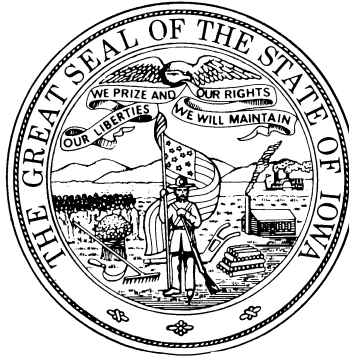


# Iowa Comprehensive Annual Financial Report

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

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## 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.

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## **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 | 40                          |
| 1992 | 42                          |
| 1994 | 45                          |
| 1996 | 48                          |
| 1998 | 52                          |
| 2000 | 58                          |
| 2002 | 65                          |
| 2004 | 72                          |
| 2006 | 80                          |
| 2007 | 95                          |

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%

The graph displays the unemployment rates for the United States and the state of Iowa from 1976 to 2000. The U.S. rate (solid line) starts at approximately 7.8% in 1976, fluctuates, and peaks at about 8.5% in 1982. The Iowa rate (dashed line) starts at 7.8% in 1976, peaks at nearly 10% in 1982, and then generally declines, ending at about 2.5% in 2000. The U.S. rate ends at approximately 4.2% in 2000.

| Year | U.S. Rate (%) | Iowa Rate (%) |
|------|---------------|---------------|
| 76   | 7.8           | 7.8           |
| 77   | 7.2           | 7.2           |
| 78   | 6.2           | 6.2           |
| 79   | 6.2           | 6.2           |
| 80   | 7.2           | 7.2           |
| 81   | 8.2           | 8.2           |
| 82   | 8.5           | 9.8           |
| 83   | 7.2           | 7.2           |
| 84   | 8.2           | 8.2           |
| 85   | 7.2           | 7.2           |
| 86   | 6.2           | 6.2           |
| 87   | 5.2           | 5.2           |
| 88   | 5.2           | 5.2           |
| 89   | 4.2           | 4.2           |
| 90   | 4.2           | 4.2           |
| 91   | 4.2           | 4.2           |
| 92   | 7.2           | 7.2           |
| 93   | 6.2           | 6.2           |
| 94   | 5.2           | 5.2           |
| 95   | 5.2           | 5.2           |
| 96   | 4.2           | 4.2           |
| 97   | 3.2           | 3.2           |
| 98   | 3.2           | 3.2           |
| 99   | 4.2           | 4.2           |
| 00   | 4.2           | 2.5           |

**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.

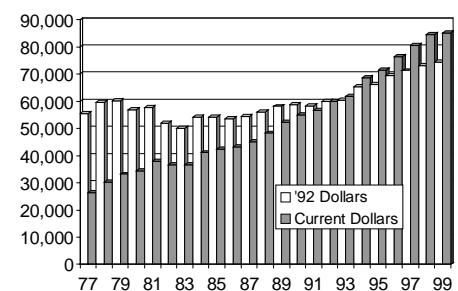
## MAJOR INITIATIVES AND ISSUES

**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.

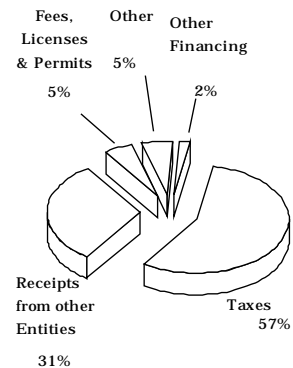
Extensive use is made of on-line tables and reports, updated on a daily basis, to provide detailed and management level reports to State departments, budget authorities, and the State Legislature. Further, the State has enhanced the ability of departments to extract selected information and prepare customized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

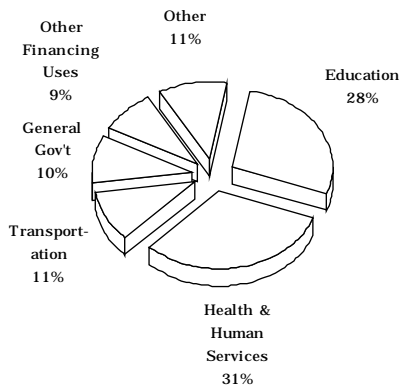


(Changes in revenues were highlighted by):

- ☞ 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**



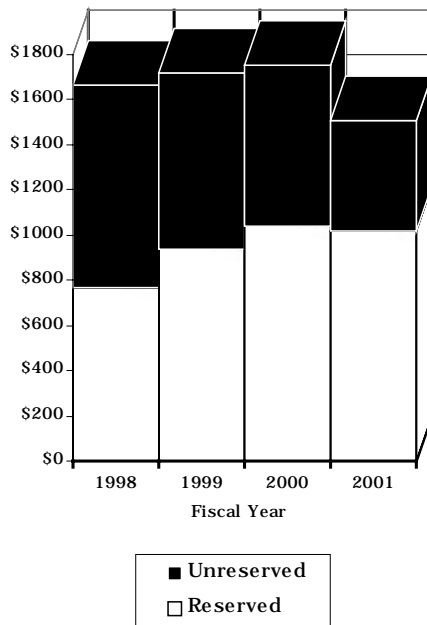
**Governmental Expenditures and Other Financing Uses**

|                                                | 2001         | 2000         | Increase (Decrease)<br>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<br>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.

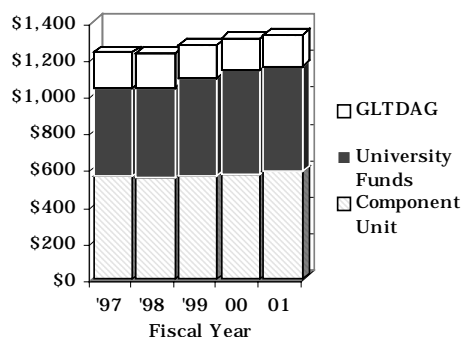
**Internal Service Funds.** The Internal Service funds account for the financing of goods or services provided by one department or agency to other agencies of the State. The principal internal service operations provide acquisition and replacement of State vehicles, materials and equipment for Department 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)**

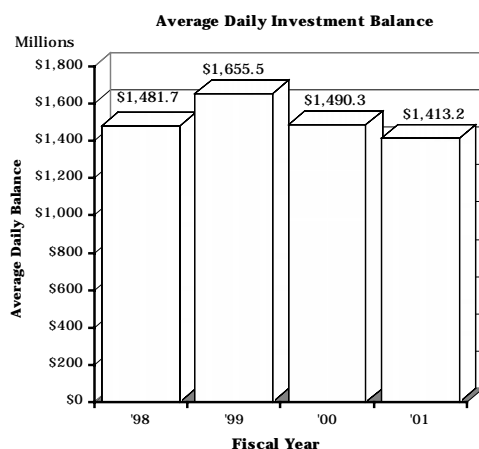


consisted of \$588.1 million of component unit – proprietary funds revenue bonds (housing and higher education), \$569.9 million in revenue bonds issued by the three State universities (for facilities), and \$82.6 million and \$80.7 million in various bonds issued by the Iowa Finance Authority for the 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

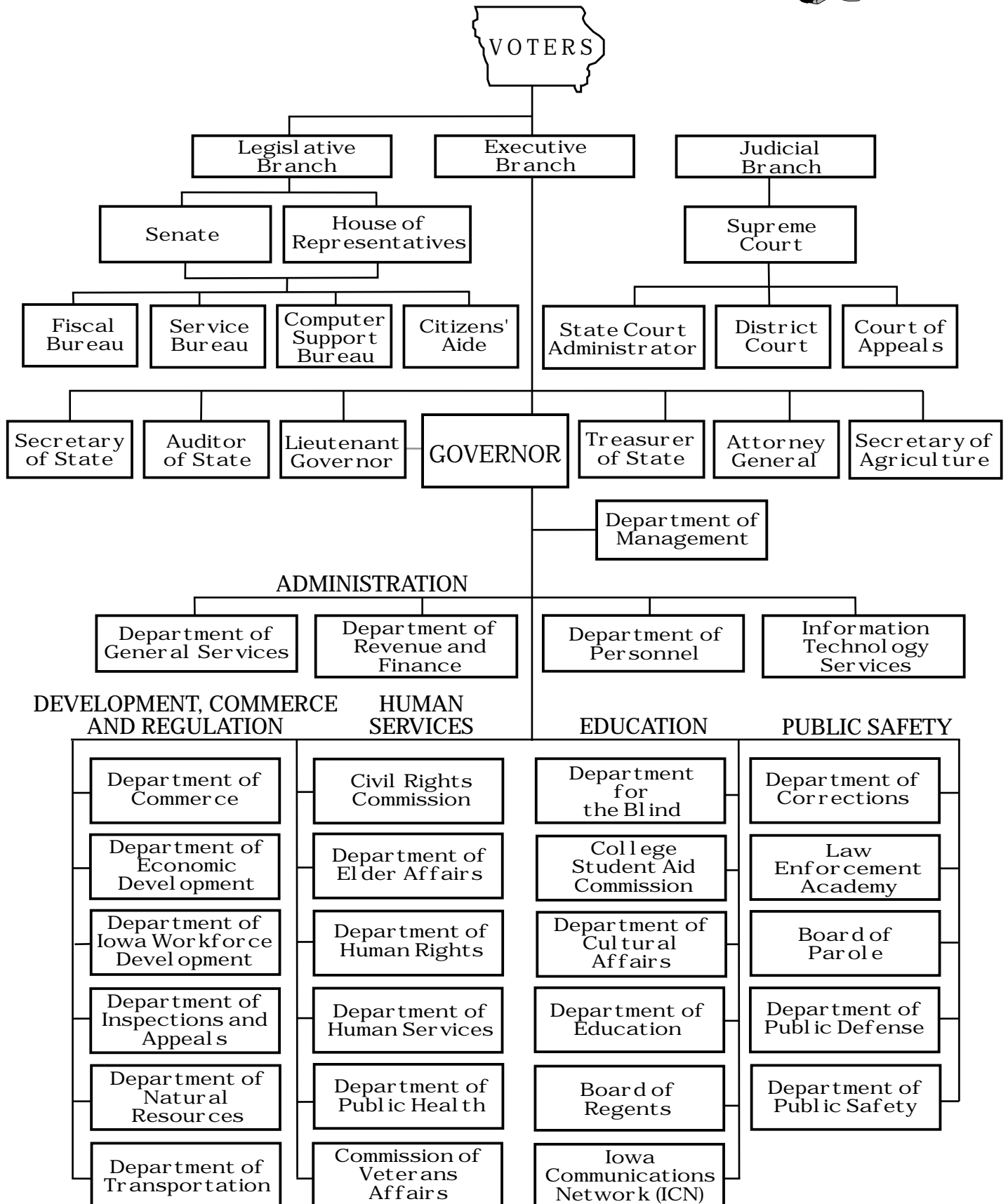
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



*Timothy A. Chave*  
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

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## **GENERAL PURPOSE FINANCIAL STATEMENTS**



# STATE OF IOWA

## Combined Balance Sheet

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

June 30, 2001

(Expressed in Thousands)

|                                                         | GOVERNMENTAL FUND TYPES    |                         |                         | PROPRIETARY FUND TYPES   |                          |
|---------------------------------------------------------|----------------------------|-------------------------|-------------------------|--------------------------|--------------------------|
|                                                         | GENERAL                    | SPECIAL REVENUE         | CAPITAL PROJECTS        | ENTERPRISE               | INTERNAL SERVICE         |
| <b>ASSETS AND OTHER DEBITS</b>                          |                            |                         |                         |                          |                          |
| Cash & Investments (Note 2)                             | \$ 1,067,683               | \$ 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                               | -                          | -                       | -                       | -                        | -                        |
| <b>TOTAL ASSETS AND OTHER DEBITS</b>                    | <b><u>\$ 2,190,507</u></b> | <b><u>\$ 12,071</u></b> | <b><u>\$ 15,509</u></b> | <b><u>\$ 217,432</u></b> | <b><u>\$ 185,894</u></b> |
| <b>LIABILITIES</b>                                      |                            |                         |                         |                          |                          |
| 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                                                | -                          | -                       | -                       | -                        | -                        |
| <b>TOTAL LIABILITIES</b>                                | <b><u>679,406</u></b>      | <b><u>2,075</u></b>     | <b><u>5,213</u></b>     | <b><u>160,198</u></b>    | <b><u>46,867</u></b>     |
| <b>FUND EQUITY AND OTHER CREDITS</b>                    |                            |                         |                         |                          |                          |
| 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                      | -                          | -                       | -                       | -                        | -                        |
| <b>TOTAL FUND EQUITY AND OTHER CREDITS</b>              | <b><u>1,511,101</u></b>    | <b><u>9,996</u></b>     | <b><u>10,296</u></b>    | <b><u>57,234</u></b>     | <b><u>139,027</u></b>    |
| <b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b> | <b><u>\$ 2,190,507</u></b> | <b><u>\$ 12,071</u></b> | <b><u>\$ 15,509</u></b> | <b><u>\$ 217,432</u></b> | <b><u>\$ 185,894</u></b> |

The notes are an integral part of the financial statements.

# STATE OF IOWA

| FIDUCIARY<br>FUND TYPE<br>TRUST AND<br>AGENCY | ACCOUNT GROUPS             |                              | UNIVERSITY<br>FUNDS | TOTAL<br>(MEMORANDUM<br>ONLY) | COMPONENT<br>UNITS | TOTAL<br>(MEMORANDUM<br>ONLY) |
|-----------------------------------------------|----------------------------|------------------------------|---------------------|-------------------------------|--------------------|-------------------------------|
|                                               | GENERAL<br>FIXED<br>ASSETS | GENERAL<br>LONG-TERM<br>DEBT |                     | PRIMARY<br>GOVERNMENT         |                    | REPORTING<br>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<br>REVENUE | CAPITAL<br>PROJECTS |
| <b>REVENUES:</b>                                                                         |                         |                    |                     |
| 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                                                                      | -                       | -                  | -                   |
| <b>GROSS REVENUES</b>                                                                    | <b>9,450,360</b>        | <b>12,675</b>      | <b>4,599</b>        |
| Less Revenue Refunds                                                                     | 619,316                 | 1                  | -                   |
| <b>NET REVENUES</b>                                                                      | <b>8,831,044</b>        | <b>12,674</b>      | <b>4,599</b>        |
| <b>EXPENDITURES:</b>                                                                     |                         |                    |                     |
| 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              |
| <b>TOTAL EXPENDITURES</b>                                                                | <b>8,384,907</b>        | <b>16,245</b>      | <b>45,814</b>       |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>                                                | <b>446,137</b>          | <b>(3,571)</b>     | <b>(41,215)</b>     |
| <b>OTHER FINANCING SOURCES (USES):</b>                                                   |                         |                    |                     |
| 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,<br>& Installment Purchases                 | 6,827                   | -                  | -                   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                                              | <b>(687,904)</b>        | <b>(198)</b>       | <b>38,733</b>       |
| <b>EXCESS OF REVENUES AND OTHER SOURCES OVER<br/>(UNDER) EXPENDITURES AND OTHER USES</b> | <b>(241,767)</b>        | <b>(3,769)</b>     | <b>(2,482)</b>      |
| <b>FUND BALANCE JULY 1</b>                                                               | <b>1,752,868</b>        | <b>13,765</b>      | <b>12,778</b>       |
| Residual Equity Transfer Out                                                             | -                       | -                  | -                   |
| <b>FUND BALANCE JUNE 30</b>                                                              | <b>\$ 1,511,101</b>     | <b>\$ 9,996</b>    | <b>\$ 10,296</b>    |

The notes are an integral part of the financial statements.

# STATE OF IOWA

| <b>FIDUCIARY<br/>FUND TYPE<br/>EXPENDABLE<br/>TRUST</b> | <b>TOTAL<br/>(MEMORANDUM ONLY)<br/>PRIMARY GOVERNMENT</b> | <b>COMPONENT<br/>UNITS</b> | <b>TOTAL<br/>(MEMORANDUM ONLY)<br/>REPORTING ENTITY</b> |
|---------------------------------------------------------|-----------------------------------------------------------|----------------------------|---------------------------------------------------------|
| \$ 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                                                      |
| <b>314,646</b>                                          | <b>9,782,280</b>                                          | <b>7,624</b>               | <b>9,789,904</b>                                        |
| 10                                                      | 619,327                                                   | -                          | 619,327                                                 |
| <b>314,636</b>                                          | <b>9,162,953</b>                                          | <b>7,624</b>               | <b>9,170,577</b>                                        |
| 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                                                  |
| <b>283,649</b>                                          | <b>8,730,615</b>                                          | <b>2,698</b>               | <b>8,733,313</b>                                        |
| <b>30,987</b>                                           | <b>432,338</b>                                            | <b>4,926</b>               | <b>437,264</b>                                          |
| 4,194                                                   | 152,814                                                   | -                          | 152,814                                                 |
| (11,811)                                                | (73,579)                                                  | -                          | (73,579)                                                |
| -                                                       | (743,848)                                                 | -                          | (743,848)                                               |
| -                                                       | 800                                                       | -                          | 800                                                     |
| -                                                       | -                                                         | (800)                      | (800)                                                   |
| -                                                       | 6,827                                                     | -                          | 6,827                                                   |
| <b>(7,617)</b>                                          | <b>(656,986)</b>                                          | <b>(800)</b>               | <b>(657,786)</b>                                        |
| <b>23,370</b>                                           | <b>(224,648)</b>                                          | <b>4,126</b>               | <b>(220,522)</b>                                        |
| 926,161                                                 | 2,705,572                                                 | 11,402                     | 2,716,974                                               |
| -                                                       | -                                                         | (2,733)                    | (2,733)                                                 |
| <b>\$ 949,531</b>                                       | <b>\$ 2,480,924</b>                                       | <b>\$ 12,795</b>           | <b>\$ 2,493,719</b>                                     |

# 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        |
| <b>APPROPRIATED REVENUE:</b>                |                  |                  |                 |                  |                  |                 |
| <b>SPECIAL TAXES:</b>                       |                  |                  |                 |                  |                  |                 |
| 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)             | -                | -                | -               |
| <b>TOTAL SPECIAL TAXES</b>                  | <b>4,829,846</b> | <b>4,761,222</b> | <b>(68,624)</b> | <b>-</b>         | <b>-</b>         | <b>-</b>        |
| <b>REIMBURSEMENTS &amp; FEES:</b>           |                  |                  |                 |                  |                  |                 |
| 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           | -               | -                | -                | -               |
| <b>TOTAL RECEIPTS</b>                       | <b>5,160,513</b> | <b>5,088,081</b> | <b>(72,432)</b> | <b>-</b>         | <b>-</b>         | <b>-</b>        |
| Transfers                                   | 108,200          | 110,891          | 2,691           | 561,573          | 566,934          | 5,361           |
| Economic Emergency Fund Surplus             | 164,100          | 164,100          | -               | -                | -                | -               |
| <b>TOTAL APPROPRIATED REVENUE</b>           | <b>5,432,813</b> | <b>5,363,072</b> | <b>(69,741)</b> | <b>561,573</b>   | <b>566,934</b>   | <b>5,361</b>    |
| <b>RECEIPTS CREDITED TO APPROPRIATIONS:</b> |                  |                  |                 |                  |                  |                 |
| 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           |
| <b>TOTAL APPROPRIATED RECEIPTS</b>          | <b>2,313,202</b> | <b>2,380,554</b> | <b>67,352</b>   | <b>508,309</b>   | <b>475,325</b>   | <b>(32,984)</b> |
| <b>TOTAL ALL REVENUE</b>                    | <b>7,746,015</b> | <b>7,743,626</b> | <b>(2,389)</b>  | <b>1,069,882</b> | <b>1,042,259</b> | <b>(27,623)</b> |
| <b>REFUNDS OF TAXES COLLECTED</b>           | <b>(554,100)</b> | <b>(550,705)</b> | <b>3,395</b>    | <b>-</b>         | <b>-</b>         | <b>-</b>        |
| <b>TOTAL REVENUES AVAILABLE</b>             | <b>7,191,915</b> | <b>7,192,921</b> | <b>1,006</b>    | <b>1,069,882</b> | <b>1,042,259</b> | <b>(27,623)</b> |

continued on next page

# STATE OF IOWA

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

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

(Continued)

|                                                                                                                       | GENERAL FUND     |                    |                    | SPECIAL REVENUE   |                   |                  |
|-----------------------------------------------------------------------------------------------------------------------|------------------|--------------------|--------------------|-------------------|-------------------|------------------|
|                                                                                                                       | BUDGET           | ACTUAL             | VARIANCE           | BUDGET            | ACTUAL            | VARIANCE         |
| <b>EXPENDITURES:</b>                                                                                                  |                  |                    |                    |                   |                   |                  |
| 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            |
| <b>TOTAL EXPENDITURES</b>                                                                                             | <b>7,194,224</b> | <b>7,259,371</b>   | <b>(65,147)</b>    | <b>704,676</b>    | <b>634,169</b>    | <b>70,507</b>    |
| Transfers                                                                                                             | -                | -                  | -                  | 469,468           | 433,349           | 36,119           |
| <b>TOTAL EXPENDITURES AND TRANSFERS</b>                                                                               | <b>7,194,224</b> | <b>7,259,371</b>   | <b>(65,147)</b>    | <b>1,174,144</b>  | <b>1,067,518</b>  | <b>106,626</b>   |
| <b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS</b>                                                     | <b>(2,309)</b>   | <b>(66,450)</b>    | <b>(64,141)</b>    | <b>(104,262)</b>  | <b>(25,259)</b>   | <b>79,003</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>                                                                                |                  |                    |                    |                   |                   |                  |
| Balances Credited To Appropriations                                                                                   | 15,035           | 24,113             | 9,078              | -                 | -                 | -                |
| Unexpended Appropriations                                                                                             | (4,443)          | (23,782)           | (19,339)           | -                 | -                 | -                |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                                                                           | <b>10,592</b>    | <b>331</b>         | <b>(10,261)</b>    | <b>-</b>          | <b>-</b>          | <b>-</b>         |
| <b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND OTHER ITEMS</b>                                                   | <b>8,283</b>     | <b>(66,119)</b>    | <b>(74,402)</b>    | <b>(104,262)</b>  | <b>(25,259)</b>   | <b>79,003</b>    |
| <b>BEGINNING FUND BALANCE (BUDGETARY)</b>                                                                             | <b>-</b>         | <b>175,659</b>     | <b>175,659</b>     | <b>215,355</b>    | <b>215,355</b>    | <b>-</b>         |
| Statutory Transfer to Cash Reserve Fund                                                                               | -                | (175,659)          | (175,659)          | -                 | -                 | -                |
| <b>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</b>                                                             | <b>-</b>         | <b>-</b>           | <b>-</b>           | <b>215,355</b>    | <b>215,355</b>    | <b>-</b>         |
| <b>ENDING FUND BALANCE (BUDGETARY)</b>                                                                                | <b>\$ 8,283</b>  | <b>\$ (66,119)</b> | <b>\$ (74,402)</b> | <b>\$ 111,093</b> | <b>\$ 190,096</b> | <b>\$ 79,003</b> |
| <b>ECONOMIC EMERGENCY FUND RESOURCES UTILIZED TO PAY GENERAL FUND OBLIGATIONS IN EXCESS OF GENERAL FUND RESOURCES</b> |                  | <b>66,119**</b>    |                    |                   |                   |                  |
| <b>ENDING FUND BALANCE AVAILABLE FOR APPROPRIATION</b>                                                                |                  | <b>\$ -</b>        |                    |                   |                   |                  |

\* 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)

|                                                                   | <b>PROPRIETARY FUND TYPES</b>    |                                 |
|-------------------------------------------------------------------|----------------------------------|---------------------------------|
|                                                                   | <b>ENTERPRISE</b>                | <b>INTERNAL SERVICE</b>         |
| <b>OPERATING REVENUES:</b>                                        |                                  |                                 |
| 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>                    |
| <b>TOTAL OPERATING REVENUES</b>                                   | <b><u>339,434</u></b>            | <b><u>258,601</u></b>           |
| <b>OPERATING EXPENSES:</b>                                        |                                  |                                 |
| 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>                        |
| <b>TOTAL OPERATING EXPENSES</b>                                   | <b><u>275,273</u></b>            | <b><u>267,566</u></b>           |
| <b>OPERATING INCOME (LOSS)</b>                                    | <b><u>64,161</u></b>             | <b><u>(8,965)</u></b>           |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                          |                                  |                                 |
| 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>                     |
| <b>NET NONOPERATING REVENUES (EXPENSES)</b>                       | <b><u>(24,908)</u></b>           | <b><u>3,493</u></b>             |
| <b>INCOME BEFORE OPERATING TRANSFERS</b>                          | <b><u>39,253</u></b>             | <b><u>(5,472)</u></b>           |
| <b>OPERATING TRANSFERS:</b>                                       |                                  |                                 |
| Transfers In                                                      | 590                              | 22,087                          |
| Transfers Out                                                     | <u>(83,301)</u>                  | <u>(18,612)</u>                 |
| <b>TOTAL OPERATING TRANSFERS</b>                                  | <b><u>(82,711)</u></b>           | <b><u>3,475</u></b>             |
| <b>NET INCOME (LOSS)</b>                                          | <b><u>(43,458)</u></b>           | <b><u>(1,997)</u></b>           |
| Add Back Depreciation On Assets Acquired With Contributed Capital | <u>7,144</u>                     | <u>-</u>                        |
| <b>INCREASE (DECREASE) IN RETAINED EARNINGS</b>                   | <b><u>(36,314)</u></b>           | <b><u>(1,997)</u></b>           |
| <b>RETAINED EARNINGS/FUND BALANCES JULY 1</b>                     | <b><u>16,519</u></b>             | <b><u>141,024</u></b>           |
| <b>RETAINED EARNINGS/FUND BALANCES JUNE 30</b>                    | <b><u><u>\$ (19,795)</u></u></b> | <b><u><u>\$ 139,027</u></u></b> |

The notes are an integral part of the financial statements.

# STATE OF IOWA

| <b>FIDUCIARY<br/>FUND TYPE</b> | <b>TOTAL<br/>(MEMORANDUM ONLY)<br/>PRIMARY GOVERNMENT</b> | <b>COMPONENT<br/>UNITS</b> | <b>TOTAL<br/>(MEMORANDUM ONLY)<br/>REPORTING ENTITY</b> |
|--------------------------------|-----------------------------------------------------------|----------------------------|---------------------------------------------------------|
| <b>NONEXPENDABLE<br/>TRUST</b> |                                                           |                            |                                                         |
| \$ -                           | \$ 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>                                            |
| <b><u>8</u></b>                | <b><u>598,043</u></b>                                     | <b><u>75,729</u></b>       | <b><u>673,772</u></b>                                   |
| -                              | 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>                                            |
| <b><u>-</u></b>                | <b><u>542,839</u></b>                                     | <b><u>30,690</u></b>       | <b><u>573,529</u></b>                                   |
| <b><u>8</u></b>                | <b><u>55,204</u></b>                                      | <b><u>45,039</u></b>       | <b><u>100,243</u></b>                                   |
| -                              | 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>                                            |
| <b><u>-</u></b>                | <b><u>(21,415)</u></b>                                    | <b><u>(5,792)</u></b>      | <b><u>(27,207)</u></b>                                  |
| <b><u>8</u></b>                | <b><u>33,789</u></b>                                      | <b><u>39,247</u></b>       | <b><u>73,036</u></b>                                    |
| 1                              | 22,678                                                    | -                          | 22,678                                                  |
| <u>-</u>                       | <u>(101,913)</u>                                          | <u>-</u>                   | <u>(101,913)</u>                                        |
| <b><u>1</u></b>                | <b><u>(79,235)</u></b>                                    | <b><u>-</u></b>            | <b><u>(79,235)</u></b>                                  |
| <b>9</b>                       | <b>(45,446)</b>                                           | <b>39,247</b>              | <b>(6,199)</b>                                          |
| <u>-</u>                       | <u>7,144</u>                                              | <u>1,108</u>               | <u>8,252</u>                                            |
| <b>9</b>                       | <b>(38,302)</b>                                           | <b>40,355</b>              | <b>2,053</b>                                            |
| <b><u>7,562</u></b>            | <b><u>165,105</u></b>                                     | <b><u>323,843</u></b>      | <b><u>488,948</u></b>                                   |
| <b><u>\$ 7,571</u></b>         | <b><u>\$ 126,803</u></b>                                  | <b><u>\$ 364,198</u></b>   | <b><u>\$ 491,001</u></b>                                |



# STATE OF IOWA

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

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

|                                                                      | <u>PROPRIETARY FUND TYPES</u> |                         |
|----------------------------------------------------------------------|-------------------------------|-------------------------|
|                                                                      | ENTERPRISE                    | INTERNAL SERVICE        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                         |                               |                         |
| 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                                     | -                             | -                       |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                     | <b><u>64,033</u></b>          | <b><u>8,942</u></b>     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>              |                               |                         |
| 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                     |
| <b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>          | <b><u>(105,279)</u></b>       | <b><u>4,555</u></b>     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>     |                               |                         |
| 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                   |
| <b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b> | <b><u>(3,930)</u></b>         | <b><u>(19,384)</u></b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                         |                               |                         |
| Interest & Dividends On Investments                                  | 3,301                         | 2,548                   |
| Proceeds From Sale & Maturities Of Investments                       | 12,938                        | 418                     |
| Purchase Of Investments                                              | (2,758)                       | (294)                   |
| <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>                     | <b><u>13,481</u></b>          | <b><u>2,672</u></b>     |
| <b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>        | <b>(31,695)</b>               | <b>(3,215)</b>          |
| <b>CASH &amp; CASH EQUIVALENTS JULY 1</b>                            | <b><u>80,005</u></b>          | <b><u>37,142</u></b>    |
| <b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>                           | <b>48,310</b>                 | <b>33,927</b>           |
| <b>INVESTMENTS</b>                                                   | <b>2,818</b>                  | <b>1,198</b>            |
| <b>LESS: DEPOSITS WITH TRUSTEES</b>                                  | <b><u>22,662</u></b>          | <b>-</b>                |
| <b>CASH &amp; INVESTMENTS PER BALANCE SHEET</b>                      | <b><u>\$ 28,466</u></b>       | <b><u>\$ 35,125</u></b> |

# STATE OF IOWA

| <b>FIDUCIARY<br/>FUND TYPE</b> | <b>TOTAL<br/>(MEMORANDUM ONLY)<br/>PRIMARY GOVERNMENT</b> | <b>COMPONENT<br/>UNITS</b> | <b>TOTAL<br/>(MEMORANDUM ONLY)<br/>REPORTING ENTITY</b> |
|--------------------------------|-----------------------------------------------------------|----------------------------|---------------------------------------------------------|
| <b>NONEXPENDABLE<br/>TRUST</b> |                                                           |                            |                                                         |
| \$ -                           | \$ 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       |
| <b>RECONCILIATION OF OPERATING INCOME TO<br/>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>        |                               |                        |
| Operating Income (Loss)                                                                           | \$ 64,161                     | \$ (8,965)             |
| <b>Adjustments to Reconcile Operating Income<br/>To Net Cash Provided By Operating Activities</b> |                               |                        |
| 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)                      | -                      |
| <b>Net Cash Provided By Operating Activities</b>                                                  | <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<br>FUND TYPE<br>NONEXPENDABLE<br>TRUST | TOTAL<br>(MEMORANDUM ONLY)<br>PRIMARY GOVERNMENT | COMPONENT<br>UNITS | TOTAL<br>(MEMORANDUM ONLY)<br>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<br>EMPLOYEES'<br>RETIREMENT<br>SYSTEM | PEACE<br>OFFICERS'<br>RETIREMENT<br>SYSTEM | JUDICIAL<br>RETIREMENT<br>SYSTEM | TOTAL                       |
|----------------------------------------------------------------------------|---------------------------------------------------|--------------------------------------------|----------------------------------|-----------------------------|
| <b>ADDITIONS</b>                                                           |                                                   |                                            |                                  |                             |
| 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<br>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>                   |
| <b>Total Additions</b>                                                     | <b><u>(538,086)</u></b>                           | <b><u>(1,761)</u></b>                      | <b><u>4,706</u></b>              | <b><u>(535,141)</u></b>     |
| <b>DEDUCTIONS:</b>                                                         |                                                   |                                            |                                  |                             |
| 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>               |
| <b>Total Deductions</b>                                                    | <b><u>673,598</u></b>                             | <b><u>10,406</u></b>                       | <b><u>3,979</u></b>              | <b><u>687,983</u></b>       |
| <b>Net Increase (Decrease)</b>                                             | <b>(1,211,684)</b>                                | <b>(12,167)</b>                            | <b>727</b>                       | <b>(1,223,124)</b>          |
| <b>Fund Balance - Reserved for Employees'<br/>Pension Benefits July 1</b>  | <b><u>17,140,231</u></b>                          | <b><u>239,569</u></b>                      | <b><u>71,648</u></b>             | <b><u>17,451,448</u></b>    |
| <b>Fund Balance - Reserved for Employees'<br/>Pension Benefits June 30</b> | <b><u>\$ 15,928,547</u></b>                       | <b><u>\$ 227,402</u></b>                   | <b><u>\$ 72,375</u></b>          | <b><u>\$ 16,228,324</u></b> |

The notes are an integral part of the financial statements.

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# STATE OF IOWA

## Combined Statement of Changes in Fund Balances University Funds

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

|                                                  | <b>CURRENT FUNDS</b>     |                         | <b>LOAN FUNDS</b>       |
|--------------------------------------------------|--------------------------|-------------------------|-------------------------|
|                                                  | <b>UNRESTRICTED</b>      | <b>RESTRICTED</b>       |                         |
| <b>REVENUES &amp; ADDITIONS:</b>                 |                          |                         |                         |
| 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                     |
| <b>TOTAL REVENUES &amp; ADDITIONS</b>            | <b><u>1,302,402</u></b>  | <b><u>493,206</u></b>   | <b><u>3,490</u></b>     |
| <b>EXPENDITURES &amp; OTHER DEDUCTIONS:</b>      |                          |                         |                         |
| 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                                            | -                        | -                       | -                       |
| <b>TOTAL EXPENDITURES &amp; OTHER DEDUCTIONS</b> | <b><u>1,720,692</u></b>  | <b><u>539,716</u></b>   | <b><u>904</u></b>       |
| <b>TRANSFERS ADDITIONS (DEDUCTIONS):</b>         |                          |                         |                         |
| 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)                   |
| <b>TOTAL TRANSFERS</b>                           | <b><u>443,843</u></b>    | <b><u>53,074</u></b>    | <b><u>(271)</u></b>     |
| <b>NET INCREASE (DECREASE) IN FUND BALANCE</b>   | <b>25,553</b>            | <b>6,564</b>            | <b>2,315</b>            |
| <b>FUND BALANCE JULY 1</b>                       | <b><u>219,626</u></b>    | <b><u>81,518</u></b>    | <b><u>80,289</u></b>    |
| <b>FUND BALANCE JUNE 30</b>                      | <b><u>\$ 245,179</u></b> | <b><u>\$ 88,082</u></b> | <b><u>\$ 82,604</u></b> |

The notes are an integral part of the financial statements.

# STATE OF IOWA

| ENDOWMENTS &<br>SIMILAR FUNDS | PLANT FUNDS       |                            |                               |                        | COMPONENT<br>UNITS | TOTAL               |
|-------------------------------|-------------------|----------------------------|-------------------------------|------------------------|--------------------|---------------------|
|                               | UN-<br>EXPENDED   | RENEWALS &<br>REPLACEMENTS | RETIREMENT OF<br>INDEBTEDNESS | INVESTMENT<br>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)

|                                                          | <b>CURRENT FUNDS</b>    |                        |                         |
|----------------------------------------------------------|-------------------------|------------------------|-------------------------|
|                                                          | <b>UNRESTRICTED</b>     | <b>RESTRICTED</b>      | <b>TOTAL</b>            |
| <b>REVENUES:</b>                                         |                         |                        |                         |
| 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>          |
| <b>TOTAL REVENUES</b>                                    | <b><u>1,302,402</u></b> | <b><u>410,027</u></b>  | <b><u>1,712,429</u></b> |
| <b>EXPENDITURES &amp; MANDATORY TRANSFERS:</b>           |                         |                        |                         |
| 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>          |
| <b>TOTAL EXPENDITURES &amp; MANDATORY TRANSFERS</b>      | <b><u>1,873,302</u></b> | <b><u>475,800</u></b>  | <b><u>2,349,102</u></b> |
| <b>OTHER TRANSFERS &amp; ADDITIONS<br/>(DEDUCTIONS):</b> |                         |                        |                         |
| 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>         |
| <b>TOTAL OTHER TRANSFERS &amp; ADDITIONS</b>             | <b><u>596,453</u></b>   | <b><u>72,337</u></b>   | <b><u>668,790</u></b>   |
| <b>NET INCREASE (DECREASE) IN FUND BALANCE</b>           | <b><u>\$ 25,553</u></b> | <b><u>\$ 6,564</u></b> | <b><u>\$ 32,117</u></b> |

The notes are an integral part of the financial statements.

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

|                                                         | <b>IOWA<br/>STATE<br/>FAIR<br/>AUTHORITY</b> | <b>IOWA<br/>HIGHER<br/>EDUCATION<br/>LOAN<br/>AUTHORITY</b> |
|---------------------------------------------------------|----------------------------------------------|-------------------------------------------------------------|
| <b>ASSETS AND OTHER DEBITS</b>                          |                                              |                                                             |
| 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                                            | -                                            | -                                                           |
| <b>TOTAL ASSETS AND OTHER DEBITS</b>                    | <b><u>\$ 48,237</u></b>                      | <b><u>\$ 45,689</u></b>                                     |
| <b>LIABILITIES</b>                                      |                                              |                                                             |
| 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                                                      |
| <b>TOTAL LIABILITIES</b>                                | <b><u>2,237</u></b>                          | <b><u>43,830</u></b>                                        |
| <b>FUND EQUITY AND OTHER CREDITS</b>                    |                                              |                                                             |
| 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                                          | -                                                           |
| <b>TOTAL FUND EQUITY AND OTHER CREDITS</b>              | <b><u>46,000</u></b>                         | <b><u>1,859</u></b>                                         |
| <b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b> | <b><u>\$ 48,237</u></b>                      | <b><u>\$ 45,689</u></b>                                     |

# STATE OF IOWA

| IOWA<br>FINANCE<br>AUTHORITY | IOWA<br>AGRICULTURAL<br>DEVELOPMENT<br>AUTHORITY | WALLACE<br>TECHNOLOGY<br>TRANSFER<br>FOUNDATION | LAWYER<br>TRUST<br>ACCOUNT<br>COMMISSION | CLIENT<br>SECURITY<br>& ATTORNEY<br>DISCIPLINARY<br>COMMISSION | COMMISSION<br>ON CONTINUING<br>LEGAL<br>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>                                          |
| <b><u>\$ 925,528</u></b>     | <b><u>\$ 5,713</u></b>                           | <b><u>\$ 100</u></b>                            | <b><u>\$ 1,378</u></b>                   | <b><u>\$ 1,609</u></b>                                         | <b><u>\$ 64</u></b>                               |
| \$ 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>                                          |
| <b><u>577,185</u></b>        | <b><u>58</u></b>                                 | <b><u>-</u></b>                                 | <b><u>558</u></b>                        | <b><u>51</u></b>                                               | <b><u>3</u></b>                                   |
| -                            | -                                                | -                                               | -                                        | -                                                              | -                                                 |
| 348,343                      | 5,655                                            | -                                               | 820                                      | 1,558                                                          | 61                                                |
| -                            | -                                                | -                                               | -                                        | -                                                              | -                                                 |
| -                            | -                                                | 100                                             | -                                        | -                                                              | -                                                 |
| <u>-</u>                     | <u>-</u>                                         | <u>-</u>                                        | <u>-</u>                                 | <u>-</u>                                                       | <u>-</u>                                          |
| <b><u>348,343</u></b>        | <b><u>5,655</u></b>                              | <b><u>100</u></b>                               | <b><u>820</u></b>                        | <b><u>1,558</u></b>                                            | <b><u>61</u></b>                                  |
| <b><u>\$ 925,528</u></b>     | <b><u>\$ 5,713</u></b>                           | <b><u>\$ 100</u></b>                            | <b><u>\$ 1,378</u></b>                   | <b><u>\$ 1,609</u></b>                                         | <b><u>\$ 64</u></b>                               |

(continued on next page)

**STATE OF IOWA**  
**Combining Balance Sheet**  
**Component Units**

June 30, 2001  
(Expressed in Thousands)

(Continued)

|                                                         | IOWA SEED<br>CAPITAL<br>LIQUIDATION<br>CORPORATION | IOWA<br>CENTENNIAL<br>MEMORIAL<br>FOUNDATION |
|---------------------------------------------------------|----------------------------------------------------|----------------------------------------------|
| <b>ASSETS AND OTHER DEBITS</b>                          |                                                    |                                              |
| 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                                            | -                                                  | -                                            |
| <b>TOTAL ASSETS AND OTHER DEBITS</b>                    | <b><u>\$ 1,405</u></b>                             | <b><u>\$ 789</u></b>                         |
| <b>LIABILITIES</b>                                      |                                                    |                                              |
| Accounts Payable & Accruals                             | \$ -                                               | \$ -                                         |
| Due To Component Units (Note 5)                         | -                                                  | -                                            |
| Interest Payable                                        | -                                                  | -                                            |
| Deferred Revenue                                        | -                                                  | -                                            |
| Compensated Absences (Note 1)                           | -                                                  | -                                            |
| Bonds Payable (Note 12)                                 | -                                                  | -                                            |
| <b>TOTAL LIABILITIES</b>                                | <b><u>-</u></b>                                    | <b><u>-</u></b>                              |
| <b>FUND EQUITY AND OTHER CREDITS</b>                    |                                                    |                                              |
| Contributed Capital:                                    |                                                    |                                              |
| Intergovernmental                                       | -                                                  | -                                            |
| Retained Earnings                                       | -                                                  | -                                            |
| Fund Balances:                                          |                                                    |                                              |
| Reserve For:                                            |                                                    |                                              |
| Inventory & Prepaid Expenditures                        | -                                                  | -                                            |
| Specific Purposes                                       | -                                                  | 733                                          |
| Unreserved Fund Equity                                  | 1,405                                              | 56                                           |
| <b>TOTAL FUND EQUITY AND OTHER CREDITS</b>              | <b><u>1,405</u></b>                                | <b><u>789</u></b>                            |
| <b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b> | <b><u>\$ 1,405</u></b>                             | <b><u>\$ 789</u></b>                         |

The notes are an integral part of the financial statements.

# STATE OF IOWA

| ECONOMIC<br>DEVELOPMENT<br>FOUNDATION | IOWA<br>HISTORICAL<br>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>                |
| <b><u>\$ 1,469</u></b>                | <b><u>\$ 1,087</u></b>           | <b><u>\$1,033,068</u></b> |
| <br>                                  |                                  |                           |
| \$ 249                                | \$ 34                            | \$ 17,051                 |
| -                                     | -                                | 837                       |
| -                                     | -                                | 11,498                    |
| -                                     | -                                | 6,438                     |
| -                                     | -                                | 283                       |
| <u>-</u>                              | <u>-</u>                         | <u>588,098</u>            |
| <b><u>249</u></b>                     | <b><u>34</u></b>                 | <b><u>624,205</u></b>     |
| <br>                                  |                                  |                           |
| -                                     | -                                | 31,870                    |
| -                                     | -                                | 363,409                   |
| <br>                                  |                                  |                           |
| 1                                     | 34                               | 240                       |
| 864                                   | -                                | 10,026                    |
| <u>355</u>                            | <u>1,019</u>                     | <u>3,318</u>              |
| <b><u>1,220</u></b>                   | <b><u>1,053</u></b>              | <b><u>408,863</u></b>     |
| <br>                                  |                                  |                           |
| <b><u>\$ 1,469</u></b>                | <b><u>\$ 1,087</u></b>           | <b><u>\$1,033,068</u></b> |

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

The notes are an integral part of the financial statements.

# STATE OF IOWA

| EXPENDABLE TRUST                   |                                       |                                  |                         |
|------------------------------------|---------------------------------------|----------------------------------|-------------------------|
| IOWA<br>STATE<br>FAIR<br>AUTHORITY | ECONOMIC<br>DEVELOPMENT<br>FOUNDATION | IOWA<br>HISTORICAL<br>FOUNDATION | TOTAL                   |
| \$ 6,005                           | \$ -                                  | \$ 418                           | \$ 6,423                |
| 36                                 | 47                                    | 5                                | (175)                   |
| 364                                | -                                     | 44                               | 408                     |
| <u>-</u>                           | <u>968</u>                            | <u>-</u>                         | <u>968</u>              |
| <b><u>6,405</u></b>                | <b><u>1,015</u></b>                   | <b><u>467</u></b>                | <b><u>7,624</u></b>     |
| -                                  | -                                     | 301                              | 301                     |
| -                                  | 763                                   | -                                | 1,715                   |
| <u>682</u>                         | <u>-</u>                              | <u>-</u>                         | <u>682</u>              |
| <b><u>682</u></b>                  | <b><u>763</u></b>                     | <b><u>301</u></b>                | <b><u>2,698</u></b>     |
| <b><u>5,723</u></b>                | <b><u>252</u></b>                     | <b><u>166</u></b>                | <b><u>4,926</u></b>     |
| <u>-</u>                           | <u>-</u>                              | <u>-</u>                         | <u>(800)</u>            |
| <u>-</u>                           | <u>-</u>                              | <u>-</u>                         | <b><u>(800)</u></b>     |
| <b><u>5,723</u></b>                | <b><u>252</u></b>                     | <b><u>166</u></b>                | <b><u>4,126</u></b>     |
| 6,027                              | 968                                   | 887                              | 11,402                  |
| <u>(2,733)</u>                     | <u>-</u>                              | <u>-</u>                         | <u>(2,733)</u>          |
| <b><u>\$ 9,017</u></b>             | <b><u>\$ 1,220</u></b>                | <b><u>\$ 1,053</u></b>           | <b><u>\$ 12,795</u></b> |



# STATE OF IOWA

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

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

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

The notes are an integral part of the financial statements.

# STATE OF IOWA

| LAWYER<br>TRUST<br>ACCOUNT<br>COMMISSION | CLIENT<br>SECURITY<br>& ATTORNEY<br>DISCIPLINARY<br>COMMISSION | COMMISSION<br>ON CONTINUING<br>LEGAL<br>EDUCATION | NON-<br>EXPENDABLE<br>TRUST                  | TOTAL             |
|------------------------------------------|----------------------------------------------------------------|---------------------------------------------------|----------------------------------------------|-------------------|
|                                          |                                                                |                                                   | IOWA<br>CENTENNIAL<br>MEMORIAL<br>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<br>STATE<br>FAIR<br>AUTHORITY | IOWA<br>HIGHER<br>EDUCATION<br>LOAN<br>AUTHORITY | IOWA<br>FINANCE<br>AUTHORITY |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                         |                                    |                                                  |                              |
| 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                                     | -                                  | -                                                | -                            |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                     | <b><u>856</u></b>                  | <b><u>7,570</u></b>                              | <b><u>(31,893)</u></b>       |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>              |                                    |                                                  |                              |
| Proceeds From Sale Of Revenue Bonds                                  | -                                  | -                                                | 56,029                       |
| Principal Paid On Revenue Bonds                                      | -                                  | (2,100)                                          | (34,783)                     |
| Interest Paid                                                        | -                                  | (2,239)                                          | (28,612)                     |
| <b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>          | <b><u>-</u></b>                    | <b><u>(4,339)</u></b>                            | <b><u>(7,366)</u></b>        |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>     |                                    |                                                  |                              |
| Acquisition & Construction Of Capital Assets                         | (4,639)                            | -                                                | (310)                        |
| Contributed Capital                                                  | 2,991                              | -                                                | -                            |
| <b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b> | <b><u>(1,648)</u></b>              | <b><u>-</u></b>                                  | <b><u>(310)</u></b>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                         |                                    |                                                  |                              |
| Interest & Dividends On Investments                                  | 199                                | 711                                              | 19,359                       |
| Proceeds From Sale & Maturities Of Investments                       | -                                  | (3,821)                                          | 25,200                       |
| Purchase Of Investments                                              | -                                  | -                                                | (4,652)                      |
| <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>                     | <b><u>199</u></b>                  | <b><u>(3,110)</u></b>                            | <b><u>39,907</u></b>         |
| <b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>                   | <b>(593)</b>                       | <b>121</b>                                       | <b>338</b>                   |
| <b>CASH &amp; CASH EQUIVALENTS JULY 1</b>                            | <b><u>4,389</u></b>                | <b><u>262</u></b>                                | <b><u>43,224</u></b>         |
| <b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>                           | <b>3,796</b>                       | <b>383</b>                                       | <b>43,562</b>                |
| <b>INVESTMENTS</b>                                                   | <b><u>-</u></b>                    | <b><u>16,845</u></b>                             | <b><u>616,794</u></b>        |
| <b>CASH AND INVESTMENTS PER BALANCE SHEET</b>                        | <b><u>\$ 3,796</u></b>             | <b><u>\$ 17,228</u></b>                          | <b><u>\$ 660,356</u></b>     |

# STATE OF IOWA

| IOWA<br>AGRICULTURAL<br>DEVELOPMENT<br>AUTHORITY | LAWYER<br>TRUST<br>ACCOUNT<br>COMMISSION | CLIENT<br>SECURITY<br>& ATTORNEY<br>DISCIPLINARY<br>COMMISSION | COMMISSION<br>ON CONTINUING<br>LEGAL<br>EDUCATION | NON-<br>EXPENDABLE<br>TRUST                  | TOTAL             |
|--------------------------------------------------|------------------------------------------|----------------------------------------------------------------|---------------------------------------------------|----------------------------------------------|-------------------|
|                                                  |                                          |                                                                |                                                   | IOWA<br>CENTENNIAL<br>MEMORIAL<br>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<br>STATE<br>FAIR<br>AUTHORITY | IOWA<br>HIGHER<br>EDUCATION<br>LOAN<br>AUTHORITY | IOWA<br>FINANCE<br>AUTHORITY |
| <b>RECONCILIATION OF OPERATING INCOME TO NET<br/>CASH PROVIDED BY OPERATING ACTIVITIES</b>        |                                    |                                                  |                              |
| Operating Income (Loss)                                                                           | \$ (1,206)                         | \$ 1,542                                         | \$ 44,773                    |
| <b>Adjustments To Reconcile Operating Income<br/>To Net Cash Provided By Operating Activities</b> |                                    |                                                  |                              |
| 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                          |
| <b>Net Cash Provided By Operating Activities</b>                                                  | <b><u>\$ 856</u></b>               | <b><u>\$ 7,570</u></b>                           | <b><u>\$ (31,893)</u></b>    |

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<br>AGRICULTURAL<br>DEVELOPMENT<br>AUTHORITY | LAWYER<br>TRUST<br>ACCOUNT<br>COMMISSION | CLIENT<br>SECURITY<br>& ATTORNEY<br>DISCIPLINARY<br>COMMISSION | COMMISSION<br>ON CONTINUING<br>LEGAL<br>EDUCATION | NON-<br>EXPENDABLE<br>TRUST                  |                    |
|--------------------------------------------------|------------------------------------------|----------------------------------------------------------------|---------------------------------------------------|----------------------------------------------|--------------------|
|                                                  |                                          |                                                                |                                                   | IOWA<br>CENTENNIAL<br>MEMORIAL<br>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, 3<sup>rd</sup> 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<br>1     | Fair<br>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<br>1       | Fair<br>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<br>2     | 3              | Fair<br>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<br>2     | 3            | Fair<br>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<br>2   | Fair<br>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<br>Receivable | Taxes<br>Receivable | Interest<br>Receivable | Notes<br>Receivable | Loans<br>Receivable | Benefit<br>Over-<br>payment | Subtotal            | Less:<br>Allowances<br>for<br>Uncollectibles | Total               |
|----------------------------|------------------------|---------------------|------------------------|---------------------|---------------------|-----------------------------|---------------------|----------------------------------------------|---------------------|
| <b>Primary Government:</b> |                        |                     |                        |                     |                     |                             |                     |                                              |                     |
| 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           |
| <b>Component Units</b>     | <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             |
| <b>DUE TO OTHER FUNDS</b>  |                  |                 |                  |                 |                  |                  |                  |                  |                   |                 |                   |
| <b>Primary Government:</b> |                  |                 |                  |                 |                  |                  |                  |                  |                   |                 |                   |
| 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           |
| <b>Component Units</b>     | -                | -               | -                | -               | -                | -                | -                | -                | -                 | 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               |
|------------------------------------|-----------|-----------|------------------------------------|-------------------|----------------------|
| <b>General Fund</b>                | \$ 28,891 | \$ 70,450 | <b>Nonexpendable Trust Funds:</b>  |                   |                      |
| <b>Special Revenue Funds:</b>      |           |           | Iowa Braille & Sight Saving School | -                 | 79                   |
| Clarinda Correctional Facility     |           |           | Total Nonexpendable Trust Funds    | -                 | 79                   |
| Telephone Rebate                   | -         | 38        | <b>Agency Funds:</b>               |                   |                      |
| 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       | <b>University Funds:</b>           |                   |                      |
| <b>Capital Project Funds:</b>      |           |           | 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                |
| <b>Enterprise Funds:</b>           |           |           | Subtotal                           | 111,741           | 111,741              |
| Iowa Communications Network        | 1,935     | 132       | <b>Component Units:</b>            |                   |                      |
| 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     |                                    |                   |                      |
| <b>Internal Service Funds:</b>     |           |           |                                    |                   |                      |
| Materials & Equipment Revolving    | 2,207     | 2         | <b>Advances To</b>                 |                   | <b>Advances From</b> |
| Health Insurance Premium Reserve   | 5,637     | -         |                                    |                   |                      |
| Health Insurance Premium Operating | 970       | 466       | <b>General Fund</b>                | -                 | 3,117                |
| Depreciation Revolving             | 320       | 35        | <b>Internal Service Funds</b>      |                   |                      |
| Other Internal Service Funds       | 30,651    | 164       | Innovations Fund                   | 1,436             | -                    |
| Total Internal Service Funds       | 39,785    | 667       | General Services – General Office  | -                 | 206                  |
| <b>Expendable Trust Funds:</b>     |           |           | <b>Expendable Trust Funds</b>      |                   |                      |
| Unemployment Benefits              | 127       | 213       | Unemployment Benefits              | 1,887             | -                    |
| Unclaimed Property                 | 3         | 2,013     | Total Advances From/Advances To    | 3,323             | 3,323                |
| Friends of Iowa Public Television  | -         | 5         |                                    |                   |                      |
| Other Expendable Trust Funds       | 585       | 491       | <b>Grand Total</b>                 | <u>\$ 115,901</u> | <u>\$ 115,901</u>    |
| 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<br>July 1   | Addi-<br>tions    | Deletions/<br>Net<br>Transfers | Balance<br>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-<br>prise  | Internal<br>Service | Expendable<br>Trust | Pension<br>Trust | University          | Subtotal            | Component<br>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-<br>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<br>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<br>Ending<br>June 30, | Current         | Long-Term       | Total<br>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<br>July 1 | Additions         | Deletions         | Balance<br>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<br>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<br>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<br>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<br>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<br>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<br>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<br>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<br>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<br>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<br>DATES | ORIGINAL<br>ISSUANCE | INTEREST<br>RATE | MATURITY<br>DATE RANGE | OUTSTANDING<br>PRINCIPAL |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------|------------------|------------------------|--------------------------|
| <b>PRIMARY GOVERNMENT:</b>                                                                                                                                  |                |                      |                  |                        |                          |
| <b>General Long-Term Debt Account Group</b>                                                                                                                 |                |                      |                  |                        |                          |
| <b>Revenue Bonds</b>                                                                                                                                        |                |                      |                  |                        |                          |
| <i>Term Bonds</i>                                                                                                                                           |                |                      |                  |                        |                          |
| Underground Storage Tank                                                                                                                                    | 1991 & 1994    | \$13,155             | Variable         | 2010-2015              | \$ 13,155                |
| Department of Corrections                                                                                                                                   | 1994-1996      | 33,510               | Variable         | 2014-2016              | <u>33,510</u>            |
| Total                                                                                                                                                       |                |                      |                  |                        | <u>\$ 46,665</u>         |
| <i>Serial Bonds</i>                                                                                                                                         |                |                      |                  |                        |                          |
| Underground Storage Tank                                                                                                                                    | 1991 & 1994    | \$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>        |
| <b>University Funds</b>                                                                                                                                     |                |                      |                  |                        |                          |
| <b>Revenue Bonds</b>                                                                                                                                        |                |                      |                  |                        |                          |
| 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>        |
| <b>COMPONENT UNITS:</b>                                                                                                                                     |                |                      |                  |                        |                          |
| <b>Proprietary Funds</b>                                                                                                                                    |                |                      |                  |                        |                          |
| <b>Revenue Bonds</b>                                                                                                                                        |                |                      |                  |                        |                          |
| 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<br>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<br>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<br>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<br>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<br>Representing<br>Interest | <u>42</u>     | <u>23</u>     | <u>19</u>    |
| Present Value<br>of Lease<br>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):

|                                           |                          |
|-------------------------------------------|--------------------------|
| <b>General Fund:</b>                      |                          |
| 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>               |
| <b>Total</b>                              | <b><u>\$ 826,633</u></b> |

### Expendable Trust Funds:

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

### 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>            |
| <b>Total</b>         | <b><u>\$ 64,491</u></b> |

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

Rental expense for the year ended June 30, 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>           |
| <b>Total</b>         | <b><u>\$ 681</u></b> |

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<br>as of June 30, 2001 |          |        |
|---------------------------------------------------------------|-------------------------------------------|----------|--------|
|                                                               | Employee                                  | Employer | Total  |
| Regular                                                       | 3.70%                                     | 5.75%    | 9.45%  |
| Sheriffs/Deputy<br>Sheriffs (County)/<br>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<br>Iowa Communications Network | Component Units<br>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<br>Communications<br>Network | Iowa<br>Lottery | Liquor<br>Control<br>Act | Iowa<br>State<br>Prison<br>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<br>State<br>Fair<br>Authority | Iowa<br>Higher<br>Education<br>Loan<br>Authority | Iowa<br>Finance<br>Authority | Iowa<br>Agricultural<br>Development<br>Authority | Lawyer<br>Trust<br>Account<br>Commission | Client<br>Security<br>& Attorney<br>Disciplinary<br>Commission | Commission<br>On<br>Continuing<br>Legal<br>Education | Total     |
|---------------------------------|------------------------------------|--------------------------------------------------|------------------------------|--------------------------------------------------|------------------------------------------|----------------------------------------------------------------|------------------------------------------------------|-----------|
| Operating Revenues              | \$ 10,417                          | \$ 1,648                                         | \$ 61,354                    | \$ 450                                           | \$ 1,001                                 | \$ 695                                                         | \$ 100                                               | \$ 75,665 |
| Receipts From Other<br>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<br>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<br>Beginning<br>Of Fiscal Year | Current Year<br>Claims<br>And Changes<br>In Estimates | Claim<br>Payments | Balances At<br>End Of<br>Fiscal Year |
|-------|--------------------------------------------|-------------------------------------------------------|-------------------|--------------------------------------|
| FY 00 | \$ 16,736                                  | \$23,264                                              | \$11,264          | \$28,736                             |
| FY 01 | 28,736                                     | 14,523                                                | 10,762            | 32,497                               |

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## 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<br>Beginning<br>Of Fiscal Year | Current Year<br>Claims<br>And Changes<br>In Estimates | Claim<br>Payments | Balances At<br>End Of<br>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<br>Beginning<br>Of Fiscal Year | Current Year<br>Claims<br>And Changes<br>In Estimates | Claim<br>Payments | Balances At<br>End Of<br>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<br>Beginning<br>Of Fiscal Year | Current Year<br>Claims<br>And Changes<br>In Estimates | Claim<br>Payments | Balances At<br>End Of<br>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<br>Beginning<br>Of Fiscal Year | Current Year<br>Claims<br>And Changes<br>In Estimates | Claim<br>Payments | Balances At<br>End Of<br>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<br>Beginning<br>Of Fiscal Year | Current Year<br>Claims<br>And Changes<br>In Estimates | Claim<br>Payments | Balances At<br>End Of<br>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<br>University | University<br>of Iowa | University of<br>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.

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## **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<br>VALUATION<br>DATE | ACTUARIAL<br>VALUE OF<br>ASSETS | ACTUARIAL<br>ACCRUED<br>LIABILITY | UNFUNDED<br>ACTUARIAL<br>ACCRUED<br>LIABILITY (UAAL) | FUNDED<br>RATIO | COVERED<br>PAYROLL | UAAL AS A<br>PERCENTAGE<br>OF COVERED<br>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<br>VALUATION<br>DATE | ACTUARIAL<br>VALUE OF<br>ASSETS** | ACTUARIAL<br>ACCRUED<br>LIABILITY* | UNFUNDED<br>ACTUARIAL<br>ACCRUED<br>LIABILITY (UAAL) | FUNDED<br>RATIO | COVERED<br>PAYROLL | UAAL AS A<br>PERCENTAGE<br>OF COVERED<br>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**

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## COMBINING FINANCIAL STATEMENTS

### **Special Revenue Funds**

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

**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<br>CORRECTIONAL<br>FACILITY<br>TELEPHONE<br>REBATE | HAWK-I<br>TRUST        | MOUNT<br>PLEASANT<br>CORRECTIONAL<br>FACILITY<br>TELEPHONE<br>REBATE | IOWA<br>PUBLIC<br>TELEVISION<br>FOUNDATION | OTHER                  | TOTAL                   |
|-------------------------------------------------|-------------------------------------------------------------|------------------------|----------------------------------------------------------------------|--------------------------------------------|------------------------|-------------------------|
| <b>ASSETS</b>                                   |                                                             |                        |                                                                      |                                            |                        |                         |
| 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>                |
| <b>TOTAL ASSETS</b>                             | <b><u>\$ 459</u></b>                                        | <b><u>\$ 6,059</u></b> | <b><u>\$ 114</u></b>                                                 | <b><u>\$ 3,599</u></b>                     | <b><u>\$ 1,840</u></b> | <b><u>\$ 12,071</u></b> |
| <b>LIABILITIES</b>                              |                                                             |                        |                                                                      |                                            |                        |                         |
| 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>              |
| <b>TOTAL LIABILITIES</b>                        | <b><u>119</u></b>                                           | <b><u>1,922</u></b>    | <b><u>-</u></b>                                                      | <b><u>10</u></b>                           | <b><u>24</u></b>       | <b><u>2,075</u></b>     |
| <b>FUND BALANCE</b>                             |                                                             |                        |                                                                      |                                            |                        |                         |
| 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>            |
| <b>TOTAL FUND BALANCE</b>                       | <b><u>340</u></b>                                           | <b><u>4,137</u></b>    | <b><u>114</u></b>                                                    | <b><u>3,589</u></b>                        | <b><u>1,816</u></b>    | <b><u>9,996</u></b>     |
| <b>TOTAL LIABILITIES &amp;<br/>FUND BALANCE</b> | <b><u>\$ 459</u></b>                                        | <b><u>\$ 6,059</u></b> | <b><u>\$ 114</u></b>                                                 | <b><u>\$ 3,599</u></b>                     | <b><u>\$ 1,840</u></b> | <b><u>\$ 12,071</u></b> |

# 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<br>CORRECTIONAL<br>FACILITY<br>TELEPHONE<br>REBATE | HAWK-I<br>TRUST        | MOUNT<br>PLEASANT<br>CORRECTIONAL<br>FACILITY<br>TELEPHONE<br>REBATE | IOWA<br>PUBLIC<br>TELEVISION<br>FOUNDATION | OTHER                  | TOTAL                  |
|--------------------------------------------------------------------------------------------------|-------------------------------------------------------------|------------------------|----------------------------------------------------------------------|--------------------------------------------|------------------------|------------------------|
| <b>REVENUES:</b>                                                                                 |                                                             |                        |                                                                      |                                            |                        |                        |
| 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>             |
| <b>GROSS REVENUES</b>                                                                            | <b>889</b>                                                  | <b>11,747</b>          | <b>-</b>                                                             | <b>(348)</b>                               | <b>387</b>             | <b>12,675</b>          |
| Less Revenue Refunds                                                                             | <u>-</u>                                                    | <u>-</u>               | <u>-</u>                                                             | <u>-</u>                                   | <u>1</u>               | <u>1</u>               |
| <b>NET REVENUES</b>                                                                              | <b><u>889</u></b>                                           | <b><u>11,747</u></b>   | <b><u>-</u></b>                                                      | <b><u>(348)</u></b>                        | <b><u>386</u></b>      | <b><u>12,674</u></b>   |
| <b>EXPENDITURES:</b>                                                                             |                                                             |                        |                                                                      |                                            |                        |                        |
| 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>             |
| <b>TOTAL EXPENDITURES</b>                                                                        | <b><u>402</u></b>                                           | <b><u>15,126</u></b>   | <b><u>186</u></b>                                                    | <b><u>59</u></b>                           | <b><u>472</u></b>      | <b><u>16,245</u></b>   |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b>                                                    | <b><u>487</u></b>                                           | <b><u>(3,379)</u></b>  | <b><u>(186)</u></b>                                                  | <b><u>(407)</u></b>                        | <b><u>(86)</u></b>     | <b><u>(3,571)</u></b>  |
| <b>OTHER FINANCING SOURCES<br/>(USES):</b>                                                       |                                                             |                        |                                                                      |                                            |                        |                        |
| 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>         |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>                                                  | <b><u>(300)</u></b>                                         | <b><u>(328)</u></b>    | <b><u>-</u></b>                                                      | <b><u>11</u></b>                           | <b><u>419</u></b>      | <b><u>(198)</u></b>    |
| <b>EXCESS OF REVENUES AND OTHER<br/>SOURCES OVER (UNDER)<br/>EXPENDITURES AND<br/>OTHER USES</b> | <b>187</b>                                                  | <b>(3,707)</b>         | <b>(186)</b>                                                         | <b>(396)</b>                               | <b>333</b>             | <b>(3,769)</b>         |
| <b>FUND BALANCE JULY 1</b>                                                                       | <b><u>153</u></b>                                           | <b><u>7,844</u></b>    | <b><u>300</u></b>                                                    | <b><u>3,985</u></b>                        | <b><u>1,483</u></b>    | <b><u>13,765</u></b>   |
| <b>FUND BALANCE JUNE 30</b>                                                                      | <b><u>\$ 340</u></b>                                        | <b><u>\$ 4,137</u></b> | <b><u>\$ 114</u></b>                                                 | <b><u>\$3,589</u></b>                      | <b><u>\$ 1,816</u></b> | <b><u>\$ 9,996</u></b> |

# STATE OF IOWA

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

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

|                                                                   | PRIMARY ROAD FUND |                  |                   | SENIOR LIVING TRUST |                  |                  |
|-------------------------------------------------------------------|-------------------|------------------|-------------------|---------------------|------------------|------------------|
|                                                                   | BUDGET            | ACTUAL           | VARIANCE          | BUDGET              | ACTUAL           | VARIANCE         |
| <b>APPROPRIATED REVENUE:</b>                                      |                   |                  |                   |                     |                  |                  |
| Transfers                                                         | \$ 482,140        | \$ 500,762       | \$ 18,622         | \$ 100              | \$ -             | \$ (100)         |
| <b>TOTAL APPROPRIATED REVENUE</b>                                 | <b>482,140</b>    | <b>500,762</b>   | <b>18,622</b>     | <b>100</b>          | <b>-</b>         | <b>(100)</b>     |
| <b>RECEIPTS CREDITED TO APPROPRIATIONS:</b>                       |                   |                  |                   |                     |                  |                  |
| 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             | -                   | -                | -                |
| <b>TOTAL APPROPRIATED RECEIPTS</b>                                | <b>295,321</b>    | <b>240,520</b>   | <b>(54,801)</b>   | <b>65,729</b>       | <b>99,610</b>    | <b>33,881</b>    |
| <b>TOTAL REVENUES AVAILABLE</b>                                   | <b>777,461</b>    | <b>741,282</b>   | <b>(36,179)</b>   | <b>65,829</b>       | <b>99,610</b>    | <b>33,781</b>    |
| <b>EXPENDITURES:</b>                                              |                   |                  |                   |                     |                  |                  |
| 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                                                         | -                 | -                | -                 | -                   | -                | -                |
| <b>TOTAL EXPENDITURES</b>                                         | <b>564,748</b>    | <b>547,132</b>   | <b>17,616</b>     | <b>21,848</b>       | <b>834</b>       | <b>21,014</b>    |
| Transfers                                                         | 236,325           | 227,288          | 9,037             | 23,159              | 37,884           | (14,725)         |
| <b>TOTAL EXPENDITURES AND TRANSFERS</b>                           | <b>801,073</b>    | <b>774,420</b>   | <b>26,653</b>     | <b>45,007</b>       | <b>38,718</b>    | <b>6,289</b>     |
| <b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS</b> | <b>(23,612)</b>   | <b>(33,138)</b>  | <b>(9,526)</b>    | <b>20,822</b>       | <b>60,892</b>    | <b>40,070</b>    |
| <b>FUND BALANCE JULY 1 (BUDGETARY)</b>                            | <b>56,912</b>     | <b>56,912</b>    | <b>-</b>          | <b>-</b>            | <b>-</b>         | <b>-</b>         |
| <b>FUND BALANCE JUNE 30 (BUDGETARY)</b>                           | <b>\$ 33,300</b>  | <b>\$ 23,774</b> | <b>\$ (9,526)</b> | <b>\$ 20,822</b>    | <b>\$ 60,892</b> | <b>\$ 40,070</b> |

# STATE OF IOWA

| TOBACCO SETTLEMENT FUND |                  |                 | UNDERGROUND STORAGE TANK<br>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         |
| <b>APPROPRIATED REVENUE:</b>                                          |                  |                  |                  |                   |                   |                  |
| Transfers                                                             | \$ 69,333        | \$ 57,218        | \$ (12,115)      | \$ 561,573        | \$ 566,934        | \$ 5,361         |
| <b>TOTAL APPROPRIATED REVENUE</b>                                     | <b>69,333</b>    | <b>57,218</b>    | <b>(12,115)</b>  | <b>561,573</b>    | <b>566,934</b>    | <b>5,361</b>     |
| <b>RECEIPTS CREDITED TO<br/>APPROPRIATIONS:</b>                       |                  |                  |                  |                   |                   |                  |
| 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            |
| <b>TOTAL APPROPRIATED RECEIPTS</b>                                    | <b>84,449</b>    | <b>70,903</b>    | <b>(13,546)</b>  | <b>508,309</b>    | <b>475,325</b>    | <b>(32,984)</b>  |
| <b>TOTAL REVENUES AVAILABLE</b>                                       | <b>153,782</b>   | <b>128,121</b>   | <b>(25,661)</b>  | <b>1,069,882</b>  | <b>1,042,259</b>  | <b>(27,623)</b>  |
| <b>EXPENDITURES:</b>                                                  |                  |                  |                  |                   |                   |                  |
| 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            |
| <b>TOTAL EXPENDITURES</b>                                             | <b>89,646</b>    | <b>60,364</b>    | <b>29,282</b>    | <b>704,676</b>    | <b>634,169</b>    | <b>70,507</b>    |
| Transfers                                                             | 102,644          | 77,019           | 25,625           | 469,468           | 433,349           | 36,119           |
| <b>TOTAL EXPENDITURES AND TRANSFERS</b>                               | <b>192,290</b>   | <b>137,383</b>   | <b>54,907</b>    | <b>1,174,144</b>  | <b>1,067,518</b>  | <b>106,626</b>   |
| <b>REVENUES AVAILABLE OVER (UNDER)<br/>EXPENDITURES AND TRANSFERS</b> | <b>(38,508)</b>  | <b>(9,262)</b>   | <b>29,246</b>    | <b>(104,262)</b>  | <b>(25,259)</b>   | <b>79,003</b>    |
| <b>FUND BALANCE JULY 1 (BUDGETARY)</b>                                | <b>52,426</b>    | <b>52,426</b>    | <b>-</b>         | <b>215,355</b>    | <b>215,355</b>    | <b>-</b>         |
| <b>FUND BALANCE JUNE 30 (BUDGETARY)</b>                               | <b>\$ 13,918</b> | <b>\$ 43,164</b> | <b>\$ 29,246</b> | <b>\$ 111,093</b> | <b>\$ 190,096</b> | <b>\$ 79,003</b> |

## COMBINING FINANCIAL STATEMENTS

### **Capital Projects Funds**

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

**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<br>SERVICES<br>CAPITALS | RESOURCES<br>ENHANCEMENT<br>& PROTECTION | CORRECTIONS<br>CAPITALS | RECREATIONAL<br>TRAILS<br>DEVELOPMENT | OTHER                  | TOTAL                   |
|-------------------------------------------------|---------------------------------|------------------------------------------|-------------------------|---------------------------------------|------------------------|-------------------------|
| <b>ASSETS</b>                                   |                                 |                                          |                         |                                       |                        |                         |
| 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>            |
| <b>TOTAL ASSETS</b>                             | <b><u>\$ 3,671</u></b>          | <b><u>\$ 9,397</u></b>                   | <b><u>\$ 587</u></b>    | <b><u>\$ 227</u></b>                  | <b><u>\$ 1,627</u></b> | <b><u>\$ 15,509</u></b> |
| <b>LIABILITIES</b>                              |                                 |                                          |                         |                                       |                        |                         |
| Accounts Payable &<br>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>              |
| <b>TOTAL LIABILITIES</b>                        | <b><u>2,752</u></b>             | <b><u>1,559</u></b>                      | <b><u>-</u></b>         | <b><u>67</u></b>                      | <b><u>835</u></b>      | <b><u>5,213</u></b>     |
| <b>FUND BALANCE</b>                             |                                 |                                          |                         |                                       |                        |                         |
| Unreserved Fund Equity                          | <u>919</u>                      | <u>7,838</u>                             | <u>587</u>              | <u>160</u>                            | <u>792</u>             | <u>10,296</u>           |
| <b>TOTAL FUND BALANCE</b>                       | <b><u>919</u></b>               | <b><u>7,838</u></b>                      | <b><u>587</u></b>       | <b><u>160</u></b>                     | <b><u>792</u></b>      | <b><u>10,296</u></b>    |
| <b>TOTAL LIABILITIES &amp;<br/>FUND BALANCE</b> | <b><u>\$ 3,671</u></b>          | <b><u>\$ 9,397</u></b>                   | <b><u>\$ 587</u></b>    | <b><u>\$ 227</u></b>                  | <b><u>\$ 1,627</u></b> | <b><u>\$ 15,509</u></b> |

# 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<br>SERVICES<br>CAPITALS | RESOURCES<br>ENHANCEMENT<br>& PROTECTION | CORRECTIONS<br>CAPITALS | RECREATIONAL<br>TRAILS<br>DEVELOPMENT | OTHER                  | TOTAL                   |
|----------------------------------------------------------------------------------------|---------------------------------|------------------------------------------|-------------------------|---------------------------------------|------------------------|-------------------------|
| <b>REVENUES:</b>                                                                       |                                 |                                          |                         |                                       |                        |                         |
| 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                   |
| <b>TOTAL REVENUES</b>                                                                  | <b><u>285</u></b>               | <b><u>2,202</u></b>                      | <b><u>479</u></b>       | <b><u>-</u></b>                       | <b><u>1,633</u></b>    | <b><u>4,599</u></b>     |
| <b>EXPENDITURES:</b>                                                                   |                                 |                                          |                         |                                       |                        |                         |
| 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                  |
| <b>TOTAL EXPENDITURES</b>                                                              | <b><u>14,979</u></b>            | <b><u>8,201</u></b>                      | <b><u>9,181</u></b>     | <b><u>1,308</u></b>                   | <b><u>12,145</u></b>   | <b><u>45,814</u></b>    |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>                                              | <b><u>(14,694)</u></b>          | <b><u>(5,999)</u></b>                    | <b><u>(8,702)</u></b>   | <b><u>(1,308)</u></b>                 | <b><u>(10,512)</u></b> | <b><u>(41,215)</u></b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>                                                 |                                 |                                          |                         |                                       |                        |                         |
| Operating Transfers:                                                                   |                                 |                                          |                         |                                       |                        |                         |
| Transfers In                                                                           | 15,376                          | 11,095                                   | 8,566                   | -                                     | 10,293                 | 45,330                  |
| Transfers Out                                                                          | -                               | (4,458)                                  | (1,764)                 | -                                     | (375)                  | (6,597)                 |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                                            | <b><u>15,376</u></b>            | <b><u>6,637</u></b>                      | <b><u>6,802</u></b>     | <b><u>-</u></b>                       | <b><u>9,918</u></b>    | <b><u>38,733</u></b>    |
| <b>EXCESS OF REVENUES &amp; OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b> | <b>682</b>                      | <b>638</b>                               | <b>(1,900)</b>          | <b>(1,308)</b>                        | <b>(594)</b>           | <b>(2,482)</b>          |
| <b>FUND BALANCE JULY 1</b>                                                             | <b><u>237</u></b>               | <b><u>7,200</u></b>                      | <b><u>2,487</u></b>     | <b><u>1,468</u></b>                   | <b><u>1,386</u></b>    | <b><u>12,778</u></b>    |
| <b>FUND BALANCE JUNE 30</b>                                                            | <b><u>\$ 919</u></b>            | <b><u>\$ 7,838</u></b>                   | <b><u>\$ 587</u></b>    | <b><u>\$ 160</u></b>                  | <b><u>\$ 792</u></b>   | <b><u>\$ 10,296</u></b> |

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# COMBINING FINANCIAL STATEMENTS

## **Enterprise Funds**

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

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

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

**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)

|                                                | <b>IOWA<br/>COMMUNI-<br/>CATIONS<br/>NETWORK</b> | <b>IOWA<br/>LOTTERY</b> | <b>LIQUOR<br/>CONTROL<br/>ACT</b> | <b>IOWA<br/>STATE<br/>PRISON<br/>INDUSTRIES</b> | <b>OTHER</b>           | <b>TOTAL</b>             |
|------------------------------------------------|--------------------------------------------------|-------------------------|-----------------------------------|-------------------------------------------------|------------------------|--------------------------|
| <b>ASSETS</b>                                  |                                                  |                         |                                   |                                                 |                        |                          |
| 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                                  | <u>-</u>                                         | <u>5,566</u>            | <u>-</u>                          | <u>-</u>                                        | <u>-</u>               | <u>5,566</u>             |
| <b>TOTAL ASSETS</b>                            | <b><u>\$ 112,377</u></b>                         | <b><u>\$76,589</u></b>  | <b><u>\$ 10,613</u></b>           | <b><u>\$ 15,214</u></b>                         | <b><u>\$ 2,639</u></b> | <b><u>\$ 217,432</u></b> |
| <b>LIABILITIES</b>                             |                                                  |                         |                                   |                                                 |                        |                          |
| 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                        | <u>-</u>                                         | <u>-</u>                | <u>88</u>                         | <u>-</u>                                        | <u>-</u>               | <u>88</u>                |
| <b>TOTAL LIABILITIES</b>                       | <b><u>75,817</u></b>                             | <b><u>74,438</u></b>    | <b><u>8,712</u></b>               | <b><u>1,024</u></b>                             | <b><u>207</u></b>      | <b><u>160,198</u></b>    |
| <b>FUND EQUITY</b>                             |                                                  |                         |                                   |                                                 |                        |                          |
| Contributed Capital:                           |                                                  |                         |                                   |                                                 |                        |                          |
| Intergovernmental                              | 77,029                                           | -                       | -                                 | -                                               | -                      | 77,029                   |
| Retained Earnings                              | <u>(40,469)</u>                                  | <u>2,151</u>            | <u>1,901</u>                      | <u>14,190</u>                                   | <u>2,432</u>           | <u>(19,795)</u>          |
| <b>TOTAL FUND EQUITY</b>                       | <b><u>36,560</u></b>                             | <b><u>2,151</u></b>     | <b><u>1,901</u></b>               | <b><u>14,190</u></b>                            | <b><u>2,432</u></b>    | <b><u>57,234</u></b>     |
| <b>TOTAL LIABILITIES &amp;<br/>FUND EQUITY</b> | <b><u>\$ 112,377</u></b>                         | <b><u>\$76,589</u></b>  | <b><u>\$ 10,613</u></b>           | <b><u>\$ 15,214</u></b>                         | <b><u>\$ 2,639</u></b> | <b><u>\$ 217,432</u></b> |

# 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<br>COMMUNI-<br>CATIONS<br>NETWORK | IOWA<br>LOTTERY | LIQUOR<br>CONTROL<br>ACT | IOWA<br>STATE<br>PRISON<br>INDUSTRIES | OTHER           | TOTAL              |
|----------------------------------------------------------------------|----------------------------------------|-----------------|--------------------------|---------------------------------------|-----------------|--------------------|
| <b>OPERATING REVENUES:</b>                                           |                                        |                 |                          |                                       |                 |                    |
| 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              |
| <b>TOTAL OPERATING REVENUES</b>                                      | <b>33,751</b>                          | <b>168,377</b>  | <b>121,292</b>           | <b>12,946</b>                         | <b>3,068</b>    | <b>339,434</b>     |
| <b>OPERATING EXPENSES:</b>                                           |                                        |                 |                          |                                       |                 |                    |
| 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              |
| <b>TOTAL OPERATING EXPENSES</b>                                      | <b>48,949</b>                          | <b>133,553</b>  | <b>78,662</b>            | <b>13,123</b>                         | <b>986</b>      | <b>275,273</b>     |
| <b>OPERATING INCOME (LOSS)</b>                                       | <b>(15,198)</b>                        | <b>34,824</b>   | <b>42,630</b>            | <b>(177)</b>                          | <b>2,082</b>    | <b>64,161</b>      |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                             |                                        |                 |                          |                                       |                 |                    |
| 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)               |
| <b>NET NONOPERATING<br/>REVENUES (EXPENSES)</b>                      | <b>1,882</b>                           | <b>887</b>      | <b>4,106</b>             | <b>275</b>                            | <b>(32,058)</b> | <b>(24,908)</b>    |
| <b>INCOME (LOSS) BEFORE OPERATING<br/>TRANSFERS</b>                  | <b>(13,316)</b>                        | <b>35,711</b>   | <b>46,736</b>            | <b>98</b>                             | <b>(29,976)</b> | <b>39,253</b>      |
| <b>OPERATING TRANSFERS:</b>                                          |                                        |                 |                          |                                       |                 |                    |
| Transfers In                                                         | -                                      | -               | 577                      | -                                     | 13              | 590                |
| Transfers Out                                                        | -                                      | (35,933)        | (47,182)                 | -                                     | (186)           | (83,301)           |
| <b>TOTAL OPERATING TRANSFERS</b>                                     | <b>-</b>                               | <b>(35,933)</b> | <b>(46,605)</b>          | <b>-</b>                              | <b>(173)</b>    | <b>(82,711)</b>    |
| <b>NET INCOME (LOSS)</b>                                             | <b>(13,316)</b>                        | <b>(222)</b>    | <b>131</b>               | <b>98</b>                             | <b>(30,149)</b> | <b>(43,458)</b>    |
| Add Back Depreciation On Assets<br>Acquired With Contributed Capital | 7,144                                  | -               | -                        | -                                     | -               | 7,144              |
| <b>INCREASE (DECREASE) IN<br/>RETAINED EARNINGS</b>                  | <b>(6,172)</b>                         | <b>(222)</b>    | <b>131</b>               | <b>98</b>                             | <b>(30,149)</b> | <b>(36,314)</b>    |
| <b>RETAINED EARNINGS JULY 1</b>                                      | <b>(34,297)</b>                        | <b>2,373</b>    | <b>1,770</b>             | <b>14,092</b>                         | <b>32,581</b>   | <b>16,519</b>      |
| <b>RETAINED EARNINGS JUNE 30</b>                                     | <b>\$ (40,469)</b>                     | <b>\$ 2,151</b> | <b>\$ 1,901</b>          | <b>\$ 14,190</b>                      | <b>\$ 2,432</b> | <b>\$ (19,795)</b> |



# STATE OF IOWA

## Combining Statement of Cash Flows Enterprise Funds

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

|                                                                          | <b>IOWA<br/>COMMUNI-<br/>CATIONS<br/>NETWORK</b> | <b>IOWA<br/>LOTTERY</b> | <b>LIQUOR<br/>CONTROL<br/>ACCOUNT</b> | <b>IOWA<br/>STATE<br/>PRISON<br/>INDUSTRIES</b> | <b>OTHER</b>           | <b>TOTAL</b>            |
|--------------------------------------------------------------------------|--------------------------------------------------|-------------------------|---------------------------------------|-------------------------------------------------|------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING<br/>ACTIVITIES:</b>                         |                                                  |                         |                                       |                                                 |                        |                         |
| Cash Received From Customers                                             | \$ 34,110                                        | \$166,514               | \$ 121,592                            | \$ 13,585                                       | \$ 2,479               | \$ 338,280              |
| Cash Received From Quasi-External<br>Transactions                        | -                                                | -                       | 13                                    | -                                               | 319                    | 332                     |
| Other Operating Revenues                                                 | -                                                | 1,751                   | -                                     | -                                               | -                      | 1,751                   |
| Cash Payments To Suppliers<br>For Goods & Services                       | (33,169)                                         | (30,641)                | (76,736)                              | (13,164)                                        | (3,494)                | (157,204)               |
| Cash Payments To Employees<br>For Services                               | (6,092)                                          | (5,569)                 | -                                     | -                                               | (188)                  | (11,849)                |
| Cash Payments For Quasi-External<br>Transactions                         | -                                                | -                       | (31)                                  | -                                               | (25)                   | (56)                    |
| Cash Payments For Prizes                                                 | <u>-</u>                                         | <u>(107,221)</u>        | <u>-</u>                              | <u>-</u>                                        | <u>-</u>               | <u>(107,221)</u>        |
| <b>NET CASH PROVIDED BY OPERATING<br/>ACTIVITIES</b>                     | <b><u>(5,151)</u></b>                            | <b><u>24,834</u></b>    | <b><u>44,838</u></b>                  | <b><u>421</u></b>                               | <b><u>(909)</u></b>    | <b><u>64,033</u></b>    |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES:</b>              |                                                  |                         |                                       |                                                 |                        |                         |
| 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<br>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>            |
| <b>NET CASH PROVIDED BY NONCAPITAL<br/>FINANCING ACTIVITIES</b>          | <b><u>5,310</u></b>                              | <b><u>(34,813)</u></b>  | <b><u>(42,499)</u></b>                | <b><u>-</u></b>                                 | <b><u>(33,277)</u></b> | <b><u>(105,279)</u></b> |
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES:</b>     |                                                  |                         |                                       |                                                 |                        |                         |
| 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>              |
| <b>NET CASH PROVIDED BY CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b> | <b><u>(2,295)</u></b>                            | <b><u>(252)</u></b>     | <b><u>(47)</u></b>                    | <b><u>(1,175)</u></b>                           | <b><u>(161)</u></b>    | <b><u>(3,930)</u></b>   |
| <b>CASH FLOWS FROM INVESTING<br/>ACTIVITIES:</b>                         |                                                  |                         |                                       |                                                 |                        |                         |
| Interest & Dividends On Investments                                      | 1,016                                            | 896                     | -                                     | 355                                             | 1,034                  | 3,301                   |
| Proceeds From Sale & Maturities Of<br>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>          |
| <b>NET CASH PROVIDED BY INVESTING<br/>ACTIVITIES</b>                     | <b><u>578</u></b>                                | <b><u>11,514</u></b>    | <b><u>-</u></b>                       | <b><u>355</u></b>                               | <b><u>1,034</u></b>    | <b><u>13,481</u></b>    |

continued on next page

# STATE OF IOWA

(Continued)

|                                                                                                   | <b>IOWA<br/>COMMUNI-<br/>CATIONS<br/>NETWORK</b> | <b>IOWA<br/>LOTTERY</b> | <b>LIQUOR<br/>CONTROL<br/>ACCOUNT</b> | <b>IOWA<br/>STATE<br/>PRISON<br/>INDUSTRIES</b> | <b>OTHER</b>           | <b>TOTAL</b>            |
|---------------------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------|---------------------------------------|-------------------------------------------------|------------------------|-------------------------|
| <b>NET INCREASE (DECREASE) IN CASH &amp;<br/>CASH EQUIVALENTS</b>                                 | (1,558)                                          | 1,283                   | 2,292                                 | (399)                                           | (33,313)               | (31,695)                |
| <b>CASH &amp; CASH EQUIVALENTS JULY 1</b>                                                         | <u>30,251</u>                                    | <u>6,733</u>            | <u>5,081</u>                          | <u>3,401</u>                                    | <u>34,539</u>          | <u>80,005</u>           |
| <b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>                                                        | 28,693                                           | 8,016                   | 7,373                                 | 3,002                                           | 1,226                  | 48,310                  |
| <b>INVESTMENTS</b>                                                                                | 2,818                                            | -                       | -                                     | -                                               | -                      | 2,818                   |
| <b>LESS: DEPOSITS WITH TRUSTEE</b>                                                                | <u>22,662</u>                                    | <u>-</u>                | <u>-</u>                              | <u>-</u>                                        | <u>-</u>               | <u>22,662</u>           |
| <b>CASH AND INVESTMENTS PER<br/>BALANCE SHEET</b>                                                 | <u>\$ 8,849</u>                                  | <u>\$ 8,016</u>         | <u>\$ 7,373</u>                       | <u>\$ 3,002</u>                                 | <u>\$ 1,226</u>        | <u>\$ 28,466</u>        |
| <b>RECONCILIATION OF OPERATING<br/>INCOME TO NET CASH PROVIDED<br/>BY OPERATING ACTIVITIES</b>    |                                                  |                         |                                       |                                                 |                        |                         |
| <b>Operating Income (Loss)</b>                                                                    | <b>\$ (15,198)</b>                               | <b>\$ 34,824</b>        | <b>\$ 42,630</b>                      | <b>\$ (177)</b>                                 | <b>\$ 2,082</b>        | <b>\$ 64,161</b>        |
| <b>Adjustments To Reconcile Operating Income<br/>To Net Cash Provided By Operating Activities</b> |                                                  |                         |                                       |                                                 |                        |                         |
| 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<br>& 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>         |
| <b>Net Cash Provided By Operating Activities</b>                                                  | <u><b>\$ (5,151)</b></u>                         | <u><b>\$ 24,834</b></u> | <u><b>\$ 44,838</b></u>               | <u><b>\$ 421</b></u>                            | <u><b>\$ (909)</b></u> | <u><b>\$ 64,033</b></u> |

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# COMBINING FINANCIAL STATEMENTS

## **Internal Service Funds**

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

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

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

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

**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)

|                                                  | <b>MATERIALS<br/>&amp; EQUIPMENT<br/>REVOLVING</b> | <b>HEALTH<br/>INSURANCE<br/>PREMIUM<br/>RESERVE</b> | <b>HEALTH<br/>INSURANCE<br/>PREMIUM<br/>OPERATING</b> | <b>DEPRECIATION<br/>REVOLVING</b> | <b>OTHER</b>            | <b>TOTAL</b>             |
|--------------------------------------------------|----------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|-----------------------------------|-------------------------|--------------------------|
| <b>ASSETS</b>                                    |                                                    |                                                     |                                                       |                                   |                         |                          |
| 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/<br>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>               |
| <b>TOTAL ASSETS</b>                              | <b><u>\$ 102,489</u></b>                           | <b><u>\$ 8,223</u></b>                              | <b><u>\$ 8,656</u></b>                                | <b><u>\$ 6,170</u></b>            | <b><u>\$ 60,356</u></b> | <b><u>\$ 185,894</u></b> |
| <b>LIABILITIES</b>                               |                                                    |                                                     |                                                       |                                   |                         |                          |
| Accounts Payable & Accruals                      | \$ 1,664                                           | \$ -                                                | \$ 3                                                  | \$ 112                            | \$ 37,222               | \$ 39,001                |
| Due To Other Funds/Advances<br>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>               |
| <b>TOTAL LIABILITIES</b>                         | <b><u>2,030</u></b>                                | <b><u>466</u></b>                                   | <b><u>3</u></b>                                       | <b><u>6,481</u></b>               | <b><u>37,887</u></b>    | <b><u>46,867</u></b>     |
| <b>FUND EQUITY</b>                               |                                                    |                                                     |                                                       |                                   |                         |                          |
| 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>           |
| <b>TOTAL FUND EQUITY</b>                         | <b><u>100,459</u></b>                              | <b><u>7,757</u></b>                                 | <b><u>8,653</u></b>                                   | <b><u>(311)</u></b>               | <b><u>22,469</u></b>    | <b><u>139,027</u></b>    |
| <b>TOTAL LIABILITIES &amp;<br/>FUND EQUITY</b>   | <b><u>\$ 102,489</u></b>                           | <b><u>\$ 8,223</u></b>                              | <b><u>\$ 8,656</u></b>                                | <b><u>\$ 6,170</u></b>            | <b><u>\$ 60,356</u></b> | <b><u>\$ 185,894</u></b> |

# 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<br>& EQUIPMENT<br>REVOLVING | HEALTH<br>INSURANCE<br>PREMIUM<br>RESERVE | HEALTH<br>INSURANCE<br>PREMIUM<br>OPERATING | DEPRECIATION<br>REVOLVING | OTHER                   | TOTAL                    |
|-----------------------------------------------------|---------------------------------------|-------------------------------------------|---------------------------------------------|---------------------------|-------------------------|--------------------------|
| <b>OPERATING REVENUES:</b>                          |                                       |                                           |                                             |                           |                         |                          |
| 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>             |
| <b>TOTAL OPERATING REVENUES</b>                     | <b><u>49,728</u></b>                  | <b><u>6,830</u></b>                       | <b><u>131,574</u></b>                       | <b><u>10,070</u></b>      | <b><u>60,399</u></b>    | <b><u>258,601</u></b>    |
| <b>OPERATING EXPENSES:</b>                          |                                       |                                           |                                             |                           |                         |                          |
| 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>                |
| <b>TOTAL OPERATING EXPENSES</b>                     | <b><u>50,485</u></b>                  | <b><u>5</u></b>                           | <b><u>144,691</u></b>                       | <b><u>10,437</u></b>      | <b><u>61,948</u></b>    | <b><u>267,566</u></b>    |
| <b>OPERATING INCOME (LOSS)</b>                      | <b><u>(757)</u></b>                   | <b><u>6,825</u></b>                       | <b><u>(13,117)</u></b>                      | <b><u>(367)</u></b>       | <b><u>(1,549)</u></b>   | <b><u>(8,965)</u></b>    |
| <b>NONOPERATING REVENUES<br/>(EXPENSES):</b>        |                                       |                                           |                                             |                           |                         |                          |
| 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>              |
| <b>NET NONOPERATING<br/>REVENUES (EXPENSES)</b>     | <b><u>385</u></b>                     | <b><u>758</u></b>                         | <b><u>276</u></b>                           | <b><u>-</u></b>           | <b><u>2,074</u></b>     | <b><u>3,493</u></b>      |
| <b>INCOME (LOSS) BEFORE<br/>OPERATING TRANSFERS</b> | <b><u>(372)</u></b>                   | <b><u>7,583</u></b>                       | <b><u>(12,841)</u></b>                      | <b><u>(367)</u></b>       | <b><u>525</u></b>       | <b><u>(5,472)</u></b>    |
| <b>OPERATING TRANSFERS:</b>                         |                                       |                                           |                                             |                           |                         |                          |
| 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>          |
| <b>TOTAL OPERATING TRANSFERS</b>                    | <b><u>6,339</u></b>                   | <b><u>(12,403)</u></b>                    | <b><u>11,938</u></b>                        | <b><u>-</u></b>           | <b><u>(2,399)</u></b>   | <b><u>3,475</u></b>      |
| <b>NET INCOME (LOSS)</b>                            | <b>5,967</b>                          | <b>(4,820)</b>                            | <b>(903)</b>                                | <b>(367)</b>              | <b>(1,874)</b>          | <b>(1,997)</b>           |
| <b>RETAINED EARNINGS JULY 1</b>                     | <b><u>94,492</u></b>                  | <b><u>12,577</u></b>                      | <b><u>9,556</u></b>                         | <b><u>56</u></b>          | <b><u>24,343</u></b>    | <b><u>141,024</u></b>    |
| <b>RETAINED EARNINGS JUNE 30</b>                    | <b><u>\$100,459</u></b>               | <b><u>\$ 7,757</u></b>                    | <b><u>\$ 8,653</u></b>                      | <b><u>\$ (311)</u></b>    | <b><u>\$ 22,469</u></b> | <b><u>\$ 139,027</u></b> |

**STATE OF IOWA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**

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

|                                                                          | <b>MATERIALS &amp;<br/>EQUIPMENT<br/>REVOLVING</b> | <b>HEALTH<br/>INSURANCE<br/>PREMIUM<br/>RESERVE</b> | <b>HEALTH<br/>INSURANCE<br/>PREMIUM<br/>OPERATING</b> | <b>DEPRECIATION<br/>REVOLVING</b> | <b>OTHER</b>            | <b>TOTAL</b>            |
|--------------------------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|-----------------------------------|-------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING<br/>ACTIVITIES:</b>                         |                                                    |                                                     |                                                       |                                   |                         |                         |
| Cash Received From Customers                                             | \$ -                                               | \$ 3,115                                            | \$ 38,780                                             | \$ 2,258                          | \$ 12,243               | \$ 56,396               |
| Cash Received From Quasi-External<br>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<br>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<br>Transactions                         | <u>(4,222)</u>                                     | <u>(6)</u>                                          | <u>-</u>                                              | <u>(386)</u>                      | <u>(4,268)</u>          | <u>(8,882)</u>          |
| <b>NET CASH PROVIDED BY OPERATING<br/>ACTIVITIES</b>                     | <b><u>13,534</u></b>                               | <b><u>6,688</u></b>                                 | <b><u>(12,055)</u></b>                                | <b><u>2,915</u></b>               | <b><u>(2,140)</u></b>   | <b><u>8,942</u></b>     |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES:</b>              |                                                    |                                                     |                                                       |                                   |                         |                         |
| 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>              |
| <b>NET CASH PROVIDED BY NONCAPITAL<br/>FINANCING ACTIVITIES</b>          | <b><u>6,357</u></b>                                | <b><u>(11,938)</u></b>                              | <b><u>11,938</u></b>                                  | <b><u>-</u></b>                   | <b><u>(1,802)</u></b>   | <b><u>4,555</u></b>     |
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES:</b>     |                                                    |                                                     |                                                       |                                   |                         |                         |
| 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>            |
| <b>NET CASH PROVIDED BY CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b> | <b><u>(18,870)</u></b>                             | <b><u>-</u></b>                                     | <b><u>-</u></b>                                       | <b><u>-</u></b>                   | <b><u>(514)</u></b>     | <b><u>(19,384)</u></b>  |
| <b>CASH FLOWS FROM INVESTING<br/>ACTIVITIES:</b>                         |                                                    |                                                     |                                                       |                                   |                         |                         |
| Interest & Dividends On Investments                                      | -                                                  | 758                                                 | 276                                                   | -                                 | 1,514                   | 2,548                   |
| Proceeds From Sale & Maturities Of<br>Investments                        | -                                                  | -                                                   | -                                                     | -                                 | 418                     | 418                     |
| Purchase Of Investments                                                  | <u>-</u>                                           | <u>-</u>                                            | <u>-</u>                                              | <u>-</u>                          | <u>(294)</u>            | <u>(294)</u>            |
| <b>NET CASH PROVIDED BY INVESTING<br/>ACTIVITIES</b>                     | <b><u>-</u></b>                                    | <b><u>758</u></b>                                   | <b><u>276</u></b>                                     | <b><u>-</u></b>                   | <b><u>1,638</u></b>     | <b><u>2,672</u></b>     |
| <b>NET INCREASE IN CASH &amp; CASH<br/>EQUIVALENTS</b>                   | <b>1,021</b>                                       | <b>(4,492)</b>                                      | <b>159</b>                                            | <b>2,915</b>                      | <b>(2,818)</b>          | <b>(3,215)</b>          |
| <b>CASH &amp; CASH EQUIVALENTS JULY 1</b>                                | <b><u>1,595</u></b>                                | <b><u>11,709</u></b>                                | <b><u>4</u></b>                                       | <b><u>23</u></b>                  | <b><u>23,811</u></b>    | <b><u>37,142</u></b>    |
| <b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>                               | <b>2,616</b>                                       | <b>7,217</b>                                        | <b>163</b>                                            | <b>2,938</b>                      | <b>20,993</b>           | <b>33,927</b>           |
| <b>INVESTMENTS</b>                                                       | <b><u>-</u></b>                                    | <b><u>-</u></b>                                     | <b><u>-</u></b>                                       | <b><u>-</u></b>                   | <b><u>1,198</u></b>     | <b><u>1,198</u></b>     |
| <b>CASH &amp; INVESTMENTS PER BALANCE<br/>SHEET</b>                      | <b><u>\$ 2,616</u></b>                             | <b><u>\$ 7,217</u></b>                              | <b><u>\$ 163</u></b>                                  | <b><u>\$ 2,938</u></b>            | <b><u>\$ 22,191</u></b> | <b><u>\$ 35,125</u></b> |

continued on next page

# STATE OF IOWA

(Continued)

|                                                                                                       | MATERIALS &<br>EQUIPMENT<br>REVOLVING | HEALTH<br>INSURANCE<br>PREMIUM<br>RESERVE | HEALTH<br>INSURANCE<br>PREMIUM<br>OPERATING | DEPRECIATION<br>REVOLVING | OTHER                    | TOTAL                  |
|-------------------------------------------------------------------------------------------------------|---------------------------------------|-------------------------------------------|---------------------------------------------|---------------------------|--------------------------|------------------------|
| <b>RECONCILIATION OF OPERATING<br/>INCOME TO NET CASH PROVIDED<br/>BY OPERATING ACTIVITIES</b>        |                                       |                                           |                                             |                           |                          |                        |
| Operating Income (Loss)                                                                               | \$ (757)                              | \$ 6,825                                  | \$ (13,117)                                 | \$ (367)                  | \$ (1,549)               | \$ (8,965)             |
| <b>Adjustments To Reconcile Operating<br/>Income To Net Cash Provided By<br/>Operating Activities</b> |                                       |                                           |                                             |                           |                          |                        |
| 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<br>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                    |
| <b>Net Cash Provided By Operating Activities</b>                                                      | <b><u>\$ 13,534</u></b>               | <b><u>\$ 6,688</u></b>                    | <b><u>\$ (12,055)</u></b>                   | <b><u>\$ 2,915</u></b>    | <b><u>\$ (2,140)</u></b> | <b><u>\$ 8,942</u></b> |



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# COMBINING FINANCIAL STATEMENTS

## Trust and Agency Funds

### ***Expendable Trust Funds***

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

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

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

**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<br>TRUST      | NON-<br>EXPENDABLE<br>TRUST | PENSION<br>TRUST            | AGENCY                   | TOTAL                       |
|---------------------------------------------|--------------------------|-----------------------------|-----------------------------|--------------------------|-----------------------------|
| <b>ASSETS</b>                               |                          |                             |                             |                          |                             |
| 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                          |
| <b>TOTAL ASSETS</b>                         | <b><u>\$ 970,361</u></b> | <b><u>\$ 7,650</u></b>      | <b><u>\$ 17,906,156</u></b> | <b><u>\$ 195,047</u></b> | <b><u>\$ 19,079,214</u></b> |
| <b>LIABILITIES</b>                          |                          |                             |                             |                          |                             |
| 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                      |
| <b>TOTAL LIABILITIES</b>                    | <b><u>20,830</u></b>     | <b><u>79</u></b>            | <b><u>1,677,832</u></b>     | <b><u>195,047</u></b>    | <b><u>1,893,788</u></b>     |
| <b>FUND BALANCE</b>                         |                          |                             |                             |                          |                             |
| 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                     |
| <b>TOTAL FUND BALANCE</b>                   | <b><u>949,531</u></b>    | <b><u>7,571</u></b>         | <b><u>16,228,324</u></b>    | <b><u>-</u></b>          | <b><u>17,185,426</u></b>    |
| <b>TOTAL LIABILITIES &amp; FUND BALANCE</b> | <b><u>\$ 970,361</u></b> | <b><u>\$ 7,650</u></b>      | <b><u>\$ 17,906,156</u></b> | <b><u>\$ 195,047</u></b> | <b><u>\$ 19,079,214</u></b> |

**STATE OF IOWA**  
**Combining Balance Sheet**  
**Expendable Trust Funds**

June 30, 2001  
(Expressed in Thousands)

|                                                     | UNEMPLOYMENT<br>BENEFITS | UNCLAIMED<br>PROPERTY   | FRIENDS OF<br>IOWA PUBLIC<br>TELEVISION | IOWA<br>EDUCATIONAL<br>SAVINGS<br>PLAN TRUST | OTHER                   | TOTAL                    |
|-----------------------------------------------------|--------------------------|-------------------------|-----------------------------------------|----------------------------------------------|-------------------------|--------------------------|
| <b>ASSETS</b>                                       |                          |                         |                                         |                                              |                         |                          |
| 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<br>Receivable (Net)             | 17,067                   | -                       | -                                       | -                                            | -                       | 17,067                   |
| Due From Other Funds/<br>Advances To Other<br>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>                |
| <b>TOTAL ASSETS</b>                                 | <b><u>\$ 865,522</u></b> | <b><u>\$ 11,989</u></b> | <b><u>\$ 582</u></b>                    | <b><u>\$ 60,871</u></b>                      | <b><u>\$ 31,397</u></b> | <b><u>\$ 970,361</u></b> |
| <b>LIABILITIES</b>                                  |                          |                         |                                         |                                              |                         |                          |
| Accounts Payable &<br>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>             |
| <b>TOTAL LIABILITIES</b>                            | <b><u>13,214</u></b>     | <b><u>6,307</u></b>     | <b><u>98</u></b>                        | <b><u>49</u></b>                             | <b><u>1,162</u></b>     | <b><u>20,830</u></b>     |
| <b>FUND BALANCE</b>                                 |                          |                         |                                         |                                              |                         |                          |
| Reserve For:                                        |                          |                         |                                         |                                              |                         |                          |
| Inventory & Prepaid<br>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>           |
| <b>TOTAL FUND BALANCE</b>                           | <b><u>852,308</u></b>    | <b><u>5,682</u></b>     | <b><u>484</u></b>                       | <b><u>60,822</u></b>                         | <b><u>30,235</u></b>    | <b><u>949,531</u></b>    |
| <b>TOTAL LIABILITIES &amp;<br/>FUND BALANCE</b>     | <b><u>\$ 865,522</u></b> | <b><u>\$ 11,989</u></b> | <b><u>\$ 582</u></b>                    | <b><u>\$ 60,871</u></b>                      | <b><u>\$ 31,397</u></b> | <b><u>\$ 970,361</u></b> |

# 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<br>BENEFITS | UNCLAIMED<br>PROPERTY  | FRIENDS OF<br>IOWA PUBLIC<br>TELEVISION | IOWA<br>EDUCATIONAL<br>SAVINGS<br>PLAN TRUST | OTHER                   | TOTAL                    |
|--------------------------------------------------------------------------------------------------|--------------------------|------------------------|-----------------------------------------|----------------------------------------------|-------------------------|--------------------------|
| <b>REVENUES:</b>                                                                                 |                          |                        |                                         |                                              |                         |                          |
| 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                       |
| <b>GROSS REVENUES</b>                                                                            | <b>269,700</b>           | <b>2,854</b>           | <b>5,455</b>                            | <b>23,058</b>                                | <b>13,579</b>           | <b>314,646</b>           |
| Less Revenue Refunds                                                                             | -                        | -                      | -                                       | 2                                            | 8                       | 10                       |
| <b>NET REVENUES</b>                                                                              | <b><u>269,700</u></b>    | <b><u>2,854</u></b>    | <b><u>5,455</u></b>                     | <b><u>23,056</u></b>                         | <b><u>13,571</u></b>    | <b><u>314,636</u></b>    |
| <b>EXPENDITURES:</b>                                                                             |                          |                        |                                         |                                              |                         |                          |
| 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<br>Resources                                                               | -                        | -                      | -                                       | -                                            | 4                       | 4                        |
| <b>TOTAL EXPENDITURES</b>                                                                        | <b><u>269,528</u></b>    | <b><u>396</u></b>      | <b><u>2,232</u></b>                     | <b><u>626</u></b>                            | <b><u>10,867</u></b>    | <b><u>283,649</u></b>    |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b>                                                    | <b><u>172</u></b>        | <b><u>2,458</u></b>    | <b><u>3,223</u></b>                     | <b><u>22,430</u></b>                         | <b><u>2,704</u></b>     | <b><u>30,987</u></b>     |
| <b>OTHER FINANCING SOURCES<br/>(USES):</b>                                                       |                          |                        |                                         |                                              |                         |                          |
| Operating Transfers:                                                                             |                          |                        |                                         |                                              |                         |                          |
| Transfers In                                                                                     | -                        | -                      | -                                       | -                                            | 4,194                   | 4,194                    |
| Transfers Out                                                                                    | -                        | (4,466)                | (3,192)                                 | -                                            | (4,153)                 | (11,811)                 |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>                                                  | <b><u>-</u></b>          | <b><u>(4,466)</u></b>  | <b><u>(3,192)</u></b>                   | <b><u>-</u></b>                              | <b><u>41</u></b>        | <b><u>(7,617)</u></b>    |
| <b>EXCESS OF REVENUES AND<br/>OTHER SOURCES OVER<br/>(UNDER) EXPENDITURES<br/>AND OTHER USES</b> | <b>172</b>               | <b>(2,008)</b>         | <b>31</b>                               | <b>22,430</b>                                | <b>2,745</b>            | <b>23,370</b>            |
| <b>FUND BALANCE JULY 1</b>                                                                       | <b><u>852,136</u></b>    | <b><u>7,690</u></b>    | <b><u>453</u></b>                       | <b><u>38,392</u></b>                         | <b><u>27,490</u></b>    | <b><u>926,161</u></b>    |
| <b>FUND BALANCE JUNE 30</b>                                                                      | <b><u>\$ 852,308</u></b> | <b><u>\$ 5,682</u></b> | <b><u>\$ 484</u></b>                    | <b><u>\$ 60,822</u></b>                      | <b><u>\$ 30,235</u></b> | <b><u>\$ 949,531</u></b> |

**STATE OF IOWA**  
**Combining Balance Sheet**  
**Nonexpendable Trust Funds**

June 30, 2001  
(Expressed in Thousands)

|                                             | PERMANENT<br>SCHOOL<br>PRINCIPAL | IOWA<br>BRAILLE &<br>SIGHT SAVING<br>SCHOOL | PILOT<br>GROVE<br>TRUST | HENRY<br>ALBERT<br>TRUST | TOTAL                  |
|---------------------------------------------|----------------------------------|---------------------------------------------|-------------------------|--------------------------|------------------------|
| <b>ASSETS</b>                               |                                  |                                             |                         |                          |                        |
| Cash & Investments                          | \$ 7,555                         | \$ 84                                       | \$ 10                   | \$ 1                     | \$ 7,650               |
| <b>TOTAL ASSETS</b>                         | <u><b>\$ 7,555</b></u>           | <u><b>\$ 84</b></u>                         | <u><b>\$ 10</b></u>     | <u><b>\$ 1</b></u>       | <u><b>\$ 7,650</b></u> |
| <b>LIABILITIES</b>                          |                                  |                                             |                         |                          |                        |
| Due To Other Funds                          | \$ -                             | \$ 79                                       | \$ -                    | \$ -                     | \$ 79                  |
| <b>TOTAL LIABILITIES</b>                    | <u>-</u>                         | <u>79</u>                                   | <u>-</u>                | <u>-</u>                 | <u>79</u>              |
| <b>FUND BALANCE</b>                         |                                  |                                             |                         |                          |                        |
| Unreserved Fund Equity                      | <u>7,555</u>                     | <u>5</u>                                    | <u>10</u>               | <u>1</u>                 | <u>7,571</u>           |
| <b>TOTAL FUND BALANCE</b>                   | <u><b>7,555</b></u>              | <u><b>5</b></u>                             | <u><b>10</b></u>        | <u><b>1</b></u>          | <u><b>7,571</b></u>    |
| <b>TOTAL LIABILITIES &amp; FUND BALANCE</b> | <u><b>\$ 7,555</b></u>           | <u><b>\$ 84</b></u>                         | <u><b>\$ 10</b></u>     | <u><b>\$ 1</b></u>       | <u><b>\$ 7,650</b></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<br>SCHOOL<br>PRINCIPAL | IOWA<br>BRAILLE &<br>SIGHT SAVING<br>SCHOOL | PILOT<br>GROVE<br>TRUST | HENRY<br>ALBERT<br>TRUST | TOTAL                  |
|----------------------------------------------|----------------------------------|---------------------------------------------|-------------------------|--------------------------|------------------------|
| <b>OPERATING REVENUES:</b>                   |                                  |                                             |                         |                          |                        |
| Investment Income                            | \$ -                             | \$ (1)                                      | \$ -                    | \$ -                     | \$ (1)                 |
| Miscellaneous                                | <u>9</u>                         | <u>-</u>                                    | <u>-</u>                | <u>-</u>                 | <u>9</u>               |
| <b>TOTAL OPERATING REVENUES</b>              | <u>9</u>                         | <u>(1)</u>                                  | <u>-</u>                | <u>-</u>                 | <u>8</u>               |
| <b>INCOME BEFORE OPERATING<br/>TRANSFERS</b> | <u>9</u>                         | <u>(1)</u>                                  | <u>-</u>                | <u>-</u>                 | <u>8</u>               |
| <b>OPERATING TRANSFERS:</b>                  |                                  |                                             |                         |                          |                        |
| Transfers In                                 | <u>-</u>                         | <u>1</u>                                    | <u>-</u>                | <u>-</u>                 | <u>1</u>               |
| <b>TOTAL OPERATING TRANSFERS</b>             | <u>-</u>                         | <u>1</u>                                    | <u>-</u>                | <u>-</u>                 | <u>1</u>               |
| <b>NET INCOME</b>                            | 9                                | -                                           | -                       | -                        | 9                      |
| <b>FUND BALANCE JULY 1</b>                   | <u>7,546</u>                     | <u>5</u>                                    | <u>10</u>               | <u>1</u>                 | <u>7,562</u>           |
| <b>FUND BALANCE JUNE 30</b>                  | <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<br>SCHOOL<br>PRINCIPAL | IOWA<br>BRAILLE &<br>SIGHT SAVING<br>SCHOOL | PILOT<br>GROVE<br>TRUST | HENRY<br>ALBERT<br>TRUST | TOTAL           |
|-------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------------------|-------------------------|--------------------------|-----------------|
| <b>CASH FLOW FROM OPERATING<br/>ACTIVITIES:</b>                                                       |                                  |                                             |                         |                          |                 |
| Cash Received from Miscellaneous                                                                      | \$ 9                             | \$ -                                        | \$ -                    | \$ -                     | \$ 9            |
| <b>NET CASH PROVIDED BY OPERATING<br/>ACTIVITIES</b>                                                  | <u>9</u>                         | <u>-</u>                                    | <u>-</u>                | <u>-</u>                 | <u>9</u>        |
| <b>CASH FLOWS FROM INVESTING<br/>ACTIVITIES:</b>                                                      |                                  |                                             |                         |                          |                 |
| Interest & Dividends On Investments                                                                   | -                                | (1)                                         | -                       | -                        | (1)             |
| <b>NET CASH PROVIDED BY INVESTING<br/>ACTIVITIES</b>                                                  | <u>-</u>                         | <u>(1)</u>                                  | <u>-</u>                | <u>-</u>                 | <u>(1)</u>      |
| <b>NET INCREASE IN CASH &amp; CASH<br/>EQUIVALENTS</b>                                                | 9                                | (1)                                         | -                       | -                        | 8               |
| <b>CASH &amp; CASH EQUIVALENTS JULY 1</b>                                                             | <u>7,546</u>                     | <u>85</u>                                   | <u>10</u>               | <u>1</u>                 | <u>7,642</u>    |
| <b>CASH &amp; CASH EQUIVALENTS JUNE 30,<br/>PER BALANCE SHEET</b>                                     | <u>\$ 7,555</u>                  | <u>\$ 84</u>                                | <u>\$ 10</u>            | <u>\$ 1</u>              | <u>\$ 7,650</u> |
| <b>RECONCILIATION OF OPERATING INCOME<br/>TO NET CASH PROVIDED BY OPERATING<br/>ACTIVITIES</b>        |                                  |                                             |                         |                          |                 |
| Operating Income                                                                                      | \$ 9                             | \$ (1)                                      | \$ -                    | \$ -                     | \$ 8            |
| <b>Adjustments To Reconcile Operating Income<br/>To Net Cash Provided By Operating<br/>Activities</b> |                                  |                                             |                         |                          |                 |
| Interest (Income)                                                                                     | -                                | 1                                           | -                       | -                        | 1               |
| <b>Net Cash Provided By Operating Activities</b>                                                      | <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<br>EMPLOYEES'<br>RETIREMENT<br>SYSTEM | PEACE<br>OFFICERS'<br>RETIREMENT<br>SYSTEM | JUDICIAL<br>RETIREMENT<br>SYSTEM | TOTAL                |
|----------------------------------------------------------------|---------------------------------------------------|--------------------------------------------|----------------------------------|----------------------|
| <b>ASSETS</b>                                                  |                                                   |                                            |                                  |                      |
| 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                |
| <b>TOTAL ASSETS</b>                                            | <b>17,580,043</b>                                 | <b>253,621</b>                             | <b>72,492</b>                    | <b>17,906,156</b>    |
| <b>LIABILITIES</b>                                             |                                                   |                                            |                                  |                      |
| 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              |
| <b>TOTAL LIABILITIES</b>                                       | <b>1,651,496</b>                                  | <b>26,219</b>                              | <b>117</b>                       | <b>1,677,832</b>     |
| <b>FUND BALANCE RESERVE FOR<br/>EMPLOYEES' PENSION BENEFIT</b> |                                                   |                                            |                                  |                      |
| (Schedules of funding progress are<br>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<br>JULY 1,<br>2000 | ADDITIONS                | DEDUCTIONS               | BALANCE<br>JUNE 30,<br>2001 |
|-------------------------------------------------|----------------------------|--------------------------|--------------------------|-----------------------------|
| <b><u>LOCAL SALES &amp; SERVICE TAX</u></b>     |                            |                          |                          |                             |
| <b>ASSETS</b>                                   |                            |                          |                          |                             |
| 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>               |
| <b>TOTAL ASSETS</b>                             | <b><u>\$ 20,819</u></b>    | <b><u>\$ 290,744</u></b> | <b><u>\$ 279,162</u></b> | <b><u>\$ 32,401</u></b>     |
| <b>LIABILITIES</b>                              |                            |                          |                          |                             |
| 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>                   |
| <b>TOTAL LIABILITIES</b>                        | <b><u>\$ 20,819</u></b>    | <b><u>\$ 290,744</u></b> | <b><u>\$ 279,162</u></b> | <b><u>\$ 32,401</u></b>     |
| <b><u>CENTRALIZED PAYROLL TRUSTEE</u></b>       |                            |                          |                          |                             |
| <b>ASSETS</b>                                   |                            |                          |                          |                             |
| 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>                   |
| <b>TOTAL ASSETS</b>                             | <b><u>\$ 24,712</u></b>    | <b><u>\$ 516,472</u></b> | <b><u>\$ 517,552</u></b> | <b><u>\$ 23,632</u></b>     |
| <b>LIABILITIES</b>                              |                            |                          |                          |                             |
| 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>                  |
| <b>TOTAL LIABILITIES</b>                        | <b><u>\$ 24,712</u></b>    | <b><u>\$ 516,472</u></b> | <b><u>\$ 517,552</u></b> | <b><u>\$ 23,632</u></b>     |
| <b><u>JUDICIAL-CLERKS OF DISTRICT COURT</u></b> |                            |                          |                          |                             |
| <b>ASSETS</b>                                   |                            |                          |                          |                             |
| Cash & Investments                              | \$ 15,581                  | \$ 264,473               | \$ 265,140               | \$ 14,914                   |
| <b>TOTAL ASSETS</b>                             | <b><u>\$ 15,581</u></b>    | <b><u>\$ 264,473</u></b> | <b><u>\$ 265,140</u></b> | <b><u>\$ 14,914</u></b>     |
| <b>LIABILITIES</b>                              |                            |                          |                          |                             |
| 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>               |
| <b>TOTAL LIABILITIES</b>                        | <b><u>\$ 15,581</u></b>    | <b><u>\$ 264,473</u></b> | <b><u>\$ 265,140</u></b> | <b><u>\$ 14,914</u></b>     |

# STATE OF IOWA

|                                               | BALANCE<br>JULY 1,<br>2000 | ADDITIONS                  | DEDUCTIONS                 | BALANCE<br>JUNE 30,<br>2001 |
|-----------------------------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|
| <b><u>SCHOOL DISTRICT SURTAX CLEARING</u></b> |                            |                            |                            |                             |
| <b>ASSETS</b>                                 |                            |                            |                            |                             |
| 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>                |
| <b>TOTAL ASSETS</b>                           | <b><u>\$ 32,757</u></b>    | <b><u>\$ 55,638</u></b>    | <b><u>\$ 46,717</u></b>    | <b><u>\$ 41,678</u></b>     |
| <b>LIABILITIES</b>                            |                            |                            |                            |                             |
| Funds Held In Custody                         | <u>\$ 32,757</u>           | <u>\$ 55,638</u>           | <u>\$ 46,717</u>           | <u>\$ 41,678</u>            |
| <b>TOTAL LIABILITIES</b>                      | <b><u>\$ 32,757</u></b>    | <b><u>\$ 55,638</u></b>    | <b><u>\$ 46,717</u></b>    | <b><u>\$ 41,678</u></b>     |
| <b><u>OTHER AGENCY FUNDS</u></b>              |                            |                            |                            |                             |
| <b>ASSETS</b>                                 |                            |                            |                            |                             |
| 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>                   |
| <b>TOTAL ASSETS</b>                           | <b><u>\$ 84,321</u></b>    | <b><u>\$ 1,029,064</u></b> | <b><u>\$ 1,030,963</u></b> | <b><u>\$ 82,422</u></b>     |
| <b>LIABILITIES</b>                            |                            |                            |                            |                             |
| 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>               |
| <b>TOTAL LIABILITIES</b>                      | <b><u>\$ 84,321</u></b>    | <b><u>\$ 1,029,064</u></b> | <b><u>\$ 1,030,963</u></b> | <b><u>\$ 82,422</u></b>     |
| <b><u>TOTAL AGENCY FUNDS</u></b>              |                            |                            |                            |                             |
| <b>ASSETS</b>                                 |                            |                            |                            |                             |
| 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>                   |
| <b>TOTAL ASSETS</b>                           | <b><u>\$ 178,190</u></b>   | <b><u>\$ 2,156,391</u></b> | <b><u>\$ 2,139,534</u></b> | <b><u>\$ 195,047</u></b>    |
| <b>LIABILITIES</b>                            |                            |                            |                            |                             |
| 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>               |
| <b>TOTAL LIABILITIES</b>                      | <b><u>\$ 178,190</u></b>   | <b><u>\$ 2,156,391</u></b> | <b><u>\$ 2,139,534</u></b> | <b><u>\$ 195,047</u></b>    |

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## COMBINING FINANCIAL STATEMENTS

### **University Funds**

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

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

June 30, 2001  
(Expressed in Thousands)

|                                           | <u>CURRENT FUNDS</u>     |                          | <b>LOAN<br/>FUNDS</b>   | <b>ENDOWMENTS &amp;<br/>SIMILAR FUNDS</b> |
|-------------------------------------------|--------------------------|--------------------------|-------------------------|-------------------------------------------|
|                                           | <b>UNRESTRICTED</b>      | <b>RESTRICTED</b>        |                         |                                           |
| <b>ASSETS</b>                             |                          |                          |                         |                                           |
| 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>                             |
| <b>TOTAL ASSETS</b>                       | <b><u>\$ 470,966</u></b> | <b><u>\$ 109,643</u></b> | <b><u>\$ 82,609</u></b> | <b><u>\$ 325,255</u></b>                  |
| <b>LIABILITIES</b>                        |                          |                          |                         |                                           |
| 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>                                  |
| <b>TOTAL LIABILITIES</b>                  | <b><u>225,787</u></b>    | <b><u>21,561</u></b>     | <b><u>5</u></b>         | <b><u>1,090</u></b>                       |
| <b>FUND BALANCE</b>                       |                          |                          |                         |                                           |
| 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>                                  |
| <b>TOTAL FUND BALANCE</b>                 | <b><u>245,179</u></b>    | <b><u>88,082</u></b>     | <b><u>82,604</u></b>    | <b><u>324,165</u></b>                     |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b> | <b><u>\$ 470,966</u></b> | <b><u>\$ 109,643</u></b> | <b><u>\$ 82,609</u></b> | <b><u>\$ 325,255</u></b>                  |

# STATE OF IOWA

| AGENCY<br>FUNDS         | PLANT FUNDS              |                            |                               |                            | TOTAL                     |
|-------------------------|--------------------------|----------------------------|-------------------------------|----------------------------|---------------------------|
|                         | UNEXPENDED               | RENEWALS &<br>REPLACEMENTS | RETIREMENT OF<br>INDEBTEDNESS | INVESTMENT<br>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                    |
| -                       | -                        | -                          | -                             | -                          | 15,172                    |
| <b><u>\$186,964</u></b> | <b><u>\$ 269,778</u></b> | <b><u>\$ 63,192</u></b>    | <b><u>\$128,451</u></b>       | <b><u>\$ 3,535,021</u></b> | <b><u>\$5,171,879</u></b> |
| \$ 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                   |
| -                       | -                        | -                          | -                             | -                          | 4                         |
| <b><u>186,964</u></b>   | <b><u>69,170</u></b>     | <b><u>1,910</u></b>        | <b><u>60,312</u></b>          | <b><u>564,278</u></b>      | <b><u>1,131,077</u></b>   |
| -                       | 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                    |
| -                       | -                        | -                          | -                             | 2,970,743                  | 2,970,743                 |
| <b><u>-</u></b>         | <b><u>200,608</u></b>    | <b><u>61,282</u></b>       | <b><u>68,139</u></b>          | <b><u>2,970,743</u></b>    | <b><u>4,040,802</u></b>   |
| <b><u>\$186,964</u></b> | <b><u>\$ 269,778</u></b> | <b><u>\$ 63,192</u></b>    | <b><u>\$128,451</u></b>       | <b><u>\$ 3,535,021</u></b> | <b><u>\$5,171,879</u></b> |



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## **Supplemental Information**

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

|                                           | GENERAL<br>GOVERNMENT | EDUCATION         | HEALTH<br>& HUMAN<br>SERVICES | TRANSPORTATION    |
|-------------------------------------------|-----------------------|-------------------|-------------------------------|-------------------|
| <b>TAXES</b>                              |                       |                   |                               |                   |
| 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                 | -                 | -                             | -                 |
| <b>TOTAL TAXES</b>                        | <b>5,554,950</b>      | <b>4,901</b>      | <b>5,362</b>                  | <b>24,028</b>     |
| Less Refunds                              | 552,087               | -                 | -                             | 6                 |
| <b>NET TAXES</b>                          | <b>5,002,863</b>      | <b>4,901</b>      | <b>5,362</b>                  | <b>24,022</b>     |
| <b>RECEIPTS FROM OTHER ENTITIES</b>       |                       |                   |                               |                   |
| 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               |
| <b>TOTAL RECEIPTS FROM OTHER ENTITIES</b> | <b>28,409</b>         | <b>329,263</b>    | <b>1,843,069</b>              | <b>334,611</b>    |
| <b>INVESTMENT INCOME</b>                  |                       |                   |                               |                   |
| Investment Income                         | 94,018                | 5,791             | 7,522                         | 764               |
| <b>TOTAL INVESTMENT INCOME</b>            | <b>94,018</b>         | <b>5,791</b>      | <b>7,522</b>                  | <b>764</b>        |
| <b>FEES, LICENSES &amp; PERMITS</b>       |                       |                   |                               |                   |
| Fees, Licenses & Permits                  | 395,900               | 1,479             | 12,104                        | 6,344             |
| <b>TOTAL FEES, LICENSES &amp; PERMITS</b> | <b>395,900</b>        | <b>1,479</b>      | <b>12,104</b>                 | <b>6,344</b>      |
| <b>REFUNDS &amp; REIMBURSEMENTS</b>       |                       |                   |                               |                   |
| Refunds & Reimbursements                  | 60,645                | 17,685            | 124,727                       | 11,847            |
| <b>TOTAL REFUNDS &amp; REIMBURSEMENTS</b> | <b>60,645</b>         | <b>17,685</b>     | <b>124,727</b>                | <b>11,847</b>     |
| <b>SALES, RENTS &amp; SERVICES</b>        |                       |                   |                               |                   |
| 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                         | -                 |
| <b>TOTAL SALES, RENTS &amp; SERVICES</b>  | <b>47</b>             | <b>1,443</b>      | <b>3,035</b>                  | <b>2,745</b>      |
| <b>MISCELLANEOUS</b>                      |                       |                   |                               |                   |
| Unearned Receipts                         | 405                   | 2,891             | 2,715                         | -                 |
| Other                                     | 15,005                | 1,342             | 50,716                        | 4,963             |
| <b>TOTAL MISCELLANEOUS</b>                | <b>15,410</b>         | <b>4,233</b>      | <b>53,431</b>                 | <b>4,963</b>      |
| Less Refunds                              | 18,953                | 482               | 14,860                        | 27,166            |
| <b>TOTAL REVENUE BY SOURCE</b>            | <b>\$ 5,578,339</b>   | <b>\$ 364,313</b> | <b>\$ 2,034,390</b>           | <b>\$ 358,130</b> |

# STATE OF IOWA

| LAW, JUSTICE &<br>PUBLIC SAFETY | ECONOMIC/<br>MANPOWER<br>DEVELOPMENT | REGULATION OF<br>BUSINESS | AGRICULTURE<br>& NATURAL<br>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              |
| <b>59,829</b>                   | <b>16,747</b>                        | <b>13,469</b>             | <b>54</b>                             | <b>5,679,340</b>    |
| -                               | -                                    | -                         | -                                     | 552,093             |
| <b>59,829</b>                   | <b>16,747</b>                        | <b>13,469</b>             | <b>54</b>                             | <b>5,127,247</b>    |
| 57,025                          | 94,124                               | 78                        | 28,876                                | 2,561,658           |
| 33,662                          | 65                                   | -                         | -                                     | 156,613             |
| 222                             | -                                    | -                         | -                                     | 948                 |
| 5,196                           | 6,355                                | -                         | 233                                   | 41,969              |
| <b>96,105</b>                   | <b>100,544</b>                       | <b>78</b>                 | <b>29,109</b>                         | <b>2,761,188</b>    |
| 1,657                           | 4,682                                | 282                       | 2,720                                 | 117,436             |
| <b>1,657</b>                    | <b>4,682</b>                         | <b>282</b>                | <b>2,720</b>                          | <b>117,436</b>      |
| 28,577                          | 2,323                                | 33,734                    | 49,655                                | 530,116             |
| <b>28,577</b>                   | <b>2,323</b>                         | <b>33,734</b>             | <b>49,655</b>                         | <b>530,116</b>      |
| 21,161                          | -                                    | 2,695                     | 1,398                                 | 240,158             |
| <b>21,161</b>                   | <b>-</b>                             | <b>2,695</b>              | <b>1,398</b>                          | <b>240,158</b>      |
| 100                             | -                                    | -                         | -                                     | 2,675               |
| 990                             | 29                                   | 7                         | 937                                   | 2,315               |
| 2,103                           | -                                    | -                         | 2,684                                 | 6,100               |
| -                               | -                                    | -                         | 115                                   | 126                 |
| 74                              | 20                                   | 8                         | 3,508                                 | 6,629               |
| <b>3,267</b>                    | <b>49</b>                            | <b>15</b>                 | <b>7,244</b>                          | <b>17,845</b>       |
| 347                             | 566                                  | -                         | 14                                    | 6,938               |
| 17,537                          | 2,889                                | 1,879                     | 3,008                                 | 97,339              |
| <b>17,884</b>                   | <b>3,455</b>                         | <b>1,879</b>              | <b>3,022</b>                          | <b>104,277</b>      |
| 4,976                           | 6                                    | -                         | 780                                   | 67,223              |
| <b>\$ 223,504</b>               | <b>\$ 127,794</b>                    | <b>\$ 52,152</b>          | <b>\$ 92,422</b>                      | <b>\$ 8,831,044</b> |

# STATE OF IOWA

## Schedule of Expenditures by Function and Department General Fund

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

|                                           | PERSONAL<br>SERVICES | TRAVEL &<br>SUBSISTENCE | SUPPLIES      | CONTRACTUAL<br>SERVICES |
|-------------------------------------------|----------------------|-------------------------|---------------|-------------------------|
| <b>GENERAL GOVERNMENT</b>                 |                      |                         |               |                         |
| 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            | -                       |
| <b>TOTAL GENERAL GOVERNMENT</b>           | <b>79,312</b>        | <b>3,635</b>            | <b>6,434</b>  | <b>77,303</b>           |
| <b>EDUCATION</b>                          |                      |                         |               |                         |
| 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                     |
| <b>TOTAL EDUCATION</b>                    | <b>57,845</b>        | <b>1,543</b>            | <b>7,200</b>  | <b>37,875</b>           |
| <b>HEALTH &amp; HUMAN SERVICES</b>        |                      |                         |               |                         |
| 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                 | -                    | -                       | -             | -                       |
| <b>TOTAL HEALTH &amp; HUMAN SERVICES</b>  | <b>327,006</b>       | <b>4,710</b>            | <b>41,459</b> | <b>293,900</b>          |
| <b>TRANSPORTATION</b>                     |                      |                         |               |                         |
| Transportation                            | 171,269              | 23,230                  | 31,398        | 142,593                 |
| Transportation Capitals                   | -                    | -                       | -             | -                       |
| <b>TOTAL TRANSPORTATION</b>               | <b>171,269</b>       | <b>23,230</b>           | <b>31,398</b> | <b>142,593</b>          |

# STATE OF IOWA

| <b>EQUIPMENT<br/>&amp; REPAIRS</b> | <b>CLAIMS &amp;<br/>MISCELLANEOUS</b> | <b>LICENSES<br/>PERMITS<br/>&amp; REFUNDS</b> | <b>STATE AID</b>        | <b>PLANT<br/>IMPROVEMENTS</b> | <b>TOTAL</b>            |
|------------------------------------|---------------------------------------|-----------------------------------------------|-------------------------|-------------------------------|-------------------------|
| \$ 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                      |
| <b><u>17,221</u></b>               | <b><u>24,463</u></b>                  | <b><u>32</u></b>                              | <b><u>686,321</u></b>   | <b><u>35,946</u></b>          | <b><u>930,667</u></b>   |
| 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                  |
| <b><u>8,650</u></b>                | <b><u>1,421</u></b>                   | <b><u>-</u></b>                               | <b><u>2,454,198</u></b> | <b><u>4,064</u></b>           | <b><u>2,572,796</u></b> |
| 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                     |
| <b><u>10,267</u></b>               | <b><u>5,633</u></b>                   | <b><u>103</u></b>                             | <b><u>2,221,898</u></b> | <b><u>-</u></b>               | <b><u>2,904,976</u></b> |
| 13,376                             | 1,333                                 | 182                                           | -                       | 601,863                       | 985,244                 |
| -                                  | -                                     | -                                             | -                       | 3,499                         | 3,499                   |
| <b><u>13,376</u></b>               | <b><u>1,333</u></b>                   | <b><u>182</u></b>                             | <b><u>-</u></b>         | <b><u>605,362</u></b>         | <b><u>988,743</u></b>   |

continued on next page

# STATE OF IOWA

## Schedule of Expenditures by Function and Department General Fund

(continued)

|                                                  | PERSONAL<br>SERVICES       | TRAVEL &<br>SUBSISTENCE | SUPPLIES                 | CONTRACTUAL<br>SERVICES  |
|--------------------------------------------------|----------------------------|-------------------------|--------------------------|--------------------------|
| <b>LAW, JUSTICE &amp; PUBLIC SAFETY</b>          |                            |                         |                          |                          |
| 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                       |
| <b>TOTAL LAW, JUSTICE &amp; PUBLIC SAFETY</b>    | <b><u>422,957</u></b>      | <b><u>8,373</u></b>     | <b><u>33,408</u></b>     | <b><u>100,847</u></b>    |
| <b>ECONOMIC/MANPOWER DEVELOPMENT</b>             |                            |                         |                          |                          |
| 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                       |
| <b>TOTAL ECONOMIC/MANPOWER DEVELOPMENT</b>       | <b><u>52,419</u></b>       | <b><u>1,685</u></b>     | <b><u>2,674</u></b>      | <b><u>45,122</u></b>     |
| <b>REGULATION OF BUSINESS</b>                    |                            |                         |                          |                          |
| 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                    |
| <b>TOTAL REGULATION OF BUSINESS</b>              | <b><u>18,007</u></b>       | <b><u>984</u></b>       | <b><u>703</u></b>        | <b><u>7,785</u></b>      |
| <b>AGRICULTURE &amp; NATURAL RESOURCES</b>       |                            |                         |                          |                          |
| 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                    |
| <b>TOTAL AGRICULTURE &amp; NATURAL RESOURCES</b> | <b><u>70,147</u></b>       | <b><u>3,742</u></b>     | <b><u>6,184</u></b>      | <b><u>35,323</u></b>     |
| <b>TOTAL EXPENDITURES</b>                        | <b><u>\$ 1,198,962</u></b> | <b><u>\$ 47,902</u></b> | <b><u>\$ 129,460</u></b> | <b><u>\$ 740,748</u></b> |

# STATE OF IOWA

| EQUIPMENT<br>& REPAIRS  | CLAIMS &<br>MISCELLANEOUS | LICENSES<br>PERMITS<br>& REFUNDS | STATE AID                  | PLANT<br>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                        |
| <b><u>21,717</u></b>    | <b><u>5,797</u></b>       | <b><u>352</u></b>                | <b><u>23,379</u></b>       | <b><u>6,326</u></b>      | <b><u>623,156</u></b>      |
| 164                     | 8,666                     | 3                                | 70,033                     | -                        | 97,090                     |
| -                       | 1                         | -                                | 2,029                      | -                        | 2,030                      |
| 3,488                   | 1,114                     | 9                                | 817                        | -                        | 88,103                     |
| 2                       | -                         | -                                | -                          | -                        | 1,003                      |
| <b><u>3,654</u></b>     | <b><u>9,781</u></b>       | <b><u>12</u></b>                 | <b><u>72,879</u></b>       | <b><u>-</u></b>          | <b><u>188,226</u></b>      |
| 6                       | -                         | -                                | -                          | -                        | 1,057                      |
| 224                     | 1                         | 2                                | -                          | -                        | 2,311                      |
| 215                     | -                         | -                                | -                          | -                        | 6,020                      |
| 2                       | -                         | -                                | -                          | -                        | 939                        |
| 88                      | 4                         | -                                | -                          | -                        | 6,824                      |
| 2                       | 6                         | -                                | -                          | -                        | 851                        |
| 37                      | -                         | -                                | -                          | -                        | 10,064                     |
| <b><u>574</u></b>       | <b><u>11</u></b>          | <b><u>2</u></b>                  | <b><u>-</u></b>            | <b><u>-</u></b>          | <b><u>28,066</u></b>       |
| 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                      |
| <b><u>8,525</u></b>     | <b><u>305</u></b>         | <b><u>1</u></b>                  | <b><u>16,055</u></b>       | <b><u>7,995</u></b>      | <b><u>148,277</u></b>      |
| <b><u>\$ 83,984</u></b> | <b><u>\$48,744</u></b>    | <b><u>\$ 684</u></b>             | <b><u>\$ 5,474,730</u></b> | <b><u>\$ 659,693</u></b> | <b><u>\$ 8,384,907</u></b> |



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**STATISTICAL**

## STATE OF IOWA

### Revenues By Source All Governmental Fund Types

For the Last Ten Years  
(Expressed in Thousands)

|                          | 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>      |
| <b>GROSS REVENUES</b>    | 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>     |
| <b>TOTAL REVENUES</b>    | <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>      |
| <b>TOTAL EXPENDITURES</b>    | <u>\$ 5,147,311</u> | <u>\$ 5,268,739</u> | <u>\$ 5,662,097</u> | <u>\$5,875,021</u> |

# STATE OF IOWA

| <b>1996</b>         | <b>1997</b>         | <b>1998</b>         | <b>1999</b>         | <b>2000</b>         | <b>2001</b>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 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> |

| <b>1996</b>         | <b>1997</b>         | <b>1998</b>         | <b>1999</b>         | <b>2000</b>         | <b>2001</b>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 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**

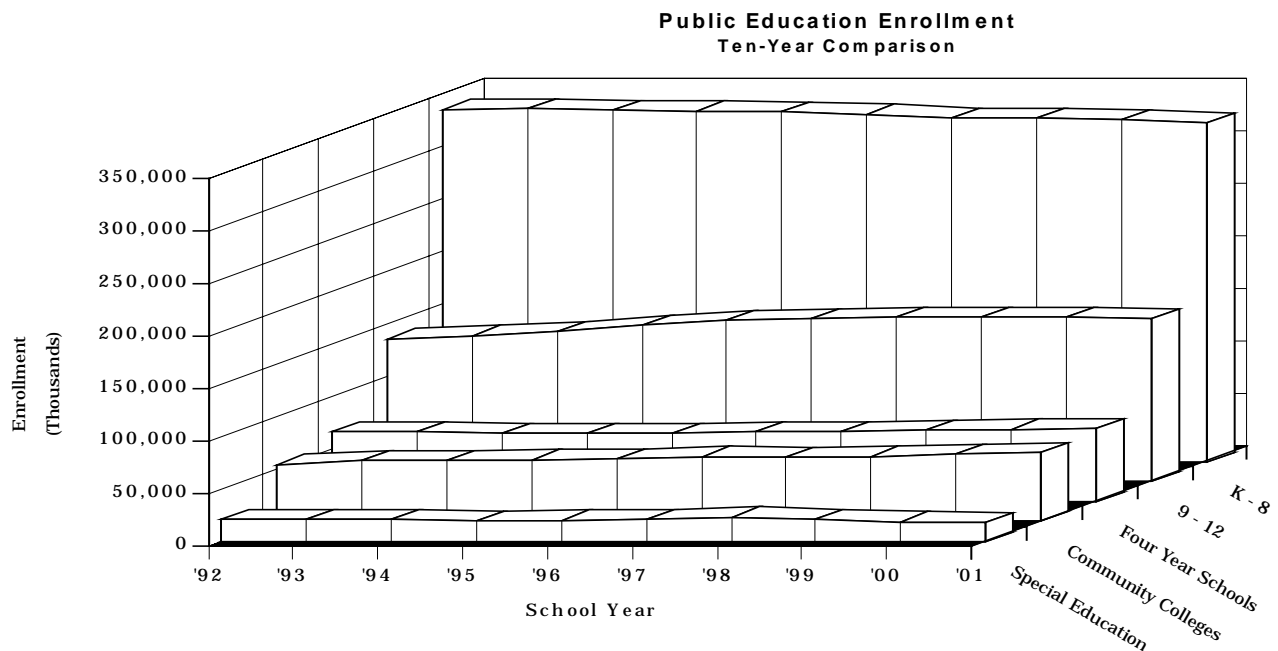
| GRADES            | 1991-92        | 1992-93        | 1993-94        | 1994-95        | 1995-96        | 1996-97        | 1997-98        | 1998-99        | 1999-00        | 2000-01        |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 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

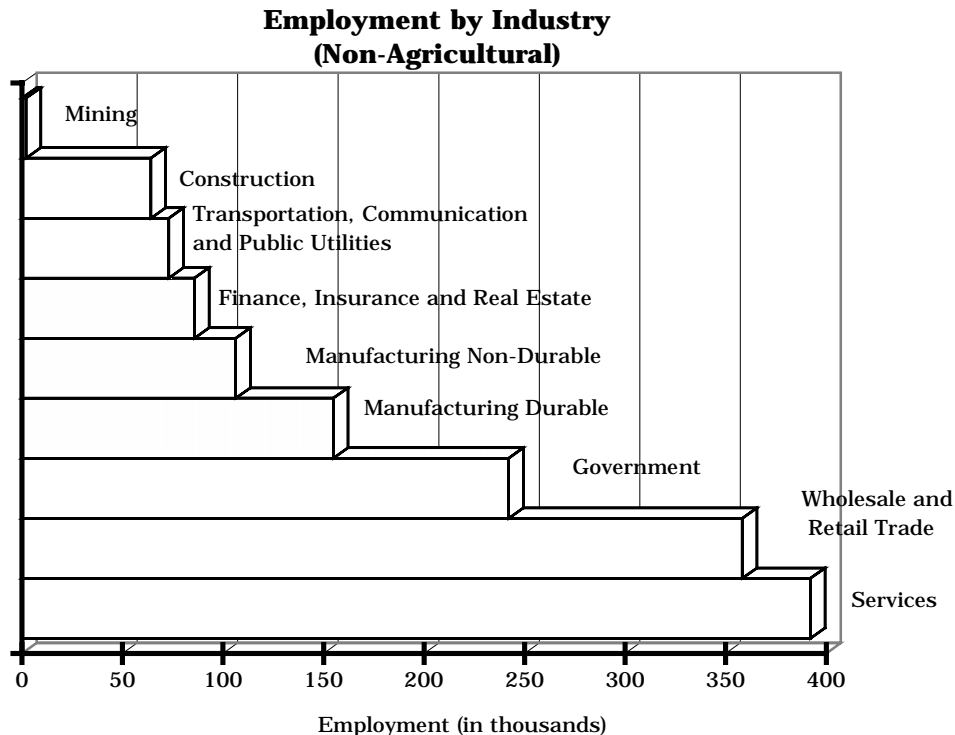
## EMPLOYMENT BY INDUSTRY

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,<br>Communication and<br>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<br>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>   |
| <b>TOTAL NON-AGRICULTURAL<br/>WAGE AND SALARY<br/>EMPLOYEES</b> | <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**

| <b>RANK</b> | <b>EMPLOYER</b>             | <b>TYPE OF BUSINESS</b>    |
|-------------|-----------------------------|----------------------------|
| 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.

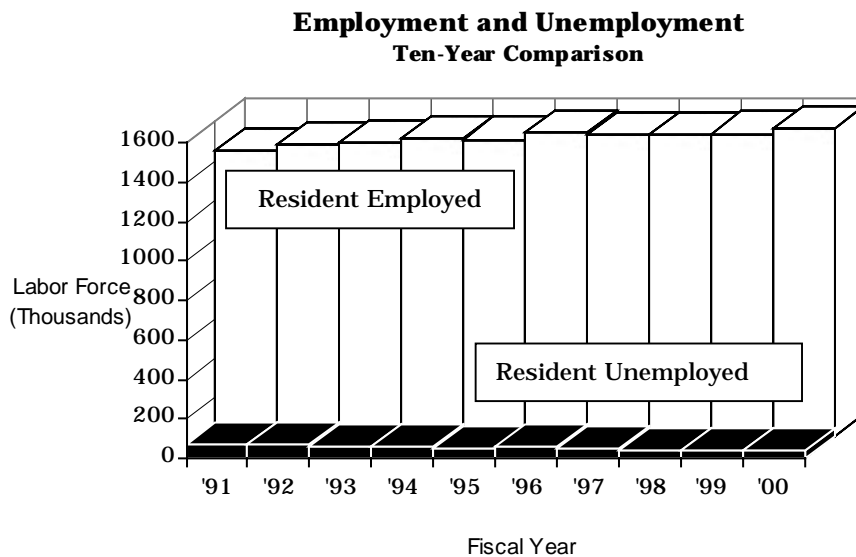
Source: Iowa Workforce Development.

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

For the Last Ten Years  
(Expressed in Thousands)

|      | <b>RESIDENT<br/>CIVILIAN<br/>LABOR<br/>FORCE</b> | <b>RESIDENT<br/>EMPLOYMENT</b> | <b>RESIDENT<br/>UNEMPLOYED</b> | <b>PERCENT<br/>UNEMPLOYED</b> |
|------|--------------------------------------------------|--------------------------------|--------------------------------|-------------------------------|
| 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.





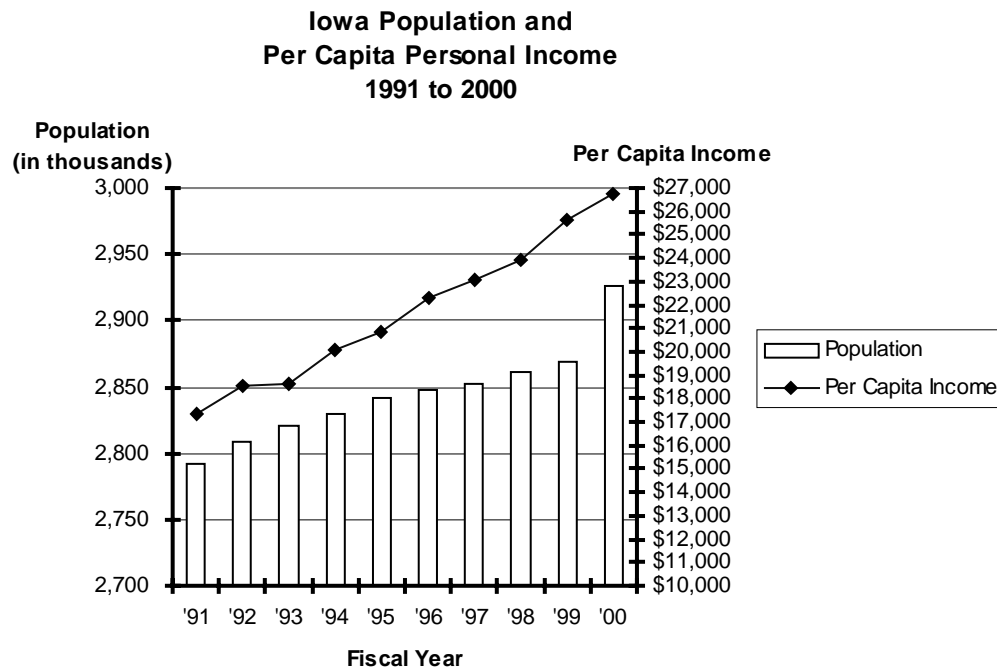
## STATE OF IOWA

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

For the Last Ten Years

|      | <b>POPULATION</b><br>(Expressed in Thousands) | <b>TOTAL PERSONAL INCOME</b><br>(Expressed in Millions) | <b>PER CAPITA PERSONAL INCOME</b><br>(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                                                      |

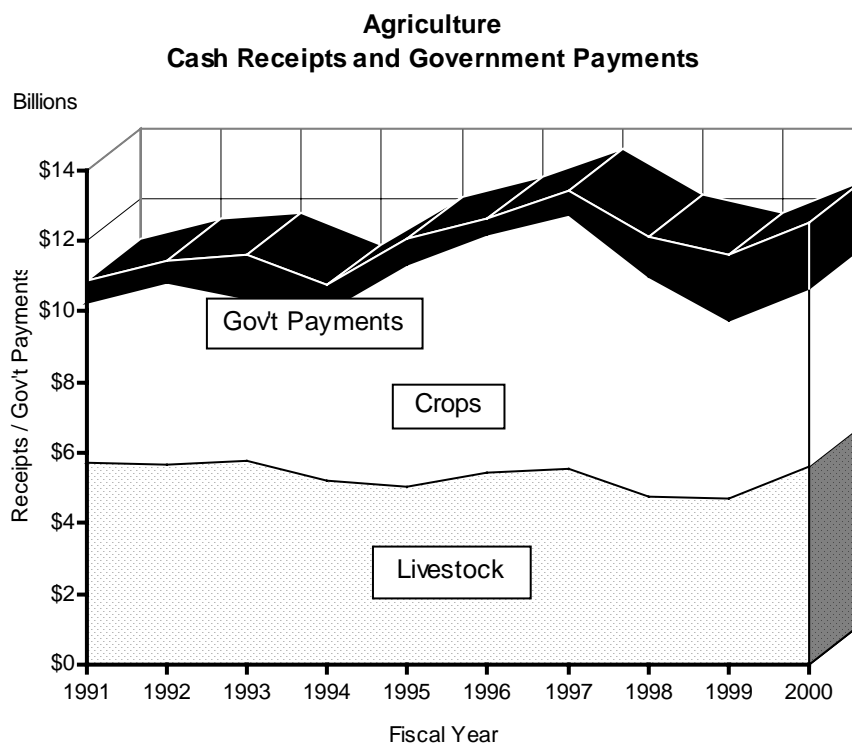
Source: U.S. Department of Commerce, Bureau of Economic Analysis



**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              |
| <b>TOTAL LIVESTOCK</b>                              | <b>5,720.4</b>     | <b>5,645.2</b>     | <b>5,781.2</b>     | <b>5,230.9</b>     | <b>5,022.3</b>     | <b>5,450.7</b>     | <b>5,529.7</b>     | <b>4,777.6</b>     | <b>4,712.3</b>     | <b>5,747.1</b>     |
| 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              |
| <b>TOTAL CROPS</b>                                  | <b>4,529.2</b>     | <b>5,140.3</b>     | <b>4,605.7</b>     | <b>4,773.4</b>     | <b>6,276.4</b>     | <b>6,697.8</b>     | <b>7,192.9</b>     | <b>6,216.6</b>     | <b>5,004.2</b>     | <b>5,027.2</b>     |
| <b>Total Cash Receipts from Crops and Livestock</b> | <b>10,249.6</b>    | <b>10,785.5</b>    | <b>10,386.9</b>    | <b>10,004.3</b>    | <b>11,298.7</b>    | <b>12,148.5</b>    | <b>12,722.6</b>    | <b>10,994.2</b>    | <b>9,716.5</b>     | <b>10,774.3</b>    |
| 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            |
| <b>Total Cash Receipts and Government Payments</b>  | <b>\$ 10,894.6</b> | <b>\$ 11,447.8</b> | <b>\$ 11,616.4</b> | <b>\$ 10,736.7</b> | <b>\$ 12,083.4</b> | <b>\$ 12,650.2</b> | <b>\$ 13,432.3</b> | <b>\$ 12,140.2</b> | <b>\$ 11,592.0</b> | <b>\$ 13,076.5</b> |

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<br>YEAR ENDED<br>JUNE 30 | GROSS<br>REVENUES | DIRECT<br>OPERATING<br>EXPENSES | NET REVENUE<br>AVAILABLE FOR<br>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<br>YEAR ENDED<br>JUNE 30 | GROSS<br>REVENUES | DIRECT<br>OPERATING<br>EXPENSES | NET REVENUE<br>AVAILABLE FOR<br>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.

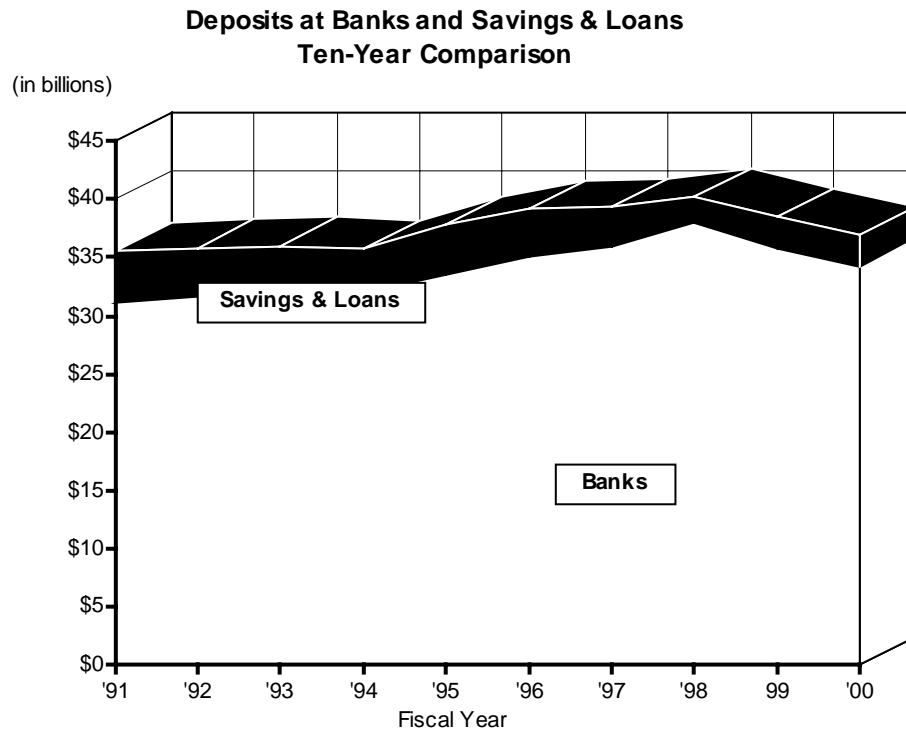
# STATE OF IOWA

## BANK and SAVINGS & LOAN DEPOSITS

For the Last Ten Years  
(Expressed in Millions)

|      | <b>BANKS</b>  |                 | <b>SAVINGS &amp; LOANS</b> |                 | <b>TOTAL</b>    |
|------|---------------|-----------------|----------------------------|-----------------|-----------------|
|      | <b>NUMBER</b> | <b>DEPOSITS</b> | <b>NUMBER</b>              | <b>DEPOSITS</b> | <b>DEPOSITS</b> |
| 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.



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