funds*

*Trust and Agency Funds-* to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) Expendable Trust Funds, (b) Nonexpendable Trust Funds, (c) Pension Trust Funds, and (d) Agency Funds.

### *University Funds*

*Current Funds-* to account for resources that will be expended in the near term for operating purposes. These include unrestricted funds over which the universities retain full control in achieving the institutions' purposes and restricted funds which may be utilized only in accordance with externally restricted purposes.

*The Loan, Endowment and Agency Funds* account for assets in which the institutions act in a fiduciary capacity.

*Plant Funds-* to account for institutional property acquisition, renewal, replacement, debt service, and investment.

*Component Units-* to account for the financial activity of related component units of the universities. These entities are controlled by the universities and have been determined to meet the requirements to be reported as component units.

### *Account Groups*

*General Fixed Assets Account Group-* to account for all fixed assets of the State not accounted for within a fund.

*General Long-Term Debt Account Group-* to account for all long-term debt of the State not accounted for within a fund.

### D.Basis of Accounting

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

*Modified Accrual Basis-* All governmental funds, Expendable Trust and Agency funds are accounted for using the modified accrual basis of accounting. The governmental and Expendable Trust funds are accounted for using the current financial resources measurement focus. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available.) "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Receipts from other entities, taxpayer assessed revenues, fees, and refunds and reimbursements are recognized under the modified accrual basis of accounting. Licenses and permits, charges for services, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Expenditures are recognized when the related fund liability is incurred. An exception to the general modified accrual expenditure recognition criteria is the principal and interest on general long-term debt which is recognized when due. Income tax

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

refunds are accrued for claims related to tax periods ended by June 30, of the fiscal year, and paid within sixty days. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

*Accrual Basis-* All Proprietary, Nonexpendable Trust and Pension Trust funds are accounted for using the accrual basis of accounting. These funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. Operating statements present increases (revenues) and decreases (expenses) in net total assets. Revenues are recognized when earned and expenses are recognized when incurred.

In reporting the financial activity of its proprietary funds, the State applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The University funds are accounted for using the accrual basis of accounting, with the following exceptions:

1. Depreciation related to plant assets generally is not recorded.
2. Revenues and expenditures of an academic term encompassing more than one fiscal year are solely reported in the fiscal year in which the program is predominantly conducted.

### *Lottery Revenues and Prizes*

The Lottery uses an on-line instant verification system for the sale and validation of instant tickets. Instant ticket sales are recognized when a retailer settles a pack of tickets. Revenues for pull-tab games

are recognized upon the sale of tickets to the retail sales agents. Revenues for Lotto games are recognized after the jackpot drawings are held. Deferred revenue represents lotto tickets sold for future prize drawings.

The prize liabilities for the Lotto games are determined by actual matches and are recognized after the jackpot drawings are held.

### E. Budgeting and Budgetary Control

The budget encompasses the General Fund of the State and some Special Revenue funds, (Workforce Development Withholding, Reversion Incentive Program, Inspection and Appeals Use Tax Clearing, Underground Storage Tank Unassigned Revenue, Resources Enhancement and Protection, Fish and Game Fund, Conservation Administration Fund, Guaranteed Student Loan Administration, Real Estate Education, Special Contingency Fund, Administrative Contribution Surcharge, Unclaimed Winnings, Water Quality Protection, and Primary Road Fund). For Special Revenue funds budgeted, see Budgeted Special Revenue Fund Report. Capital Project funds are budgeted on a project-length basis. The budget is prepared on a modified accrual basis of accounting for both revenues and expenditures.

The State's budget is prepared by the Governor on an annual basis and is required to be submitted along with proposed appropriation bills to the General Assembly by the first of February prior to the new fiscal year. When an appropriation bill is passed by both houses of the General Assembly, the bill is enrolled and sent to the Governor. The Governor may sign it into law or veto it in whole or in part on a line item basis. Funds may be disbursed only after appropriations have been allotted by the Department of Management, subject to the review of the Governor, with the exception of standing unlimiteds and certain receipts that the Departments are authorized to expend. Appropriations are allotted for expenditure on a quarterly basis.

Departments may request revisions to quarterly allotments, appropriations transfers, or supplemental appropriations. The Department of Management approves revised allotments, subject to the Governor's review. The General Assembly and the Governor act on supplemental appropriation bills in a manner similar to original appropriations. General fund supplemental appropriations totaled

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

\$1,280,000 for fiscal year 1998. Appropriations lapse at fiscal year-end and all unencumbered or unobligated balances revert to the state treasury, unless otherwise provided.

The State utilizes encumbrance accounting for budgetary control purposes. Obligations incurred for goods or services that have not been received or rendered, are recorded to reserve that portion of the applicable fund balance. Chapter 8, section 33, unnumbered paragraph 2, of the Code of Iowa, states, "No payment of an obligation for goods or services shall be charged to an appropriation subsequent to the last day of the fiscal year for which the appropriation is made unless the goods or services are received on or before the last day of the fiscal year, except that repair projects, purchase of specialized equipment and furnishings, and other contracts for services and capital expenditures for the purchase of land or the erection of buildings or new construction or remodeling, which were committed and in progress prior to the end of the fiscal year are excluded from this provision." That is, except for the above stated exceptions, the State must have received the goods or services on or before June 30, creating an actual liability, or the encumbrance is cancelled against that fiscal year. If the encumbrances are still valid after June 30, they become expenditures/expenses of the next fiscal year.

Budgetary control is essentially maintained at the departmental fund level except for certain grant and aid programs where control is maintained at a program level.

Revenues and expenditures are monitored on a continuing basis. State law authorizes the Governor to impose across-the-board pro rata reductions in allotments to ensure revenues and other available funds are sufficient to pay expenses of a given fiscal year.

Separate reports for the General and budgeted Special Revenue funds presenting detail of the legal level of control and actual expenditures are available from the Department of Management.

### F. Cash, Investments, and Securities Lending

Cash in most funds is held in the state treasury and is commingled in State bank accounts and investments. The moneys of most funds are pooled together and invested as an investment pool by the Treasurer of State. However, moneys of some funds may be invested separately from the investment pool where permitted by statute.

Investment earnings of the investment pool are allocated to the individual funds where provided by statute; earnings for all other funds are credited to the General Fund.

The Treasurer's deposits in financial institutions throughout the year and at year end were entirely covered by the Federal Deposit Insurance Corporation, or collateral held by the Treasurer of State's custodial banks in the Treasurer of State's name, or by the bank assessment provisions of Section 12C.23 of the Code of Iowa.

The Treasurer of State may invest in obligations of the United States government, its agencies and instrumentalities; certificates of deposit in Iowa financial institutions; prime bankers acceptances, commercial paper or other short-term corporate debt; perfected repurchase agreements; money market mutual funds organized in trust form; and other investments as permitted by Section 12B.10 of the Code of Iowa.

Investments are valued at fair value. Fair value is calculated at market price at the close of business on June 30 by independent pricing services utilized by the Treasurer's custodian bank. However, certain investments such as commercial paper, bankers acceptances, certificates of deposit, guaranteed investment contracts, and discount notes issued by government agencies are valued at amortized cost. (For Pension plans, see Note 18). Plan assets of Internal Revenue Code Section 457 deferred compensation plans are reported at fair value in the Agency Fund.

Cash and cash equivalents include currency on hand, demand deposits with banks or other financial institutions, investments readily convertible to known amounts of cash, and investments so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. In the statements of cash flows, investments with an original maturity of three months or less are considered cash equivalents.

The Iowa Public Employees Retirement System (IPERS) and the Iowa Peace Officers' Retirement, Accident, and Disability System (PORS) (together the "Systems") participate in a securities lending program with the State's custodian bank. The participation of IPERS is authorized by the Code of Iowa and the participation of PORS is authorized by its Board of Trustees. The custodian bank is responsible for

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

operating the program and is permitted to lend any of the securities it holds in custody for the Systems to broker-dealers and other entities in exchange for collateral. The custodian bank is permitted to accept collateral in the form of cash in U.S. dollars, U.S. government securities, or irrevocable letters of credit. A borrower is required to initially deliver collateral in an amount equal to 102 percent of the market value of any U.S. securities lent and 105 percent of the market value of any non-U.S. securities lent. Borrowers are required to provide additional collateral any time the value of the collateral drops below 100% of the value of the security lent plus accrued interest income. Securities lent at year-end for cash collateral are presented as unclassified in the schedule of custodial credit risk. Securities received as collateral cannot be sold or pledged unless the borrower defaults.

At year-end IPERS had \$11,438 in credit risk exposure to borrowers because the amounts they owed the System exceeded the amounts the System owed them. Additional collateral was provided the next business day, eliminating this exposure. The contract with the custodian bank requires it to indemnify the System if a borrower fails to return the securities or fails to return all of the income attributable to securities on loan. As of June 30, 1998, the System had securities on loan, including accrued interest income, with a total value of \$687,618,423 against collateral with a total value of \$709,582,817.

The majority of securities loans are open loans, i.e. one day maturity, where the rebate rate due the borrower is renegotiated daily. All securities loans can be terminated on demand by either the Systems or the borrower. Cash collateral received from borrowers is invested in a cash collateral investment pool which is managed by the custodian bank in accordance with investment guidelines established by the Systems. The investment guidelines do not require a matching of investment maturities with loan maturities, but do establish minimum levels of liquidity and other investment restrictions designed to minimize the interest rate risk associated with not matching the maturity of the investments with the loans. (See NOTE 2.)

### G.Accounts Receivable

Accounts receivable have been established and offset with proper provisions for estimated uncollectible accounts where applicable. Practically all receivables

of governmental funds are due from other governmental entities, primarily the federal government, and are considered collectible. Receivables in other funds have arisen in the ordinary course of business.

### H.Interfund Receivables and Payables

During the course of its operations, the State has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been received or paid as of June 30, 1998, balances of interfund amounts receivable or payable have been recorded. (See NOTE 5.)

### I.Inventories

Inventories are valued at cost, which approximates market. The first-in/first-out (FIFO) cost flow method is used for the majority of inventories. Throughout the year costs of inventories are recorded as expenditures when purchased. For financial reporting purposes, expenditures are adjusted at fiscal year end for material inventory amounts to correlate with the consumption method. Inventory asset amounts are not available for budgetary appropriation as they have been charged to expenditures when purchased rather than when used.

Food stamps are recorded as expenditures when disbursed. Amounts on hand at June 30 are reported at face value in the General Fund, offset by a like amount of deferred revenue.

### J.Fixed Assets

All purchased fixed assets are recorded at cost or, if cost is not practically determinable, at estimated cost. Donated fixed assets are recorded at fair market value at the date of acquisition. Infrastructure assets such as highways, curbs, bridges, and lighting systems are not capitalized.

#### *Primary Government*

*Governmental funds-* fixed assets are accounted for in the General Fixed Assets Account Group. Depreciation is not recorded for general fixed assets and interest during

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

construction is considered immaterial and is not capitalized.

*Expendable Trust funds* - fixed assets are referred to as fund fixed assets and are accounted for in the acquiring fund. Depreciation is not recorded.

*Proprietary, Nonexpendable, and Pension Trust funds*- fixed assets are referred to as fund fixed assets and are accounted for in the acquiring fund. Interest during construction is capitalized and depreciation is recorded on a straight-line basis over the assets' estimated useful lives. The following lives are used:

Buildings	40-50 years
Improvements Other Than Buildings	20-50 years
Equipment	2-20 years
Vehicles	3-10 years

### *Component Units*

Estimated useful lives, in years, are as follows:

Buildings	20-40 years
Improvements Other Than Buildings	40 years
Equipment	3-10 years
Vehicles	5-10 years

### K. Compensated Absences

State employees accrue vacation, sick, and compensatory leave at rates specified in the Code of Iowa and/or collective bargaining agreements. Accumulated unused vacation leave is payable upon termination of employment. Accumulated unused sick leave is payable only upon retirement and only to limits specified in the Code of Iowa and/or collective bargaining agreements. Accumulated unused compensatory leave is payable at fiscal year end.

Compensated absences liability for governmental funds and Expendable Trust funds are recorded in the General Long-Term Debt Account Group. For all other funds the liability is recorded as a liability of the fund. Compensated absences liability is determined based on current rates of pay.

### L. Bond Discounts/Issuance Costs

In governmental fund types, bond discount and issuance costs are recognized in the current period, except for capital appreciation bonds which report discounts similar to proprietary fund types. Bond discounts and issuance costs for proprietary fund types are generally deferred and amortized over the terms of the bonds using the bonds-outstanding method or straight-line method, which approximates the effective interest method. Bond issuance costs in university funds are generally deferred and amortized over the term of the bonds using the straight-line method which approximates the effective interest method.

### M. Interfund Transactions

*Quasi-External Transactions*- Transactions that would be treated as revenues, expenditures, or expenses if they involved organizations external to the state are accounted for as revenues, expenditures, or expenses in the funds involved.

*Reimbursements*- Reimbursements of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

*Residual Equity Transfers*- Nonrecurring or nonroutine transfers between funds are reported as additions to or deductions from the beginning fund equity balance.

*Operating Transfers*- Legally authorized transfers other than residual equity transfers are reported as operating transfers in the financial statements.

### N. Totals (Memorandum Only)

Total columns on the Combined Financial Statements are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. The amounts displayed in these columns do not present consolidated financial information. Interfund eliminations have not been made in the aggregation of this data.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2 - CASH, INVESTMENTS AND SECURITIES LENDING

#### CASH

##### Primary Government

The carrying amount of cash at June 30 is \$955,640,772 and the bank balance is \$981,454,096. The bank balance at June 30 is insured or collateralized as follows: \$981,333,557 is covered by federal depository insurance or by collateral held by the State's agent in the State's name and \$120,539 is uninsured or uncollateralized.

##### Component Units

The carrying amount of cash at June 30 is \$19,449,386 and the bank balance is \$19,443,534. The bank balance at June 30 is insured or collateralized as follows: \$18,878,770 is covered by federal depository insurance or by collateral held by the State's agent in the State's name and \$564,764 is uninsured or uncollateralized.

#### INVESTMENTS

##### Primary Government

Investments at June 30, 1998, are categorized below by credit risk (expressed in thousands). The three types of credit risk are:

*Category 1* - Insured or registered securities or securities held by the State or its agent in the State's name.

*Category 2* - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name.

*Category 3* - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name. (This includes the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities.)

#### All Fund Types except Pension Trust & University Funds

	Category 1	Fair Value
U.S. Government Securities	\$ 871,280	\$ 871,280
Corporate Notes	444,129	444,129
Repurchase Agreements	<u>151,694</u>	<u>151,694</u>
	<u>\$ 1,467,103</u>	1,467,103
Unclaimed Property		5,522
Deferred Compensation		214,011
Money Markets & Mutual Funds		5,802
Investment Agreements		110,263
Annuities		148
Investment Pools		5,233
Real Estate		<u>8</u>
Total Investments		<u>\$ 1,808,090</u>

#### Pension Trust Funds

	Category 1	Fair Value
U.S. Government Securities	\$ 563,800	\$ 563,800
Domestic Equity Securities	1,820,003	1,820,003
Domestic Fixed Income Securities	2,166,766	2,166,766
International Securities	1,410,539	1,410,539
Foreign Currency	<u>49,001</u>	<u>49,001</u>
	<u>\$ 6,010,109</u>	\$ 6,010,109
Securities on Loan		653,082
Mutual and Commingled Funds		5,622,479
Short Term Investment Funds		704,377
Real Estate Partnerships		390,949
Investment in Private Equity		1,099,771
Securities Lending		
Short-Term Collateral Investment Pool		<u>682,885</u>
Total Investments		<u>\$ 15,163,652</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### University Funds

	Category		Fair Value	Category			Fair Value
	1	2		1	2	3	
U.S. Government Securities	\$ 11,242	\$ 583,483	\$ 594,725	\$ 48,584	\$ 498,220	\$ 520	\$ 547,324
Common & Preferred Stock	12,013	128,636	140,649	<u>2,897</u>	<u>102</u>	-	<u>2,999</u>
Corporate Notes	629	8,601	9,230	<u>\$ 51,481</u>	<u>\$ 498,322</u>	<u>\$ 520</u>	550,323
Corporate Bonds	2,858	3,302	6,160				23,951
Other	<u>4,561</u>	<u>1,709</u>	<u>6,270</u>				18,088
	<u>\$ 31,303</u>	<u>\$ 725,731</u>	757,034				<u>2,132</u>
Money Market & Mutual Funds							23,951
Investment Pools							18,088
Real Estate							<u>2,132</u>
Total Investments	<u>\$ 920,933</u>						<u>\$ 594,494</u>

### Cash & Investment Reconciliation

Investments Per Preceding Schedules:

Other Than Pension Trust & University Funds	\$ 1,808,090	
Pension Trust Universities	15,163,652	
	<u>920,933</u>	
Total		\$ 17,892,675
Cash		955,641
Outstanding Warrants		(125,023)
Other Reconciling Items		<u>(34,658)</u>
Cash & Investments		<u>\$ 18,688,635</u>

### Component Units

Investments at June 30, 1998, are categorized below by credit risk (expressed in thousands). The three types of credit risk are:

*Category 1* - Insured or registered securities or securities held by the component unit or its agent in the component unit's name.

*Category 2* - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the component unit's name.

*Category 3* - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the component unit's name. (This includes the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities.)

### Cash & Investment Reconciliation

Investments Per Above Schedule	\$ 594,494
Cash	<u>19,449</u>
Cash & Investments	<u>\$ 613,943</u>

### DEPOSITS WITH TRUSTEES

#### Primary Government

The carrying amount of cash at June 30 is \$38,149,981 and the bank balance is \$37,826,211. The bank balance at June 30 is insured as follows: \$36,998,096 is covered by Federal depository insurance or by collateral held by the State's agent in the State's name, and \$828,115 is uninsured or uncollateralized.

The investments at June 30, 1998, for Deposit With Trustees are as follows (expressed in thousands):

	Category		Fair Value
	1	2	
U. S. Government Securities	\$ -	\$ 7,453	\$ 7,453
Repurchase Agreements	<u>1,363</u>	-	<u>1,363</u>
	<u>\$ 1,363</u>	<u>\$ 7,453</u>	8,816
Mutual Funds			3,434
Guaranteed Investment Contracts			<u>3,101</u>
Total Investments			<u>\$ 15,351</u>

### Cash & Investment Reconciliation

Investments Per Above Schedule	\$ 15,351
Cash	<u>38,150</u>
Deposits With Trustees	<u>\$ 53,501</u>



# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3 - TRANSFERS

Transfers for the year ended June 30, 1998, are presented below (expressed in thousands):

	TRANSFERS IN							Total
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Expendable Trust	University	
<b>TRANSFERS OUT</b>								
<b>Primary Government:</b>								
General	\$ -	\$ 44	\$ 29,382	\$ 584	\$ 9,822	\$ 2,982	\$ 628,668	\$ 671,482
Special Revenue	241	-	-	-	-	-	-	241
Capital Projects	41,897	-	1,000	-	-	-	47,665	90,562
Enterprise	75,709	-	-	-	-	-	-	75,709
Internal Service	-	-	161	213	4,555	-	-	4,929
Expendable Trust	9,321	7	-	-	-	4,535	-	13,863
Nonexpendable Trust	-	-	-	-	-	13	-	13
Subtotal	127,168	51	30,543	797	14,377	7,530	676,333	856,799
<b>Component Units</b>	4	-	-	-	-	-	-	4
<b>Total</b>	<u>\$ 127,172</u>	<u>\$ 51</u>	<u>\$ 30,543</u>	<u>\$ 797</u>	<u>\$ 14,377</u>	<u>\$ 7,530</u>	<u>\$ 676,333</u>	<u>\$ 856,803</u>

### NOTE 4 - RECEIVABLES

Receivables at June 30, 1998, consisted of the following (expressed in thousands):

	Accounts Receivable	Taxes Receivable	Interest Receivable	Notes Receivable	Loans Receivable	Benefit Over-payment	Subtotal	Less:	Total
								Allowances for Uncollectibles	
<b>Primary Government:</b>									
General	\$ 357,612	\$ 395,865	\$ -	\$ 990	\$ 104,077	\$ -	\$ 858,544	\$ 20,851	\$ 837,693
Special Revenue	241	-	-	-	-	-	241	-	241
Capital Projects	5,256	-	17	-	-	-	5,273	-	5,273
Enterprise	8,282	-	56	-	-	-	8,338	111	8,227
Internal Service	2,159	-	14	-	-	-	2,173	-	2,173
Expendable Trust	4,272	-	3	18	-	22,389	26,682	10,603	16,079
Nonexpendable Trust	1	-	-	-	-	-	1	-	1
Pension	1,040,011	-	51,461	-	-	-	1,091,472	-	1,091,472
Agency	48,352	-	-	-	-	-	48,352	-	48,352
University	270,593	-	9,619	70,832	-	-	351,044	92,017	259,027
Subtotal	1,736,779	395,865	61,170	71,840	104,077	22,389	2,392,120	123,582	2,268,538
<b>Component Units</b>	201	-	6,191	178	243,880	-	250,450	237	250,213
<b>Total</b>	<u>\$ 1,736,980</u>	<u>\$ 395,865</u>	<u>\$ 67,361</u>	<u>\$ 72,018</u>	<u>\$ 347,957</u>	<u>\$ 22,389</u>	<u>\$ 2,642,570</u>	<u>\$ 123,819</u>	<u>\$ 2,518,751</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5 - INTERFUND RECEIVABLE/PAYABLE

Interfund receivables and payables include current due from/to other funds at June 30, 1998, along with receivables and payables which may be long-term in nature.

Interfund due from/to other funds, at June 30, 1998, are summarized as follows (expressed in thousands):

	DUE FROM OTHER FUNDS										
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Expendable Trust	Agency	University Funds	Sub-total	Component Units	Total
<b>DUE TO OTHER FUNDS</b>											
<b>Primary Government:</b>											
General	\$ -	\$ 77	\$ 4,024	\$ 1,768	\$ 28,467	\$ 603	\$ 35,325	\$ -	\$ 70,264	\$ -	\$ 70,264
Special Revenue	99	68	-	1	152	-	-	-	320	-	320
Capital Projects	1,801	-	122	195	570	-	-	-	2,688	-	2,688
Enterprise	3,806	-	4	886	423	-	-	-	5,119	-	5,119
Internal Service	75	-	67	4	2,410	-	-	-	2,556	-	2,556
Expendable Trust	1,672	-	-	1	20	39	-	-	1,732	-	1,732
Nonexpendable Trust	-	-	-	-	-	65	-	-	65	-	65
Agency	16,527	5	7,788	121	4,982	347	212	-	29,982	-	29,982
University Funds	-	-	-	-	-	-	-	1,083	1,083	-	1,083
Subtotal	23,980	150	12,005	2,976	37,024	1,054	35,537	1,083	113,809	-	113,809
<b>Component Units</b>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>353</u>	<u>354</u>
<b>Total</b>	<u>\$ 23,981</u>	<u>\$ 150</u>	<u>\$ 12,005</u>	<u>\$ 2,976</u>	<u>\$ 37,024</u>	<u>\$ 1,054</u>	<u>\$ 35,537</u>	<u>\$ 1,083</u>	<u>\$ 113,810</u>	<u>\$ 353</u>	<u>\$ 114,163</u>

Interfund receivables/payables are detailed below (expressed in thousands):

	Due From	Due To			Due From	Due To
<b>General Fund</b>	\$ 23,981	\$ 70,264		<b>Nonexpendable Trust Funds:</b>		
<b>Special Revenue Funds:</b>				Iowa Braille & Sight Saving School	-	65
Anamosa Correctional Facility				Total Nonexpendable Trust Funds	-	65
Telephone Rebate	-	29		<b>Agency Funds:</b>		
Mt. Pleasant Correctional Center				Centralized Payroll Trustee	1,845	5,546
Telephone Rebate	-	13		Other Agency Funds	33,692	24,436
North Central Correctional Facility				Total Agency Funds	35,537	29,982
Telephone Rebate	-	6		<b>University Funds:</b>		
Other Special Revenue Funds	150	272		Unrestricted	1,037	86
Total Special Revenue Funds	150	320		Restricted	6	20
<b>Capital Project Funds:</b>				Endowments & Similar Funds	-	904
Iowa Infrastructure Fund	8,299	2,039		Agency	2	-
Resources Enhancement & Protection	937	224		Unexpended	-	73
Recreational Trails Development	68	-		Retirement of Indebtedness	38	-
Other Capital Project Funds	2,701	425		Total University Funds	1,083	1,083
Total Capital Project Funds	12,005	2,688				
<b>Enterprise Funds:</b>				Subtotal	113,810	113,809
Iowa Communications Network	1,992	777		<b>Component Units:</b>		
Iowa Lottery	-	3,642		Iowa State Fair Authority	353	353
Underground Storage Tank Insurance	117	-		Wallace Technology Foundation	-	1
Other Enterprise Funds	867	700		Total Component Units	353	354
Total Enterprise Funds	2,976	5,119		Total Due From/Due To	114,163	114,163
<b>Internal Service Funds:</b>						
Materials & Equipment - Revolving	2,529	2				
Health Insurance Premium Reserve	453	-				
Health Insurance Premium Operating	3,966	-				
Centralized Purchasing Revolving	26,361	1,466				
Other Internal Service Funds	3,715	1,088				
Total Internal Service Funds	37,024	2,556				
<b>Expendable Trust Funds:</b>						
Unemployment Benefits	107	-				
Unclaimed Property	-	1,519				
Grain Indemnity	119	1				
Iowa Public Television Contributions	33	40				
Other Expendable Trust Funds	795	172				
Total Expendable Trust Funds	1,054	1,732				
				<b>General Fund</b>	-	1,429
				<b>Internal Service Funds</b>	686	-
				Innovations Fund	-	173
				Centralized Printing	-	-
				<b>Enterprise Funds</b>	-	77
				Iowa Communications Network	-	-
				<b>Expendable Trust Funds</b>	993	-
				Unemployment Benefits	-	-
				Total Advances From/Advances To	1,679	1,679
				<b>Grand Total</b>	<u>\$ 115,842</u>	<u>\$ 115,842</u>

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 6 - FIXED ASSETS

Changes in general fixed assets for the year ended June 30, 1998, are summarized as follows (expressed in thousands):

	Balance July 1	Addi- tions	Deletions/ Net Transfers	Adjust- ments	Balance June 30
Land	\$ 125,684	\$ 9,723	\$ 1,566	\$ 15	\$ 133,856
Buildings	519,220	27,269	1,273	2,996	548,212
Improvements Other Than Buildings	15,292	1,631	-	789	17,712
Equipment	228,159	35,311	12,752	(130)	250,588
Vehicles	35,018	9,070	5,971	19	38,136
Construction in Progress	<u>56,634</u>	<u>23,529</u>	<u>3,608</u>	<u>(2,786)</u>	<u>73,769</u>
Total	<u>\$ 980,007</u>	<u>\$ 106,533</u>	<u>\$ 25,170</u>	<u>\$ 903</u>	<u>\$ 1,062,273</u>

General fixed assets purchased with resources provided by outstanding capital lease agreements at June 30, 1998, consisted of buildings costing \$800,617, and equipment costing \$5,433,408.

A summary of Proprietary fund type, Expendable Trust, Pension Trust, University and Component Unit fixed assets as of June 30, 1998, follows (expressed in thousands):

	Enter- prise	Internal Service	Expendable Trust	Pension Trust	University	Subtotal	Component Units	Total
Land	\$ 798	\$ 624	\$ -	\$ -	\$ 18,799	\$ 20,221	\$ 1,572	\$ 21,793
Buildings	6,914	-	-	-	1,591,391	1,598,305	15,819	1,614,124
Improvements Other Than Buildings	-	-	-	-	356,162	356,162	2,055	358,217
Equipment	145,679	190,291	389	2,712	930,032	1,269,103	2,255	1,271,358
Vehicles	1,570	2,294	-	-	-	3,864	443	4,307
Construction In Progress	<u>1,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,408</u>	<u>36,739</u>	<u>11,377</u>	<u>48,116</u>
Total	156,292	193,209	389	2,712	2,931,792	3,284,394	33,521	3,317,915
Less Accumulated Depreciation	<u>62,807</u>	<u>113,959</u>	<u>-</u>	<u>1,957</u>	<u>1,315</u>	<u>180,038</u>	<u>8,685</u>	<u>188,723</u>
Total	<u>\$ 93,485</u>	<u>\$ 79,250</u>	<u>\$ 389</u>	<u>\$ 755</u>	<u>\$ 2,930,477</u>	<u>\$ 3,104,356</u>	<u>\$ 24,836</u>	<u>\$ 3,129,192</u>

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 7 - INVESTMENT IN PRIZE ANNUITIES AND ANNUITY PRIZES PAYABLE

Assets totaling \$75,496,996, which includes \$218,025 of prepaid expense, are held by the Lottery Division for the purpose of paying installment prizes which have already been won but will not be completely paid until 2018. Annuity Prizes Payable does not include an additional liability of \$37,525 to taxing authorities which is classified as accounts payable. The following is a schedule of future payments (expressed in thousands):

Year Ending June 30,	Current	Long-Term	Total Payments
1999	\$ 10,210	-	10,210
2000	-	10,210	10,210
2001	-	10,210	10,210
2002	-	10,210	10,210
2003	-	10,211	10,211
2004-2018	<u>-</u>	<u>64,130</u>	<u>64,130</u>
Total Future Value	10,210	104,971	115,181
Less: Unamortized Discount	<u>427</u>	<u>39,295</u>	<u>39,722</u>
Present Value of Payments	<u>\$ 9,783</u>	<u>\$ 65,676</u>	<u>\$ 75,459</u>

#### NOTE 8 - GENERAL LONG-TERM DEBT ACCOUNT GROUP

Changes in general long-term obligations for the year ended June 30, 1998, are summarized as follows (expressed in thousands):

	Balance July 1	Additions	Deletions	Balance June 30
Compensated Absences	\$ 87,935	\$ 88,320	\$ 84,892	\$ 91,363
Capital Leases	4,428	602	1,548	3,482
Revenue Bonds Payable	193,885	42,610	47,181	189,314
Other Financing Arrangements Payable	16,096	2,455	6,132	12,419
Installment Purchases	<u>859</u>	<u>-</u>	<u>512</u>	<u>347</u>
Subtotal	<u>303,203</u>	<u>133,987</u>	<u>140,265</u>	<u>296,925</u>
Other Liabilities:				
Risk Management Liability	11,500	3,512	3,512	11,500
Medicaid IBNR	11,082	16,928	11,082	16,928
Public Defense Claims	1,876	53	104	1,825
Other Post Employment Benefits	136	-	121	15
Pension Liability	3,476	-	663	2,813
College Aid Federal Liability	-	30,000	6,030	23,970
General Claims	<u>778</u>	<u>83</u>	<u>-</u>	<u>861</u>
Subtotal Other Liabilities	<u>28,848</u>	<u>50,576</u>	<u>21,512</u>	<u>57,912</u>
Total	<u>\$ 332,051</u>	<u>\$ 184,563</u>	<u>\$ 161,777</u>	<u>\$ 354,837</u>

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 - CAPITAL LEASES**

The State has entered into agreements to lease various equipment and property. The agreements have interest rates ranging from 2.57% to 18.64%. The leases expire before June 30, 2011, and some also require the payment of normal maintenance charges.

***General Long-Term Debt Account Group***

Capital leases in the General Long-Term Debt Account Group are anticipated to be paid with general revenues of the General Fund. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year ending June 30,	Principal	Interest	Total
1999	\$ 960	\$ 200	\$ 1,160
2000	858	140	998
2001	578	89	667
2002	312	62	374
2003	266	45	311
Thereafter	<u>508</u>	<u>40</u>	<u>548</u>
<b>Total</b>	<b><u>\$ 3,482</u></b>	<b><u>\$ 576</u></b>	<b><u>\$ 4,058</u></b>

***University Funds***

The following is a schedule by year of future minimum payments required (expressed in thousands):

Year ending June 30,	Principal	Interest	Total
1999	\$ 4,863	\$ 1,681	\$ 6,544
2000	4,360	1,404	5,764
2001	3,229	1,182	4,411
2002	2,871	1,000	3,871
2003	3,011	827	3,838
Thereafter	<u>10,764</u>	<u>1,643</u>	<u>12,407</u>
<b>Total</b>	<b><u>\$ 29,098</u></b>	<b><u>\$ 7,737</u></b>	<b><u>\$ 36,835</u></b>

**NOTE 10 - INSTALLMENT PURCHASES**

The State has entered into installment purchase contracts to finance various acquisitions and construction projects. The contracts have interest rates ranging from 4.75% to 11.00%.

***General Long-Term Debt Account Group***

Installment purchases in the General Long-Term Debt Account Group are anticipated to be paid with general revenues of the General Fund. The following is a schedule by year of future minimum payments required (expressed in thousands):

Year ending June 30,	Principal	Interest	Total
1999	\$ 103	\$ 19	\$ 122
2000	66	13	79
2001	32	9	41
2002	34	7	41
2003	35	6	41
Thereafter	<u>77</u>	<u>6</u>	<u>83</u>
<b>Total</b>	<b><u>\$ 347</u></b>	<b><u>\$ 60</u></b>	<b><u>\$ 407</u></b>

**NOTE 11 - OTHER FINANCING ARRANGEMENTS PAYABLE**

**Loans and Contracts Payable**

The Fourth Judicial District and the Department of Natural Resources have entered into agreements for facilities and land for a total of \$4,593,491. The agreements range from 16 to 25 years with interest rates ranging from 9.35% to 12.00%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

***General Long-Term Debt***

Year ending June 30,	Principal	Interest	Total
1999	\$ 164	\$ 89	\$ 253
2000	55	68	123
2001	61	63	124
2002	66	57	123
2003	72	51	123
Thereafter	<u>476</u>	<u>142</u>	<u>618</u>
<b>Total</b>	<b><u>\$ 894</u></b>	<b><u>\$ 470</u></b>	<b><u>\$ 1,364</u></b>

***Enterprise***

The Iowa Communications Network has entered into agreements for equipment for implementation of the Iowa Hub for a total of \$999,200. The agreements are for 5 years with an interest rate of 5.7%. The following is a schedule by

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

year of the future minimum payments required (expressed in thousands):

Year ending June 30,	Principal	Interest	Total
1999	\$ 190	\$ 40	\$ 230
2000	201	29	230
2001	213	17	230
2002	<u>167</u>	<u>5</u>	<u>172</u>
Total	<u>\$ 771</u>	<u>\$ 91</u>	<u>\$ 862</u>

The University of Iowa has entered into agreements for equipment for a total of \$4,960,000. The agreements are for 7 years with interest rates ranging from 5.48% to 7.00%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

#### *University Funds*

Year ending June 30,	Principal	Interest	Total
1999	\$ 565	\$ 204	\$ 769
2000	596	173	769
2001	630	139	769
2002	665	105	770
2003	702	68	770
Thereafter	<u>692</u>	<u>28</u>	<u>720</u>
Total	<u>\$ 3,850</u>	<u>\$ 717</u>	<u>\$ 4,567</u>

#### **Certificates of Participation**

The Department of Corrections and the First, Second, Third, Fifth and Sixth Judicial Districts have sold certificates of participation for land and facilities for a total of \$32,838,612. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. The certificates mature over periods from 7 to 15 years with interest rates ranging from 4.73% to 8.18%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

#### *General Long-Term Debt*

Year ending June 30,	Principal	Interest	Total
1999	\$ 3,230	\$ 758	\$ 3,988
2000	3,375	544	3,919
2001	1,215	322	1,537
2002	530	247	777
2003	570	214	784
Thereafter	<u>2,605</u>	<u>498</u>	<u>3,103</u>
Total	<u>\$ 11,525</u>	<u>\$ 2,583</u>	<u>\$ 14,108</u>

In May of 1998, the First Judicial District issued \$1,065,000 in Refunding Certificates of Participation, Series 1998, with an average interest rate of 4.73% to advance refund \$1,030,000 of outstanding Certificate of Participation, Series 1990 with an average interest rate of 7.33%. The advance refunding results in a decrease of future aggregate debt service payments of \$66,287 plus accrued interest of \$3,564 and excess proceeds of \$2,365 to combine for a net savings of \$72,216 and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$62,859.

In April of 1998, the Third Judicial District issued \$1,390,000 in Refunding Certificates of Participation, Series 1998A, with an average interest rate of 4.99% to advance refund \$1,325,000 of outstanding Certificates of Participation, Series 1991 with an average interest rate of 7.25%. The net proceeds of \$1,377,139 were used to purchase U.S. Treasury State and Local Government Series Securities. The securities were deposited in an irrevocable escrow account. The amount on deposit is sufficient to fully service all remaining principal and interest due on the Certificates of Participation. The advance refunding results in a decrease of future aggregate debt service payments of \$77,650 plus a return of the ending cash balance of \$2,416 to combine for a net savings of \$80,066 and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$53,055.

The Department of General Services has sold certificates of participation for the Iowa Communications Network of \$114,530,000. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. The certificates mature over the next 10 years with interest rates ranging from 3.65% to 6.25%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

#### *Enterprise Funds*

Year ending June 30,	Principal	Interest	Total
1999	\$ 8,095	\$ 5,401	\$ 13,496
2000	8,540	4,931	13,471
2001	9,040	4,421	13,461
2002	9,560	3,876	13,436
2003	10,125	3,286	13,411
Thereafter	<u>47,195</u>	<u>6,197</u>	<u>53,392</u>
Total	92,555	<u>\$ 28,112</u>	<u>\$ 120,667</u>
Unamortized Discount	<u>691</u>		
Certificates of Participation Payable	<u>\$ 91,864</u>		

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 12 - BONDS PAYABLE

Revenue bonds payable at June 30, 1998, are as follows (expressed in thousands):

	ISSUE DATES	ORIGINAL ISSUANCE	INTEREST RATE	MATURITY DATE RANGE	OUTSTANDING PRINCIPAL
<b>PRIMARY GOVERNMENT:</b>					
<b>General Long-Term Debt Account Group</b>					
<b>Revenue Bonds</b>					
<i>Term Bonds</i>					
Underground Storage Tank	1991 & 1994	\$13,155	Variable	2010-2015	\$ 13,155
Department of Corrections	1994-1996	33,510	Variable	2014-2016	<u>33,510</u>
Total					<u>\$ 46,665</u>
<i>Serial Bonds</i>					
Underground Storage Tank	1991 & 1994	\$76,690	Variable	1991-2012	\$ 76,690
Department of Corrections	1994-1996	64,530	Variable	2014-2016	<u>58,190</u>
Total					<u>\$ 134,880</u>
<i>Capital Appreciation Bonds</i>					
Underground Storage Tank	1991	\$10,175	Variable	2001-2004	\$ 10,175
Unamortized Issuance Costs and Discounts					<u>(2,406)</u>
Total					<u>\$ 7,769</u>
Total General Long-Term Debt Account Group					<u>\$ 189,314</u>
<b>Internal Service Funds</b>					
<i>Serial Bonds</i>					
State of Iowa Facilities Improvement Corporation	1987	\$12,245	7.30-7.40%	1989-2000	<u>\$ 3,595</u>
Total					<u>\$ 3,595</u>
<b>University Funds</b>					
<b>Revenue Bonds</b>					
University of Northern Iowa	1964-1998	\$ 104,476	3.00-8.25%	1966-2023	\$ 74,881
University of Iowa	1964-1997	389,285	2.75-9.00	1967-2021	231,287
Iowa State University	1965-1998	240,375	3.00-8.00	1967-2021	<u>183,080</u>
Total University Funds					<u>\$ 489,248</u>
<b>COMPONENT UNITS:</b>					
<b>Proprietary Funds</b>					
<b>Revenue Bonds</b>					
Iowa Finance Authority	1977-1998	\$ 1,009,525	Variable	1998-2031	\$ 506,761
Iowa Higher Education Loan Authority	1984-1992	71,485	Variable	1998-2016	<u>51,230</u>
Total					557,991
Unamortized Issuance Costs and Discounts					<u>(8,648) *</u>
Total Component Units					<u>\$ 549,343</u>

\*Includes unamortized issuance costs and discounts of \$8,499,592 for the Iowa Finance Authority and \$148,729 for the Iowa Higher Education Loan Authority.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### Underground Storage Tank

The Iowa Finance Authority has issued term bonds, serial bonds, and capital appreciation bonds to finance the Underground Storage Tank Financial Responsibility Program. The program provides payment for remediation claims of contamination of ground water sites due to leakage, spill or release of petroleum products by owner/operators. The bonds are payable solely from specific revenues and assets of the Underground Storage Tank Fund.

The obligations do not constitute a debt of the State of Iowa nor of the Iowa Finance Authority and neither is liable for any repayments.

On July 9, 1997, the Iowa Finance Authority issued \$42,610,000 in Iowa Underground Storage Tank Fund Revenue Refunding Bonds, with an average interest rate of 4.79 percent to advance refund \$39,685,000 of outstanding 1990 and 1991 Series Term bonds with average interest rates of 5.125-6.75 percent. The net proceeds of \$41,871,380 (after payment of \$738,620 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1990 and 1991 Series Term bonds. As a result, the 1990 and 1991 Series Term bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The Authority advance refunded the 1990 and 1991 Series Term bonds to reduce its total debt service payments over the next 14 years by over \$2.6 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of almost \$1.4 million.

### Department of Corrections

The Iowa Finance Authority has issued term and serial bonds for the purpose of financing the construction or renovation of correctional facilities in the State. The Department of Corrections administers the State's correctional facilities and authorizes expenditures under the program. The bonds are payable solely from monies deposited in the Iowa Prison Infrastructure Fund maintained by the Treasurer of the State, currently required by state law to be the first \$9,500,000 of monies remitted to the Treasurer of the State each fiscal year from certain fees and fines collected from the clerks of district court in criminal cases, investment earnings on monies in the Iowa Prison Infrastructure Fund, and from other amounts pledged therefore under the bond indenture. These obligations do not constitute a debt of the State of

Iowa, nor of the Iowa Finance Authority, and neither is liable for any repayments.

### State of Iowa Facilities Improvement Corporation

The State of Iowa Facilities Improvement Corporation (an Iowa nonprofit corporation) issues bonds to finance energy saving capital improvements for State agencies. The improvements are leased to State agencies to provide funds to retire the bonds issued, and to cover financing and administrative costs.

The Bond Indenture provides for establishment of the following trust funds: Series A Acquisition Fund, Series A Bond Fund, Series A Debt Service Reserve Fund, Series A Revenue Fund, Series A Expense Fund, Series A Redemption Fund, and Series A Excess Arbitrage Fund.

### Universities

Iowa State University, the University of Northern Iowa and the University of Iowa have issued revenue bonds for the construction of buildings, facilities, utilities and equipment. The bonds are payable principally from tuition and user fee revenues.

In February 1998, Iowa State University issued \$15,670,000 in Academic Building Revenue Refunding Bond Series 1998 with an average interest rate of 4.47% to advance refund \$6,150,000 of outstanding Academic Building Series 1987 with an average interest rate of 6.66% and \$8,900,000 of outstanding Academic Building Series 1989 with an average interest rate of 6.39%. The proceeds were placed in an irrevocable trust pursuant to an escrow agreement with a bank to provide for all future debt service on the refunded bonds. As a result, these bonds are considered defeased and the liability for these bonds has been excluded from the balance sheet.

The advance refunding results in a decrease in future aggregate debt service of \$1,123,795, and an economic gain (difference between present values of the old and new debt service payments) of \$1,454,113.

In prior years, the University of Northern Iowa and the University of Iowa defeased certain revenue bond issues by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. As of June 30, 1998, bonds totaling \$7,050,000 for the University of Northern Iowa and \$12,845,000 for the University of Iowa were considered defeased.



# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### Iowa Finance Authority

The Iowa Finance Authority is authorized and has issued bonds, the proceeds of which are used to provide authorized mortgage financing. The bonds are payable principally from repayments of such mortgage loans. The obligations do not constitute a debt of the State of Iowa and the State is not liable for any repayments.

The bonds are secured, as described in the applicable bond resolution, by revenues, moneys, investments, mortgage loans, and other assets in the funds and accounts established by the respective bond resolutions.

The Single Family Mortgage, Single Family Housing and the Multi-Family Bond Resolutions contain covenants which require the Iowa Finance Authority to make payments of principal and interest from amounts available should deficiencies occur in the funds established for such payments by the respective bond resolutions.

### Iowa Higher Education Loan Authority

The Iowa Higher Education Loan Authority is authorized and has issued bonds to provide educational loans to students and facility loans to private educational institutions in the State of Iowa. The bonds are payable primarily from interest and principal payments of the educational and facility loans.

The Iowa Higher Education Loan Authority has no taxing authority and bonds issued do not constitute a debt, liability, or obligation of the State of Iowa or any political subdivision thereof.

### Primary Government:

Future bond debt service requirements for bonds of the Primary Government are as follows (expressed in thousands):

#### *General Long-Term Debt Account Group*

Year ending June 30,	Principal	Interest	Total
1999	\$ 8,705	\$ 9,184	\$ 17,889
2000	9,245	8,739	17,984
2001	9,705	8,257	17,962
2002	10,260	7,819	18,079
2003	10,600	7,485	18,085
Thereafter	<u>143,205</u>	<u>46,961</u>	<u>190,166</u>
Total	<u>\$ 191,720</u>	<u>\$ 88,445</u>	<u>\$ 280,165</u>

### *Internal Service Funds*

Year ending June 30,	Principal	Interest	Total
1999	\$ 1,850	\$ 266	\$ 2,116
2000	<u>1,745</u>	<u>129</u>	<u>1,874</u>
Total	<u>\$ 3,595</u>	<u>\$ 395</u>	<u>\$ 3,990</u>

### *University Funds*

Year ending June 30,	Principal	Interest	Total
1999	\$ 31,854	\$ 25,282	\$ 57,136
2000	33,172	24,209	57,381
2001	33,462	22,764	56,226
2002	33,981	21,433	55,414
2003	35,762	20,097	55,859
Thereafter	<u>321,017</u>	<u>142,363</u>	<u>463,380</u>
Total	<u>\$ 489,248</u>	<u>\$ 256,148</u>	<u>\$ 745,396</u>

### Component Units:

Future revenue bond debt service requirements for bonds of the Component Units are as follows (expressed in thousands):

#### *Proprietary Funds*

Year ending June 30,	Principal	Interest	Total
1999	\$ 14,535	\$ 29,396	\$ 43,931
2000	15,460	28,810	44,270
2001	16,445	28,089	44,534
2002	16,160	27,358	43,518
2003	16,860	26,619	43,479
Thereafter	<u>478,531</u>	<u>368,980</u>	<u>847,511</u>
Total	<u>\$ 557,991</u>	<u>\$ 509,252</u>	<u>\$ 1,067,243</u>

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 13 - LEASE OBLIGATIONS FROM DISCONTINUED OPERATIONS OF PRIOR YEARS**

The aggregate amounts of required payments on noncancellable leases and receipts from the related subleases at June 30, 1998, are as follows (expressed in thousands):

Year ending June 30,	Lease	Sublease	Net
1999	\$ 140	\$ 97	\$ 43
2000	124	41	83
2001	92	16	76
2002	75	12	63
2003	58	11	47
Thereafter	<u>152</u>	<u>39</u>	<u>113</u>
Total	\$ 641	\$ 216	\$ 425
Less Amount Representing Interest	<u>134</u>	<u>9</u>	<u>125</u>
Present Value of Lease Obligation	<u>\$ 507</u>	<u>\$ 207</u>	<u>\$ 300</u>

**NOTE 14 - DEFICIT FUND BALANCES/RETAINED EARNINGS**

Funds reporting a deficit fund equity position at June 30, 1998 (expressed in thousands):

Fund Type/Fund Name	Deficit Balances
Enterprise:	
Iowa Communications Network	\$25,759
Internal Service:	
Workers' Compensation	10,652
General Office - General Services	400
Centralized Purchasing Revolving	69
Expendable Trust:	
Oakdale Canteen	35

**NOTE 15 - FUND BALANCE - RESERVE FOR SPECIFIC PURPOSES**

The Reserve for Specific Purposes Fund Balance in the General Fund represents the portion of fund balance legally segregated for a specific future use. A summary of these reserves at June 30, 1998, (expressed in thousands):

Primary Road	\$ 118,083
Unassigned Revenue	84,230
Road Use Tax	72,818
Revitalize Iowa's Sound Economy	62,742
Default Collections	41,373
Motor Vehicle Fuel Tax Unapportioned	36,605
Farm to Market Road Funds	34,798
General Operations	34,482
UST Innocent Landowners	21,173
Strategic Investment Fund	16,521
Reversion Incentive Program	14,329
UST Marketability Fund	10,121
Underground Storage Tank Capital Reserves	9,637
Underground Storage Tank Revenue	7,414
Enhanced Court Collections Fund	6,038
Guaranteed Student Loan Administration	4,823
Workforce Development Fund	3,736
Fish and Game	3,702
Air Contaminant Source	3,616
Waste Tire Management Fund	2,278
5th Judicial District	2,018
Grade Crossing Surface Repair	1,962
Underground Storage Tank Loan Guarantee	1,794
Petroleum Overcharge #5	1,490
Local Housing Assistance Program	852
Highway Safety Patrol Fund	804
Exxon Oil Overcharge Settlement	773
Motor Vehicle Fuel Tax Unapportioned-DOT	706
Iowa Improvement Fund	617
Job Training Revolving	567
DOT SIB Fund	485
First in Nation in Education	425
Petroleum Overcharge #4	374
Friends Funded Programming	367
Litigation Defense	270
Manure Storage Indemnity	240
ICSAC - Default Reduction Act	211
Shelter Assistance Fund	190
Iowa School for the Deaf	186
ABD - Civil Penalties	164
Commerce Insurance Division Regulatory	152
6th Judicial District	103
Other	<u>664</u>
Total	<u>\$ 603,933</u>

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 16 - OPERATING LEASES**

The State has leased office space and equipment. These leases have been classified as operating leases and accordingly, all rents are charged to expense as incurred. These leases expire before June 30, 2041, and require various minimum annual rentals. Certain leases are renewable for additional periods. Some leases also require the payment of normal maintenance and insurance on the leased properties. In most cases, management expects that the leases will be renewed or replaced by other leases.

The following are schedules by year of future minimum rental payments required under operating leases which have initial or remaining noncancellable lease terms in excess of one year as of June 30, 1998 (expressed in thousands):

**Primary Government:**

Year ending June 30,

1999	\$ 14,324
2000	11,977
2001	9,658
2002	6,184
2003	4,728
Thereafter	<u>12,229</u>
<b>Total</b>	<b><u>\$ 59,100</u></b>

All leases contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the legislature.

Rental expense for the year ended June 30, 1998, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$18,626,607.

**Component Units:**

Year ending June 30,

1999	\$ 157
2000	158
2001	158
2002	148
2003	<u>136</u>
<b>Total</b>	<b><u>\$ 757</u></b>

Rental expense for the year ended June 30, 1998, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$253,711.

**NOTE 17 - LESSOR OPERATING LEASES**

The Department of Natural Resources has tracts of land valued at \$7,606,772 that have been leased for agricultural purposes. Glenwood State Hospital School has leased building space valued at \$1,389,688. Iowa Public Television leases antenna and building space, no value has been assigned to the leased portions. The Department of Transportation leases land valued at \$1,028,400 for agricultural purposes. Iowa State University has tracts of land that have been leased for agriculture purposes, no value has been assigned to the leased portion. The following is a schedule by years of minimum future rentals on operating leases as of June 30, 1998 (expressed in thousands):

Year ending June 30,

1999	\$ 1,011
2000	753
2001	419
2002	232
2003	154
Thereafter	<u>1,370</u>
<b>Total</b>	<b><u>\$ 3,939</u></b>

**NOTE 18 - PENSION PLANS**

**Iowa Public Employees' Retirement System**

*Plan Description*

The Iowa Public Employees' Retirement System (IPERS), within the Iowa Department of Personnel, was created in 1953 by the Iowa Legislature, to replace Iowa Old Age and Survivors' Insurance System.

IPERS is a cost-sharing defined benefit multi-employer public employee retirement system. Participation in IPERS is mandatory for most state, county, and local public employees, employees of school districts, and for certain elected officials. Membership is optional for some individuals, including the members of the Iowa General Assembly. Excluded from membership are members of other retirement systems supported by Iowa public funds.

June 30, 1998

**Employer members:**

City	1,315
County	431
School	401
State	24
Other	<u>205</u>
<b>Total</b>	<b><u>2,376</u></b>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

IPERS' vesting requirements are four years of service or age 55, whichever occurs first. Normal retirement age is 65, 62 with 30 years of service, or when the member's age plus years of service equal or exceed 88. A member may also take early retirement between the ages of 55 and 65 with reduced benefits. At retirement, a member chooses one of five benefit options.

IPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to IPERS, 600 East Court, Des Moines, IA 50309 or by calling 515-281-0020.

### *Funding Policy*

Member and employer contribution rates are established by statute. In general, IPERS' members contribute 3.70%, and employers contribute 5.75% of the covered wage base. The contributions are remitted by participating employers. Certain members and employers engaged in law enforcement, fire safety, and protection occupations contribute at slightly higher rates as shown in the table below. State covered wages are covered up to the federal limit of \$160,000.

	Contribution Rates as of June 30, 1998		
	Employee	Employer	Total
Regular	3.70%	5.75%	9.45%
Sheriffs/Deputy Sheriffs (County)/ Airport Firefighters	5.91%	8.87%	14.78%
Protection Occupations*	5.64%	8.45%	14.09%

\* Protection Occupations: City Marshalls/Police or Fire Fighters in towns under 8,000 population, State Conservation Peace Officers, State Correctional Officers, Airport Safety Officers, DOT Peace Officers, Parole Officers III, Probation Officers III, and Fire Prevention Inspector Peace Officers.

A valuation of the liabilities and reserves of the IPERS Trust Fund is performed annually by IPERS' actuary in accordance with Iowa Code Section 97B.61. The Iowa statutes provide that most IPERS members shall contribute 3.70% of pay and employers shall contribute 5.75%, for a total of 9.45%. The valuation is performed to determine whether that rate will be sufficient to fund the future benefits expected to be paid by the System within the guidelines established in IPERS funding policy (maximum amortization period of 30 years). The statutory rate is first applied to fund the normal cost rate. The remaining contribution rate is used to amortize the unfunded actuarial liability as a level percentage of payroll. The current valuation results indicates the statutory rate results in an amortization period less than the funding policy's maximum of 30 years.

The total amount of member and employer contributions made during the fiscal year ended June 30, 1998, was \$379,621,288. The amount of the actuarially determined contribution requirement was approximately \$369,350,515. This contribution amount represents the funding necessary to fund the normal cost of the plan.

For the fiscal year ended June 30, 1998, the actuarially determined contribution requirement for employers was \$224,737,086 or 5.75% of covered payroll. The actuarially determined contribution requirement for employees for the same time period was \$144,613,429 or 3.70% of covered payroll. The actual amount of contributions made by employers and employees during the fiscal year ended June 30, 1998, was \$227,772,773 and \$151,848,515 respectively.

The State of Iowa's contributions to IPERS for the years ended June 30, 1998, 1997, and 1996, were \$46,729,012, \$43,227,098 and \$41,652,024, respectively, equal to the 100% of the required contributions for each year.

Beginning with the June 30, 1996 actuarial valuation, the annual valuation of liabilities is calculated using the entry age normal cost method. The entry age normal cost method requires the calculation of an Unfunded Actuarial Accrued Liability, \$554,546,275 at June 30, 1998. If all actuarial assumptions are met, the Unfunded Actuarial Accrued Liability is expected to be amortized in 8 years at the current contribution percentages. Additional information is available in IPERS' separately issued report.

### Summary of Significant Accounting Policies

IPERS' financial statements are prepared using the accrual basis of accounting. Revenues including contributions are recognized when they are earned and become measurable. Expenses including benefits and refunds are recognized when the liability is incurred.

All investments are reported at fair market value. The determination of fair market value is generally based on published market prices and quotations from major investment brokers. Investments not having quoted market prices have been valued based on yields and maturities currently available on comparable securities of similar issue. Market values for real estate, private equity partnerships, and direct real estate investments are based on periodic assessments or appraisals of the underlying investments. Futures contracts are valued daily with the resulting adjustment recorded as realized gains/losses arising from the daily settlement of variation margin.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

The System has no investment in any specific stock or bond issues of any commercial or industrial organization, other than the U.S. government and its instrumentalities, whose market value exceeds five percent of the net assets available for benefits.

Peace Officers' Retirement, Accident and Disability System

### *Plan Description*

The Peace Officers' Retirement, Accident and Disability System was created under Chapter 97A of the Code of Iowa to provide retirement and other benefits for the peace officers of the Department of Public Safety. The Peace Officers' Retirement, Accident and Disability System is the administrator of a single-employer defined benefit public employee retirement system.

A member may retire with a service allowance after completing 22 years credited service and attaining the minimum service retirement age of 55. Plan benefits include: service retirement benefits, ordinary disability retirement benefits, accidental disability benefit, ordinary death benefit, and accidental death benefits.

The Peace Officers' Retirement, Accident and Disability System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Peace Officers' Retirement, Accident and Disability System, Iowa Department of Public Safety, Wallace State Office Building, Des Moines, IA 50319.

### *Funding Policy*

The contributions to the System are made pursuant to Chapter 97A of the Code of Iowa, and not based upon actuarial determinations.

Member contribution rates are established by statute at 9.35%. However, the System shall increase the member's contribution rate as necessary to cover any increase in cost to the System resulting from statutory changes which are enacted by any session of the General Assembly meeting after January 1, 1991, if the increase cannot be absorbed within the contribution rates established, but subject to a maximum employee contribution rate of 11.30%. After the employee contribution reaches 11.30%, sixty percent of the additional cost of such statutory changes shall be paid by employers and forty percent of the additional cost shall be paid by employees. This is deducted from the member's salary and remitted by the employer.

The employer is obligated by statute to contribute an amount of 17.00% of the covered payroll. Contribution provisions are established by State law and may be amended only by the State legislature. The State of

Iowa has historically followed a contribution policy of appropriating funds based upon a percentage of the current salaries for which funds are appropriated.

The member contribution required and contributed was \$2,520,222, representing 9.35% of the current year covered payroll. The State contribution required by statute was \$4,588,667 and the amount actually contributed was \$4,588,667. Costs of administering the plan are financed through employer contributions and investment income.

### *Summary of Significant Accounting Policies*

The Peace Officers' Retirement, Accident and Disability System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Pension benefits and annuities are recognized when due and payable in accordance with the terms of the plan.

Investments are recorded at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

The System has no investment in any specific stock or bond issues of any commercial or industrial organization, other than the U.S. government and its instrumentalities, whose market value exceeds five percent of the net assets held in trust for pension benefits.

### *Annual Pension Cost and Net Pension Obligation*

The State's annual pension cost and net pension obligation to the Peace Officers' Retirement, Accident and Disability System for the current year were as follows:

Annual required contribution	\$ 1,773,145
Interest on net pension obligation	(500,547)
Adjustment to annual required contribution	<u>586,328</u>
Annual pension cost	1,858,926
Contributions made	<u>(4,588,667)</u>
Increase (decrease) in net pension obligation	(2,729,741)
Net pension obligation beginning of year	<u>(6,256,840)</u>
(Assets in excess of ) net pension obligation end of year	<u>\$ (8,986,581)</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

For calculation of the net pension obligation, the actuary has set the transition date as July 1, 1995. The net pension obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the System's actual contributions for fiscal years 1988 through 1998.

The annual required contribution for the current year was determined as part of the July 1, 1997, actuarial valuation using the aggregate actuarial cost method. This method does not identify or separately amortize unfunded actuarial liabilities. The actuarial assumptions included (a) 8.00% investment rate of return, (b) projected salary increases of 6.00% per year, (c) an inflation rate of 4.00%, and (d) post retirement benefit increases vary from 3.00 to 3.60%. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 1998, was 14 years.

Three-year trend information:

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	(Assets in Excess) of Net Pension Obligation
1996	\$1,774,204	247.47%	\$ (3,706,289)
1997	2,047,316	224.58%	(6,256,840)
1998	1,858,926	246.85%	(8,986,581)

### Judicial Retirement System

#### *Plan Description*

The Judicial Retirement System is the administrator of a single-employer defined benefit public employee retirement system.

The Judicial Retirement System was established to provide pension benefits to Judges serving on the Supreme Court, District Courts and the Court of Appeals.

Pursuant to Chapter 602 of the Code of Iowa, a member who has had a total of at least six years of service as a judge of one or more of the above courts and is at least sixty-five years of age or who has served twenty-five years of consecutive service as a judge of one or more of the above courts shall qualify for an annuity. A member who meets the definition of a

senior judge under Section 602.9202 of the Code of Iowa, shall be paid an annuity equal to three percent of the current base salary of the office in which the senior judge last served prior to retirement multiplied by the judge's years of service prior to retirement, limited to fifty percent of the current base salary. Any member who has served as a judge for a total of six years or more and deemed permanently incapacitated, mentally or physically, to perform his/her duties shall be entitled to an annuity that would be the same as computed under a retirement annuity.

The Judicial Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Judicial Retirement System, Iowa Judicial Department, Iowa State Capitol Building, Des Moines, IA 50319.

#### *Funding Policy*

The contributions to the Iowa Judicial Retirement System are made pursuant to Section 602.9104 of the Code of Iowa, and not based upon actuarial determinations.

The member contribution required and contributed was \$667,999, representing 4.00% of the current year covered payroll. The State contribution required by statute and the amount contributed was \$3,806,457. The State share is to be based on 23.70% of the current year covered payroll. Costs of administering the plan are financed through State appropriation, member contributions and investment income.

#### *Summary of Significant Accounting Policies*

The Iowa Judicial Retirement System's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. System contributions are recognized when due and the System has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

Investments in governmental bonds and treasury notes constitute approximately 17.00% of net assets held in trust for pension benefits. The System has no investments in the stocks or bonds of any commercial or industrial organization where market value exceeds 5.00% or more of the net assets held in trust for pension benefits.

### Annual Pension Cost and Net Pension Obligation

The State's annual pension cost and net pension obligation to the Iowa Judicial Retirement System for the current year were as follows:

Annual required contribution	\$ 3,150,939
Interest on net pension obligation	278,116
Adjustment to annual required contribution	<u>(285,939)</u>
 Annual pension cost	 3,143,116
Contributions made	<u>(3,806,457)</u>
 Increase (decrease) in net pension obligation	 (663,341)
Net pension obligation beginning of year	<u>3,476,451</u>
 Net pension obligation end of year	 <u>\$ 2,813,110</u>

For calculation of the net pension obligation, the actuary has set the transition date as July 1, 1995. The net pension obligation was calculated by the actuary as the cumulative difference between the System's annual required contributions and the System's actual contributions for fiscal years 1988 through 1998.

The annual required contribution for the current year was determined as part of the June 30, 1997, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.00% investment rate of return and (b) projected salary and inflationary increases of 5.00% per year. The assumptions did not include post retirement benefit increases, which are funded by State appropriation when granted. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized using a level dollar amortization method on an open basis. The remaining amortization period at June 30, 1998, was 30 years.

### Three-year trend information:

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1996	\$3,419,144	92.16%	\$ 3,842,544
1997	3,360,329	110.89%	3,476,451
1998	3,143,116	121.10%	2,813,110

### Teachers Insurance and Annuity Association Retirement Program

The Universities, Board of Regents, the Iowa Braille and Sight Saving School, and the Iowa School for the Deaf, contribute to the Teachers Insurance and Annuity Association (TIAA) retirement program. The above, by contributing to TIAA, participate in a defined contribution retirement plan.

A defined contribution retirement plan provides retirement benefits in return for services rendered, provides individual annuities for each plan participant, and specifies how contributions to an individual's annuity are to be determined instead of specifying the amount of benefits the participant is to receive. Under a defined contribution retirement plan, the benefits a participant will receive depend solely on the amount contributed to the participant's annuity, and the returns earned on investments of those contributions. As required by the State Board of Regent's policy, all eligible employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract agreement with TIAA, each employee through the fifth year of employment contributes 3.33% of the first \$4,800 of earnings and 5.00% on the balance of earnings. The employer through the fifth year of employment, contributes 6.67% of the first \$4,800 of earnings and 10.00% on earnings above the \$4,800. Upon completion of five years of service, the participant contributes 5.00% and the employer 10.00% on all earnings. During fiscal year 1998, the employers' contributions amounted to \$85,427,570. Employees' contributions amounted to \$44,752,833.

No retirement plan provisions changed during the year that affected the Institutions' or employees' required contributions.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 19 - BUDGET TO GAAP RECONCILIATION

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Since the budgetary and GAAP presentations of actual data differ, a reconciliation of the two is presented below (expressed in thousands):

	General Fund	Special Revenue Funds
Fund Balance - Budgetary/Legal	\$ 415,067	\$ 156,836
Basis of Accounting Differences:		
Balance Sheet Accounts:		
Accounts Receivable	19,269	-
Loans Receivable	13,377	-
Due From Other Funds	305	-
Food Stamp Inventory	38,155	-
Prepaid Expenditures	9,601	-
Due To Other Funds	(12,943)	-
Deferred Revenue	(47,685)	-
Reserved Encumbrances	36,765	-
Timing Differences:		
Petty Cash & Inventory		
Expensed In Budgetary Accounting	22,011	-
Perspective Differences	-	(156,836)
Entity Differences	<u>1,167,231</u>	<u>5,080</u>
Total Fund Balance - GAAP Basis	1,661,153	5,080
Less: Reserved Fund Balance - GAAP Basis	<u>765,227</u>	<u>-</u>
Fund Balance Unreserved - GAAP Basis	<u>\$ 895,926</u>	<u>\$ 5,080</u>

### NOTE 20 - CHANGES IN CONTRIBUTED CAPITAL ACCOUNTS

During the year, contributed capital increased by the following amounts (expressed in thousands):

	Enterprise Fund Iowa Communications Network	Component Units Iowa State Fair Foundation
Balance July 1	\$ 37,751	\$ 14,743
Adjustments (Note 21)	<u>3,765</u>	<u>-</u>
Balance, July 1 - Restated	41,516	14,743
Additions:		
Government -		
Capital Contributions	14,051	-
Residual Equity Transfer	5,241	9,110
Deletions:		
Depreciation On Assets Acquired With Contributed Capital	<u>4,295</u>	<u>497</u>
Balance June 30	<u>\$ 56,513</u>	<u>\$ 23,356</u>

### NOTE 21 - ADJUSTMENTS

During the year, the State implemented GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (GASB 31). The statement requires investments to be reported at fair value rather than at cost. The balances have been restated to recognize the change in value of investments as delineated below.

An Enterprise Fund, Iowa Communications Network, had a misstatement between Retained Earnings and Contributed Capital.

An Internal Service Fund, Telephone Revolving, had a misstatement of fixed assets.

	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Expendable Agency	Universities	Component Units	
Balances as reported									
July 1, 1997	\$ 1,546,362	\$ 3,294	\$ 149,609	\$ 20,961	\$ 147,404	\$ 734,070	\$ 367,979	\$ 3,030,913	\$ 242,739
GASB 31, restatement	(718)	264	(510)	(53)	(41)	804	(7)	26,500	84
Misstatement of Equity Section	-	-	-	(3,765)	-	-	-	-	-
Misstatement of Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balances restated									
July 1, 1998	<u>\$ 1,545,644</u>	<u>\$ 3,558</u>	<u>\$ 149,099</u>	<u>\$ 17,143</u>	<u>\$ 147,661</u>	<u>\$ 734,874</u>	<u>\$ 367,972</u>	<u>\$ 3,057,413</u>	<u>\$ 242,823</u>



# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 22 – ENTERPRISE FUND – SEGMENT INFORMATION

#### Primary Government

Significant financial data for the year ended June 30, 1998, follows (expressed in thousands):

	Iowa Communications Network	Iowa Lottery	Underground Storage Tank Insurance	Iowa State Prison Industries	Other	Total
Operating Revenues	\$26,761	\$165,663	\$2,655	\$12,653	\$104,542	\$ 312,274
Receipts From Other Entities	-	-	-	-	1,200	1,200
Depreciation Expense	13,266	510	-	441	365	14,582
Operating Income (Loss)	(22,772)	33,337	1,612	956	35,487	48,620
Operating Transfers In	-	-	-	-	797	797
Operating Transfers Out	-	34,665	-	-	41,044	75,709
Tax Revenues	-	-	-	-	3,729	3,729
Net Income (Loss)	(5,198)	(254)	3,227	1,222	(1,024)	(2,027)
Fixed Assets Additions	11,921	578	-	1,313	182	13,994
Fixed Assets Deletions	-	488	-	213	127	828
Net Working Capital	23,609	2,302	23,715	8,933	9,786	68,345
Total Assets	133,511	93,764	27,302	14,481	12,534	281,592
Other Long-Term Liabilities	84,595	71,455	-	344	24	156,418
Total Equity	30,754	3,103	23,715	13,029	5,323	75,924

#### Component Units

Significant financial data for the year ended June 30, 1998, follows (expressed in thousands):

	Iowa State Fair Authority	Iowa Higher Education Loan Authority	Iowa Finance Authority	Iowa Agricultural Development Authority	Lawyer Trust Account Commission	Client Security & Attorney Disciplinary Commission	Commission On Continuing Legal Education	Total
Operating Revenues	\$ 8,721	\$ 2,135	\$ 49,894	\$ 707	\$ 800	\$ 684	\$ 55	\$62,996
Receipts From Other Entities	-	7	19,373	17	800	-	-	20,197
Depreciation Expense	1,274	1	77	9	2	2	2	1,367
Operating Income (Loss)	(726)	2,007	42,376	153	(25)	(95)	(20)	43,670
Tax Revenues	-	-	557	-	-	-	-	557
Net Income (Loss)	(803)	116	34,803	153	19	3	(19)	34,272
Fixed Asset Additions	9,372	3	14	13	2	2	2	9,408
Fixed Asset Deletions	959	-	262	-	-	-	-	1,221
Net Working Capital	3,024	13,768	558,797	3,687	494	1,478	29	581,277
Total Assets	28,231	53,636	789,320	5,239	929	1,525	34	878,914
Bonds Payable	-	51,081	498,262	-	-	-	-	549,343
Other Long-Term Liabilities	191	-	-	-	2	4	3	200
Total Equity	27,476	1,491	264,091	5,159	496	1,479	30	300,222

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 23 – DEFERRED COMPENSATION PLAN

The State and the Judicial Districts sponsor deferred compensation plans which are administered by independent contractors under Internal Revenue Code section 457 and are accounted for as separate Deferred Compensation Plan Agency Funds. The plans permit employees to defer a portion of their salary until future years. The Iowa Department of Personnel and the Judicial Districts are responsible for the accounting, reconciliations and record keeping associated with employees' enrollment, payments to the plan through payroll deductions and timely transfer of withheld funds to the trustee designated by the participant for investment. The plans are designed so that each participant retains investment control of his/her individual account. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The State's fiduciary responsibility is limited to due care in selecting administrators which is evidenced by agreements with the private contractors that make the independent contractor "an agent of the State." The contractors are responsible for withholdings and W-2's when the participants receive payments. The contractors are also required to submit an annual report to the State.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State and Judicial Districts respectively (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's or Judicial Districts' general creditors. Participants' rights under the plan are equal to those of general creditors of the State or Judicial Districts in an amount equal to the fair market value of the deferred account for each participant. The State and Judicial Districts are liable to a participant only for income lost because of its failure to send payment of a deferred amount as directed by the participant. The State and Judicial Districts believe that it is unlikely that they will use these assets to satisfy the claims of general creditors in the future.

The Small Business Job Protection Act (SBJPA) of 1996 repealed the requirement that Section 457 plan assets must be the sole property of the State subject to the claims of the State's general creditors. The State has until January 1, 1999 to place all plan assets in a trust for the exclusive benefit of the participants and their beneficiaries.

The market value of the State's and Judicial Districts' plan assets at June 30, 1998, consisted of \$207,786,623 and \$6,224,191 respectively. These amounts were included in Cash & Investments on the balance sheet of the Agency Funds.

State employees within the Department of Education may also participate in a 403(b) tax-sheltered annuity plan. The State does not contribute to the plan. These annuities are the sole property of the respective individual employee and are subject to any liability arranged by that individual.

### NOTE 24 – OTHER POST EMPLOYMENT BENEFITS

The State Legislature passed, and the Governor signed effective May 22, 1992, an early retirement incentive program for employees of the Executive and Judicial branches of State government.

To be eligible for the early retirement incentive, employees had to be receiving full health and/or dental insurance benefits in accordance with the State's programs. The employee had to be at least 59 years old with at least 20 years continuous or non-continuous membership service in the Iowa Public Employees' Retirement System or the Peace Officers' Retirement, Accident and Disability System and have terminated on or after May 15, 1992 and before January 15, 1993. A further requirement for eligibility was to have provided written notification of the intent to retire by November 15, 1992.

Employees electing the early retirement option are not eligible to accept further employment with the State or a political subdivision of the State, except as an elected official.

The early retirement incentive program provides continued payment of the employer share of the same health and dental plan the retiree had at termination. The monthly payment continues at the capped rate until attainment of age 65. Any additional premium costs for coverage incurred after the time of retirement shall be paid by the retiree.

All incentives are financed on a pay-as-you-go basis by the Department from which the employee retired. Departments are billed quarterly and remit quarterly.

Early retirement incentive costs for fiscal year 1998 totaled \$118,280 for 64 participants.

The Board of Regents approved, effective July 1, 1986, an Early Retirement Incentive Program (ERIP) for professional employees. This program was in effect until June 30, 1992. It should be noted that this same program was approved for Merit System employees by

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

the Board of Regents effective July 1, 1990 for a one year period trial basis with an extension until June 1992. Effective July 1, 1992 through June 30, 1997, and renewed through June 30, 2002, the Board of Regents approved a new early retirement incentive program for all employees.

To be eligible for ERIP, an employee must be 57 to 64 years of age with 15 or more years of service. The employee's participation must be approved by the employee's department head and the appropriate administrative officers.

All incentive payments are financed on a pay-as-you-go basis. An employee approved for participation in the program will receive the following incentives until age 65, unless otherwise specified:

- 1) Health Insurance - The employer's contributions are made until the employee is eligible for Medicare coverage.
- 2) Dental Insurance - The employer's contributions are made until the employee is eligible for Medicare coverage.
- 3) Group Life Insurance - The employer provides a paid-up life insurance policy which varies in amounts between \$2,000 and \$4,000.
- 4) TIAA/CREF Contributions - The employer's and employee's contributions are made for up to three (3) years; employer's contributions are made up to an additional two (2) years; and employer's contributions are payable for a maximum of five (5) years or until the employee is eligible for full Social Security benefits, whichever occurs first.
- 5) IPERS Contributions - The employer's and employee's contributions are made for up to three (3) years; employer's contributions may be made up to an additional two (2) years; and contributions are payable for a maximum of five (5) years or until the employee is eligible for full Social Security benefits, whichever occurs first.

The employee may elect, prior to approval of participation in the program, to accept the present value of all or part of the incentives as a lump sum payment on the beginning date of participation in the program. The rate of interest used to calculate the present value is established annually by the board. The rate used for this fiscal year was 5.46%.

Effective June 1, 1997, a Window Early Retirement Incentive Program was approved. Any employee with 20 years of service who was 55 or over was eligible to apply from June 1, 1997 through November 30, 1997. Retirement under the plan had to begin no later than six months (for staff) or the end of the academic year (for faculty) after the close of the application window. The benefits include all the above ERIP benefits plus full access to the participants' CREF accumulation and up to 10 percent per year of TIAA accumulations.

The Board of Regents Institutions' contributions for the fiscal year ended June 30, 1998, amounted to \$6,465,093 for 1,030 participants.

### NOTE 25 - RISK MANAGEMENT

#### *INSURANCE/TRANSFER OF RISK*

State employee benefits for health, dental, long-term disability and life insurance coverage are fully insured through commercial insurers. The State also insures with outside parties for certain liabilities. The State assumes liability for any deductibles and claims in excess of coverage limitations. Iowa State University and the Department of Public Safety each assume responsibility for aircraft liability claims in excess of \$10.0 million, and Workforce Development assumes fire liability on buildings and contents in excess of \$19.9 million.

The University of Northern Iowa assumes liability for damage to buildings and contents for the first \$5.0 million and in excess of \$405.0 million; liability for physical damage to the UNI-Dome buildings for the first \$150,000 and in excess of \$23.6 million; physical damage to boiler and machinery in excess of \$650.7 million; damage to residence system buildings and apartments in excess of \$197.4 million, business interruption in excess of \$11.4 million, damage to contents in excess of \$13.0 million; medical liability at the Laboratory School in excess of \$5 million; construction liability in excess of \$43.2 million; and damage to Mauker Union building and contents in excess of \$13.4 million.

The University of Iowa assumes liability for damage to auxiliary buildings for the first \$100,000 and in excess of \$1,401.7 million, damage to academic buildings for the first \$2.0 million and in excess of \$1,519.2 million, damage to the power plant for the first \$250,000 and in excess of \$50.0 million, damage to utility property for the first \$250,000 and in excess of \$50.0 million, medical malpractice for the first \$1.5 million and in excess of \$5.0 million, pharmacy products liability for the first \$10,000 and in excess of \$3.0 million, student

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

interns professional liability in excess of \$3.0 million, losses at the Museum of Art in excess of \$40.0 million, and criminal fidelity liability for the first \$100,000 and in excess of \$10 million.

Iowa State University assumes liability for damage to buildings and contents in excess of \$1,641.7 million, damage to boilers and machinery in excess of \$219.4 million, damage to electronic data processing, telecommunications equipment in excess of \$25.9 million and business interruption in excess of \$17.5 million.

Glenwood State Hospital-School assumes liability for volunteers' automobile liability in excess of \$3.0 million. The Iowa Braille and Sight Saving School assumes liability for the first \$1.0 million and in excess of \$24.6 million for catastrophic losses.

The Fifth Judicial District assumes liability for physical damage to buildings and contents in excess of \$11.3 million. The Second Judicial District assumes liability for physical damage to buildings and contents in excess of \$2.8 million. The Seventh Judicial District assumes liability for boiler equipment breakdown in excess of \$5.2 million. The First Judicial District assumes liability in excess of \$3.5 million blanket coverage for boilers.

The State maintains an employee fidelity bond where the first \$100,000 in losses and any losses exceeding \$2.0 million becomes the responsibility of the State.

There were no significant reductions in insurance coverage from the prior year. There were no settlements in excess of coverage for the past three fiscal years.

### *SELF-INSURANCE/RETENTION OF RISK*

It is the policy of the State not to purchase commercial insurance, except as detailed above, for the risks of losses to which it is exposed. Instead, the State management believe that it is more economical to manage its risks internally and set aside assets for claim settlement in its internal service funds or to pay claims from the General Fund.

Specific claim adjustment expenditures/expenses and estimated recoveries on unsettled claims are included in the determination of claims liability. Other allocated or unallocated claim adjustment expenditures/expenses are not included.

The State is self-insured for various risks of loss related to work injuries of its employees. The Workers'

Compensation Fund, an internal service fund, services workers' compensation claims. The liability for unpaid claims is estimated based on the average cost per claim-type determined from historical experience. Changes in the balances for estimated claims liabilities in fiscal years 1997 and 1998 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 97	\$18,652	\$ 7,073	\$9,382	\$16,343
FY 98	16,343	10,667	10,100	16,910

The State is self-insured for various risks of loss related to its motor vehicle fleet. The Vehicle Dispatcher Self-Insurance Fund, an internal service fund, services liability and property damage claims. The liability for unpaid claims is estimated based on historical experience and the application of an industry standard of forty percent for IBNR claims. Changes in the balances for estimated claims liabilities in fiscal years 1997 and 1998 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 97	\$ 757	\$ 188	\$ 289	\$ 656
FY 98	656	205	123	738

The State is self-insured for various risks of loss related to the operation of the Board of Regents institutions' motor vehicle fleets. The Regent's Motor Vehicle Liability Self-Insurance Fund, an internal service fund, services liability and property damage claims. The liability for unpaid claims is estimated based on statistical techniques that reflect recent settlements, similar claim history, and other economic and social factors. Changes in the balances for estimated claims liabilities in fiscal years 1997 and 1998 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 97	\$ 295	\$ 539	\$ 179	\$ 655
FY 98	655	430	435	650

The Underground Storage Tank Program provides qualified owner/operators with insurance for claims resulting from leaking underground storage tanks. Underground Storage Tank Insurance Fund, an

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

enterprise fund, collects premium payments and services claims for damages sustained. The liability for unpaid claims is estimated based on historical experience and analysis. Changes in the balances for estimated claims liabilities in fiscal years 1997 and 1998 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 97	\$1,998	\$ 127	\$ 210	\$1,915
FY 98	1,915	737	91	2,561

The State is self-insured for risks of loss related to property damage and torts. All claims must be filed with the State Appeal Board which has the authority to approve or reject claims. Claims allowed in an amount greater than five thousand dollars require the unanimous approval of all the members of the Board, the Attorney General, and the District Court of the State of Iowa for Polk County. The liability for unpaid claims is estimated based on historical experience and analysis. Changes in the balances for estimated claims liabilities in fiscal years 1997 and 1998 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 97	\$ 11,500	\$ 2,398	\$2,398	\$ 11,500
FY 98	11,500	3,512	3,512	11,500

The Universities retain risk liability for medical faculty malpractice; medical, dental, unemployment, and workers' compensation coverage for some employees; and various property damage not covered as described above. The estimates of claim liabilities for faculty medical malpractice, and employee medical, dental, unemployment, and workers' compensation are based on actuarial analysis. The estimates of the claim liability for various property damage is based on historical analysis. Changes in the balances for estimated claims liabilities for fiscal years 1997 and 1998 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 97	\$ 15,581	\$ 54,180	\$ 51,782	\$ 17,979
FY 98	17,979	70,439	71,345	17,073

### NOTE 26 - LITIGATION, CONTINGENCIES, AND COMMITMENTS

*The Department of Transportation* has contractual obligations (State share of unearned balances on construction contracts) of \$174.8 million at June 30, 1998.

*The University of Iowa* has outstanding construction contract commitments of \$52.8 million at June 30, 1998.

*The University of Northern Iowa* has outstanding construction contract commitments of \$22.4 million at June 30, 1998.

*The Iowa Finance Authority* has signed loan agreements with municipalities totaling \$215.3 million of which \$176.9 million has been disbursed as of June 30, 1998. As of June 30, 1998, the Authority has commitments to various housing assistance projects totaling approximately \$2.5 million.

*The Iowa Underground Storage Tank Financial Responsibility Program* provides payment for remediation claims of contamination of ground water sites due to leakage, spill or release of petroleum products by owner/operators. Potential claims for clean-up charges are estimated to total \$134.6 million. The payment of claims is limited to funds made available by charges to owner/operators and from the collections of environmental protection charges, underground storage tank fees, recoveries, Federal assistance and earnings.

Office of Inspector General Audit of Medicare Billings - the Health Care Financing Administration (HCFA) has initiated a nationwide review of physician Medicare billings at teaching institutions. The *University of Iowa* was selected to be part of the initial group of auditees. Although a loss is possible, the amount, if any, can not be reasonably estimated at this time.

As a result of a recently completed audit, the U.S. Department of the Treasury - Internal Revenue Service sent *Iowa State University*, on November 23, 1998, a 30-day claim notice for taxes and interest of approximately \$4,682,000. The claim notice relates to certain prior year transactions and alleges that taxes are owed on certain unrelated business income. An appeal is highly likely, the outcome of which is uncertain.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 27 – RELATED ORGANIZATIONS

#### Universities

Iowa State University, the University of Iowa and the University of Northern Iowa have related organizations whose purpose is to receive donations and other funds for student grants and scholarships, support of intercollegiate athletics, and educational and general institution support. Detailed financial data is available in the related organizations' financial statements, available from the Universities. The following summarized financial data is for the year ended June 30, 1998 (expressed in thousands):

	Iowa State University	University of Iowa	University of Northern Iowa
Total Assets	\$ 287,363	\$ 573,005	\$ 57,537
Total Liabilities	29,267	504,838	3,007
Total Equity	258,096	68,167	54,530
Due From The Universities	17	25	-
Due To The Universities	403	9,661	11
Total Revenues	91,003	25,550	14,538
Total Expenditures	18,920	17,408	6,176
Revenues From The Universities	1,443	3,237	-
Revenues To The Universities	14,652	26,297	1,218

### NOTE 28 - SUBSEQUENT EVENTS

On September 1, 1998, Medical Education and Biomedical Research Facility Project Revenue Bonds in the amount of \$22,250,000 were issued by the University of Iowa Facilities Corporation, an Iowa nonprofit corporation separate from the University of Iowa. The proceeds of the bonds will be used to defray a portion of the costs associated with the construction of a new College of Medicine Education and Biomedical Research Facility. The bonds are payable solely from rental income payable to the Corporation from the general operating revenues of the University of Iowa.

On December 1, 1998, the University of Iowa issued \$15,500,000 of Utility System Revenue Bonds, Series S.U.I. 1998, to be used to finance the cost of constructing, installing, equipping and expanding certain facilities and improvements to the utility system on the campus of the University.

On October 1, 1998, Iowa State University issued \$14,000,000 of Dormitory Revenue Bonds Series ISU 1998A. These bonds bear interest at varying rates between 4.25% and 5.75% and will mature in varying amounts from July 1, 2001 through July 1, 2025. The proceeds from the sale of these bonds are to be used to construct and equip an apartment style residence hall and related facilities, and to make other improvements to the Dormitory System. These bonds,

which are parity bonds of previously issued Dormitory System revenue bonds, will be retired solely from net rents, profits, and other income from the System.

On July 1, 1998, the Iowa Finance Authority redeemed prior to maturity \$925,000 of the Single Family Mortgage Bonds, 1991 Series A, B, A-1, and B-1; \$1,785,000 of the Single Family Mortgage Bonds, 1992 Series A, B, and C; \$1,925,000 of the Single Family Mortgage Refunding Bonds, 1992 Series F; and \$1,280,000 of the Single Family Mortgage Bonds, 1995 Series C, D, and E.

On August 19, 1998, the Iowa Finance Authority issued \$22,170,000 of its Iowa State Revolving Fund Revenue Bonds, Combined Series 1998.

On September 1, 1998, the Iowa Finance Authority redeemed prior to maturity \$1,411,202 of the Single Family Housing Bonds, 1984 Issue A.

On October 1, 1998, the Iowa Finance Authority redeemed prior to maturity \$205,000 of the Single Family Housing Bonds, 1985 Issue A.

In September 1998, the Iowa Finance Authority was awarded a \$4,000,000 Special Purpose Grant from HUD to fund the new Iowa Rural Initiative Program under the Housing Assistance Program Funds.

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 29 – YEAR 2000 READINESS  
DISCLOSURE**

As of June 30, 1998, the State of Iowa has committed resources in addressing year 2000 issues relating to its computer systems and other electronic equipment. The amount of future commitments and estimated costs are (expressed in thousands):

Contract Programming	\$	13,834
Hardware and Software		11,425
Miscellaneous		<u>10,244</u>
		<u>\$ 35,503</u>

The State of Iowa is currently addressing year 2000 issues relating to its computer systems and other electronic equipment. The year 2000 issues refer to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00". Computer programs have to be adjusted to recognize the difference between those years or the programs will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the year 2000 issue could affect electronic equipment containing computer chips that have date recognition features.

The State has established a Legislative Oversight Committee and the Year 2000 Project Office to help coordinate the year 2000 issues. Every department, institution under the control of the board of regents,

office of a statewide elected official (other than the governor), judicial department, and legislative computer support bureau, must report monthly on the progress in addressing the year 2000 issues.

The State of Iowa has analyzed the computer systems and other equipment that are mission-critical (critical to conducting operations) based on the various areas of State government. The systems and equipment are being subjected to the following stages of work to address the year 2000 issues:

Awareness stage – Establishing a budget and project plan for dealing with the year 2000 issue.

Assessment stage – Identifying the systems and components for which the year 2000 compliance work is needed.

Remediation stage – Making changes to systems and equipment.

Validation/testing stage – Validating and testing the changes that were made during the remediation stage.

The year 2000 work for the State of Iowa is in the following stages of work:

	Awareness	Assessment	Remediation	Validation/ Testing
Executive Branch	complete	in process	in process	in process
Judicial Branch	complete	in process	in process	in process
Legislative Branch	complete	complete	in process	in process
Board of Regents	complete	complete	in process	in process
Elected Officials	complete	complete	in process	in process

Because of the unprecedented nature of the year 2000 issue, its effect and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the State of Iowa is or will be year 2000 ready, that the State's remediation efforts will be successful in whole or in part, or that parties with whom the State does business will be year 2000 ready.

## COMBINING FINANCIAL STATEMENTS

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## COMBINING FINANCIAL STATEMENTS

### Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Iowa Public Television Foundation is a non-profit corporation that solicits and manages gifts of money and property for Iowa Public Television.

Anamosa Correctional Facility Telephone Rebate Fund receives inmate telephone rebates to be used for the benefit of the inmates.

Mount Pleasant Correctional Facility Telephone Rebate Fund receives inmate telephone rebates to be used for the benefit of the inmates.

North Central Correctional Facility Telephone Rebate Fund receives inmate telephone rebates to be used for the benefit of the inmates.

Other Special Revenue Funds, these funds are aggregated for reporting purposes, and account for various other revenues which must be used for specific purposes.

# STATE OF IOWA

## Combining Balance Sheet Special Revenue Funds

June 30, 1998  
(Expressed in Thousands)

	IOWA PUBLIC TELEVISION FOUNDATION	ANAMOSA CORRECTIONAL FACILITY TELEPHONE REBATE	MOUNT PLEASANT CORRECTIONAL FACILITY TELEPHONE REBATE	NORTH CENTRAL CORRECTIONAL FACILITY TELEPHONE REBATE	OTHER	TOTAL
<b>ASSETS</b>						
Cash & Investments	\$2,638	\$ 300	\$ 487	\$ 283	\$1,387	\$ 5,095
Accounts Receivable	-	33	30	18	160	241
Due From Other Funds	-	-	-	-	150	150
Prepaid Expenditures	-	-	-	-	2	2
<b>TOTAL ASSETS</b>	<b><u>\$2,638</u></b>	<b><u>\$ 333</u></b>	<b><u>\$ 517</u></b>	<b><u>\$ 301</u></b>	<b><u>\$1,699</u></b>	<b><u>\$ 5,488</u></b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	\$ -	\$ 11	\$ 2	\$ 3	\$ 72	\$ 88
Due To Other Funds	-	29	13	6	272	320
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>40</u></b>	<b><u>15</u></b>	<b><u>9</u></b>	<b><u>344</u></b>	<b><u>408</u></b>
<b>FUND BALANCE</b>						
Unreserved Fund Equity	<u>2,638</u>	<u>293</u>	<u>502</u>	<u>292</u>	<u>1,355</u>	<u>5,080</u>
<b>TOTAL FUND BALANCE</b>	<b><u>2,638</u></b>	<b><u>293</u></b>	<b><u>502</u></b>	<b><u>292</u></b>	<b><u>1,355</u></b>	<b><u>5,080</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$2,638</u></b>	<b><u>\$ 333</u></b>	<b><u>\$ 517</u></b>	<b><u>\$ 301</u></b>	<b><u>\$1,699</u></b>	<b><u>\$ 5,488</u></b>

**STATE OF IOWA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Special Revenue Funds**

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	<b>IOWA PUBLIC TELEVISION FOUNDATION</b>	<b>ANAMOSA CORRECTIONAL FACILITY TELEPHONE REBATE</b>	<b>MOUNT PLEASANT CORRECTIONAL FACILITY TELEPHONE REBATE</b>	<b>NORTH CENTRAL CORRECTIONAL FACILITY TELEPHONE REBATE</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>REVENUES:</b>						
Investment Income	\$ 439	\$ -	\$ -	\$ -	\$ 16	\$ 455
Fees, Licenses & Permits	-	-	-	-	78	78
Refunds & Reimbursements	-	368	323	197	1,659	2,547
Sales, Rents & Services	-	-	-	-	8	8
Miscellaneous	<u>43</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169</u>	<u>212</u>
<b>TOTAL REVENUES</b>	<b><u>482</u></b>	<b><u>368</u></b>	<b><u>323</u></b>	<b><u>197</u></b>	<b><u>1,930</u></b>	<b><u>3,300</u></b>
<b>EXPENDITURES:</b>						
Current:						
Education	79	-	-	-	66	145
Health & Human Services	-	-	-	-	32	32
Law, Justice, & Public Safety	-	183	55	109	982	1,329
Regulation of Business	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82</u>	<u>82</u>
<b>TOTAL EXPENDITURES</b>	<b><u>79</u></b>	<b><u>183</u></b>	<b><u>55</u></b>	<b><u>109</u></b>	<b><u>1,162</u></b>	<b><u>1,588</u></b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>403</u></b>	<b><u>185</u></b>	<b><u>268</u></b>	<b><u>88</u></b>	<b><u>768</u></b>	<b><u>1,712</u></b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfers:						
Transfers In	7	-	-	-	44	51
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(241)</u>	<u>(241)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>7</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(197)</u></b>	<b><u>(190)</u></b>
<b>EXCESS OF REVENUES &amp; OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b><u>410</u></b>	<b><u>185</u></b>	<b><u>268</u></b>	<b><u>88</u></b>	<b><u>571</u></b>	<b><u>1,522</u></b>
<b>FUND BALANCE JULY 1</b>	<b>1,964</b>	<b>108</b>	<b>234</b>	<b>204</b>	<b>784</b>	<b>3,294</b>
Adjustments (Note 21)	<u>264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264</u>
<b>FUND BALANCE JULY 1, RESTATED</b>	<b><u>2,228</u></b>	<b><u>108</u></b>	<b><u>234</u></b>	<b><u>204</u></b>	<b><u>784</u></b>	<b><u>3,558</u></b>
<b>FUND BALANCE JUNE 30</b>	<b><u>\$ 2,638</u></b>	<b><u>\$ 293</u></b>	<b><u>\$ 502</u></b>	<b><u>\$ 292</u></b>	<b><u>\$1,355</u></b>	<b><u>\$ 5,080</u></b>

# STATE OF IOWA

## Combining Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Budgetary Basis Special Revenue Funds

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	PRIMARY ROAD FUND			GUARANTEED STUDENT LOAN ADMINISTRATION		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>APPROPRIATED REVENUE:</b>						
Transfers	\$ 398,841	\$ 407,628	\$ 8,787	\$ 9,000	\$ -	\$ (9,000)
<b>TOTAL APPROPRIATED REVENUE</b>	<b>398,841</b>	<b>407,628</b>	<b>8,787</b>	<b>9,000</b>	<b>-</b>	<b>(9,000)</b>
<b>RECEIPTS CREDITED TO APPROPRIATIONS:</b>						
Sales Tax	5	11	6	-	-	-
Use Tax	-	-	-	-	-	-
Individual Income Tax Quarterly	-	-	-	-	-	-
Other Taxes	-	-	-	-	-	-
Federal Support	162,882	162,382	(500)	20,700	19,014	(1,686)
Local Governments	2,600	6,207	3,607	-	-	-
Other States	2,925	3,248	323	-	-	-
Reimbursements From Other Agencies	161	170	9	-	-	-
Interest	20	2	(18)	2,079	2,999	920
Bonds & Loans	5	-	(5)	-	-	-
Fees, Licenses, & Permits	860	1,208	348	700	888	188
Refunds & Reimbursements	4,075	3,599	(476)	11	9	(2)
Sale of Real Estate	1,710	2,858	1,148	-	-	-
Sale of Equipment & Salvage	-	-	-	-	-	-
Rents & Leases	16	25	9	-	-	-
Agricultural Sales	-	-	-	-	-	-
Other Sales & Services	-	-	-	-	-	-
Unearned Receipts	-	-	-	-	-	-
Income Tax Checkoffs	-	-	-	-	-	-
Other	4,350	2,372	(1,978)	-	-	-
<b>TOTAL APPROPRIATED RECEIPTS</b>	<b>179,609</b>	<b>182,082</b>	<b>2,473</b>	<b>23,490</b>	<b>22,910</b>	<b>(580)</b>
<b>TOTAL REVENUES AVAILABLE</b>	<b>578,450</b>	<b>589,710</b>	<b>11,260</b>	<b>32,490</b>	<b>22,910</b>	<b>(9,580)</b>
<b>EXPENDITURES:</b>						
Administration	-	-	-	-	-	-
Agriculture & Natural Resources	-	-	-	-	-	-
Education	-	-	-	31,042	34,187	(3,145)
Regulation	-	-	-	-	-	-
Transportation & Public Safety	376,057	416,039	(39,982)	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>376,057</b>	<b>416,039</b>	<b>(39,982)</b>	<b>31,042</b>	<b>34,187</b>	<b>(3,145)</b>
TRANSFERS	205,580	202,029	3,551	24	-	24
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>581,637</b>	<b>618,068</b>	<b>(36,431)</b>	<b>31,066</b>	<b>34,187</b>	<b>(3,121)</b>
<b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES &amp; OTHER ITEMS</b>	<b>(3,187)</b>	<b>(28,358)</b>	<b>(25,171)</b>	<b>1,424</b>	<b>(11,277)</b>	<b>(12,701)</b>
<b>FUND BALANCE JULY 1 (BUDGETARY)</b>	<b>66,339</b>	<b>66,339</b>	<b>-</b>	<b>18,076</b>	<b>18,076</b>	<b>-</b>
<b>FUND BALANCE JUNE 30 (BUDGETARY)</b>	<b>\$ 63,152</b>	<b>\$ 37,981</b>	<b>\$ (25,171)</b>	<b>\$ 19,500</b>	<b>\$ 6,799</b>	<b>\$ (12,701)</b>



# STATE OF IOWA

## Combining Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Budgetary Basis Special Revenue Funds

For the Year Ended June 30, 1998  
(Expressed in Thousands)  
(Continued)

	OTHER			TOTAL		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>APPROPRIATED REVENUE:</b>						
Transfers	\$ 18,302	\$ 18,508	\$ 206	\$ 448,843	\$ 444,815	\$ (4,028)
<b>TOTAL APPROPRIATED REVENUE</b>	<b>18,302</b>	<b>18,508</b>	<b>206</b>	<b>448,843</b>	<b>444,815</b>	<b>(4,028)</b>
<b>RECEIPTS CREDITED TO APPROPRIATIONS:</b>						
Sales Tax	-	-	-	5	11	6
Use Tax	1,074	1,207	133	1,074	1,207	133
Individual Income Tax Quarterly	5,531	4,965	(566)	5,531	4,965	(566)
Other Taxes	7,248	7,158	(90)	7,248	7,158	(90)
Federal Support	7,995	6,071	(1,924)	192,495	187,651	(4,844)
Local Governments	-	-	-	2,600	6,207	3,607
Other States	-	-	-	2,925	3,248	323
Reimbursements From Other Agencies	-	1	1	961	922	(39)
Interest	463	578	115	4,562	9,621	5,059
Bonds & Loans	-	-	-	5	-	(5)
Fees, Licenses, & Permits	18,045	19,454	1,409	19,606	21,565	1,959
Refunds & Reimbursements	152	308	156	4,710	5,947	1,237
Sale of Real Estate	-	-	-	1,710	2,858	1,148
Sale of Equipment & Salvage	45	70	25	45	70	25
Rents & Leases	5	4	(1)	21	29	8
Agricultural Sales	60	5	(55)	60	5	(55)
Other Sales & Services	855	795	(60)	855	795	(60)
Unearned Receipts	298	209	(89)	298	209	(89)
Income Tax Checkoffs	130	170	40	130	170	40
Other	465	782	317	4,815	3,154	(1,661)
<b>TOTAL APPROPRIATED RECEIPTS</b>	<b>42,366</b>	<b>41,777</b>	<b>(589)</b>	<b>249,656</b>	<b>255,792</b>	<b>6,136</b>
<b>TOTAL REVENUES AVAILABLE</b>	<b>60,668</b>	<b>60,285</b>	<b>(383)</b>	<b>698,499</b>	<b>700,607</b>	<b>2,108</b>
<b>EXPENDITURES:</b>						
Administration	9,500	-	9,500	12,382	3,113	9,269
Agriculture & Natural Resources	5,544	-	5,544	22,316	12,773	9,543
Education	-	-	-	31,042	34,187	(3,145)
Regulation	6,634	6,584	50	6,634	6,584	50
Transportation & Public Safety	-	-	-	376,057	416,039	(39,982)
<b>TOTAL EXPENDITURES</b>	<b>21,678</b>	<b>6,584</b>	<b>15,094</b>	<b>448,431</b>	<b>472,696</b>	<b>(24,265)</b>
TRANSFERS	35,947	39,812	(3,865)	246,945	257,757	(10,812)
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>57,625</b>	<b>46,396</b>	<b>11,229</b>	<b>695,376</b>	<b>730,453</b>	<b>(35,077)</b>
<b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES &amp; OTHER ITEMS</b>	<b>3,043</b>	<b>13,889</b>	<b>10,846</b>	<b>3,123</b>	<b>(29,846)</b>	<b>(32,969)</b>
<b>FUND BALANCE JULY 1 (BUDGETARY)</b>	<b>6,590</b>	<b>6,590</b>	<b>-</b>	<b>186,682</b>	<b>186,682</b>	<b>-</b>
<b>FUND BALANCE JUNE 30 (BUDGETARY)</b>	<b>\$ 9,633</b>	<b>\$ 20,479</b>	<b>\$ 10,846</b>	<b>\$ 189,805</b>	<b>\$ 156,836</b>	<b>\$ (32,969)</b>

## COMBINING FINANCIAL STATEMENTS

### Capital Projects Funds

Capital Projects Funds are used to account for the construction of major capital facilities other than those financed by proprietary funds and trust funds.

Iowa Infrastructure Fund is used to account for monies used as directed by the General Assembly for public infrastructure related expenditures.

Resources Enhancement and Protection Fund is used to account for building projects, reconstruction of buildings and the acquisition of land.

Corrections Capitals Fund is used to account for the construction of correctional services facilities expansion.

Recreational Trails Development Fund is used to account for the acquisition and construction of recreational trails within the State.

Other Capital Projects Funds, aggregated for reporting purposes, account for construction of various armories and prison expansion programs.



**STATE OF IOWA**

**Combining Balance Sheet  
Capital Projects Funds**

June 30, 1998  
(Expressed in Thousands)

	<b>IOWA INFRA- STRUCTURE</b>	<b>RESOURCES ENHANCEMENT &amp; PROTECTION</b>	<b>CORRECTIONS CAPITALS</b>	<b>RECREATIONAL TRAILS DEVELOPMENT</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Cash & Investments	\$ 122,296	\$ 7,868	\$ -	\$ 3,410	\$ 1,442	\$ 135,016
Deposits With Trustees	-	-	4,683	-	-	4,683
Accounts Receivable	3,804	5	1,179	-	268	5,256
Interest Receivable	-	-	17	-	-	17
Due From Other Funds	8,299	937	-	68	2,701	12,005
Prepaid Expenditures	<u>-</u>	<u>45</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 134,399</u></b>	<b><u>\$ 8,855</u></b>	<b><u>\$ 5,879</u></b>	<b><u>\$ 3,478</u></b>	<b><u>\$ 4,411</u></b>	<b><u>\$ 157,022</u></b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	\$ 10,411	\$ 1,123	\$ 734	\$ 228	\$ 539	\$ 13,035
Due To Other Funds	2,039	224	-	-	425	2,688
Deferred Revenue	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>
<b>TOTAL LIABILITIES</b>	<b><u>12,467</u></b>	<b><u>1,347</u></b>	<b><u>734</u></b>	<b><u>228</u></b>	<b><u>964</u></b>	<b><u>15,740</u></b>
<b>FUND BALANCE</b>						
Reserve For:						
Encumbrances & Contracts	91,826	-	-	-	-	91,826
Prepaid Expenditures	-	45	-	-	-	45
Specific Purposes	-	-	5,145	-	-	5,145
Unreserved Fund Equity	<u>30,106</u>	<u>7,463</u>	<u>-</u>	<u>3,250</u>	<u>3,447</u>	<u>44,266</u>
<b>TOTAL FUND BALANCE</b>	<b><u>121,932</u></b>	<b><u>7,508</u></b>	<b><u>5,145</u></b>	<b><u>3,250</u></b>	<b><u>3,447</u></b>	<b><u>141,282</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$134,399</u></b>	<b><u>\$ 8,855</u></b>	<b><u>\$ 5,879</u></b>	<b><u>\$ 3,478</u></b>	<b><u>\$ 4,411</u></b>	<b><u>\$ 157,022</u></b>

## STATE OF IOWA

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances Capital Projects Funds

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	IOWA INFRA- STRUCTURE	RESOURCES ENHANCEMENT & PROTECTION	CORRECTIONS CAPITALS	RECREATIONAL TRAILS DEVELOPMENT	OTHER	TOTAL
<b>REVENUES:</b>						
Taxes	\$ 82,706	\$ -	\$ -	\$ -	\$ -	\$ 82,706
Receipts From Other						
Entities	156	154	-	-	2,249	2,559
Investment Income	34,528	545	3,288	-	3	38,364
Fees, Licenses & Permits	2,368	-	-	-	-	2,368
Miscellaneous	<u>103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101</u>	<u>204</u>
<b>TOTAL REVENUES</b>	<b><u>119,861</u></b>	<b><u>699</u></b>	<b><u>3,288</u></b>	<b><u>-</u></b>	<b><u>2,353</u></b>	<b><u>126,201</u></b>
<b>EXPENDITURES:</b>						
Current:						
General Government	1	-	-	-	-	1
Education	162	-	-	-	-	162
Law, Justice & Public Safety	315	-	8,430	-	2,052	10,797
Agriculture & Natural Resources	71	3,615	-	-	1,285	4,971
Capital Outlay:						
General Government	19,596	-	-	-	44	19,640
Education	111	-	-	-	-	111
Transportation	-	-	-	819	22	841
Law, Justice & Public Safety	446	-	16,418	-	68	16,932
Agriculture & Natural Resources	<u>8,996</u>	<u>5,816</u>	<u>-</u>	<u>-</u>	<u>5,732</u>	<u>20,544</u>
<b>TOTAL EXPENDITURES</b>	<b><u>29,698</u></b>	<b><u>9,431</u></b>	<b><u>24,848</u></b>	<b><u>819</u></b>	<b><u>9,203</u></b>	<b><u>73,999</u></b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>90,163</u></b>	<b><u>(8,732)</u></b>	<b><u>(21,560)</u></b>	<b><u>(819)</u></b>	<b><u>(6,850)</u></b>	<b><u>52,202</u></b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfers:						
Transfers In	731	11,737	8,657	1,068	8,350	30,543
Transfers Out	(38,335)	(4,138)	(107)	(69)	(248)	(42,897)
Transfers to Universities	<u>(47,665)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,665)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>(85,269)</u></b>	<b><u>7,599</u></b>	<b><u>8,550</u></b>	<b><u>999</u></b>	<b><u>8,102</u></b>	<b><u>(60,019)</u></b>
<b>EXCESS OF REVENUES &amp; OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b><u>4,894</u></b>	<b><u>(1,133)</u></b>	<b><u>(13,010)</u></b>	<b><u>180</u></b>	<b><u>1,252</u></b>	<b><u>(7,817)</u></b>
<b>FUND BALANCE JULY 1</b>	<b>117,532</b>	<b>8,650</b>	<b>18,162</b>	<b>3,070</b>	<b>2,195</b>	<b>149,609</b>
Adjustments (Note 21)	<u>(494)</u>	<u>(9)</u>	<u>(7)</u>	<u>-</u>	<u>-</u>	<u>(510)</u>
<b>FUND BALANCE JULY 1, RESTATED</b>	<b><u>117,038</u></b>	<b><u>8,641</u></b>	<b><u>18,155</u></b>	<b><u>3,070</u></b>	<b><u>2,195</u></b>	<b><u>149,099</u></b>
<b>FUND BALANCE JUNE 30</b>	<b><u>\$121,932</u></b>	<b><u>\$ 7,508</u></b>	<b><u>\$ 5,145</u></b>	<b><u>\$ 3,250</u></b>	<b><u>\$ 3,447</u></b>	<b><u>\$ 141,282</u></b>

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# COMBINING FINANCIAL STATEMENTS

## Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the State is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the State has decided that a periodic determination of net income is appropriate for accountability purposes.

Iowa Communications Network accounts for a statewide telecommunications system and its related revenues and expenditures.

Iowa Lottery is used to account for lottery revenues, administrative and operating expenses of the Lottery division, and the distribution of revenue to the General Fund.

Underground Storage Tank Insurance Fund offers financial assurance for claims from leaking underground storage tanks to qualified owners/operators.

Iowa State Prison Industries Fund accounts for the revenues and expenses related to the sale of products made by the various prison industries.

Other Enterprise Funds, aggregated for reporting purposes, account for other miscellaneous activities that meet the definition of Enterprise funds.

**STATE OF IOWA**

**Combining Balance Sheet  
Enterprise Funds**

June 30, 1998  
(Expressed in Thousands)

	<b>IOWA COMMUNI- CATIONS NETWORK</b>	<b>IOWA LOTTERY</b>	<b>UNDERGROUND STORAGE TANK INSURANCE</b>	<b>IOWA STATE PRISON INDUSTRIES</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Cash & Investments	\$ 15,469	\$ 7,363	\$ 26,932	\$ 4,167	\$ 6,584	\$ 60,515
Deposits With Trustees	20,184	-	-	-	-	20,184
Accounts Receivable	2,459	2,093	253	1,988	1,378	8,171
Interest Receivable	9	47	-	-	-	56
Due From Other Funds	1,992	-	117	-	867	2,976
Fixed Assets (Net)	85,748	1,337	-	4,439	1,961	93,485
Inventory	3,484	1,559	-	3,659	1,221	9,923
Prepaid Expenses	1,492	843	-	228	65	2,628
Other Assets	2,674	-	-	-	458	3,132
Investment In Prize Annuity	-	75,279	-	-	-	75,279
Prize Deposit	-	5,243	-	-	-	5,243
	<u>-</u>	<u>5,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,243</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 133,511</u></b>	<b><u>\$ 93,764</u></b>	<b><u>\$ 27,302</u></b>	<b><u>\$ 14,481</u></b>	<b><u>\$ 12,534</u></b>	<b><u>\$ 281,592</u></b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	\$ 5,538	\$ 1,905	\$ 2,635	\$ 1,073	\$ 6,139	\$ 17,290
Due To Other Funds/Advances						
From Other Funds	854	3,642	-	-	700	5,196
Interest Payable	2,824	-	-	-	-	2,824
Deferred Revenue	-	256	952	35	48	1,291
Compensated Absences	244	443	-	344	24	1,055
Other Financing						
Arrangements Payable	92,635	-	-	-	-	92,635
Annuities Payable	-	75,459	-	-	-	75,459
Lottery Prizes Payable	-	8,956	-	-	-	8,956
Funds Held In Custody	662	-	-	-	-	662
Lease Obligation From Discontinued Operations	-	-	-	-	300	300
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
<b>TOTAL LIABILITIES</b>	<b><u>102,757</u></b>	<b><u>90,661</u></b>	<b><u>3,587</u></b>	<b><u>1,452</u></b>	<b><u>7,211</u></b>	<b><u>205,668</u></b>
<b>FUND EQUITY</b>						
Contributed Capital:						
Intergovernmental	56,513	-	-	-	-	56,513
Retained Earnings	(25,759)	3,103	23,715	13,029	5,323	19,411
	<u>-</u>	<u>3,103</u>	<u>23,715</u>	<u>13,029</u>	<u>5,323</u>	<u>19,411</u>
<b>TOTAL FUND EQUITY</b>	<b><u>30,754</u></b>	<b><u>3,103</u></b>	<b><u>23,715</u></b>	<b><u>13,029</u></b>	<b><u>5,323</u></b>	<b><u>75,924</u></b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b><u>\$ 133,511</u></b>	<b><u>\$ 93,764</u></b>	<b><u>\$ 27,302</u></b>	<b><u>\$ 14,481</u></b>	<b><u>\$ 12,534</u></b>	<b><u>\$ 281,592</u></b>

## STATE OF IOWA

### Combining Statement of Revenues, Expenses and Changes in Retained Earnings Enterprise Funds

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY	UNDERGROUND STORAGE TANK INSURANCE	IOWA STATE PRISON INDUSTRIES	OTHER	TOTAL
<b>OPERATING REVENUES:</b>						
Receipts From Other Entities	\$ -	\$ -	\$ -	\$ -	\$ 1,200	\$ 1,200
Fees, Licenses & Permits	-	22	-	-	8,997	9,019
Refunds & Reimbursements	-	-	-	-	92	92
Sales, Rents & Services	26,761	165,593	2,655	12,653	93,395	301,057
Miscellaneous	-	48	-	-	858	906
<b>TOTAL OPERATING REVENUES</b>	<b><u>26,761</u></b>	<b><u>165,663</u></b>	<b><u>2,655</u></b>	<b><u>12,653</u></b>	<b><u>104,542</u></b>	<b><u>312,274</u></b>
<b>OPERATING EXPENSES:</b>						
General & Administrative	12,522	291	-	11,256	335	24,404
Depreciation	13,266	510	-	441	365	14,582
Direct Expense	23,745	-	-	-	-	23,745
Prize Expense	-	96,374	-	-	-	96,374
Personal Services	-	4,985	-	-	1,098	6,083
Travel & Subsistence	-	277	-	-	108	385
Supplies & Materials	-	5,679	-	-	442	6,121
Contractual Services	-	12,892	280	-	3,638	16,810
Equipment & Repairs	-	174	-	-	5	179
Claims & Miscellaneous	-	11,144	747	-	59,749	71,640
Licenses, Permits & Refunds	-	-	16	-	664	680
State Aids & Credits	-	-	-	-	2,618	2,618
Plant Improvement & Additions	-	-	-	-	33	33
<b>TOTAL OPERATING EXPENSES</b>	<b><u>49,533</u></b>	<b><u>132,326</u></b>	<b><u>1,043</u></b>	<b><u>11,697</u></b>	<b><u>69,055</u></b>	<b><u>263,654</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>(22,772)</u></b>	<b><u>33,337</u></b>	<b><u>1,612</u></b>	<b><u>956</u></b>	<b><u>35,487</u></b>	<b><u>48,620</u></b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Taxes	-	-	-	-	3,729	3,729
Intragovernmental Income	22,567	-	-	-	-	22,567
Federal Support	5,678	-	-	-	-	5,678
Investment Income	985	1,074	1,615	299	1	3,974
Interest Expense	(5,759)	-	-	-	-	(5,759)
Payments To Subrecipients	(5,678)	-	-	-	-	(5,678)
Miscellaneous Nonoperating Expense	(219)	-	-	(30)	-	(249)
Gain On Sale Of Fixed Assets	-	-	-	4	6	10
Loss On Sale Of Fixed Assets	-	-	-	(7)	-	(7)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b><u>17,574</u></b>	<b><u>1,074</u></b>	<b><u>1,615</u></b>	<b><u>266</u></b>	<b><u>3,736</u></b>	<b><u>24,265</u></b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b><u>(5,198)</u></b>	<b><u>34,411</u></b>	<b><u>3,227</u></b>	<b><u>1,222</u></b>	<b><u>39,223</u></b>	<b><u>72,885</u></b>
<b>OPERATING TRANSFERS:</b>						
Transfers In	-	-	-	-	797	797
Transfers Out	-	(34,665)	-	-	(41,044)	(75,709)
<b>TOTAL OPERATING TRANSFERS</b>	<b><u>-</u></b>	<b><u>(34,665)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(40,247)</u></b>	<b><u>(74,912)</u></b>
<b>NET INCOME (LOSS)</b>	<b><u>(5,198)</u></b>	<b><u>(254)</u></b>	<b><u>3,227</u></b>	<b><u>1,222</u></b>	<b><u>(1,024)</u></b>	<b><u>(2,027)</u></b>
Add Back Depreciation On Assets Acquired With Contributed Capital	4,295	-	-	-	-	4,295
<b>INCREASE (DECREASE) IN RETAINED EARNINGS</b>	<b><u>(903)</u></b>	<b><u>(254)</u></b>	<b><u>3,227</u></b>	<b><u>1,222</u></b>	<b><u>(1,024)</u></b>	<b><u>2,268</u></b>
<b>RETAINED EARNINGS JULY 1</b>	<b><u>(21,059)</u></b>	<b><u>3,357</u></b>	<b><u>20,509</u></b>	<b><u>11,807</u></b>	<b><u>6,347</u></b>	<b><u>20,961</u></b>
Adjustments (Note 21)	(3,797)	-	(21)	-	-	(3,818)
<b>RETAINED EARNINGS JULY 1, RESTATED</b>	<b><u>(24,856)</u></b>	<b><u>3,357</u></b>	<b><u>20,488</u></b>	<b><u>11,807</u></b>	<b><u>6,347</u></b>	<b><u>17,143</u></b>
<b>RETAINED EARNINGS JUNE 30</b>	<b><u>\$ (25,759)</u></b>	<b><u>\$ 3,103</u></b>	<b><u>\$ 23,715</u></b>	<b><u>\$ 13,029</u></b>	<b><u>\$ 5,323</u></b>	<b><u>\$ 19,411</u></b>

# STATE OF IOWA

## Combining Statement of Cash Flows Enterprise Funds

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY	UNDERGROUND STORAGE TANK INSURANCE	IOWA STATE PRISON INDUSTRIES	OTHER	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash Received From Customers	\$ 28,076	\$165,578	\$ 2,605	\$ 12,573	\$ 104,647	\$ 313,479
Cash Received From Quasi-External Transactions	-	-	-	-	7	7
Other Operating Revenues	-	71	-	-	-	71
Cash Payments To Suppliers For Goods & Services	(40,224)	(31,049)	(512)	(10,978)	(27,517)	(110,280)
Cash Payments To Employees For Services	-	(4,913)	-	-	(290)	(5,203)
Cash Payments For Quasi-External Transactions	-	-	-	-	(41,540)	(41,540)
Cash Payments For Prizes	-	(106,280)	-	-	-	(106,280)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>(12,148)</u></b>	<b><u>23,407</u></b>	<b><u>2,093</u></b>	<b><u>1,595</u></b>	<b><u>35,307</u></b>	<b><u>50,254</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Operating Transfers In From Other Funds	-	-	-	-	584	584
Operating Transfers Out To Other Funds	-	(35,543)	-	-	(41,056)	(76,599)
Federal Grants Received	5,678	-	-	-	-	5,678
Federal Grants Disbursed To Subrecipients	(5,678)	-	-	-	-	(5,678)
Tax Receipts	22,567	-	-	-	3,729	26,296
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b><u>22,567</u></b>	<b><u>(35,543)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(36,743)</u></b>	<b><u>(49,719)</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition & Construction Of Capital Assets	(6,793)	(652)	-	(1,271)	(280)	(8,996)
Interest Paid	(5,879)	-	-	-	-	(5,879)
COPs Payments	(7,869)	-	-	-	-	(7,869)
Cash Payments To Contractors	(926)	-	-	-	-	(926)
Contributed Capital	16,745	-	-	-	-	16,745
Proceeds From Sale Of Capital Assets	-	94	-	15	26	135
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>(4,722)</u></b>	<b><u>(558)</u></b>	<b><u>-</u></b>	<b><u>(1,256)</u></b>	<b><u>(254)</u></b>	<b><u>(6,790)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest & Dividends On Investments	1,295	1,071	1,594	299	2	4,261
Proceeds From Sale & Maturities Of Investments	1,825	10,260	-	-	-	12,085
Purchase Of Investments	(1,821)	-	-	-	-	(1,821)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>1,299</u></b>	<b><u>11,331</u></b>	<b><u>1,594</u></b>	<b><u>299</u></b>	<b><u>2</u></b>	<b><u>14,525</u></b>

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## STATE OF IOWA

(Continued)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY	UNDERGROUND STORAGE TANK INSURANCE	IOWA STATE PRISON INDUSTRIES	OTHER	TOTAL
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	6,996	(1,363)	3,687	638	(1,688)	8,270
<b>CASH &amp; CASH EQUIVALENTS JULY 1</b>	<u>24,201</u>	<u>8,726</u>	<u>23,245</u>	<u>3,529</u>	<u>8,272</u>	<u>67,973</u>
<b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>	31,197	7,363	26,932	4,167	6,584	76,243
<b>INVESTMENTS</b>	4,456	-	-	-	-	4,456
<b>LESS: DEPOSITS WITH TRUSTEE</b>	<u>20,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,184</u>
<b>CASH AND INVESTMENTS PER BALANCE SHEET</b>	<u>\$ 15,469</u>	<u>\$ 7,363</u>	<u>\$ 26,932</u>	<u>\$ 4,167</u>	<u>\$ 6,584</u>	<u>\$ 60,515</u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
<b>Operating Income (Loss)</b>	\$(22,772)	\$ 33,337	\$ 1,612	\$ 956	\$ 35,487	\$ 48,620
<b>Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities</b>						
Depreciation	13,266	510	-	441	365	14,582
Compensated Absences	118	5	-	21	(5)	139
Loss On Sale Of Fixed Assets	-	8	-	-	-	8
(Increase) Decrease In Accounts Receivable	(925)	(405)	116	(110)	(245)	(1,569)
(Increase) Decrease In Due From Other Funds	(473)	-	(117)	-	817	227
(Increase) Decrease In Inventory	(1,736)	(14)	-	(141)	501	(1,390)
(Increase) Decrease In Prepaid Expense	(542)	128	-	(26)	(5)	(445)
(Increase) Decrease In Other Assets	-	8	-	-	(458)	(450)
Increase (Decrease) In Accounts Payable & Accruals	(197)	48	698	424	(1,717)	(744)
Increase (Decrease) In Due To Other Funds	661	(139)	(167)	-	568	923
Increase (Decrease) In Deferred Revenue	-	72	(49)	30	(1)	52
Increase (Decrease) in Funds Held in Custody	452	-	-	-	-	452
Increase (Decrease) In Prizes Payable	-	59	-	-	-	59
Increase (Decrease) In Prize Annuity	-	<u>(10,210)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,210)</u>
<b>Net Cash Provided By Operating Activities</b>	<u>\$(12,148)</u>	<u>\$ 23,407</u>	<u>\$ 2,093</u>	<u>\$ 1,595</u>	<u>\$ 35,307</u>	<u>\$ 50,254</u>



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# COMBINING FINANCIAL STATEMENTS

## Internal Service Funds

Internal Service funds account for State activities that provide goods and services to other State departments or agencies on a cost reimbursement basis.

Materials and Equipment Revolving Fund accounts for the purchase, repair, maintenance, and replacement of equipment, machinery, and supplies used by the Department of Transportation.

Health Insurance Premium Reserve Fund accounts for health insurance deductions from payroll, to pay estimated claims that would be outstanding at the point the State discontinued to pay the health carrier on behalf of State employees.

Health Insurance Premium Operating Fund receives health insurance deductions from payroll to reimburse the health carrier on behalf of covered State employees.

Centralized Purchasing Revolving Fund accounts for purchase orders of State departments and for billing the departments for the purchases.

Other Internal Service Funds, aggregated for reporting purposes, account for other miscellaneous activities that meet the definition of Internal Services funds.

# STATE OF IOWA

## Combining Balance Sheet Internal Service Funds

June 30, 1998  
(Expressed in Thousands)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	CENTRALIZED PURCHASING REVOLVING	OTHER	TOTAL
<b>ASSETS</b>						
Cash & Investments	\$ 2,617	\$ 35,144	\$ 6,179	\$ -	\$ 33,527	\$ 77,467
Accounts Receivable	135	-	1,179	242	603	2,159
Interest Receivable	-	-	-	-	14	14
Due From Other Funds/ Advances to Other Funds	2,529	453	3,966	26,361	4,401	37,710
Bond Issuance Cost	-	-	-	-	16	16
Fixed Assets (Net)	77,149	-	-	-	2,101	79,250
Inventory	5,150	-	-	74	4,593	9,817
Prepaid Expenses	23	-	12	-	180	215
Other Assets	-	-	-	-	1,094	1,094
<b>TOTAL ASSETS</b>	<b><u>\$ 87,603</u></b>	<b><u>\$ 35,597</u></b>	<b><u>\$ 11,336</u></b>	<b><u>\$ 26,677</u></b>	<b><u>\$ 46,529</u></b>	<b><u>\$ 207,742</u></b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	\$ 1,501	\$ -	\$ -	\$ 25,280	\$ 21,505	\$ 48,286
Due To Other Funds/Advances From Other Funds	2	-	-	1,466	1,261	2,729
Deferred Revenue	-	-	-	-	7,933	7,933
Compensated Absences	295	-	-	-	202	497
Bonds Payable	-	-	-	-	3,595	3,595
<b>TOTAL LIABILITIES</b>	<b><u>1,798</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>26,746</u></b>	<b><u>34,496</u></b>	<b><u>63,040</u></b>
<b>FUND EQUITY</b>						
Retained Earnings	<u>85,805</u>	<u>35,597</u>	<u>11,336</u>	<u>(69)</u>	<u>12,033</u>	<u>144,702</u>
<b>TOTAL FUND EQUITY</b>	<b><u>85,805</u></b>	<b><u>35,597</u></b>	<b><u>11,336</u></b>	<b><u>(69)</u></b>	<b><u>12,033</u></b>	<b><u>144,702</u></b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b><u>\$ 87,603</u></b>	<b><u>\$ 35,597</u></b>	<b><u>\$ 11,336</u></b>	<b><u>\$ 26,677</u></b>	<b><u>\$ 46,529</u></b>	<b><u>\$ 207,742</u></b>

## STATE OF IOWA

### Combining Statement of Revenues, Expenses and Changes in Retained Earnings Internal Service Funds

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	CENTRALIZED PURCHASING REVOLVING	OTHER	TOTAL
<b>OPERATING REVENUES:</b>						
Receipts From Other Entities	\$ 1,112	\$ -	\$ -	\$ 122,151	\$ 26,451	\$ 149,714
Fees, Licenses & Permits	-	-	-	-	99	99
Refunds & Reimbursements	36,666	4,475	111,905	87	13,809	166,942
Sales, Rents & Services	-	-	-	-	2,751	2,751
Miscellaneous	<u>2,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>504</u>	<u>3,082</u>
<b>TOTAL OPERATING REVENUES</b>	<b><u>40,356</u></b>	<b><u>4,475</u></b>	<b><u>111,905</u></b>	<b><u>122,238</u></b>	<b><u>43,614</u></b>	<b><u>322,588</u></b>
<b>OPERATING EXPENSES:</b>						
Depreciation	13,276	-	-	-	460	13,736
Personal Services	3,333	-	-	-	2,743	6,076
Travel & Subsistence	4,603	-	-	1	4,847	9,451
Supplies & Materials	15,051	-	-	10,355	5,839	31,245
Contractual Services	4,505	-	-	28	3,260	7,793
Equipment & Repairs	-	-	-	-	9,222	9,222
Claims & Miscellaneous	-	-	118,738	111,832	26,105	256,675
Licenses, Permits & Refunds	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105</u>	<u>129</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>40,792</u></b>	<b><u>-</u></b>	<b><u>118,738</u></b>	<b><u>122,216</u></b>	<b><u>52,581</u></b>	<b><u>334,327</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>(436)</u></b>	<b><u>4,475</u></b>	<b><u>(6,833)</u></b>	<b><u>22</u></b>	<b><u>(8,967)</u></b>	<b><u>(11,739)</u></b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Taxes	22	-	-	-	469	491
Investment Income	-	1,889	644	-	1,392	3,925
Interest Expense	-	-	-	(21)	(390)	(411)
Gain On Sale Of Fixed Assets	752	-	-	-	-	752
Loss On Sale Of Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(184)</u>	<u>(184)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b><u>774</u></b>	<b><u>1,889</u></b>	<b><u>644</u></b>	<b><u>(21)</u></b>	<b><u>1,287</u></b>	<b><u>4,573</u></b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b><u>338</u></b>	<b><u>6,364</u></b>	<b><u>(6,189)</u></b>	<b><u>1</u></b>	<b><u>(7,680)</u></b>	<b><u>(7,166)</u></b>
<b>OPERATING TRANSFERS:</b>						
Transfers In	3,250	-	4,000	-	7,127	14,377
Transfers Out	<u>-</u>	<u>(4,554)</u>	<u>-</u>	<u>-</u>	<u>(375)</u>	<u>(4,929)</u>
<b>TOTAL OPERATING TRANSFERS</b>	<b><u>3,250</u></b>	<b><u>(4,554)</u></b>	<b><u>4,000</u></b>	<b><u>-</u></b>	<b><u>6,752</u></b>	<b><u>9,448</u></b>
<b>NET INCOME (LOSS)</b>	<b><u>3,588</u></b>	<b><u>1,810</u></b>	<b><u>(2,189)</u></b>	<b><u>1</u></b>	<b><u>(928)</u></b>	<b><u>2,282</u></b>
<b>RETAINED EARNINGS JULY 1</b>	<b>82,217</b>	<b>33,806</b>	<b>13,533</b>	<b>(70)</b>	<b>17,918</b>	<b>147,404</b>
Adjustments (Note 21)	<u>-</u>	<u>(19)</u>	<u>(8)</u>	<u>-</u>	<u>284</u>	<u>257</u>
<b>RETAINED EARNINGS JULY 1, RESTATED</b>	<b>82,217</b>	<b>33,787</b>	<b>13,525</b>	<b>(70)</b>	<b>18,202</b>	<b>147,661</b>
Residual Equity Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,241)</u>	<u>(5,241)</u>
<b>RETAINED EARNINGS JUNE 30</b>	<b><u>\$ 85,805</u></b>	<b><u>\$ 35,597</u></b>	<b><u>\$ 11,336</u></b>	<b><u>\$ (69)</u></b>	<b><u>\$ 12,033</u></b>	<b><u>\$ 144,702</u></b>

**STATE OF IOWA**

**Combining Statement of Cash Flows  
Internal Service Funds**

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	CENTRALIZED PURCHASING REVOLVING	OTHER	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash Received From Customers	\$ 325	\$ 16,886	\$ 43,526	\$ 123	\$ 10,307	\$ 71,167
Cash Received From Quasi-External Transactions	39,137	-	67,912	116,828	34,126	258,003
Cash Payments To Suppliers For Goods & Services	(21,276)	(4)	(118,752)	(116,803)	(31,789)	(288,624)
Cash Payments To Employees For Services	(3,318)	-	-	-	(2,661)	(5,979)
Cash Payments For Quasi-External Transactions	<u>(3,809)</u>	<u>-</u>	<u>-</u>	<u>(127)</u>	<u>(16,212)</u>	<u>(20,148)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>11,059</u></b>	<b><u>16,882</u></b>	<b><u>(7,314)</u></b>	<b><u>21</u></b>	<b><u>(6,229)</u></b>	<b><u>14,419</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Operating Transfers In From Other Funds	3,250	-	4,000	-	7,127	14,377
Operating Transfers Out To Other Funds	-	(4,554)	-	-	(175)	(4,729)
Residual Equity Transfers Out	-	-	-	-	(2,694)	(2,694)
Principal Paid On Revenue Bonds	-	-	-	-	(1,610)	(1,610)
Interest Paid	-	-	-	(21)	(383)	(404)
Tax Receipts	<u>22</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>469</u>	<u>491</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b><u>3,272</u></b>	<b><u>(4,554)</u></b>	<b><u>4,000</u></b>	<b><u>(21)</u></b>	<b><u>2,734</u></b>	<b><u>5,431</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition & Construction Of Capital Assets	(18,862)	-	-	-	(626)	(19,488)
Proceeds From Sale Of Capital Assets	<u>1,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,707</u>
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>(17,155)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(626)</u></b>	<b><u>(17,781)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest & Dividends On Investments	-	1,871	636	-	1,379	3,886
Proceeds From Sale & Maturities Of Investments	-	-	-	-	7,715	7,715
Purchase Of Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,666)</u>	<u>(7,666)</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>-</u></b>	<b><u>1,871</u></b>	<b><u>636</u></b>	<b><u>-</u></b>	<b><u>1,428</u></b>	<b><u>3,935</u></b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(2,824)</b>	<b>14,199</b>	<b>(2,678)</b>	<b>-</b>	<b>(2,693)</b>	<b>6,004</b>
<b>CASH &amp; CASH EQUIVALENTS JULY 1</b>	<b><u>5,441</u></b>	<b><u>20,945</u></b>	<b><u>8,857</u></b>	<b><u>-</u></b>	<b><u>33,144</u></b>	<b><u>68,387</u></b>
<b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>	<b>2,617</b>	<b>35,144</b>	<b>6,179</b>	<b>-</b>	<b>30,451</b>	<b>74,391</b>
<b>INVESTMENTS</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,076</u></b>	<b><u>3,076</u></b>
<b>CASH &amp; INVESTMENTS PER BALANCE SHEET</b>	<b><u>\$ 2,617</u></b>	<b><u>\$ 35,144</u></b>	<b><u>\$ 6,179</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 33,527</u></b>	<b><u>\$ 77,467</u></b>

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# STATE OF IOWA

(Continued)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	CENTRALIZED PURCHASING REVOLVING	OTHER	TOTAL
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
<b>Operating Income (Loss)</b>	\$ (436)	\$ 4,475	\$ (6,833)	\$ 22	\$ (8,967)	\$ (11,739)
<b>Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities</b>						
Depreciation	13,276	-	-	-	460	13,736
Compensated Absences	15	-	-	-	9	24
(Increase) Decrease In Accounts Receivable	244	12,660	(280)	(50)	(32)	12,542
(Increase) Decrease In Due From Other Funds	(1,138)	(249)	(187)	(5,236)	334	(6,476)
(Increase) Decrease In Inventory	117	-	-	50	11	178
(Increase) Decrease In Prepaid Expense	(2)	-	(13)	-	25	10
(Increase) Decrease In Bond Issue Costs	-	-	-	-	10	10
(Increase) Decrease In Other Assets	-	-	-	-	1,634	1,634
Increase (Decrease) In Accounts Payable & Accruals	(876)	(4)	(1)	5,270	1,196	5,585
Increase (Decrease) In Due To Other Funds	(141)	-	-	(35)	280	104
Increase (Decrease) To Deferred Revenue	-	-	-	-	(1,189)	(1,189)
<b>Net Cash Provided By Operating Activities</b>	<b><u>\$ 11,059</u></b>	<b><u>\$ 16,882</u></b>	<b><u>\$ (7,314)</u></b>	<b><u>\$ 21</u></b>	<b><u>\$ (6,229)</u></b>	<b><u>\$ 14,419</u></b>

Noncash investing, capital and financing activities:

In addition to a cash residual equity transfer out of \$2,693,887, the Telephone Revolving Fund transferred remaining assets with a net book value of \$2,547,403.

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# COMBINING FINANCIAL STATEMENTS

## Trust and Agency Funds

### *Expendable Trust Funds*

Expendable Trust Funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the funds' designated operations.

Unemployment Benefits Fund receives federal funds for unemployment benefits which are distributed in accordance with federal guidelines.

Unclaimed Property accounts for assets that have not been claimed by the original owner from corporations, banks, insurance companies, etc. A portion of this money stays in the account to pay claims while the rest is transferred to the general fund.

Grain Indemnity receives a per bushel fee on grain sold from elevators with new licenses or amended licenses, and the liquidation proceeds from bankrupt grain elevators to compensate farmers for losses incurred from storing grain in defaulted elevators.

Iowa Public Television Contributions receives gifts and grants per the contract agreement between the Iowa Public Broadcasting Board and Friends of Iowa Public Television.

Other Expendable Trust Funds, aggregated for reporting purposes, account for other miscellaneous expendable trust funds. These are generally resources given to the State through trust agreements and institutional canteens ran for the benefit of the residents/inmates.

### *Nonexpendable Trust Funds*

Nonexpendable Trust funds account for assets held by the State in a trustee capacity where only income derived from the trust principal may be expended for designated operations. The principal must be preserved intact.

Permanent School Principal Fund accounts for the principal derived from the sale of specific land. The interest is to be used for educational purposes.



First in the Nation Education accounts for private donations and other resources in support of research grants.

Iowa Braille and Sight Saving School accounts for gifts and bequests given for the betterment of the school.

Pilot Grove Trust Fund accounts for a \$10,000 donation in support and maintenance of the Pilot Grove area.

Other Nonexpendable Trust Funds, aggregated for reporting purposes, account for other miscellaneous nonexpendable trust funds.

#### *Pension Trust Funds*

Pension Trust Funds account for transactions, assets, liabilities, and net assets available for plan benefits of the various State employee retirement systems. See Note 18 - Pension Plans.

#### *Agency Funds*

Agency funds account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units or organizations.

State of Iowa - Deferred Compensation Fund accounts for the Internal Revenue Code Section 457 compensation plan offered to employees of the State.

Centralized Payroll Trustee is used to account for accumulation of all voluntary and discretionary payroll deductions from the centralized payroll process.

Judicial-Clerks of District Court act as a collecting agency for many fees and taxes that are then distributed to the proper local government or recipient.

School District Surtax Clearing Fund collects and distributes surtax to the school districts according to the surtax formula set by the districts.

Other Agency Funds, aggregated for reporting purposes, represent amounts held for inmates and residents of State institutions, miscellaneous clearing accounts, and other deposits.

**STATE OF IOWA**

**Combining Balance Sheet  
Trust and Agency Funds**

June 30, 1998  
(Expressed in Thousands)

	<b>EXPENDABLE TRUST</b>	<b>NON- EXPENDABLE TRUST</b>	<b>PENSION TRUST</b>	<b>AGENCY</b>	<b>TOTAL</b>
<b>ASSETS</b>					
Cash & Investments	\$ 755,446	\$ 10,406	\$ 15,207,536	\$ 297,576	\$ 16,270,964
Accounts Receivable (Net)	1,970	1	1,040,011	48,352	1,090,334
Interest Receivable	3	-	51,461	-	51,464
Notes Receivable	18	-	-	-	18
Benefit Overpayment Receivable (Net) Due From Other Funds/Advances To Other Funds	14,088	-	-	-	14,088
Fixed Assets (Net)	2,047	-	-	35,537	37,584
Inventory	389	-	755	-	1,144
Prepaid Expenditures/Expenses	256	-	-	-	256
	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 774,227</u></b>	<b><u>\$ 10,407</u></b>	<b><u>\$ 16,299,763</u></b>	<b><u>\$ 381,465</u></b>	<b><u>\$ 17,465,862</u></b>
<b>LIABILITIES</b>					
Accounts Payable & Accruals Due To Other Funds/Advances From Other Funds	\$ 5,817	\$ -	\$ 2,344,165	\$ 64,872	\$ 2,414,854
Deferred Revenue	1,732	65	-	29,982	31,779
Funds Held In Custody	936	-	-	-	936
Deferred Compensation Payable	-	-	-	72,601	72,601
	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,010</u>	<u>214,010</u>
<b>TOTAL LIABILITIES</b>	<b><u>8,485</u></b>	<b><u>65</u></b>	<b><u>2,344,165</u></b>	<b><u>381,465</u></b>	<b><u>2,734,180</u></b>
<b>FUND BALANCE</b>					
Reserve for:					
Inventory & Prepaid Expenditures	266	-	-	-	266
Noncurrent Receivables	1,003	-	-	-	1,003
Employees' Pension Benefit	-	-	13,955,598	-	13,955,598
Specific Purposes	2,176	-	-	-	2,176
Unreserved Fund Equity	762,297	10,342	-	-	772,639
	<u>765,742</u>	<u>10,342</u>	<u>13,955,598</u>	<u>-</u>	<u>14,731,682</u>
<b>TOTAL FUND BALANCE</b>	<b><u>765,742</u></b>	<b><u>10,342</u></b>	<b><u>13,955,598</u></b>	<b><u>-</u></b>	<b><u>14,731,682</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 774,227</u></b>	<b><u>\$ 10,407</u></b>	<b><u>\$ 16,299,763</u></b>	<b><u>\$ 381,465</u></b>	<b><u>\$ 17,465,862</u></b>

**STATE OF IOWA**

**Combining Balance Sheet  
Expendable Trust Funds**

June 30, 1998  
(Expressed in Thousands)

	UNEMPLOYMENT BENEFITS	UNCLAIMED PROPERTY	GRAIN INDEMNITY	IOWA PUBLIC TELEVISION CONTRIBUTIONS	OTHER	TOTAL
<b>ASSETS</b>						
Cash & Investments	\$ 716,530	\$ 12,330	\$ 8,693	\$ 2,688	\$ 15,205	\$ 755,446
Accounts Receivable (Net)	1,682	39	20	6	223	1,970
Interest Receivable	-	-	-	-	3	3
Notes Receivable	-	-	-	-	18	18
Benefit Overpayment Receivable (Net)	14,088	-	-	-	-	14,088
Due From Other Funds/ Advances To Other Funds	1,100	-	119	33	795	2,047
Fixed Assets	-	47	-	-	342	389
Inventory	-	-	-	-	256	256
Prepaid Expenditures	-	2	-	-	8	10
<b>TOTAL ASSETS</b>	<b><u>\$ 733,400</u></b>	<b><u>\$ 12,418</u></b>	<b><u>\$ 8,832</u></b>	<b><u>\$ 2,727</u></b>	<b><u>\$ 16,850</u></b>	<b><u>\$ 774,227</u></b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	\$ 2,633	\$ 2,581	\$ 2	\$ 23	\$ 578	\$ 5,817
Due To Other Funds	-	1,519	1	40	172	1,732
Deferred Revenue	927	-	-	-	9	936
<b>TOTAL LIABILITIES</b>	<b><u>3,560</u></b>	<b><u>4,100</u></b>	<b><u>3</u></b>	<b><u>63</u></b>	<b><u>759</u></b>	<b><u>8,485</u></b>
<b>FUND BALANCE</b>						
Reserve For:						
Inventory & Prepaid Expenditure	-	2	-	-	264	266
Noncurrent Receivables	993	-	-	-	10	1,003
Specific Purposes	-	-	-	-	2,176	2,176
Unreserved Fund Equity	728,847	8,316	8,829	2,664	13,641	762,297
<b>TOTAL FUND BALANCE</b>	<b><u>729,840</u></b>	<b><u>8,318</u></b>	<b><u>8,829</u></b>	<b><u>2,664</u></b>	<b><u>16,091</u></b>	<b><u>765,742</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 733,400</u></b>	<b><u>\$ 12,418</u></b>	<b><u>\$ 8,832</u></b>	<b><u>\$ 2,727</u></b>	<b><u>\$ 16,850</u></b>	<b><u>\$ 774,227</u></b>

## STATE OF IOWA

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances Expendable Trust Funds

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	UNEMPLOYMENT BENEFITS	UNCLAIMED PROPERTY	GRAIN INDEMNITY	IOWA PUBLIC TELEVISION CONTRIBUTIONS	OTHER	TOTAL
<b>REVENUES:</b>						
Taxes	\$ 140,047	\$ -	\$ -	\$ -	\$ -	\$ 140,047
Receipts From Other Entities	2,290	-	-	-	1,538	3,828
Investment Income	48,258	285	540	2	1,242	50,327
Fees, Licenses & Permits	-	-	-	-	178	178
Refunds & Reimbursements	5,800	-	-	-	77	5,877
Sales, Rents & Services	-	-	-	-	3,615	3,615
Miscellaneous	362	5,072	97	39	7,141	12,711
Centralized Payroll	-	-	-	-	21	21
	<u>196,757</u>	<u>5,357</u>	<u>637</u>	<u>41</u>	<u>13,812</u>	<u>216,604</u>
<b>GROSS REVENUES</b>	<b>196,757</b>	<b>5,357</b>	<b>637</b>	<b>41</b>	<b>13,812</b>	<b>216,604</b>
Less Revenue Refunds	755	-	-	-	8	763
	<u>196,002</u>	<u>5,357</u>	<u>637</u>	<u>41</u>	<u>13,804</u>	<u>215,841</u>
<b>NET REVENUES</b>	<b>196,002</b>	<b>5,357</b>	<b>637</b>	<b>41</b>	<b>13,804</b>	<b>215,841</b>
<b>EXPENDITURES:</b>						
Current:						
General Government	-	540	-	-	2,592	3,132
Education	-	-	-	59	2,322	2,381
Health & Human Services	-	-	-	-	663	663
Law, Justice & Public Safety	-	-	-	-	2,961	2,961
Economic/Manpower Development	167,289	-	-	-	1,408	168,697
Agriculture & Natural Resources	-	-	-	-	806	806
	<u>167,289</u>	<u>540</u>	<u>-</u>	<u>59</u>	<u>10,752</u>	<u>178,640</u>
<b>TOTAL EXPENDITURES</b>	<b>167,289</b>	<b>540</b>	<b>-</b>	<b>59</b>	<b>10,752</b>	<b>178,640</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>28,713</b>	<b>4,817</b>	<b>637</b>	<b>(18)</b>	<b>3,052</b>	<b>37,201</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfers:						
Transfers In	1,745	-	-	3,405	2,380	7,530
Transfers Out	(2,283)	(3,044)	(269)	(3,602)	(4,665)	(13,863)
	<u>(538)</u>	<u>(3,044)</u>	<u>(269)</u>	<u>(197)</u>	<u>(2,285)</u>	<u>(6,333)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(538)</b>	<b>(3,044)</b>	<b>(269)</b>	<b>(197)</b>	<b>(2,285)</b>	<b>(6,333)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>28,175</b>	<b>1,773</b>	<b>368</b>	<b>(215)</b>	<b>767</b>	<b>30,868</b>
<b>FUND BALANCE JULY 1</b>	<b>701,665</b>	<b>6,545</b>	<b>8,468</b>	<b>2,882</b>	<b>14,510</b>	<b>734,070</b>
Adjustments (Note 21)	-	-	(7)	(3)	814	804
	<u>701,665</u>	<u>6,545</u>	<u>8,461</u>	<u>2,879</u>	<u>15,324</u>	<u>734,874</u>
<b>FUND BALANCE JULY 1, RESTATE</b>	<b>701,665</b>	<b>6,545</b>	<b>8,461</b>	<b>2,879</b>	<b>15,324</b>	<b>734,874</b>
<b>FUND BALANCE JUNE 30</b>	<b>\$ 729,840</b>	<b>\$ 8,318</b>	<b>\$ 8,829</b>	<b>\$ 2,664</b>	<b>\$ 16,091</b>	<b>\$ 765,742</b>

# STATE OF IOWA

## Combining Balance Sheet Nonexpendable Trust Funds

June 30, 1998  
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL	FIRST IN THE NATION EDUCATION	IOWA BRAILLE & SIGHT SAVING SCHOOL	PILOT GROVE TRUST	OTHER	TOTAL
<b>ASSETS</b>						
Cash & Investments	\$ 7,544	\$ 2,782	\$ 69	\$ 10	\$ 1	\$ 10,406
Accounts Receivable	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 7,544</u></b>	<b><u>\$ 2,783</u></b>	<b><u>\$ 69</u></b>	<b><u>\$ 10</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 10,407</u></b>
<b>LIABILITIES</b>						
Due To Other Funds	\$ -	\$ -	\$ 65	\$ -	\$ -	\$ 65
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>65</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>65</u></b>
<b>FUND BALANCE</b>						
Unreserved Fund Equity	<u>7,544</u>	<u>2,783</u>	<u>4</u>	<u>10</u>	<u>1</u>	<u>10,342</u>
<b>TOTAL FUND BALANCE</b>	<b><u>7,544</u></b>	<b><u>2,783</u></b>	<b><u>4</u></b>	<b><u>10</u></b>	<b><u>1</u></b>	<b><u>10,342</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 7,544</u></b>	<b><u>\$ 2,783</u></b>	<b><u>\$ 69</u></b>	<b><u>\$ 10</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 10,407</u></b>

**STATE OF IOWA**

**Combining Statement of Revenues, Expenses and Changes in Fund Balances  
Nonexpendable Trust Funds**

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	<b>PERMANENT SCHOOL PRINCIPAL</b>	<b>FIRST IN THE NATION EDUCATION</b>	<b>IOWA BRAILLE &amp; SIGHT SAVING SCHOOL</b>	<b>PILOT GROVE TRUST</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>OPERATING REVENUES:</b>						
Investment Income	\$ -	\$ -	\$ 13	\$ -	\$ -	\$ 13
Miscellaneous	<u>46</u>	<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77</u>
<b>TOTAL OPERATING REVENUES</b>	<u>46</u>	<u>31</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>90</u>
<b>INCOME BEFORE OPERATING TRANSFERS</b>	<u>46</u>	<u>31</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>90</u>
<b>OPERATING TRANSFERS:</b>						
Transfers Out	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>-</u>	<u>(13)</u>
<b>TOTAL OPERATING TRANSFERS</b>	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>-</u>	<u>(13)</u>
<b>NET INCOME</b>	46	31	-	-	-	77
<b>FUND BALANCE JULY 1</b>	<u>7,498</u>	<u>2,752</u>	<u>4</u>	<u>10</u>	<u>1</u>	<u>10,265</u>
<b>FUND BALANCE JUNE 30</b>	<u>\$ 7,544</u>	<u>\$ 2,783</u>	<u>\$ 4</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 10,342</u>

**STATE OF IOWA**

**Combining Statement of Cash Flows  
Nonexpendable Trust Funds**

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL	FIRST IN THE NATION EDUCATION	IOWA BRAILLE & SIGHT SAVING SCHOOL	PILOT GROVE TRUST	OTHER	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash Received From Miscellaneous	\$ 46	\$ 30	\$ -	\$ -	\$ -	\$ 76
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>46</u>	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76</u>
<b>CASH FLOW FROM NONCAPITAL FROM FINANCING ACTIVITIES:</b>						
Operating Transfers Out to Other Funds	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>-</u>	<u>(13)</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>-</u>	<u>(13)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest & Dividends On Investments	<u>-</u>	<u>-</u>	<u>39</u>	<u>-</u>	<u>-</u>	<u>39</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>39</u>	<u>-</u>	<u>-</u>	<u>39</u>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	46	30	26	-	-	102
<b>CASH &amp; CASH EQUIVALENTS JULY 1</b>	<u>7,498</u>	<u>2,752</u>	<u>43</u>	<u>10</u>	<u>1</u>	<u>10,304</u>
<b>CASH &amp; CASH EQUIVALENTS JUNE 30, PER BALANCE SHEET</b>	<u>\$ 7,544</u>	<u>\$ 2,782</u>	<u>\$ 69</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 10,406</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
Operating Income	\$ 46	\$ 31	\$ 13	\$ -	\$ -	\$ 90
<b>Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities</b>						
Interest (Income)	-	-	(13)	-	-	(13)
(Increase) Decrease In Accounts Receivable	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 46</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76</u>

## STATE OF IOWA

### Combining Statement of Plan Net Assets Pension Trust Funds

June 30, 1998  
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	TOTAL
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 35,428	\$ 7,072	\$ 1,385	\$ 43,885
Receivables:				
Contributions	27,797	277	34	28,108
Investments Sold	100,904	-	-	100,904
Foreign Exchange Contracts	910,999	-	-	910,999
Interest & Dividends	<u>50,077</u>	<u>1,384</u>	<u>-</u>	<u>51,461</u>
Total Receivables	<u>1,089,777</u>	<u>1,661</u>	<u>34</u>	<u>1,091,472</u>
Investments, At Fair Value:				
Fixed Income Securities	2,806,064	-	25,482	2,831,546
Equity Investments	9,250,380	201,568	28,241	9,480,189
Real Estate	390,949	-	-	390,949
Investment in Private Equity/Debt	1,099,770	-	-	1,099,770
Securities Lending Collateral Pool	658,152	24,733	-	682,885
Securities on Loan with Brokers	629,311	-	-	629,311
Foreign Currency	<u>48,255</u>	<u>746</u>	<u>-</u>	<u>49,001</u>
Total Investments	<u>14,882,881</u>	<u>227,047</u>	<u>53,723</u>	<u>15,163,651</u>
Fixed Assets (Net)	<u>755</u>	<u>-</u>	<u>-</u>	<u>755</u>
<b>TOTAL ASSETS</b>	<b>16,008,841</b>	<b>235,780</b>	<b>55,142</b>	<b>16,299,763</b>
<b>LIABILITIES</b>				
Accounts Payable & Accruals	15,920	378	94	16,392
Payable For Investments Purchased	1,642,038	3,098	-	1,645,136
Payable to Brokers For Rebate & Collateral	<u>657,983</u>	<u>24,654</u>	<u>-</u>	<u>682,637</u>
<b>TOTAL LIABILITIES</b>	<b><u>2,315,941</u></b>	<b><u>28,130</u></b>	<b><u>94</u></b>	<b><u>2,344,165</u></b>
<b>FUND BALANCE RESERVE FOR EMPLOYEES' PENSION BENEFIT</b>				
(Schedules of funding progress are presented on page 110)	<b><u>\$ 13,692,900</u></b>	<b><u>\$ 207,650</u></b>	<b><u>\$ 55,048</u></b>	<b><u>\$13,955,598</u></b>



## STATE OF IOWA

### Combining Statement of Changes in Assets and Liabilities Agency Funds

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	BALANCE JULY 1, 1997	ADJUST- MENTS (NOTE 21)	RESTATED BALANCE JULY 1, 1997	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1998
<b><u>STATE OF IOWA - DEFERRED COMPENSATION</u></b>						
<b>ASSETS</b>						
Cash & Investments	\$ 176,064	\$ -	\$ 176,064	\$ 41,609	\$ 9,886	\$ 207,787
<b>TOTAL ASSETS</b>	<b><u>\$ 176,064</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 176,064</u></b>	<b><u>\$ 41,609</u></b>	<b><u>\$ 9,886</u></b>	<b><u>\$ 207,787</u></b>
<b>LIABILITIES</b>						
Deferred Compensation Payable	\$ 176,064	\$ -	\$ 176,064	\$ 41,609	\$ 9,886	\$ 207,787
<b>TOTAL LIABILITIES</b>	<b><u>\$ 176,064</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 176,064</u></b>	<b><u>\$ 41,609</u></b>	<b><u>\$ 9,886</u></b>	<b><u>\$ 207,787</u></b>
<b><u>CENTRALIZED PAYROLL TRUSTEE</u></b>						
<b>ASSETS</b>						
Cash & Investments	\$ 20,422	\$ -	\$ 20,422	\$ 418,580	\$ 419,947	\$ 19,055
Accounts Receivable	18	-	18	39	18	39
Due From Other Funds	498	-	498	1,845	498	1,845
<b>TOTAL ASSETS</b>	<b><u>\$ 20,938</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 20,938</u></b>	<b><u>\$ 420,464</u></b>	<b><u>\$ 420,463</u></b>	<b><u>\$ 20,939</u></b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	\$ 13,140	\$ -	\$ 13,140	\$ 12,478	\$ 13,139	\$ 12,479
Due To Other Funds	5,381	-	5,381	5,546	5,381	5,546
Funds Held In Custody	2,417	-	2,417	402,440	401,943	2,914
<b>TOTAL LIABILITIES</b>	<b><u>\$ 20,938</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 20,938</u></b>	<b><u>\$ 420,464</u></b>	<b><u>\$ 420,463</u></b>	<b><u>\$ 20,939</u></b>
<b><u>JUDICIAL-CLERKS OF DISTRICT COURT</u></b>						
<b>ASSETS</b>						
Cash & Investments	\$ 14,803	\$ -	\$ 14,803	\$ 248,171	\$ 246,051	\$ 16,923
<b>TOTAL ASSETS</b>	<b><u>\$ 14,803</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 14,803</u></b>	<b><u>\$ 248,171</u></b>	<b><u>\$ 246,051</u></b>	<b><u>\$ 16,923</u></b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	\$ 565	\$ -	\$ 565	\$ 7,209	\$ 7,134	\$ 640
Funds Held In Custody	14,238	-	14,238	240,962	238,917	16,283
<b>TOTAL LIABILITIES</b>	<b><u>\$ 14,803</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 14,803</u></b>	<b><u>\$ 248,171</u></b>	<b><u>\$ 246,051</u></b>	<b><u>\$ 16,923</u></b>

## STATE OF IOWA

	BALANCE JULY 1, 1997	ADJUST- MENTS (NOTE 21)	RESTATED BALANCE JULY 1, 1997	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1998
<b><u>SCHOOL DISTRICT SURTAX CLEARING</u></b>						
<b>ASSETS</b>						
Cash & Investments	\$ 12,703	\$ -	\$ 12,703	\$ 41,162	\$ 31,178	\$ 22,687
Accounts Receivable	<u>8,442</u>	<u>-</u>	<u>8,442</u>	<u>13,889</u>	<u>8,442</u>	<u>13,889</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 21,145</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 21,145</u></b>	<b><u>\$ 55,051</u></b>	<b><u>\$ 39,620</u></b>	<b><u>\$ 36,576</u></b>
<b>LIABILITIES</b>						
Funds Held In Custody	\$ 21,145	\$ -	\$ 21,145	\$ 55,051	\$ 39,620	\$ 36,576
<b>TOTAL LIABILITIES</b>	<b><u>\$ 21,145</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 21,145</u></b>	<b><u>\$ 55,051</u></b>	<b><u>\$ 39,620</u></b>	<b><u>\$ 36,576</u></b>
<b><u>OTHER AGENCY FUNDS</u></b>						
<b>ASSETS</b>						
Cash & Investments	\$ 28,935	\$ (7)	\$ 28,928	\$ 898,377	\$ 896,181	\$ 31,124
Accounts Receivable	56,698	-	56,698	34,438	56,712	34,424
Due From Other Funds	<u>49,396</u>	<u>-</u>	<u>49,396</u>	<u>33,692</u>	<u>49,396</u>	<u>33,692</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 135,029</u></b>	<b><u>\$ (7)</u></b>	<b><u>\$ 135,022</u></b>	<b><u>\$ 966,507</u></b>	<b><u>\$ 1,002,289</u></b>	<b><u>\$ 99,240</u></b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	\$ 95,509	\$ -	\$ 95,509	\$ 52,655	\$ 96,411	\$ 51,753
Due To Other Funds	19,457	-	19,457	24,434	19,455	24,436
Funds Held In Custody	15,325	(7)	15,318	887,752	886,242	16,828
Deferred Compensation Payable	<u>4,738</u>	<u>-</u>	<u>4,738</u>	<u>1,666</u>	<u>181</u>	<u>6,223</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 135,029</u></b>	<b><u>\$ (7)</u></b>	<b><u>\$ 135,022</u></b>	<b><u>\$ 966,507</u></b>	<b><u>\$ 1,002,289</u></b>	<b><u>\$ 99,240</u></b>
<b><u>TOTAL AGENCY FUNDS</u></b>						
<b>ASSETS</b>						
Cash & Investments	\$ 252,927	\$ (7)	\$ 252,920	\$ 1,647,899	\$ 1,603,243	\$ 297,576
Accounts Receivable	65,158	-	65,158	48,366	65,172	48,352
Due From Other Funds	<u>49,894</u>	<u>-</u>	<u>49,894</u>	<u>35,537</u>	<u>49,894</u>	<u>35,537</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 367,979</u></b>	<b><u>\$ (7)</u></b>	<b><u>\$ 367,972</u></b>	<b><u>\$ 1,731,802</u></b>	<b><u>\$ 1,718,309</u></b>	<b><u>\$ 381,465</u></b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	\$ 109,214	\$ -	\$ 109,214	\$ 72,342	\$ 116,684	\$ 64,872
Due To Other Funds	24,838	-	24,838	29,980	24,836	29,982
Funds Held In Custody	53,125	(7)	53,118	1,586,205	1,566,722	72,601
Deferred Compensation Payable	<u>180,802</u>	<u>-</u>	<u>180,802</u>	<u>43,275</u>	<u>10,067</u>	<u>214,010</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 367,979</u></b>	<b><u>\$ (7)</u></b>	<b><u>\$ 367,972</u></b>	<b><u>\$ 1,731,802</u></b>	<b><u>\$ 1,718,309</u></b>	<b><u>\$ 381,465</u></b>

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## **COMBINING FINANCIAL STATEMENTS**

### **University Funds**

University funds are maintained to account for operations of public institutions of higher education. These institutions maintain their own financial records which are not a part of the central accounting system of the State. The State University of Iowa, Iowa State University, and the University of Northern Iowa comprise this group.

**STATE OF IOWA**  
**Combining Balance Sheet**  
**University Funds**

June 30, 1998  
(Expressed in Thousands)

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENTS & SIMILAR FUNDS
	UNRESTRICTED	RESTRICTED		
<b>ASSETS</b>				
Cash & Investments	\$ 228,277	\$ 24,585	\$ 8,055	\$165,346
Deposits With Trustees	-	-	-	-
Accounts Receivable (Net)	91,074	59,528	2	-
Interest Receivable	6,693	764	1,142	210
Notes Receivable (Net)	553	-	66,701	-
Due From Other Funds	1,037	6	-	-
Bond Issuance Costs	-	-	-	-
Fixed Assets (Net)	-	-	-	-
Inventory	37,904	-	-	-
Prepaid Expense	8,383	254	-	-
Equity In Wholly Owned Subsidiary	<u>66</u>	<u>-</u>	<u>-</u>	<u>9,805</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 373,987</u></b>	<b><u>\$ 85,137</u></b>	<b><u>\$ 75,900</u></b>	<b><u>\$175,361</u></b>
<b>LIABILITIES</b>				
Accounts Payable & Accruals	\$ 71,230	\$ 6,633	\$ 5	\$ 154
Due To Other Funds	86	20	-	904
Interest Payable	-	-	-	-
Deferred Revenue	19,389	-	-	-
Compensated Absences	83,313	18,148	-	-
Capital Leases	-	-	-	-
Bonds Payable	-	-	-	-
Other Financing Arrangements Payable	-	-	-	-
Funds Held In Custody	-	-	-	-
Deposits	<u>46</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>174,064</u></b>	<b><u>24,801</u></b>	<b><u>5</u></b>	<b><u>1,058</u></b>
<b>FUND BALANCE</b>				
Reserved:				
Encumbrances & Contracts	44,639	9,116	-	-
Inventory	37,904	-	-	-
Debt Service	-	-	-	-
Specific Purposes	93,597	51,220	75,895	172,352
Unreserved Fund Equity	23,783	-	-	1,951
Net Investment In Plant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	<b><u>199,923</u></b>	<b><u>60,336</u></b>	<b><u>75,895</u></b>	<b><u>174,303</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 373,987</u></b>	<b><u>\$ 85,137</u></b>	<b><u>\$ 75,900</u></b>	<b><u>\$175,361</u></b>

## STATE OF IOWA

AGENCY FUNDS	PLANT FUNDS					COMPONENT UNITS	TOTAL
	UNEXPENDED	RENEWALS & REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT			
\$ 112,251	\$ 238,668	\$ 50,913	\$ 82,564	\$ -	\$ 273	\$ 910,932	
-	-	1,116	23,313	-	-	24,429	
18,727	10,411	1,014	981	-	417	182,154	
385	80	88	257	-	-	9,619	
-	-	-	-	-	-	67,254	
2	-	-	38	-	-	1,083	
-	-	-	-	502	-	502	
-	-	-	-	2,930,373	104	2,930,477	
120	-	-	-	-	707	38,731	
11	-	10	-	-	31	8,689	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,871</u>	
<b><u>\$ 131,496</u></b>	<b><u>\$ 249,159</u></b>	<b><u>\$ 53,141</u></b>	<b><u>\$ 107,153</u></b>	<b><u>\$ 2,930,875</u></b>	<b><u>\$ 1,532</u></b>	<b><u>\$ 4,183,741</u></b>	
\$ 38,762	\$ 12,224	\$ 1,606	\$ 200	\$ 1,163	\$ 533	\$ 132,510	
-	73	-	-	-	-	1,083	
-	-	-	17,983	-	-	17,983	
-	-	-	-	-	184	19,573	
997	-	-	-	-	4	102,462	
-	881	-	-	28,217	-	29,098	
-	23,349	-	28,729	437,170	-	489,248	
-	-	-	-	3,850	-	3,850	
91,737	-	-	-	-	-	91,737	
<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>	
<b><u>131,496</u></b>	<b><u>36,529</u></b>	<b><u>1,606</u></b>	<b><u>46,912</u></b>	<b><u>470,400</u></b>	<b><u>721</u></b>	<b><u>887,592</u></b>	
-	70,987	3,870	-	-	-	128,612	
-	-	-	-	-	-	37,904	
-	-	-	22,192	-	-	22,192	
-	134,146	44,433	38,049	-	811	610,503	
-	7,497	3,232	-	-	-	36,463	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,460,475</u>	<u>-</u>	<u>2,460,475</u>	
<u>-</u>	<b><u>212,630</u></b>	<b><u>51,535</u></b>	<b><u>60,241</u></b>	<b><u>2,460,475</u></b>	<b><u>811</u></b>	<b><u>3,296,149</u></b>	
<b><u>\$ 131,496</u></b>	<b><u>\$ 249,159</u></b>	<b><u>\$ 53,141</u></b>	<b><u>\$ 107,153</u></b>	<b><u>\$ 2,930,875</u></b>	<b><u>\$ 1,532</u></b>	<b><u>\$ 4,183,741</u></b>	

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## **Required Supplemental Information**



# STATE OF IOWA

## Schedules of Funding Progress

For the Year Ended June 30, 1998  
(Expressed in Thousands)

### Iowa Judicial Retirement System

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
07/01/96	\$ 37,479	\$ 55,647	\$ 18,168	67.35%	\$ 15,171	119.75%
07/01/97	45,894	59,786	13,892	76.76%	15,721	88.36%
07/01/98	55,048	65,243	10,195	84.37%	16,824	60.60%

### Peace Officers' Retirement, Accident and Disability System

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY*	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
07/01/96	\$ 151,754	\$ 160,782	\$ 9,028	94.38%	\$ 24,392	37.01%
07/01/97	180,551	166,701	(13,850)	108.31%	25,544	(54.22%)
07/01/98	207,650	178,631	(29,019)	116.25%	26,992	(107.51%)

\* This amount is based on the Projected Unit Credit Method. The Aggregate Cost Method is used to determine the required contribution. This is provided for informational purposes only.

## **Supplemental Information**

# STATE OF IOWA

## Schedule of Revenues by Source General Fund

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	GENERAL GOVERNMENT	EDUCATION	HEALTH & HUMAN SERVICES	TRANSPORTATION
<b>TAXES</b>				
Beer Tax	\$ -	\$ -	\$ -	\$ -
Cigarette Tax	94,626	-	-	-
Tobacco Products Tax	6,078	-	-	-
Inheritance Tax	108,269	-	-	-
Monies & Credits	829	-	-	-
Insurance Premium Tax	108,869	-	-	-
Liquor Tax	-	-	-	-
Use Tax	465,823	-	-	-
Fuel Tax	413,938	-	-	23,015
Wagering Tax	-	-	2,185	-
Franchise Tax	35,564	-	-	-
Income Tax-Corporate	291,139	-	-	-
Income Tax-Individual	2,294,337	-	2,600	-
Sales Tax	1,276,703	-	-	11
Other Taxes	1,000	-	-	-
	<u>5,097,175</u>	<u>-</u>	<u>4,785</u>	<u>23,026</u>
<b>TOTAL TAXES</b>				
Less Refunds	456,723	-	-	-
	<u>4,640,452</u>	<u>-</u>	<u>4,785</u>	<u>23,026</u>
<b>NET TAXES</b>				
	<u>4,640,452</u>	<u>-</u>	<u>4,785</u>	<u>23,026</u>
<b>RECEIPTS FROM OTHER ENTITIES</b>				
Federal Support	8,411	257,319	1,358,229	221,948
Local Governments	-	186	83,772	8,802
Other States	-	83	-	3,248
Intra-State Reimbursements	2,581	247	20,115	200
	<u>10,992</u>	<u>257,835</u>	<u>1,462,116</u>	<u>234,198</u>
<b>TOTAL RECEIPTS FROM OTHER ENTITIES</b>				
	<u>10,992</u>	<u>257,835</u>	<u>1,462,116</u>	<u>234,198</u>
<b>INVESTMENT INCOME</b>				
Investment Income	54,537	3,896	1,019	171
	<u>54,537</u>	<u>3,896</u>	<u>1,019</u>	<u>171</u>
<b>TOTAL INVESTMENT INCOME</b>				
	<u>54,537</u>	<u>3,896</u>	<u>1,019</u>	<u>171</u>
<b>FEES, LICENSES &amp; PERMITS</b>				
Fees, Licenses & Permits	346,710	2,085	11,050	8,736
	<u>346,710</u>	<u>2,085</u>	<u>11,050</u>	<u>8,736</u>
<b>TOTAL FEES, LICENSES &amp; PERMITS</b>				
	<u>346,710</u>	<u>2,085</u>	<u>11,050</u>	<u>8,736</u>
<b>REFUNDS &amp; REIMBURSEMENTS</b>				
Refunds & Reimbursements	6,235	42,435	110,273	5,346
	<u>6,235</u>	<u>42,435</u>	<u>110,273</u>	<u>5,346</u>
<b>TOTAL REFUNDS &amp; REIMBURSEMENTS</b>				
	<u>6,235</u>	<u>42,435</u>	<u>110,273</u>	<u>5,346</u>
<b>SALES, RENTS &amp; SERVICES</b>				
Sale Of Real Estate	-	-	-	2,850
Sale Of Equipment & Salvage	55	16	2	-
Rents & Leases	-	154	772	44
Agricultural Sales	-	13	-	-
Other Sales & Services	69	567	691	-
	<u>124</u>	<u>750</u>	<u>1,465</u>	<u>2,894</u>
<b>TOTAL SALES, RENTS &amp; SERVICES</b>				
	<u>124</u>	<u>750</u>	<u>1,465</u>	<u>2,894</u>
<b>MISCELLANEOUS</b>				
Unearned Receipts	25	1,742	3,163	-
Other	11,546	702	28,869	3,658
	<u>11,571</u>	<u>2,444</u>	<u>32,032</u>	<u>3,658</u>
<b>TOTAL MISCELLANEOUS</b>				
	<u>11,571</u>	<u>2,444</u>	<u>32,032</u>	<u>3,658</u>
Less Refunds	17,412	834	15,289	27,791
	<u>17,412</u>	<u>834</u>	<u>15,289</u>	<u>27,791</u>
<b>TOTAL REVENUE BY SOURCE</b>				
	<u>\$ 5,053,209</u>	<u>\$ 308,611</u>	<u>\$ 1,607,451</u>	<u>\$ 250,238</u>

## STATE OF IOWA

LAW, JUSTICE & PUBLIC SAFETY	ECONOMIC/ MANPOWER DEVELOPMENT	REGULATION OF BUSINESS	AGRICULTURE & NATURAL RESOURCES	TOTAL
\$ -	\$ 15	\$ 12,694	\$ -	\$ 12,709
-	-	-	-	94,626
-	-	-	-	6,078
-	-	-	-	108,269
-	-	-	-	829
-	-	-	-	108,869
-	12	2	-	14
1,207	12,150	-	350	479,530
-	-	-	-	436,953
57,967	-	-	-	60,152
-	-	-	-	35,564
-	-	-	-	291,139
31	4,965	-	-	2,301,933
-	-	-	-	1,276,714
-	7,158	-	-	8,158
<u>59,205</u>	<u>24,300</u>	<u>12,696</u>	<u>350</u>	<u>5,221,537</u>
-	-	-	-	456,723
<u>59,205</u>	<u>24,300</u>	<u>12,696</u>	<u>350</u>	<u>4,764,814</u>
43,234	72,503	134	20,818	1,982,596
36,852	69	-	20	129,701
-	-	-	-	3,331
-	-	1	144	23,288
<u>80,086</u>	<u>72,572</u>	<u>135</u>	<u>20,982</u>	<u>2,138,916</u>
1,130	1,206	58	1,968	63,985
<u>1,130</u>	<u>1,206</u>	<u>58</u>	<u>1,968</u>	<u>63,985</u>
19,387	2,369	32,313	45,872	468,522
<u>19,387</u>	<u>2,369</u>	<u>32,313</u>	<u>45,872</u>	<u>468,522</u>
9,749	564	2,540	1,101	178,243
<u>9,749</u>	<u>564</u>	<u>2,540</u>	<u>1,101</u>	<u>178,243</u>
-	-	-	-	2,850
21	-	-	82	176
1,717	1	-	2,427	5,115
-	-	-	200	213
100	47	10	2,245	3,729
<u>1,838</u>	<u>48</u>	<u>10</u>	<u>4,954</u>	<u>12,083</u>
214	1,038	-	5	6,187
12,330	564	214	1,941	59,824
<u>12,544</u>	<u>1,602</u>	<u>214</u>	<u>1,946</u>	<u>66,011</u>
100	182	3	958	62,569
<u>\$ 183,839</u>	<u>\$ 102,479</u>	<u>\$ 47,963</u>	<u>\$ 76,215</u>	<u>\$ 7,630,005</u>

# STATE OF IOWA

## Schedule of Expenditures by Function and Department General Fund

For the Year Ended June 30, 1998  
(Expressed in Thousands)

	PERSONAL SERVICES	TRAVEL & SUBSISTENCE	SUPPLIES	CONTRACTUAL SERVICES
<b>GENERAL GOVERNMENT</b>				
Auditor Of State	\$ 5,528	\$ 307	\$ 60	\$ 369
Ethics & Campaign Disclosure Board	372	9	24	33
General Services - Information Technology	7,074	80	114	8,343
Iowa Telecommunications	-	-	-	23,819
General Services	5,533	101	547	3,168
Governor	1,372	71	120	64
Legislative House	5,555	1,265	330	114
Legislative Senate	3,933	719	208	145
Legislative Joint Expense	1	5	18	96
Legislative Citizens Aide	680	7	35	108
Legislative Computer Support	767	36	9	961
Legislative Fiscal Bureau	1,663	36	70	180
Legislative Service Bureau	3,003	38	531	367
Administrative Rules	95	8	1	1
Management	2,198	71	275	1,653
Personnel	3,953	128	209	1,308
Personnel - IPERS	-	-	-	-
Revenue And Finance	22,140	470	2,513	4,186
Secretary Of State	1,926	13	294	242
Office Of State Federal Relations	184	14	11	40
Governors Substance Abuse	657	32	90	6,015
Executive Council	-	-	-	391
Treasurer Of State	1,149	20	75	12,678
Underground Storage Tanks	-	-	6	7,776
Uniform State Laws	-	5	17	-
<b>TOTAL GENERAL GOVERNMENT</b>	<b><u>67,783</u></b>	<b><u>3,435</u></b>	<b><u>5,557</u></b>	<b><u>72,057</u></b>
<b>EDUCATION</b>				
Cultural Affairs	3,583	79	443	842
Cultural Affairs Capitals	-	-	-	-
Education, Voc Rehab Capitals	-	-	-	-
Education	12,452	620	1,842	7,469
Education, Voc Rehab	16,767	301	650	2,931
College Aid	1,396	17	139	5,832
Education, IPT	7,240	319	2,373	8,279
Regents, Board Of	1,118	137	68	386
Iowa Braille & Sight Saving School	3,908	88	309	352
Iowa School For The Deaf	5,942	30	546	504
<b>TOTAL EDUCATION</b>	<b><u>52,406</u></b>	<b><u>1,591</u></b>	<b><u>6,370</u></b>	<b><u>26,595</u></b>
<b>HEALTH &amp; HUMAN SERVICES</b>				
Blind, Department For The	4,035	223	137	864
Civil Rights Commission	1,525	33	112	185
Elder Affairs	1,289	71	59	143
Human Rights	2,389	120	175	31,744
Human Services Administration	17,804	460	3,173	8,054
Human Services Community Serv.	95,351	2,365	2,234	17,016
Human Services Toledo	4,532	30	328	490
Human Services Eldora	7,671	57	622	899
Human Services Cherokee	9,931	87	1,198	1,938
Human Services Clarinda	5,578	34	565	398
Human Services Independence	14,845	174	630	1,955
Human Services Mt. Pleasant	4,154	25	18	549
Human Services Glenwood	31,444	263	2,905	2,255
Human Services Woodward	24,435	171	2,044	1,606
Human Services Assistance	1,663	297	946	55,456
Public Health	15,578	808	22,027	64,246
Veterans Affairs	31,047	120	3,007	7,285
Veterans Affairs Capitals	-	-	-	-
<b>TOTAL HEALTH &amp; HUMAN SERVICES</b>	<b><u>273,271</u></b>	<b><u>5,338</u></b>	<b><u>40,180</u></b>	<b><u>195,083</u></b>
<b>TRANSPORTATION</b>				
Transportation	149,052	18,136	32,796	96,966
Transportation Capitals	-	-	-	-
<b>TOTAL TRANSPORTATION</b>	<b><u>149,052</u></b>	<b><u>18,136</u></b>	<b><u>32,796</u></b>	<b><u>96,966</u></b>

## STATE OF IOWA

EQUIPMENT & REPAIRS	CLAIMS & MISCELLANEOUS	LICENSES PERMITS & REFUNDS	STATE AID	PLANT IMPROVEMENTS	TOTAL
\$ 61	\$ 9	\$ -	\$ -	\$ -	\$ 6,334
2	-	-	-	-	440
1,471	1	-	-	-	17,083
-	-	-	-	-	23,819
101	154	-	-	285	9,889
1	-	-	14	-	1,642
7	-	-	-	-	7,271
47	-	-	-	-	5,052
-	-	-	-	-	120
6	-	-	-	-	836
165	-	-	-	-	1,938
71	-	-	-	-	2,020
10	-	-	-	-	3,949
-	-	-	-	-	105
16	2,251	9	446	-	6,919
36	1	-	-	-	5,635
-	-	-	15	-	15
2,312	1,162	24	246,562	-	279,369
49	2	-	-	-	2,526
-	-	-	-	-	249
7	-	-	-	-	6,801
-	8	-	-	-	399
48	-	-	339,544	-	353,514
-	12,208	-	-	-	19,990
-	-	-	-	-	22
<b><u>4,410</u></b>	<b><u>15,796</u></b>	<b><u>33</u></b>	<b><u>586,581</u></b>	<b><u>285</u></b>	<b><u>755,937</u></b>
85	-	-	2,269	-	7,301
-	-	-	500	-	500
-	-	-	3,000	-	3,000
708	2	-	2,036,614	-	2,059,707
196	1,937	-	12,647	78	35,507
31	6,030	-	80,352	-	93,797
932	-	-	-	-	19,143
5	-	-	-	-	1,714
164	-	-	-	89	4,910
330	-	-	-	341	7,693
<b><u>2,451</u></b>	<b><u>7,969</u></b>	<b><u>-</u></b>	<b><u>2,135,382</u></b>	<b><u>508</u></b>	<b><u>2,233,272</u></b>
26	-	-	1,676	-	6,961
40	-	-	13	-	1,908
1	-	-	17,474	-	19,037
36	-	-	-	-	34,464
5,329	190	-	-	-	35,010
843	149	-	-	-	117,958
95	26	-	-	-	5,501
358	13	1	-	-	9,621
514	2	-	-	-	13,670
47	1	-	-	-	6,623
122	3	-	-	-	17,729
111	-	-	21	-	4,878
1,139	502	-	-	45	38,553
240	10	-	1,384	-	29,890
18	2,207	-	1,841,125	-	1,901,712
712	99	-	695	-	104,165
151	42	90	3	-	41,745
1	-	-	-	-	1
<b><u>9,783</u></b>	<b><u>3,244</u></b>	<b><u>91</u></b>	<b><u>1,862,391</u></b>	<b><u>45</u></b>	<b><u>2,389,426</u></b>
2,383	1,239	208	-	500,579	801,359
-	-	-	-	1,815	1,815
<b><u>2,383</u></b>	<b><u>1,239</u></b>	<b><u>208</u></b>	<b><u>-</u></b>	<b><u>502,394</u></b>	<b><u>803,174</u></b>

continued on next page

# STATE OF IOWA

## Schedule of Expenditures by Function and Department General Fund

(continued)

	PERSONAL SERVICES	TRAVEL & SUBSISTENCE	SUPPLIES	CONTRACTUAL SERVICES
<b>LAW, JUSTICE &amp; PUBLIC SAFETY</b>				
Attorney General	\$ 12,623	\$ 268	\$ 325	\$ 3,489
Attorney General, Pros. Atty.	484	25	76	42
Consumer Advocate	2,029	34	41	157
CBC District I	7,498	126	398	590
CBC District II	5,359	113	327	834
CBC District III	3,088	54	151	442
CBC District IV	2,329	58	176	299
CBC District V	7,385	131	612	2,769
CBC District VI	7,035	83	408	591
CBC District VII	4,342	53	318	660
CBC District VIII	3,563	100	284	705
CBC Statewide	-	5	7	98
Corrections Central Office	1,696	69	91	5,913
Corrections Training Academy	369	15	68	18
Corrections Fort Madison	21,015	90	2,734	2,934
Corrections Anamosa	16,958	74	2,837	1,303
Corrections Oakdale	14,575	101	1,949	1,150
Corrections Newton	14,523	153	2,382	1,478
Corrections Mt. Pleasant	11,917	173	2,105	1,238
Corrections Rockwell City	4,403	63	746	717
Corrections Clarinda	11,409	16	3,075	1,588
Corrections Mitchellville	5,880	55	866	593
Corrections Fort Dodge	2,653	544	1,061	682
Inspections & Appeals	11,290	761	352	17,756
State Public Defender	10,022	111	256	1,714
Racing Commission	1,911	41	83	887
Judicial Department	89,036	1,572	3,476	9,371
Law Enforcement Academy	1,274	79	204	300
Parole Board	709	45	20	124
Public Defense	8,214	191	926	11,463
Public Defense, Emergency Management	1,772	169	76	1,444
Public Safety	47,938	5,499	1,840	4,933
Public Safety, Capitals	-	-	3	-
<b>TOTAL LAW, JUSTICE &amp; PUBLIC SAFETY</b>	<b><u>333,299</u></b>	<b><u>10,871</u></b>	<b><u>28,273</u></b>	<b><u>76,282</u></b>
<b>ECONOMIC/MANPOWER DEVELOPMENT</b>				
Economic Development	7,374	706	1,544	7,378
Economic Development Capitals	-	-	-	-
Workforce Development	39,572	1,144	2,302	38,642
Workforce Development Capitals	-	-	32	-
Public Employment Relations	755	26	36	43
<b>TOTAL ECONOMIC/MANPOWER DEVELOPMENT</b>	<b><u>47,701</u></b>	<b><u>1,876</u></b>	<b><u>3,914</u></b>	<b><u>46,063</u></b>
<b>REGULATION OF BUSINESS</b>				
Commerce	799	-	7	20
Alcoholic Beverages	623	68	72	222
Banking	4,431	367	105	326
Credit Union	837	73	16	85
Insurance	4,397	173	206	451
Professional Licensing	589	99	88	165
Utilities	4,419	133	79	6,578
<b>TOTAL REGULATION OF BUSINESS</b>	<b><u>16,095</u></b>	<b><u>913</u></b>	<b><u>573</u></b>	<b><u>7,847</u></b>
<b>AGRICULTURE &amp; NATURAL RESOURCES</b>				
Agriculture & Land Stewardship	10,890	1,020	579	2,946
Agriculture - Loess Hills	-	-	-	743
Agriculture - Soil Conservation	7,067	88	355	9,966
Agriculture - County Fairs	-	-	-	-
Natural Resources	42,454	3,421	4,849	12,087
<b>TOTAL AGRICULTURE &amp; NATURAL RESOURCES</b>	<b><u>60,411</u></b>	<b><u>4,529</u></b>	<b><u>5,783</u></b>	<b><u>25,742</u></b>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 1,000,018</u></b>	<b><u>\$ 46,689</u></b>	<b><u>\$ 123,446</u></b>	<b><u>\$ 546,635</u></b>

## STATE OF IOWA

EQUIPMENT & REPAIRS	CLAIMS & MISCELLANEOUS	LICENSES PERMITS & REFUNDS	STATE AID	PLANT IMPROVEMENTS	TOTAL
\$ 33	\$ 827	\$ 2	\$ 6,141	\$ -	\$ 23,708
30	-	-	-	-	657
69	-	-	-	-	2,330
232	223	-	-	57	9,124
235	69	-	-	31	6,968
50	208	-	-	35	4,028
44	129	-	-	-	3,035
169	167	-	-	1,295	12,528
578	25	-	-	230	8,950
51	49	-	-	8	5,481
216	18	-	-	11	4,897
3	-	-	-	-	113
54	3,615	-	-	748	12,186
5	-	-	-	-	475
181	408	-	-	-	27,362
77	445	-	-	-	21,694
95	188	-	-	-	18,058
751	336	-	-	-	19,623
161	336	-	-	-	15,930
48	194	-	-	-	6,171
114	493	-	-	-	16,695
54	152	-	-	-	7,600
2,488	5	8	-	-	7,441
256	2	169	124	-	30,710
225	4	-	-	-	12,332
36	-	-	-	-	2,958
3,303	-	10	1,694	-	108,462
121	-	-	-	-	1,978
11	-	-	-	-	909
95	150	-	-	2,147	23,186
60	-	-	8,053	-	11,574
2,410	526	-	505	-	63,651
1,653	-	-	-	-	1,656
<b><u>13,908</u></b>	<b><u>8,569</u></b>	<b><u>189</u></b>	<b><u>16,517</u></b>	<b><u>4,562</u></b>	<b><u>492,470</u></b>
366	9,198	-	46,875	-	73,441
-	-	-	500	-	500
3,006	340	153	1,245	-	86,404
668	-	-	-	-	700
-	-	-	-	-	860
<b><u>4,040</u></b>	<b><u>9,538</u></b>	<b><u>153</u></b>	<b><u>48,620</u></b>	<b><u>-</u></b>	<b><u>161,905</u></b>
59	-	-	-	-	885
2	1	-	-	-	988
20	-	-	-	-	5,249
4	-	-	-	-	1,015
475	-	-	-	-	5,702
2	-	-	-	-	943
351	-	-	-	-	11,560
<b><u>913</u></b>	<b><u>1</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>26,342</u></b>
60	-	-	812	-	16,307
-	-	-	-	-	743
13	7	-	750	-	18,246
-	-	-	1,060	-	1,060
2,566	64	-	6,470	-	71,911
<b><u>2,639</u></b>	<b><u>71</u></b>	<b><u>-</u></b>	<b><u>9,092</u></b>	<b><u>-</u></b>	<b><u>108,267</u></b>
<b><u>\$ 40,527</u></b>	<b><u>\$ 46,427</u></b>	<b><u>\$ 674</u></b>	<b><u>\$ 4,658,583</u></b>	<b><u>\$ 507,794</u></b>	<b><u>\$ 6,970,793</u></b>



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**STATISTICAL**

## STATE OF IOWA

### Revenues By Source All Governmental Fund Types

For the Last Ten Years  
(Expressed in Thousands)

	1989	1990	1991	1992
Taxes	\$ 3,155,954	\$ 3,283,148	\$ 3,421,727	\$ 3,561,640
Receipts From Other				
Entities	1,212,545	1,239,519	1,426,861	1,568,305
Investment Income	44,413	59,207	72,427	50,220
Fees, Licenses & Permits	263,357	288,837	307,959	350,525
Refunds & Reimbursements	135,411	147,531	153,558	102,239
Sales, Rents & Services	6,304	6,088	6,338	7,380
Miscellaneous	<u>14,749</u>	<u>17,631</u>	<u>19,131</u>	<u>33,792</u>
GROSS REVENUES	4,832,733	5,041,961	5,408,001	5,674,101
Less Revenue Refunds	<u>254,020</u>	<u>277,111</u>	<u>276,454</u>	<u>300,187</u>
TOTAL REVENUES	<u>\$ 4,578,713</u>	<u>\$ 4,764,850</u>	<u>\$ 5,131,547</u>	<u>\$ 5,373,914</u>

### Expenditures By Function All Governmental Fund Types

For the Last Ten Years  
(Expressed in Thousands)

	1989	1990	1991	1992
Current:				
General Government	\$ 420,893	\$ 607,248	\$ 638,721	\$ 645,410
Education	1,354,349	1,383,346	1,546,853	1,609,339
Health & Human Services	1,203,986	1,336,965	1,541,385	1,563,059
Transportation	807,300	539,150	652,186	735,443
Law, Justice & Public Safety	238,102	273,137	300,128	317,395
Economic/Manpower				
Development	115,782	133,091	132,348	129,215
Regulation Of Business	9	9	3	18,564
Agriculture & Natural				
Resources	84,584	82,740	87,451	85,511
Capital Outlay	<u>-</u>	<u>26,508</u>	<u>34,339</u>	<u>43,375</u>
TOTAL EXPENDITURES	<u>\$ 4,225,005</u>	<u>\$ 4,382,194</u>	<u>\$ 4,933,414</u>	<u>\$ 5,147,311</u>

Note: Capital Outlay expenditures for 1989 are included in Current expenditures.

## STATE OF IOWA

1993	1994	1995	1996	1997	1998
\$ 3,930,086	\$ 4,189,067	\$ 4,517,309	\$ 4,825,953	\$ 5,042,531	\$ 5,304,243
1,639,784	1,894,680	1,960,839	2,096,544	2,113,538	2,141,475
38,701	56,421	48,405	63,393	81,212	102,804
372,433	380,085	424,648	458,710	438,849	470,968
123,395	140,927	141,790	171,742	186,697	180,994
7,151	7,658	8,970	11,054	11,420	12,091
<u>41,482</u>	<u>39,936</u>	<u>44,191</u>	<u>51,404</u>	<u>55,772</u>	<u>66,223</u>
6,153,032	6,708,774	7,146,152	7,678,800	7,930,019	8,278,798
<u>344,799</u>	<u>427,842</u>	<u>370,777</u>	<u>431,673</u>	<u>454,442</u>	<u>519,292</u>
<u>\$ 5,808,233</u>	<u>\$ 6,280,932</u>	<u>\$ 6,775,375</u>	<u>\$ 7,247,127</u>	<u>7,475,577</u>	<u>\$ 7,759,506</u>

1993	1994	1995	1996	1997	1998
\$ 646,760	\$ 655,444	\$ 649,231	\$ 749,508	\$ 797,063	\$ 755,938
1,693,681	1,774,344	1,841,394	1,929,444	2,130,301	2,233,579
1,663,576	1,800,487	1,926,693	2,153,052	2,170,097	2,389,458
678,217	691,113	737,429	776,091	782,816	803,174
333,560	421,695	406,957	425,073	465,623	504,596
124,726	189,888	163,865	150,263	158,382	161,905
17,304	18,786	21,701	22,689	25,309	26,424
86,584	94,973	99,578	101,912	109,664	113,238
<u>24,331</u>	<u>15,367</u>	<u>28,173</u>	<u>45,360</u>	<u>72,273</u>	<u>58,068</u>
<u>\$ 5,268,739</u>	<u>\$ 5,662,097</u>	<u>\$ 5,875,021</u>	<u>\$ 6,353,392</u>	<u>\$ 6,711,528</u>	<u>\$ 7,046,380</u>

**STATE OF IOWA**  
**Public Education**  
For the Last Ten Years

**Public School Enrollment**

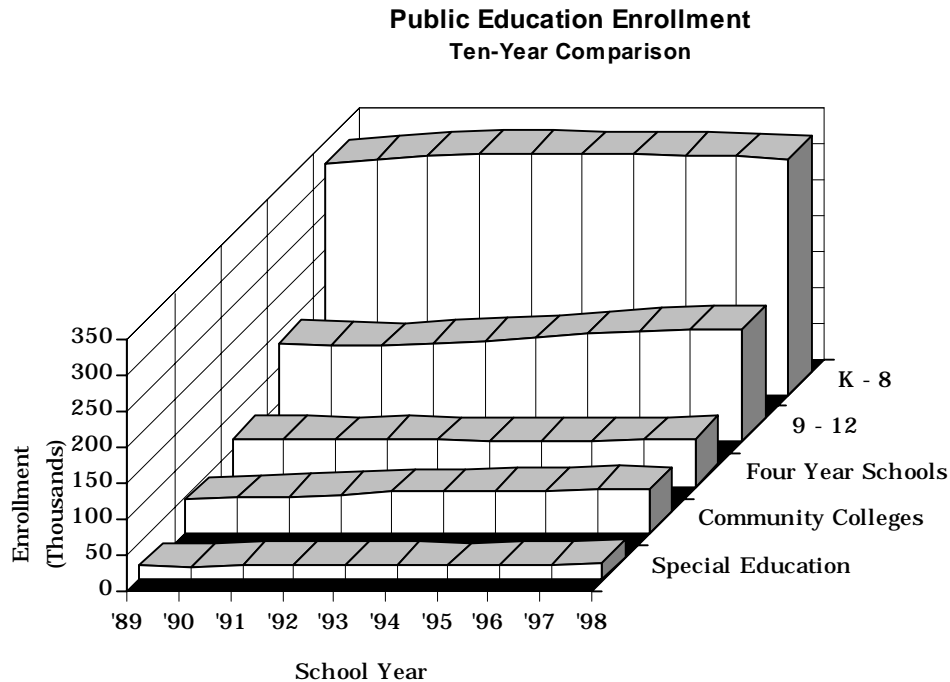
GRADES	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
K-8	321,196	326,531	331,862	334,429	335,306	333,373	332,838	331,949	330,088	326,621
9-12	135,913	132,797	131,397	135,744	138,705	142,402	147,945	152,491	154,912	155,528
Special Education	<u>19,662</u>	<u>18,882</u>	<u>20,137</u>	<u>21,278</u>	<u>21,331</u>	<u>21,234</u>	<u>19,809</u>	<u>20,065</u>	<u>20,523</u>	<u>22,948</u>
TOTAL	<u>476,771</u>	<u>478,210</u>	<u>483,396</u>	<u>491,451</u>	<u>495,342</u>	<u>497,009</u>	<u>500,592</u>	<u>504,505</u>	<u>505,523</u>	<u>505,097</u>

**Public Higher Education Enrollment**

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
Four Year Schools	66,150	66,210	66,022	66,294	65,771	64,880	64,599	64,830	65,777	66,363
Community Colleges	<u>46,336</u>	<u>49,351</u>	<u>51,428</u>	<u>54,160</u>	<u>57,652</u>	<u>58,173</u>	<u>58,514</u>	<u>59,111</u>	<u>61,642</u>	<u>60,692</u>
TOTAL	<u>112,486</u>	<u>115,561</u>	<u>117,450</u>	<u>120,454</u>	<u>123,423</u>	<u>123,053</u>	<u>123,113</u>	<u>123,941</u>	<u>127,419</u>	<u>127,055</u>

Notes: Public School enrollment is based on a headcount taken on the third Friday of September.  
Community College enrollment includes full-time and part-time students.

Sources: Iowa Department of Education.  
Iowa Board of Regents.



# STATE OF IOWA

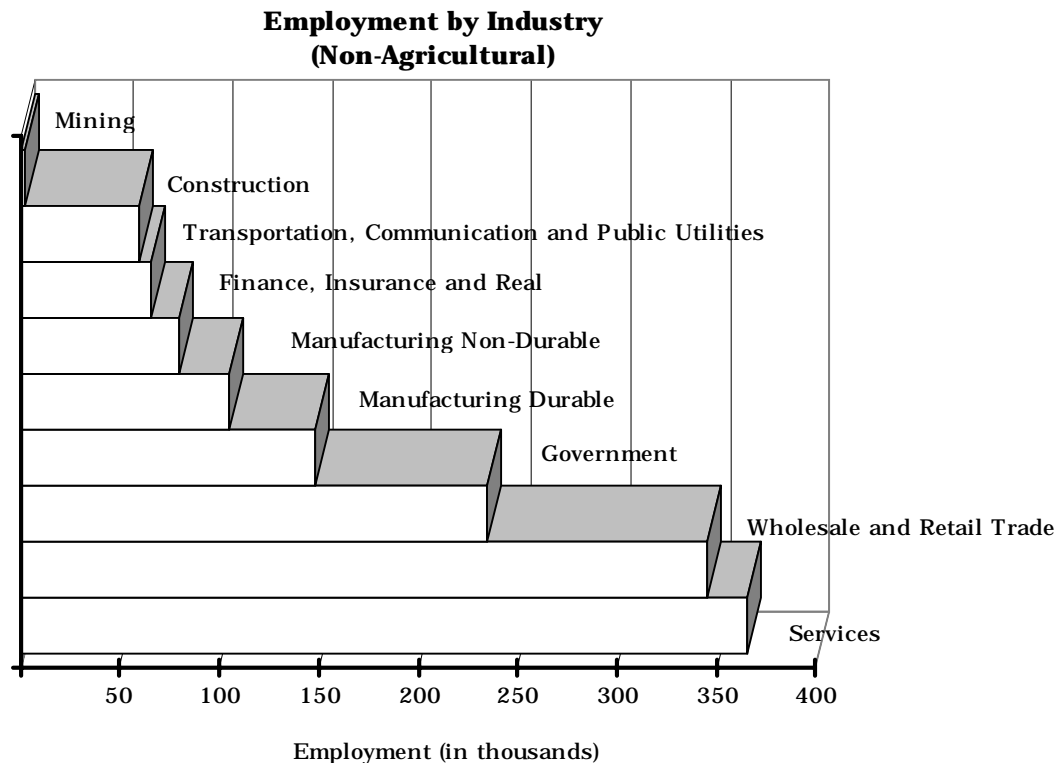
## EMPLOYMENT BY INDUSTRY

For the Last Ten Years  
(Expressed in Thousands)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Manufacturing Durable	132.2	134.3	131.9	128.8	126.8	130.2	136.7	141.5	141.5	148.4
Manufacturing Non-Durable	95.1	99.7	103.9	103.5	103.1	105.6	108.2	108.8	105.9	105.3
Mining	2.2	2.0	2.0	2.1	2.1	2.1	2.2	2.1	2.1	2.1
Construction	38.0	40.5	44.9	45.6	47.3	48.4	53.2	54.9	58.5	60.0
Transportation, Communication and Public Utilities	54.4	55.7	55.9	55.2	54.5	56.6	58.9	61.4	62.9	65.4
Wholesale and Retail Trade	294.6	306.4	308.0	312.4	317.5	319.9	330.5	340.5	341.1	345.3
Finance, Insurance and Real Estate	66.1	68.4	69.3	71.8	72.4	74.1	76.6	76.7	77.6	79.4
Services	261.4	276.1	288.6	296.8	306.1	317.4	326.7	341.1	359.1	365.2
Government	<u>211.9</u>	<u>217.0</u>	<u>219.6</u>	<u>220.3</u>	<u>221.6</u>	<u>222.8</u>	<u>226.2</u>	<u>230.1</u>	<u>231.6</u>	<u>234.4</u>
<b>TOTAL NON-AGRICULTURAL WAGE AND SALARY EMPLOYEES</b>	<u>1,155.9</u>	<u>1,200.1</u>	<u>1,224.1</u>	<u>1,236.5</u>	<u>1,251.4</u>	<u>1,277.1</u>	<u>1,319.2</u>	<u>1,357.1</u>	<u>1,380.3</u>	<u>1,405.5</u>

Note: An employed individual is counted in the area where he/she works regardless of the area where he/she lives.

Source: Iowa Workforce Development, Labor Market Information Unit, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.



**STATE OF IOWA**  
**TEN LARGEST NONGOVERNMENTAL EMPLOYERS**

RANK	EMPLOYER	TYPE OF BUSINESS
1	Hy-Vee Food Stores, Inc.	Retail Food
2	Deere and Company	Machinery Manufacturer
3	Wal-Mart Stores, Inc.	Retail General Merchandise
4	Principal Financial Group	Insurance Carrier
5	Rockwell International	Machinery Manufacturer
6	Iowa Beef Processors, Inc.	Meat Packer
7	APAC Teleservices, Inc.	Business Services
8	Central Iowa Health Systems	Hospital/Des Moines
9	Mercy Hospital Medical Center	Hospital/Des Moines
10	Fareway Stores, Inc.	Retail Food

Note: Based on 1997 calendar year annual average employment.

Source: Iowa Workforce Development.

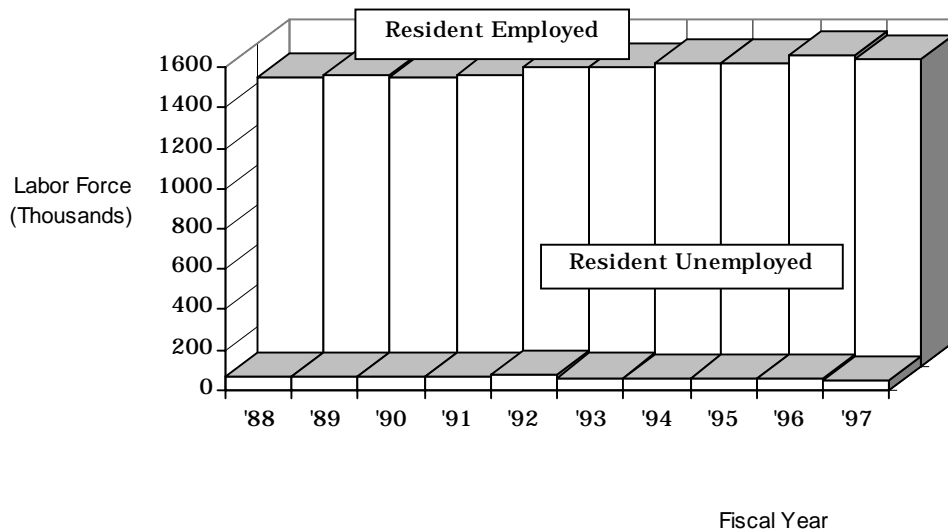
**STATE OF IOWA**  
**LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT**  
 Annual Averages

For the Last Ten Years  
 (Expressed in Thousands)

	RESIDENT CIVILIAN LABOR FORCE	RESIDENT EMPLOYMENT	RESIDENT UNEMPLOYED	PERCENT UNEMPLOYED
1988	1,500.0	1,433.0	67.0	4.5
1989	1,513.0	1,448.0	65.0	4.3
1990	1,496.0	1,433.0	63.0	4.2
1991	1,517.0	1,447.0	70.0	4.6
1992	1,551.0	1,479.0	72.0	4.6
1993	1,550.0	1,488.0	62.0	4.0
1994	1,565.0	1,508.0	58.0	3.7
1995	1,558.8	1,504.4	54.4	3.5
1996	1,599.0	1,539.0	60.0	3.8
1997	1,577.2	1,525.8	51.4	3.3

Source: Iowa Workforce Development, Labor Market Information Unit in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

**Employment and Unemployment  
 Ten-Year Comparison**





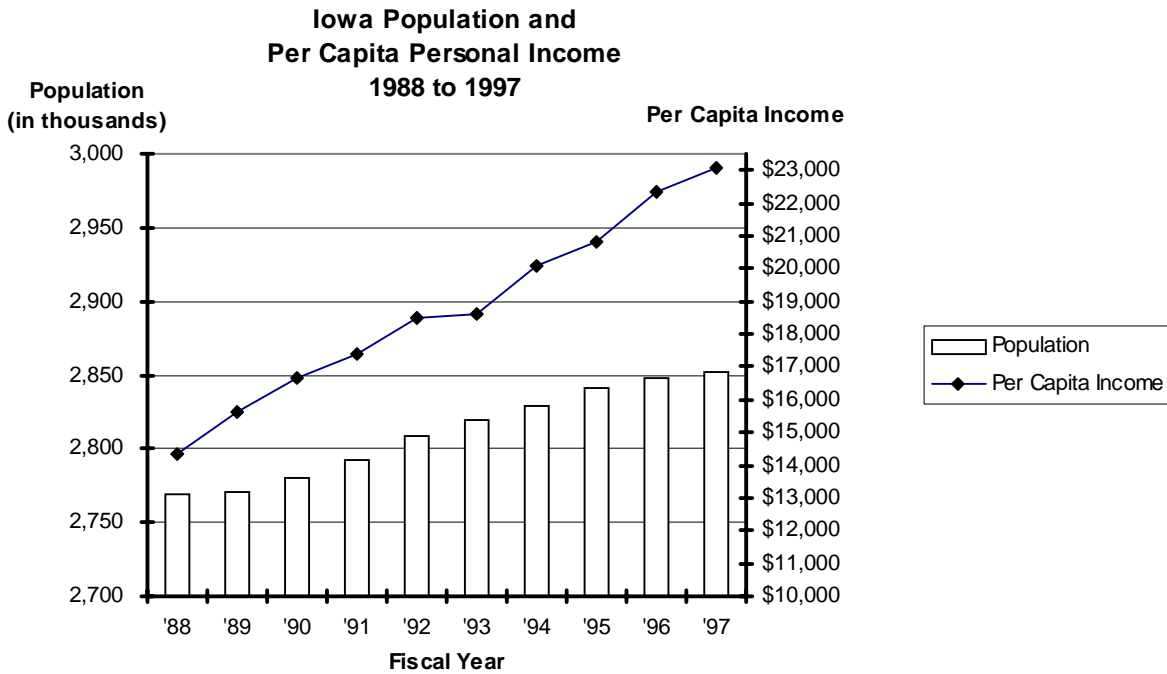
# STATE OF IOWA

## POPULATION, TOTAL PERSONAL INCOME, AND PER CAPITA PERSONAL INCOME

For the Last Ten Years

	POPULATION (Expressed in Thousands)	TOTAL PERSONAL INCOME (Expressed in Millions)	PER CAPITA PERSONAL INCOME (Expressed in Dollars)
1988	2,769	\$ 39,681	\$ 14,332
1989	2,771	43,352	15,647
1990	2,780	46,375	16,683
1991	2,792	48,537	17,387
1992	2,808	51,973	18,508
1993	2,820	52,431	18,592
1994	2,829	56,802	20,077
1995	2,841	59,158	20,826
1996	2,848	63,597	22,330
1997	2,852	65,896	23,102

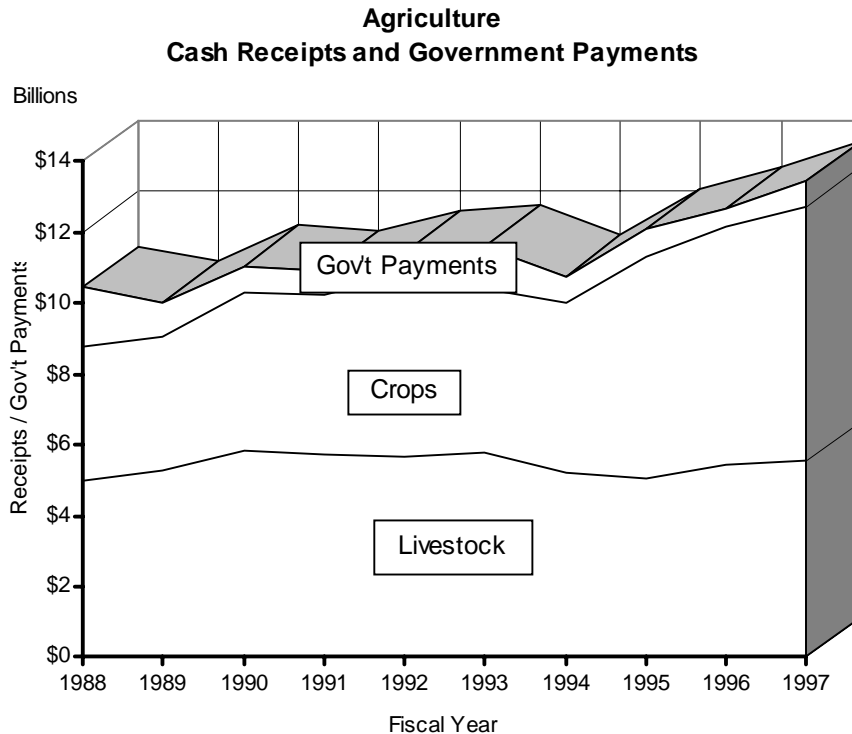
Source: U.S. Department of Commerce, Bureau of Economic Analysis



**STATE OF IOWA**  
**AGRICULTURE**  
**Cash Receipts and Government Payments**  
**For the Last Ten Years**  
**(Expressed in Millions)**

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Cattle	\$ 1,922.6	\$ 2,104.6	\$ 2,065.5	\$ 2,057.4	\$ 2,144.7	\$ 2,160.9	\$ 1,856.5	\$ 1,717.6	\$ 1,461.1	\$ 1,652.3
Hogs	2,407.5	2,421.0	2,989.0	2,916.5	2,732.2	2,820.0	2,571.6	2,480.2	3,004.0	2,957.2
Dairy Products	461.4	537.2	549.3	482.7	507.6	506.1	498.6	501.5	540.0	527.2
Other Livestock	196.3	230.2	258.7	263.8	260.7	294.2	304.2	323.0	445.6	393.0
<b>TOTAL LIVESTOCK</b>	<b>4,987.8</b>	<b>5,293.0</b>	<b>5,862.5</b>	<b>5,720.4</b>	<b>5,645.2</b>	<b>5,781.2</b>	<b>5,230.9</b>	<b>5,022.3</b>	<b>5,450.7</b>	<b>5,529.7</b>
Corn	1,586.3	1,781.9	2,422.9	2,521.0	2,913.2	2,643.8	2,509.5	3,649.4	3,874.7	3,722.3
Soybeans	2,016.0	1,724.8	1,788.5	1,824.8	2,026.9	1,784.6	2,055.4	2,425.0	2,603.4	3,229.3
Other Crops	185.0	248.5	205.1	183.4	200.2	177.3	208.5	202.0	219.7	241.3
<b>TOTAL CROPS</b>	<b>3,787.3</b>	<b>3,755.2</b>	<b>4,416.5</b>	<b>4,529.2</b>	<b>5,140.3</b>	<b>4,605.7</b>	<b>4,773.4</b>	<b>6,276.4</b>	<b>6,697.8</b>	<b>7,192.9</b>
<b>Total Cash Receipts from Crops and Livestock</b>	<b>8,775.1</b>	<b>9,048.2</b>	<b>10,279.0</b>	<b>10,249.6</b>	<b>10,785.5</b>	<b>10,386.9</b>	<b>10,004.3</b>	<b>11,298.7</b>	<b>12,148.5</b>	<b>12,722.6</b>
Government Payments	1,665.0	981.2	753.7	645.0	662.3	1,229.5	732.4	784.7	501.7	709.7
<b>Total Cash Receipts and Government Payments</b>	<b>\$ 10,440.1</b>	<b>\$ 10,029.4</b>	<b>\$ 11,032.7</b>	<b>\$ 10,894.6</b>	<b>\$ 11,447.8</b>	<b>\$ 11,616.4</b>	<b>\$ 10,736.7</b>	<b>\$ 12,083.4</b>	<b>\$ 12,650.2</b>	<b>\$ 13,432.3</b>

Sources: U.S. Department of Agriculture, Economic Research Service.



**STATE OF IOWA**  
**REVENUE BOND COVERAGE**

For the Last Ten Years  
(Expressed in Thousands)

**IOWA FINANCE AUTHORITY**

FISCAL YEAR ENDED JUNE 30	GROSS REVENUES	DIRECT OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
1989	\$ 66,586.2	\$ 280.8	\$ 66,305.4	\$ 31,090.0	\$ 33,546.3	\$ 64,636.3	1.03
1990	76,800.3	448.8	76,351.5	27,850.0	40,633.1	68,483.1	1.11
1991	82,574.1	556.0	82,018.1	33,770.0	38,976.3	72,746.3	1.13
1992	105,130.5	626.6	104,503.9	42,115.0	39,489.6	81,604.6	1.28
1993	117,365.2	825.6	116,539.6	76,705.0	38,896.3	115,601.3	1.01
1994	111,330.9	816.6	110,514.3	70,574.8	32,987.7	103,562.5	1.07
1995	130,224.7	748.6	129,476.1	109,678.7	30,858.8	140,537.5	.92
1996	83,308.4	735.0	82,573.4	34,387.4	30,191.1	64,578.5	1.28
1997	125,170.3	745.2	124,425.1	92,274.5	29,480.6	121,755.1	1.02
1998	121,084.1	753.7	120,330.4	75,587.0	30,348.2	105,935.2	1.14

**IOWA HIGHER EDUCATION LOAN AUTHORITY**

FISCAL YEAR ENDED JUNE 30	GROSS REVENUES	DIRECT OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
1989	\$ 5,604.8	\$ 87.4	\$ 5,517.4	\$ -	\$ 5,418.4	\$ 5,418.4	1.02
1990	5,224.7	125.4	5,099.3	-	5,084.6	5,084.6	1.00
1991	4,675.6	128.7	4,546.9	-	4,537.1	4,537.1	1.00
1992	3,826.3	83.1	3,743.2	-	3,520.6	3,520.6	1.06
1993	3,531.9	128.5	3,403.4	-	3,233.3	3,233.3	1.05
1994	3,672.1	135.7	3,536.4	2,065.0	3,274.4	5,339.4	.66
1995	3,752.3	132.8	3,619.5	2,590.0	3,569.7	6,159.7	.59
1996	3,579.3	146.0	3,433.3	2,605.0	3,333.5	5,938.5	.58
1997	3,391.0	169.7	3,221.3	2,270.0	3,416.4	5,686.4	.57
1998	2,859.3	128.3	2,731.0	1,715.0	2,614.8	4,329.8	.63

Notes: Gross Revenue and Principal amounts for the Iowa Finance Authority include unexpended bond proceeds used to redeem bonds. Loan principal received in one year is often used to pay bond principal in the following year.

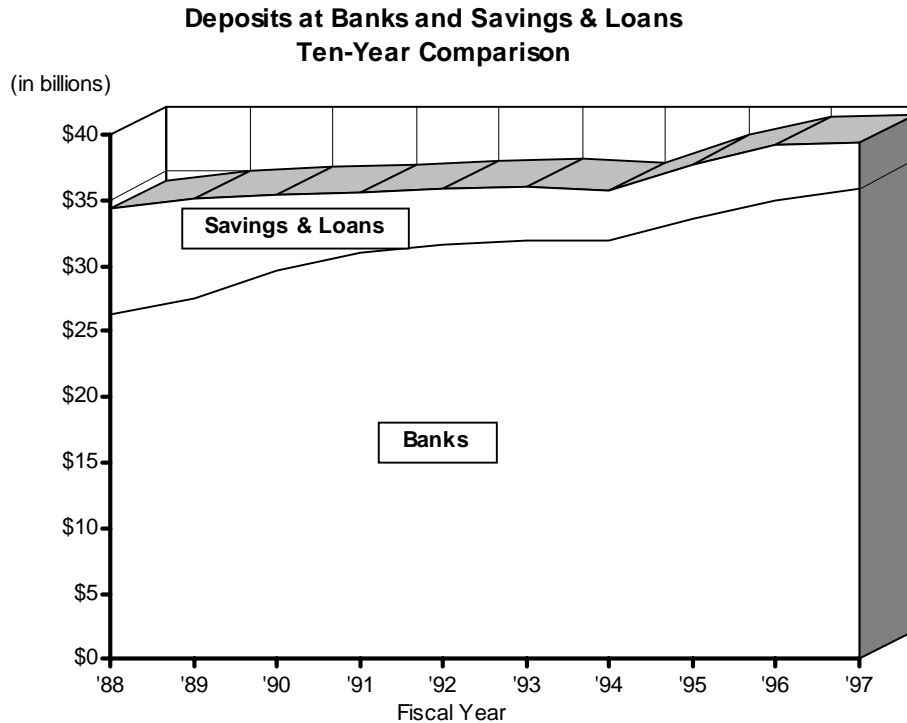
# STATE OF IOWA

## BANK and SAVINGS & LOAN DEPOSITS

For the Last Ten Years  
(Expressed in Millions)

	BANKS		SAVINGS & LOANS		TOTAL DEPOSITS
	NUMBER	DEPOSITS	NUMBER	DEPOSITS	
1988	586	\$26,321.4	45	\$7,970.5	\$34,291.9
1989	576	\$27,449.0	44	\$7,626.8	\$35,075.8
1990	565	\$29,686.0	38	\$5,736.4	\$35,422.4
1991	561	\$31,054.8	34	\$4,532.7	\$35,587.5
1992	542	\$31,665.0	31	\$4,166.7	\$35,831.7
1993	530	\$31,996.0	32	\$4,008.3	\$36,004.3
1994	517	\$31,930.0	32	\$3,794.0	\$35,724.0
1995	491	\$33,533.0	32	\$4,258.5	\$37,791.5
1996	468	\$35,033.0	30	\$4,172.1	\$39,205.1
1997	453	\$35,951.0	25	\$3,434.5	\$39,385.5

Sources: Federal Home Loan Bank.  
Federal Deposit Insurance Corporation.  
Iowa Department of Commerce, Banking Division.



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