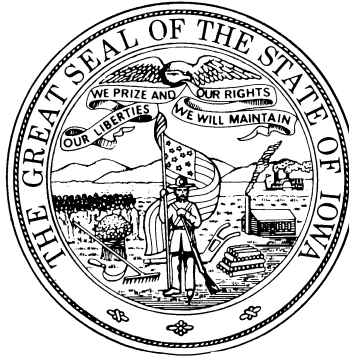


Iowa Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2001



COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year
Ended June 30, 2001

GOVERNOR:
Thomas J. Vilsack

PREPARED BY:
The Iowa Department of Revenue and Finance

About the Cover

by Lori A. Mullen

Inset is our colorful, present-day Des Moines Capitol. Starting in 1870, Iowa's Capitol was constructed on a pay-as-you-go basis, delaying completion until 1886. Our ancestors believed that time was not the most critical issue to building a structure, and that financial security should never be compromised for any given project. For Iowa, steady progress, with tenacity, will always see the job through.

TABLE OF CONTENTS

INTRODUCTORY

Transmittal Letter.....	II
GFOA Certificate of Achievement.....	XIV
Iowa Organization Structure.....	XV
Principal Officials.....	XVI

FINANCIAL

INDEPENDENT AUDITOR'S REPORT	2
---	----------

GENERAL PURPOSE FINANCIAL STATEMENTS

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types, Expendable Trust Funds, and Discretely Presented Component Units	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis - General Fund and Special Revenue Funds	10
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/ Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Units.....	12
Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Units	14
Combining Statement of Changes in Plan Net Assets - Pension Trust Funds.....	18
Combined Statement of Changes in Fund Balances - University Funds	20
Combined Statement of Current Funds Revenues, Expenditures and Other Changes - University Funds	22
Combining Balance Sheet - Component Unit.....	24
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Discretely Presented Component Units - Governmental and Expendable Trust Fund Types.....	28
Combining Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - Discretely Presented Component Units - Proprietary Fund Type and Nonexpendable Trust Fund.....	30
Combining Statement of Cash Flows - Discretely Presented Component Units - Proprietary Fund Type and Nonexpendable Trust Fund.....	32
Notes to the Financial Statements	36

REQUIRED SUPPLEMENTAL INFORMATION

Schedules of Funding Progress	70
-------------------------------------	----

COMBINING FINANCIAL STATEMENTS AND SCHEDULE

Special Revenue Funds

Combining Balance Sheet	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	75
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis.....	76

Capital Projects Funds

Combining Balance Sheet	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	81

Enterprise Funds

Combining Balance Sheet	84
Combining Statement of Revenues, Expenses and Changes in Retained Earnings.....	85
Combining Statement of Cash Flows	86

Internal Service Funds

Combining Balance Sheet	90
Combining Statement of Revenues, Expenses and Changes in Retained Earnings.....	91
Combining Statement of Cash Flows	92

Trust and Agency Funds

Combining Balance Sheet - Trust and Agency Funds	97
Combining Balance Sheet - Expendable Trust Funds	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Expendable Trust Funds	99
Combining Balance Sheet - Nonexpendable Trust Funds	100
Combining Statement of Revenues, Expenses and Changes in Fund Balances - Nonexpendable Trust Funds.....	101
Combining Statement of Cash Flows - Nonexpendable Trust Funds.....	102
Combining Statement of Plan Net Assets - Pension Trust Funds	103
Combining Statement of Changes in Assets and Liabilities - Agency Funds	104

University Funds

Combining Balance Sheet	108
-------------------------------	------------

Supplemental Information

Schedule of Revenues by Source - General Fund	112
Schedule of Expenditures by Function and Department - General Fund	114

STATISTICAL

Revenues by Source - All Governmental Fund Types	120
Expenditures by Function - All Governmental Fund Types	120
Public Education - Public School Enrollment	122
Public Education - Public Higher Education Enrollment	122
Employment By Industry	123
Ten Largest Nongovernmental Employers.....	124
Labor Force, Employment and Unemployment - Annual Averages	125
Population, Total Personal Income, and Per Capita Personal Income.....	126
Agriculture - Cash Receipts and Government Payments	127
Revenue Bond Coverage	128
Bank and Savings & Loan Deposits	129

ACKNOWLEDGEMENTS

INTRODUCTORY

December 13, 2001

**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, 2001. 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 2000 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.

Personal Income. The University of Iowa Institute for Economic Research's latest outlook is for personal income in Iowa to grow by 5.15% in 2001, 6.51% in 2002 and 6.40% in 2003. Currently, the nation's total income is forecasted to grow by slightly lower rates: 5.1% in 2001, 3.2% in 2002, and 5.8% in 2003. Even as the economy in Iowa is showing signs of economic cooling, it appears that it will continue to grow at a pace better than the national economy.

The graph illustrates the consistent growth of U.S. foreign aid over a 27-year period. The Y-axis, labeled 'Billions', ranges from \$20 to \$100 in increments of \$10. The X-axis shows years from 1980 to 2007. The line starts at approximately \$30 billion in 1980, shows minor fluctuations, and then accelerates its growth after 1990, reaching nearly \$100 billion by 2007.

Year	U.S. Foreign Aid (Billions)
1980	30
1982	32
1984	34
1986	36
1988	38
1990	42
1992	45
1994	52
1996	58
1998	65
2000	72
2002	78
2004	85
2006	92
2007	98

Farm income continues to be a drag on Iowa's personal income growth. Excess world capacity of agricultural commodities and reduced demand has hampered Iowa grain farmers. Net farm income has declined from \$4.1 billion in 1996 and \$3.7 billion in 1997 to \$2.2 billion in 1998 and \$1.5 billion in 1999. The drop in farm income has been mitigated somewhat by federal assistance. Direct government payments to farmers totaled \$1.9 billion in 1999, which exceeded net farm income for the year.

Statewide: +1%
County: +6%

Year	U.S. Rate (%)	Iowa Rate (%)
1976	7.8	7.8
1978	6.2	6.2
1980	6.0	4.0
1982	9.5	8.5
1984	7.0	7.0
1986	7.5	8.0
1988	5.5	5.5
1990	5.5	4.5
1992	7.5	4.5
1994	6.0	4.0
1996	5.5	3.5
1998	4.5	2.5
2000	4.2	4.2

Employment. Iowa continues to have one of the lowest average unemployment rates in the nation even as the economy softens. Throughout most of the decade, Iowa's unemployment rate has been about two percentage points below the national average. The U.S. unemployment rate for September 2001 was 4.9%. The seasonally adjusted percent unemployed for the State in September 2001 increased to 3.2% from the revised August rate of 3.1%. The Iowa unemployment rate for 2000 was 2.6%. The 3.2% rate is the highest level measured since April of 1997 when the rate was 3.3%. In September, almost three-fourths of Iowa's counties had a jobless rate under 3.2%. The strong labor market in Iowa has not been limited only to the metropolitan areas, but has been statewide as evidenced by the fact that in September 2001, 19 of the State's 99 counties had an unemployment rate at or under 2%.

Exports. The rise in exporting industries has been an important factor in Iowa economic growth during the 1990's. Growth in exports of industrial machinery, instruments and measurement devices, electronics, specialized transportation equipment, chemicals and pharmaceuticals, and processed food products have helped diversify

Iowa's economy. When combined with traditional farm commodities and livestock, total exports from Iowa increased by 22%, 11% and 13% in the years 1995 through 1997. A variety of factors led to declines of 3% and 16% in 1998 and 1999. A general weakness in the economies of the Pacific Rim nations significantly reduced trade opportunities. At the same time, strong harvests worldwide led to an oversupply of agricultural commodities. The strong U.S. dollar also made it more challenging for U.S. products to be competitive in international markets.

Iowa exports of value-added agricultural products have been improving since the third quarter of 1999. Exports of value-added agricultural products peaked in the fourth quarter of 1997 as the impact of the Pacific Rim recession and the Russian currency meltdown was finally reflected in a rising dollar and lower foreign sales. The nearly 30% drop in sales bottomed in the third quarter of 1999 and has been gradually rising since that time. For the quarter ending June 30, 2001, Iowa value-added agriculture exports were up 8% over the previous quarter and 17% over the same quarter in 2000.

Iowa exports in manufactured products have also been improving, but at a slower pace. The export of other manufactured products bottomed out in the first quarter of 1999 and has been gradually rising since that time. For the second quarter of 2001, these exports were up 1% from the previous quarter and 3% from the second quarter of 2000. The major components of this group include industrial machinery (33% of the exports), vehicles and vehicle parts (18%) and electrical equipment (10%).

Gross State Product. In 1998, Iowa's gross state product was \$84.6 billion, which reflected 3.7% growth over the previous year. The gross state product 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 (\$8.7 trillion) grew by 6.1% between 1997 and 1998.

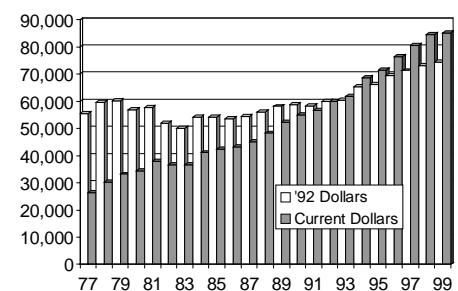
MAJOR INITIATIVES AND ISSUES

Class Size Reduction and Intervention. During fiscal year 2001, \$30 million was appropriated to local school districts to reduce class sizes in kindergarten through the third grade, with the goal of achieving average class sizes of 17 students per teacher. This flexible initiative also allows school districts to use funding to support other proven methods to improve reading and other basic skills for elementary school students.

Teachers Compensation. During the 2001 session, legislation passed and was signed by the Governor establishing the Student Achievement and Teacher Quality Program. This multi-year program includes statewide mentoring, a new career path compensation strategy, a pilot variable pay program, redesigned professional development and new Iowa Teaching Standards which begin to define good teaching for purposes of evaluation and professional development. \$40 million was appropriated for Fiscal Year 2002 to start this program.

All school districts are required to become participating districts no later than July 1, 2003. Funds for districts that choose not to participate are held for the district until the district opts into the program or July 1, 2003, whichever is earlier.

Iowa Gross State Product
Millions of Dollars



Local Early Childhood Initiatives. Early learning is critical to success in school, and Iowa's community empowerment initiative allows local governments and service providers a flexible method to tailor local services to meet local needs. Originally funded in fiscal year 1998 at \$5.4 million, the level of funding has increased, and in fiscal year 2001, the funding totaled \$15.8 million. The additional funding is targeted at children from birth to age 5 and to parent education initiatives.

School Infrastructure Fund. To assist local school districts with the construction and renovation of facilities, a School Infrastructure Fund was established. The fund was created through issuance of bonds by the State Treasurer, and the bonds will be repaid from gaming receipts. The fund will provide grants totaling \$50 million over a three-year period beginning July 1, 2000. Each grant is limited to \$1 million and requires a local match. The legislation creating the Fund also requires that the grants be spread among various sizes of school districts.

Vision Iowa Fund. To enhance local recreational, cultural, and entertainment opportunities, a Vision Iowa Fund was established. The Fund will provide grants or loans to communities to assist with construction of new facilities. To capitalize the fund, on November 1, 2001, the State issued bonds backed by gaming receipts. A total of \$215 million will be available for allocation to projects from the sale. The bonds will be repaid from gaming receipts over a twenty year period. To date, five projects in five cities have been awarded a total of \$175 million from the fund.

Tobacco Settlement Funding for Health Initiatives. During the 2000 legislative session, the Tobacco Settlement Authority (TSA) was established to develop a financial plan based on the payments from the Master Settlement Agreement (MSA) between the states and the major tobacco companies. The TSA developed a financial plan in February 2001 to provide for a secure and stable source of revenue for the ongoing appropriations for health care, substance abuse treatment and prevention, tobacco use prevention and control, and other related purposes, made from the payments. In various bills passed during the 2001 legislative session and signed by the Governor, the financial plan was approved. In October 2001, over \$644.2 million in bonds backed by the payments from the MSA were sold to implement the financial plan. This sale will allow the establishment of an "Endowment for Iowa's Health Account" to provide for a source of revenue for the ongoing appropriations.

Clean Water Initiative. To help ensure safe drinking water and clean lakes, rivers and streams, \$12.0 million was appropriated from gaming receipts in fiscal year 2001. The initiative will restore and construct wetlands to reduce nutrient flow into rivers and streams, expand water quality monitoring, and encourage land owners to implement buffer strips.

Community Attraction and Tourism Development Fund. Iowa's quality of life is augmented by an abundance of natural resources, community attractions, and events. To help advance and sustain those opportunities, a \$12.5 million fund was established during the 1999 legislative session, and the fund was extended for an additional 5 years in the 2000 session. The fund will assist local communities in the development and creation of multiple purpose attraction and tourism facilities.

Technology Initiatives. Iowa has embarked on a course to provide its citizens with access, primarily through the Internet, to all governmental services and information, 24 hours a day, 7 days a week, from anywhere in Iowa. The focal point for this effort has been the IowAccess Network. The purpose of the IowAccess Network is to provide a single gateway to all State information. This official web-presence for the State will provide several subject categories, directing different audiences or user groups to the State resources they need.

On September 23, 1999, the IowAccess project team was the recipient of Vice President Gore's prestigious Hammer Award, which is given to teams of government employees and their private sector partners who help improve the government process to work better, cost less, and produce results Americans care about.

During the 2000 legislative session, the Information Technology Department was created. The Department will establish uniform standards for technology development and utilization throughout State government. The Department has developed a return on investment assessment tool that is used to rank technology projects for funding. A pooled technology account was created in fiscal year 2000, and \$9.9 million of the \$15.9 million in the account was allocated to projects based on the return on investment approach.

Accountable Government Act. The Accountable Government Act was passed during the 2001 Legislative Session. The Act builds upon previous years' progress to achieve a sound governance system that is accountable to Iowans and taxpayers. The Act represents a new approach to governing using data-based decisions rather than decisions based primarily on anecdotes and politics. The key elements of this comprehensive and integrated system will include:

- ☐ Strategic and Operational Planning
- ☐ Planning-Budgeting Linkages
- ☐ Performance Measures and Audits
- ☐ Performance Reporting
- ☐ Performance-Based Service Contracts
- ☐ Return on Investment

The Act will be implemented over a period of several years and will be reviewed for effectiveness in five years.

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 presented their FY 2001 budget requests using this method, and it is expected that additional efforts will focus on better integrating Budgeting for Results into the State's computerized budget system.

FINANCIAL INFORMATION

Budgetary Controls and Accounting Systems. The current version of the statewide accounting system was implemented during fiscal year 2000. As a part of the system upgrade, the implementation team performed a comprehensive review of the adequacy of internal controls and budgetary controls of the system. The team determined that internal controls continue to be 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.

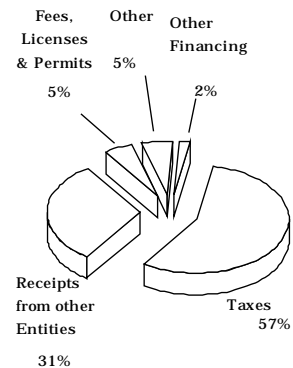
Extensive use is made of on-line tables and reports, updated on a daily basis, to provide detailed and management level reports to State departments, budget authorities, and the State Legislature. Further, the State has enhanced the ability of departments to extract selected information and prepare customized reports as needed. 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.

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 \$9,004.6 million for fiscal year 2001. Receipts From Other Entities had the largest increase of \$135.3 million, a 5.1% increase over the previous year, while Investment Income increased by \$33.9 million, a 39.9% increase over the previous year. Taxes decreased by \$76.4 million, a decrease of 1.5% from 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			Increase (Decrease) Over 2000 Actual	
	2001	2000	Amount	Percent
Taxes (Net)	\$ 5,127,247	\$ 5,203,614	\$ (76,367)	(1.5)%
Receipts From Other Entities	2,774,345	2,638,996	135,349	5.1
Fees, Licenses & Permits (Net)	462,978	463,909	(931)	(0.2)
Subtotal	8,364,570	8,306,519	58,051	0.7
Other:				
Refunds & Reimbursements	242,693	259,611	(16,918)	(6.5)
Investment Income	118,650	84,798	33,852	39.9
Miscellaneous	104,559	104,369	190	0.2
Sales, Rents & Services	17,845	17,764	81	0.5
Subtotal	483,747	466,542	17,205	3.7
Total Revenues	8,848,317	8,773,061	75,256	0.9
Other Financing Sources	156,247	158,896	(2,649)	(1.7)
Total Revenues And Other Financing Sources	<u>\$ 9,004,564</u>	<u>\$ 8,931,957</u>	<u>\$ 72,607</u>	0.8

Governmental Revenues and Other Financing Sources - 2001

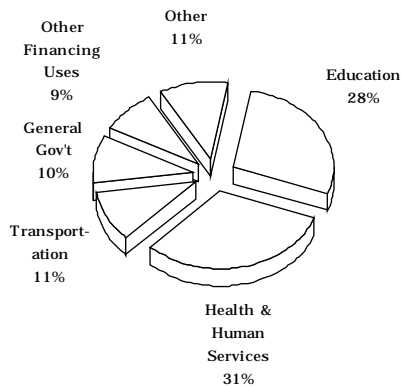


(Changes in revenues were highlighted by):

- ☞ Receipts From Other Entities increased by \$135.3 million due primarily to an increase in federal support of \$91.8 million. The major changes in federal support were an increase of \$220.1 million in Health & Human Services grants and a decrease of \$146.4 million for Transportation.
- ☞ The most significant components of the \$76.4 million decrease in Net Taxes were a decrease of \$107.8 million in sales tax, a decrease of \$55.1 million in corporate income tax, and an increase of \$107.6 million in individual income tax.

Governmental Expenditures And Other Financing Uses totaled \$9,252.6 million for fiscal year 2001. Health & Human Services had the largest increase of \$261.4 million, a 9.8% increase over the previous year, while Education experienced an increase of \$96.7 million which was a 3.9% increase over the previous year. Changes in expenditures from fiscal year 2000 levels are presented in the following schedule (amounts in thousands):

**Expenditures and
Other Financing Uses -2001**



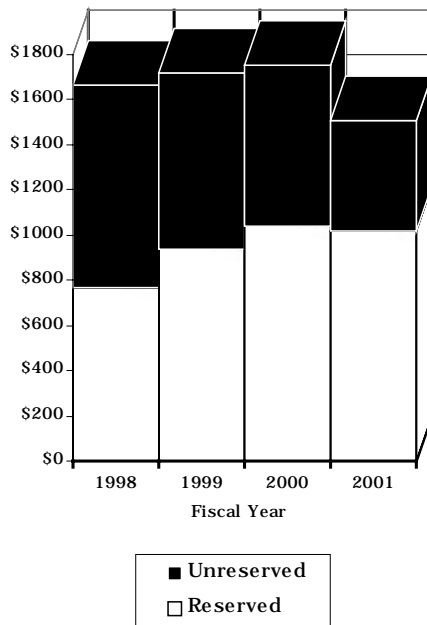
Governmental Expenditures and Other Financing Uses

	2001	2000	Increase (Decrease) Over 2000 Actual	
			Amount	Percent
Health & Human Services	\$ 2,920,150	\$ 2,658,728	\$ 261,422	9.8%
Education	2,572,970	2,476,234	96,736	3.9
Transportation	988,743	1,071,919	(83,176)	(7.8)
General Government	930,668	917,029	13,639	1.5
Subtotal	7,412,531	7,123,910	288,621	4.1
Other:				
Law, Justice & Public Safety	633,205	604,067	29,138	4.8
Economic/Manpower Development	188,226	183,675	4,551	2.5
Agriculture & Natural Resources	156,111	144,150	11,961	8.3
Capital Outlay	28,827	34,499	(5,672)	(16.4)
Regulation Of Business	28,066	26,326	1,740	6.6
Subtotal	1,034,435	992,717	41,718	4.2
Total Expenditures	8,446,966	8,116,627	330,339	4.1
Other Financing Uses	805,616	777,439	28,177	3.6
Total Expenditures And Other Financing Uses	\$ 9,252,582	\$ 8,894,066	\$ 358,516	4.0

(Changes in expenditures were highlighted by):

- ☞ Health & Human Services expenditures increased by \$261.4 million due primarily to increases of \$185.7 million in State Aid, \$47.4 million in Contractual Services, and \$22.1 million in Personal Services.
- ☞ Education expenditures increased by \$96.7 million due primarily to an increase of \$87.2 million in State Aid.
- ☞ Transportation expenditures decreased by \$83.2 million primarily due to a decrease of \$131.0 million in Plant Improvements and an increase of \$37.8 million in Contractual Services.

**General Fund Balance
GAAP-Basis
(Amounts in Millions)**



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

	2001	2000	1999	1998
Reserved	\$ 1,020,199	\$ 1,041,449	\$ 938,203	\$ 765,227
Unreserved	490,902	711,419	781,602	895,926
Total General Fund	\$ 1,511,101	\$ 1,752,868	\$ 1,719,805	\$ 1,661,153

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 decreased from \$711.4 million at June 30, 2000, to \$490.9 million at June 30, 2001. This represents a decrease of \$220.5 million, or 31.0%.

The fund balance of the General Fund totaled \$1,511.1 million as of June 30, 2001, a decrease of \$241.8 million, or 13.8%, from the previous fiscal year.

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, Iowa Liquor Control, and Iowa State Prison Industries. Combined operating revenues for the State's Enterprise funds increased from \$334.0 million in Fiscal Year 2000 to \$339.4 million in Fiscal Year 2001. The increase in revenues is due to the expanding capacity of the Iowa Communications Network (ICN) and increased sales of Iowa Liquor Control. Operating expenses increased \$3.5 million from the previous year due to an increase of \$3.8 million in expenses for Iowa Liquor Control. Net non-operating revenues of \$9.3 million in Fiscal Year 2000 changed to a net non-operating expense of \$24.9 million in Fiscal Year 2001. This was due primarily to a charge of \$33.1 million for the transfer of the operation of the Underground Storage Tank Insurance Program to the Petroleum Marketers Mutual Insurance Company.

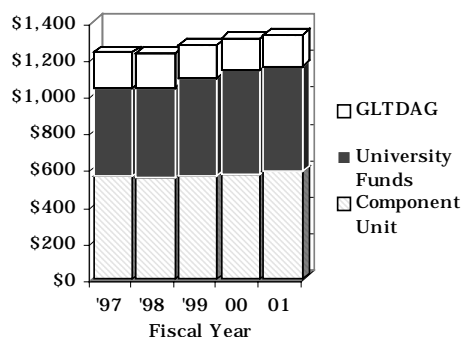
Internal Service Funds. The Internal Service funds account for the financing of goods or services provided by one department or agency to other agencies of the State. The principal internal service operations provide acquisition and replacement of State vehicles, materials and equipment for Department of Transportation operations, and insurance operations for the State. Combined operating revenues increased from \$250.9 million in Fiscal Year 2000 to \$258.6 million in Fiscal Year 2001. Combined operating expenses increased from \$244.7 million to \$267.6 million during the same period. The increase in revenues and expenses is due to the increase in health insurance premium revenue and claims expense.

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 \$441.0 million which represents a funding ratio of 97.16%; the Peace Officers' Accident and Disability System (PORS) has an UAAL of \$13.8 million which represents a funded ratio of 94.76%; and the Judicial Retirement System (JRS) has a UAAL of \$15.4 million which represents a funded ratio of 82.43%. 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. It was not necessary for the State to issue TRANS during fiscal year 2001.

Revenue bonds issued by various authorities of the State totaled \$1,321.3 million outstanding at fiscal year-end. This amount

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

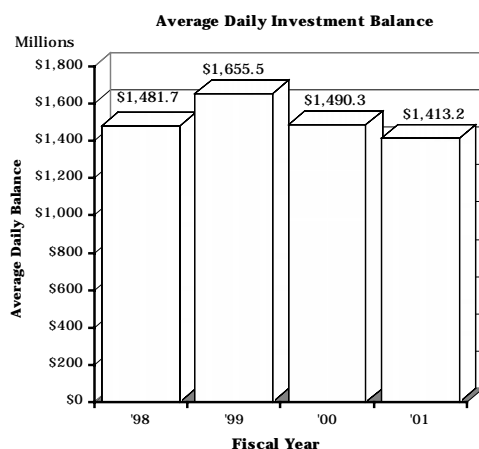


consisted of \$588.1 million of component unit – proprietary funds revenue bonds (housing and higher education), \$569.9 million in revenue bonds issued by the three State universities (for facilities), and \$82.6 million and \$80.7 million in various bonds issued by the Iowa Finance Authority for the 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 \$70.2 million. COPS represent an ownership interest of the certificate holder in a lease purchase agreement. Other financing arrangements payable, excluding COPS, totaled \$8.2 million at June 30, 2001.

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, 2001, was \$82.4 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.



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 01</u>	<u>FY 00</u>	<u>FY 99</u>	<u>FY 98</u>
Interest Earnings*	\$ 88,637	\$87,224	\$93,600	\$89,687
Average Daily Investment Balance	\$ 1,413,190	\$1,490,267	\$1,655,485	\$1,481,684
Annual Rate of Return	6.27%	5.85%	5.65%	6.05%

■ 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 24 - 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 of 1984, the Single Audit Amendments of 1996, 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, 2000. 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 eighth 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.

Acknowledgment. The preparation of this report on a timely basis requires the collective efforts of numerous finance personnel throughout the State and is made possible only with the cooperation and support of the Executive, Legislative, and Judicial branch agencies, universities, and component units of the State.

The report could not have been accomplished without the professionalism and dedication of the staff in the Department of Management, the Accounting Bureau within Revenue and Finance, the Auditor of State's Office, and the financial and management personnel throughout State government.

This report issued for the thirteenth consecutive year, 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

Cynthia P. Eisenhower, 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, 2000

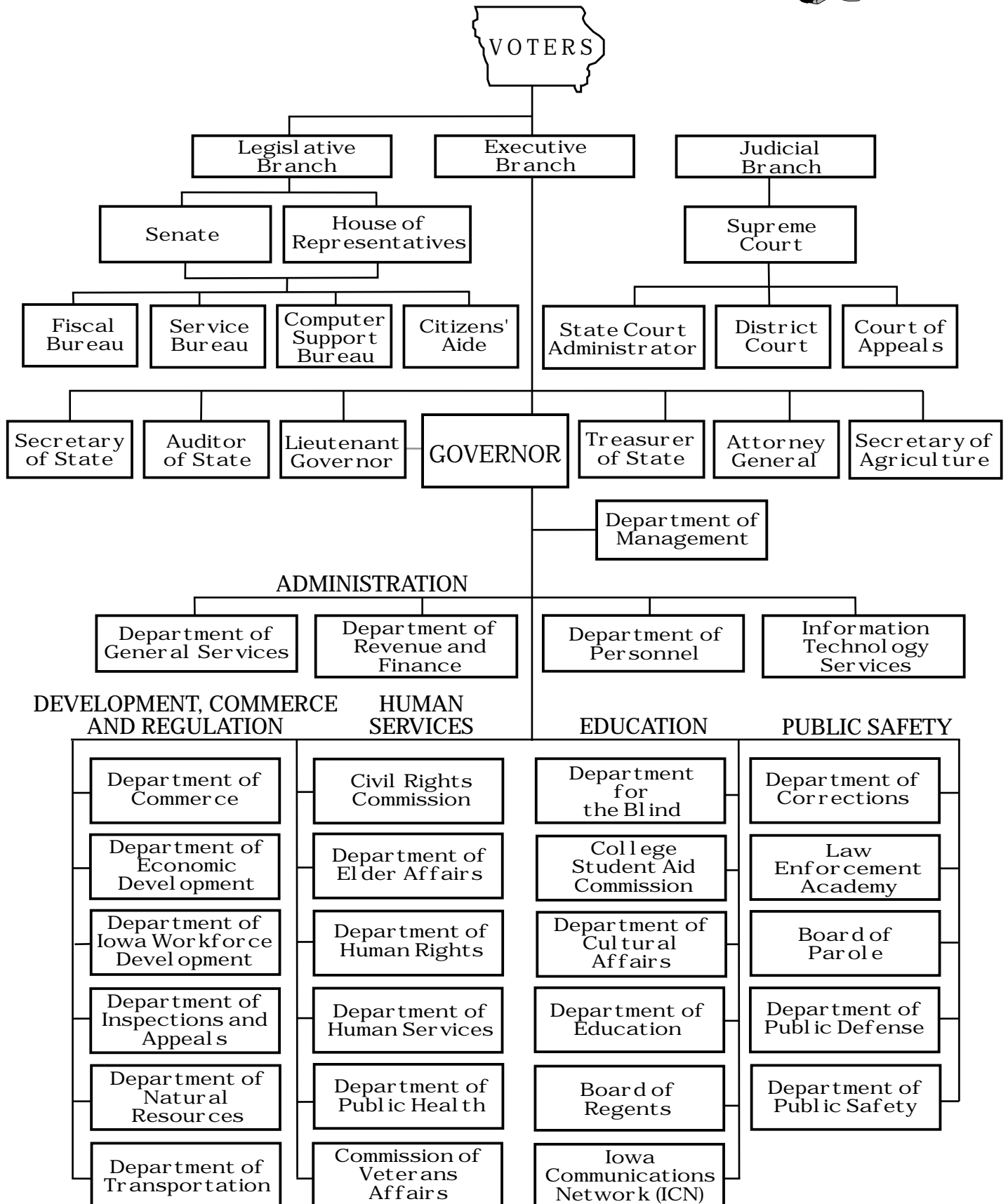
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Timothy A. Howe
President

Jeffrey L. Esser
Executive Director

IOWA ORGANIZATION STRUCTURE



FINANCIAL

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Richard D. Johnson, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004
Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Governor and Members of the General Assembly:

We have audited the accompanying general purpose financial statements, listed in the table of contents of this report, of the State of Iowa as of and for the year ended June 30, 2001. 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 95% of assets and 84% 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 U.S. 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 general purpose financial statements are free of material misstatement. The financial statements of the Iowa Public Television Foundation and the Iowa Finance Authority, component units 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 general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 at June 30, 2001, 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 U.S. generally accepted accounting principles.

For the year ended June 30, 2001, appropriations of \$70,305,004 were made from 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. These items included, but were not limited to, natural resources and conservation purposes and community attraction and tourism development. Expenditures for these items during the year ended June 30, 2001 totaled \$64,840,548, of which \$3,309,981 was funded from previous years' appropriations from the Rebuild Iowa Infrastructure Fund. These items have been reported as expenditures in 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 performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules, required supplemental information 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. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, 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.

As discussed in note 27 to the general purpose financial statements, the State of Iowa intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments; Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities; Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the fiscal year ending June 20, 2002. The effects of these statements are expected to significantly impact the presentation of the state's financial statements and related notes in the year of implementation. The revised requirements will include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the state's financial activities in the Management's Discussion and Analysis introduction to the basic statements.

In accordance with Government Auditing Standards, our 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 will be issued under separate cover in the Single Audit Report. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Richard D. Johnson, CPA

Auditor of State

December 13, 2001

This page intentionally left blank

GENERAL PURPOSE FINANCIAL STATEMENTS

STATE OF IOWA

Combined Balance Sheet

All Fund Types, Account Groups, and Discretely Presented Component Units

June 30, 2001

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE
ASSETS AND OTHER DEBITS					
Cash & Investments (Note 2)	\$ 1,067,683	\$ 9,914	\$ 12,052	\$ 28,466	\$ 35,125
Deposits With Trustees (Note 2)	4,428	-	578	22,662	-
Accounts Receivable (Net)(Note 4)	908,940	1,451	163	7,321	3,488
Interest Receivable	-	-	9	83	4
Notes Receivable (Net)	-	-	-	-	-
Loans Receivable (Net)	129,930	-	-	-	-
Benefit Overpayment Receivable (Net)	-	-	-	-	-
Due From Other Funds/Advances					
To Other Funds (Note 5)	28,891	701	2,707	1,937	41,221
Due From Component Units (Note 5)	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Fixed Assets (Net) (Note 6)	-	-	-	74,568	95,640
Inventory	8,696	-	-	14,262	9,883
Food Stamp Inventory	29,771	-	-	-	-
Prepaid Expenditures/Expenses	12,168	5	-	2,159	533
Other Assets	-	-	-	1,272	-
Investment In Prize Annuity (Note 7)	-	-	-	59,136	-
Prize Deposit	-	-	-	5,566	-
Equity In Wholly Owned Subsidiary	-	-	-	-	-
Amount To Be Provided For Retirement	-	-	-	-	-
Of General Long-Term Debt	-	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 2,190,507</u>	<u>\$ 12,071</u>	<u>\$ 15,509</u>	<u>\$ 217,432</u>	<u>\$ 185,894</u>
LIABILITIES					
Accounts Payable & Accruals	\$ 513,458	\$ 1,583	\$ 4,287	\$ 17,159	\$ 39,001
Due To Other Funds/Advances From Other Funds (Note 5)	73,567	117	926	4,237	873
Due To Component Units (Note 5)	-	-	-	-	-
Interest Payable	-	-	-	2,079	-
Deferred Revenue	92,381	375	-	53	6,334
Compensated Absences (Note 1)	-	-	-	1,431	659
Capital Leases (Note 9)	-	-	-	18	-
Bonds Payable (Note 12)	-	-	-	-	-
Other Financing Arrangements Payable (Note 11)	-	-	-	66,561	-
Annuities Payable (Note 7)	-	-	-	59,266	-
Lottery Prizes Payable	-	-	-	9,141	-
Funds Held In Custody	-	-	-	165	-
Lease Obligation From Discontinued-					
Operations (Note 13)	-	-	-	88	-
Installment Purchases (Note 10)	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Deposits	-	-	-	-	-
TOTAL LIABILITIES	<u>679,406</u>	<u>2,075</u>	<u>5,213</u>	<u>160,198</u>	<u>46,867</u>
FUND EQUITY AND OTHER CREDITS					
Contributed Capital	-	-	-	77,029	-
Retained Earnings	-	-	-	(19,795)	139,027
Fund Balances:					
Reserve For:					
Encumbrances & Contracts	24,297	-	-	-	-
Inventory & Prepaid Expenditures	20,864	5	-	-	-
Noncurrent Receivables	148,405	173	-	-	-
Debt Service	-	-	-	-	-
Employees' Pension Benefit	-	-	-	-	-
Specific Purposes	826,633	-	-	-	-
Unreserved Fund Equity	490,902	9,818	10,296	-	-
Net Investment In Plant	-	-	-	-	-
Investment In General Fixed Assets	-	-	-	-	-
TOTAL FUND EQUITY AND OTHER CREDITS	<u>1,511,101</u>	<u>9,996</u>	<u>10,296</u>	<u>57,234</u>	<u>139,027</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 2,190,507</u>	<u>\$ 12,071</u>	<u>\$ 15,509</u>	<u>\$ 217,432</u>	<u>\$ 185,894</u>

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)	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY)
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT		PRIMARY GOVERNMENT		REPORTING ENTITY
\$ 18,273,788	\$ -	\$ -	\$ 1,191,556	\$ 20,618,584	\$ 701,849	\$ 21,320,433
-	-	-	29,987	57,655	-	57,655
703,808	-	-	259,643	1,884,814	722	1,885,536
43,864	-	-	9,392	53,352	7,201	60,553
40	-	-	71,424	71,464	169	71,633
-	-	-	-	129,930	286,896	416,826
17,067	-	-	-	17,067	-	17,067
35,485	-	-	4,122	115,064	-	115,064
-	-	-	-	-	837	837
-	-	-	504	504	-	504
4,836	1,263,852	-	3,534,517	4,973,413	34,457	5,007,870
265	-	-	42,796	75,902	237	76,139
-	-	-	-	29,771	-	29,771
61	-	-	12,766	27,692	108	27,800
-	-	-	-	1,272	592	1,864
-	-	-	-	59,136	-	59,136
-	-	-	-	5,566	-	5,566
-	-	-	15,172	15,172	-	15,172
-	-	363,200	-	363,200	-	363,200
<u>\$ 19,079,214</u>	<u>\$ 1,263,852</u>	<u>\$ 363,200</u>	<u>\$ 5,171,879</u>	<u>\$ 28,499,558</u>	<u>\$1,033,068</u>	<u>\$ 29,532,626</u>
\$ 1,785,025	\$ -	\$ -	\$ 186,624	\$ 2,547,137	\$ 17,051	\$ 2,564,188
31,222	-	-	4,122	115,064	-	115,064
-	-	-	-	-	837	837
-	-	-	21,777	23,856	11,498	35,354
1,807	-	-	25,367	126,317	6,438	132,755
-	-	112,947	112,905	227,942	283	228,225
-	-	6,156	74,006	80,180	-	80,180
-	-	163,296	569,927	733,223	588,098	1,321,321
-	-	5,853	5,945	78,359	-	78,359
-	-	-	-	59,266	-	59,266
-	-	-	-	9,141	-	9,141
75,734	-	-	130,400	206,299	-	206,299
-	-	-	-	88	-	88
-	-	2,211	-	2,211	-	2,211
-	-	72,737	-	72,737	-	72,737
-	-	-	4	4	-	4
<u>1,893,788</u>	<u>-</u>	<u>363,200</u>	<u>1,131,077</u>	<u>4,281,824</u>	<u>624,205</u>	<u>4,906,029</u>
-	-	-	-	77,029	31,870	108,899
-	-	-	-	119,232	363,409	482,641
-	-	-	154,475	178,772	-	178,772
312	-	-	42,662	63,843	240	64,083
1,913	-	-	-	150,491	-	150,491
-	-	-	22,956	22,956	-	22,956
16,228,324	-	-	-	16,228,324	-	16,228,324
63,191	-	-	791,816	1,681,640	10,026	1,691,666
891,686	-	-	58,150	1,460,852	3,318	1,464,170
-	-	-	2,970,743	2,970,743	-	2,970,743
-	1,263,852	-	-	1,263,852	-	1,263,852
<u>17,185,426</u>	<u>1,263,852</u>	<u>-</u>	<u>4,040,802</u>	<u>24,217,734</u>	<u>408,863</u>	<u>24,626,597</u>
<u>\$ 19,079,214</u>	<u>\$ 1,263,852</u>	<u>\$ 363,200</u>	<u>\$ 5,171,879</u>	<u>\$ 28,499,558</u>	<u>\$1,033,068</u>	<u>\$ 29,532,626</u>

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, 2001
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
REVENUES:			
Taxes	\$ 5,679,340	\$ -	\$ -
Receipts From Other Entities	2,761,188	10,840	2,317
Investment Income	117,436	10	1,204
Fees, Licenses & Permits	530,116	85	1
Refunds & Reimbursements	240,158	1,458	1,077
Sales, Rents & Services	17,845	-	-
Miscellaneous	104,277	282	-
Centralized Payroll	-	-	-
GROSS REVENUES	9,450,360	12,675	4,599
Less Revenue Refunds	619,316	1	-
NET REVENUES	8,831,044	12,674	4,599
EXPENDITURES:			
Current:			
General Government	930,667	1	-
Education	2,572,796	174	-
Health & Human Services	2,904,976	15,174	-
Transportation	988,743	-	-
Law, Justice & Public Safety	623,156	896	9,153
Economic/Manpower Development	188,226	-	-
Regulation Of Business	28,066	-	-
Agriculture & Natural Resources	148,277	-	7,834
Capital Outlay:			
General Government	-	-	14,979
Transportation	-	-	1,308
Law, Justice & Public Safety	-	-	1,925
Agriculture & Natural Resources	-	-	10,615
TOTAL EXPENDITURES	8,384,907	16,245	45,814
REVENUES OVER (UNDER) EXPENDITURES	446,137	(3,571)	(41,215)
OTHER FINANCING SOURCES (USES):			
Operating Transfers:			
Transfers In	102,252	1,038	45,330
Transfers Out	(53,935)	(1,236)	(6,597)
Transfers To Universities	(743,848)	-	-
Transfers From Component Units	800	-	-
Transfers To Primary Government	-	-	-
Capital Leases, Other Financing Arrangements, & Installment Purchases	6,827	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(687,904)	(198)	38,733
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(241,767)	(3,769)	(2,482)
FUND BALANCE JULY 1	1,752,868	13,765	12,778
Residual Equity Transfer Out	-	-	-
FUND BALANCE JUNE 30	\$ 1,511,101	\$ 9,996	\$ 10,296

The notes are an integral part of the financial statements.

STATE OF IOWA

FIDUCIARY FUND TYPE EXPENDABLE TRUST	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
\$ 211,780	\$ 5,891,120	\$ -	\$ 5,891,120
33,556	2,807,901	6,423	2,814,324
51,962	170,612	(175)	170,437
156	530,358	-	530,358
2,492	245,185	-	245,185
4,161	22,006	408	22,414
10,466	115,025	968	115,993
73	73	-	73
314,646	9,782,280	7,624	9,789,904
10	619,327	-	619,327
314,636	9,162,953	7,624	9,170,577
4,745	935,413	-	935,413
3,717	2,576,687	301	2,576,988
862	2,921,012	-	2,921,012
-	988,743	-	988,743
3,502	636,707	-	636,707
270,819	459,045	1,715	460,760
-	28,066	-	28,066
4	156,115	682	156,797
-	14,979	-	14,979
-	1,308	-	1,308
-	1,925	-	1,925
-	10,615	-	10,615
283,649	8,730,615	2,698	8,733,313
30,987	432,338	4,926	437,264
4,194	152,814	-	152,814
(11,811)	(73,579)	-	(73,579)
-	(743,848)	-	(743,848)
-	800	-	800
-	-	(800)	(800)
-	6,827	-	6,827
(7,617)	(656,986)	(800)	(657,786)
23,370	(224,648)	4,126	(220,522)
926,161	2,705,572	11,402	2,716,974
-	-	(2,733)	(2,733)
\$ 949,531	\$ 2,480,924	\$ 12,795	\$ 2,493,719

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, 2001
(Expressed in Thousands)

	GENERAL FUND			SPECIAL REVENUE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
APPROPRIATED REVENUE:						
SPECIAL TAXES:						
Personal Income Tax	\$ 2,430,892	\$ 2,419,699	\$ (11,193)	\$ -	\$ -	\$ -
Sales Tax	1,455,950	1,438,600	(17,350)	-	-	-
Corporation Income Tax	321,022	276,821	(44,201)	-	-	-
Use Tax	250,699	248,286	(2,413)	-	-	-
Inheritance Tax	103,193	108,515	5,322	-	-	-
Insurance Premium Tax	123,200	126,402	3,202	-	-	-
Cigarette Tax	90,500	89,563	(937)	-	-	-
Tobacco Tax	7,270	6,734	(536)	-	-	-
Beer & Liquor Tax	13,840	13,469	(371)	-	-	-
Franchise Tax	31,980	31,841	(139)	-	-	-
Miscellaneous Tax	1,300	1,292	(8)	-	-	-
TOTAL SPECIAL TAXES	4,829,846	4,761,222	(68,624)	-	-	-
REIMBURSEMENTS & FEES:						
Institutional Reimbursements	47,906	50,742	2,836	-	-	-
Liquor Transfers	46,000	46,500	500	-	-	-
Interest	18,442	13,974	(4,468)	-	-	-
Fees	66,900	67,084	184	-	-	-
Judicial Revenue	51,379	48,306	(3,073)	-	-	-
Miscellaneous Receipts	40,040	40,253	213	-	-	-
Racing & Gaming Receipts	60,000	60,000	-	-	-	-
TOTAL RECEIPTS	5,160,513	5,088,081	(72,432)	-	-	-
Transfers	108,200	110,891	2,691	561,573	566,934	5,361
Economic Emergency Fund Surplus	164,100	164,100	-	-	-	-
TOTAL APPROPRIATED REVENUE	5,432,813	5,363,072	(69,741)	561,573	566,934	5,361
RECEIPTS CREDITED TO APPROPRIATIONS:						
Use Tax	-	-	-	1,017	1,150	133
Other Taxes	-	-	-	8,600	8,504	(96)
Wagering Tax Receipts	-	-	-	7,651	7,660	9
Individual Income Tax Quarterly	-	-	-	8,000	8,000	-
Individual Income Tax - Prior Year	154	96	(58)	-	-	-
Sales Tax - Monthly	3	3	-	-	-	-
Sales Tax - DOT	-	-	-	5	6	1
Multi-Suspense	8,023	4,424	(3,599)	-	-	-
Federal Support	1,738,434	1,713,568	(24,866)	296,687	216,542	(80,145)
Local Governments	93,715	93,393	(322)	2,600	18,932	16,332
Other States	-	123	123	2,925	696	(2,229)
Internal Service Transfers	300,459	284,837	(15,622)	-	-	-
Internal Service Reimbursements	15,664	16,006	342	-	-	-
Reimbursements From Other Agencies	-	-	-	5,255	6,814	1,559
Interest	2	1	(1)	11,126	15,133	4,007
Bonds & Loans	-	-	-	10,005	-	(10,005)
Fees, Licenses, & Permits	5,274	5,276	2	20,650	20,603	(47)
Refunds & Reimbursements	94,606	207,347	112,741	127,996	163,105	35,109
Sale of Real Estate	-	-	-	1,710	1,882	172
Sale of Equipment & Salvage	9	-	(9)	45	1	(44)
Rents & Leases	2,381	2,431	50	21	35	14
Agricultural Sales	21	-	(21)	60	16	(44)
Other Sales & Services	1,969	2,126	157	1,144	1,037	(107)
Unearned Receipts	25	54	29	291	275	(16)
Income Tax Checkoffs	-	-	-	125	136	11
Other	52,463	50,869	(1,594)	2,396	4,798	2,402
TOTAL APPROPRIATED RECEIPTS	2,313,202	2,380,554	67,352	508,309	475,325	(32,984)
TOTAL ALL REVENUE	7,746,015	7,743,626	(2,389)	1,069,882	1,042,259	(27,623)
REFUNDS OF TAXES COLLECTED	(554,100)	(550,705)	3,395	-	-	-
TOTAL REVENUES AVAILABLE	7,191,915	7,192,921	1,006	1,069,882	1,042,259	(27,623)

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, 2001
(Expressed in Thousands)

(Continued)

	GENERAL FUND			SPECIAL REVENUE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
EXPENDITURES:						
Administration & Regulation	449,674	447,245	2,429	36,976	32,977	3,999
Agriculture & Natural Resources	122,958	114,373	8,585	22,657	12,000	10,657
Economic Development	56,373	47,193	9,180	19,165	20,768	(1,603)*
Education	2,998,845	3,000,585	(1,740)*	26,026	8,550	17,476
Health & Human Rights	211,306	196,054	15,252	100	100	-
Human Services	2,746,223	2,849,266	(103,043)*	21,848	834	21,014
Justice	560,863	547,353	13,510	-	-	-
Transportation	21,924	31,248	(9,324)*	564,748	547,132	17,616
Oversight	26,058	26,054	4	13,156	11,808	1,348
TOTAL EXPENDITURES	7,194,224	7,259,371	(65,147)	704,676	634,169	70,507
Transfers	-	-	-	469,468	433,349	36,119
TOTAL EXPENDITURES AND TRANSFERS	7,194,224	7,259,371	(65,147)	1,174,144	1,067,518	106,626
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS	(2,309)	(66,450)	(64,141)	(104,262)	(25,259)	79,003
OTHER FINANCING SOURCES (USES):						
Balances Credited To Appropriations	15,035	24,113	9,078	-	-	-
Unexpended Appropriations	(4,443)	(23,782)	(19,339)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	10,592	331	(10,261)	-	-	-
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND OTHER ITEMS	8,283	(66,119)	(74,402)	(104,262)	(25,259)	79,003
BEGINNING FUND BALANCE (BUDGETARY)	-	175,659	175,659	215,355	215,355	-
Statutory Transfer to Cash Reserve Fund	-	(175,659)	(175,659)	-	-	-
BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION	-	-	-	215,355	215,355	-
ENDING FUND BALANCE (BUDGETARY)	\$ 8,283	\$ (66,119)	\$ (74,402)	\$ 111,093	\$ 190,096	\$ 79,003
ECONOMIC EMERGENCY FUND RESOURCES UTILIZED TO PAY GENERAL FUND OBLIGATIONS IN EXCESS OF GENERAL FUND RESOURCES		66,119**				
ENDING FUND BALANCE AVAILABLE FOR APPROPRIATION		\$ -				

* Actual expenditures exceeded budgeted expenditures as a result of the receipt and legal expenditure of federal and other non-state funds which had been received for restricted purposes. In the General Fund this occurred in the Department of Human Services for Medical Assistance and due to standing unlimited appropriations and increased federal funds for Public Transit Assistance within the Department of Transportation and State Foundation School Aid within the Department of Education. In the Special Revenue funds this occurred in the Special Contingency Fund of Department of Workforce Development.

** The General Fund ended Fiscal Year 2001 with authorized expenditures exceeding actual revenues by \$66.1 million. The Code of Iowa, section 8.55 provides a mechanism to provide for payment of obligations when there are insufficient resources in the General Fund. Accordingly, funds in the Economic Emergency Fund were utilized to pay the obligations of the General Fund. Calculations of transfers between the General Fund and the Reserve Funds will be based on estimates of the Revenue Estimating Committee in the succeeding fiscal year.

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, 2001

(Expressed in Thousands)

	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
OPERATING REVENUES:		
Receipts From Other Entities	\$ 3	\$ 52,573
Investment Income	-	-
Fees, Licenses & Permits	9,927	171
Refunds & Reimbursements	96	199,018
Sales, Rents & Services	326,514	2,965
Miscellaneous	<u>2,894</u>	<u>3,874</u>
TOTAL OPERATING REVENUES	<u>339,434</u>	<u>258,601</u>
OPERATING EXPENSES:		
General & Administrative	32,955	-
Depreciation	12,576	16,099
Direct Expense	17,443	-
Prize Expense	96,712	-
Personal Services	6,375	6,819
Travel & Subsistence	392	13,739
Supplies & Materials	230	35,576
Contractual Services	21,556	9,374
Equipment & Repairs	336	8,896
Claims & Miscellaneous	83,240	176,986
Licenses, Permits, & Refunds	771	77
State Aids & Credits	<u>2,687</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>275,273</u>	<u>267,566</u>
OPERATING INCOME (LOSS)	<u>64,161</u>	<u>(8,965)</u>
NONOPERATING REVENUES (EXPENSES):		
Taxes	4,106	630
Intragovernmental Income	5,310	-
Investment Income	3,326	2,531
Interest Expense	(4,259)	(15)
Miscellaneous Nonoperating Expense	(33,332)	-
Gain On Sale Of Fixed Assets	21	368
Loss On Sale Of Fixed Assets	<u>(80)</u>	<u>(21)</u>
NET NONOPERATING REVENUES (EXPENSES)	<u>(24,908)</u>	<u>3,493</u>
INCOME BEFORE OPERATING TRANSFERS	<u>39,253</u>	<u>(5,472)</u>
OPERATING TRANSFERS:		
Transfers In	590	22,087
Transfers Out	<u>(83,301)</u>	<u>(18,612)</u>
TOTAL OPERATING TRANSFERS	<u>(82,711)</u>	<u>3,475</u>
NET INCOME (LOSS)	(43,458)	(1,997)
Add Back Depreciation On Assets Acquired With Contributed Capital	<u>7,144</u>	<u>-</u>
INCREASE (DECREASE) IN RETAINED EARNINGS	(36,314)	(1,997)
RETAINED EARNINGS/FUND BALANCES JULY 1	<u>16,519</u>	<u>141,024</u>
RETAINED EARNINGS/FUND BALANCES JUNE 30	<u><u>\$ (19,795)</u></u>	<u><u>\$ 139,027</u></u>

The notes are an integral part of the financial statements.

STATE OF IOWA

FIDUCIARY FUND TYPE	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
NONEXPENDABLE TRUST			
\$ -	\$ 52,576	\$ 25,722	\$ 78,298
(1)	(1)	31,967	31,966
-	10,098	12,610	22,708
-	199,114	8	199,122
-	329,479	5,106	334,585
<u>9</u>	<u>6,777</u>	<u>316</u>	<u>7,093</u>
<u>8</u>	<u>598,043</u>	<u>75,729</u>	<u>673,772</u>
-	32,955	29,026	61,981
-	28,675	1,664	30,339
-	17,443	-	17,443
-	96,712	-	96,712
-	13,194	-	13,194
-	14,131	-	14,131
-	35,806	-	35,806
-	30,930	-	30,930
-	9,232	-	9,232
-	260,226	-	260,226
-	848	-	848
<u>-</u>	<u>2,687</u>	<u>-</u>	<u>2,687</u>
<u>-</u>	<u>542,839</u>	<u>30,690</u>	<u>573,529</u>
<u>8</u>	<u>55,204</u>	<u>45,039</u>	<u>100,243</u>
-	4,736	-	4,736
-	5,310	-	5,310
-	5,857	28,635	34,492
-	(4,274)	(34,427)	(38,701)
-	(33,332)	-	(33,332)
-	389	-	389
<u>-</u>	<u>(101)</u>	<u>-</u>	<u>(101)</u>
<u>-</u>	<u>(21,415)</u>	<u>(5,792)</u>	<u>(27,207)</u>
<u>8</u>	<u>33,789</u>	<u>39,247</u>	<u>73,036</u>
1	22,678	-	22,678
<u>-</u>	<u>(101,913)</u>	<u>-</u>	<u>(101,913)</u>
<u>1</u>	<u>(79,235)</u>	<u>-</u>	<u>(79,235)</u>
9	(45,446)	39,247	(6,199)
<u>-</u>	<u>7,144</u>	<u>1,108</u>	<u>8,252</u>
9	(38,302)	40,355	2,053
<u>7,562</u>	<u>165,105</u>	<u>323,843</u>	<u>488,948</u>
<u>\$ 7,571</u>	<u>\$ 126,803</u>	<u>\$ 364,198</u>	<u>\$ 491,001</u>

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, 2001
(Expressed in Thousands)

	<u>PROPRIETARY FUND TYPES</u>	
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From Customers	\$ 338,280	\$ 56,396
Cash Received From Quasi-External Transactions	332	196,333
Other Operating Revenues	1,751	-
Cash Received From Miscellaneous	-	2,882
Cash Received On Loans Receivable	-	-
Interest Received	-	-
Cash Payments To Suppliers For Goods & Services	(157,204)	(230,850)
Cash Payments To Employees For Services	(11,849)	(6,937)
Cash Payments For Quasi-External Transactions	(56)	(8,882)
Cash Payments For Prizes	(107,221)	-
Purchase Of Loans Receivable	-	-
Cash Payments For Other Expenses	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>64,033</u>	<u>8,942</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers In From Other Funds	577	22,087
Operating Transfers Out To Other Funds	(82,159)	(18,147)
Remittance To Petroleum Marketers Mutual Insurance Company	(33,113)	-
Proceeds From Sale Of Revenue Bonds	-	-
Principal Paid On Revenue Bonds	-	-
Interest Paid	-	(15)
Tax Receipts	9,416	630
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(105,279)</u>	<u>4,555</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition & Construction Of Capital Assets	(4,736)	(21,220)
Interest Paid	(4,435)	-
COPs Payments	(9,256)	-
Contributed Capital	14,334	-
Proceeds From Sale Of Capital Assets	163	1,836
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,930)</u>	<u>(19,384)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest & Dividends On Investments	3,301	2,548
Proceeds From Sale & Maturities Of Investments	12,938	418
Purchase Of Investments	(2,758)	(294)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>13,481</u>	<u>2,672</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(31,695)	(3,215)
CASH & CASH EQUIVALENTS JULY 1	<u>80,005</u>	<u>37,142</u>
CASH & CASH EQUIVALENTS JUNE 30	48,310	33,927
INVESTMENTS	2,818	1,198
LESS: DEPOSITS WITH TRUSTEES	<u>22,662</u>	-
CASH & INVESTMENTS PER BALANCE SHEET	<u>\$ 28,466</u>	<u>\$ 35,125</u>

STATE OF IOWA

FIDUCIARY FUND TYPE	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
NONEXPENDABLE TRUST			
\$ -	\$ 394,676	\$ 12,551	\$ 407,227
-	196,665	-	196,665
-	1,751	31,408	33,159
9	2,891	-	2,891
-	-	47,170	47,170
-	-	31,344	31,344
-	(388,054)	(22,287)	(410,341)
-	(18,786)	(4,411)	(23,197)
-	(8,938)	-	(8,938)
-	(107,221)	-	(107,221)
-	-	(119,260)	(119,260)
-	-	(22)	(22)
<u>9</u>	<u>72,984</u>	<u>(23,507)</u>	<u>49,477</u>
-	22,664	-	22,664
-	(100,306)	-	(100,306)
-	(33,113)	-	(33,113)
-	-	56,029	56,029
-	-	(36,883)	(36,883)
-	(15)	(30,851)	(30,866)
-	10,046	-	10,046
<u>-</u>	<u>(100,724)</u>	<u>(11,705)</u>	<u>(112,429)</u>
-	(25,956)	(4,959)	(30,915)
-	(4,435)	-	(4,435)
-	(9,256)	-	(9,256)
-	14,334	2,991	17,325
-	1,999	-	1,999
<u>-</u>	<u>(23,314)</u>	<u>(1,968)</u>	<u>(25,282)</u>
(1)	5,848	21,222	27,070
-	13,356	22,540	35,896
-	(3,052)	(6,036)	(9,088)
<u>(1)</u>	<u>16,152</u>	<u>37,726</u>	<u>53,878</u>
8	(34,902)	546	(34,356)
<u>7,642</u>	<u>124,789</u>	<u>52,490</u>	<u>177,279</u>
7,650	89,887	53,036	142,923
-	4,016	636,042	640,058
<u>-</u>	<u>22,662</u>	<u>-</u>	<u>22,662</u>
<u>\$ 7,650</u>	<u>\$ 71,241</u>	<u>\$ 689,078</u>	<u>\$ 760,319</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, 2001
(Expressed in Thousands)

(continued)

	<u>PROPRIETARY FUND TYPES</u>	
	ENTERPRISE	INTERNAL SERVICE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 64,161	\$ (8,965)
Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities		
Depreciation	12,576	16,099
Compensated Absences	184	15
Interest (Income)	-	-
Loss (Gain) On Sale Of Fixed Assets	12	-
(Increase) Decrease In Accounts Receivable	543	(535)
(Increase) Decrease In Due From Other Funds	1,301	(2,697)
(Increase) Decrease In Inventory	(1,415)	1,155
(Increase) Decrease In Prepaid Expense	(83)	2,636
(Increase) Decrease In Interest Receivable	-	-
(Increase) Decrease In Loans Receivable	-	-
(Increase) Decrease In Other Assets	286	-
Increase (Decrease) In Accounts Payable & Accruals	(1,367)	2,193
Increase (Decrease) In Due To Other Funds	(888)	(1,199)
Increase (Decrease) In Deferred Revenue	(299)	240
Increase (Decrease) In Funds Held In Custody	(11)	-
Increase (Decrease) In Prizes Payable	(349)	-
Increase (Decrease) In Prize Annuity	(10,618)	-
Net Cash Provided By Operating Activities	<u><u>\$ 64,033</u></u>	<u><u>\$ 8,942</u></u>

Noncash investing, capital and financing activities:

Bond discount and issuance costs of \$629,534 were deducted from the proceeds of the Revenue Bonds issued by discrete component units.

Cash & Cash Equivalent Reconciliation to Combined Balance Sheet:

<i>Fiduciary Fund Types –</i>		
Cash & Investments per Combined Balance Sheet		\$ 18,273,788
Less Fund Types Not Requiring Cash Flow Statements:		
Expendable Trust	\$ 880,461	
Pension Trust	17,293,012	
Agency Fund	<u>92,665</u>	
Noncash Flow Statement Cash		<u>18,266,138</u>
Nonexpendable Trust Cash & Investments		7,650
Less: Investments not meet cash equivalent definition		<u>-</u>
Nonexpendable Trust Cash & Cash Equivalents		<u>\$ 7,650</u>
<i>Component Units –</i>		
Cash & Investments per Combined Balance Sheet		\$ 701,849
Less: Component Units Not Requiring Cash Flow Statements:		
General Fund	\$ 1,312	
Expendable Trust	<u>11,459</u>	
Noncash Flow Statement Cash		<u>12,771</u>
Cash Flow Component Unit Cash & Investments		689,078
Less: Investments not meeting cash equivalent definition		<u>636,042</u>
Component Unit Cash & Cash Equivalents		<u>\$ 53,036</u>

The notes are an integral part of the financial statements.

STATE OF IOWA

FIDUCIARY FUND TYPE NONEXPENDABLE TRUST	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
\$ 8	\$ 55,204	\$ 45,039	\$ 100,243
-	28,675	1,664	30,339
-	199	59	258
1	1	(63)	(62)
-	12	-	12
-	8	16	24
-	(1,396)	-	(1,396)
-	(260)	-	(260)
-	2,553	(1)	2,552
-	-	(97)	(97)
-	-	(72,553)	(72,553)
-	286	(387)	(101)
-	826	2,248	3,074
-	(2,087)	-	(2,087)
-	(59)	568	509
-	(11)	-	(11)
-	(349)	-	(349)
-	(10,618)	-	(10,618)
<u>\$ 9</u>	<u>\$ 72,984</u>	<u>\$ (23,507)</u>	<u>\$ 49,477</u>

STATE OF IOWA

Combining Statement of Changes in Plan Net Assets Pension Trust Funds

For the Year Ended June 30, 2001
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	TOTAL
ADDITIONS				
Contributions:				
Member Contributions	\$ 178,877	\$ 2,892	\$ 970	\$ 182,739
Employer Contributions	268,315	5,291	4,499	278,105
Buy-Back/Buy-In Contributions	<u>3,847</u>	<u>-</u>	<u>-</u>	<u>3,847</u>
Total Contributions	<u>451,039</u>	<u>8,183</u>	<u>5,469</u>	<u>464,691</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	(1,602,178)	(16,777)	(2,881)	(1,621,836)
Interest	471,888	7,655	2,202	481,745
Dividends	80,717	1,514	177	82,408
Other	<u>136,983</u>	<u>-</u>	<u>-</u>	<u>136,983</u>
Total Investment Income (Loss)	(912,590)	(7,608)	(502)	(920,700)
Less Investment Expense	<u>76,600</u>	<u>2,336</u>	<u>261</u>	<u>79,197</u>
Net Investment Income (Loss)	<u>(989,190)</u>	<u>(9,944)</u>	<u>(763)</u>	<u>(999,897)</u>
Miscellaneous Non-Investment Income	<u>65</u>	<u>-</u>	<u>-</u>	<u>65</u>
Total Additions	<u>(538,086)</u>	<u>(1,761)</u>	<u>4,706</u>	<u>(535,141)</u>
DEDUCTIONS:				
Pension and Annuity Benefits	624,259	10,328	3,972	638,559
Administrative Expense	7,265	75	7	7,347
Member and Employer Refunds	<u>42,074</u>	<u>3</u>	<u>-</u>	<u>42,077</u>
Total Deductions	<u>673,598</u>	<u>10,406</u>	<u>3,979</u>	<u>687,983</u>
Net Increase (Decrease)	(1,211,684)	(12,167)	727	(1,223,124)
Fund Balance - Reserved for Employees' Pension Benefits July 1	<u>17,140,231</u>	<u>239,569</u>	<u>71,648</u>	<u>17,451,448</u>
Fund Balance - Reserved for Employees' Pension Benefits June 30	<u>\$ 15,928,547</u>	<u>\$ 227,402</u>	<u>\$ 72,375</u>	<u>\$ 16,228,324</u>

The notes are an integral part of the financial statements.

This page intentionally left blank

STATE OF IOWA

Combined Statement of Changes in Fund Balances University Funds

For the Year Ended June 30, 2001
(Expressed in Thousands)

	CURRENT FUNDS		LOAN FUNDS
	UNRESTRICTED	RESTRICTED	
REVENUES & ADDITIONS:			
Educational & General Revenues	\$ 573,551	\$ -	\$ -
Auxiliary Enterprises Revenues	249,699	-	-
Sales & Services Of Health Care Units	479,152	-	-
Federal Grants & Contracts	-	297,468	523
Other Gifts, Grants & Contracts	-	132,890	445
Federal Appropriations	-	16,496	-
Investment & Endowment Income	-	10,210	394
Interest Income	-	-	1,951
Gain on Sale of Assets	-	-	-
Expended For Plant Facilities	-	-	-
Retirement Of Indebtedness	-	-	-
ISU Press Revenue	-	-	-
Independent Operations	-	24,974	-
Fees & Other Additions	-	11,168	177
TOTAL REVENUES & ADDITIONS	<u>1,302,402</u>	<u>493,206</u>	<u>3,490</u>
EXPENDITURES & OTHER DEDUCTIONS:			
Educational & General Expenditures	1,014,085	449,791	-
Indirect Costs Recovered	-	64,608	159
Auxiliary Enterprises Expenditures	238,727	-	-
Health Care Units Expenditures	467,880	-	-
Independent Operations	-	25,317	-
Loan Cancellation & Write-Off	-	-	83
Administrative & Collection Cost	-	-	662
Expended For Plant Facilities	-	-	-
Retirement Of Indebtedness	-	-	-
Interest On Indebtedness	-	-	-
Adjustment To Plant Facilities	-	-	-
Bond Issuance Cost Amortization	-	-	-
ISU Press Expenditures	-	-	-
Other	-	-	-
TOTAL EXPENDITURES & OTHER DEDUCTIONS	<u>1,720,692</u>	<u>539,716</u>	<u>904</u>
TRANSFERS ADDITIONS (DEDUCTIONS):			
Mandatory Transfers, Net	(152,610)	(692)	170
Transfers In – State General Fund	641,221	68,739	-
Debt Proceeds For Plant Additions	-	-	-
Nonmandatory Transfers, Net	(44,768)	(14,973)	(441)
TOTAL TRANSFERS	<u>443,843</u>	<u>53,074</u>	<u>(271)</u>
NET INCREASE (DECREASE) IN FUND BALANCE	25,553	6,564	2,315
FUND BALANCE JULY 1	<u>219,626</u>	<u>81,518</u>	<u>80,289</u>
FUND BALANCE JUNE 30	<u>\$ 245,179</u>	<u>\$ 88,082</u>	<u>\$ 82,604</u>

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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 573,551
-	-	-	-	-	-	249,699
-	-	-	-	-	-	479,152
-	280	-	-	-	-	298,271
107	17,920	1,467	-	1,136	-	153,965
-	-	-	-	-	-	16,496
(4,507)	1,377	4,489	2,591	-	6	14,560
-	-	-	-	-	-	1,951
-	-	-	-	1,992	1,622	3,614
-	-	-	-	223,026	-	223,026
-	-	-	-	38,482	-	38,482
-	-	-	-	-	598	598
-	-	-	-	-	-	24,974
-	35,981	112	645	-	-	48,083
<u>(4,400)</u>	<u>55,558</u>	<u>6,068</u>	<u>3,236</u>	<u>264,636</u>	<u>2,226</u>	<u>2,126,422</u>
-	-	-	-	-	-	1,463,876
-	-	-	-	-	-	64,767
-	-	-	-	-	-	238,727
-	-	-	-	-	-	467,880
-	-	-	-	-	-	25,317
-	-	-	-	-	-	83
-	-	-	-	-	-	662
-	182,790	16,471	49	-	-	199,310
-	-	-	38,482	-	-	38,482
-	-	-	29,748	-	-	29,748
-	-	-	-	60,804	-	60,804
-	-	-	-	35	-	35
-	-	-	-	-	826	826
1,645	-	-	158	25	-	1,828
<u>1,645</u>	<u>182,790</u>	<u>16,471</u>	<u>68,437</u>	<u>60,864</u>	<u>826</u>	<u>2,592,345</u>
-	9,052	78,696	65,384	-	-	-
-	33,888	-	-	-	-	743,848
-	27,052	-	-	(27,052)	-	-
44,269	82,719	(63,221)	2,324	(3,270)	(2,639)	-
<u>44,269</u>	<u>152,711</u>	<u>15,475</u>	<u>67,708</u>	<u>(30,322)</u>	<u>(2,639)</u>	<u>743,848</u>
38,224	25,479	5,072	2,507	173,450	(1,239)	277,925
<u>285,941</u>	<u>175,129</u>	<u>56,210</u>	<u>65,632</u>	<u>2,797,293</u>	<u>1,239</u>	<u>3,762,877</u>
<u>\$ 324,165</u>	<u>\$ 200,608</u>	<u>\$ 61,282</u>	<u>\$ 68,139</u>	<u>\$ 2,970,743</u>	<u>\$ -</u>	<u>\$ 4,040,802</u>

STATE OF IOWA

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

For the Year Ended June 30, 2001
(Expressed in Thousands)

	CURRENT FUNDS		
	UNRESTRICTED	RESTRICTED	TOTAL
REVENUES:			
Educational & General:			
Tuition & Fees	\$ 307,301	\$ -	\$ 307,301
Federal Appropriations	526	14,240	14,766
Federal Grants & Contracts	56,854	243,216	300,070
Other Grants & Contracts	21,531	108,309	129,840
Investment & Endowment Income	44,497	8,009	52,506
Sales & Services Of Educational Departments	61,753	-	61,753
Other	<u>81,089</u>	<u>10,936</u>	<u>92,025</u>
Total Educational & General Revenues	573,551	384,710	958,261
Auxiliary Enterprises Revenues	249,699	-	249,699
Independent Operations	-	25,317	25,317
Sales & Services Of Health Care Units	<u>479,152</u>	<u>-</u>	<u>479,152</u>
TOTAL REVENUES	<u>1,302,402</u>	<u>410,027</u>	<u>1,712,429</u>
EXPENDITURES & MANDATORY TRANSFERS:			
Educational & General:			
Instruction	452,151	13,284	465,435
Research	40,333	280,687	321,020
Public Service	75,167	79,187	154,354
Academic Support	151,909	6,672	158,581
Student Services	48,918	2,025	50,943
Institutional Support	96,314	12,446	108,760
Operation & Maintenance Of Plant	97,315	8	97,323
Student Aid	<u>51,978</u>	<u>55,482</u>	<u>107,460</u>
Total Educational & General Expenditures	1,014,085	449,791	1,463,876
Auxiliary Enterprises Expenditures	238,727	-	238,727
Health Care Units Expenditures	467,880	-	467,880
Independent Operations	-	25,317	25,317
Mandatory Transfers, Net Out (In)	<u>152,610</u>	<u>692</u>	<u>153,302</u>
TOTAL EXPENDITURES & MANDATORY TRANSFERS	<u>1,873,302</u>	<u>475,800</u>	<u>2,349,102</u>
OTHER TRANSFERS & ADDITIONS (DEDUCTIONS):			
Excess Of Restricted Receipts Over Transfers			
To Revenue	-	18,571	18,571
Transfers In - State General Fund	641,221	68,739	709,960
Nonmandatory Transfers, Net	<u>(44,768)</u>	<u>(14,973)</u>	<u>(59,741)</u>
TOTAL OTHER TRANSFERS & ADDITIONS	<u>596,453</u>	<u>72,337</u>	<u>668,790</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>\$ 25,553</u>	<u>\$ 6,564</u>	<u>\$ 32,117</u>

The notes are an integral part of the financial statements.

This page intentionally left blank

STATE OF IOWA
Combining Balance Sheet
Component Units
June 30, 2001
(Expressed in Thousands)

	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY
ASSETS AND OTHER DEBITS		
Cash & Investments (Note 2)	\$ 13,386	\$ 17,228
Accounts Receivable (Net) (Note 4)	69	-
Interest Receivable	9	155
Notes Receivable	-	-
Loans Receivable (Net)	-	28,200
Due From Component Units (Note 5)	837	-
Fixed Assets (Net) (Note 6)	33,731	5
Inventory	205	-
Prepaid Expenditures/Expenses	-	101
Other Assets	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 48,237</u>	<u>\$ 45,689</u>
LIABILITIES		
Accounts Payable & Accruals	\$ 1,125	\$ 29
Due To Component Units (Note 5)	837	-
Interest Payable	-	266
Deferred Revenue	-	400
Compensated Absences (Note 1)	275	-
Bonds Payable (Note 12)	-	43,135
TOTAL LIABILITIES	<u>2,237</u>	<u>43,830</u>
FUND EQUITY AND OTHER CREDITS		
Contributed Capital:		
Intergovernmental	31,870	-
Retained Earnings	5,113	1,859
Fund Balances:		
Reserve For:		
Inventory & Prepaid Expenditures	205	-
Specific Purposes	8,329	-
Unreserved Fund Equity	483	-
TOTAL FUND EQUITY AND OTHER CREDITS	<u>46,000</u>	<u>1,859</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 48,237</u>	<u>\$ 45,689</u>

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
\$ 660,356	\$ 3,964	\$ 100	1,336	\$ 1,565	\$ 56
-	-	-	-	-	-
6,902	54	-	35	32	1
-	-	-	-	-	-
257,029	1,667	-	-	-	-
-	-	-	-	-	-
649	24	-	7	12	7
-	-	-	-	-	-
-	4	-	-	-	-
<u>592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 925,528</u>	<u>\$ 5,713</u>	<u>\$ 100</u>	<u>\$ 1,378</u>	<u>\$ 1,609</u>	<u>\$ 64</u>
\$ 14,967	\$ 43	\$ -	\$ 556	\$ 47	\$ 1
-	-	-	-	-	-
11,232	-	-	-	-	-
6,023	15	-	-	-	-
-	-	-	2	4	2
<u>544,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>577,185</u>	<u>58</u>	<u>-</u>	<u>558</u>	<u>51</u>	<u>3</u>
-	-	-	-	-	-
348,343	5,655	-	820	1,558	61
-	-	-	-	-	-
-	-	100	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>348,343</u>	<u>5,655</u>	<u>100</u>	<u>820</u>	<u>1,558</u>	<u>61</u>
<u>\$ 925,528</u>	<u>\$ 5,713</u>	<u>\$ 100</u>	<u>\$ 1,378</u>	<u>\$ 1,609</u>	<u>\$ 64</u>

(continued on next page)

STATE OF IOWA
Combining Balance Sheet
Component Units

June 30, 2001
(Expressed in Thousands)

(Continued)

	IOWA SEED CAPITAL LIQUIDATION CORPORATION	IOWA CENTENNIAL MEMORIAL FOUNDATION
ASSETS AND OTHER DEBITS		
Cash & Investments (Note 2)	\$ 1,212	\$ 777
Accounts Receivable (Net) (Note 4)	24	-
Interest Receivable	-	12
Notes Receivable	169	-
Loans Receivable (Net)	-	-
Due From Component Units (Note 5)	-	-
Fixed Assets (Net) (Note 6)	-	-
Inventory	-	-
Prepaid Expenditures/Expenses	-	-
Other Assets	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 1,405</u>	<u>\$ 789</u>
LIABILITIES		
Accounts Payable & Accruals	\$ -	\$ -
Due To Component Units (Note 5)	-	-
Interest Payable	-	-
Deferred Revenue	-	-
Compensated Absences (Note 1)	-	-
Bonds Payable (Note 12)	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND EQUITY AND OTHER CREDITS		
Contributed Capital:		
Intergovernmental	-	-
Retained Earnings	-	-
Fund Balances:		
Reserve For:		
Inventory & Prepaid Expenditures	-	-
Specific Purposes	-	733
Unreserved Fund Equity	1,405	56
TOTAL FUND EQUITY AND OTHER CREDITS	<u>1,405</u>	<u>789</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 1,405</u>	<u>\$ 789</u>

The notes are an integral part of the financial statements.

STATE OF IOWA

ECONOMIC DEVELOPMENT FOUNDATION	IOWA HISTORICAL FOUNDATION	TOTAL
\$ 1,440	\$ 429	\$ 701,849
27	602	722
1	-	7,201
-	-	169
-	-	286,896
-	-	837
-	22	34,457
-	32	237
1	2	108
<u>-</u>	<u>-</u>	<u>592</u>
<u>\$ 1,469</u>	<u>\$ 1,087</u>	<u>\$1,033,068</u>
\$ 249	\$ 34	\$ 17,051
-	-	837
-	-	11,498
-	-	6,438
-	-	283
<u>-</u>	<u>-</u>	<u>588,098</u>
<u>249</u>	<u>34</u>	<u>624,205</u>
-	-	31,870
-	-	363,409
1	34	240
864	-	10,026
<u>355</u>	<u>1,019</u>	<u>3,318</u>
<u>1,220</u>	<u>1,053</u>	<u>408,863</u>
<u>\$ 1,469</u>	<u>\$ 1,087</u>	<u>\$1,033,068</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, 2001
(Expressed in Thousands)

	GENERAL	
	WALLACE TECHNOLOGY TRANSFER FOUNDATION	IOWA SEED CAPITAL LIQUIDATION CORPORATION
REVENUES:		
Receipts From Other Entities	\$ -	-
Investment Income	-	(263)
Sales, Rents & Services	-	-
Miscellaneous	-	-
TOTAL REVENUES	-	(263)
EXPENDITURES:		
Current:		
Education	-	-
Economic/Manpower Development	-	952
Agriculture & Natural Resources	-	-
TOTAL EXPENDITURES	-	952
REVENUES OVER (UNDER) EXPENDITURES	-	(1,215)
OTHER FINANCING SOURCES (USES):		
Transfers To Primary Government	-	(800)
TOTAL OTHER FINANCING SOURCES (USES)	-	(800)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	(2,015)
FUND BALANCE JULY 1	100	3,420
Residual Equity Transfer Out	-	-
FUND BALANCE JUNE 30	\$ 100	\$ 1,405

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
\$ 6,005	\$ -	\$ 418	\$ 6,423
36	47	5	(175)
364	-	44	408
<u>-</u>	<u>968</u>	<u>-</u>	<u>968</u>
<u>6,405</u>	<u>1,015</u>	<u>467</u>	<u>7,624</u>
-	-	301	301
-	763	-	1,715
<u>682</u>	<u>-</u>	<u>-</u>	<u>682</u>
<u>682</u>	<u>763</u>	<u>301</u>	<u>2,698</u>
<u>5,723</u>	<u>252</u>	<u>166</u>	<u>4,926</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(800)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(800)</u>
<u>5,723</u>	<u>252</u>	<u>166</u>	<u>4,126</u>
6,027	968	887	11,402
<u>(2,733)</u>	<u>-</u>	<u>-</u>	<u>(2,733)</u>
<u>\$ 9,017</u>	<u>\$ 1,220</u>	<u>\$ 1,053</u>	<u>\$ 12,795</u>

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, 2001
(Expressed in Thousands)

	ENTERPRISE			
	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA FINANCE AUTHORITY	IOWA AGRICULTURAL DEVELOPMENT AUTHORITY
OPERATING REVENUES:				
Receipts From Other Entities	\$ -	\$ -	\$ 24,708	\$ 13
Investment Income	-	1,510	30,265	128
Fees, Licenses & Permits	5,135	-	6,381	307
Refunds & Reimbursements	-	-	-	-
Sales, Rents & Services	5,106	-	-	-
Miscellaneous	<u>176</u>	<u>138</u>	<u>-</u>	<u>2</u>
TOTAL OPERATING REVENUES	<u>10,417</u>	<u>1,648</u>	<u>61,354</u>	<u>450</u>
OPERATING EXPENSES:				
General & Administrative	10,195	104	16,360	411
Depreciation	<u>1,428</u>	<u>2</u>	<u>221</u>	<u>7</u>
TOTAL OPERATING EXPENSES	<u>11,623</u>	<u>106</u>	<u>16,581</u>	<u>418</u>
OPERATING INCOME (LOSS)	<u>(1,206)</u>	<u>1,542</u>	<u>44,773</u>	<u>32</u>
NONOPERATING REVENUES (EXPENSES):				
Investment Income	199	711	27,331	212
Interest Expense	<u>-</u>	<u>(2,176)</u>	<u>(32,251)</u>	<u>-</u>
NET NONOPERATING REVENUES (EXPENSES)	<u>199</u>	<u>(1,465)</u>	<u>(4,920)</u>	<u>212</u>
NET INCOME (LOSS)	<u>(1,007)</u>	<u>77</u>	<u>39,853</u>	<u>244</u>
Add Back Depreciation On Assets Acquired With Contributed Capital	<u>1,108</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN RETAINED EARNINGS	<u>101</u>	<u>77</u>	<u>39,853</u>	<u>244</u>
RETAINED EARNINGS/FUND BALANCE JULY 1	<u>5,012</u>	<u>1,782</u>	<u>308,490</u>	<u>5,411</u>
RETAINED EARNINGS/FUND BALANCE JUNE 30	<u>\$ 5,113</u>	<u>\$ 1,859</u>	<u>\$ 348,343</u>	<u>\$ 5,655</u>

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	TOTAL
			IOWA CENTENNIAL MEMORIAL FOUNDATION	
\$ 1,001	\$ -	\$ -	\$ -	\$ 25,722
-	-	-	64	31,967
-	687	100	-	12,610
-	8	-	-	8
-	-	-	-	5,106
-	-	-	-	316
<u>1,001</u>	<u>695</u>	<u>100</u>	<u>64</u>	<u>75,729</u>
1,074	760	99	23	29,026
<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>1,664</u>
<u>1,076</u>	<u>762</u>	<u>101</u>	<u>23</u>	<u>30,690</u>
<u>(75)</u>	<u>(67)</u>	<u>(1)</u>	<u>41</u>	<u>45,039</u>
74	107	1	-	28,635
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,427)</u>
<u>74</u>	<u>107</u>	<u>1</u>	<u>-</u>	<u>(5,792)</u>
(1)	40	-	41	39,247
-	-	-	-	1,108
(1)	40	-	41	40,355
<u>821</u>	<u>1,518</u>	<u>61</u>	<u>748</u>	<u>323,843</u>
<u>\$ 820</u>	<u>\$ 1,558</u>	<u>\$ 61</u>	<u>\$ 789</u>	<u>\$ 364,198</u>

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, 2001
(Expressed in Thousands)

	ENTERPRISE		
	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA FINANCE AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received From Customers	\$ 10,433	\$ -	\$ -
Other Operating Revenues	-	138	31,270
Cash Received On Loans Receivable	-	6,407	40,546
Interest Received	-	1,534	29,678
Cash Payments To Suppliers For Goods & Services	(5,600)	(111)	(14,721)
Cash Payments To Employees For Services	(3,977)	-	-
Purchases Of Loans Receivable	-	(398)	(118,666)
Cash Payments For Other Expenses	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>856</u>	<u>7,570</u>	<u>(31,893)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Proceeds From Sale Of Revenue Bonds	-	-	56,029
Principal Paid On Revenue Bonds	-	(2,100)	(34,783)
Interest Paid	-	(2,239)	(28,612)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>(4,339)</u>	<u>(7,366)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition & Construction Of Capital Assets	(4,639)	-	(310)
Contributed Capital	2,991	-	-
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,648)</u>	<u>-</u>	<u>(310)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest & Dividends On Investments	199	711	19,359
Proceeds From Sale & Maturities Of Investments	-	(3,821)	25,200
Purchase Of Investments	-	-	(4,652)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>199</u>	<u>(3,110)</u>	<u>39,907</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	(593)	121	338
CASH & CASH EQUIVALENTS JULY 1	<u>4,389</u>	<u>262</u>	<u>43,224</u>
CASH & CASH EQUIVALENTS JUNE 30	3,796	383	43,562
INVESTMENTS	<u>-</u>	<u>16,845</u>	<u>616,794</u>
CASH AND INVESTMENTS PER BALANCE SHEET	<u>\$ 3,796</u>	<u>\$ 17,228</u>	<u>\$ 660,356</u>

STATE OF IOWA

IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	LAWYER TRUST ACCOUNT COMMISSION	CLIENT SECURITY & ATTORNEY DISCIPLINARY COMMISSION	COMMISSION ON CONTINUING LEGAL EDUCATION	NON- EXPENDABLE TRUST	TOTAL
				IOWA CENTENNIAL MEMORIAL FOUNDATION	
\$ 322	\$ 1,000	\$ 696	\$ 100	\$ -	\$ 12,551
-	-	-	-	-	31,408
217	-	-	-	-	47,170
132	-	-	-	-	31,344
(205)	(994)	(623)	(33)	-	(22,287)
(193)	(37)	(138)	(66)	-	(4,411)
(196)	-	-	-	-	(119,260)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22)</u>	<u>(22)</u>
<u>77</u>	<u>(31)</u>	<u>(65)</u>	<u>1</u>	<u>(22)</u>	<u>(23,507)</u>
-	-	-	-	-	56,029
-	-	-	-	-	(36,883)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,851)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,705)</u>
(2)	(2)	(3)	(3)	-	(4,959)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,991</u>
<u>(2)</u>	<u>(2)</u>	<u>(3)</u>	<u>(3)</u>	<u>-</u>	<u>(1,968)</u>
212	593	90	1	57	21,222
58	750	300	-	53	22,540
<u>(149)</u>	<u>(900)</u>	<u>(298)</u>	<u>-</u>	<u>(37)</u>	<u>(6,036)</u>
<u>121</u>	<u>443</u>	<u>92</u>	<u>1</u>	<u>73</u>	<u>37,726</u>
196	410	24	(1)	51	546
<u>3,258</u>	<u>926</u>	<u>372</u>	<u>57</u>	<u>2</u>	<u>52,490</u>
3,454	1,336	396	56	53	53,036
<u>510</u>	<u>-</u>	<u>1,169</u>	<u>-</u>	<u>724</u>	<u>636,042</u>
<u>\$ 3,964</u>	<u>\$ 1,336</u>	<u>\$ 1,565</u>	<u>\$ 56</u>	<u>\$ 777</u>	<u>\$ 689,078</u>

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, 2001
(Expressed in Thousands)

(continued)

	ENTERPRISE		
	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA FINANCE AUTHORITY
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (1,206)	\$ 1,542	\$ 44,773
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities			
Depreciation	1,428	2	221
Compensated Absences	58	-	-
Interest (Income)	-	-	-
(Increase) Decrease In Accounts Receivable	16	-	-
(Increase) Decrease In Prepaid Expense	-	(2)	-
(Increase) Decrease In Interest Receivable	-	53	(154)
(Increase) Decrease In Loans Receivable	-	5,980	(78,553)
(Increase) Decrease In Other Assets	-	-	(387)
Increase (Decrease) In Accounts Payable & Accruals	560	(5)	1,639
Increase (Decrease) In Deferred Revenue	-	-	568
Net Cash Provided By Operating Activities	<u>\$ 856</u>	<u>\$ 7,570</u>	<u>\$ (31,893)</u>

The notes are an integral part of the financial statements.

Noncash investing, capital and financing activities:

Bond discount and issuance costs of \$629,534 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
\$ 32	\$ (75)	\$ (67)	\$ (1)	\$ 41	\$ 45,039
7	2	2	2	-	1,664
-	-	-	1	-	59
-	-	-	-	(63)	(63)
-	-	-	-	-	16
1	-	-	-	-	(1)
4	-	-	-	-	(97)
20	-	-	-	-	(72,553)
-	-	-	-	-	(387)
13	42	-	(1)	-	2,248
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>568</u>
<u>\$ 77</u>	<u>\$ (31)</u>	<u>\$ (65)</u>	<u>\$ 1</u>	<u>\$ (22)</u>	<u>\$ (23,507)</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. The individual component unit financial statements can be obtained by contacting: Iowa Department of Revenue and Finance, Financial Management, 3rd Floor, Hoover State Office Bldg., Des Moines, IA 50319.

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 Iowa 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 its 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 businesses. The nine members of the

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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 Governmental) – 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 (Governmental) – 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 (Governmental) – 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 Liquidation Corporation (Governmental) – formerly the Iowa Seed Capital Corporation which provided financial assistance to small businesses launching new ventures based on innovation. The 1998 Regular Session Acts of the General Assembly terminated the terms of the board members of Iowa Seed Capital Corporation at May 31, 1998. The officers and staff of the Corporation were terminated at June 30, 1998, and the Corporation offices closed. 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. 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.

Loan, Endowment and Agency Funds- to 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.

On August 31, 2000, the Iowa State University Press (ISU Press), (a component unit) merged with Blackwell Sciences Ltd. Blackwell received all assets, including intangible assets, and assumed all liabilities of the Press. Iowa State University received approximately \$2.1 million of consideration which was used to create the Iowa State University Publications Endowment. The operations of the ISU Press through August 31, 2000, and the disposition of proceeds to the University's Endowment Fund are reflected in the Component Unit column of the University's Statement of Changes in Fund Balance.

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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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 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, Local Housing Assistance, Reversion Incentive Program, Pooled Technology Account, Technology Program, Tobacco Settlement Fund, Senior Living Trust, Land Recycling Fund, Forestry Management Enhancement Fund, Environment First, Gambling Treatment 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, School Infrastructure Fund, Real Estate Education, Special Contingency Fund, Administrative Contribution Surcharge, Unclaimed Winnings, Water Quality Protection, and Primary Road Fund). The budgetary Special Revenue funds do not meet the requirements to be displayed as Special Revenue funds in the GAAP financial statements; therefore, these budgeted funds represent a perspective difference in the reconciliation, Note 19. 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 (General Fund and some Special Revenue Funds) is prepared by the Governor on an

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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 within an appropriation, subject to the Governor's review. The Governor and the Department of Management approve all appropriation transfers. The General Assembly and the Governor act on supplemental appropriation bills in a manner similar to original appropriations. General fund supplemental appropriations totaled \$2,142,236 for fiscal year 2001. 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 as provided by statute. Income associated with one fund that has been assigned to another fund totaled \$58,462,410 for fiscal year 2001.

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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

cash equivalent investments such as commercial paper, bankers acceptances, certificates of deposit, guaranteed investment contracts, and discount notes issued by government agencies are valued using purchase price. (For Pension plans, see Note 18).

Certain State institutions participate in the Iowa Public Agency Investment Trust (IPAIT), a state and local government pooled investment account, created by Iowa Code Chapter 28E. IPAIT is managed by Investors Management Group and is registered with the Securities and Exchange Commission. IPAIT follows established money market mutual fund parameters designed to maintain a \$1 per unit net asset value.

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 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 received as collateral cannot be sold or pledged unless the borrower defaults. Securities lent at year-end for cash collateral are presented as unclassified in the schedule of custodial credit risk.

At year-end IPERS and PORS had \$122,616 in credit risk exposure to borrowers because the amounts they owed the Systems exceeded the amounts the Systems 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, 2001, the Systems had securities on loan, including accrued interest income, with a total value of \$687,561,753 against collateral with a total value of \$709,309,611.

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, 2001, balances of interfund amounts receivable or payable have been recorded. (See NOTE 5.)

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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. 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 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.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTE 2 - CASH, INVESTMENTS AND SECURITIES LENDING

CASH

Primary Government

The carrying amount of cash at June 30 is \$1,373,519,952 and the bank balance is \$1,239,908,158. The bank balance at June 30 is covered by federal depository insurance or by collateral held by the State's agent in the State's name.

Component Units

The carrying amount of cash at June 30 is \$38,408,783 and the bank balance is \$38,408,783. The bank balance at June 30 is insured or collateralized as follows: \$38,164,405 is covered by federal depository insurance or by collateral held by the State's agent in the State's name and \$244,378 is uninsured or uncollateralized.

INVESTMENTS

Investments at June 30, 2001, 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.)

Primary Government

All Fund Types except Pension Trust & University Funds

	Category 1	Fair Value
U.S. Government Securities	\$ 636,264	\$ 636,264
Equity Securities	61	61
Fixed Income Securities	169,379	169,379
Repurchase Agreements	<u>6,694</u>	<u>6,694</u>
	<u>\$ 812,398</u>	812,398
Unclaimed Property		7,864
Money Markets & Mutual Funds		327,009
Investment Agreements		62,199
Investment Pools		7,223
Real Estate		<u>7</u>
Total Investments		<u>\$1,216,700</u>

Pension Trust Funds

	Category 1	Fair Value
U.S. Government Securities	\$ 1,200,144	\$ 1,200,144
Domestic Equity Securities	2,313,914	2,313,914
Domestic Fixed Income Securities	1,425,152	1,425,152
International Securities	1,022,222	1,022,222
Foreign Currency	<u>2,843</u>	<u>2,843</u>
	<u>\$ 5,964,275</u>	5,964,275
Securities on Loan		685,964
Mutual and Commingled Funds		7,730,066
Short Term Investment Funds		185,691
Real Estate Partnerships		812,554
Investment in Private Equity		1,108,327
Securities Lending		
Short-Term Collateral		
Investment Pool		<u>681,158</u>
Total Investments		<u>\$ 17,168,035</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

University Funds

	1	Category 2	3	Fair Value
U.S. Government Securities	\$ 16,680	\$ 615,508	\$ 407	\$ 632,595
Common & Preferred Stock	1	186,718	1,126	187,845
Corporate Notes	1,246	18,209	-	19,455
Corporate Bonds	250	59,685	-	59,935
Other	<u>2,569</u>	<u>87</u>	<u>-</u>	<u>2,656</u>
	<u>\$ 20,746</u>	<u>\$ 880,207</u>	<u>\$1,533</u>	\$ 902,486
Money Market & Mutual Funds				78,257
Real Estate				<u>537</u>
Total Investments				<u>\$ 981,280</u>

Cash & Investment Reconciliation

Investments Per Preceding Schedules:

Other Than Pension Trust & University Funds	\$ 1,216,700
Pension Trust	17,168,035
Universities	<u>981,280</u>
Total	\$ 19,366,015
Cash	1,373,520
Outstanding Warrants	(115,580)
Other Reconciling Items	<u>(5,371)</u>
Cash & Investments	<u>\$ 20,618,584</u>

Component Units

Investments at June 30, 2001, 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.)

	1	Category 2	3	Fair Value
U.S. Government Securities	\$ 46,897	\$ 240,894	\$ 87	\$ 287,878
Common & Preferred Stock	989	100	-	1,089
Repurchase Agreements	<u>3,518</u>	<u>49,134</u>	<u>-</u>	<u>52,652</u>
	<u>\$ 51,404</u>	<u>\$ 290,128</u>	<u>\$ 87</u>	341,619
Money Markets & Mutual Funds				24,780
Investment Agreements				<u>297,041</u>
Total Investments				<u>\$ 663,440</u>

Cash & Investment Reconciliation

Investments Per Above Schedule	\$ 663,440
Cash	<u>38,409</u>
Cash & Investments	<u>\$ 701,849</u>

DEPOSITS WITH TRUSTEES

Primary Government

The carrying amount of cash at June 30 is \$44,536,527 and the bank balance is \$44,179,048. The bank balance at June 30 is covered by Federal depository insurance or by collateral held by the State's agent in the State's name.

The investments at June 30, 2001, for Deposit With Trustees are as follows (expressed in thousands):

	1	Category 2	Fair Value
U. S. Government Securities	\$ -	\$ 4,203	\$ 4,203
Repurchase Agreements	<u>1,157</u>	<u>-</u>	<u>1,157</u>
	<u>\$ 1,157</u>	<u>\$ 4,203</u>	5,360
Mutual Funds			4,170
Guaranteed Investment Contracts			3,101
Investment Agreements			<u>487</u>
Total Investments			<u>\$ 13,118</u>

Cash & Investment Reconciliation

Investments Per Above Schedule	\$ 13,118
Cash	<u>44,537</u>
Deposits With Trustees	<u>\$ 57,655</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - TRANSFERS

Transfers for the year ended June 30, 2001, are presented below (expressed in thousands):

	TRANSFERS IN								
	General	Special Revenue	Capital Projects	Enter-prise	Internal Service	Expendable Trust	Nonexpendable Trust	University	Total
TRANSFERS OUT									
Primary Government:									
General	\$ -	\$ 676	\$ 45,301	\$ 590	\$ 6,354	\$ 1,014	\$ -	\$ 743,848	797,783
Special Revenue	857	350	29	-	-	-	-	-	1,236
Capital Projects	6,597	-	-	-	-	-	-	-	6,597
Enterprise	83,301	-	-	-	-	-	-	-	83,301
Internal Service	2,879	-	-	-	15,733	-	-	-	18,612
Expendable Trust	<u>8,618</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,180</u>	<u>1</u>	<u>-</u>	<u>11,811</u>
Subtotal	102,252	1,038	45,330	590	22,087	4,194	1	743,848	919,340
Component Units	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>
Total	<u>\$ 103,052</u>	<u>\$ 1,038</u>	<u>\$ 45,330</u>	<u>\$ 590</u>	<u>\$ 22,087</u>	<u>\$ 4,194</u>	<u>\$ 1</u>	<u>\$ 743,848</u>	<u>920,140</u>

NOTE 4 - RECEIVABLES

Receivables at June 30, 2001, consisted of the following (expressed in thousands):

	Accounts Receivable	Taxes Receivable	Interest Receivable	Notes Receivable	Loans Receivable	Benefit Over- payment	Subtotal	Less: Allowances for Uncollectibles	Total
Primary Government:									
General	\$ 510,069	\$ 401,697	\$ -	\$ -	\$ 159,997	\$ -	\$ 1,071,763	\$ 32,893	\$ 1,038,870
Special Revenue	1,451	-	-	-	-	-	1,451	-	1,451
Capital Projects	163	-	9	-	-	-	172	-	172
Enterprise	7,420	312	83	-	-	-	7,815	411	7,404
Internal Service	3,479	9	4	-	-	-	3,492	-	3,492
Expendable Trust	2,153	69,891	6	40	-	26,017	98,107	11,598	86,509
Pension Trust	564,927	-	43,858	-	-	-	608,785	-	608,785
Agency	69,485	-	-	-	-	-	69,485	-	69,485
University	<u>347,619</u>	<u>-</u>	<u>9,392</u>	<u>74,182</u>	<u>-</u>	<u>-</u>	<u>431,193</u>	<u>90,734</u>	<u>340,459</u>
Subtotal	1,506,766	471,909	53,352	74,222	159,997	26,017	2,292,263	135,636	2,156,627
Component Units	<u>722</u>	<u>-</u>	<u>7,201</u>	<u>169</u>	<u>287,553</u>	<u>-</u>	<u>295,645</u>	<u>657</u>	<u>294,988</u>
Total	<u>\$ 1,507,488</u>	<u>\$ 471,909</u>	<u>\$ 60,553</u>	<u>\$ 74,391</u>	<u>\$ 447,550</u>	<u>\$ 26,017</u>	<u>\$ 2,587,908</u>	<u>\$ 136,293</u>	<u>\$ 2,451,615</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, 2001, along with receivables and payables which may be long-term in nature.

Interfund due from/to other funds, at June 30, 2001, are summarized as follows (expressed in thousands):

DUE FROM OTHER FUNDS											
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Expendable Trust	Agency	University Funds	Subtotal	Component Units	Total
DUE TO OTHER FUNDS											
Primary Government:											
General	\$ -	\$ 617	\$ 2,563	\$ 1,878	\$ 32,379	\$ 289	\$ 32,724	\$ -	\$ 70,450	\$ -	\$ 70,450
Special Revenue	117	-	-	-	-	-	-	-	117	-	117
Capital Projects	922	-	-	-	4	-	-	-	926	-	926
Enterprise	4,143	-	-	52	42	-	-	-	4,237	-	4,237
Internal Service	539	-	-	5	123	-	-	-	667	-	667
Expendable Trust	2,710	1	-	1	5	5	-	-	2,722	-	2,722
Nonexpendable Trust	-	-	-	-	-	79	-	-	79	-	79
Agency	20,460	83	144	1	7,232	342	159	-	28,421	-	28,421
University Funds	-	-	-	-	-	-	-	4,122	4,122	-	4,122
Subtotal	28,891	701	2,707	1,937	39,785	715	32,883	4,122	111,741	-	111,741
Component Units	-	-	-	-	-	-	-	-	-	837	837
Total	<u>\$ 28,891</u>	<u>\$ 701</u>	<u>\$ 2,707</u>	<u>\$ 1,937</u>	<u>\$ 39,785</u>	<u>\$ 715</u>	<u>\$ 32,883</u>	<u>\$ 4,122</u>	<u>\$ 111,741</u>	<u>\$ 837</u>	<u>\$ 112,578</u>

Interfund receivables/payables at June 30, 2001, are detailed below (expressed in thousands):

	Due From	Due To		Due From	Due To
General Fund	\$ 28,891	\$ 70,450	Nonexpendable Trust Funds:		
Special Revenue Funds:			Iowa Braille & Sight Saving School	-	79
Clarinda Correctional Facility			Total Nonexpendable Trust Funds	-	79
Telephone Rebate	-	38	Agency Funds:		
HAWK-I Trust	428	79	Centralized Payroll Trustee	21	6,970
Iowa Public Television Foundation	1	-	Other Agency Funds	32,862	21,451
Other Special Revenue Funds	272	-	Total Agency Funds	32,883	28,421
Total Special Revenue Funds	701	117	University Funds:		
Capital Project Funds:			Unrestricted	962	56
General Services Capital	1,421	113	Restricted	2	10
Resources Enhancement & Protection	486	690	Endowments & Similar Funds	3,144	912
Recreational Trails Development	-	67	Retirement of Indebtedness	14	-
Other Capital Project Funds	800	56	Agency	-	3,144
Total Capital Project Funds	2,707	926	Total University Funds	4,122	4,122
Enterprise Funds:			Subtotal	111,741	111,741
Iowa Communications Network	1,935	132	Component Units:		
Iowa Lottery	-	4,059	Iowa State Fair Authority	837	837
Liquor Control Act	1	12	Total Component Units	837	837
Other Enterprise Funds	1	34	Total Due From/Due To	112,578	112,578
Total Enterprise Funds	1,937	4,237			
Internal Service Funds:			Advances To		Advances From
Materials & Equipment Revolving	2,207	2			
Health Insurance Premium Reserve	5,637	-	General Fund	-	3,117
Health Insurance Premium Operating	970	466	Internal Service Funds		
Depreciation Revolving	320	35	Innovations Fund	1,436	-
Other Internal Service Funds	30,651	164	General Services – General Office	-	206
Total Internal Service Funds	39,785	667	Expendable Trust Funds		
Expendable Trust Funds:			Unemployment Benefits	1,887	-
Unemployment Benefits	127	213	Total Advances From/Advances To	3,323	3,323
Unclaimed Property	3	2,013	Grand Total	<u>\$ 115,901</u>	<u>\$ 115,901</u>
Friends of Iowa Public Television	-	5			
Other Expendable Trust Funds	585	491			
Total Expendable Trust Funds	715	2,722			

STATE OF IOWA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - FIXED ASSETS

Changes in general fixed assets for the year ended June 30, 2001, are summarized as follows (expressed in thousands):

	Balance July 1	Addi- tions	Deletions/ Net Transfers	Balance June 30
Land	\$ 161,267	\$ 10,882	\$ 1,419	\$ 170,730
Buildings	648,586	42,746	3,424	687,908
Improvements Other Than Buildings	24,334	6,296	-	30,630
Equipment	231,084	27,249	29,931	228,402
Vehicles	44,615	10,241	8,838	46,018
Construction in Progress	<u>79,683</u>	<u>33,887</u>	<u>13,406</u>	<u>100,164</u>
Total	<u>\$ 1,189,569</u>	<u>\$ 131,301</u>	<u>\$ 57,018</u>	<u>\$ 1,263,852</u>

General fixed assets purchased with resources provided by outstanding capital lease agreements at June 30, 2001, consisted of buildings costing \$1,947,614, and equipment costing \$7,884,215.

A summary of Proprietary fund type, Expendable Trust, Pension Trust, University and Component Unit fixed assets as of June 30, 2001, follows (expressed in thousands):

	Enter- prise	Internal Service	Expendable Trust	Pension Trust	University	Subtotal	Component Units	Total
Land	\$ 747	\$ -	\$ -	\$ 500	\$ 21,110	\$ 22,357	\$ 2,827	\$ 25,184
Buildings	8,150	676	-	3,562	1,951,033	1,963,421	33,482	1,996,903
Improvements Other- Than Buildings	-	-	-	-	427,062	427,062	3,323	430,385
Equipment	168,819	215,122	477	2,670	1,027,019	1,414,107	3,056	1,417,163
Vehicles	1,740	3,049	-	-	-	4,789	566	5,355
Construction In Progress	<u>654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,293</u>	<u>108,947</u>	<u>3,349</u>	<u>112,296</u>
Total	180,110	218,847	477	6,732	3,534,517	3,940,683	46,603	3,987,286
Less Accumulated Depreciation	<u>105,542</u>	<u>123,207</u>	<u>-</u>	<u>2,373</u>	<u>-</u>	<u>231,122</u>	<u>12,146</u>	<u>243,268</u>
Total	<u>\$ 74,568</u>	<u>\$ 95,640</u>	<u>\$ 477</u>	<u>\$ 4,359</u>	<u>\$ 3,534,517</u>	<u>\$ 3,709,561</u>	<u>\$ 34,457</u>	<u>\$ 3,744,018</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - INVESTMENT IN PRIZE ANNUITIES AND ANNUITY PRIZES PAYABLE

Assets totaling \$59,295,078, which includes \$159,095 of prepaid expense, are held by the Iowa Lottery 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 \$28,595 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
2002	\$ 9,901	\$ -	\$ 9,901
2003	-	9,903	9,903
2004	-	9,901	9,901
2005	-	9,901	9,901
2006	-	9,356	9,356
2007-2018	<u>-</u>	<u>33,165</u>	<u>33,165</u>
Total Future Value	9,901	72,226	82,127
Less: Unamortized Discount	<u>(385)</u>	<u>(22,476)</u>	<u>(22,861)</u>
Present Value of Payments	<u>\$ 9,516</u>	<u>\$49,750</u>	<u>\$59,266</u>

NOTE 8 - GENERAL LONG-TERM DEBT ACCOUNT GROUP

Changes in general long-term obligations for the year ended June 30, 2001, are summarized as follows (expressed in thousands):

	Balance July 1	Additions	Deletions	Balance June 30
Compensated Absences	\$ 102,568	\$ 106,991	\$ 96,612	\$ 112,947
Capital Leases	3,384	4,807	2,035	6,156
Revenue Bonds Payable	172,420	-	9,124	163,296
Other Financing Arrangements Payable	7,039	182	1,368	5,853
Installment Purchases	<u>623</u>	<u>1,838</u>	<u>250</u>	<u>2,211</u>
Subtotal	<u>286,034</u>	<u>113,818</u>	<u>109,389</u>	<u>290,463</u>
Other Liabilities:				
Risk Management Liability	11,500	4,548	4,548	11,500
Medicaid IBNR	13,046	17,676	13,046	17,676
Public Defense Claims	1,615	97	104	1,608
Tobacco Legal Fee Liability	36,808	-	2,585	34,223
Pension Liability	215	-	215	-
College Aid Federal Liability	12,061	-	6,031	6,030
General Claims	<u>1,116</u>	<u>1,700</u>	<u>1,116</u>	<u>1,700</u>
Subtotal Other Liabilities	<u>76,361</u>	<u>24,021</u>	<u>27,645</u>	<u>72,737</u>
Total	<u>\$ 362,395</u>	<u>\$ 137,839</u>	<u>\$ 137,034</u>	<u>\$ 363,200</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 2.50% to 12.59%. The leases expire before June 30, 2020, 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
2002	\$ 1,948	\$ 429	\$ 2,377
2003	1,371	227	1,598
2004	957	160	1,117
2005	799	101	900
2006	442	58	500
Thereafter	<u>639</u>	<u>46</u>	<u>685</u>
Total	<u>\$ 6,156</u>	<u>\$1,021</u>	<u>\$ 7,177</u>

Enterprise Funds

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

Year ending June 30,	Principal	Interest	Total
2002	6	1	7
2003	6	1	7
2004	<u>6</u>	<u>-</u>	<u>6</u>
Total	<u>\$ 18</u>	<u>\$ 2</u>	<u>\$ 20</u>

University Funds

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

Year ending June 30,	Principal	Interest	Total
2002	5,047	3,872	8,919
2003	5,123	3,655	8,778
2004	4,821	3,403	8,224
2005	7,563	3,168	10,731
2006	2,562	2,793	5,355
Thereafter	<u>48,890</u>	<u>20,740</u>	<u>69,630</u>
Total	<u>\$ 74,006</u>	<u>\$ 37,631</u>	<u>\$111,637</u>

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 7.20%.

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
2002	\$ 237	\$ 127	\$ 364
2003	303	152	455
2004	298	92	390
2005	159	78	237
2006	111	71	182
Thereafter	<u>1,103</u>	<u>269</u>	<u>1,372</u>
Total	<u>\$2,211</u>	<u>\$ 789</u>	<u>\$3,000</u>

NOTE 11 - OTHER FINANCING ARRANGEMENTS PAYABLE

Loans and Contracts Payable

The Iowa Department of Natural Resources has entered into agreements for facilities and land for a total of \$5,118,899. The agreements range from 4 to 25 years with interest rates ranging from 3.92% to 9.35%. 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
2002	\$ 153	\$ 119	\$ 272
2003	213	110	323
2004	177	97	274
2005	184	86	270
2006	195	73	268
Thereafter	<u>1,211</u>	<u>254</u>	<u>1,465</u>
Total	<u>\$ 2,133</u>	<u>\$ 739</u>	<u>\$ 2,872</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Enterprise Funds

The Iowa Communications Network has entered into agreements for equipment for the 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 year of the future minimum payments required (expressed in thousands):

Year ending June 30,	Principal	Interest	Total
2002	<u>\$ 113</u>	<u>\$ 2</u>	<u>\$ 115</u>
Total	<u>\$ 113</u>	<u>\$ 2</u>	<u>\$ 115</u>

University Funds

The University of Iowa and Iowa State University have entered into agreements for equipment and various facility projects for a total of \$8,418,000. The agreements range from 12 to 13 years with interest rates ranging from 4.83% to 5.95%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year ending June 30,	Principal	Interest	Total
2002	\$ 958	\$ 312	\$ 1,270
2003	1,011	260	1,271
2004	958	205	1,163
2005	692	154	846
2006	516	122	638
Thereafter	<u>1,810</u>	<u>254</u>	<u>2,064</u>
Total	<u>\$ 5,945</u>	<u>\$ 1,307</u>	<u>\$ 7,252</u>

Certificates of Participation

General Long-Term Debt

The Department of Corrections and the First, Third, Fifth and Sixth Judicial Districts have sold certificates of participation for land and facilities for a total of \$11,690,000. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. The certificates mature over periods from 6 to 20 years with interest rates ranging from 3.80% to 7.25%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year ending June 30,	Principal	Interest	Total
2002	\$ 540	\$ 229	\$ 769
2003	575	199	774
2004	625	136	761
2005	455	103	558
2006	480	77	557
Thereafter	<u>1,045</u>	<u>147</u>	<u>1,192</u>
Total	<u>\$ 3,720</u>	<u>\$ 891</u>	<u>\$ 4,611</u>

Enterprise Funds

The Iowa 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 7 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):

Year ending June 30,	Principal	Interest	Total
2002	\$ 9,560	\$ 3,876	\$ 13,436
2003	10,125	3,286	13,411
2004	10,745	2,642	13,387
2005	11,415	1,632	13,047
2006	12,135	868	13,003
Thereafter	<u>12,900</u>	<u>1,664</u>	<u>14,564</u>
Total	66,880	<u>\$ 13,968</u>	<u>\$ 80,848</u>

Unamortized
Discount 432

Certificates of
Participation
Payable \$ 66,448

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 - BONDS PAYABLE

Revenue bonds payable at June 30, 2001, are as follows (expressed in thousands):

	ISSUE DATES	ORIGINAL ISSUANCE	INTEREST RATE	MATURITY DATE RANGE	OUTSTANDING PRINCIPAL
PRIMARY GOVERNMENT:					
General Long-Term Debt Account Group					
Revenue Bonds					
<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	\$99,130	Variable	1991-2012	\$ 60,045
Department of Corrections	1994-1996	64,530	Variable	2014-2016	<u>47,180</u>
Total					<u>\$ 107,225</u>
<i>Capital Appreciation Bonds</i>					
Underground Storage Tank	1991	\$10,175	Variable	2001-2004	\$ 10,175
Unamortized Issuance Costs and Discounts					<u>(769)</u>
Total					<u>\$ 9,406</u>
Total General Long-Term Debt Account Group					<u>\$ 163,296</u>
University Funds					
Revenue Bonds					
University of Northern Iowa	1964-2000	\$ 111,191	3.00-8.25%	1966-2023	\$ 85,143
University of Iowa	1964-2001	446,615	3.00-9.00	1967-2022	253,679
Iowa State University	1964-2001	333,600	3.00-6.85	1967-2029	<u>231,105</u>
Total University Funds					<u>\$ 569,927</u>
COMPONENT UNITS:					
Proprietary Funds					
Revenue Bonds					
Iowa Finance Authority	1977-2001	\$ 1,177,852	Variable	1999-2032	\$ 553,276
Iowa Higher Education Loan Authority	1984-1996	71,485	Variable	1999-2016	<u>43,175</u>
Total					596,451
Unamortized Issuance Costs and Discounts					<u>(8,353) *</u>
Total Component Units					<u>\$ 588,098</u>
*Includes unamortized issuance costs and discounts of \$8,312,636 for the Iowa Finance Authority and \$40,415 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.

In prior years, the Iowa Finance Authority defeased certain Iowa Underground Storage Tank Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1990 and 1991 Series terms 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. As of June 30, 2001, bonds totaling \$39,685,000 were considered defeased.

Iowa 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 Iowa 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 State, currently required by state law to be the first \$9,500,000 of monies remitted to the Treasurer of 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.

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 May 2001, Iowa State University issued \$23,155,000 in Academic Building Revenue Refunding Bond Series 2001A and 2001B with an average interest rate of 4.25% - 5.25% to advance refund \$23,130,000 of Academic Building Revenue Bonds, Series 1990 and 1991 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 resulted in the recognition of an accounting loss of \$25,000 for the year ended June 30, 2001, a decrease in future aggregate debt service of \$2,496,060, and an economic gain (difference between present values of the old and new debt service payments) of \$1,962,682.

In prior years, 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, 2001, bonds totaling \$2,295,000 for the University of Iowa were considered defeased.

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.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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
2002	10,260	7,819	18,079
2003	10,600	7,485	18,085
2004	10,890	7,128	18,018
2005	11,325	6,692	18,017
2006	11,795	6,176	17,971
Thereafter	<u>109,195</u>	<u>26,965</u>	<u>136,160</u>
Total	<u>\$ 164,065</u>	<u>\$ 62,265</u>	<u>\$ 226,330</u>

University Funds

Year ending June 30,	Principal	Interest	Total
2002	37,613	29,000	66,613
2003	39,677	27,181	66,858
2004	37,996	26,577	64,573
2005	35,908	25,774	61,682
2006	32,496	24,539	57,035
Thereafter	<u>386,237</u>	<u>162,228</u>	<u>548,465</u>
Total	<u>\$ 569,927</u>	<u>\$ 295,299</u>	<u>\$ 865,226</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
2002	38,427	30,681	69,108
2003	18,025	29,525	47,550
2004	19,560	28,696	48,256
2005	19,880	27,765	47,645
2006	20,345	26,777	47,122
Thereafter	<u>480,214</u>	<u>307,305</u>	<u>787,519</u>
Total	<u>\$ 596,451</u>	<u>\$ 450,749</u>	<u>\$ 1,047,200</u>

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, 2001, are as follows (expressed in thousands):

Enterprise Funds

Year ending June 30,	Lease	Sublease	Net
2002	\$ 48	\$ 33	\$ 15
2003	48	21	27
2004	48	21	27
2005	43	20	23
2006	29	20	9
Thereafter	<u>19</u>	<u>13</u>	<u>6</u>
Total	\$ 235	\$ 128	\$ 107

Less Amount Representing Interest	<u>42</u>	<u>23</u>	<u>19</u>
Present Value of Lease Obligation	<u>\$ 193</u>	<u>\$ 105</u>	<u>\$ 88</u>

NOTE 14 - DEFICIT RETAINED EARNINGS

Funds reporting a deficit fund position at June 30, 2001 (expressed in thousands):

Fund Type/Fund Name	Deficit Balances
Enterprise:	
Iowa Communications Network	\$ 40,469
Internal Service:	
Depreciation Revolving	311

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 - FUND BALANCE - RESERVE FOR SPECIFIC PURPOSES

The Reserve for Specific Purposes Fund Balance in the General Fund and Expendable Trust Funds represents the portion of fund balance legally segregated for a specific future use. A summary of these reserves at June 30, 2001, (expressed in thousands):

General Fund:	
Primary Road	\$ 191,185
Iowa Infrastructure	103,856
Road Use Tax	79,057
Senior Living Trust	63,436
Unassigned Revenue	51,086
Underground Storage Tank Remedial	49,264
Revitalize Iowa's Sound Economy	36,200
UST Innocent Landowners	35,781
Motor Vehicle Fuel Tax Unapportioned	34,271
Default Collections	29,081
Farm to Market Road Funds	28,928
General Operations	27,462
Vision Iowa	15,438
Tobacco Settlement Fund	13,409
Strategic Investment Fund	11,584
Underground Storage Tank Capital Reserves	9,637
Guaranteed Student Loan Administration	9,421
School Infrastructure and Reserve	5,000
Waste Tire Management	4,461
Air Contaminant Source	4,310
Local Housing Assistance Program	3,497
Workforce Development Fund	3,184
ICSAC-Default Reduction Act	2,383
Underground Storage Tank Revenue	1,616
EXXON Oil Overage Settlement	1,360
DOT SIB Fund	1,070
Underground Storage Tank Loan Guarantee	1,028
Iowa School for the Deaf	987
Shelter Assistance Fund	936
Petroleum Overcharge #5	747
Friends Funded Programming	728
Motor Vehicle Fuel Tax-DOT	693
Fish and Game	674
Manure Storage Indemnity	666
Motor Vehicle Fuel Tax	532
Grade Crossing Surface Repair	458
Blufflands Protection Revenue Fund	325
Litigation Defense	313
5th Judicial District	259
Asset Sharing	243
Iowa Improvement Fund	220
6th Judicial District	216
Commerce Insurance Regulatory	192
Waste Volume Reduction and Recycling	190
7th Judicial District	162
Motor Vehicle Fuel Tax Unapportioned-DOT	142
Indian Gaming Monitoring	118
Terminal Liability Health Insurance	112
Other	<u>715</u>
Total	<u>\$ 826,633</u>

Expendable Trust Funds:

Educational Savings	\$ 60,822
Public Broadcasting	442
Educational Purposes	<u>1,927</u>
	<u>\$ 63,191</u>

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, 2001 (expressed in thousands):

Primary Government:

Year ending June 30,	
2002	17,833
2003	15,156
2004	11,633
2005	7,705
2006	4,730
Thereafter	<u>7,434</u>
Total	<u>\$ 64,491</u>

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, 2001, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$22,847,624.

Component Units:

Year ending June 30,	
2002	180
2003	128
2004	128
2005	128
2006	<u>117</u>
Total	<u>\$ 681</u>

Rental expense for the year ended June 30, 2001, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$259,028.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17 - LESSOR OPERATING LEASES

The Iowa Department of Natural Resources leases tracts of land valued at \$9,537,372 for agricultural purposes. Glenwood Resource Center leases 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 Iowa Department of Transportation leases land valued at \$1,113,319 for agricultural purposes. Iowa Public Employees Retirement System leases building space valued at \$1,090,412 (net of accumulated depreciation of \$45,724.) Iowa State University leases building space valued at \$172,159, and tracts of land that have been leased for agriculture purposes, no value has been assigned to the leased portion. The University of Northern Iowa leases buildings valued at \$207,698 and tracts of land valued at \$547,194 that have been leased for agricultural purposes. The following is a schedule by year of minimum future rentals on operating leases as of June 30, 2001 (expressed in thousands):

Year ending June 30,	
2002	1,227
2003	916
2004	538
2005	336
2006	266
Thereafter	<u>1,300</u>
Total	<u>\$ 4,583</u>

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, 2001

Employer members:	
City	1,298
County	472
School	397
State	25
Other	<u>230</u>
Total	<u>2,422</u>

IPERS' vesting requirements are four years of service or age 55, whichever occurs first. Normal retirement age is 65, 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, 7401 Register Drive, P. O. Box 9117, Des Moines, IA 50306-9117 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. Wages are covered up to the federal limit of \$170,000.

	Contribution Rates as of June 30, 2001		
	Employee	Employer	Total
Regular	3.70%	5.75%	9.45%
Sheriffs/Deputy Sheriffs (County)/ Airport Firefighters	5.59%	8.39%	13.98%
Protection Occupations*	5.90%	8.86%	14.76%

* 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 indicates the statutory rate results

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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, 2001, was \$447,191,823. The amount of the actuarially determined contribution requirement was approximately \$429,992,021. This contribution amount represents the funding necessary to fund the normal cost of the plan.

For the fiscal year ended June 30, 2001, the actuarially determined contribution requirement for employers was \$261,635,357 or 5.75% of covered payroll. The actuarially determined contribution requirement for employees for the same time period was \$168,356,664 or 3.70% of covered payroll. The actual amount of contributions made by employers and employees during the fiscal year ended June 30, 2001, was \$268,315,094 and \$178,876,729 respectively.

The State of Iowa's contributions to IPERS for the years ended June 30, 2001, 2000, and 1999, were \$56,844,792, \$54,743,107, and \$49,504,605 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, \$440,954,575 at June 30, 2001. If all actuarial assumptions are met, the Unfunded Actuarial Accrued Liability is expected to be amortized in 21 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 value. The determination of fair 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. Fair 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.

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 Iowa 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 are 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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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 \$2,891,537, representing 9.35% of the current year covered payroll. The State contribution required by statute was \$5,291,371 and the amount actually contributed was \$5,291,371. 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	\$4,231,914
Interest on net pension obligation	(1,298,858)
Adjustment to annual required contribution	<u>1,266,529</u>
Annual pension cost	4,199,585
Contributions made	<u>(5,291,371)</u>
Increase (decrease) in net pension obligation	(1,091,786)
(Assets in excess of) net pension obligation beginning of year	<u>(16,235,725)</u>
(Assets in excess of) net pension obligation end of year	<u><u>\$ (17,327,511)</u></u>

For calculation of the net pension obligation, the actuary has set the transition date as July 1, 1995. The end of year 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 2001.

The annual required contribution for the current year was determined as part of the July 1, 1999, 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 10% for the first year, 5% for each of the next 4 years and 5.5% thereafter, (c) an inflation rate of 4.00%, and (d) post retirement benefit increases vary from 2.67 to 3.20%. 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, 2001, was 18 years.

Three-year trend information:

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	(Assets in Excess) of Net Pension Obligation
1999	679,523	715.33%	(13,167,892)
2000	922,655	432.50%	(16,235,725)
2001	4,199,585	126.00%	(17,327,511)

Judicial Retirement System

Plan Description

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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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 Chapter 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-six 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 are not based upon actuarial determinations.

The member contribution required and contributed was \$969,690, representing 5.00% of the current year covered payroll. The State contribution required by statute and the amount contributed was \$4,499,350. 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.

Investments in governmental bonds and treasury notes constitute approximately 7.00% 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	\$ 3,209,370
Interest on net pension obligation	(86,019)
Adjustment to annual required contribution	<u>85,535</u>
Annual pension cost	3,208,886
Contributions made	<u>(4,499,350)</u>
Increase (decrease) in net pension obligation	(1,290,464)
Net pension obligation beginning of year	<u>215,222</u>
(Assets in excess of) net pension obligation end of year	<u>\$ (1,075,242)</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 2001.

The annual required contribution for the current year was determined as part of the June 30, 2000, 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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

accrued liability is being amortized using a level dollar amortization method on an open basis. The remaining amortization period at June 30, 2001, was 30 years.

Three-year trend information:

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	(Assets in Excess) of Net Pension Obligation
1999	2,854,860	138.15%	1,723,911
2000	2,694,008	156.00%	215,222
2001	3,208,886	140.22%	(1,075,242)

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 Iowa 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 2001, the employers' contributions amounted to \$98,113,405 Employees' contributions amounted to \$47,914,185.

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

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 - Legal	\$ -	\$ 190,096
Basis of Accounting Differences:		
Balance Sheet Accounts:		
Accounts Receivable	50,686	-
Loans Receivable	8,261	-
Due from Other Funds	2,333	-
Food Stamp Inventory	29,771	-
Prepaid Expenditures	6,569	-
Accounts Payable	95	-
Due To Other Funds	(42,547)	-
Deferred Revenue	(81,336)	-
Reserved Encumbrances	23,782	-
Timing Differences:		
Petty Cash & Inventory		
Expensed In Budgetary Accounting	26,644	-
Perspective Differences	-	(190,096)
Entity Differences	<u>1,486,843</u>	<u>9,996</u>
Total Fund Balance - GAAP Basis	1,511,101	9,996
Less: Reserved Fund Balance - GAAP Basis	<u>1,020,199</u>	<u>178</u>
Fund Balance Unreserved - GAAP Basis	<u>\$ 490,902</u>	<u>\$ 9,818</u>

NOTE 20 - CHANGES IN CONTRIBUTED CAPITAL ACCOUNTS

During the year ended June 30, 2001, contributed capital increased by the following amounts (expressed in thousands):

	Enterprise Fund Iowa Communications Network	Component Units Iowa State Fair Foundation
Balance July 1	\$ 69,840	\$ 30,245
Additions:		
Government - Capital Contributions	14,333	2,733
Deletions:		
Depreciation On Assets Acquired With Contributed Capital	<u>7,144</u>	<u>1,108</u>
Balance June 30	<u>\$ 77,029</u>	<u>\$ 31,870</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21 – ENTERPRISE FUND – SEGMENT INFORMATION

Primary Government

Significant financial data for the year ended June 30, 2001, follows (expressed in thousands):

	Iowa Communications Network	Iowa Lottery	Liquor Control Act	Iowa State Prison Industries	Other	Total
Operating Revenues	\$ 33,751	\$ 168,377	\$ 121,292	\$ 12,946	\$ 3,068	\$ 339,434
Depreciation Expense	11,257	247	192	630	250	12,576
Operating Income (Loss)	(15,198)	34,824	42,630	(177)	2,082	64,161
Operating Transfers In	-	-	577	-	13	590
Operating Transfers Out	-	(35,933)	(47,182)	-	(186)	(83,301)
Tax Revenues	-	-	4,106	-	-	4,106
Net Income (Loss)	(13,316)	(222)	131	98	(30,149)	(43,458)
Fixed Assets Additions	2,702	351	47	1,212	5	4,317
Fixed Assets Deletions	-	425	41	885	70	1,421
Net Working Capital	109,262	2,138	1,989	14,598	2,472	130,459
Total Assets	112,377	76,589	10,613	15,214	2,639	217,432
Other Long-Term Liabilities	67,007	55,871	88	408	40	123,414
Total Equity	36,560	2,151	1,901	14,190	2,432	57,234

Component Units

Significant financial data for the year ended June 30, 2001, 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	\$ 10,417	\$ 1,648	\$ 61,354	\$ 450	\$ 1,001	\$ 695	\$ 100	\$ 75,665
Receipts From Other Entities	-	-	24,708	13	1,001	-	-	25,722
Depreciation Expense	1,428	2	221	7	2	2	2	1,664
Operating Income (Loss)	(1,206)	1,542	44,773	32	(75)	(67)	(1)	44,998
Net Income (Loss)	(1,007)	77	39,853	244	(1)	40	-	39,206
Fixed Asset Additions	7,931	-	310	2	2	5	3	8,253
Fixed Asset Deletions	3,332	-	2	-	21	12	6	3,373
Net Working Capital	2,673	16,788	635,628	3,961	815	1,550	56	661,471
Total Assets	38,373	45,689	925,528	5,713	1,378	1,609	64	1,018,354
Bonds Payable	-	43,135	544,963	-	-	-	-	588,098
Other Long-Term Liabilities	268	-	-	-	2	4	3	277
Total Equity	36,983	1,859	348,343	5,655	820	1,558	61	395,279

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22 – DEFERRED COMPENSATION PLAN

The State and Judicial Districts sponsor deferred compensation plans which are administered by independent contractors under Internal Revenue Code section 457. The plans permit employees to defer a portion of their salary until future years. The Department of Personnel is 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. These 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. The State is 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 market value of the State's and Judicial Districts' exclusive benefit plan assets at December 31 2000, was approximately \$240 million and \$8 million respectively. These amounts are not included in the financial statements since the State does not own or hold in a trustee capacity the amounts deferred by employees and related income on those amounts. The Judicial Districts plan assets were transferred to the State of Iowa plan on January 1, 2001.

State employees within the Iowa 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 23– OTHER POST EMPLOYMENT BENEFITS

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. This same program was approved for Merit System employees by the Board of Regents effective July 1, 1990 for a one year trial period 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, except at the University of Northern Iowa. At the University of Northern Iowa, the policy requires departments to fully fund the ERIP liability upon signing new ERIP contracts, and the policy requires previously executed contracts be funded by June 30, 2002. The funded contributions during the fiscal year ended June 30, 2001 were \$1,998,839.

An employee approved for participation in the program will receive the following incentives until age 65, unless otherwise specified:

- 1) Health & Dental Insurance – The employer's contributions are made until the employee is eligible for Medicare coverage.
- 2) Group Life Insurance – The employer provides a paid-up life insurance policy which varies in amounts between \$2,000 and \$4,000.
- 3) 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.
- 4) 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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

present value is established annually by the board. The rate used for this fiscal year was 6.01%.

The Board of Regents Institutions' contributions for the fiscal year ended June 30, 2001, amounted to \$9,385,899 for 1,109 participants.

NOTE 24 - 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 \$11.6 million.

The University of Northern Iowa assumes liability for damage to buildings and contents for the first \$2.0 million and in excess of \$492.5 million; liability for physical damage to the UNI-Dome buildings for the first \$150,000 and in excess of \$41.3 million; physical damage to boiler and machinery in excess of \$778.1 million; damage to residence system buildings and apartments in excess of \$205.3 million, business interruption in excess of \$11.4 million, damage to contents in excess of \$13.7 million; medical liability at the Laboratory School in excess of \$5 million; and damage to Mauker Union building and contents in excess of \$14.4 million.

The University of Iowa assumes liability for damage to buildings and contents for the first \$2.0 million and in excess of \$3,420.8 million, damage to utility property for the first \$250,000 and in excess of \$113.4 million, medical malpractice for the first \$1.5 million and in excess of \$20.0 million, pharmacy products liability for the first \$10,000 and in excess of \$7.0 million, student interns professional liability in excess of \$3.0 million, losses at the Museum of Art in excess of \$100.0 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 \$1,972.6 million, damage to boilers and machinery in excess of \$233.6 million, damage to electronic data processing, telecommunications equipment in excess of \$28.8 million and business interruption in excess of \$16.9 million.

Glenwood Resource Center 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 \$26.0 million for catastrophic losses.

The Second, Third, Fifth, and Sixth Judicial Districts assume liability for physical damage to buildings and contents in excess of \$3.0 million, \$3.4 million, \$13.4 million and \$7.6 million, respectively. 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, State 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.

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 an actuarial review. Changes in the balances for estimated claims liabilities in fiscal years 2000 and 2001 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 00	\$ 16,736	\$23,264	\$11,264	\$28,736
FY 01	28,736	14,523	10,762	32,497

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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 2000 and 2001 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 00	\$625	\$ (91)	\$114	\$ 420
FY 01	420	709	157	972

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 2000 and 2001 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 00	\$ 789	\$ 988	\$ 369	\$1,408
FY 01	1,408	154	462	1,100

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 2000 and 2001 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 00	\$ 11,500	\$ 3,792	\$ 3,792	\$11,500
FY 01	11,500	4,548	4,548	11,500

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 enterprise fund, collects premium payments and service claims for damages sustained. The liability for unpaid claims is estimated based on historical experience and analysis. In fiscal year 2001, all assets and related liabilities were transferred from the Underground Storage Tank Insurance Fund to the Petroleum Marketers Mutual Insurance Company (PMMIC). The PMMIC is an independent nonprofit entity owned and operated by insureds and organized to provide an allowable mechanism to demonstrate financial responsibility for underground storage tanks as required by federal regulations. Changes in the balances for estimated claims liabilities in fiscal years 2000 and 2001 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 00	\$3,011	\$ (19)	\$91	\$2,901
FY 01	2,901	(2,901)	-	-

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 in fiscal years 2000 and 2001 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 00	\$ 17,195	\$ 91,572	\$ 93,009	\$15,758
FY 01	15,758	103,669	102,662	16,765

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 25 – LITIGATION, CONTINGENCIES, AND COMMITMENTS

The *State Appeal Board* has the authority to approve or reject general claims under ten years covering the following: Outdated warrants; outdated sales and use tax refunds; license refunds; additional agricultural land tax credits; outdated invoices; fuel and gas tax refunds; outdated homestead and veterans' exemptions; outdated funeral service claims; tractor fees; registration permits; outdated bills for merchandise; services furnished to the state; claims by any county or county official relating to the personal property tax credit; and refunds of fees collected by the state. At June 30, 2001, there was \$1.7 million in such claims filed with the Appeal Board.

The *Iowa Department of Revenue and Finance* has pending litigation regarding income tax cases. The cases could possibly result in refunds estimated at \$1.2 million.

The *Iowa Department of Transportation* has estimated the State's share of contractual obligations for construction contracts as \$148.5 million at June 30, 2001. This represents total obligations of \$397.2 million less \$239.4 million in estimated federal aid and \$9.3 million in retainages.

The *University of Iowa* has outstanding construction contract commitments of \$57.9 million at June 30, 2001.

Iowa State University has outstanding construction contract commitments of \$42.6 million at June 30, 2001.

The *University of Northern Iowa* has outstanding construction contract commitments of \$8.5 million at June 30, 2001.

The *Judicial Department* has outstanding construction contract commitments of \$22.2 million at June 30, 2001.

The *Iowa Finance Authority* has signed loan agreements with municipalities totaling \$327.9 million of which \$285.7 million has been disbursed as of June 30, 2001. As of June 30, 2001, the Authority has commitments to various housing assistance projects totaling approximately \$0.9 million.

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.

NOTE 26 – 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, 2001 (expressed in thousands):

	Iowa State University	University of Iowa	University of Northern Iowa
Total Assets	\$431,771	\$ 688,788	\$ 65,745
Total Liabilities	50,385	105,211	4,258
Total Equity	381,386	583,577	61,487
Due From The Universities	43	15	-
Due To The Universities	4,083	22,100	-
Total Revenues (Decrease)	(13,474)	115,402	11,904
Total Expenditures	43,343	76,247	7,657
Revenues From The Universities	2,375	5,278	-
Revenues To The Universities	34,374	38,800	2,109

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 27 - SUBSEQUENT EVENTS

The State University of Iowa issued Dormitory Revenue Bonds, Series S.U.I. 2001, dated November 1, 2001, in the amount of \$13,735,000 to pay costs of renovating, upgrading and equipping student housing and related facilities and making other necessary improvements to the Residence System on the campus of the University.

In November, 2001, the Board of Regents, State of Iowa approved plans to issue \$5,625,000 of Field House Revenue Bonds Series 2001 on behalf of the University of Northern Iowa. Bond proceeds will be used to modify the structure and roof and provide other improvements to the UNI-Dome Field House, to fund a reserve fund, and to pay costs of issuance.

On July 30, 2001, the Sixth Judicial District, Department of Correctional Services, issued Certificates of Participation, Series 2001A, in the amount of \$1,430,000 to refund, in advance of maturity, Certificates of Participation, Series 1991, and the purchase of land.

On July 26, 2001, the Iowa Finance Authority issued Single Family Mortgage Bonds, 2001 Series A, B, and C in the par amount of \$38,835,000 with interest rates of 3.10 percent to 5.10 percent in part to refund and defease \$8,810,000 of Single Family Mortgage Bonds, 1991 Series A, A-1, B, and B-1, with interest rates of 5.20 percent to 7.45 percent. Proceeds of \$8,810,000 from the issuance of the 2001 Series A, B, and C along with \$552,142 of 1991 Series A, A-1, B, and B-1 (consisting of loan prepayments and excess revenues) were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for the September 4, 2001 redemption of all remaining 1991 Series A, A-1, B, and B-1 bonds.

The Authority, in effect, decreased its future aggregate debt service payments by approximately \$2,856,000 and obtained a present value savings (difference between the present value of the debt service payments on the old and new debt) of approximately \$2,011,000.

On July 1, 2001, the Finance Authority redeemed prior to maturity \$530,000 of the Single Family Mortgage Bonds, 1991 Series A, B, A-1, and B-1; \$1,260,000 of the Single Family Mortgage Bonds, 1992 Series A, B, and C; \$1,610,000 of the Single Family Mortgage Refunding Bonds, 1992 Series F; \$1,210,000 of the Single Family Mortgage Bonds, 1995 Series C, D, and E; \$775,000 of the Single Family Mortgage Bonds, 1997 Series A, B, and C; and \$1,430,000 of the Single Family Mortgage Bonds, 1997 Series F, G, and H; \$125,000 of the Single Family Mortgage Bonds, 2000 Series A, B, and C; and \$1,335,000 of the Single Family Mortgage Bonds, 2000 Series D, E, and F.

On September 1, 2001, the Authority redeemed prior to maturity \$504,048 of the Single Family Housing Bonds, 1984 Issue A.

On October 1, 2001, the Authority redeemed prior to maturity \$150,000 of the Single Family Housing bonds, 1985 Issue A.

On August 1, 2001, net assets of the Iowa Housing Corporation were transferred to the Iowa Finance Authority. The Authority created the Iowa Housing Corporation in 1990 as a nonprofit organization to assist in meeting the housing needs of low income Iowans, and is currently in the process of being dissolved. Approximately \$4,777,700 in investments and \$2,768,100 in mortgage loans and other loans (net of a \$416,700 allowance for losses) were transferred. The Authority has also assumed certain contingent liabilities, obligations and guarantees of the Housing Corporation totally approximately \$3,155,700, with the provision that such obligations would be satisfied solely with the assets transferred.

On July 1, 2001, the operations of Friends of Iowa Public Television, including all assets and liabilities, were transferred to the Iowa Public Television Foundation.

In 1998 and 1999, the Iowa General Assembly appropriated funds to finance the design and construction of a parking structure. These funds totaled approximately \$9.1 million. Subsequently, the State has entered into negotiations with a local developer on a proposed public-private partnership for the parking structure and an office building on adjacent land. Involved parties anticipate finalizing a master agreement, a lease and horizontal property regime.

On October 25, 2001, the Tobacco Settlement Authority, a public instrumentality and agency of the state created in Iowa Code 12E.3, issued \$40 million in taxable bonds and \$604,245,000 in tax-exempt bonds. The purpose of the issue is to securitize payments due the state pursuant to the Master Settlement Agreement reached in 1998 with participating tobacco manufacturers.

On November 27, 2001, the State of Iowa issued Tax and Revenue Anticipation Notes (TRANS) of \$500 million at an interest rate of 3.00%, priced to yield 1.85%. The notes have a maturity date of June 27, 2002.

On November 1, 2001, the State of Iowa issued \$196,375,000 in Vision Iowa Special Fund Bonds for purposes of helping local governments fund major economic development projects. The bonds bear interest from 2.25% to 5.50% and mature annually through 2020.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

On November 1, 2001, the State of Iowa issued \$48,585,000 in School Infrastructure Special Fund Bonds for purposes of granting funds for school districts to build or renovate school facilities. The bonds bear interest from 4.00% to 5.50% and mature annually through 2021.

The Vision Iowa Special Fund Bonds and the School Infrastructure Special Fund Bonds are limited special obligations of the State. The Bonds are not debts of the State or any political subdivision of the State, and do not constitute a pledge of the faith and credit of the State or a charge against the general credit or general fund of the State. The issuance of the Bonds does not directly, indirectly, or contingently obligate the State or a political subdivision of the State to apply moneys from, or to levy or pledge any form of taxation whatever, or to continue the appropriation of funds for the payment of the Bonds. The Bonds are payable solely and only from certain revenues deposited in the Vision Iowa Fund and the School Infrastructure Fund, respectively, and from the related Bond Reserve Funds.

The Revenue Estimating Conference met on October 11, 2001 to review the revenue projections for Fiscal Year 2001-02. Based on year-to-date economic conditions the Revenue Estimating Conference reduced the Fiscal Year 2001-02 revenue projections by \$157.5 million. Since that date, Governor Vilsack implemented, effective November 1, 2001, a 4.3 percent across-the-board reduction for most General Fund appropriations totaling approximately \$200 million. On November 8, 2001, the Legislature held a special session at which time it reduced additional appropriations and supplemented other appropriations for a total reduction to the Fiscal Year 2001-02 budget of \$194.6 million thereby modifying the Governor's implementation by approximately \$5.4 million.

The December 7, 2001 meeting of the Revenue Estimating Conference reduced revenue projections for the Fiscal Year 2001-02 by an additional \$16.4 million.

On November 8, 2001, the Legislature passed an Early Termination program (Senate File 551) during the special legislative session. The program requires the sum of the number of years of credited service (service under the Iowa Public Employee's Retirement System or the Public Safety Peace Officers' Retirement, Accident and Disability System) and age in years as of December 31, 2002, equals or exceeds seventy-five. Employees must sign up on or before January 31, 2002 and leave State employment on or before February 1, 2002. Participants may NOT accept permanent part-time or permanent full-time employment with the State, other than as an elected official, after termination.

The Early Termination Incentive is calculated as the total dollar value of accrued vacation and sick leave balances at the time of termination. However, the sick leave cannot exceed 2080 hours (the amount of annual salary). The vacation and sick leave will be paid out in five installments, with 10 percent paid with the last regular payroll warrant, 20 percent paid each August in 2002, 2003, and 2004, and the remaining 30 percent paid to the employee or their beneficiary in August 2005.

The Legislature also amended certain provisions of state budget law, effective July 1, 2002, to clarify the procedures to be used to manage general fund deficit balances.

The Governmental Accounting Standards Board issued Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement Number 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities, Statement Number 37, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments; Omnibus, and Statement Number 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the fiscal year ending June 30, 2002. The effects are expected to significantly impact the presentation of governmental financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual basis of accounting. Also, the revised minimum reporting requirements include Management's Discussion and Analysis to introduce the basic financial statements and to provide an analytical overview of the financial activities.

This page intentionally left blank

Required Supplemental Information

STATE OF IOWA

Schedules of Funding Progress

For the Year Ended June 30, 2001
(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
07/01/99	62,018	68,768	6,750	90.18%	17,023	39.65%
07/01/00	71,693	82,070	10,377	87.36%	19,295	53.78%
07/01/01	72,375	87,800	15,425	82.43%	19,896	77.53%

The increase in unfunded AAL for the July 1, 2001 valuation was primarily due to a lower than expected rate of return on investments. Also, effective July 1, 2001, the basic retirement annuity was increased from 56 percent to 60 percent of a judge's average annual salary for the last three years of service.

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
07/01/99	219,463	187,312	(32,151)	117.16%	28,593	(112.44%)
07/01/00	239,568	240,785	1,217	99.49%	30,304	4.02%
07/01/01	249,227	263,002	13,775	94.76%	30,925	44.54%

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.

** As permitted by the Code of Iowa, effective July 1, 2001 and beginning with the July 1, 2001 valuation, a smoothing method was adopted by the board of trustees to determine the actuarial (market related) value of assets. The smoothing method is designed to reduce changes in the normal contribution rate which could result from fluctuations in the market value of the assets of the system. Prior to this, market value was used.

COMBINING FINANCIAL STATEMENTS

This page intentionally left blank

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.

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

HAWK-I Trust Fund receives state appropriations, contributions, and participant payments to be used for a children's health insurance program.

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

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

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, 2001
(Expressed in Thousands)

	CLARINDA CORRECTIONAL FACILITY TELEPHONE REBATE	HAWK-I TRUST	MOUNT PLEASANT CORRECTIONAL FACILITY TELEPHONE REBATE	IOWA PUBLIC TELEVISION FOUNDATION	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 299	\$ 4,576	\$ 114	\$ 3,597	\$ 1,328	\$ 9,914
Accounts Receivable	160	1,050	-	1	240	1,451
Due From Other Funds	-	428	-	1	272	701
Prepaid Expenditures	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
TOTAL ASSETS	<u>\$ 459</u>	<u>\$ 6,059</u>	<u>\$ 114</u>	<u>\$ 3,599</u>	<u>\$ 1,840</u>	<u>\$ 12,071</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 81	\$ 1,468	\$ -	\$ 10	\$ 24	\$ 1,583
Due To Other Funds	38	79	-	-	-	117
Deferred Revenue	<u>-</u>	<u>375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375</u>
TOTAL LIABILITIES	<u>119</u>	<u>1,922</u>	<u>-</u>	<u>10</u>	<u>24</u>	<u>2,075</u>
FUND BALANCE						
Reserve for:						
Prepaid Expenditures	-	5	-	-	-	5
Noncurrent Receivables	-	-	-	-	173	173
Unreserved Fund Equity	<u>340</u>	<u>4,132</u>	<u>114</u>	<u>3,589</u>	<u>1,643</u>	<u>9,818</u>
TOTAL FUND BALANCE	<u>340</u>	<u>4,137</u>	<u>114</u>	<u>3,589</u>	<u>1,816</u>	<u>9,996</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 459</u>	<u>\$ 6,059</u>	<u>\$ 114</u>	<u>\$ 3,599</u>	<u>\$ 1,840</u>	<u>\$ 12,071</u>

STATE OF IOWA

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

For the Year Ended June 30, 2001
(Expressed in Thousands)

	CLARINDA CORRECTIONAL FACILITY TELEPHONE REBATE	HAWK-I TRUST	MOUNT PLEASANT CORRECTIONAL FACILITY TELEPHONE REBATE	IOWA PUBLIC TELEVISION FOUNDATION	OTHER	TOTAL
REVENUES:						
Receipts from Other Entities	\$ -	\$ 10,840	\$ -	\$ -	\$ -	\$10,840
Investment Income	-	452	-	(468)	26	10
Fees, Licenses & Permits	-	-	-	-	85	85
Refunds & Reimbursements	889	455	-	-	114	1,458
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>120</u>	<u>162</u>	<u>282</u>
GROSS REVENUES	889	11,747	-	(348)	387	12,675
Less Revenue Refunds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
NET REVENUES	<u>889</u>	<u>11,747</u>	<u>-</u>	<u>(348)</u>	<u>386</u>	<u>12,674</u>
EXPENDITURES:						
Current:						
General Government	-	-	-	-	1	1
Education	-	-	-	59	115	174
Health & Human Services	-	15,126	-	-	48	15,174
Law, Justice, & Public Safety	<u>402</u>	<u>-</u>	<u>186</u>	<u>-</u>	<u>308</u>	<u>896</u>
TOTAL EXPENDITURES	<u>402</u>	<u>15,126</u>	<u>186</u>	<u>59</u>	<u>472</u>	<u>16,245</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>487</u>	<u>(3,379)</u>	<u>(186)</u>	<u>(407)</u>	<u>(86)</u>	<u>(3,571)</u>
OTHER FINANCING SOURCES (USES):						
Operating Transfers:						
Transfers In	-	550	-	11	477	1,038
Transfers Out	<u>(300)</u>	<u>(878)</u>	<u>-</u>	<u>-</u>	<u>(58)</u>	<u>(1,236)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(300)</u>	<u>(328)</u>	<u>-</u>	<u>11</u>	<u>419</u>	<u>(198)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	187	(3,707)	(186)	(396)	333	(3,769)
FUND BALANCE JULY 1	<u>153</u>	<u>7,844</u>	<u>300</u>	<u>3,985</u>	<u>1,483</u>	<u>13,765</u>
FUND BALANCE JUNE 30	<u>\$ 340</u>	<u>\$ 4,137</u>	<u>\$ 114</u>	<u>\$3,589</u>	<u>\$ 1,816</u>	<u>\$ 9,996</u>

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, 2001
(Expressed in Thousands)

	PRIMARY ROAD FUND			SENIOR LIVING TRUST		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
APPROPRIATED REVENUE:						
Transfers	\$ 482,140	\$ 500,762	\$ 18,622	\$ 100	\$ -	\$ (100)
TOTAL APPROPRIATED REVENUE	482,140	500,762	18,622	100	-	(100)
RECEIPTS CREDITED TO APPROPRIATIONS:						
Use Tax	-	-	-	-	-	-
Other Taxes	-	-	-	-	-	-
Wagering Tax Receipts	-	-	-	-	-	-
Individual Income Tax Quarterly	-	-	-	-	-	-
Sales Tax – DOT	5	6	1	-	-	-
Federal Support	281,284	203,964	(77,320)	729	181	(548)
Local Governments	2,600	18,868	16,268	-	-	-
Other States	2,925	696	(2,229)	-	-	-
Reimbursements From Other Agencies	161	276	115	-	-	-
Interest	5	1	(4)	-	3,808	3,808
Bonds & Loans	5	-	(5)	-	-	-
Fees, Licenses, & Permits	860	1,118	258	-	-	-
Refunds & Reimbursements	4,000	9,632	5,632	65,000	95,621	30,621
Sale of Real Estate	1,710	1,882	172	-	-	-
Sale of Equipment & Salvage	-	-	-	-	-	-
Rents & Leases	16	28	12	-	-	-
Agricultural Sales	-	-	-	-	-	-
Other Sales & Services	-	-	-	-	-	-
Unearned Receipts	-	-	-	-	-	-
Income Tax Checkoffs	-	-	-	-	-	-
Other	1,750	4,049	2,299	-	-	-
TOTAL APPROPRIATED RECEIPTS	295,321	240,520	(54,801)	65,729	99,610	33,881
TOTAL REVENUES AVAILABLE	777,461	741,282	(36,179)	65,829	99,610	33,781
EXPENDITURES:						
Administration & Regulation	-	-	-	-	-	-
Agriculture & Natural Resources	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-
Education	-	-	-	-	-	-
Health & Human Rights	-	-	-	-	-	-
Human Services	-	-	-	21,848	834	21,014
Transportation	564,748	547,132	17,616	-	-	-
Oversight	-	-	-	-	-	-
TOTAL EXPENDITURES	564,748	547,132	17,616	21,848	834	21,014
Transfers	236,325	227,288	9,037	23,159	37,884	(14,725)
TOTAL EXPENDITURES AND TRANSFERS	801,073	774,420	26,653	45,007	38,718	6,289
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS	(23,612)	(33,138)	(9,526)	20,822	60,892	40,070
FUND BALANCE JULY 1 (BUDGETARY)	56,912	56,912	-	-	-	-
FUND BALANCE JUNE 30 (BUDGETARY)	\$ 33,300	\$ 23,774	\$ (9,526)	\$ 20,822	\$ 60,892	\$ 40,070

STATE OF IOWA

TOBACCO SETTLEMENT FUND			UNDERGROUND STORAGE TANK UNASSIGNED REVENUE		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ 10,000	\$ 8,954	\$ (1,046)
-	-	-	<u>10,000</u>	<u>8,954</u>	<u>(1,046)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
852	727	(125)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,850	3,021	(829)	5,400	5,965	565
-	-	-	-	-	-
-	-	-	15	12	(3)
52,607	54,529	1,922	1	1	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	85	37	(48)
<u>57,309</u>	<u>58,277</u>	<u>968</u>	<u>5,501</u>	<u>6,015</u>	<u>514</u>
<u>57,309</u>	<u>58,277</u>	<u>968</u>	<u>15,501</u>	<u>14,969</u>	<u>(532)</u>
25,313	22,682	2,631	3,121	3,157	(36)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>25,313</u>	<u>22,682</u>	<u>2,631</u>	<u>3,121</u>	<u>3,157</u>	<u>(36)</u>
<u>91,265</u>	<u>91,083</u>	<u>182</u>	<u>16,075</u>	<u>75</u>	<u>16,000</u>
<u>116,578</u>	<u>113,765</u>	<u>2,813</u>	<u>19,196</u>	<u>3,232</u>	<u>15,964</u>
(59,269)	(55,488)	3,781	(3,695)	11,737	15,432
<u>68,202</u>	<u>68,202</u>	<u>-</u>	<u>37,815</u>	<u>37,815</u>	<u>-</u>
<u>\$ 8,933</u>	<u>\$ 12,714</u>	<u>\$ 3,781</u>	<u>\$ 34,120</u>	<u>\$ 49,552</u>	<u>\$ 15,432</u>

continued on next page

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, 2001
(Expressed in Thousands)
(Continued)

	OTHER			TOTAL		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
APPROPRIATED REVENUE:						
Transfers	\$ 69,333	\$ 57,218	\$ (12,115)	\$ 561,573	\$ 566,934	\$ 5,361
TOTAL APPROPRIATED REVENUE	69,333	57,218	(12,115)	561,573	566,934	5,361
RECEIPTS CREDITED TO APPROPRIATIONS:						
Use Tax	1,017	1,150	133	1,017	1,150	133
Other Taxes	8,600	8,504	(96)	8,600	8,504	(96)
Wagering Tax Receipts	7,651	7,660	9	7,651	7,660	9
Individual Income Tax Quarterly	8,000	8,000	-	8,000	8,000	-
Sales Tax – DOT	-	-	-	5	6	1
Federal Support	13,822	11,670	(2,152)	296,687	216,542	(80,145)
Local Governments	-	64	64	2,600	18,932	16,332
Other States	-	-	-	2,925	696	(2,229)
Reimbursements From Other Agencies	5,094	6,538	1,444	5,255	6,814	1,559
Interest	1,871	2,338	467	11,126	15,133	4,007
Bonds & Loans	10,000	-	(10,000)	10,005	-	(10,005)
Fees, Licenses, & Permits	19,775	19,473	(302)	20,650	20,603	(47)
Refunds & Reimbursements	6,388	3,322	(3,066)	127,996	163,105	35,109
Sale of Real Estate	-	-	-	1,710	1,882	172
Sale of Equipment & Salvage	45	1	(44)	45	1	(44)
Rents & Leases	5	7	2	21	35	14
Agricultural Sales	60	16	(44)	60	16	(44)
Other Sales & Services	1,144	1,037	(107)	1,144	1,037	(107)
Unearned Receipts	291	275	(16)	291	275	(16)
Income Tax Checkoffs	125	136	11	125	136	11
Other	561	712	151	2,396	4,798	2,402
TOTAL APPROPRIATED RECEIPTS	84,449	70,903	(13,546)	508,309	475,325	(32,984)
TOTAL REVENUES AVAILABLE	153,782	128,121	(25,661)	1,069,882	1,042,259	(27,623)
EXPENDITURES:						
Administration & Regulation	8,542	7,138	1,404	36,976	32,977	3,999
Agriculture & Natural Resources	22,657	12,000	10,657	22,657	12,000	10,657
Economic Development	19,165	20,768	(1,603)	19,165	20,768	(1,603)
Education	26,026	8,550	17,476	26,026	8,550	17,476
Health & Human Rights	100	100	-	100	100	-
Human Services	-	-	-	21,848	834	21,014
Transportation	-	-	-	564,748	547,132	17,616
Oversight	13,156	11,808	1,348	13,156	11,808	1,348
TOTAL EXPENDITURES	89,646	60,364	29,282	704,676	634,169	70,507
Transfers	102,644	77,019	25,625	469,468	433,349	36,119
TOTAL EXPENDITURES AND TRANSFERS	192,290	137,383	54,907	1,174,144	1,067,518	106,626
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS	(38,508)	(9,262)	29,246	(104,262)	(25,259)	79,003
FUND BALANCE JULY 1 (BUDGETARY)	52,426	52,426	-	215,355	215,355	-
FUND BALANCE JUNE 30 (BUDGETARY)	\$ 13,918	\$ 43,164	\$ 29,246	\$ 111,093	\$ 190,096	\$ 79,003

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.

General Services Capitals is used to account for various building projects.

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, 2001
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS	RESOURCES ENHANCEMENT & PROTECTION	CORRECTIONS CAPITALS	RECREATIONAL TRAILS DEVELOPMENT	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 2,231	\$ 8,837	\$ -	\$ 227	\$ 757	\$ 12,052
Deposits With Trustees	-	-	578	-	-	578
Accounts Receivable	19	74	-	-	70	163
Interest Receivable	-	-	9	-	-	9
Due From Other Funds	<u>1,421</u>	<u>486</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>2,707</u>
TOTAL ASSETS	<u>\$ 3,671</u>	<u>\$ 9,397</u>	<u>\$ 587</u>	<u>\$ 227</u>	<u>\$ 1,627</u>	<u>\$ 15,509</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 2,639	\$ 869	\$ -	\$ -	\$ 779	\$ 4,287
Due To Other Funds	<u>113</u>	<u>690</u>	<u>-</u>	<u>67</u>	<u>56</u>	<u>926</u>
TOTAL LIABILITIES	<u>2,752</u>	<u>1,559</u>	<u>-</u>	<u>67</u>	<u>835</u>	<u>5,213</u>
FUND BALANCE						
Unreserved Fund Equity	<u>919</u>	<u>7,838</u>	<u>587</u>	<u>160</u>	<u>792</u>	<u>10,296</u>
TOTAL FUND BALANCE	<u>919</u>	<u>7,838</u>	<u>587</u>	<u>160</u>	<u>792</u>	<u>10,296</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 3,671</u>	<u>\$ 9,397</u>	<u>\$ 587</u>	<u>\$ 227</u>	<u>\$ 1,627</u>	<u>\$ 15,509</u>

STATE OF IOWA

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

For the Year Ended June 30, 2001
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS	RESOURCES ENHANCEMENT & PROTECTION	CORRECTIONS CAPITALS	RECREATIONAL TRAILS DEVELOPMENT	OTHER	TOTAL
REVENUES:						
Receipts From Other						
Entities	\$ 285	\$ 474	\$ -	\$ -	\$ 1,558	\$ 2,317
Investment Income	-	714	479	-	11	1,204
Fees, Licenses and Permits	-	-	-	-	1	1
Refunds and Reimbursements	-	1,014	-	-	63	1,077
TOTAL REVENUES	<u>285</u>	<u>2,202</u>	<u>479</u>	<u>-</u>	<u>1,633</u>	<u>4,599</u>
EXPENDITURES:						
Current:						
Law, Justice & Public Safety	-	-	9,153	-	-	9,153
Agriculture & Natural Resources	-	4,557	-	-	3,277	7,834
Capital Outlay:						
General Government	14,979	-	-	-	-	14,979
Transportation	-	-	-	1,308	-	1,308
Law, Justice & Public Safety	-	-	28	-	1,897	1,925
Agriculture & Natural Resources	-	3,644	-	-	6,971	10,615
TOTAL EXPENDITURES	<u>14,979</u>	<u>8,201</u>	<u>9,181</u>	<u>1,308</u>	<u>12,145</u>	<u>45,814</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(14,694)</u>	<u>(5,999)</u>	<u>(8,702)</u>	<u>(1,308)</u>	<u>(10,512)</u>	<u>(41,215)</u>
OTHER FINANCING SOURCES (USES):						
Operating Transfers:						
Transfers In	15,376	11,095	8,566	-	10,293	45,330
Transfers Out	-	(4,458)	(1,764)	-	(375)	(6,597)
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,376</u>	<u>6,637</u>	<u>6,802</u>	<u>-</u>	<u>9,918</u>	<u>38,733</u>
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	682	638	(1,900)	(1,308)	(594)	(2,482)
FUND BALANCE JULY 1	<u>237</u>	<u>7,200</u>	<u>2,487</u>	<u>1,468</u>	<u>1,386</u>	<u>12,778</u>
FUND BALANCE JUNE 30	<u>\$ 919</u>	<u>\$ 7,838</u>	<u>\$ 587</u>	<u>\$ 160</u>	<u>\$ 792</u>	<u>\$ 10,296</u>

This page intentionally left blank

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.

Liquor Control Act Fund is used to account for the revenues and expenses related to the sale of alcoholic beverages.

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, 2001
(Expressed in Thousands)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY	LIQUOR CONTROL ACT	IOWA STATE PRISON INDUSTRIES	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 8,849	\$ 8,016	\$ 7,373	\$ 3,002	\$ 1,226	\$ 28,466
Deposits With Trustees	22,662	-	-	-	-	22,662
Accounts Receivable (Net)	2,343	1,377	1,873	1,696	32	7,321
Interest Receivable	22	61	-	-	-	83
Due From Other Funds	1,935	-	1	-	1	1,937
Fixed Assets (Net)	67,723	568	321	5,065	891	74,568
Inventory	6,490	1,209	1,045	5,166	352	14,262
Prepaid Expenses	1,081	656	-	285	137	2,159
Other Assets	1,272	-	-	-	-	1,272
Investment In Prize Annuity	-	59,136	-	-	-	59,136
Prize Deposit	-	5,566	-	-	-	5,566
TOTAL ASSETS	<u>\$ 112,377</u>	<u>\$76,589</u>	<u>\$ 10,613</u>	<u>\$ 15,214</u>	<u>\$ 2,639</u>	<u>\$ 217,432</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 6,434	\$ 1,417	\$ 8,611	\$ 614	\$ 83	\$ 17,159
Due To Other Funds/Advances						
From Other Funds	132	4,059	12	-	34	4,237
Interest Payable	2,079	-	-	-	-	2,079
Deferred Revenue	-	-	1	2	50	53
Compensated Absences	446	555	-	408	22	1,431
Capital Leases	-	-	-	-	18	18
Other Financing						
Arrangements Payable	66,561	-	-	-	-	66,561
Annuities Payable	-	59,266	-	-	-	59,266
Lottery Prizes Payable	-	9,141	-	-	-	9,141
Funds Held In Custody	165	-	-	-	-	165
Lease Obligation From						
Discontinued Operations	-	-	88	-	-	88
TOTAL LIABILITIES	<u>75,817</u>	<u>74,438</u>	<u>8,712</u>	<u>1,024</u>	<u>207</u>	<u>160,198</u>
FUND EQUITY						
Contributed Capital:						
Intergovernmental	77,029	-	-	-	-	77,029
Retained Earnings	(40,469)	2,151	1,901	14,190	2,432	(19,795)
TOTAL FUND EQUITY	<u>36,560</u>	<u>2,151</u>	<u>1,901</u>	<u>14,190</u>	<u>2,432</u>	<u>57,234</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 112,377</u>	<u>\$76,589</u>	<u>\$ 10,613</u>	<u>\$ 15,214</u>	<u>\$ 2,639</u>	<u>\$ 217,432</u>

STATE OF IOWA

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

For the Year Ended June 30, 2001
(Expressed in Thousands)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY	LIQUOR CONTROL ACT	IOWA STATE PRISON INDUSTRIES	OTHER	TOTAL
OPERATING REVENUES:						
Receipts from Other Entities	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 3
Fees, Licenses & Permits	-	21	9,732	-	174	9,927
Refunds & Reimbursements	-	-	96	-	-	96
Sales, Rents & Services	33,751	166,626	110,709	12,946	2,482	326,514
Miscellaneous	-	1,730	755	-	409	2,894
TOTAL OPERATING REVENUES	33,751	168,377	121,292	12,946	3,068	339,434
OPERATING EXPENSES:						
General & Administrative	20,249	-	-	12,493	213	32,955
Depreciation	11,257	247	192	630	250	12,576
Direct Expense	17,443	-	-	-	-	17,443
Prize Expense	-	96,712	-	-	-	96,712
Personal Services	-	5,670	497	-	208	6,375
Travel & Subsistence	-	385	1	-	6	392
Supplies & Materials	-	181	20	-	29	230
Contractual Services	-	19,013	2,297	-	246	21,556
Equipment & Repairs	-	336	-	-	-	336
Claims & Miscellaneous	-	11,009	72,199	-	32	83,240
Licenses, Permits & Refunds	-	-	769	-	2	771
State Aids & Credits	-	-	2,687	-	-	2,687
TOTAL OPERATING EXPENSES	48,949	133,553	78,662	13,123	986	275,273
OPERATING INCOME (LOSS)	(15,198)	34,824	42,630	(177)	2,082	64,161
NONOPERATING REVENUES (EXPENSES):						
Taxes	-	-	4,106	-	-	4,106
Intragovernmental Income	5,310	-	-	-	-	5,310
Investment Income	1,050	887	-	355	1,034	3,326
Interest Expense	(4,259)	-	-	-	-	(4,259)
Miscellaneous Nonoperating Expense	(219)	-	-	-	(33,113)	(33,332)
Gain On Sale Of Fixed Assets	-	-	-	-	21	21
Loss On Sale Of Fixed Assets	-	-	-	(80)	-	(80)
NET NONOPERATING REVENUES (EXPENSES)	1,882	887	4,106	275	(32,058)	(24,908)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(13,316)	35,711	46,736	98	(29,976)	39,253
OPERATING TRANSFERS:						
Transfers In	-	-	577	-	13	590
Transfers Out	-	(35,933)	(47,182)	-	(186)	(83,301)
TOTAL OPERATING TRANSFERS	-	(35,933)	(46,605)	-	(173)	(82,711)
NET INCOME (LOSS)	(13,316)	(222)	131	98	(30,149)	(43,458)
Add Back Depreciation On Assets Acquired With Contributed Capital	7,144	-	-	-	-	7,144
INCREASE (DECREASE) IN RETAINED EARNINGS	(6,172)	(222)	131	98	(30,149)	(36,314)
RETAINED EARNINGS JULY 1	(34,297)	2,373	1,770	14,092	32,581	16,519
RETAINED EARNINGS JUNE 30	\$ (40,469)	\$ 2,151	\$ 1,901	\$ 14,190	\$ 2,432	\$ (19,795)

STATE OF IOWA

Combining Statement of Cash Flows Enterprise Funds

For the Year Ended June 30, 2001
(Expressed in Thousands)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY	LIQUOR CONTROL ACCOUNT	IOWA STATE PRISON INDUSTRIES	OTHER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received From Customers	\$ 34,110	\$166,514	\$ 121,592	\$ 13,585	\$ 2,479	\$ 338,280
Cash Received From Quasi-External Transactions	-	-	13	-	319	332
Other Operating Revenues	-	1,751	-	-	-	1,751
Cash Payments To Suppliers For Goods & Services	(33,169)	(30,641)	(76,736)	(13,164)	(3,494)	(157,204)
Cash Payments To Employees For Services	(6,092)	(5,569)	-	-	(188)	(11,849)
Cash Payments For Quasi-External Transactions	-	-	(31)	-	(25)	(56)
Cash Payments For Prizes	<u>-</u>	<u>(107,221)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107,221)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(5,151)</u>	<u>24,834</u>	<u>44,838</u>	<u>421</u>	<u>(909)</u>	<u>64,033</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating Transfers In From Other Funds	-	-	577	-	-	577
Operating Transfers Out To Other Funds	-	(34,813)	(47,182)	-	(164)	(82,159)
Remittance To Petroleum Marketers Mutual Insurance Company	-	-	-	-	(33,113)	(33,113)
Tax Receipts	<u>5,310</u>	<u>-</u>	<u>4,106</u>	<u>-</u>	<u>-</u>	<u>9,416</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>5,310</u>	<u>(34,813)</u>	<u>(42,499)</u>	<u>-</u>	<u>(33,277)</u>	<u>(105,279)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition & Construction Of Capital Assets	(2,938)	(350)	(47)	(1,212)	(189)	(4,736)
Interest Paid	(4,435)	-	-	-	-	(4,435)
COPs Payments	(9,256)	-	-	-	-	(9,256)
Contributed Capital	14,334	-	-	-	-	14,334
Proceeds From Sale Of Capital Assets	<u>-</u>	<u>98</u>	<u>-</u>	<u>37</u>	<u>28</u>	<u>163</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,295)</u>	<u>(252)</u>	<u>(47)</u>	<u>(1,175)</u>	<u>(161)</u>	<u>(3,930)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest & Dividends On Investments	1,016	896	-	355	1,034	3,301
Proceeds From Sale & Maturities Of Investments	2,320	10,618	-	-	-	12,938
Purchase Of Investments	<u>(2,758)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,758)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>578</u>	<u>11,514</u>	<u>-</u>	<u>355</u>	<u>1,034</u>	<u>13,481</u>

continued on next page

STATE OF IOWA

(Continued)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY	LIQUOR CONTROL ACCOUNT	IOWA STATE PRISON INDUSTRIES	OTHER	TOTAL
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(1,558)	1,283	2,292	(399)	(33,313)	(31,695)
CASH & CASH EQUIVALENTS JULY 1	<u>30,251</u>	<u>6,733</u>	<u>5,081</u>	<u>3,401</u>	<u>34,539</u>	<u>80,005</u>
CASH & CASH EQUIVALENTS JUNE 30	28,693	8,016	7,373	3,002	1,226	48,310
INVESTMENTS	2,818	-	-	-	-	2,818
LESS: DEPOSITS WITH TRUSTEE	<u>22,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,662</u>
CASH AND INVESTMENTS PER BALANCE SHEET	<u>\$ 8,849</u>	<u>\$ 8,016</u>	<u>\$ 7,373</u>	<u>\$ 3,002</u>	<u>\$ 1,226</u>	<u>\$ 28,466</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (15,198)	\$ 34,824	\$ 42,630	\$ (177)	\$ 2,082	\$ 64,161
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities						
Depreciation	11,257	247	192	630	250	12,576
Compensated Absences	71	83	-	35	(5)	184
Loss (Gain) On Sale Of Fixed Assets	-	12	-	-	-	12
(Increase) Decrease In Accounts Receivable	(628)	(21)	317	643	232	543
(Increase) Decrease In Due From Other Funds	998	-	-	-	303	1,301
(Increase) Decrease In Inventory	(998)	166	(263)	(254)	(66)	(1,415)
(Increase) Decrease In Prepaid Expense	31	14	-	(70)	(58)	(83)
(Increase) Decrease In Other Assets	(179)	465	-	-	-	286
Increase (Decrease) In Accounts Payable & Accruals	(510)	438	1,957	(383)	(2,869)	(1,367)
Increase (Decrease) In Due To Other Funds	16	(135)	9	-	(778)	(888)
Increase (Decrease) In Deferred Revenue	-	(292)	(4)	(3)	-	(299)
Increase (Decrease) in Funds Held in Custody	(11)	-	-	-	-	(11)
Increase (Decrease) In Prizes Payable	-	(349)	-	-	-	(349)
Increase (Decrease) In Prize Annuity	<u>-</u>	<u>(10,618)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,618)</u>
Net Cash Provided By Operating Activities	<u>\$ (5,151)</u>	<u>\$ 24,834</u>	<u>\$ 44,838</u>	<u>\$ 421</u>	<u>\$ (909)</u>	<u>\$ 64,033</u>

This page intentionally left blank

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.

Depreciation Revolving receives monthly depreciation payments from State departments owning vehicles. The money is used to purchase replacement vehicles for the departments.

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, 2001
(Expressed in Thousands)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	DEPRECIATION REVOLVING	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 2,616	\$ 7,217	\$ 163	\$ 2,938	\$ 22,191	\$ 35,125
Accounts Receivable	231	36	2,856	30	335	3,488
Interest Receivable	-	-	-	-	4	4
Due From Other Funds/ Advances to Other Funds	2,207	970	5,637	320	32,087	41,221
Fixed Assets (Net)	92,998	-	-	-	2,642	95,640
Inventory	4,437	-	-	2,882	2,564	9,883
Prepaid Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>533</u>	<u>533</u>
TOTAL ASSETS	<u>\$ 102,489</u>	<u>\$ 8,223</u>	<u>\$ 8,656</u>	<u>\$ 6,170</u>	<u>\$ 60,356</u>	<u>\$ 185,894</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 1,664	\$ -	\$ 3	\$ 112	\$ 37,222	\$ 39,001
Due To Other Funds/Advances From Other Funds	2	466	-	35	370	873
Deferred Revenue	-	-	-	6,334	-	6,334
Compensated Absences	<u>364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>295</u>	<u>659</u>
TOTAL LIABILITIES	<u>2,030</u>	<u>466</u>	<u>3</u>	<u>6,481</u>	<u>37,887</u>	<u>46,867</u>
FUND EQUITY						
Retained Earnings	<u>100,459</u>	<u>7,757</u>	<u>8,653</u>	<u>(311)</u>	<u>22,469</u>	<u>139,027</u>
TOTAL FUND EQUITY	<u>100,459</u>	<u>7,757</u>	<u>8,653</u>	<u>(311)</u>	<u>22,469</u>	<u>139,027</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 102,489</u>	<u>\$ 8,223</u>	<u>\$ 8,656</u>	<u>\$ 6,170</u>	<u>\$ 60,356</u>	<u>\$ 185,894</u>

STATE OF IOWA

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

For the Year Ended June 30, 2001
(Expressed in Thousands)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	DEPRECIATION REVOLVING	OTHER	TOTAL
OPERATING REVENUES:						
Receipts From Other Entities	\$ 1,256	\$ -	\$ -	\$ 7,749	\$ 43,568	\$ 52,573
Fees, Licenses & Permits	-	-	-	-	171	171
Refunds & Reimbursements	45,597	6,830	131,574	-	15,017	199,018
Sales, Rents & Services	-	-	-	2,321	644	2,965
Miscellaneous	<u>2,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>999</u>	<u>3,874</u>
TOTAL OPERATING REVENUES	<u>49,728</u>	<u>6,830</u>	<u>131,574</u>	<u>10,070</u>	<u>60,399</u>	<u>258,601</u>
OPERATING EXPENSES:						
Depreciation	15,570	-	-	-	529	16,099
Personal Services	3,723	-	-	-	3,096	6,819
Travel & Subsistence	7,112	-	-	-	6,627	13,739
Supplies & Materials	17,274	-	-	1,718	16,584	35,576
Contractual Services	6,513	5	-	97	2,759	9,374
Equipment & Repairs	271	-	-	8,579	46	8,896
Claims & Miscellaneous	-	-	144,691	-	32,295	176,986
Licenses, Permits & Refunds	<u>22</u>	<u>-</u>	<u>-</u>	<u>43</u>	<u>12</u>	<u>77</u>
TOTAL OPERATING EXPENSES	<u>50,485</u>	<u>5</u>	<u>144,691</u>	<u>10,437</u>	<u>61,948</u>	<u>267,566</u>
OPERATING INCOME (LOSS)	<u>(757)</u>	<u>6,825</u>	<u>(13,117)</u>	<u>(367)</u>	<u>(1,549)</u>	<u>(8,965)</u>
NONOPERATING REVENUES (EXPENSES):						
Taxes	17	-	-	-	613	630
Investment Income	-	758	276	-	1,497	2,531
Interest Expense	-	-	-	-	(15)	(15)
Gain On Sale Of Fixed Assets	368	-	-	-	-	368
Loss On Sale Of Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21)</u>	<u>(21)</u>
NET NONOPERATING REVENUES (EXPENSES)	<u>385</u>	<u>758</u>	<u>276</u>	<u>-</u>	<u>2,074</u>	<u>3,493</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(372)</u>	<u>7,583</u>	<u>(12,841)</u>	<u>(367)</u>	<u>525</u>	<u>(5,472)</u>
OPERATING TRANSFERS:						
Transfers In	6,339	226	12,164	-	3,358	22,087
Transfers Out	<u>-</u>	<u>(12,629)</u>	<u>(226)</u>	<u>-</u>	<u>(5,757)</u>	<u>(18,612)</u>
TOTAL OPERATING TRANSFERS	<u>6,339</u>	<u>(12,403)</u>	<u>11,938</u>	<u>-</u>	<u>(2,399)</u>	<u>3,475</u>
NET INCOME (LOSS)	5,967	(4,820)	(903)	(367)	(1,874)	(1,997)
RETAINED EARNINGS JULY 1	<u>94,492</u>	<u>12,577</u>	<u>9,556</u>	<u>56</u>	<u>24,343</u>	<u>141,024</u>
RETAINED EARNINGS JUNE 30	<u>\$100,459</u>	<u>\$ 7,757</u>	<u>\$ 8,653</u>	<u>\$ (311)</u>	<u>\$ 22,469</u>	<u>\$ 139,027</u>

STATE OF IOWA
Combining Statement of Cash Flows
Internal Service Funds

For the Year Ended June 30, 2001
(Expressed in Thousands)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	DEPRECIATION REVOLVING	OTHER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received From Customers	\$ -	\$ 3,115	\$ 38,780	\$ 2,258	\$ 12,243	\$ 56,396
Cash Received From Quasi-External Transactions	46,502	3,579	90,999	9,608	45,645	196,333
Cash Received From Miscellaneous	2,876	-	-	-	6	2,882
Cash Payments To Suppliers For Goods & Services	(27,894)	-	(141,834)	(8,565)	(52,557)	(230,850)
Cash Payments To Employees For Services	(3,728)	-	-	-	(3,209)	(6,937)
Cash Payments For Quasi-External Transactions	<u>(4,222)</u>	<u>(6)</u>	<u>-</u>	<u>(386)</u>	<u>(4,268)</u>	<u>(8,882)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>13,534</u>	<u>6,688</u>	<u>(12,055)</u>	<u>2,915</u>	<u>(2,140)</u>	<u>8,942</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating Transfers In From Other Funds	6,340	226	12,164	-	3,357	22,087
Operating Transfers Out To Other Funds	-	(12,164)	(226)	-	(5,757)	(18,147)
Interest Paid	-	-	-	-	(15)	(15)
Tax Receipts	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>613</u>	<u>630</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>6,357</u>	<u>(11,938)</u>	<u>11,938</u>	<u>-</u>	<u>(1,802)</u>	<u>4,555</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition & Construction Of Capital Assets	(20,533)	-	-	-	(687)	(21,220)
Proceeds From Sale Of Capital Assets	<u>1,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173</u>	<u>1,836</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(18,870)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(514)</u>	<u>(19,384)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest & Dividends On Investments	-	758	276	-	1,514	2,548
Proceeds From Sale & Maturities Of Investments	-	-	-	-	418	418
Purchase Of Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(294)</u>	<u>(294)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>758</u>	<u>276</u>	<u>-</u>	<u>1,638</u>	<u>2,672</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	1,021	(4,492)	159	2,915	(2,818)	(3,215)
CASH & CASH EQUIVALENTS JULY 1	<u>1,595</u>	<u>11,709</u>	<u>4</u>	<u>23</u>	<u>23,811</u>	<u>37,142</u>
CASH & CASH EQUIVALENTS JUNE 30	2,616	7,217	163	2,938	20,993	33,927
INVESTMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,198</u>	<u>1,198</u>
CASH & INVESTMENTS PER BALANCE SHEET	<u>\$ 2,616</u>	<u>\$ 7,217</u>	<u>\$ 163</u>	<u>\$ 2,938</u>	<u>\$ 22,191</u>	<u>\$ 35,125</u>

continued on next page

STATE OF IOWA

(Continued)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	DEPRECIATION REVOLVING	OTHER	TOTAL
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (757)	\$ 6,825	\$ (13,117)	\$ (367)	\$ (1,549)	\$ (8,965)
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities						
Depreciation	15,570	-	-	-	529	16,099
Compensated Absences	(5)	-	-	-	20	15
(Increase) Decrease In Accounts Receivable	(93)	164	(843)	(30)	267	(535)
(Increase) Decrease In Due From Other Funds	(257)	(301)	(953)	1,585	(2,771)	(2,697)
(Increase) Decrease In Inventory	369	-	-	1,724	(938)	1,155
(Increase) Decrease In Prepaid Expense	1	-	2,855	-	(220)	2,636
Increase (Decrease) In Accounts Payable & Accruals	(1,288)	-	3	(268)	3,746	2,193
Increase (Decrease) In Due To Other Funds	(6)	-	-	31	(1,224)	(1,199)
Increase (Decrease) To Deferred Revenue	-	-	-	240	-	240
Net Cash Provided By Operating Activities	<u>\$ 13,534</u>	<u>\$ 6,688</u>	<u>\$ (12,055)</u>	<u>\$ 2,915</u>	<u>\$ (2,140)</u>	<u>\$ 8,942</u>

This page intentionally left blank

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.

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

Iowa Educational Savings Plan Trust receives contributions from participants for investment for future application towards payment of higher education costs for designated beneficiaries.

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.

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.

Henry Albert Trust accounts for trust money for the Department of Public Health and transfers the applicable interest to the Department.

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.

Local Sales and Services Tax is used to account for local option sales taxes collected by retailers and deposited with the State. The taxes are then distributed back to the counties which have jurisdictions imposing local option sales tax.

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, 2001
(Expressed in Thousands)

	EXPENDABLE TRUST	NON- EXPENDABLE TRUST	PENSION TRUST	AGENCY	TOTAL
ASSETS					
Cash & Investments	\$ 880,461	\$ 7,650	\$ 17,293,012	\$ 92,665	\$ 18,273,788
Accounts Receivable (Net)	69,396	-	564,927	69,485	703,808
Interest Receivable	6	-	43,858	-	43,864
Notes Receivable	40	-	-	-	40
Benefit Overpayment Receivable (Net)	17,067	-	-	-	17,067
Due From Other Funds/Advances To					
Other Funds	2,602	-	-	32,883	35,485
Fixed Assets (Net)	477	-	4,359	-	4,836
Inventory	265	-	-	-	265
Prepaid Expenditures/Expenses	47	-	-	14	61
TOTAL ASSETS	<u>\$ 970,361</u>	<u>\$ 7,650</u>	<u>\$ 17,906,156</u>	<u>\$ 195,047</u>	<u>\$ 19,079,214</u>
LIABILITIES					
Accounts Payable & Accruals	\$ 16,301	\$ -	\$ 1,677,832	\$ 90,892	\$ 1,785,025
Due To Other Funds/Advances From					
Other Funds	2,722	79	-	28,421	31,222
Deferred Revenue	1,807	-	-	-	1,807
Funds Held In Custody	-	-	-	75,734	75,734
TOTAL LIABILITIES	<u>20,830</u>	<u>79</u>	<u>1,677,832</u>	<u>195,047</u>	<u>1,893,788</u>
FUND BALANCE					
Reserve for:					
Inventory & Prepaid Expenditures	312	-	-	-	312
Noncurrent Receivables	1,913	-	-	-	1,913
Employees' Pension Benefit	-	-	16,228,324	-	16,228,324
Specific Purposes:					
Educational Savings	60,822	-	-	-	60,822
Public Broadcasting	442	-	-	-	442
Educational Purposes	1,927	-	-	-	1,927
Unreserved Fund Equity	884,115	7,571	-	-	891,686
TOTAL FUND BALANCE	<u>949,531</u>	<u>7,571</u>	<u>16,228,324</u>	<u>-</u>	<u>17,185,426</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 970,361</u>	<u>\$ 7,650</u>	<u>\$ 17,906,156</u>	<u>\$ 195,047</u>	<u>\$ 19,079,214</u>

STATE OF IOWA
Combining Balance Sheet
Expendable Trust Funds

June 30, 2001
(Expressed in Thousands)

	UNEMPLOYMENT BENEFITS	UNCLAIMED PROPERTY	FRIENDS OF IOWA PUBLIC TELEVISION	IOWA EDUCATIONAL SAVINGS PLAN TRUST	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 777,647	\$ 11,893	\$ 154	\$ 60,870	\$ 29,897	\$ 880,461
Accounts Receivable (Net)	68,794	15	-	1	586	69,396
Interest Receivable	-	-	-	-	6	6
Notes Receivable	-	-	-	-	40	40
Benefit Overpayment Receivable (Net)	17,067	-	-	-	-	17,067
Due From Other Funds/ Advances To Other Funds	2,014	3	-	-	585	2,602
Fixed Assets	-	74	386	-	17	477
Inventory	-	-	-	-	265	265
Prepaid Expenditures	<u>-</u>	<u>4</u>	<u>42</u>	<u>-</u>	<u>1</u>	<u>47</u>
TOTAL ASSETS	<u>\$ 865,522</u>	<u>\$ 11,989</u>	<u>\$ 582</u>	<u>\$ 60,871</u>	<u>\$ 31,397</u>	<u>\$ 970,361</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 11,204	\$ 4,294	\$ 93	\$ 49	\$ 661	\$ 16,301
Due To Other Funds	213	2,013	5	-	491	2,722
Deferred Revenue	<u>1,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>1,807</u>
TOTAL LIABILITIES	<u>13,214</u>	<u>6,307</u>	<u>98</u>	<u>49</u>	<u>1,162</u>	<u>20,830</u>
FUND BALANCE						
Reserve For:						
Inventory & Prepaid Expenditures	-	4	42	-	266	312
Noncurrent Receivables	1,887	-	-	-	26	1,913
Specific Purposes:						
Educational Savings	-	-	-	60,822	-	60,822
Public Broadcasting	-	-	442	-	-	442
Educational Purposes	-	-	-	-	1,927	1,927
Unreserved Fund Equity	<u>850,421</u>	<u>5,678</u>	<u>-</u>	<u>-</u>	<u>28,016</u>	<u>884,115</u>
TOTAL FUND BALANCE	<u>852,308</u>	<u>5,682</u>	<u>484</u>	<u>60,822</u>	<u>30,235</u>	<u>949,531</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 865,522</u>	<u>\$ 11,989</u>	<u>\$ 582</u>	<u>\$ 60,871</u>	<u>\$ 31,397</u>	<u>\$ 970,361</u>

STATE OF IOWA

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

For the Year Ended June 30, 2001
(Expressed in Thousands)

	UNEMPLOYMENT BENEFITS	UNCLAIMED PROPERTY	FRIENDS OF IOWA PUBLIC TELEVISION	IOWA EDUCATIONAL SAVINGS PLAN TRUST	OTHER	TOTAL
REVENUES:						
Taxes	\$ 211,780	\$ -	\$ -	\$ -	\$ -	\$ 211,780
Receipts From Other Entities	3,579	-	-	25,700	4,277	33,556
Investment Income	52,245	912	14	(2,642)	1,433	51,962
Fees, Licenses & Permits	-	-	-	-	156	156
Refunds & Reimbursements	2,096	-	-	-	396	2,492
Sales, Rents & Services	-	-	-	-	4,161	4,161
Miscellaneous	-	1,942	5,441	-	3,083	10,466
Centralized Payroll	-	-	-	-	73	73
GROSS REVENUES	269,700	2,854	5,455	23,058	13,579	314,646
Less Revenue Refunds	-	-	-	2	8	10
NET REVENUES	<u>269,700</u>	<u>2,854</u>	<u>5,455</u>	<u>23,056</u>	<u>13,571</u>	<u>314,636</u>
EXPENDITURES:						
Current:						
General Government	-	396	-	-	4,349	4,745
Education	-	-	2,232	626	859	3,717
Health & Human Services	-	-	-	-	862	862
Law, Justice & Public Safety	-	-	-	-	3,502	3,502
Economic/Manpower						
Development	269,528	-	-	-	1,291	270,819
Agriculture & Natural Resources	-	-	-	-	4	4
TOTAL EXPENDITURES	<u>269,528</u>	<u>396</u>	<u>2,232</u>	<u>626</u>	<u>10,867</u>	<u>283,649</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>172</u>	<u>2,458</u>	<u>3,223</u>	<u>22,430</u>	<u>2,704</u>	<u>30,987</u>
OTHER FINANCING SOURCES (USES):						
Operating Transfers:						
Transfers In	-	-	-	-	4,194	4,194
Transfers Out	-	(4,466)	(3,192)	-	(4,153)	(11,811)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(4,466)</u>	<u>(3,192)</u>	<u>-</u>	<u>41</u>	<u>(7,617)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	172	(2,008)	31	22,430	2,745	23,370
FUND BALANCE JULY 1	<u>852,136</u>	<u>7,690</u>	<u>453</u>	<u>38,392</u>	<u>27,490</u>	<u>926,161</u>
FUND BALANCE JUNE 30	<u>\$ 852,308</u>	<u>\$ 5,682</u>	<u>\$ 484</u>	<u>\$ 60,822</u>	<u>\$ 30,235</u>	<u>\$ 949,531</u>

STATE OF IOWA
Combining Balance Sheet
Nonexpendable Trust Funds

June 30, 2001
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL	IOWA BRAILLE & SIGHT SAVING SCHOOL	PILOT GROVE TRUST	HENRY ALBERT TRUST	TOTAL
ASSETS					
Cash & Investments	\$ 7,555	\$ 84	\$ 10	\$ 1	\$ 7,650
TOTAL ASSETS	<u>\$ 7,555</u>	<u>\$ 84</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 7,650</u>
LIABILITIES					
Due To Other Funds	\$ -	\$ 79	\$ -	\$ -	\$ 79
TOTAL LIABILITIES	<u>-</u>	<u>79</u>	<u>-</u>	<u>-</u>	<u>79</u>
FUND BALANCE					
Unreserved Fund Equity	<u>7,555</u>	<u>5</u>	<u>10</u>	<u>1</u>	<u>7,571</u>
TOTAL FUND BALANCE	<u>7,555</u>	<u>5</u>	<u>10</u>	<u>1</u>	<u>7,571</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 7,555</u>	<u>\$ 84</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 7,650</u>

STATE OF IOWA

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

For the Year Ended June 30, 2001
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL	IOWA BRAILLE & SIGHT SAVING SCHOOL	PILOT GROVE TRUST	HENRY ALBERT TRUST	TOTAL
OPERATING REVENUES:					
Investment Income	\$ -	\$ (1)	\$ -	\$ -	\$ (1)
Miscellaneous	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>
TOTAL OPERATING REVENUES	<u>9</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>8</u>
INCOME BEFORE OPERATING TRANSFERS	<u>9</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>8</u>
OPERATING TRANSFERS:					
Transfers In	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
TOTAL OPERATING TRANSFERS	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
NET INCOME	9	-	-	-	9
FUND BALANCE JULY 1	<u>7,546</u>	<u>5</u>	<u>10</u>	<u>1</u>	<u>7,562</u>
FUND BALANCE JUNE 30	<u><u>\$ 7,555</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ 10</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 7,571</u></u>

STATE OF IOWA
Combining Statement of Cash Flows
Nonexpendable Trust Funds

For the Year Ended June 30, 2001
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL	IOWA BRAILLE & SIGHT SAVING SCHOOL	PILOT GROVE TRUST	HENRY ALBERT TRUST	TOTAL
CASH FLOW FROM OPERATING ACTIVITIES:					
Cash Received from Miscellaneous	\$ <u>9</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>9</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest & Dividends On Investments	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	9	(1)	-	-	8
CASH & CASH EQUIVALENTS JULY 1	<u>7,546</u>	<u>85</u>	<u>10</u>	<u>1</u>	<u>7,642</u>
CASH & CASH EQUIVALENTS JUNE 30, PER BALANCE SHEET	<u>\$ 7,555</u>	<u>\$ 84</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 7,650</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income	\$ 9	\$ (1)	\$ -	\$ -	\$ 8
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities					
Interest (Income)	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Net Cash Provided By Operating Activities	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>

STATE OF IOWA
Combining Statement of Plan Net Assets
Pension Trust Funds

June 30, 2001
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	TOTAL
ASSETS				
Cash & Cash Equivalents	\$ 114,191	\$ 6,383	\$ 4,403	\$ 124,977
Receivables:				
Contributions	39,220	320	61	39,601
Investments Sold	383,465	89	-	383,554
Foreign Exchange Contracts	141,772	-	-	141,772
Interest & Dividends	42,360	1,498	-	43,858
Total Receivables	606,817	1,907	61	608,785
Investments, At Fair Value:				
Fixed Income Securities	6,289,044	64,701	30,118	6,383,863
Equity Investments	7,326,730	127,542	37,456	7,491,728
Real Estate	812,554	-	-	812,554
Investment in Private Equity/Debt	1,108,327	-	-	1,108,327
Securities Lending Collateral Pool	655,412	25,746	-	681,158
Securities on Loan with Brokers	660,967	26,595	-	687,562
Foreign Currency	1,642	747	454	2,843
Total Investments	16,854,676	245,331	68,028	17,168,035
Fixed Assets (Net)	4,359	-	-	4,359
TOTAL ASSETS	17,580,043	253,621	72,492	17,906,156
LIABILITIES				
Accounts Payable & Accruals	29,953	321	117	30,391
Payable For Investments Purchased	966,462	92	-	966,554
Payable to Brokers For Rebate & Collateral	655,081	25,806	-	680,887
TOTAL LIABILITIES	1,651,496	26,219	117	1,677,832
FUND BALANCE RESERVE FOR EMPLOYEES' PENSION BENEFIT				
(Schedules of funding progress are presented on page 70)	<u>\$ 15,928,547</u>	<u>\$ 227,402</u>	<u>\$ 72,375</u>	<u>\$ 16,228,324</u>

STATE OF IOWA
Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Year Ended June 30, 2001
(Expressed in Thousands)

	BALANCE JULY 1, 2000	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2001
<u>LOCAL SALES & SERVICE TAX</u>				
ASSETS				
Cash & Investments	\$ 5	\$ 258,353	\$ 258,348	\$ 10
Accounts Receivable	<u>20,814</u>	<u>32,391</u>	<u>20,814</u>	<u>32,391</u>
TOTAL ASSETS	<u>\$ 20,819</u>	<u>\$ 290,744</u>	<u>\$ 279,162</u>	<u>\$ 32,401</u>
LIABILITIES				
Accounts Payable & Accruals	\$ 20,812	\$ 32,385	\$ 20,812	\$ 32,385
Funds Held in Custody	<u>7</u>	<u>258,359</u>	<u>258,350</u>	<u>16</u>
TOTAL LIABILITIES	<u>\$ 20,819</u>	<u>\$ 290,744</u>	<u>\$ 279,162</u>	<u>\$ 32,401</u>
<u>CENTRALIZED PAYROLL TRUSTEE</u>				
ASSETS				
Cash & Investments	\$ 15,890	\$ 509,800	\$ 508,730	\$ 16,960
Accounts Receivable	8,822	6,651	8,822	6,651
Due From Other Funds	<u>-</u>	<u>21</u>	<u>-</u>	<u>21</u>
TOTAL ASSETS	<u>\$ 24,712</u>	<u>\$ 516,472</u>	<u>\$ 517,552</u>	<u>\$ 23,632</u>
LIABILITIES				
Accounts Payable & Accruals	\$ 15,139	\$ 16,301	\$ 15,139	\$ 16,301
Due To Other Funds	5,914	6,970	5,914	6,970
Funds Held In Custody	<u>3,659</u>	<u>493,201</u>	<u>496,499</u>	<u>361</u>
TOTAL LIABILITIES	<u>\$ 24,712</u>	<u>\$ 516,472</u>	<u>\$ 517,552</u>	<u>\$ 23,632</u>
<u>JUDICIAL-CLERKS OF DISTRICT COURT</u>				
ASSETS				
Cash & Investments	\$ 15,581	\$ 264,473	\$ 265,140	\$ 14,914
TOTAL ASSETS	<u>\$ 15,581</u>	<u>\$ 264,473</u>	<u>\$ 265,140</u>	<u>\$ 14,914</u>
LIABILITIES				
Accounts Payable & Accruals	\$ 766	\$ 8,440	\$ 8,509	\$ 697
Funds Held In Custody	<u>14,815</u>	<u>256,033</u>	<u>256,631</u>	<u>14,217</u>
TOTAL LIABILITIES	<u>\$ 15,581</u>	<u>\$ 264,473</u>	<u>\$ 265,140</u>	<u>\$ 14,914</u>

STATE OF IOWA

	BALANCE JULY 1, 2000	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2001
<u>SCHOOL DISTRICT SURTAX CLEARING</u>				
ASSETS				
Cash & Investments	\$ 28,155	\$ 49,037	\$ 42,115	\$ 35,077
Accounts Receivable	<u>4,602</u>	<u>6,601</u>	<u>4,602</u>	<u>6,601</u>
TOTAL ASSETS	<u>\$ 32,757</u>	<u>\$ 55,638</u>	<u>\$ 46,717</u>	<u>\$ 41,678</u>
LIABILITIES				
Funds Held In Custody	<u>\$ 32,757</u>	<u>\$ 55,638</u>	<u>\$ 46,717</u>	<u>\$ 41,678</u>
TOTAL LIABILITIES	<u>\$ 32,757</u>	<u>\$ 55,638</u>	<u>\$ 46,717</u>	<u>\$ 41,678</u>
<u>OTHER AGENCY FUNDS</u>				
ASSETS				
Cash & Investments	\$ 27,759	\$ 972,400	\$ 974,455	\$ 25,704
Accounts Receivable	22,056	23,788	22,002	23,842
Due From Other Funds	34,506	32,862	34,506	32,862
Prepaid Expenditures	<u>-</u>	<u>14</u>	<u>-</u>	<u>14</u>
TOTAL ASSETS	<u>\$ 84,321</u>	<u>\$ 1,029,064</u>	<u>\$ 1,030,963</u>	<u>\$ 82,422</u>
LIABILITIES				
Accounts Payable & Accruals	\$ 44,905	\$ 41,895	\$ 45,291	\$ 41,509
Due To Other Funds	23,597	21,451	23,597	21,451
Funds Held In Custody	<u>15,819</u>	<u>965,718</u>	<u>962,075</u>	<u>19,462</u>
TOTAL LIABILITIES	<u>\$ 84,321</u>	<u>\$ 1,029,064</u>	<u>\$ 1,030,963</u>	<u>\$ 82,422</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash & Investments	\$ 87,390	\$ 2,054,063	\$ 2,048,788	\$ 92,665
Accounts Receivable	56,294	69,431	56,240	69,485
Due From Other Funds	34,506	32,883	34,506	32,883
Prepaid Expenditures	<u>-</u>	<u>14</u>	<u>-</u>	<u>14</u>
TOTAL ASSETS	<u>\$ 178,190</u>	<u>\$ 2,156,391</u>	<u>\$ 2,139,534</u>	<u>\$ 195,047</u>
LIABILITIES				
Accounts Payable & Accruals	\$ 81,622	\$ 99,021	\$ 89,751	\$ 90,892
Due To Other Funds	29,511	28,421	29,511	28,421
Funds Held In Custody	<u>67,057</u>	<u>2,028,949</u>	<u>2,020,272</u>	<u>75,734</u>
TOTAL LIABILITIES	<u>\$ 178,190</u>	<u>\$ 2,156,391</u>	<u>\$ 2,139,534</u>	<u>\$ 195,047</u>

This page intentionally left blank

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, 2001
(Expressed in Thousands)

	<u>CURRENT FUNDS</u>		LOAN FUNDS	ENDOWMENTS & SIMILAR FUNDS
	UNRESTRICTED	RESTRICTED		
ASSETS				
Cash & Investments	\$ 296,475	\$ 35,910	\$ 10,399	\$ 306,781
Deposits With Trustees	-	-	-	-
Accounts Receivable (Net)	111,499	72,882	-	-
Interest Receivable	6,577	358	1,282	222
Notes Receivable (Net)	496	-	70,928	-
Due From Other Funds	962	2	-	3,144
Bond Issuance Costs	-	-	-	-
Fixed Assets (Net)	-	-	-	-
Inventory	42,662	-	-	-
Prepaid Expenses	12,231	491	-	-
Equity In Wholly Owned Subsidiary	<u>64</u>	<u>-</u>	<u>-</u>	<u>15,108</u>
TOTAL ASSETS	<u>\$ 470,966</u>	<u>\$ 109,643</u>	<u>\$ 82,609</u>	<u>\$ 325,255</u>
LIABILITIES				
Accounts Payable & Accruals	\$ 102,738	\$ 9,270	\$ 5	\$ 178
Due To Other Funds	56	10	-	912
Interest Payable	-	-	-	-
Deferred Revenue	23,426	-	-	-
Compensated Absences	99,563	12,281	-	-
Capital Leases	-	-	-	-
Bonds Payable	-	-	-	-
Other Financing Arrangements Payable	-	-	-	-
Funds Held In Custody	-	-	-	-
Deposits	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>225,787</u>	<u>21,561</u>	<u>5</u>	<u>1,090</u>
FUND BALANCE				
Reserved:				
Encumbrances & Contracts	56,161	19,903	-	-
Inventory	42,662	-	-	-
Debt Service	-	-	-	-
Specific Purposes	108,960	68,179	82,604	321,637
Unreserved Fund Equity	37,396	-	-	2,528
Net Investment In Plant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>245,179</u>	<u>88,082</u>	<u>82,604</u>	<u>324,165</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 470,966</u>	<u>\$ 109,643</u>	<u>\$ 82,609</u>	<u>\$ 325,255</u>

STATE OF IOWA

AGENCY FUNDS	PLANT FUNDS				TOTAL
	UNEXPENDED	RENEWALS & REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	
\$ 157,672	\$ 223,183	\$ 60,715	\$100,421	\$ -	\$1,191,556
-	710	1,558	27,719	-	29,987
28,733	45,833	683	13	-	259,643
401	48	220	284	-	9,392
-	-	-	-	-	71,424
-	-	-	14	-	4,122
-	-	-	-	504	504
-	-	-	-	3,534,517	3,534,517
134	-	-	-	-	42,796
24	4	16	-	-	12,766
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,172</u>
<u>\$186,964</u>	<u>\$ 269,778</u>	<u>\$ 63,192</u>	<u>\$128,451</u>	<u>\$ 3,535,021</u>	<u>\$5,171,879</u>
\$ 52,359	\$ 19,918	\$ 1,908	\$ 185	\$ 63	\$ 186,624
3,144	-	-	-	-	4,122
-	160	-	21,617	-	21,777
-	1,941	-	-	-	25,367
1,061	-	-	-	-	112,905
-	16,340	-	-	57,666	74,006
-	30,743	2	38,510	500,672	569,927
-	68	-	-	5,877	5,945
130,400	-	-	-	-	130,400
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>
<u>186,964</u>	<u>69,170</u>	<u>1,910</u>	<u>60,312</u>	<u>564,278</u>	<u>1,131,077</u>
-	74,325	4,086	-	-	154,475
-	-	-	-	-	42,662
-	-	-	22,956	-	22,956
-	111,202	54,051	45,183	-	791,816
-	15,081	3,145	-	-	58,150
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,970,743</u>	<u>2,970,743</u>
<u>-</u>	<u>200,608</u>	<u>61,282</u>	<u>68,139</u>	<u>2,970,743</u>	<u>4,040,802</u>
<u>\$186,964</u>	<u>\$ 269,778</u>	<u>\$ 63,192</u>	<u>\$128,451</u>	<u>\$ 3,535,021</u>	<u>\$5,171,879</u>

This page intentionally left blank

Supplemental Information

STATE OF IOWA
Schedule of Revenues by Source
General Fund
For the Year Ended June 30, 2001
(Expressed in Thousands)

	GENERAL GOVERNMENT	EDUCATION	HEALTH & HUMAN SERVICES	TRANSPORTATION
TAXES				
Beer Tax	\$ -	\$ -	\$ -	\$ -
Cigarette Tax	89,562	-	-	-
Tobacco Products Tax	6,733	-	-	-
Inheritance Tax	108,515	-	-	-
Monies & Credits	963	-	-	-
Insurance Premium Tax	126,402	-	-	-
Liquor Tax	-	-	-	-
Use Tax	501,599	-	-	-
Fuel Tax	425,010	-	-	24,022
Wagering Tax	124,154	4,901	2,759	-
Franchise Tax	31,842	-	-	-
Income Tax-Corporate	276,947	-	-	-
Income Tax-Individual	2,538,601	-	2,600	-
Sales Tax	1,319,869	-	3	6
Other Taxes	4,753	-	-	-
TOTAL TAXES	5,554,950	4,901	5,362	24,028
Less Refunds	552,087	-	-	6
NET TAXES	5,002,863	4,901	5,362	24,022
RECEIPTS FROM OTHER ENTITIES				
Federal Support	9,358	328,143	1,732,422	311,632
Local Governments	-	133	100,732	22,021
Other States	-	30	-	696
Intra-State Reimbursements	19,051	957	9,915	262
TOTAL RECEIPTS FROM OTHER ENTITIES	28,409	329,263	1,843,069	334,611
INVESTMENT INCOME				
Investment Income	94,018	5,791	7,522	764
TOTAL INVESTMENT INCOME	94,018	5,791	7,522	764
FEES, LICENSES & PERMITS				
Fees, Licenses & Permits	395,900	1,479	12,104	6,344
TOTAL FEES, LICENSES & PERMITS	395,900	1,479	12,104	6,344
REFUNDS & REIMBURSEMENTS				
Refunds & Reimbursements	60,645	17,685	124,727	11,847
TOTAL REFUNDS & REIMBURSEMENTS	60,645	17,685	124,727	11,847
SALES, RENTS & SERVICES				
Sale Of Real Estate	-	-	-	2,575
Sale Of Equipment & Salvage	-	51	301	-
Rents & Leases	-	159	984	170
Agricultural Sales	-	11	-	-
Other Sales & Services	47	1,222	1,750	-
TOTAL SALES, RENTS & SERVICES	47	1,443	3,035	2,745
MISCELLANEOUS				
Unearned Receipts	405	2,891	2,715	-
Other	15,005	1,342	50,716	4,963
TOTAL MISCELLANEOUS	15,410	4,233	53,431	4,963
Less Refunds	18,953	482	14,860	27,166
TOTAL REVENUE BY SOURCE	\$ 5,578,339	\$ 364,313	\$ 2,034,390	\$ 358,130

STATE OF IOWA

LAW, JUSTICE & PUBLIC SAFETY	ECONOMIC/ MANPOWER DEVELOPMENT	REGULATION OF BUSINESS	AGRICULTURE & NATURAL RESOURCES	TOTAL
\$ -	\$ 10	\$ 13,468	\$ -	\$ 13,478
-	-	-	-	89,562
-	-	-	-	6,733
-	-	-	-	108,515
-	-	-	-	963
-	-	-	-	126,402
-	13	1	-	14
1,150	-	-	54	502,803
-	-	-	-	449,032
58,583	-	-	-	190,397
-	-	-	-	31,842
-	-	-	-	276,947
96	8,000	-	-	2,549,297
-	-	-	-	1,319,878
-	8,724	-	-	13,477
59,829	16,747	13,469	54	5,679,340
-	-	-	-	552,093
59,829	16,747	13,469	54	5,127,247
57,025	94,124	78	28,876	2,561,658
33,662	65	-	-	156,613
222	-	-	-	948
5,196	6,355	-	233	41,969
96,105	100,544	78	29,109	2,761,188
1,657	4,682	282	2,720	117,436
1,657	4,682	282	2,720	117,436
28,577	2,323	33,734	49,655	530,116
28,577	2,323	33,734	49,655	530,116
21,161	-	2,695	1,398	240,158
21,161	-	2,695	1,398	240,158
100	-	-	-	2,675
990	29	7	937	2,315
2,103	-	-	2,684	6,100
-	-	-	115	126
74	20	8	3,508	6,629
3,267	49	15	7,244	17,845
347	566	-	14	6,938
17,537	2,889	1,879	3,008	97,339
17,884	3,455	1,879	3,022	104,277
4,976	6	-	780	67,223
\$ 223,504	\$ 127,794	\$ 52,152	\$ 92,422	\$ 8,831,044

STATE OF IOWA

Schedule of Expenditures by Function and Department General Fund

For the Year Ended June 30, 2001
(Expressed in Thousands)

	PERSONAL SERVICES	TRAVEL & SUBSISTENCE	SUPPLIES	CONTRACTUAL SERVICES
GENERAL GOVERNMENT				
Auditor Of State	\$ 6,218	\$ 370	\$ 55	\$ 101
Ethics & Campaign Disclosure Board	443	7	18	19
General Services - Information Technology	8,841	195	154	12,320
General Services Capital	-	5	-	-
Iowa Telecommunications	-	-	-	5,909
General Services	6,814	71	520	5,080
Governor	1,880	83	218	118
Legislative House	6,557	1,401	405	108
Legislative Senate	4,332	754	237	102
Legislative Joint Expense	82	7	-	244
Legislative Citizens' Aide	806	2	28	75
Legislative Computer Support	941	24	21	135
Legislative Fiscal Bureau	1,945	43	73	153
Legislative Service Bureau	3,649	31	985	364
Legislative Capital	-	-	-	74
Administrative Rules	100	7	-	1
Management	3,298	68	309	6,535
Personnel	4,788	89	257	1,900
Revenue And Finance	24,385	353	2,565	11,669
Secretary Of State	2,193	45	298	450
Governors Substance Abuse	752	39	171	6,763
Executive Council	-	-	-	394
Treasurer Of State	1,288	36	101	15,732
Underground Storage Tanks	-	2	-	9,057
Uniform State Laws	-	3	19	-
TOTAL GENERAL GOVERNMENT	79,312	3,635	6,434	77,303
EDUCATION				
Cultural Affairs	4,131	51	473	960
Cultural Affairs Capitals	-	-	-	286
Education, Voc Rehab Capitals	-	-	-	-
Education	14,147	655	2,249	8,702
Education, Voc Rehab	17,442	344	707	5,161
College Aid	1,612	37	143	11,178
Education, IPT	7,508	267	2,467	10,224
Regents, Board Of	1,307	84	58	364
Iowa Braille & Sight Saving School	4,607	75	385	312
Iowa School For The Deaf	7,091	30	718	688
TOTAL EDUCATION	57,845	1,543	7,200	37,875
HEALTH & HUMAN SERVICES				
Blind, Department For The	4,699	191	166	1,204
Blind, Department For The Capital	-	-	-	122
Civil Rights Commission	1,692	19	86	271
Elder Affairs	1,647	110	97	574
Human Rights	3,165	137	215	76,705
Human Services Administration	19,051	254	2,647	14,328
Human Services Community Serv.	112,545	2,323	2,900	18,604
Human Services Toledo	5,677	13	431	648
Human Services Eldora	9,348	36	567	1,512
Predator Civil Commitment	838	-	13	62
Human Services Cherokee	11,424	9	988	1,413
Human Services Clarinda	6,362	21	784	441
Human Services Independence	16,531	46	1,160	2,071
Human Services Mt. Pleasant	5,263	27	37	619
Human Services Glenwood	37,051	113	3,428	3,493
Human Services Woodward	30,340	189	2,457	2,695
Human Services Assistance	2,514	235	1,864	82,349
Public Health	20,985	908	21,387	81,525
Veterans Affairs	37,874	79	2,232	5,264
Veterans Affairs Capitals	-	-	-	-
TOTAL HEALTH & HUMAN SERVICES	327,006	4,710	41,459	293,900
TRANSPORTATION				
Transportation	171,269	23,230	31,398	142,593
Transportation Capitals	-	-	-	-
TOTAL TRANSPORTATION	171,269	23,230	31,398	142,593

STATE OF IOWA

EQUIPMENT & REPAIRS	CLAIMS & MISCELLANEOUS	LICENSES PERMITS & REFUNDS	STATE AID	PLANT IMPROVEMENTS	TOTAL
\$ 401	\$ 5	\$ -	\$ -	\$ -	\$ 7,150
3	-	-	-	-	490
10,829	90	-	-	-	32,429
-	-	-	-	35,889	35,894
-	-	-	-	-	5,909
95	102	4	-	57	12,743
52	2	-	-	-	2,353
128	-	-	-	-	8,599
77	-	-	-	-	5,502
13	-	-	-	-	346
2	-	-	-	-	913
2,957	-	-	-	-	4,078
33	3	-	-	-	2,250
186	-	-	-	-	5,215
-	-	-	-	-	74
-	-	-	-	-	108
88	2,335	10	419	-	13,062
89	14	-	-	-	7,137
1,461	1,542	18	285,135	-	327,128
313	2	-	-	-	3,301
84	11	-	-	-	7,820
-	58	-	-	-	452
410	10	-	400,767	-	418,344
-	20,289	-	-	-	29,348
-	-	-	-	-	22
<u>17,221</u>	<u>24,463</u>	<u>32</u>	<u>686,321</u>	<u>35,946</u>	<u>930,667</u>
95	8	-	2,270	9	7,997
18	-	-	1,178	-	1,482
-	-	-	3,000	-	3,000
567	59	-	2,333,612	-	2,359,991
401	1,335	-	18,091	253	43,734
32	8	-	96,046	-	109,056
6,923	11	-	-	98	27,498
11	-	-	1	-	1,825
374	-	-	-	-	5,753
229	-	-	-	3,704	12,460
<u>8,650</u>	<u>1,421</u>	<u>-</u>	<u>2,454,198</u>	<u>4,064</u>	<u>2,572,796</u>
214	8	-	1,762	-	8,244
-	-	-	-	-	122
35	-	-	4	-	2,107
44	-	-	22,278	-	24,750
60	-	-	-	-	80,282
2,006	2,313	-	265	-	40,864
1,401	88	-	-	-	137,861
42	7	-	-	-	6,818
73	12	3	-	-	11,551
12	-	-	-	-	925
121	2	-	-	-	13,957
43	1	-	-	-	7,652
79	5	-	-	-	19,892
170	-	-	2	-	6,118
2,531	-	1	-	-	46,617
806	15	1	-	-	36,503
92	3,048	-	2,196,647	-	2,286,749
1,466	124	-	632	-	127,027
824	10	98	30	-	46,411
248	-	-	278	-	526
<u>10,267</u>	<u>5,633</u>	<u>103</u>	<u>2,221,898</u>	<u>-</u>	<u>2,904,976</u>
13,376	1,333	182	-	601,863	985,244
-	-	-	-	3,499	3,499
<u>13,376</u>	<u>1,333</u>	<u>182</u>	<u>-</u>	<u>605,362</u>	<u>988,743</u>

continued on next page

STATE OF IOWA

Schedule of Expenditures by Function and Department General Fund

(continued)

	PERSONAL SERVICES	TRAVEL & SUBSISTENCE	SUPPLIES	CONTRACTUAL SERVICES
LAW, JUSTICE & PUBLIC SAFETY				
Attorney General	\$ 15,789	\$ 244	\$ 404	\$ 3,993
Attorney General, Pros. Atty.	505	20	102	25
Consumer Advocate	2,123	24	67	255
CBC District I	9,572	114	465	838
CBC District II	6,941	141	333	923
CBC District III	4,057	71	188	420
CBC District IV	3,142	52	214	371
CBC District V	10,627	156	719	3,353
CBC District VI	9,221	91	488	742
CBC District VII	5,348	70	335	769
CBC District VIII	4,634	105	263	824
CBC Statewide	-	1	15	30
Corrections Central Office	2,372	48	72	5,652
Corrections Training Academy	399	15	30	20
Corrections Fort Madison	24,405	48	3,945	2,134
Corrections Anamosa	19,610	39	2,514	1,694
Corrections Oakdale	17,173	101	2,300	1,782
Corrections Newton	17,870	129	2,793	1,834
Corrections Mt. Pleasant	16,172	82	2,757	2,134
Corrections Rockwell City	5,586	36	719	773
Corrections Clarinda	13,792	78	3,162	1,778
Corrections Mitchellville	10,110	55	1,155	845
Corrections Fort Dodge	17,665	115	2,772	2,940
Corrections Capitals	-	-	-	5
Inspections & Appeals	13,919	954	414	1,682
State Public Defender	12,322	152	293	23,658
Racing Commission	2,255	53	87	1,287
Judicial Department	104,271	1,512	3,423	9,523
Judicial Capitals	-	-	-	5,963
Law Enforcement Academy	1,623	72	232	657
Parole Board	873	15	15	96
Public Defense	11,842	271	965	15,089
Public Defense, Emergency Management	2,294	241	116	2,049
Public Safety	56,445	3,268	2,032	6,650
Public Safety, Capitals	-	-	19	59
TOTAL LAW, JUSTICE & PUBLIC SAFETY	<u>422,957</u>	<u>8,373</u>	<u>33,408</u>	<u>100,847</u>
ECONOMIC/MANPOWER DEVELOPMENT				
Economic Development	8,259	702	1,470	7,793
Economic Development Capitals	-	-	-	-
Workforce Development	43,322	950	1,163	37,240
Public Employment Relations	838	33	41	89
TOTAL ECONOMIC/MANPOWER DEVELOPMENT	<u>52,419</u>	<u>1,685</u>	<u>2,674</u>	<u>45,122</u>
REGULATION OF BUSINESS				
Commerce	918	2	11	120
Alcoholic Beverages	781	67	251	985
Banking	4,849	417	100	439
Credit Union	774	78	16	69
Insurance	5,217	211	177	1,127
Professional Licensing	584	53	67	139
Utilities	4,884	156	81	4,906
TOTAL REGULATION OF BUSINESS	<u>18,007</u>	<u>984</u>	<u>703</u>	<u>7,785</u>
AGRICULTURE & NATURAL RESOURCES				
Agriculture & Land Stewardship	11,681	787	568	4,874
Agriculture - Loess Hills	-	-	-	2,000
Agriculture - Soil Conservation	8,279	129	364	8,810
Agriculture - County Fairs	-	-	-	-
Natural Resources	50,187	2,809	5,193	17,385
Natural Resources Capitals	-	17	59	2,254
TOTAL AGRICULTURE & NATURAL RESOURCES	<u>70,147</u>	<u>3,742</u>	<u>6,184</u>	<u>35,323</u>
TOTAL EXPENDITURES	<u>\$ 1,198,962</u>	<u>\$ 47,902</u>	<u>\$ 129,460</u>	<u>\$ 740,748</u>

STATE OF IOWA

EQUIPMENT & REPAIRS	CLAIMS & MISCELLANEOUS	LICENSES PERMITS & REFUNDS	STATE AID	PLANT IMPROVEMENTS	TOTAL
\$ 198	\$ 983	\$ 3	\$ 7,881	\$ -	\$ 29,495
10	-	-	-	-	662
18	-	-	-	-	2,487
308	229	-	-	38	11,564
183	13	-	-	2	8,536
151	282	-	10	-	5,179
52	-	-	-	-	3,831
370	185	-	-	120	15,530
700	86	-	-	220	11,548
72	10	-	-	1	6,605
99	96	-	-	-	6,021
6	-	-	-	-	52
86	-	-	-	-	8,230
14	-	-	-	-	478
2,365	475	1	-	-	33,373
222	462	-	-	-	24,541
318	191	-	-	-	21,865
438	542	-	-	-	23,606
470	427	-	-	-	22,042
207	171	-	-	13	7,505
176	442	-	-	-	19,428
238	186	-	-	-	12,589
1,204	334	1	-	332	25,363
-	-	-	-	1,391	1,396
582	1	-	127	-	17,679
162	-	337	-	-	36,924
57	-	-	-	-	3,739
4,837	1	9	1,731	-	125,307
39	-	-	-	686	6,688
86	-	-	-	-	2,670
12	-	-	-	-	1,011
536	153	1	-	2,802	31,659
145	18	-	13,137	-	18,000
7,279	510	-	493	711	77,388
77	-	-	-	10	165
<u>21,717</u>	<u>5,797</u>	<u>352</u>	<u>23,379</u>	<u>6,326</u>	<u>623,156</u>
164	8,666	3	70,033	-	97,090
-	1	-	2,029	-	2,030
3,488	1,114	9	817	-	88,103
2	-	-	-	-	1,003
<u>3,654</u>	<u>9,781</u>	<u>12</u>	<u>72,879</u>	<u>-</u>	<u>188,226</u>
6	-	-	-	-	1,057
224	1	2	-	-	2,311
215	-	-	-	-	6,020
2	-	-	-	-	939
88	4	-	-	-	6,824
2	6	-	-	-	851
37	-	-	-	-	10,064
<u>574</u>	<u>11</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>28,066</u>
1,239	47	-	1,150	-	20,346
-	-	-	-	-	2,000
957	26	-	3,843	-	22,408
-	-	-	-	5,468	5,468
6,117	232	1	8,363	94	90,381
212	-	-	2,699	2,433	7,674
<u>8,525</u>	<u>305</u>	<u>1</u>	<u>16,055</u>	<u>7,995</u>	<u>148,277</u>
<u>\$ 83,984</u>	<u>\$48,744</u>	<u>\$ 684</u>	<u>\$ 5,474,730</u>	<u>\$ 659,693</u>	<u>\$ 8,384,907</u>

This page intentionally left blank

STATISTICAL

STATE OF IOWA

Revenues By Source All Governmental Fund Types

For the Last Ten Years
(Expressed in Thousands)

	1992	1993	1994	1995
Taxes	\$ 3,561,640	\$ 3,930,086	\$ 4,189,067	\$4,517,309
Receipts From Other				
Entities	1,568,305	1,639,784	1,894,680	1,960,839
Investment Income	50,220	38,701	56,421	48,405
Fees, Licenses & Permits	350,525	372,433	380,085	424,648
Refunds & Reimbursements	102,239	123,395	140,927	141,790
Sales, Rents & Services	7,380	7,151	7,658	8,970
Miscellaneous	<u>33,792</u>	<u>41,482</u>	<u>39,936</u>	<u>44,191</u>
GROSS REVENUES	5,674,101	6,153,032	6,708,774	7,146,152
Less Revenue Refunds	<u>300,187</u>	<u>344,799</u>	<u>427,842</u>	<u>370,777</u>
TOTAL REVENUES	<u>\$ 5,373,914</u>	<u>\$ 5,808,233</u>	<u>\$ 6,280,932</u>	<u>\$6,775,375</u>

Expenditures By Function All Governmental Fund Types

For the Last Ten Years
(Expressed in Thousands)

	1992	1993	1994	1995
Current:				
General Government	\$ 645,410	\$ 646,760	\$ 655,444	\$ 649,231
Education	1,609,339	1,693,681	1,774,344	1,841,394
Health & Human Services	1,563,059	1,663,576	1,800,487	1,926,693
Transportation	735,443	678,217	691,113	737,429
Law, Justice & Public Safety	317,395	333,560	421,695	406,957
Economic/Manpower				
Development	129,215	124,726	189,888	163,865
Regulation Of Business	18,564	17,304	18,786	21,701
Agriculture & Natural				
Resources	85,511	86,584	94,973	99,578
Capital Outlay	<u>43,375</u>	<u>24,331</u>	<u>15,367</u>	<u>28,173</u>
TOTAL EXPENDITURES	<u>\$ 5,147,311</u>	<u>\$ 5,268,739</u>	<u>\$ 5,662,097</u>	<u>\$5,875,021</u>

STATE OF IOWA

1996	1997	1998	1999	2000	2001
\$ 4,825,953	\$ 5,042,531	\$ 5,304,243	\$ 5,394,206	\$ 5,725,416	\$ 5,679,340
2,096,544	2,113,538	2,141,475	2,304,812	2,638,996	2,774,345
63,393	81,212	102,804	89,797	84,798	118,650
458,710	438,849	470,968	504,882	527,687	530,202
171,742	186,697	180,994	176,285	259,611	242,693
11,054	11,420	12,091	15,924	17,764	17,845
<u>51,404</u>	<u>55,772</u>	<u>66,223</u>	<u>78,233</u>	<u>104,369</u>	<u>104,559</u>
7,678,800	7,930,019	8,278,798	8,564,139	9,358,641	9,467,634
<u>431,673</u>	<u>454,442</u>	<u>519,292</u>	<u>568,831</u>	<u>585,580</u>	<u>619,317</u>
<u>\$ 7,247,127</u>	<u>\$ 7,475,577</u>	<u>\$ 7,759,506</u>	<u>\$ 7,995,308</u>	<u>\$ 8,773,061</u>	<u>\$ 8,848,317</u>

1996	1997	1998	1999	2000	2001
\$ 749,508	\$ 797,063	\$ 755,938	\$ 861,601	\$ 917,029	\$ 930,668
1,929,444	2,130,301	2,233,579	2,320,096	2,476,234	2,572,970
2,153,052	2,170,097	2,389,458	2,487,124	2,658,728	2,920,150
776,091	782,816	803,174	857,384	1,071,919	988,743
425,073	465,623	504,596	559,546	604,067	633,205
150,263	158,382	161,905	172,962	183,675	188,226
22,689	25,309	26,424	28,186	26,326	28,066
101,912	109,664	113,238	129,541	144,150	156,111
<u>45,360</u>	<u>72,273</u>	<u>58,068</u>	<u>31,082</u>	<u>34,499</u>	<u>28,827</u>
<u>\$ 6,353,392</u>	<u>\$ 6,711,528</u>	<u>\$ 7,046,380</u>	<u>\$ 7,447,522</u>	<u>\$ 8,116,627</u>	<u>\$ 8,446,966</u>

STATE OF IOWA
Public Education
For the Last Ten Years

Public School Enrollment

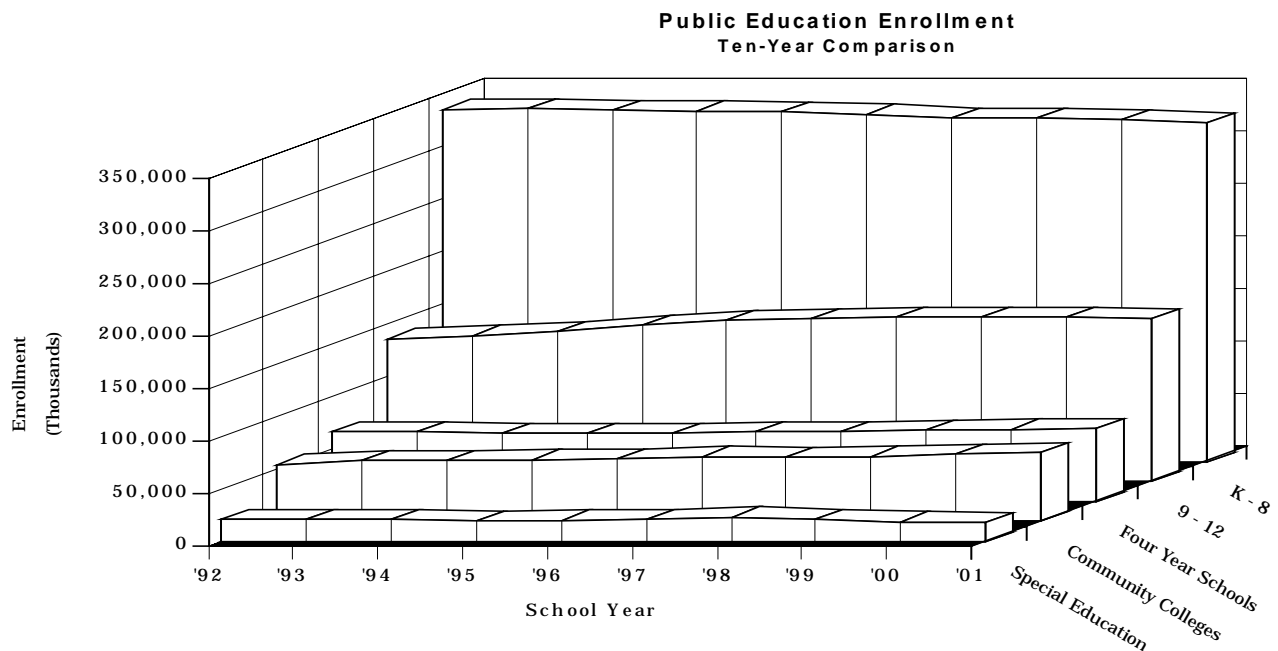
GRADES	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
K-8	334,429	335,306	333,373	332,838	331,949	330,088	326,621	326,051	324,566	321,854
9-12	135,744	138,705	142,402	147,945	152,491	154,912	155,528	155,834	155,506	155,073
Special Education	<u>21,278</u>	<u>21,331</u>	<u>21,234</u>	<u>19,809</u>	<u>20,065</u>	<u>20,523</u>	<u>22,981</u>	<u>20,649</u>	<u>18,484</u>	<u>17,364</u>
TOTAL	<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>505,130</u>	<u>502,534</u>	<u>498,556</u>	<u>494,291</u>

Public Higher Education Enrollment

	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
Four Year Schools	66,294	65,771	64,880	64,599	64,830	65,777	66,363	67,619	68,509	68,709
Community Colleges	<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>	<u>61,479</u>	<u>63,809</u>	<u>65,473</u>
TOTAL	<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>	<u>129,098</u>	<u>132,318</u>	<u>134,182</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 State Board of Regents.



STATE OF IOWA

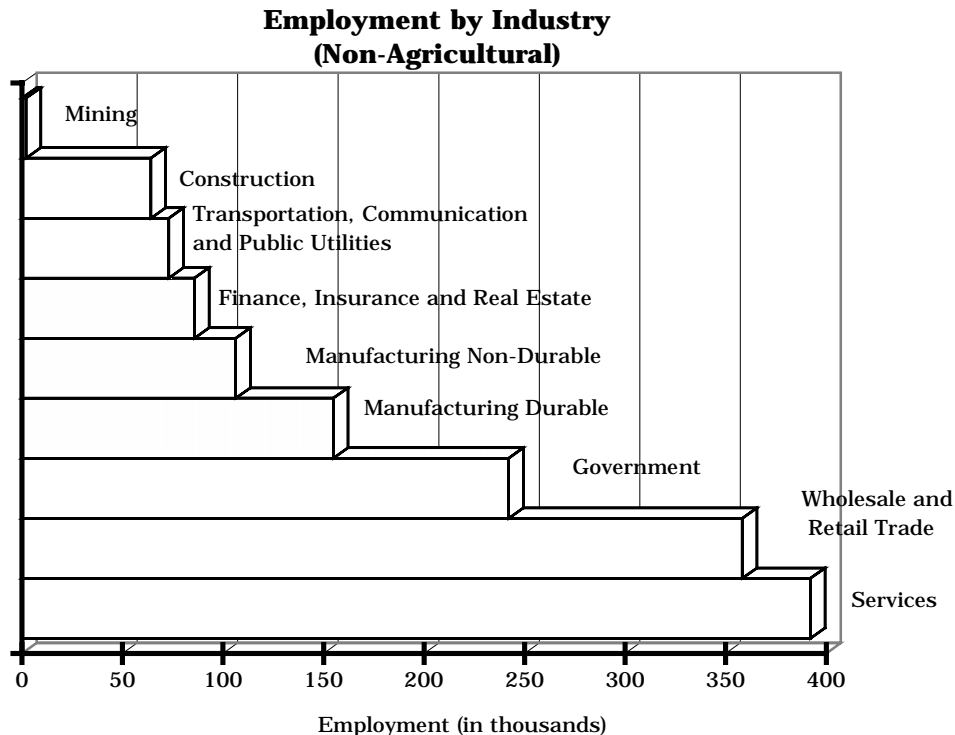
EMPLOYMENT BY INDUSTRY

For the Last Ten Years
(Expressed in Thousands)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Manufacturing Durable	128.8	126.8	130.2	136.7	141.5	141.5	148.4	154.0	153.1	154.8
Manufacturing Non-Durable	103.5	103.1	105.6	108.2	108.8	105.9	105.3	107.5	108.2	106.3
Mining	2.1	2.1	2.1	2.2	2.1	2.1	2.1	2.2	2.1	2.1
Construction	45.6	47.3	48.4	53.2	54.9	58.5	60.0	62.2	65.2	64.1
Transportation, Communication and Public Utilities	55.2	54.5	56.6	58.9	61.4	62.9	65.4	69.2	72.0	73.0
Wholesale and Retail Trade	312.4	317.5	319.9	330.5	340.5	341.1	345.3	353.9	355.9	358.2
Finance, Insurance and Real Estate	71.8	72.4	74.1	76.6	76.7	77.6	79.4	83.0	85.1	85.8
Services	296.8	306.1	317.4	326.7	341.1	359.1	365.2	378.6	385.7	392.1
Government	<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>	<u>235.7</u>	<u>239.4</u>	<u>242.1</u>
TOTAL NON-AGRICULTURAL WAGE AND SALARY EMPLOYEES	<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>	<u>1,446.3</u>	<u>1,466.7</u>	<u>1,478.5</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	Wal-Mart Stores, Inc.	Retail General Merchandise
3	Deere and Company	Machinery Manufacturer
4	Rockwell International	Machinery Manufacturer
5	Principal Financial Group	Insurance Carrier
6	Iowa Beef Processors, Inc.	Meat Packer
7	APAC Teleservices, Inc.	Business Services
8	Pella Corporation	Window Products
9	Central Iowa Health Systems	Hospital/Des Moines
10	Fareway Stores, Inc.	Retail Food

Note: Based on 2000 calendar year annual average employment.

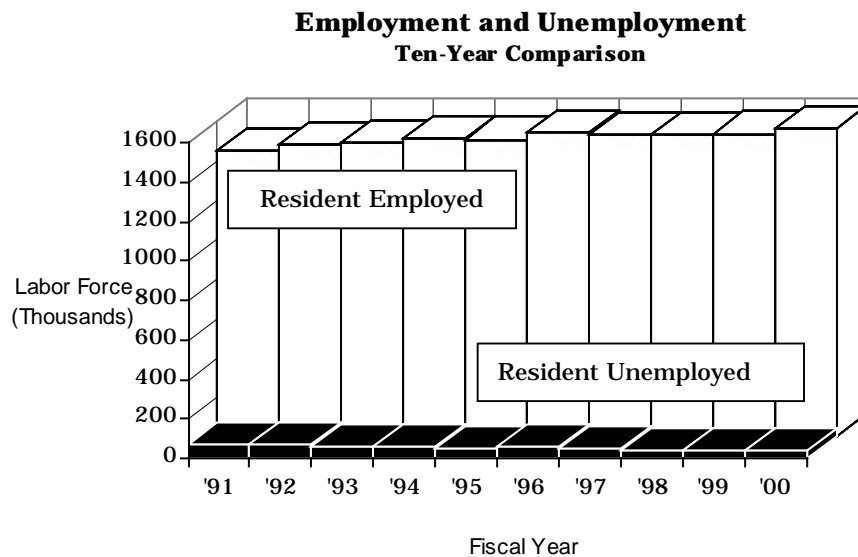
Source: Iowa Workforce Development.

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
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
1998	1,569.8	1,526.3	43.5	2.8
1999	1,574.2	1,534.1	40.1	2.5
2000	1,563.0	1,522.1	40.9	2.6

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



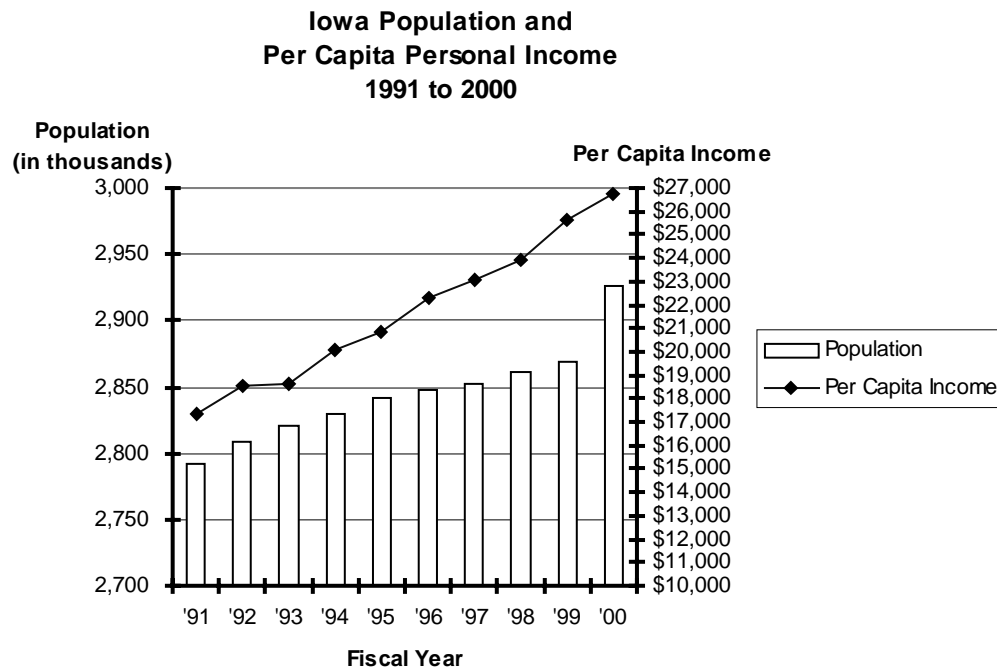
STATE OF IOWA

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)
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
1998	2,862	68,473	23,925
1999	2,869	73,500	25,615
2000	2,926	78,200	26,723

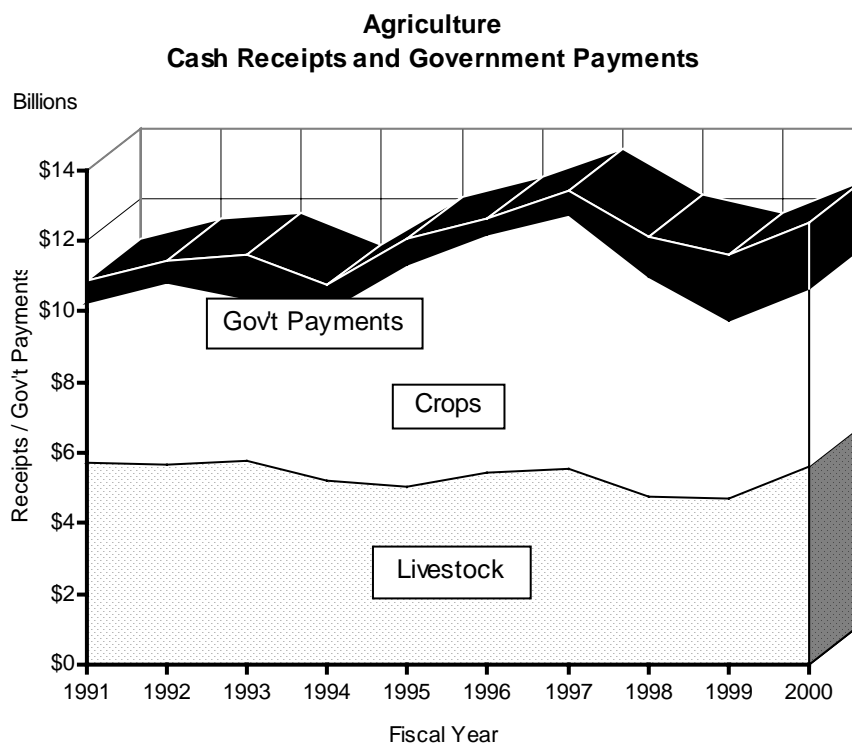
Source: U.S. Department of Commerce, Bureau of Economic Analysis



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

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Cattle	\$ 2,057.4	\$ 2,144.7	\$ 2,160.9	\$ 1,856.5	\$ 1,717.6	\$ 1,461.1	\$ 1,652.3	\$ 1,415.1	\$ 1,640.2	\$ 1,839.9
Hogs	2,916.5	2,732.2	2,820.0	2,571.6	2,480.2	3,004.0	2,957.2	2,413.7	2,204.7	3,071.2
Dairy Products	482.7	507.6	506.1	498.6	501.5	540.0	527.2	584.6	500.5	455.2
Other Livestock	263.8	260.7	294.2	304.2	323.0	445.6	393.0	364.2	366.9	380.8
TOTAL LIVESTOCK	5,720.4	5,645.2	5,781.2	5,230.9	5,022.3	5,450.7	5,529.7	4,777.6	4,712.3	5,747.1
Corn	2,521.0	2,913.2	2,643.8	2,509.5	3,649.4	3,874.7	3,722.3	3,167.8	2,703.6	2,656.4
Soybeans	1,824.8	2,026.9	1,784.6	2,055.4	2,425.0	2,603.4	3,229.3	2,837.3	2,096.6	2,165.5
Other Crops	183.4	200.2	177.3	208.5	202.0	219.7	241.3	211.5	204.0	205.3
TOTAL CROPS	4,529.2	5,140.3	4,605.7	4,773.4	6,276.4	6,697.8	7,192.9	6,216.6	5,004.2	5,027.2
Total Cash Receipts from Crops and Livestock	10,249.6	10,785.5	10,386.9	10,004.3	11,298.7	12,148.5	12,722.6	10,994.2	9,716.5	10,774.3
Government Payments	645.0	662.3	1,229.5	732.4	784.7	501.7	709.7	1,146.0	1,875.5	2,302.2
Total Cash Receipts and Government Payments	\$ 10,894.6	\$ 11,447.8	\$ 11,616.4	\$ 10,736.7	\$ 12,083.4	\$ 12,650.2	\$ 13,432.3	\$ 12,140.2	\$ 11,592.0	\$ 13,076.5

Source: 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
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
1999	99,952.2	1,044.7	98,907.5	49,668.1	29,039.1	78,707.2	1.26
2000	78,131.0	1,784.3	76,346.7	47,982.6	28,623.4	76,606.0	1.00
2001	81,956.8	1,644.2	80,312.6	34,783.6	30,618.7	65,402.3	1.23

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
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
1999	2,680.0	114.4	2,565.6	2,010.0	2,406.0	4,416.0	.59
2000	2,504.2	126.9	2,377.3	1,985.0	2,246.2	4,231.2	.56
2001	2,359.5	100.6	2,258.9	2,025.0	2,176.2	4,201.2	.54

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.

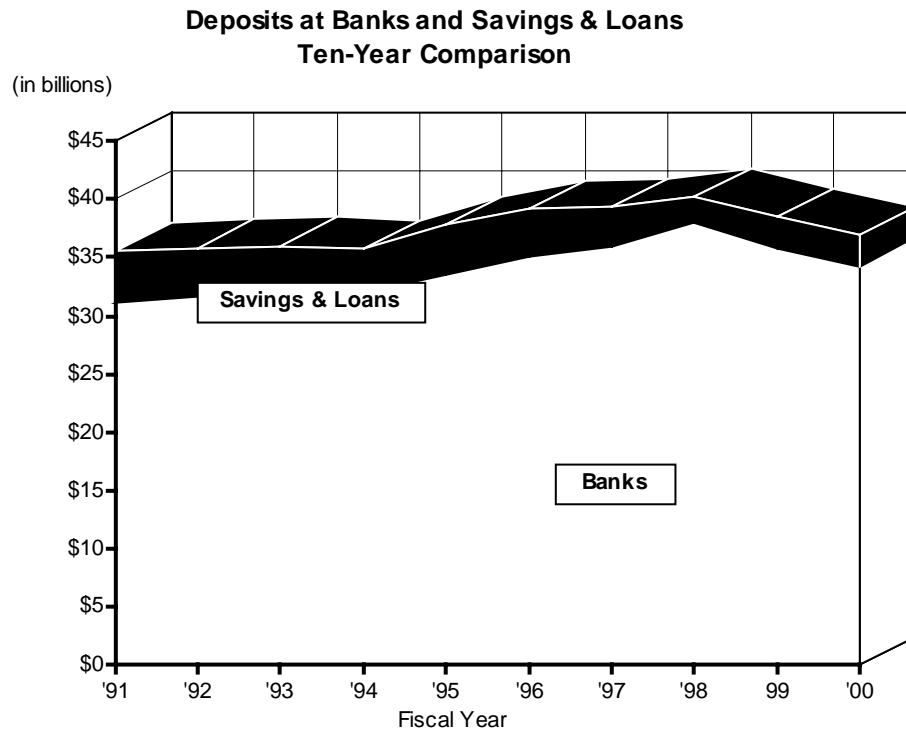
STATE OF IOWA

BANK and SAVINGS & LOAN DEPOSITS

For the Last Ten Years
(Expressed in Millions)

	BANKS		SAVINGS & LOANS		TOTAL DEPOSITS
	NUMBER	DEPOSITS	NUMBER	DEPOSITS	
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
1998	443	\$37,961.0	23	\$2,286.0	\$40,247.0
1999	439	\$35,820.0	24	\$2,637.0	\$38,457.0
2000	431	\$34,299.5	25	\$3,288.0	\$37,587.5

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



ACKNOWLEDGEMENTS



Report Prepared by State of Iowa

Department of Revenue and Finance - **Gerald D. Bair**, Director

Cover Artist / Graphics / Photos - **Brian Bemisdarfer**

Inside Story - **Lori A. Mullen**

Printing Coordinator - **Holly Laws**

Financial Management Division - **Eldon Sperry**, Administrator

GAAP Implementation Section - **Calvin McKelvogue**, Supervisor

Marilyn Hanson, CPA

Richard Schoeppner, CPA

Lisa Dooly, CPA

Mohan Solomon, CPA

Additional Assistance

Provided by

Auditor of State

Word Processing Support - **Cindy Beardsley**

Donna Davis

Shelly Nelson

Department of Management

Technical Support - **Randy Bauer**

Lynn Barney

Joel Lunde

Photos provided by - **Renaissance Design Group**
RDG Bussard Dikis