

# IOWA

## Comprehensive Annual Financial Report

*for the fiscal year ended June 30, 1997*



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year  
Ended June 30, 1997*

Terry E. Branstad - Governor

PREPARED BY: \_\_\_\_\_

Iowa Department of Revenue and Finance - Gerald D. Bair - Director

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**ACKNOWLEDGEMENTS**

# Introductory



December 4, 1997

**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, 1997. 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).

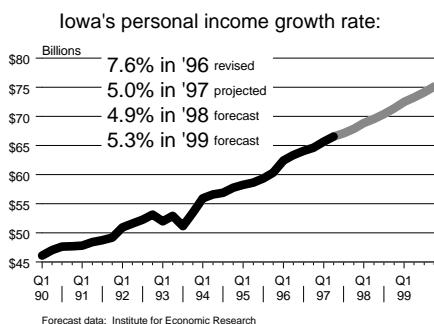
The report is presented in three sections as follows:

- \* The **INTRODUCTORY SECTION** includes this transmittal letter, the Government Finance Officers Association (GFOA) Certificate of Achievement for the fiscal year 1996 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.

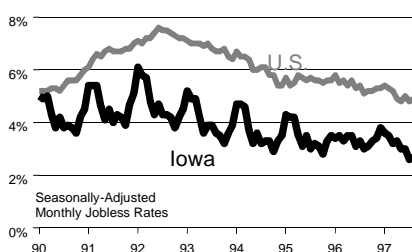
All activities which would generally be considered part of the State of Iowa are included in this report. These activities provide a range of services including education, health and human services, transportation, agriculture and natural resources, law enforcement, public safety, economic development;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

## ECONOMIC CONDITION AND OUTLOOK

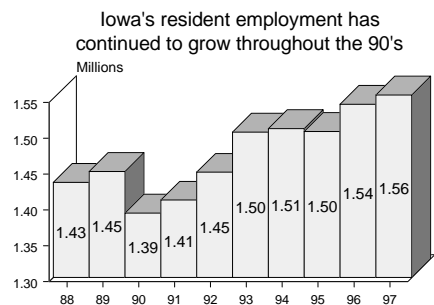


**Personal Income.** While employment growth had hit a short-term ceiling and new business formations had slowed, the economic engine was continuing to pump up Iowa personal income levels. The revised estimates for the State's 1996 income growth was a substantial 7.6%. Based upon two quarters of 1997 data, the Iowa Economic Forecasting Council currently projects a 5% growth rate for the year. Comparable growth (4.9%) is expected for 1998 and slightly stronger (5.3%) growth is expected in 1999.

As the U.S. unemployment rate has fallen, Iowa's rate has remained about 2 points lower

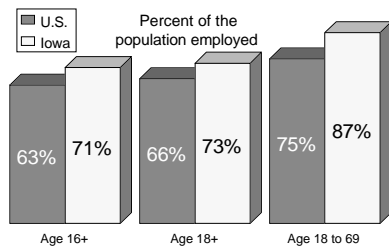


**Employment.** In 1996, Iowa had the fourth lowest average annual unemployment rate in the nation, by 1997, Iowa had tied North Dakota for the number two spot on the list. The percentage of growth in Iowa's employed workforce began in earnest in 1992, when the State's economy was more resilient to the 1990-92 recession than was the rest of the nation. From mid-1992 until now, Iowa's unemployment rate has consistently remained about two percentage points below the national average even as the U.S. rate has been falling during this time. By year's end, Iowa's seasonally adjusted unemployment rate was running in the 2.6-2.7% range. The U.S. unemployment rate had just dropped to the 25-year low of 4.7% in October. Not one Iowa county or Iowa city had an unemployment rate that exceeded the U.S. average.



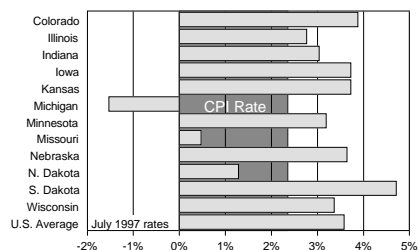
Meanwhile, Iowa's resident employment continued to grow during this period. In 1990, just fewer than 1.4 million people were working in Iowa. By 1997, more than 1.5 million people were employed. Payroll job growth has followed a parallel path, growing from about 1.2 million in 1990 to 1.4 million in 1997. The Iowa Economic Forecasting Council, at their November meeting, forecast slower growth in payroll jobs for the next two years. Their reasons were tied to slowing national economy and to the tight labor markets in Iowa and other Midwest states.

Iowa's employment participation rate substantially exceeds the national rate



Iowa's challenges in the years ahead, will be to make an existing workforce more productive and to find ways to increase the size of the pool from which the workforce is drawn. Currently, 87% of all Iowans between the ages of 18 and 69 are employed. That represents a higher rate than occurs elsewhere in the country (75% average) and means that only 13% of our working-age population can be included in that potential pool.

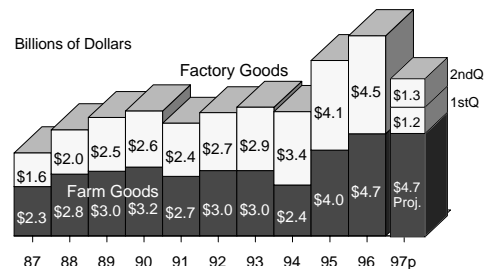
Average hourly wage growth in tight labor market states has shown little evidence inflation pressure



**Wage-Based Inflation.** Despite the tight labor markets in Iowa, the average hourly wage rate has increased 3.7% from mid-year 1996 to mid-year 1997. Average weekly wages rose during that same period by 4.5%, because on average, Iowans were working an extra half-hour per week this year. During that same time the Consumer Price Index (CPI), the nation's measure of consumer inflation, increased by 2.2%. Iowa closely paralleled the national change in average hourly and weekly wages.

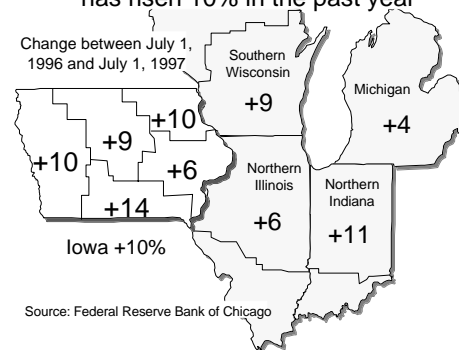
Exports. Some of Iowa's economic growth during the past decade can be attributed to the intelligent cultivation of export markets. Despite the State's inland location, Iowa has become a major supplier to the world's markets for industrial machinery, instruments and measurement devices, electronics, specialized transportation equipment, chemicals and pharmaceuticals, processed food products, in addition to the traditional farm commodities and livestock. In 1996, the export of factory goods accounted for \$4.5 billion, or about half of the \$9.2 billion total exports from Iowa. During the years 1991 through 1993, the value of Iowa's factory exports increased at a compounded rate of 9% per year. In the years 1994, 1995, and 1996, the growth rate increased by 17%, 21% and 10%, respectively. For the first two quarters of 1997, the growth rate of factory exports is about 7% over the same quarters in 1996.

The value of Iowa exports has grown from both the farm and the factory



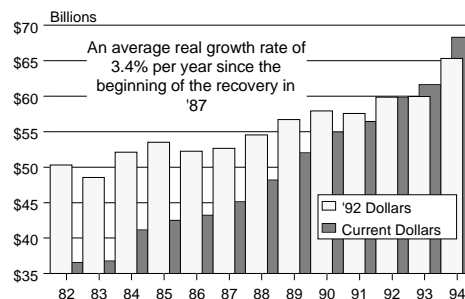
Farmland Values and Farm Income. Iowa's farmland by mid-1997 was worth 10 percent more than it was a year earlier, according to the Federal Reserve Bank of Chicago's quarterly survey of area bankers. This is an indication of strong farm income growth during the past several years.

The dollar value of "good" farmland in Iowa has risen 10% in the past year



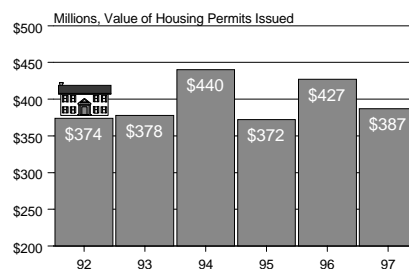
Gross State Product. In 1994, the most recent year for which data is available, Iowa's Gross State Product (GSP) was \$68 billion, growing at an inflation adjusted annual rate of 3.4% since 1987. The GSP is the U.S. Commerce Department's measure of the value of all goods and services produced in the state each year. From 1993 to 1994, Iowa's output grew by a whopping 9%. The commercial activity in 1994, the year after the 1993 flood was characterized by much rebuilding and inventory re-supplying. In addition, 1994 was a year of strong housing construction and commercial building as mortgage rates were very attractive.

Iowa's Gross State Product grew by an inflation-adjusted 9% in 1994



Housing Permits. By mid-1996, mortgage rates had already reached levels that stopped much of the speculative residential construction in Iowa. The value of housing permits issued by Iowa's 48 largest communities during the first three-quarters of 1997 was \$40 million below the same period in 1996, although it about matched the levels for the same periods in 1992, 1993 and 1995. Demand has not slackened, but apparently demand at mortgage rates in the 7.75-8% range has.

Housing permits issued for the first nine months of '97 lag the same period in '96



## MAJOR INITIATIVES AND ISSUES

Personal Income Tax. Iowa reduced personal income taxes by ten percent across-the-board. This action will significantly ease the burden on all working Iowans and continue to expand the Iowa economy. No action taken by State government this decade will directly benefit taxpaying Iowans as much as this income tax cut. The reductions were based upon three guiding principles. The reductions make Iowa more competitive, the reductions are fair to all Iowans, and the reductions are sustainable over the long run. This change is effective January 1, 1998 which applies to tax years beginning on or after that date, and will allow Iowans to keep an additional \$200 million of their earnings each year.



**Inheritance Tax.** Small family-owned businesses and family farms are the backbone of Iowa's economic strength, especially in rural areas. Often the family farm or family business must be sold in order to pay the burden of inheritance taxes as they are passed from one generation to another. Some older Iowans have been leaving the State in order to ensure that their children and grandchildren do not lose the assets that they have worked hard to secure. To ensure the strength of family businesses and farms, and to encourage older Iowans to stay in the State, legislation was passed in 1997 which eliminates the inheritance tax on property of decedents dying on or after July 1, 1997, and passing to lineal ascendants and decedents entitled to inherit under the laws of the State.

**Subchapter S Corporation Income Tax** Most of Iowa's corporations are C corporations which pay taxes only on the sales made in Iowa. During the 1996 session, the Iowa legislature allowed shareholders of "value-added" Subchapter S corporations to be taxed on the same basis, but only to a total tax advantage of \$5 million. In order to provide a level playing field for Subchapter S corporations, legislation was passed in 1997 that taxes all Subchapter S corporations on the same basis, with no limits on the tax advantage.

**Education.** Each year Iowa makes education one of its top priorities. The effectiveness of this endeavor is reflected in many ways, including the superior rankings Iowa students achieve in their ACT and SAT test scores. Iowa students consistently rank first or second in the nation on these tests. Iowa ranks second in the nation on the 1996-97 ACT college entrance exam with a composite score of 22.1 which is 1.1 above the national average and .2 above Iowa's composite score last year. To continue these high achievements, State foundation aid to local school districts was increased by \$69 million during Fiscal Year 1997 for the Fiscal Year 1998.

**Technology.** Iowa is the first state in the nation to combine its information technology activities. This action consolidates three separate and distinct data centers that comprised State government's old system of information technology management. The results will have a transforming effect on State government, making it more efficient and technology-driven.

The year 2000 will require major changes to software programs operating in State government. Iowa has aggressively addressed this issue by establishing a fund for the purpose of financially supporting the implementation of the century date change. The State has made significant progress towards the completion of this project that is targeted to be finished by the end of calendar year 1998.

#### **Budgeting for Results.**

The Council on Human Investment sponsored the development of a new budgeting system that provides information on the impact of State programs on the people of Iowa, ties the expenditure of money to the expected results, and assures that State government manages for results. The process, entitled "Budgeting for Results," involves the use of performance measures developed by a department or agency in collaboration with the Department of Management and the Legislative Fiscal Bureau and the collection of data associated with the measures.

The State is first implementing this process for the fiscal years 1997-1998 and 1998-1999.

Iowa Workforce Development Department. Today's workforce faces constant changes as companies strive to be more competitive. During fiscal year 1996, Iowa consolidated employment and training related programs and services from the Departments of Employment Services, Economic Development, and Human Rights into a new department, Iowa Workforce Development. This consolidation has permitted Iowa Workforce Development to better assist employers, employees, and the unemployed, in meeting their goals. During fiscal year 1997 the Workforce Development Board received input from thousands of interested citizens through community forums, focus groups and the fifteen Regional Advisory Boards' needs assessments. The information was used to develop a strategic plan, released in November, 1997, for developing Iowa's workforce and workplace of the 21<sup>st</sup> century.

## FINANCIAL INFORMATION

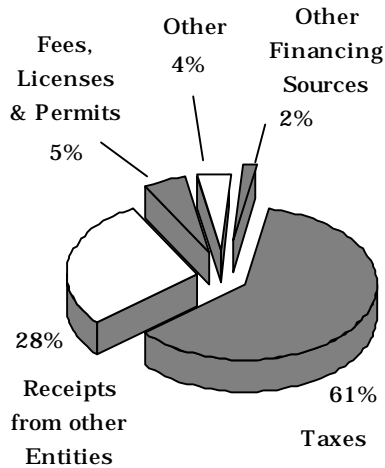
Budgetary Controls and Accounting Systems. The current statewide accounting system was implemented in 1983 and has been periodically upgraded and modified. As a part of that implementation, and on an ongoing basis, emphasis has been placed on the adequacy of internal and budgetary controls. Internal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

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

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

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

**Governmental Revenues and Other Financing Sources - 1997**



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

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

Governmental Revenues And Other Financing Sources totaled \$7,614.6 million for fiscal year 1997. Taxes had the largest increase of \$203.4 million which was a 4.6% increase over the previous year, while Receipts From Financing Sources decreased \$72.1 million which was a 34.2% decrease from the previous year. The revenues from various sources, and the change from the previous year are shown in the following schedule (amounts in thousands):

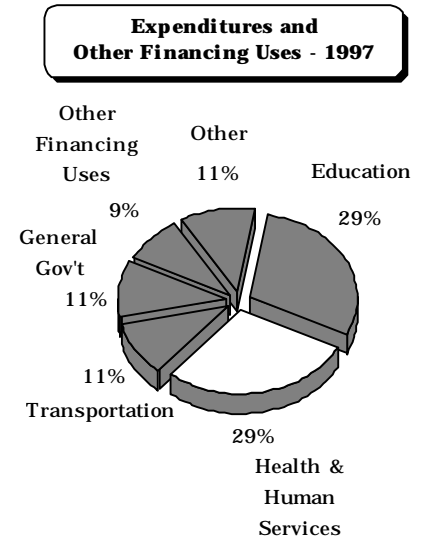
Governmental Revenues and Other Financing Sources			Increase (Decrease) Over 1996 Actual	
	1997	1996	Amount	Percent
Taxes (Net)	\$ 4,649,429	\$ 4,446,014	\$ 203,415	4.6
Receipts From Other Entities	2,113,538	2,096,544	16,994	.8
Fees, Licenses & Permits (Net)	<u>377,509</u>	<u>406,976</u>	<u>(29,467)</u>	(7.2)
Subtotal	<u>7,140,476</u>	<u>6,949,534</u>	<u>190,942</u>	2.7
Other:				
Refunds & Reimbursements	186,697	171,742	14,955	8.7
Investment Income	81,212	63,393	17,819	28.1
Miscellaneous	55,772	51,404	4,368	8.5
Sales, Rents & Services	<u>11,420</u>	<u>11,054</u>	<u>366</u>	3.3
Subtotal	<u>335,101</u>	<u>297,593</u>	<u>37,508</u>	12.6
Total Revenues	7,475,577	7,247,127	228,450	3.2
Other Financing Sources	<u>139,027</u>	<u>211,191</u>	<u>(72,164)</u>	(34.2)
Total Revenues And Other Financing Sources	<u>\$ 7,614,604</u>	<u>\$ 7,458,318</u>	<u>\$ 156,286</u>	2.1

(Changes in revenues were highlighted by):

- \* Due to strong growth, State tax collections increased by \$216.6 million. The major increases were \$134.9 million in individual income tax, \$28.8 million in sales tax, and \$20.2 million in use tax. However, after providing for refunds, the net increase in taxes was \$203.4 million, a 4.6% increase over the previous year.
- \* Receipts From Other Financing Sources decreased by \$72.2 million due primarily to a \$40.7 million reduction of Transfers In and a \$33.6 million reduction of Bond Proceeds in the Capital Projects Funds.

Governmental Expenditures And Other Financing Uses totaled \$7,387.9 million for fiscal year 1997. Education had the largest increase of \$200.9 million which was a 10.4% increase over the previous year, while General Government experienced an increase of \$47.6 million, a 6.3% increase. Changes in expenditures from fiscal year 1996 levels are presented in the following schedule (amounts in thousands):

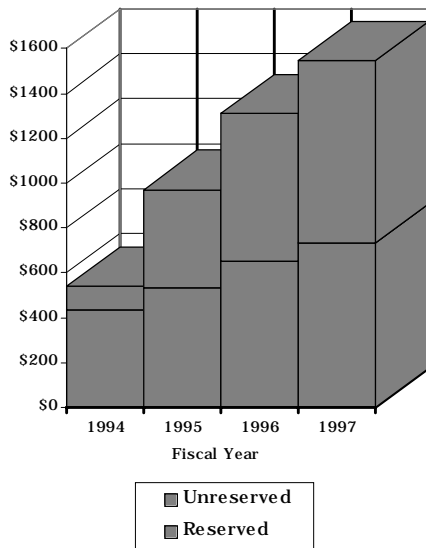
Governmental Expenditures and Other Financing Uses			Increase (Decrease)	
	1997	1996	Over 1996 Actual	
			Amount	Percent
Health & Human Services	\$ 2,170,097	\$ 2,153,052	\$ 17,045	.8
Education	2,130,301	1,929,444	200,857	10.4
Transportation	782,816	776,091	6,725	.9
General Government	<u>797,063</u>	<u>749,508</u>	<u>47,555</u>	6.3
Subtotal	<u>5,880,277</u>	<u>5,608,095</u>	<u>272,182</u>	4.9
Other:				
Law, Justice & Public Safety	465,623	425,073	40,550	9.5
Economic/Manpower Development	158,382	150,263	8,119	5.4
Agriculture & Natural Resources	109,664	101,912	7,752	7.6
Capital Outlay	72,273	45,360	26,913	59.3
Regulation Of Business	<u>25,309</u>	<u>22,689</u>	<u>2,620</u>	11.5
Subtotal	<u>831,251</u>	<u>745,297</u>	<u>85,954</u>	11.5
Total Expenditures	6,711,528	6,353,392	358,136	5.6
Other Financing Uses	<u>676,412</u>	<u>664,588</u>	<u>11,824</u>	1.8
Total Expenditures And Other Financing Uses	<u>\$ 7,387,940</u>	<u>\$ 7,017,980</u>	<u>\$ 369,960</u>	5.3



(Changes in expenditures were highlighted by):

- \* Education increased \$200.9 million due primarily to an increase of \$192.5 million in state aid, and an increase of \$5.8 million in state aid in the Iowa College Student Aid Commission.
- \* General Government expenditures increased by \$47.6 million, due primarily to a 5.6% growth (\$34.0 million) of state aid in the areas of Revenue and Finance and the Treasurer of State and an increase of \$19.6 million of expenditures in the Capital Projects funds.

**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:

	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Reserved	\$ 730,427	\$ 653,052	\$ 534,815	\$ 433,967
Unreserved	<u>815,935</u>	<u>657,083</u>	<u>434,701</u>	<u>105,945</u>
Total General Fund	<u>\$ 1,546,362</u>	<u>\$ 1,310,135</u>	<u>\$ 969,516</u>	<u>\$ 539,912</u>

The reserved portion of the General Fund balance represents amounts legally required to be segregated and cannot be appropriated for general operating expenditures. The unreserved portion of the General Fund balance is determined as total General Fund balance less reserved amounts. Further detail on fund balances reserved for specific purposes can be found in Note 14 of the Notes to the Financial Statements.

The Unreserved Fund Balance of the General Fund increased from \$657.1 million at June 30, 1996, to \$815.9 million at June 30, 1997. This represents an increase of \$158.8 million, or 24.2%.

The fund balance of the General Fund totaled \$1,546.4 million as of June 30, 1997, an increase of \$236.3 million, or 18.0%, from the previous fiscal year end balance.

**Enterprise Funds.** The State's enterprise operations are comprised of a number of separate and distinct activities, including the Iowa Lottery, the Iowa Communications Network, the Iowa State Prison Industries, and the Underground Storage Tank Programs. Combined operating revenues for the State's Enterprise funds decreased from \$311.0 million in Fiscal Year 1996 to \$299.6 million in Fiscal Year 1997. The combined operating expenses increased from \$245.5 million to \$253.0 million during the same period. The decrease in revenues was primarily attributable to decreased sales of the Iowa Lottery. The increase in expenditures is due primarily to an increase in direct expenses for the Iowa Communications Network.

**Internal Service Funds.** The Internal Service funds account for the financing of goods or services provided by one department or agency to other agencies of the State. The principal internal service operations provide energy saving capital improvements, centralized purchasing, acquisition and replacement of State vehicles, materials and equipment for Department of Transportation operations, and insurance operations for the State. Combined operating revenues increased from \$287.0 million in Fiscal Year 1996 to \$308.7 million in Fiscal Year 1997. Combined operating expenses increased from \$311.5 million to \$316.5 million during the same period. \$12.6 million of the revenue increase is due to a rebate on premiums received in the Health Insurance Premium Reserve Fund. The remaining increase in revenues and the primary increase in expenses reflects increased activity associated with rising health care costs as reported in the Health Insurance Premium Operating Fund.

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 \$661.2 million which represents a funding ratio of 93.86%, the Peace Officers' Accident and Disability System (PORS) has an UAAL of \$(13.8) million which represents a funded ratio of 108.3%; and the Judicial Retirement System (JRS) has a UAAL of \$13.9 million which represents a funded ratio of 76.76%. Schedules of Funding Progress for PORS and JRS are presented in the Required Supplemental Information Section. The funding policies of the Pension Trust funds are discussed in detail in the Notes to the Financial Statements (NOTE 18 - PENSION PLANS).

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

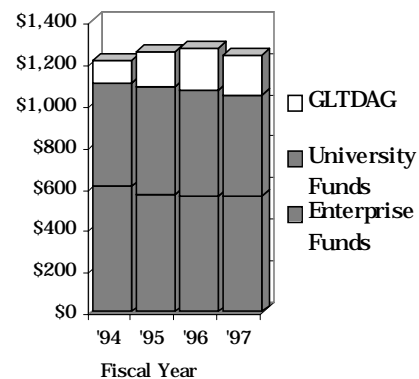
Revenue bonds issued by various authorities of the State totaled \$1,238.6 million outstanding at fiscal year-end. This amount consisted of \$5.2 million of internal service revenue bonds, \$553.2 million of component unit - proprietary funds revenue bonds (housing and higher education), \$486.3 million in revenue bonds issued by the three State universities (for facilities), and \$98.8 million and \$95.1 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 \$114.5 million. COPS represent an ownership interest of the certificate holder in a lease purchase agreement. Other financing arrangements payable, excluding COPS, totaled \$6.4 million at June 30, 1997.

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, 1997, was \$36.1 million.

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

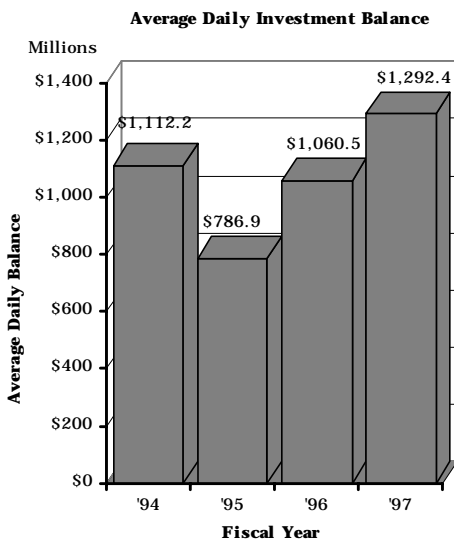
**OUTSTANDING REVENUE BONDED DEBT  
ALL REPORTING ENTITY COMPONENTS  
(Amounts in Millions)**



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

	<u>FY 97</u>	<u>FY 96</u>	<u>FY 95</u>	<u>FY 94</u>
Interest Earnings*	\$76,051	\$62,349	\$47,025	\$51,126
Average Daily Investment Balance	\$1,292,371	\$1,060,513	\$786,928	\$1,112,226
Annual Rate of Return	5.88%	5.88%	5.98%	4.60%

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



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

#### OTHER INFORMATION

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

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

**Certificate of Achievement -** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to the State of Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1996. 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.

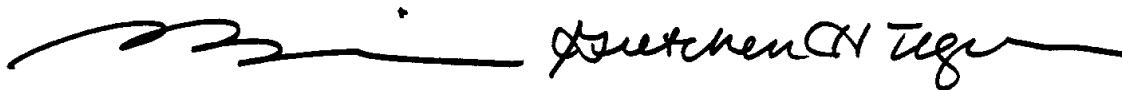
A Certificate of Achievement is valid for a period of one year only. This is the fourth consecutive year the State of Iowa has received this award. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA. We are committed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

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

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

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

Respectfully submitted,

The image shows two handwritten signatures in black ink. The signature on the left is for Gerald D. Bair, and the signature on the right is for Gretchen H. Tegeler. Both signatures are fluid and cursive.

Gerald D. Bair, Director  
Department of Revenue  
and Finance

Gretchen H. Tegeler, 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, 1996

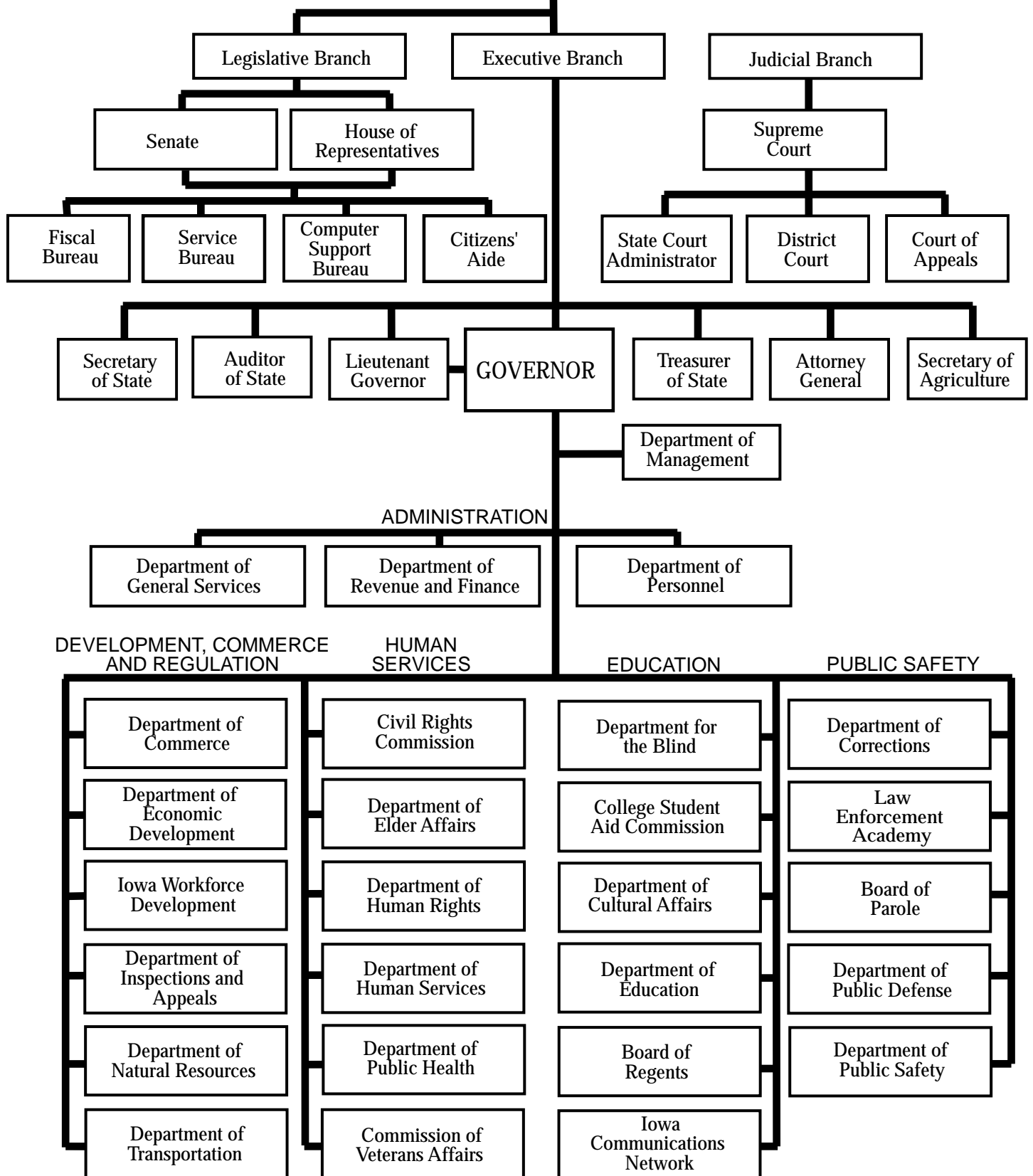
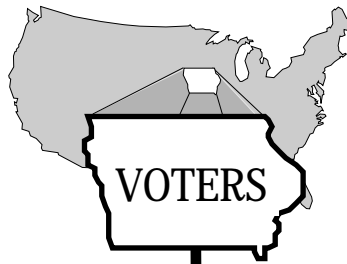
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



*Linda K. Savitsky*  
President

*Jeffrey L. Esler*  
Executive Director

# IOWA ORGANIZATION STRUCTURE



## PRINCIPAL OFFICIALS

### Elected Officials

---

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

### Legislative Branch

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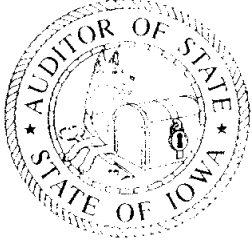
PRESIDENT OF THE SENATE - Mary E. Kramer  
SPEAKER OF THE  
HOUSE OF REPRESENTATIVES - Ron J. Corbett

### Judicial Branch

---

CHIEF JUSTICE OF  
THE SUPREME COURT - Arthur A. McGiverin

Financial



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 of the State of Iowa, as of and for the year ended June 30, 1997 as listed in the table of contents. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of certain discretely presented component units, which statements reflect 96% of assets and 89% of revenues of the discretely presented component units. These statements were examined by other auditors whose reports thereon have been furnished to us, and our opinion insofar as it relates to the amounts included for these discretely presented component units is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Iowa Public Television Foundation and the Iowa Finance Authority, a component unit of the State of Iowa, were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Iowa as of June 30, 1997, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust funds and discretely presented component units, for the year then ended in conformity with generally accepted accounting principles.

Appropriations of \$21,443,972 were made from the Iowa Infrastructure Capital Projects Fund, legally known as the Rebuild Iowa Infrastructure Fund, for items which are inconsistent with the fund's legislatively established purpose that it be used for public infrastructure-related expenditures. These items, including school technology expenditures, assistance to other local governments, and development and improvement of technology systems used by various state agencies, should have been appropriated from the General Fund. As a result, expenditures made directly from the Rebuild Iowa Infrastructure Fund for these items have been reported as having been transferred to and expended from the General Fund in the accompanying financial statements, except for the Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual - Budgetary Basis, General Fund and Special Revenue Funds.

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

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

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

A handwritten signature in cursive script that reads "Richard D. Johnson".

Richard D. Johnson, CPA  
Auditor of State

December 4, 1997

# General Purpose Financial Statements

STATE OF IOWA

Combined Balance Sheet  
All Fund Types, Account Groups, and Discretely Presented Component Units

June 30, 1997  
(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)	\$ 1,168,157	\$ 3,061	\$ 123,589	\$ 52,577	\$ 71,513
Deposits With Trustee (Note 2)	4,254	-	23,064	19,849	-
Accounts Receivable (Net)(Note 4)	677,599	366	6,137	6,602	14,801
Interest Receivable	-	-	69	403	15
Notes Receivable (Net)	1,192	-	-	-	-
Loans Receivable (Net)	81,980	-	-	-	-
Benefit Overpayment Receivable (Net)	-	-	-	-	-
Due From Other Funds/Advances					
To Other Funds (Note 5)	18,936	117	8,816	3,203	33,250
Due From Component Units (Note 5)	226	-	-	-	-
Bond Issuance Costs	-	-	-	-	32
Fixed Assets (Net) (Note 6)	-	-	-	96,446	76,650
Inventory	12,389	-	-	8,533	10,182
Food Stamp Inventory	43,365	-	-	-	-
Prepaid Expenditure/Expense	13,073	-	2	2,194	214
Other Assets	-	-	-	1,966	2,728
Investment In Prize Annuity (Note 7)	-	-	-	76,301	-
Prize Deposit	-	-	-	5,251	-
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>\$ 2,021,171</u></b>	<b><u>\$ 3,544</u></b>	<b><u>\$ 161,677</u></b>	<b><u>\$ 273,325</u></b>	<b><u>\$ 209,385</u></b>
<b>LIABILITIES</b>					
Accounts Payable & Accruals	\$ 318,841	\$ 80	\$ 10,905	\$ 18,108	\$ 43,523
Due To Other Funds/Advances From Other Funds (Note 5)	80,464	170	1,163	5,163	3,568
Due To Primary Government	-	-	-	-	-
Due To Component Units (Note 5)	-	-	-	-	-
Interest Payable	-	-	-	3,029	-
Deferred Revenue	75,504	-	-	1,238	9,122
Compensated Absences (Note 1)	-	-	-	915	563
Capital Leases (Note 9)	-	-	-	-	-
Bonds Payable (Note 12)	-	-	-	-	5,205
Other Financing Arrangements Payable (Note 11)	-	-	-	100,418	-
Annuities Payable (Note 7)	-	-	-	76,432	-
Lottery Prizes Payable	-	-	-	8,897	-
Funds Held In Custody	-	-	-	15	-
Deferred Compensation Payable (Note 23)	-	-	-	-	-
Lease Obligation From Discontinued Operations (Note 13)	-	-	-	398	-
Installment Purchases (Note 10)	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Deposits	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>474,809</u></b>	<b><u>250</u></b>	<b><u>12,068</u></b>	<b><u>214,613</u></b>	<b><u>61,981</u></b>
<b>FUND EQUITY AND OTHER CREDITS</b>					
Contributed Capital	-	-	-	37,751	-
Retained Earnings	-	-	-	20,961	147,404
Fund Balances:					
Reserve For:					
Encumbrances & Contracts	37,274	-	83,024	-	-
Inventory & Prepaid Expenditures	25,462	-	2	-	-
Noncurrent Receivables	93,439	-	-	-	-
Debt Service	-	-	-	-	-
Employees' Pension Benefit	-	-	-	-	-
Specific Purposes	574,252	-	18,186	-	-
Unreserved Fund Equity	815,935	3,294	48,397	-	-
Net Investment In Plant	-	-	-	-	-
Investment In General Fixed Assets	-	-	-	-	-
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b><u>1,546,362</u></b>	<b><u>3,294</u></b>	<b><u>149,609</u></b>	<b><u>58,712</u></b>	<b><u>147,404</u></b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b><u>\$ 2,021,171</u></b>	<b><u>\$ 3,544</u></b>	<b><u>\$ 161,677</u></b>	<b><u>\$ 273,325</u></b>	<b><u>\$ 209,385</u></b>

The notes are an integral part of the financial statements.



STATE OF IOWA

FIDUCIARY FUND TYPE TRUST AND AGENCY	ACCOUNT GROUPS		UNIVERSITY FUNDS	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT				
\$13,712,174	\$ -	\$ -	\$ 745,266	\$ 15,876,337	\$ 591,694	\$ 16,468,031
-	-	-	22,399	69,566	-	69,566
2,498,439	-	-	207,021	3,410,965	127	3,411,092
40,648	-	-	8,327	49,462	8,005	57,467
25	-	-	66,455	67,672	181	67,853
-	-	-	-	81,980	233,978	315,958
13,493	-	-	-	13,493	-	13,493
52,051	-	-	2,922	119,295	-	119,295
-	-	-	-	226	1,266	1,492
-	-	-	394	426	-	426
1,020	980,007	-	2,810,340	3,964,463	16,980	3,981,443
246	-	-	41,124	72,474	87	72,561
-	-	-	-	43,365	-	43,365
12	-	-	8,169	23,664	109	23,773
-	-	-	-	4,694	141	4,835
-	-	-	-	76,301	-	76,301
-	-	-	-	5,251	-	5,251
-	-	-	8,902	8,902	-	8,902
-	-	332,051	-	332,051	24	332,075
<b><u>\$16,318,108</u></b>	<b><u>\$ 980,007</u></b>	<b><u>\$ 332,051</u></b>	<b><u>\$ 3,921,319</u></b>	<b><u>\$ 24,220,587</u></b>	<b><u>\$ 852,592</u></b>	<b><u>\$ 25,073,179</u></b>
\$ 3,552,670	\$ -	\$ -	\$ 127,380	\$ 4,071,507	\$ 12,940	\$ 4,084,447
25,845	-	-	2,922	119,295	-	119,295
-	-	-	-	-	226	226
-	-	-	-	-	1,266	1,266
-	-	-	17,577	20,606	9,323	29,929
917	-	-	21,641	108,422	6,354	114,776
-	-	87,935	99,238	188,651	225	188,876
-	-	4,428	30,778	35,206	-	35,206
-	-	193,885	486,254	685,344	553,247	1,238,591
-	-	16,096	4,377	120,891	-	120,891
-	-	-	-	76,432	-	76,432
-	-	-	-	8,897	-	8,897
53,125	-	-	100,015	153,155	-	153,155
180,802	-	-	-	180,802	-	180,802
-	-	-	-	398	-	398
-	-	859	-	859	-	859
-	-	28,848	-	28,848	-	28,848
-	-	-	224	224	-	224
<b><u>3,813,359</u></b>	<b><u>-</u></b>	<b><u>332,051</u></b>	<b><u>890,406</u></b>	<b><u>5,799,537</u></b>	<b><u>583,581</u></b>	<b><u>6,383,118</u></b>
-	-	-	-	37,751	14,742	52,493
-	-	-	-	168,365	242,098	410,463
-	-	-	84,832	205,130	-	205,130
258	-	-	40,231	65,953	89	66,042
1,061	-	-	-	94,500	-	94,500
-	-	-	23,130	23,130	-	23,130
11,760,414	-	-	-	11,760,414	-	11,760,414
1,086	-	-	527,653	1,121,177	9,438	1,130,615
741,930	-	-	29,753	1,639,309	2,622	1,641,931
-	-	-	2,325,314	2,325,314	-	2,325,314
-	980,007	-	-	980,007	22	980,029
<b><u>12,504,749</u></b>	<b><u>980,007</u></b>	<b><u>-</u></b>	<b><u>3,030,913</u></b>	<b><u>18,421,050</u></b>	<b><u>269,011</u></b>	<b><u>18,690,061</u></b>
<b><u>\$16,318,108</u></b>	<b><u>\$ 980,007</u></b>	<b><u>\$ 332,051</u></b>	<b><u>\$ 3,921,319</u></b>	<b><u>\$ 24,220,587</u></b>	<b><u>\$ 852,592</u></b>	<b><u>\$ 25,073,179</u></b>

STATE OF IOWA

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

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
<b>REVENUES:</b>			
Taxes	\$ 4,975,199	\$ -	\$ 67,332
Receipts From Other Entities	2,110,733	106	2,699
Investment Income	47,597	193	33,422
Fees, Licenses & Permits	436,611	4	2,234
Refunds & Reimbursements	184,874	1,466	357
Sales, Rents & Services	11,390	30	-
Miscellaneous	55,373	247	152
Centralized Payroll	-	-	-
	-	-	-
<b>GROSS REVENUES</b>	<b>7,821,777</b>	<b>2,046</b>	<b>106,196</b>
Less Revenue Refunds	454,442	-	-
	-	-	-
<b>NET REVENUES</b>	<b>7,367,335</b>	<b>2,046</b>	<b>106,196</b>
<b>EXPENDITURES:</b>			
Current:			
General Government	777,463	-	19,600
Education	2,130,055	246	-
Health & Human Services	2,170,097	-	-
Transportation	782,816	-	-
Law, Justice & Public Safety	453,739	1,459	10,425
Economic/Manpower Development	158,132	-	250
Regulation Of Business	25,231	78	-
Agriculture & Natural Resources	104,202	47	5,415
Capital Outlay:			
General Government	-	-	10,812
Transportation	-	-	347
Law, Justice & Public Safety	-	-	43,467
Agriculture & Natural Resources	-	-	17,647
	-	-	17,647
<b>TOTAL EXPENDITURES</b>	<b>6,601,735</b>	<b>1,830</b>	<b>107,963</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>765,600</b>	<b>216</b>	<b>(1,767)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers:			
Transfers In	111,191	544	26,805
Transfers Out	(41,869)	(269)	(27,063)
Transfers To Universities	(599,182)	-	(8,029)
Transfers From Component Units	226	-	-
Transfers To Primary Government	-	-	-
Capital Lease Acquisitions	261	-	-
	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(529,373)</b>	<b>275</b>	<b>(8,287)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>236,227</b>	<b>491</b>	<b>(10,054)</b>
<b>FUND BALANCE JULY 1</b>	<b>1,310,135</b>	<b>2,803</b>	<b>159,663</b>
Residual Equity Transfer Out	-	-	-
<b>FUND BALANCE JUNE 30</b>	<b>\$ 1,546,362</b>	<b>\$ 3,294</b>	<b>\$ 149,609</b>

The notes are an integral part of the financial statements.

STATE OF IOWA

<u>FIDUCIARY FUND TYPE</u> EXPENDABLE TRUST	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
\$ 132,415	\$ 5,174,946	\$ -	\$ 5,174,946
4,085	2,117,623	7,845	2,125,468
49,509	130,721	607	131,328
466	439,315	58	439,373
6,186	192,883	-	192,883
4,679	16,099	432	16,531
11,829	67,601	219	67,820
<u>5</u>	<u>5</u>	<u>-</u>	<u>5</u>
<b>209,174</b>	<b>8,139,193</b>	<b>9,161</b>	<b>8,148,354</b>
<u>330</u>	<u>454,772</u>	<u>-</u>	<u>454,772</u>
<b><u>208,844</u></b>	<b><u>7,684,421</u></b>	<b><u>9,161</u></b>	<b><u>7,693,582</u></b>
5,888	802,951	-	802,951
2,188	2,132,489	169	2,132,658
700	2,170,797	-	2,170,797
-	782,816	-	782,816
3,576	469,199	-	469,199
193,056	351,438	2,212	353,650
-	25,309	-	25,309
348	110,012	695	110,707
-	10,812	-	10,812
-	347	-	347
-	43,467	-	43,467
<u>-</u>	<u>17,647</u>	<u>-</u>	<u>17,647</u>
<b>205,756</b>	<b>6,917,284</b>	<b>3,076</b>	<b>6,920,360</b>
<b><u>3,088</u></b>	<b><u>767,137</u></b>	<b><u>6,085</u></b>	<b><u>773,222</u></b>
6,792	145,332	-	145,332
(11,231)	(80,432)	-	(80,432)
-	(607,211)	-	(607,211)
-	226	-	226
-	-	(226)	(226)
<u>-</u>	<u>261</u>	<u>-</u>	<u>261</u>
<b>(4,439)</b>	<b>(541,824)</b>	<b>(226)</b>	<b>(542,050)</b>
(1,351)	225,313	5,859	231,172
735,421	2,208,022	13,682	2,221,704
<u>-</u>	<u>-</u>	<u>(8,033)</u>	<u>(8,033)</u>
<b><u>\$ 734,070</u></b>	<b><u>\$ 2,433,335</u></b>	<b><u>\$ 11,508</u></b>	<b><u>\$ 2,444,843</u></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, 1997  
(Expressed in Thousands)

	GENERAL FUND			SPECIAL REVENUE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>APPROPRIATED REVENUE:</b>						
<b>SPECIAL TAXES:</b>						
Personal Income Tax	\$ 2,111,900	\$ 2,120,492	\$ 8,592	\$ -	\$ -	\$ -
Sales Tax	1,264,100	1,237,385	(26,715)	-	-	-
Corporation Income Tax	296,600	307,055	10,455	-	-	-
Use Tax	226,700	224,570	(2,130)	-	-	-
Inheritance Tax	108,800	107,008	(1,792)	-	-	-
Insurance Premium Tax	107,000	105,956	(1,044)	-	-	-
Cigarette Tax	95,000	94,566	(434)	-	-	-
Tobacco Tax	5,500	5,815	315	-	-	-
Beer & Liquor Tax	12,600	12,548	(52)	-	-	-
Franchise Tax	30,200	34,967	4,767	-	-	-
Miscellaneous Tax	900	1,191	291	-	-	-
<b>TOTAL SPECIAL TAXES</b>	<b>4,259,300</b>	<b>4,251,553</b>	<b>(7,747)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REIMBURSEMENTS &amp; FEES:</b>						
County Reimbursements	42,200	38,998	(3,202)	-	-	-
Third Party Reimbursements	60,100	64,777	4,677	-	-	-
Liquor Transfers	39,000	37,800	(1,200)	-	-	-
Interest	14,600	19,801	5,201	-	-	-
Fees	58,700	65,029	6,329	-	-	-
Judicial Revenue	40,300	43,751	3,451	-	-	-
Miscellaneous Receipts	47,000	55,126	8,126	-	-	-
Racing & Gaming Receipts	120,700	57,395	(63,305)	-	-	-
<b>TOTAL RECEIPTS</b>	<b>4,681,900</b>	<b>4,634,230</b>	<b>(47,670)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers	50,486	48,522	(1,964)	423,073	451,278	28,205
Economic Emergency Fund Surplus	180,552	180,552	-	-	-	-
<b>TOTAL APPROPRIATED REVENUE</b>	<b>4,912,938</b>	<b>4,863,304</b>	<b>(49,634)</b>	<b>423,073</b>	<b>451,278</b>	<b>28,205</b>
<b>RECEIPTS CREDITED TO APPROPRIATIONS:</b>						
Sales Tax	-	-	-	5	7	2
Use Tax	-	-	-	1,047	1,043	(4)
Individual Income Tax Quarterly	-	-	-	3,152	2,619	(533)
Individual Income Tax - Prior Year	68	(10)	(78)	-	-	-
Multi-Suspense	500	992	492	-	-	-
Other Taxes	-	-	-	6,823	7,166	343
Federal Support	1,308,577	1,218,437	(90,140)	197,241	210,946	13,705
Local Governments	57,310	51,219	(6,091)	2,600	1,846	(754)
Other States	-	-	-	2,925	3,265	340
Internal Service Transfers	196,824	206,287	9,463	-	-	-
Internal Service Reimbursements	16,564	16,650	86	-	-	-
Reimbursements From Other Agencies	-	-	-	961	1,006	45
Interest	8	-	(8)	5,921	8,242	2,321
Bonds & Loans	95	-	(95)	5	6	1
Fees, Licenses, & Permits	1,851	1,927	76	18,810	20,055	1,245
Refunds & Reimbursements	90,075	99,684	9,609	7,033	6,495	(538)
Sale of Real Estate	-	-	-	1,710	2,597	887
Sale of Equipment & Salvage	21	9	(12)	50	31	(19)
Rents & Leases	1,922	2,038	116	21	36	15
Agricultural Sales	33	1	(32)	60	12	(48)
Other Sales & Services	538	539	1	830	857	27
Unearned Receipts	42	28	(14)	292	217	(75)
Income Tax Checkoffs	-	-	-	170	137	(33)
Other	21,158	23,792	2,634	4,689	2,322	(2,367)
<b>TOTAL APPROPRIATED RECEIPTS</b>	<b>1,695,586</b>	<b>1,621,593</b>	<b>(73,993)</b>	<b>254,345</b>	<b>268,905</b>	<b>14,560</b>
<b>TOTAL ALL REVENUE</b>	<b>6,608,524</b>	<b>6,484,897</b>	<b>(123,627)</b>	<b>677,418</b>	<b>720,183</b>	<b>42,765</b>
<b>REFUNDS OF TAXES COLLECTED</b>	<b>(387,900)</b>	<b>(391,866)</b>	<b>(3,966)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUES AVAILABLE</b>	<b>6,220,624</b>	<b>6,093,031</b>	<b>(127,593)</b>	<b>677,418</b>	<b>720,183</b>	<b>42,765</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, 1997  
(Expressed in Thousands)

(Continued)

	GENERAL FUND			SPECIAL REVENUE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>EXPENDITURES:</b>						
Administration	331,183	321,818	9,365	2,348	2,049	299
Agriculture & Natural Resources	109,298	103,457	5,841	20,667	12,686	7,981
Economic Development	31,444	27,919	3,525	-	-	-
Education	2,561,879	2,557,178	4,701	38,969	40,463	(1,494)*
Health & Human Rights	165,714	164,476	1,238	-	-	-
Human Services	2,194,594	2,083,342	111,252	-	-	-
Justice	290,030	289,568	462	-	-	-
Regulation	88,056	82,373	5,683	6,630	6,456	174
Transportation & Public Safety	95,644	100,434	(4,790)*	340,883	410,636	(69,753)*
Capitals	2,250	2,250	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>5,870,092</b>	<b>5,732,815</b>	<b>137,277</b>	<b>409,497</b>	<b>472,290</b>	<b>(62,793)</b>
Transfers	-	-	-	239,961	232,262	7,699
<b>TOTAL EXPENDITURES AND TRANSFERS</b>	<b>5,870,092</b>	<b>5,732,815</b>	<b>137,277</b>	<b>649,458</b>	<b>704,552</b>	<b>(55,094)</b>
<b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES</b>	<b>350,532</b>	<b>360,216</b>	<b>9,684</b>	<b>27,960</b>	<b>15,631</b>	<b>(12,329)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Appropriations Funded From Prior Years	31,585	25,666	(5,919)	-	-	-
Unexpended Appropriations	-	(37,151)	(37,151)	-	-	-
Gaming Revenues Due Infrastructure Fund	(60,700)	-	60,700	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(29,115)</b>	<b>(11,485)</b>	<b>176,630</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND OTHER ITEMS</b>	<b>321,417</b>	<b>348,731</b>	<b>27,314</b>	<b>27,960</b>	<b>15,631</b>	<b>(12,329)</b>
<b>BEGINNING FUND BALANCE (BUDGETARY)</b>	<b>-</b>	<b>252,812</b>	<b>252,812</b>	<b>171,051</b>	<b>171,051</b>	<b>-</b>
Statutory Transfer to Cash Reserve Fund	-	(252,812)	(252,812)	-	-	-
<b>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>171,051</b>	<b>171,051</b>	<b>-</b>
<b>ENDING FUND BALANCE (BUDGETARY)</b>	<b>\$ 321,417</b>	<b>\$ 348,731</b>	<b>\$ 27,314</b>	<b>\$ 199,011</b>	<b>\$ 186,682</b>	<b>\$ (12,329)</b>
<b>ENDING FUND BALANCE (BUDGETARY) AMOUNT STATUTORIALLY REQUIRED TO BE TRANSFERRED TO CASH RESERVE FUND</b>		<b>\$ 348,731</b>				
		<b>(348,731)</b>	<b>**</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 nonstate funds in excess of budgeted amounts. The overexpenditure in the General Fund occurred in the Department of Transportation and the Law Enforcement Academy. The Special Revenue funds had overexpenditures of \$1,494,622 in the Guaranteed Student Loan Administration Fund, and \$69,752,656 in the Primary Road Fund.

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

The notes are an integral part of the financial statements.

STATE OF IOWA

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

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	<b>PROPRIETARY FUND TYPES</b>	
	<b>ENTERPRISE</b>	<b>INTERNAL SERVICE</b>
<b>OPERATING REVENUES:</b>		
Receipts From Other Entities	\$ -	\$ 133,162
Investment Income	-	-
Fees, Licenses & Permits	9,093	260
Refunds & Reimbursements	116	159,733
Sales, Rents & Services	289,576	12,444
Miscellaneous	861	3,122
<b>TOTAL OPERATING REVENUES</b>	<b>299,646</b>	<b>308,721</b>
<b>OPERATING EXPENSES:</b>		
General & Administrative	21,251	-
Depreciation	12,730	13,511
Direct Expense	23,752	5,544
Prize Expense	96,897	-
Personal Services	5,504	6,719
Travel & Subsistence	383	10,498
Supplies & Materials	5,503	32,492
Contractual Services	15,609	7,404
Equipment & Repairs	271	8,691
Claims & Miscellaneous	67,313	231,037
Licenses, Permits, & Refunds	713	633
State Aids & Credits	3,092	-
<b>TOTAL OPERATING EXPENSES</b>	<b>253,018</b>	<b>316,529</b>
<b>OPERATING INCOME (LOSS)</b>	<b>46,628</b>	<b>(7,808)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Taxes	3,999	363
Intragovernmental Income	22,757	-
Federal Support	2,935	-
Investment Income	3,413	3,457
Interest Expense	(6,140)	(477)
Payments To Subrecipients	(2,935)	-
Federal Payment for Excessive Earnings	-	(708)
Miscellaneous Nonoperating Expense	(218)	-
Gain On Sale Of Fixed Assets	37	14
Loss On Sale Of Fixed Assets	(5)	(574)
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b>23,843</b>	<b>2,075</b>
<b>INCOME BEFORE OPERATING TRANSFERS</b>	<b>70,471</b>	<b>(5,733)</b>
<b>OPERATING TRANSFERS:</b>		
Transfers In	2,224	10,403
Transfers Out	(73,124)	(4,399)
<b>TOTAL OPERATING TRANSFERS</b>	<b>(70,900)</b>	<b>6,004</b>
<b>NET INCOME (LOSS)</b>	<b>(429)</b>	<b>271</b>
Add Back Depreciation On Assets Acquired With Contributed Capital	2,109	-
<b>INCREASE (DECREASE) IN RETAINED EARNINGS</b>	<b>1,680</b>	<b>271</b>
<b>RETAINED EARNINGS/FUND BALANCES JULY 1</b>	<b>19,281</b>	<b>147,133</b>
Adjustments (Note 21)	-	-
<b>RETAINED EARNINGS/FUND BALANCES JULY 1, RESTATED</b>	<b>19,281</b>	<b>147,133</b>
<b>RETAINED EARNINGS/FUND BALANCES JUNE 30</b>	<b>\$ 20,961</b>	<b>\$ 147,404</b>

The notes are an integral part of the financial statements.

STATE OF IOWA

<b>FIDUCIARY FUND TYPE</b> <hr/> <b>NONEXPENDABLE TRUST</b>	<b>TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT</b>	<b>COMPONENT UNITS</b>	<b>TOTAL (MEMORANDUM ONLY) REPORTING ENTITY</b>
\$ -	\$ 133,162	\$ 20,044	\$ 153,206
4	4	24,444	24,448
-	9,353	8,477	17,830
-	159,849	2	159,851
-	302,020	4,968	306,988
<u>44</u>	<u>4,027</u>	<u>293</u>	<u>4,320</u>
<b><u>48</u></b>	<b><u>608,415</u></b>	<b><u>58,228</u></b>	<b><u>666,643</u></b>
-	21,251	19,044	40,295
-	26,241	775	27,016
-	29,296	-	29,296
-	96,897	-	96,897
-	12,223	-	12,223
-	10,881	-	10,881
-	37,995	-	37,995
-	23,013	-	23,013
-	8,962	-	8,962
-	298,350	-	298,350
-	1,346	-	1,346
<u>-</u>	<u>3,092</u>	<u>-</u>	<u>3,092</u>
<u>-</u>	<b><u>569,547</u></b>	<b><u>19,819</u></b>	<b><u>589,366</u></b>
<b><u>48</u></b>	<b><u>38,868</u></b>	<b><u>38,409</u></b>	<b><u>77,277</u></b>
-	4,362	1,744	6,106
-	22,757	-	22,757
-	2,935	-	2,935
-	6,870	25,502	32,372
-	(6,617)	(36,532)	(43,149)
-	(2,935)	-	(2,935)
-	(708)	-	(708)
-	(218)	-	(218)
-	51	1	52
<u>-</u>	<u>(579)</u>	<u>-</u>	<u>(579)</u>
<u>-</u>	<b><u>25,918</u></b>	<b><u>(9,285)</u></b>	<b><u>16,633</u></b>
<b><u>48</u></b>	<b><u>64,786</u></b>	<b><u>29,124</u></b>	<b><u>93,910</u></b>
-	12,627	-	12,627
<u>(4)</u>	<u>(77,527)</u>	<u>-</u>	<u>(77,527)</u>
<u>(4)</u>	<b><u>(64,900)</u></b>	<u>-</u>	<b><u>(64,900)</u></b>
<b>44</b>	<b>(114)</b>	<b>29,124</b>	<b>29,010</b>
-	2,109	264	2,373
<u>44</u>	<b><u>1,995</u></b>	<b><u>29,388</u></b>	<b><u>31,383</u></b>
<b>10,221</b>	<b>176,635</b>	<b>218,478</b>	<b>395,113</b>
<u>-</u>	<u>-</u>	<u>(5,127)</u>	<u>(5,127)</u>
<b><u>10,221</u></b>	<b><u>176,635</u></b>	<b><u>213,351</u></b>	<b><u>389,986</u></b>
<b><u>\$ 10,265</u></b>	<b><u>\$ 178,630</u></b>	<b><u>\$ 242,739</u></b>	<b><u>\$ 421,369</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, 1997  
(Expressed in Thousands)

	<b>PROPRIETARY FUND TYPES</b>	
	<b>ENTERPRISE</b>	<b>INTERNAL SERVICE</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received From Customers	\$ 304,583	\$ 93,140
Cash Received From Quasi-External Transactions	204	192,741
Other Operating Revenues	60	-
Cash Received From Miscellaneous	-	3,121
Cash Received On Loans Receivable	-	-
Interest Received	-	-
Cash Payments To Suppliers For Goods & Services	(139,580)	(275,797)
Cash Payments To Employees For Services	(5,239)	(5,881)
Cash Payments For Quasi-External Transactions	(1,417)	(18,162)
Cash Payments For Prizes	(107,867)	-
Purchase Of Loans Receivable	-	-
Cash Payments For Other Expenses	-	-
	<b>50,744</b>	<b>(10,838)</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Operating Transfers In From Other Funds	540	10,403
Operating Transfers Out To Other Funds	(90,096)	(4,399)
Federal Grants Received	2,935	-
Federal Grants Disbursed To Subrecipients	(2,935)	-
Proceeds From Sale Of Revenue Bonds	-	-
Principal Paid On Revenue Bonds	-	(1,390)
Interest Paid	-	(485)
Tax Receipts	3,999	362
Intragovernmental Income	22,757	-
	<b>(62,800)</b>	<b>4,491</b>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition & Construction Of Capital Assets	(14,869)	(18,112)
Interest Paid	(6,229)	-
COPs Payments	(7,363)	-
Proceeds From Other Financing Arrangements	999	-
Contributed Capital	12,887	-
Proceeds From Sale Of Capital Assets	91	2,057
	<b>(14,484)</b>	<b>(16,055)</b>
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest & Dividends On Investments	3,142	3,535
Proceeds From Sale & Maturities Of Investments	11,212	9,135
Purchase Of Investments	(999)	(9,128)
	<b>13,355</b>	<b>3,542</b>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(13,185)</b>	<b>(18,860)</b>
<b>CASH &amp; CASH EQUIVALENTS JULY 1</b>	<b>81,158</b>	<b>87,247</b>
<b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>	<b>67,973</b>	<b>68,387</b>
<b>INVESTMENTS</b>	<b>4,453</b>	<b>3,126</b>
<b>LESS: DEPOSITS WITH TRUSTEES</b>	<b>19,849</b>	<b>-</b>
<b>CASH &amp; INVESTMENTS PER BALANCE SHEET</b>	<b>\$ 52,577</b>	<b>\$ 71,513</b>



STATE OF IOWA

<b>FIDUCIARY FUND TYPE</b> <b>NONEXPENDABLE TRUST</b>	<b>TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT</b>	<b>COMPONENT UNITS</b>	<b>TOTAL (MEMORANDUM ONLY) REPORTING ENTITY</b>
\$ -	\$ 397,723	\$ 10,494	\$ 408,217
-	192,945	-	192,945
-	60	22,473	22,533
44	3,165	2	3,167
-	-	42,074	42,074
-	-	23,654	23,654
-	(415,377)	(15,941)	(431,318)
-	(11,120)	(2,566)	(13,686)
-	(19,579)	-	(19,579)
-	(107,867)	-	(107,867)
-	-	(21,967)	(21,967)
-	-	(44)	(44)
<b><u>44</u></b>	<b><u>39,950</u></b>	<b><u>58,179</u></b>	<b><u>98,129</u></b>
-	10,943	-	10,943
-	(94,495)	-	(94,495)
-	2,935	-	2,935
-	(2,935)	-	(2,935)
-	-	109,940	109,940
-	(1,390)	(112,909)	(114,299)
-	(485)	(33,285)	(33,770)
-	4,361	1,744	6,105
-	22,757	-	22,757
<b><u>-</u></b>	<b><u>(58,309)</u></b>	<b><u>(34,510)</u></b>	<b><u>(92,819)</u></b>
-	(32,981)	(8,131)	(41,112)
-	(6,229)	-	(6,229)
-	(7,363)	-	(7,363)
-	999	-	999
-	12,887	7,105	19,992
-	2,148	2	2,150
<b><u>-</u></b>	<b><u>(30,539)</u></b>	<b><u>(1,024)</u></b>	<b><u>(31,563)</u></b>
5	6,682	24,244	30,926
-	20,347	25,048	45,395
-	(10,127)	(66,916)	(77,043)
<b><u>5</u></b>	<b><u>16,902</u></b>	<b><u>(17,624)</u></b>	<b><u>(722)</u></b>
<b>49</b>	<b>(31,996)</b>	<b>5,021</b>	<b>(26,975)</b>
<b><u>10,255</u></b>	<b><u>178,660</u></b>	<b><u>33,743</u></b>	<b><u>212,403</u></b>
<b>10,304</b>	<b>146,664</b>	<b>38,764</b>	<b>185,428</b>
-	7,579	540,216	547,795
<b><u>-</u></b>	<b><u>19,849</u></b>	<b><u>-</u></b>	<b><u>19,849</u></b>
<b><u>\$ 10,304</u></b>	<b><u>\$ 134,394</u></b>	<b><u>\$ 578,980</u></b>	<b><u>\$ 713,374</u></b>

(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, 1997  
(Expressed in Thousands)

(continued)

	<b>PROPRIETARY FUND TYPES</b>	
	ENTERPRISE	INTERNAL SERVICE
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>Operating Income (Loss)</b>	<b>\$ 46,628</b>	<b>\$ (7,808)</b>
<b>Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities</b>		
Depreciation	12,730	13,511
Compensated Absences	46	(7)
Interest (Income)	-	-
Loss (Gain) On Sale Of Fixed Assets	231	-
(Increase) Decrease In Accounts Receivable	7,368	(13,325)
(Increase) Decrease In Due From Other Funds	(1,519)	(8,362)
(Increase) Decrease In Inventory	2,447	2,109
(Increase) Decrease In Prepaid Expense	462	1,861
(Increase) Decrease In Interest Receivable	-	-
(Increase) Decrease In Loans Receivable	-	-
(Increase) Decrease In Bond Issue Costs	-	28
(Increase) Decrease In Other Assets	(822)	1,326
Increase (Decrease) In Accounts Payable & Accruals	(5,370)	493
Increase (Decrease) In Due To Other Funds	262	398
Increase (Decrease) In Deferred Revenue	(67)	(1,062)
Increase (Decrease) In Funds Held In Custody	(1,482)	-
Increase (Decrease) In Prizes Payable	42	-
Increase (Decrease) In Prize Annuity	(10,212)	-
<b>Net Cash Provided By Operating Activities</b>	<b><u>\$ 50,744</u></b>	<b><u>\$ (10,838)</u></b>

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

Bond discount and issuance cost of \$1,717,791 were deducted from the proceeds of Revenue Bonds issued by discretely component units.

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

*Fiduciary Fund Types -*

Cash per Combined Balance Sheet		\$ 13,712,174
Less Fund Types Not Requiring Cash Flow Statements:		
Expendable Trust	\$ 727,822	
Pension Trust	12,721,121	
Agency Fund	<u>252,927</u>	
Noncash Flow Statement Cash		<u>13,701,870</u>
Nonexpendable Trust Cash & Cash Equivalents		<u>\$ 10,304</u>

*Component Units -*

Cash per Combined Balance Sheet		\$ 591,694
Less: Component Units Not Requiring Cash Flow Statements:		
General Fund	\$ 4,852	
Expendable Trust	<u>7,862</u>	
Noncash Flow Statement Cash		<u>12,714</u>
Component Unit Cash & Cash Equivalents		<u>\$ 578,980</u>

The notes are an integral part of the financial statements.

STATE OF IOWA

<b>FIDUCIARY FUND TYPE</b> <hr style="width: 100%;"/> <b>NONEXPENDABLE TRUST</b>	<b>TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT</b>	<b>COMPONENT UNITS</b>	<b>TOTAL (MEMORANDUM ONLY) REPORTING ENTITY</b>
<b>\$ 48</b>	<b>\$ 38,868</b>	<b>\$ 38,409</b>	<b>\$ 77,277</b>
-	26,241	775	27,016
-	39	23	62
(4)	(4)	(298)	(302)
-	231	-	231
-	(5,957)	(15)	(5,972)
-	(9,881)	-	(9,881)
-	4,556	-	4,556
-	2,323	(2)	2,321
-	-	(386)	(386)
-	-	19,957	19,957
-	28	-	28
-	504	94	598
-	(4,877)	517	(4,360)
-	660	-	660
-	(1,129)	(895)	(2,024)
-	(1,482)	-	(1,482)
-	42	-	42
-	(10,212)	-	(10,212)
<b>\$ 44</b>	<b>\$ 39,950</b>	<b>\$ 58,179</b>	<b>\$ 98,129</b>

STATE OF IOWA

Combining Statement of Changes in Plan Net Assets  
Pension Trust Funds

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	TOTAL
<b>ADDITIONS</b>				
Contributions:				
Member Contributions	\$ 143,312	\$ 2,461	\$ 638	\$ 146,411
Employer Contributions	214,967	4,598	3,726	223,291
Buy-Back/Buy-In Contributions	<u>6,638</u>	<u>-</u>	<u>-</u>	<u>6,638</u>
Total Contributions	<u>364,917</u>	<u>7,059</u>	<u>4,364</u>	<u>376,340</u>
Investment Income:				
Net Appreciation in Fair Value of Investments	1,571,687	23,510	5,073	1,600,270
Interest	243,127	5,490	1,355	249,972
Dividends	82,363	1,500	248	84,111
Other	<u>107,103</u>	<u>16</u>	<u>-</u>	<u>107,119</u>
Total Investment Income	2,004,280	30,516	6,676	2,041,472
Less Investment Expense	<u>44,682</u>	<u>1,807</u>	<u>213</u>	<u>46,702</u>
Net Investment Income	<u>1,959,598</u>	<u>28,709</u>	<u>6,463</u>	<u>1,994,770</u>
<b>Total Additions</b>	<b><u>2,324,515</u></b>	<b><u>35,768</u></b>	<b><u>10,827</u></b>	<b><u>2,371,110</u></b>
<b>DEDUCTIONS:</b>				
Pension and Annuity Benefits	348,537	6,921	2,905	358,363
Administrative Expense	3,829	48	18	3,895
Member and Employer Refunds	<u>25,285</u>	<u>5</u>	<u>-</u>	<u>25,290</u>
<b>Total Deductions</b>	<b><u>377,651</u></b>	<b><u>6,974</u></b>	<b><u>2,923</u></b>	<b><u>387,548</u></b>
<b>Net Increase</b>	<b>1,946,864</b>	<b>28,794</b>	<b>7,904</b>	<b>1,983,562</b>
<b>Fund Balance - Reserved for Employees' Pension Benefits July 1</b>	<b><u>9,587,105</u></b>	<b><u>151,757</u></b>	<b><u>37,990</u></b>	<b><u>9,776,852</u></b>
<b>Fund Balance - Reserved for Employees' Pension Benefits June 30</b>	<b><u>\$ 11,533,969</u></b>	<b><u>\$ 180,551</u></b>	<b><u>\$ 45,894</u></b>	<b><u>\$ 11,760,414</u></b>

The notes are an integral part of the financial statements.

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

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	<u>CURRENT FUNDS</u>		<u>LOAN FUNDS</u>
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	
<b>REVENUES &amp; ADDITIONS:</b>			
Educational & General Revenues	\$ 429,541	\$ -	\$ -
Auxiliary Enterprises Revenues	192,811	-	-
Sales & Services Of Health Care Units	390,335	-	-
Federal Grants & Contracts	-	233,563	461
Other Gifts, Grants & Contracts	-	93,249	1,043
Federal Appropriations	-	13,296	-
Investment & Endowment Income	-	3,882	215
Interest Income	-	-	1,860
Realized Gains/(Losses)	-	-	-
Expended For Plant Facilities	-	-	-
Retirement Of Indebtedness	-	-	-
ISU Press Revenue	-	-	-
Independent Operations	-	28,144	-
Fees & Other Additions	-	4,971	241
	<u>1,012,687</u>	<u>377,105</u>	<u>3,820</u>
<b>TOTAL REVENUES &amp; ADDITIONS</b>			
<b>EXPENDITURES &amp; OTHER DEDUCTIONS:</b>			
Educational & General Expenditures	810,483	357,445	-
Indirect Costs Recovered	-	45,577	124
Auxiliary Enterprises Expenditures	186,408	-	-
Health Care Units Expenditures	370,244	-	-
Independent Operations	-	29,288	-
Loan Cancellation & Write-Off	-	-	683
Administrative & Collection Cost	-	-	619
Expended For Plant Facilities	-	-	-
Retirement Of Indebtedness	-	-	-
Interest On Indebtedness	-	-	-
Adjustment To Plant Facilities	-	-	-
Bond Issuance Cost Amortization	-	-	-
ISU Press Expenditures	-	-	-
Other	-	-	-
	<u>1,367,135</u>	<u>432,310</u>	<u>1,426</u>
<b>TOTAL EXPENDITURES &amp; OTHER DEDUCTIONS</b>			
<b>TRANSFERS ADDITIONS (DEDUCTIONS):</b>			
Mandatory Transfers, Net	(126,104)	147	155
Transfers In - State General Fund	539,183	60,099	-
Debt Proceeds For Plant Additions	-	-	-
Nonmandatory Transfers, Net	(33,972)	(3,407)	(491)
	<u>379,107</u>	<u>56,839</u>	<u>(336)</u>
<b>TOTAL TRANSFERS</b>			
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>			
	<u>24,659</u>	<u>1,634</u>	<u>2,058</u>
<b>FUND BALANCE JULY 1</b>			
	190,992	49,012	72,059
Adjustments (Note 21)	1,986	-	-
<b>FUND BALANCE JULY 1, RESTATED</b>			
	<u>192,978</u>	<u>49,012</u>	<u>72,059</u>
<b>FUND BALANCE JUNE 30</b>			
	<u>\$ 217,637</u>	<u>\$ 50,646</u>	<u>\$ 74,117</u>

The notes are an integral part of the financial statements.

STATE OF IOWA

ENDOWMENTS & SIMILAR FUNDS	PLANT FUNDS				COMPONENT UNITS	TOTAL
	UN- EXPENDED	RENEWALS & REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 429,541
-	-	-	-	-	-	192,811
-	-	-	-	-	-	390,335
-	405	32	-	-	-	234,461
96	5,434	992	-	3,316	-	104,130
-	-	-	-	-	-	13,296
1,865	1,877	215	985	-	-	9,039
-	297	4,927	982	-	20	8,086
5,141	-	-	-	-	-	5,141
-	-	-	-	168,604	-	168,604
-	-	-	-	28,739	-	28,739
-	-	-	-	-	1,854	1,854
-	-	-	-	-	-	28,144
<u>300</u>	<u>3,491</u>	<u>89</u>	<u>214</u>	<u>-</u>	<u>-</u>	<u>9,306</u>
<b><u>7,402</u></b>	<b><u>11,504</u></b>	<b><u>6,255</u></b>	<b><u>2,181</u></b>	<b><u>200,659</u></b>	<b><u>1,874</u></b>	<b><u>1,623,487</u></b>
-	-	-	-	-	-	1,167,928
-	-	-	-	-	-	45,701
-	-	-	-	-	-	186,408
-	-	-	-	-	-	370,244
-	-	-	-	-	-	29,288
-	-	-	-	-	-	683
-	-	-	-	-	-	619
-	90,416	20,263	48	-	-	110,727
-	-	-	28,738	-	-	28,738
-	-	-	27,215	-	-	27,215
-	-	-	-	46,798	5	46,803
-	-	-	-	23	-	23
-	-	-	-	-	1,736	1,736
<u>500</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>516</u>
<b><u>500</u></b>	<b><u>90,416</u></b>	<b><u>20,263</u></b>	<b><u>56,017</u></b>	<b><u>46,821</u></b>	<b><u>1,741</u></b>	<b><u>2,016,629</u></b>
4	10,635	62,587	52,576	-	-	-
-	7,929	-	-	-	-	607,211
-	20,878	-	-	(20,878)	-	-
<u>1,609</u>	<u>84,146</u>	<u>(46,588)</u>	<u>(1,232)</u>	<u>(65)</u>	<u>-</u>	<u>-</u>
<b><u>1,613</u></b>	<b><u>123,588</u></b>	<b><u>15,999</u></b>	<b><u>51,344</u></b>	<b><u>(20,943)</u></b>	<b><u>-</u></b>	<b><u>607,211</u></b>
<b><u>8,515</u></b>	<b><u>44,676</u></b>	<b><u>1,991</u></b>	<b><u>(2,492)</u></b>	<b><u>132,895</u></b>	<b><u>133</u></b>	<b><u>214,069</u></b>
83,046	121,142	44,220	63,418	2,192,419	536	2,816,844
-	-	-	(1,986)	-	-	-
<b><u>83,046</u></b>	<b><u>121,142</u></b>	<b><u>44,220</u></b>	<b><u>61,432</u></b>	<b><u>2,192,419</u></b>	<b><u>536</u></b>	<b><u>2,816,844</u></b>
<b><u>\$ 91,561</u></b>	<b><u>\$ 165,818</u></b>	<b><u>\$ 46,211</u></b>	<b><u>\$ 58,940</u></b>	<b><u>\$ 2,325,314</u></b>	<b><u>\$ 669</u></b>	<b><u>\$ 3,030,913</u></b>

STATE OF IOWA

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

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	<u>CURRENT FUNDS</u>		<b>TOTAL</b>
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	
<b>REVENUES:</b>			
Educational & General:			
Tuition & Fees	\$ 241,605	\$ -	\$ 241,605
Federal Appropriations	368	12,745	13,113
Federal Grants & Contracts	41,089	193,983	235,072
Other Grants & Contracts	14,407	83,066	97,473
Investment & Endowment Income	22,187	3,725	25,912
Sales & Services Of Educational Departments	34,112	-	34,112
Other	<u>75,773</u>	<u>4,729</u>	<u>80,502</u>
Total Educational & General Revenues	429,541	298,248	727,789
Auxiliary Enterprises Revenues	192,811	-	192,811
Independent Operations	-	29,288	29,288
Sales & Services Of Health Care Units	<u>390,335</u>	<u>-</u>	<u>390,335</u>
<b>TOTAL REVENUES</b>	<b><u>1,012,687</u></b>	<b><u>327,536</u></b>	<b><u>1,340,223</u></b>
<b>EXPENDITURES &amp; MANDATORY TRANSFERS:</b>			
Educational & General:			
Instruction	378,060	13,056	391,116
Research	31,251	222,870	254,121
Public Service	62,569	66,501	129,070
Academic Support	116,649	4,565	121,214
Student Services	41,344	1,350	42,694
Institutional Support	64,259	6,796	71,055
Operation & Maintenance Of Plant	78,383	13	78,396
Student Aid	<u>37,968</u>	<u>42,294</u>	<u>80,262</u>
Total Educational & General Expenditures	810,483	357,445	1,167,928
Auxiliary Enterprises Expenditures	186,408	-	186,408
Health Care Units Expenditures	370,244	-	370,244
Independent Operations	-	29,288	29,288
Mandatory Transfers, Net Out (In)	<u>126,104</u>	<u>(147)</u>	<u>125,957</u>
<b>TOTAL EXPENDITURES &amp; MANDATORY TRANSFERS</b>	<b><u>1,493,239</u></b>	<b><u>386,586</u></b>	<b><u>1,879,825</u></b>
<b>OTHER TRANSFERS &amp; ADDITIONS (DEDUCTIONS):</b>			
Excess Of Restricted Receipts Over Transfers			
To Revenue	-	3,992	3,992
Transfers In - State General Fund	539,183	60,099	599,282
Nonmandatory Transfers, Net	<u>(33,972)</u>	<u>(3,407)</u>	<u>(37,379)</u>
<b>TOTAL OTHER TRANSFERS &amp; ADDITIONS</b>	<b><u>505,211</u></b>	<b><u>60,684</u></b>	<b><u>565,895</u></b>
<b>NET INCREASE IN FUND BALANCE</b>	<b><u>\$ 24,659</u></b>	<b><u>\$ 1,634</u></b>	<b><u>\$ 26,293</u></b>

The notes are an integral part of the financial statements.

**STATE OF IOWA**  
**Combining Balance Sheet**  
**Component Units**  
June 30, 1997  
(Expressed in Thousands)

	<b>IOWA STATE FAIR AUTHORITY</b>	<b>IOWA HIGHER EDUCATION LOAN AUTHORITY</b>
<b>ASSETS AND OTHER DEBITS</b>		
Cash & Investments (Note 2)	\$ 9,094	\$ 13,950
Accounts Receivable (Net) (Note 4)	57	-
Interest Receivable	-	338
Notes Receivable	-	-
Loans Receivable (Net)	-	41,095
Due From Component Units (Note 5)	1,266	-
Fixed Assets (Net) (Note 6)	16,759	2
Inventory	62	-
Prepaid Expenditure/Expense	-	107
Other Assets	-	-
Amount To Be Provided For Retirement Of General Long-Term Debt	-	-
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b><u>\$ 27,238</u></b>	<b><u>\$ 55,492</u></b>
<b>LIABILITIES</b>		
Accounts Payable & Accruals	\$ 467	\$ 62
Due To Primary Government	-	-
Due To Component Units (Note 5)	1,266	-
Interest Payable	-	660
Deferred Revenue	-	555
Compensated Absences (Note 1)	173	-
Bonds Payable (Note 12)	-	52,840
<b>TOTAL LIABILITIES</b>	<b><u>1,906</u></b>	<b><u>54,117</u></b>
<b>FUND EQUITY AND OTHER CREDITS</b>		
Contributed Capital:		
Intergovernmental	14,742	-
Retained Earnings	4,427	1,375
Fund Balances:		
Reserve For:		
Inventory & Prepaid Expenditures	62	-
Specific Purposes	5,891	-
Unreserved Fund Equity	210	-
Investment In General Fixed Assets	-	-
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b><u>25,332</u></b>	<b><u>1,375</u></b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b><u>\$ 27,238</u></b>	<b><u>\$ 55,492</u></b>



STATE OF IOWA

IOWA FINANCE AUTHORITY	IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	WALLACE TECHNOLOGY TRANSFER FOUNDATION	LAWYER TRUST ACCOUNT COMMISSION	CLIENT SECURITY & ATTORNEY DISCIPLINARY COMMISSION	COMMISSION ON CONTINUING LEGAL EDUCATION
\$ 556,199	\$ 3,896	\$ 303	919	\$ 1,583	\$ 47
-	-	58	-	-	-
7,546	72	-	7	26	1
-	-	-	-	-	-
191,808	1,075	-	-	-	-
-	-	-	-	-	-
132	32	-	5	5	5
-	-	-	-	-	-
-	-	-	-	-	-
141	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 755,826</u>	<u>\$ 5,075</u>	<u>\$ 361</u>	<u>\$ 931</u>	<u>\$ 1,614</u>	<u>\$ 53</u>
\$ 11,722	\$ 69	\$ 10	\$ 452	\$ 134	\$ -
-	-	226	-	-	-
-	-	-	-	-	-
8,663	-	-	-	-	-
5,746	-	-	-	-	-
-	-	18	2	4	4
<u>500,407</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>526,538</u>	<u>69</u>	<u>254</u>	<u>454</u>	<u>138</u>	<u>4</u>
-	-	-	-	-	-
229,288	5,006	-	477	1,476	49
-	-	-	-	-	-
-	-	107	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>229,288</u>	<u>5,006</u>	<u>107</u>	<u>477</u>	<u>1,476</u>	<u>49</u>
<u>\$ 755,826</u>	<u>\$ 5,075</u>	<u>\$ 361</u>	<u>\$ 931</u>	<u>\$ 1,614</u>	<u>\$ 53</u>

(continued on next page)

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

June 30, 1997  
(Expressed in Thousands)

(Continued)

	<b>IOWA SEED CAPITAL CORPORATION</b>	<b>IOWA CENTENNIAL MEMORIAL FOUNDATION</b>
<b>ASSETS AND OTHER DEBITS</b>		
Cash & Investments (Note 2)	\$ 4,549	\$ 629
Accounts Receivable (Net) (Note 4)	-	-
Interest Receivable	-	15
Notes Receivable	181	-
Loans Receivable (Net)	-	-
Due From Component Units (Note 5)	-	-
Fixed Assets (Net) (Note 6)	22	-
Inventory	-	-
Prepaid Expenditure/Expense	-	-
Other Assets	-	-
Amount To Be Provided For Retirement Of General Long-Term Debt	<u>24</u>	<u>-</u>
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b><u>\$ 4,776</u></b>	<b><u>\$ 644</u></b>
<b>LIABILITIES</b>		
Accounts Payable & Accruals	\$ 11	\$ 3
Due to Primary Government	-	-
Due To Component Units (Note 5)	-	-
Interest Payable	-	-
Deferred Revenue	-	-
Compensated Absences (Note 1)	24	-
Bonds Payable (Note 12)	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>35</u></b>	<b><u>3</u></b>
<b>FUND EQUITY AND OTHER CREDITS</b>		
Contributed Capital:		
Intergovernmental	-	-
Retained Earnings	-	-
Fund Balances:		
Reserve For:		
Inventory & Prepaid Expenditures	-	-
Specific Purposes	2,797	601
Unreserved Fund Equity	1,922	40
Investment In General Fixed Assets	<u>22</u>	<u>-</u>
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b><u>4,741</u></b>	<b><u>641</u></b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b><u>\$ 4,776</u></b>	<b><u>\$ 644</u></b>

The notes are an integral part of the financial statements.

STATE OF IOWA

INTERNATIONAL DEVELOPMENT FOUNDATION	ECONOMIC DEVELOPMENT FOUNDATION	IOWA HISTORICAL FOUNDATION	TOTAL
\$ 1	\$ 359	\$ 165	\$ 591,694
-	5	7	127
-	-	-	8,005
-	-	-	181
-	-	-	233,978
-	-	-	1,266
-	-	18	16,980
-	-	25	87
-	1	1	109
-	-	-	141
-	-	-	24
<u>\$ 1</u>	<u>\$ 365</u>	<u>\$ 216</u>	<u>\$ 852,592</u>
\$ 1	\$ 5	\$ 4	\$ 12,940
-	-	-	226
-	-	-	1,266
-	-	-	9,323
-	53	-	6,354
-	-	-	225
-	-	-	553,247
<u>1</u>	<u>58</u>	<u>4</u>	<u>583,581</u>
-	-	-	14,742
-	-	-	242,098
-	1	26	89
-	42	-	9,438
-	264	186	2,622
-	-	-	22
-	<u>307</u>	<u>212</u>	<u>269,011</u>
<u>\$ 1</u>	<u>\$ 365</u>	<u>\$ 216</u>	<u>\$ 852,592</u>

**STATE OF IOWA**

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

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	<b>GENERAL</b>	
	<b>WALLACE TECHNOLOGY TRANSFER FOUNDATION</b>	<b>IOWA SEED CAPITAL CORPORATION</b>
<b>REVENUES:</b>		
Receipts From Other Entities	\$ 4	\$ -
Investment Income	31	213
Fees, Licenses & Permits	-	-
Sales, Rents & Services	-	-
Miscellaneous	-	2
	<b>35</b>	<b>215</b>
<b>TOTAL REVENUES</b>		
<b>EXPENDITURES:</b>		
Current:		
Education	-	-
Economic/Manpower Development	664	1,355
Agriculture & Natural Resources	-	-
	<b>664</b>	<b>1,355</b>
<b>TOTAL EXPENDITURES</b>		
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(629)</b>	<b>(1,140)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers To Primary Government	(226)	-
	<b>(226)</b>	<b>-</b>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES &amp; OTHER USES</b>	<b>(855)</b>	<b>(1,140)</b>
<b>FUND BALANCE JULY 1</b>	<b>962</b>	<b>5,859</b>
Residual Equity Transfer Out	-	-
<b>FUND BALANCE JUNE 30</b>	<b>\$ 107</b>	<b>\$ 4,719</b>

The notes are an integral part of the financial statements.

## STATE OF IOWA

EXPENDABLE TRUST				
IOWA STATE FAIR AUTHORITY	INTERNATIONAL DEVELOPMENT FOUNDATION	ECONOMIC DEVELOPMENT FOUNDATION	IOWA HISTORICAL FOUNDATION	TOTAL
\$ 7,717	\$ 3	\$ -	\$ 121	\$ 7,845
348	-	14	1	607
-	-	-	58	58
368	-	-	64	432
-	-	212	5	219
<u>8,433</u>	<u>3</u>	<u>226</u>	<u>249</u>	<u>9,161</u>
-	-	-	169	169
-	3	190	-	2,212
<u>695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>695</u>
<u>695</u>	<u>3</u>	<u>190</u>	<u>169</u>	<u>3,076</u>
<u>7,738</u>	<u>-</u>	<u>36</u>	<u>80</u>	<u>6,085</u>
-	-	-	-	(226)
-	-	-	-	<u>(226)</u>
<u>7,738</u>	<u>-</u>	<u>36</u>	<u>80</u>	<u>5,859</u>
6,458	-	271	132	13,682
(8,033)	-	-	-	(8,033)
<u>\$ 6,163</u>	<u>\$ -</u>	<u>\$ 307</u>	<u>\$ 212</u>	<u>\$ 11,508</u>

**STATE OF IOWA**

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

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	ENTERPRISE			
	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA FINANCE AUTHORITY	IOWA AGRICULTURAL DEVELOPMENT AUTHORITY
<b>OPERATING REVENUES:</b>				
Receipts From Other Entities	\$ -	\$ 16	\$ 19,247	\$ 19
Investment Income	-	2,349	21,764	278
Fees, Licenses & Permits	3,562	-	3,882	314
Refunds & Reimbursements	-	-	-	-
Sales, Rents & Services	4,966	-	-	-
Miscellaneous	<u>149</u>	<u>144</u>	<u>-</u>	<u>-</u>
<b>TOTAL OPERATING REVENUES</b>	<b><u>8,677</u></b>	<b><u>2,509</u></b>	<b><u>44,893</u></b>	<b><u>611</u></b>
<b>OPERATING EXPENSES:</b>				
General & Administrative	8,288	169	8,279	499
Depreciation	<u>638</u>	<u>1</u>	<u>121</u>	<u>8</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>8,926</u></b>	<b><u>170</u></b>	<b><u>8,400</u></b>	<b><u>507</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>(249)</u></b>	<b><u>2,339</u></b>	<b><u>36,493</u></b>	<b><u>104</u></b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Taxes	-	-	1,744	-
Investment Income	68	882	24,405	-
Interest Expense	-	(3,416)	(33,116)	-
Gain on Sale of Fixed Assets	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b><u>69</u></b>	<b><u>(2,534)</u></b>	<b><u>(6,967)</u></b>	<b><u>-</u></b>
<b>NET INCOME (LOSS)</b>	<b>(180)</b>	<b>(195)</b>	<b>29,526</b>	<b>104</b>
Add Back Depreciation On Assets Acquired With Contributed Capital	<u>264</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>INCREASE (DECREASE) IN RETAINED EARNINGS</b>	<b><u>84</u></b>	<b><u>(195)</u></b>	<b><u>29,526</u></b>	<b><u>104</u></b>
<b>RETAINED EARNINGS/FUND BALANCES JULY 1</b>	<b>9,470</b>	<b>1,570</b>	<b>199,762</b>	<b>4,902</b>
Adjustments (Note 21)	<u>(5,127)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE JULY 1, RESTATED</b>	<b><u>4,343</u></b>	<b><u>1,570</u></b>	<b><u>199,762</u></b>	<b><u>4,902</u></b>
<b>RETAINED EARNINGS/FUND BALANCES JUNE 30</b>	<b><u>\$ 4,427</u></b>	<b><u>\$ 1,375</u></b>	<b><u>\$ 229,288</u></b>	<b><u>\$ 5,006</u></b>

The notes are an integral part of the financial statements.

## STATE OF IOWA

LAWYER TRUST ACCOUNT COMMISSION	CLIENT SECURITY & ATTORNEY DISCIPLINARY COMMISSION	COMMISSION ON CONTINUING LEGAL EDUCATION	NON- EXPENDABLE TRUST  IOWA CENTENNIAL MEMORIAL FOUNDATION	TOTAL
\$ 762	\$ -	\$ -	\$ -	\$ 20,044
-	-	-	53	24,444
-	663	56	-	8,477
-	2	-	-	2
-	-	-	2	4,968
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293</u>
<b><u>762</u></b>	<b><u>665</u></b>	<b><u>56</u></b>	<b><u>55</u></b>	<b><u>58,228</u></b>
887	810	71	41	19,044
<u>3</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>775</u>
<b><u>890</u></b>	<b><u>812</u></b>	<b><u>73</u></b>	<b><u>41</u></b>	<b><u>19,819</u></b>
<b><u>(128)</u></b>	<b><u>(147)</u></b>	<b><u>(17)</u></b>	<b><u>14</u></b>	<b><u>38,409</u></b>
-	-	-	-	1,744
47	98	2	-	25,502
-	-	-	-	(36,532)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
<b><u>47</u></b>	<b><u>98</u></b>	<b><u>2</u></b>	<b><u>-</u></b>	<b><u>(9,285)</u></b>
(81)	(49)	(15)	14	29,124
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264</u>
<b><u>(81)</u></b>	<b><u>(49)</u></b>	<b><u>(15)</u></b>	<b><u>14</u></b>	<b><u>29,388</u></b>
558	1,525	64	627	218,478
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,127)</u>
<b><u>558</u></b>	<b><u>1,525</u></b>	<b><u>64</u></b>	<b><u>627</u></b>	<b><u>213,351</u></b>
<b><u>\$ 477</u></b>	<b><u>\$ 1,476</u></b>	<b><u>\$ 49</u></b>	<b><u>\$ 641</u></b>	<b><u>\$ 242,739</u></b>

## STATE OF IOWA

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

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	<b>ENTERPRISE</b>		
	<b>IOWA STATE FAIR AUTHORITY</b>	<b>IOWA HIGHER EDUCATION LOAN AUTHORITY</b>	<b>IOWA FINANCE AUTHORITY</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received From Customers	\$ 8,662	\$ 16	\$ -
Other Operating Revenues	-	144	22,329
Cash Received From Miscellaneous	-	-	-
Cash Received On Loans Receivable	-	4,919	37,142
Interest Received	-	2,313	21,333
Cash Payments To Suppliers For Goods & Services	(5,877)	(140)	(8,158)
Cash Payments To Employees For Services	(2,171)	-	-
Purchases Of Loans Receivable	-	(3,617)	(17,259)
Cash Payments For Other Expenses	-	-	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>614</u></b>	<b><u>3,635</u></b>	<b><u>55,387</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Proceeds From Sale Of Revenue Bonds	-	16,508	93,432
Principal Paid On Revenue Bonds	-	(20,635)	(92,274)
Interest Paid	-	(2,957)	(30,328)
Tax Receipts	-	-	1,744
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b><u>-</u></b>	<b><u>(7,084)</u></b>	<b><u>(27,426)</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition & Construction Of Capital Assets	(8,089)	-	(35)
Contributed Capital	7,105	-	-
Proceeds From Sale of Capital Assets	<u>2</u>	<u>-</u>	<u>-</u>
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>(982)</u></b>	<b><u>-</u></b>	<b><u>(35)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest & Dividends On Investments	68	882	22,819
Proceeds From Sale & Maturities Of Investments	-	2,722	20,672
Purchase Of Investments	<u>-</u>	<u>-</u>	<u>(65,467)</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>68</u></b>	<b><u>3,604</u></b>	<b><u>(21,976)</u></b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(300)</b>	<b>155</b>	<b>5,950</b>
<b>CASH &amp; CASH EQUIVALENTS JULY 1</b>	<b><u>2,057</u></b>	<b><u>369</u></b>	<b><u>26,384</u></b>
<b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>	<b>1,757</b>	<b>524</b>	<b>32,334</b>
<b>INVESTMENTS</b>	<b><u>-</u></b>	<b><u>13,426</u></b>	<b><u>523,865</u></b>
<b>CASH AND INVESTMENTS PER BALANCE SHEET</b>	<b><u>\$ 1,757</u></b>	<b><u>\$ 13,950</u></b>	<b><u>\$ 556,199</u></b>



**STATE OF IOWA**

IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	LAWYER TRUST ACCOUNT COMMISSION	CLIENT SECURITY & ATTORNEY DISCIPLINARY COMMISSION	COMMISSION ON CONTINUING LEGAL EDUCATION	NON- EXPENDABLE TRUST	TOTAL
				IOWA CENTENNIAL MEMORIAL FOUNDATION	
\$ 332	\$ 763	\$ 665	\$ 56	\$ -	\$ 10,494
-	-	-	-	-	22,473
-	-	-	-	2	2
13	-	-	-	-	42,074
8	-	-	-	-	23,654
(267)	(863)	(612)	(24)	-	(15,941)
(213)	(28)	(109)	(45)	-	(2,566)
(1,091)	-	-	-	-	(21,967)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44)</u>	<u>(44)</u>
<b><u>(1,218)</u></b>	<b><u>(128)</u></b>	<b><u>(56)</u></b>	<b><u>(13)</u></b>	<b><u>(42)</u></b>	<b><u>58,179</u></b>
-	-	-	-	-	109,940
-	-	-	-	-	(112,909)
-	-	-	-	-	(33,285)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,744</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>(34,510)</u></b>
(5)	(1)	-	(1)	-	(8,131)
-	-	-	-	-	7,105
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
<b><u>(5)</u></b>	<b><u>(1)</u></b>	<b><u>-</u></b>	<b><u>(1)</u></b>	<b><u>-</u></b>	<b><u>(1,024)</u></b>
266	52	101	1	55	24,244
272	666	716	-	-	25,048
<u>(286)</u>	<u>(574)</u>	<u>(589)</u>	<u>-</u>	<u>-</u>	<u>(66,916)</u>
<b><u>252</u></b>	<b><u>144</u></b>	<b><u>228</u></b>	<b><u>1</u></b>	<b><u>55</u></b>	<b><u>(17,624)</u></b>
(971)	15	172	(13)	13	5,021
<b><u>4,548</u></b>	<b><u>65</u></b>	<b><u>228</u></b>	<b><u>60</u></b>	<b><u>32</u></b>	<b><u>33,743</u></b>
3,577	80	400	47	45	38,764
<b><u>319</u></b>	<b><u>839</u></b>	<b><u>1,183</u></b>	<b><u>-</u></b>	<b><u>584</u></b>	<b><u>540,216</u></b>
<b><u>\$ 3,896</u></b>	<b><u>\$ 919</u></b>	<b><u>\$ 1,583</u></b>	<b><u>\$ 47</u></b>	<b><u>\$ 629</u></b>	<b><u>\$ 578,980</u></b>

continued on next page

**STATE OF IOWA**

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

For the Year Ended June 30, 1997  
(Expressed in Thousands)

(continued)

	<b>ENTERPRISE</b>		
	<b>IOWA STATE FAIR AUTHORITY</b>	<b>IOWA HIGHER EDUCATION LOAN AUTHORITY</b>	<b>IOWA FINANCE AUTHORITY</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
<b>Operating Income (Loss)</b>	\$ (249)	\$ 2,339	\$ 36,493
<b>Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities</b>			
Depreciation	638	1	121
Amortization	-	-	-
Compensated Absences	19	-	-
Interest (Income)	-	-	-
(Increase) Decrease In Accounts Receivable	(15)	-	-
(Increase) Decrease In Prepaid Expense	-	(2)	-
(Increase) Decrease In Interest Receivable	-	71	(430)
(Increase) Decrease In Loans Receivable	-	1,195	19,835
(Increase) Decrease In Other Assets	-	-	94
Increase (Decrease) In Accounts Payable & Accruals	221	31	169
Increase (Decrease) In Deferred Revenue	-	-	(895)
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 614</u>	<u>\$ 3,635</u>	<u>\$ 55,387</u>

The notes are an integral part of the financial statements.

Noncash investing, capital and financing activities:

Bond discount and issuance cost of \$1,717,791 were deducted from the proceeds of the Revenue Bonds issued by discrete component units.

**STATE OF IOWA**

IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	LAWYER TRUST ACCOUNT COMMISSION	CLIENT SECURITY & ATTORNEY DISCIPLINARY COMMISSION	COMMISSION ON CONTINUING LEGAL EDUCATION	NON- EXPENDABLE TRUST  IOWA CENTENNIAL MEMORIAL FOUNDATION	TOTAL
\$ 104	\$ (128)	\$ (147)	\$ (17)	\$ 14	\$ 38,409
8	3	2	2	-	775
-	-	1	-	(1)	-
-	1	1	2	-	23
(244)	-	-	-	(54)	(298)
-	-	-	-	-	(15)
-	-	-	-	-	(2)
(27)	-	-	-	-	(386)
(1,073)	-	-	-	-	19,957
-	-	-	-	-	94
14	(4)	87	-	(1)	517
-	-	-	-	-	(895)
<u>\$ (1,218)</u>	<u>\$ (128)</u>	<u>\$ (56)</u>	<u>\$ (13)</u>	<u>\$ (42)</u>	<u>\$ 58,179</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Presentation

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

#### B. Financial Reporting Entity

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

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

#### *Blended Component Units*

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

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

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

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

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

#### *Discrete Component Units*

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

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

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

. Iowa Seed Capital Corporation (Governmental) - provides financial assistance to small businesses launching new ventures based on innovation. Its objective is to aid the diversification of Iowa's economy and the creation of new jobs. All seven members of the Board of Directors are appointed by the Governor and approved by the Senate. The State has the ability to impose its will on the Corporation.

. International Development Foundation (Expendable Trust) - promotes the development of the Russian and Ukrainian agricultural production, processing and distribution systems by introducing Iowa agricultural technology, equipment, and business and market experience. The State appoints a voting majority of the board and is able to impose its will on the Foundation. The Board of Directors approved the liquidation of the Foundation effective December 31, 1995. (December 31 year end). The entity will continue to exist until all assets and liabilities are disposed.

### *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 governing boards retain full control in achieving the institutions purposes and restricted funds which may be utilized only in accordance with externally restricted purposes.

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

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

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

### *Account Groups*

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

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

### D. Basis of Accounting

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

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

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

### *Lottery Revenues and Prizes*

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

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

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

### E. Budgeting and Budgetary Control

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

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

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



# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

fund supplemental appropriations totaled \$8,164,397 for fiscal year 1997. Appropriations lapse at fiscal year-end and all unencumbered or unobligated balances revert to the state treasury, unless otherwise provided.

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

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

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

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

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

Cash in most funds is held in the state treasury and is commingled in State bank accounts and investments. The moneys of most funds are pooled together and invested as an investment pool by the

Treasurer of State. However, moneys of some funds may be invested separately from the investment pool where permitted by statute.

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

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

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

Equity securities are reported at cost, which is determined on a first-in, first-out basis. Fixed-income securities are reported at amortized cost for securities purchased at a premium using the scientific interest method and at cost for other securities. (For Pension plans, see Note 18). Plan assets of Internal Revenue Code Section 457 deferred compensation plans are reported at market value in the Agency Fund.

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

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

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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

At year-end IPERS had \$8,086 in credit risk exposure to borrowers because the amounts they owed the System exceeded the amounts the System owed them. Additional collateral was provided the next business day, eliminating this exposure. The contract with the custodian bank requires it to indemnify the System if a borrower fails to return the securities or fails to return all of the income attributable to securities on loan. As of June 30, 1997, the System had securities on loan, including accrued interest income, with a total value of \$629,526,985 against collateral with a total value of \$648,913,853.

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, 1997, balances of interfund amounts receivable or payable have been recorded. (See NOTE 5.)

### I.Inventories

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

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

### J.Fixed Assets

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

#### *Primary Government*

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

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

construction is considered immaterial and is not capitalized.

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

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

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

### *Component Units*

Estimated useful lives, in years, are as follows:

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

### K. Compensated Absences

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

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

### L. Bond Discounts/Issuance Costs

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

### M. Interfund Transactions

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

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

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

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

### N. Totals (Memorandum Only)

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

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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

#### CASH

##### Primary Government

The carrying amount of cash at June 30 is \$945,326,142 and the bank balance is \$976,390,766. The bank balance at June 30 is insured or collateralized as follows: \$976,313,359 is covered by federal depository insurance or by collateral held by the State's agent in the State's name and \$77,407 is uninsured or uncollateralized.

##### Component Units

The carrying amount of cash at June 30 is \$18,530,024 and the bank balance is \$18,529,588. The bank balance at June 30 is insured or collateralized as follows: \$18,086,509 is covered by federal depository insurance or by collateral held by the State's agent in the State's name and \$443,079 is uninsured or uncollateralized.

#### INVESTMENTS

##### Primary Government

Investments at June 30, 1997, are categorized below by credit risk (expressed in thousands). The three types of credit risk are:

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

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

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

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

	Category		Carrying	Market
	1	3	Amount	Value
U.S. Government Securities	\$ 1,051,821	\$ -	\$ 1,051,821	\$ 1,051,561
Corporate Notes	254,201	-	254,201	254,166
Corporate Backed Securities	443	-	443	451
Repurchase Agreements	<u>105,713</u>	<u>4,499</u>	<u>110,212</u>	<u>110,212</u>
	<u>\$ 1,412,178</u>	<u>\$ 4,499</u>	1,416,677	1,416,390
Unclaimed Property			8,540	8,540
Deferred Compensation			180,802	180,802
Money Markets & Mutual Funds			3,648	3,912
Investment Agreements			100,237	100,237
Annuities			284	284
Investment Pools			3,571	4,391
Real Estate			<u>8</u>	<u>8</u>
Total Investments			<u>\$ 1,713,767</u>	<u>\$ 1,714,564</u>

#### Pension Trust Funds

	Category	Carrying	Market
	1	Amount	Value
U.S. Government Securities	\$ 758,483	\$ 758,483	\$ 758,483
Common & Preferred Stock	2,543,828	2,543,828	2,543,828
Bonds & Notes	2,058,759	2,058,759	2,058,759
Foreign Government Securities	13,122	13,122	13,122
Foreign Currency	<u>19,742</u>	<u>19,742</u>	<u>19,742</u>
	<u>\$ 5,393,934</u>	5,393,934	5,393,934
Mutual and Commingled Funds		4,923,666	4,923,666
Short Term Investment Funds		248,407	248,407
Real Estate Partnerships		400,004	400,004
Investment in Private Equity Securities on Loan		<u>1,000,637</u>	<u>1,000,637</u>
		<u>624,723</u>	<u>624,723</u>
Total Investments		<u>\$ 12,591,371</u>	<u>\$ 12,591,371</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### University Funds

	Category 1	Category 2	Carrying Amount	Market Value
U.S. Government Securities	\$ 6,402	\$ 543,299	\$ 549,701	\$ 549,721
Common & Preferred Stock	5,579	54,207	59,786	87,091
Corporate Notes	750	6,437	7,187	7,179
Corporate Bonds	2,345	1,979	4,324	4,372
Repurchase Agreements	-	201	201	201
Other	<u>3,280</u>	<u>270</u>	<u>3,550</u>	<u>3,560</u>
	<u>\$18,356</u>	<u>\$606,393</u>	624,749	652,124
Money Market & Mutual Funds			131,412	131,412
Investment Pools			1,806	2,177
Real Estate			<u>633</u>	<u>633</u>
Total Investments			<u>\$758,600</u>	<u>\$786,346</u>

### Cash & Investment Reconciliation

Investments Per Preceding Schedules:

Other Than Pension Trust & University Funds	\$ 1,713,767	
Pension Trust	12,591,371	
Universities	<u>758,600</u>	
Total		\$ 15,063,738
Cash		945,326
Outstanding Warrants		(131,533)
Other Reconciling Items		<u>(1,194)</u>
Cash & Investments		<u>\$ 15,876,337</u>

### Component Units

Investments at June 30, 1997, 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.)

	Category 1	Category 2	Category 3	Carrying Amount	Market Value
U.S. Government Securities	\$ 37,491	\$ 190,089	\$ 98	\$ 227,678	\$228,721
Common & Preferred Stock	2,719	2	-	2,721	103
Repurchase Agreements	<u>13,302</u>	<u>52,784</u>	<u>-</u>	<u>66,086</u>	<u>66,086</u>
	<u>\$ 53,512</u>	<u>\$242,875</u>	<u>\$ 98</u>	296,485	294,910
Money Markets & Mutual Funds				23,584	23,584
Investment Agreements				246,428	246,428
Investment Pools				<u>6,667</u>	<u>6,667</u>
Total Investments				<u>\$ 573,164</u>	<u>\$571,589</u>

### Cash & Investment Reconciliation

Investments Per Above Schedule	\$ 573,164
Cash	<u>18,530</u>
Cash & Investments	<u>\$ 591,694</u>

### DEPOSITS WITH TRUSTEES

#### Primary Government

The carrying amount of cash at June 30 is \$37,644,056 and the bank balance is \$36,950,928. The bank balance at June 30 is insured as follows: \$24,002,498 is covered by Federal depository insurance or by collateral held by the State's agent in the State's name, \$11,785,257 is covered by collateral held in the pledging bank's trust department in the State's name, and \$1,163,173 is uninsured or uncollateralized.

The investments at June 30, 1997, for Deposit With Trustees are as follows (expressed in thousands):

	Category 1	Category 2	Carrying Amount	Market Value
U. S. Government Securities	\$ -	\$ 5,572	\$ 5,572	\$ 5,533
Repurchase Agreements	<u>1,209</u>	<u>-</u>	<u>1,209</u>	<u>1,209</u>
	<u>\$ 1,209</u>	<u>\$ 5,572</u>	6,781	6,742
Mutual Funds			810	810
Guaranteed Investment Contracts			<u>24,331</u>	<u>24,331</u>
Total Investments			<u>\$ 31,922</u>	<u>\$ 31,883</u>

### Cash & Investment Reconciliation

Investments Per Above Schedule	\$ 31,922
Cash	<u>37,644</u>
Deposits With Trustees	<u>\$ 69,566</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3 - TRANSFERS

Transfers for the year ended June 30, 1997, are presented below (expressed in thousands):

	TRANSFERS IN							Total
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Expendable Trust	University	
<b>TRANSFERS OUT</b>								
<b>Primary Government:</b>								
General	\$ -	\$ 349	\$ 25,802	\$ 2,224	\$ 10,380	\$ 3,114	\$ 599,182	\$ 641,051
Special Revenue	206	63	-	-	-	-	-	269
Capital Projects	26,063	-	1,000	-	-	-	8,029	35,092
Enterprise	73,124	-	-	-	-	-	-	73,124
Internal Service	4,372	-	1	-	23	3	-	4,399
Expendable Trust	7,426	132	2	-	-	3,671	-	11,231
Nonexpendable Trust	-	-	-	-	-	4	-	4
Subtotal	111,191	544	26,805	2,224	10,403	6,792	607,211	765,170
<b>Component Units</b>	<u>226</u>	-	-	-	-	-	-	<u>226</u>
<b>Total</b>	<u>\$ 111,417</u>	<u>\$ 544</u>	<u>\$ 26,805</u>	<u>\$ 2,224</u>	<u>\$ 10,403</u>	<u>\$ 6,792</u>	<u>\$ 607,211</u>	<u>\$ 765,396</u>

### NOTE 4 - RECEIVABLES

Receivables at June 30, 1997, consisted of the following (expressed in thousands):

	Accounts Receivable	Taxes Receivable	Interest Receivable	Notes Receivable	Loans Receivable	Benefit Over-payment	Subtotal	Less: Allowances for Uncollectibles	Total
	<b>Primary Government:</b>								
General	\$ 337,018	\$ 340,654	\$ -	\$ 1,338	\$ 97,217	\$ -	\$ 776,227	\$ 15,456	\$ 760,771
Special Revenue	366	-	-	-	-	-	366	-	366
Capital Projects	6,137	-	69	-	-	-	6,206	-	6,206
Enterprise	6,756	-	403	-	-	-	7,159	154	7,005
Internal Service	14,801	-	15	-	-	-	14,816	-	14,816
Expendable Trust	4,495	-	2	25	-	22,160	26,682	10,945	15,737
Pension	2,431,064	-	40,646	-	-	-	2,471,710	-	2,471,710
Agency	65,158	-	-	-	-	-	65,158	-	65,158
University	<u>293,985</u>	-	<u>8,327</u>	<u>69,502</u>	-	-	<u>371,814</u>	<u>90,011</u>	<u>281,803</u>
Subtotal	3,159,780	340,654	49,462	70,865	97,217	22,160	3,740,138	116,566	3,623,572
<b>Component Units</b>	<u>127</u>	-	<u>8,005</u>	<u>181</u>	<u>234,130</u>	-	<u>242,443</u>	<u>152</u>	<u>242,291</u>
<b>Total</b>	<u>\$ 3,159,907</u>	<u>\$ 340,654</u>	<u>\$ 57,467</u>	<u>\$ 71,046</u>	<u>\$ 331,347</u>	<u>\$ 22,160</u>	<u>\$ 3,982,581</u>	<u>\$ 116,718</u>	<u>\$ 3,865,863</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, 1997, along with receivables and payables which may be long-term in nature.

Interfund due from/to other funds, at June 30, 1997, 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	\$ -	\$ 103	\$ 2,929	\$ 1,039	\$ 24,470	\$ 732	\$ 49,750	\$ -	\$ 79,023	\$ -	\$ 79,023
Special Revenue	3	11	-	-	156	-	-	-	170	-	170
Capital Projects	642	-	-	-	521	-	-	-	1,163	-	1,163
Enterprise	3,124	-	-	1,718	321	-	-	-	5,163	-	5,163
Internal Service	236	-	-	446	2,583	-	11	-	3,276	-	3,276
Expendable Trust	888	1	2	-	32	45	-	-	968	-	968
Nonexpendable Trust	-	-	-	-	-	39	-	-	39	-	39
Agency	14,043	2	5,885	-	4,495	280	133	-	24,838	-	24,838
University Funds	-	-	-	-	-	-	2,922	-	2,922	-	2,922
Subtotal	18,936	117	8,816	3,203	32,578	1,096	49,894	2,922	117,562	-	117,562
<b>Component Units</b>	<u>226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226</u>	<u>1,266</u>	<u>1,492</u>
<b>Total</b>	<u>\$ 19,162</u>	<u>\$ 117</u>	<u>\$ 8,816</u>	<u>\$ 3,203</u>	<u>\$ 32,578</u>	<u>\$ 1,096</u>	<u>\$ 49,894</u>	<u>\$ 2,922</u>	<u>\$ 117,788</u>	<u>\$ 1,266</u>	<u>\$ 119,054</u>

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

	Due From	Due To		Due From	Due To
<b>General Fund</b>	\$ 19,162	\$ 79,023	<b>Nonexpendable Trust Funds:</b>		
<b>Special Revenue Funds:</b>			Iowa Braille & Sight Saving School	-	39
Iowa Public Television Foundation		1	Total Nonexpendable Trust Funds	-	39
Scholarship & Tuition Grant Reserve		78	<b>Agency Funds:</b>		
Mt. Pleasant Correctional Center			Centralized Payroll Trustee	498	5,381
Telephone Rebate		2	Other Agency Funds	49,396	19,457
North Central Correctional Facility			Total Agency Funds	49,894	24,838
Telephone Rebate		2	<b>University Funds:</b>		
Other Special Revenue Funds	38	166	Unrestricted	89	102
Total Special Revenue Funds	117	170	Restricted	6	36
<b>Capital Project Funds:</b>			Agency	-	1
Resources Enhancement & Protection	1,267	419	Unexpended	20	2,783
Iowa Infrastructure Fund	5,791	598	Renewals & Replacements	2,783	-
Other Capital Project Funds	1,758	146	Retirement of Indebtedness	24	-
Total Capital Project Funds	8,816	1,163	Total University Funds	2,922	2,922
<b>Enterprise Funds:</b>			Subtotal	117,788	117,562
Underground Storage Tank Insurance	-	167	<b>Component Units:</b>		
Iowa Lottery	-	4,660	Iowa State Fair Authority	1,266	1,266
Iowa Communications Network	1,519	192	Wallace Technology Foundation	-	226
Other Enterprise Funds	1,684	144	Total Component Units	1,266	1,492
Total Enterprise Funds	3,203	5,163	Total Due From/Due To	119,054	119,054
<b>Internal Service Funds:</b>					
Materials & Equipment - Revolving	1,391	144	<b>Advances To</b>		
Centralized Purchasing Revolving	21,125	1,208	<b>From</b>		
Health Insurance Premium Operating	3,778	-	<b>General Fund</b>	-	1,441
Health Insurance Premium Reserve	205	-	<b>Internal Service Funds</b>	672	-
Other Internal Service Funds	6,079	1,924	Innovations Fund	-	292
Total Internal Service Funds	32,578	3,276	Centralized Printing	-	-
<b>Expendable Trust Funds:</b>			<b>Expendable Trust Funds</b>		
Unemployment Benefits	130	-	Unemployment Benefits	1,061	-
Unclaimed Property	-	519	Total Advances From/Advances To	1,733	1,733
Grain Indemnity	90	3	<b>Grand Total</b>	<u>\$ 120,787</u>	<u>\$ 120,787</u>
Iowa Public Television Contributions	78	-			
Other Expendable Trust Funds	798	446			
Total Expendable Trust Funds	1,096	968			

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 6 - FIXED ASSETS

Changes in general fixed assets for the year ended June 30, 1997, are summarized as follows (expressed in thousands):

	Balance July 1	Addi- tions	Deletions/ Net Transfers	Adjust- ments	Balance June 30
Land	\$ 118,738	\$ 8,943	\$ 1,915	\$ (82)	\$ 125,684
Buildings	499,246	18,607	1,222	2,589	519,220
Improvements Other Than Buildings	15,452	693	101	(752)	15,292
Equipment	218,225	32,800	22,172	(694)	228,159
Vehicles	31,929	9,013	5,956	32	35,018
Construction in Progress	<u>19,460</u>	<u>48,978</u>	<u>3,011</u>	<u>(8,793)</u>	<u>56,634</u>
Total	<u>\$ 903,050</u>	<u>\$ 119,034</u>	<u>\$ 34,377</u>	<u>\$ (7,700)</u>	<u>\$ 980,007</u>

General fixed assets purchased with resources provided by outstanding capital lease agreements at June 30, 1997, consisted of buildings costing \$800,617, and equipment costing \$9,298,247.

A summary of Proprietary fund type, Expendable Trust, Pension Trust, University and Component Unit fixed assets as of June 30, 1997, follows (expressed in thousands):

	Enter- prise	Internal Service	Expendable Trust	Pension Trust	University	Subtotal	Component Units	Total
Land	\$ 798	\$ -	\$ -	\$ -	\$ 18,532	\$ 19,330	\$ 1,301	\$ 20,631
Buildings	6,804	624	-	-	1,497,039	1,504,467	15,642	1,520,109
Improvements Other Than Buildings	-	-	-	-	337,821	337,821	1,036	338,857
Equipment	133,271	187,967	332	2,481	933,717	1,257,768	2,376	1,260,144
Vehicles	1,462	2,266	-	-	-	3,728	528	4,256
Construction In Progress	<u>566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,505</u>	<u>25,071</u>	<u>4,422</u>	<u>29,493</u>
Total	142,901	190,857	332	2,481	2,811,614	3,148,185	25,305	3,173,490
Less Accumulated Depreciation	<u>46,455</u>	<u>114,207</u>	<u>-</u>	<u>1,793</u>	<u>1,274</u>	<u>163,729</u>	<u>8,325</u>	<u>172,054</u>
Total	<u>\$ 96,446</u>	<u>\$ 76,650</u>	<u>\$ 332</u>	<u>\$ 688</u>	<u>\$ 2,810,340</u>	<u>\$ 2,984,456</u>	<u>\$ 16,980</u>	<u>\$ 3,001,436</u>



## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

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

Assets totaling \$76,469,560, which includes \$168,425 of prepaid expense, are held by the Lottery Division for the purpose of paying installment prizes which have already been won but will not be completely paid until 2018. Annuity Prizes Payable does not include an additional liability of \$37,925 to taxing authorities which is classified as accounts payable. The following is a schedule of future payments (expressed in thousands):

Year Ending June 30,	Current	Long-Term	Total Payments
1998	\$ 10,210	-	10,210
1999	-	10,210	10,210
2000	-	10,210	10,210
2001	-	10,210	10,210
2002	-	10,210	10,210
2003-2018	<u>-</u>	<u>74,341</u>	<u>74,341</u>
Total Future Value	10,210	115,181	125,391
Less: Unamortized Discount	<u>427</u>	<u>48,532</u>	<u>48,959</u>
Present Value of Payments	<u>\$ 9,783</u>	<u>\$ 66,649</u>	<u>\$ 76,432</u>

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

Changes in general long-term obligations for the year ended June 30, 1997, are summarized as follows (expressed in thousands):

	Balance July 1	Additions	Deletions	Balance June 30
Compensated Absences	\$ 85,120	\$ 84,907	\$ 82,092	\$ 87,935
Capital Leases	6,350	261	2,183	4,428
Revenue Bonds Payable	199,940	-	6,055	193,885
Other Financing Arrangements Payable	20,272	-	4,176	16,096
Installment Purchases	<u>1,293</u>	<u>-</u>	<u>434</u>	<u>859</u>
Subtotal	<u>312,975</u>	<u>85,168</u>	<u>94,940</u>	<u>303,203</u>
Other Liabilities:				
Risk Management Liability	11,500	2,398	2,398	11,500
Medicaid IBNR	13,942	11,082	13,942	11,082
Public Defense Claims	1,980	-	104	1,876
Other Post Employment Benefits	418	-	282	136
Pension Liability	3,843	-	367	3,476
Innocent Landowner Claims	3,771	-	3,771	-
General Claims	<u>1,279</u>	<u>-</u>	<u>501</u>	<u>778</u>
Subtotal Other Liabilities	<u>36,733</u>	<u>13,480</u>	<u>21,365</u>	<u>28,848</u>
Total	<u>\$ 349,708</u>	<u>\$ 98,648</u>	<u>\$ 116,305</u>	<u>\$ 332,051</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 4.93% to 18.64%. The leases expire before June 30, 2011, and some also require the payment of normal maintenance charges.

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

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

Year ending June 30,	Principal	Interest	Total
1998	\$ 1,525	\$ 270	\$ 1,795
1999	820	176	996
2000	715	120	835
2001	457	75	532
2002	285	53	338
Thereafter	<u>626</u>	<u>62</u>	<u>688</u>
<b>Total</b>	<b><u>\$ 4,428</u></b>	<b><u>\$ 756</u></b>	<b><u>\$ 5,184</u></b>

***University Funds***

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

Year ending June 30,	Principal	Interest	Total
1998	\$ 4,379	\$ 1,785	\$ 6,164
1999	4,391	1,523	5,914
2000	3,762	1,284	5,046
2001	2,711	1,095	3,806
2002	2,408	944	3,352
Thereafter	<u>13,127</u>	<u>2,429</u>	<u>15,556</u>
<b>Total</b>	<b><u>\$ 30,778</u></b>	<b><u>\$ 9,060</u></b>	<b><u>\$ 39,838</u></b>

**NOTE 10 - INSTALLMENT PURCHASES**

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

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

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

Year ending June 30,	Principal	Interest	Total
1998	\$ 319	\$ 45	\$ 364
1999	264	26	290
2000	86	15	101
2001	43	9	52
2002	34	7	41
Thereafter	<u>113</u>	<u>11</u>	<u>124</u>
<b>Total</b>	<b><u>\$ 859</u></b>	<b><u>\$ 113</u></b>	<b><u>\$ 972</u></b>

**NOTE 11 - OTHER FINANCING ARRANGEMENTS PAYABLE**

**Loans and Contracts Payable**

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

***General Long-Term Debt***

Year ending June 30,	Principal	Interest	Total
1998	\$ 150	\$ 103	\$ 253
1999	164	89	253
2000	55	68	123
2001	61	63	124
2002	66	57	123
Thereafter	<u>548</u>	<u>193</u>	<u>741</u>
<b>Total</b>	<b><u>\$ 1,044</u></b>	<b><u>\$ 573</u></b>	<b><u>\$ 1,617</u></b>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### *Enterprise*

The Iowa Communications Network has entered into agreements for equipment for implementation of the Iowa Hub for a total of \$999,200. The agreements are for 5 years with an interest rate of 5.7%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year ending June 30,	Principal	Interest	Total
1998	\$ 179	\$ 51	\$ 230
1999	190	40	230
2000	201	29	230
2001	213	17	230
2002	<u>168</u>	<u>4</u>	<u>172</u>
<b>Total</b>	<b><u>\$ 951</u></b>	<b><u>\$ 141</u></b>	<b><u>\$1,092</u></b>

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

### *University Funds*

Year ending June 30,	Principal	Interest	Total
1998	\$ 524	\$ 299	\$ 823
1999	565	205	770
2000	597	173	770
2001	630	140	770
2002	666	104	770
Thereafter	<u>1,395</u>	<u>96</u>	<u>1,491</u>
<b>Total</b>	<b><u>\$ 4,377</u></b>	<b><u>\$ 1,017</u></b>	<b><u>\$ 5,394</u></b>

### **Certificates of Participation**

The Department of Corrections and the First, Second, Third, Fifth and Sixth Judicial Districts have sold certificates of participation for land and facilities for a total of \$33,613,612. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. The certificates mature over periods from 10 to 20 years with interest rates ranging from 5.15% to 8.18%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

### *General Long-Term Debt*

Year ending June 30,	Principal	Interest	Total
1998	\$ 3,627	\$ 1,003	\$ 4,630
1999	3,215	781	3,996
2000	3,360	569	3,929
2001	1,205	343	1,548
2002	415	262	677
Thereafter	<u>3,230</u>	<u>1,099</u>	<u>4,329</u>
<b>Total</b>	<b><u>\$ 15,052</u></b>	<b><u>\$ 4,057</u></b>	<b><u>\$ 19,109</u></b>

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

### *Enterprise Funds*

Year ending June 30,	Principal	Interest	Total
1998	\$ 7,690	\$ 5,828	\$ 13,518
1999	8,095	5,401	13,496
2000	8,540	4,931	13,471
2001	9,040	4,421	13,461
2002	9,560	3,876	13,436
Thereafter	<u>57,320</u>	<u>9,483</u>	<u>66,803</u>
<b>Total</b>	<b>100,245</b>	<b><u>\$ 33,940</u></b>	<b><u>\$ 134,185</u></b>

Unamortized  
Discount 778

Certificates of  
Participation  
Payable \$ 99,467

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 12 - BONDS PAYABLE

Revenue bonds payable at June 30, 1997, are as follows (expressed in thousands):

	ISSUE DATES	ORIGINAL ISSUANCE	INTEREST RATE	MATURITY DATE RANGE	OUTSTANDING PRINCIPAL
<b>PRIMARY GOVERNMENT:</b>					
<b>General Long-Term Debt Account Group</b>					
<b>Revenue Bonds</b>					
<i>Term Bonds</i>					
Underground Storage Tank	1991 & 1994	\$52,840	Variable	2005-2015	\$ 52,840
Department of Corrections	1994-1996	33,510	Variable	2014-2016	<u>33,510</u>
Total					<u>\$ 86,350</u>
<i>Serial Bonds</i>					
Underground Storage Tank	1991 & 1994	\$56,520	Variable	1994-2009	\$ 38,685
Department of Corrections	1994-1996	64,530	Variable	2014-2016	<u>61,560</u>
Total					<u>\$ 100,245</u>
<i>Capital Appreciation Bonds</i>					
Underground Storage Tank	1991	\$10,175	Variable	2001-2004	\$ 10,175
Unamortized Issuance Costs and Discounts					<u>(2,885)</u>
Total					<u>\$ 7,290</u>
Total General Long-Term Debt Account Group					<u>\$ 193,885</u>
<b>Internal Service Funds</b>					
<i>Serial Bonds</i>					
State of Iowa Facilities Improvement Corporation	1987	\$12,245	7.30-7.40%	1989-2000	<u>\$ 5,205</u>
Total					<u>\$ 5,205</u>
<b>University Funds</b>					
<b>Revenue Bonds</b>					
University of Northern Iowa	1964-1996	\$ 96,161	3.00-8.25%	1966-2020	\$ 69,946
University of Iowa	1964-1997	400,385	2.75-9.00	1966-2020	247,903
Iowa State University	1965-1996	233,430	3.00-8.00	1967-2021	<u>168,405</u>
Total University Funds					<u>\$ 486,254</u>
<b>COMPONENT UNITS:</b>					
<b>Proprietary Funds</b>					
<b>Revenue Bonds</b>					
Iowa Finance Authority	1977-1997	\$968,980	Variable	1979-2031	\$ 509,078
Iowa Higher Education Loan Authority	1984-1992	71,485	Variable	1998-2016	<u>53,035</u>
Total					562,113
Unamortized Issuance Costs and Discounts					<u>(8,866) *</u>
Total Component Units					<u>\$ 553,247</u>

\*Includes unamortized issuance costs and discounts of \$8,671,286 for the Iowa Finance Authority and \$194,855 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.

### 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 the State, currently required by state law to be the first \$8,000,000 of monies remitted to the Treasurer of the State each fiscal year from certain fees and fines collected from the clerks of district court in criminal cases, investment earnings on monies in the Iowa Prison Infrastructure Fund, and from other amounts pledged therefore under the bond indenture. These obligations do not constitute a debt of the State of Iowa, nor of the Iowa Finance Authority, and neither is liable for any repayments.

### State of Iowa Facilities Improvement Corporation

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

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

### Universities

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

In prior years, Iowa State University, the University of Northern Iowa and the University of Iowa defeased certain revenue bond issues by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. As of June 30, 1997, bonds totaling \$16,000,000 for Iowa State University, \$12,500,000 for the University of Northern Iowa, and \$26,900,000 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.

### 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.

On February 1, 1997, the Iowa Higher Education Loan Authority called \$18,240,000 of Private College Facilities Refunding Bonds, Series 1992, with interest

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

rates varying from 4.75% to 6%, upon the issuance of Private College Facilities Refunding Bonds, Series 1996, of \$16,530,000 (par value) with interest rates of 4.25% to 5%. The proceeds from the bond issuance along with \$3,778,322 of transfers from the Debt Service and Debt Service Reserve funds were used to refund the outstanding bonds.

The refunding resulted in a decrease of future aggregate debt service payments of \$575,134 and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$463,225.

### Primary Government:

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

#### General Long-Term Debt Account Group

Year ending June 30,	Principal	Interest	Total
1998	\$ 7,975	\$ 10,041	\$ 18,016
1999	8,355	9,643	17,998
2000	8,780	9,214	17,994
2001	9,225	8,752	17,977
2002	9,710	8,315	18,025
Thereafter	<u>152,725</u>	<u>57,641</u>	<u>210,366</u>
Total	<u>\$ 196,770</u>	<u>\$ 103,606</u>	<u>\$ 300,376</u>

#### Internal Service Funds

Year ending June 30,	Principal	Interest	Total
1998	\$ 1,610	\$ 384	\$ 1,994
1999	1,850	266	2,116
2000	<u>1,745</u>	<u>129</u>	<u>1,874</u>
Total	<u>\$ 5,205</u>	<u>\$ 779</u>	<u>\$ 5,984</u>

#### University Funds

Year ending June 30,	Principal	Interest	Total
1998	\$ 30,582	\$ 25,444	\$ 56,026
1999	31,007	24,228	55,235
2000	32,747	22,890	55,637
2001	32,522	21,465	53,987
2002	33,057	20,170	53,227
Thereafter	<u>326,339</u>	<u>150,064</u>	<u>476,403</u>
Total	<u>\$ 486,254</u>	<u>\$ 264,261</u>	<u>\$ 750,515</u>

### Component Units:

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

#### Proprietary Funds

Year ending June 30,	Principal	Interest	Total
1998	\$ 13,945	\$ 29,186	\$ 43,131
1999	15,040	29,069	44,109
2000	17,565	28,386	45,951
2001	15,810	27,653	43,463
2002	15,465	26,936	42,401
Thereafter	<u>484,288</u>	<u>405,103</u>	<u>889,391</u>
Total	<u>\$ 562,113</u>	<u>\$ 546,333</u>	<u>\$1,108,446</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, 1997, are as follows (expressed in thousands):

Year ending June 30,	Lease	Sublease	Net
1998	\$ 145	\$ 99	\$ 46
1999	140	53	87
2000	124	21	103
2001	92	16	76
2002	75	12	63
Thereafter	<u>210</u>	<u>51</u>	<u>159</u>
Total	\$ 786	\$ 252	\$ 534

Less Amount Representing Interest	<u>179</u>	<u>43</u>	<u>136</u>
Present Value of Lease Obligation	<u>\$ 607</u>	<u>\$ 209</u>	<u>\$ 398</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 14 - FUND BALANCE - RESERVE FOR SPECIFIC PURPOSES

The Reserve for Specific Purposes Fund Balance in the General Fund represents the portion of fund balance legally segregated for a specific future use. A summary of these reserves at June 30, 1997, (expressed in thousands):

Primary Road	\$ 147,385
Unassigned Revenue	87,760
Revitalize Iowa's Sound Economy	59,924
Road Use Tax	43,592
Farm to Market Road Funds	41,607
Default Collections	33,223
Motor Vehicle Fuel Tax Unapportioned	31,011
General Operations	29,987
Strategic Investment Fund	16,069
Guaranteed Student Loan Administration	14,692
UST Innocent Landowners	14,671
Underground Storage Tank Capital Reserves	9,699
UST Marketability Fund	8,420
Underground Storage Tank Revenue	7,171
Fish and Game	4,559
Air Contaminant Source	3,977
Enhanced Court Collections Fund	2,904
Petroleum Overcharge #5	2,096
Workforce Development Fund	1,848
Underground FY94 Remedial	1,820
Underground Storage Tank Loan Guarantee	1,716
5th Judicial District	1,705
Grade Crossing Surface Repair	1,362
Exxon Oil Overcharge Settlement	1,262
Job Training Revolving	762
Waste Tire Management Fund	748
Motor Vehicle Fuel Tax Unapportioned-DOT	690
Highway Safety Patrol Fund	471
Friends Funded Programming	391
Petroleum Overcharge #4	352
Iowa Improvement Fund	342
Litigation Defense	313
First in Nation in Education	308
Asset Sharing	207
Manure Storage Indemnity	170
Commerce Insurance Division Regulatory	138
ABD - Civil Penalties	131
2nd Judicial District	104
Other	<u>665</u>
 Total	 <u>\$ 574,252</u>

### NOTE 15 - DEFICIT FUND BALANCES/RETAINED EARNINGS

Funds reporting a deficit fund equity position at June 30, 1997 (expressed in thousands):

Fund Type/Fund Name	Deficit Balances
Enterprise:	
Iowa Communications Network	\$21,059
Internal Service:	
Workers' Compensation	9,731
General Office - General Services	337
Centralized Purchasing Revolving	70
Expendable Trust:	
Oakdale Canteen	14

### 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, 1997 (expressed in thousands):

#### Primary Government:

Year ending June 30,	
1998	\$ 12,389
1999	10,387
2000	7,296
2001	4,787
2002	3,005
Thereafter	<u>9,261</u>
 Total	 <u>\$ 47,125</u>

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

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

Rental expense for the year ended June 30, 1997, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$17,311,201.

**Component Units:**

Year ending June 30,	
1998	\$ 150
1999	129
2000	129
2001	117
2002	<u>105</u>
Total	<u>\$ 630</u>

Rental expense for the year ended June 30, 1997, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$250,200.

**NOTE 17 - LESSOR OPERATING LEASES**

The Department of Natural Resources has tracts of land valued at \$6,870,818 that have been leased for agricultural purposes. Glenwood State Hospital School has leased building space valued at \$1,389,688. Iowa Public Television leases antenna and building space, no value has been assigned to the leased portions. The Department of Transportation leases land valued at \$1,028,400 for agricultural purposes. Iowa State University has tracts of land valued at \$345,901 that have been leased for agriculture purposes. The following is a schedule by years of minimum future rentals on operating leases as of June 30, 1997 (expressed in thousands):

Year ending June 30,	
1998	\$ 928
1999	783
2000	539
2001	239
2002	144
Thereafter	<u>1,498</u>
Total	<u>\$4,131</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.

	<u>June 30, 1997</u>
<b>Employer members:</b>	
City	1,322
County	437
School	404
State	22
Other	<u>207</u>
Total	<u>2,392</u>

IPERS' vesting requirements are four years of service or age 65, whichever occurs first. Normal retirement age is 65, 62 with 30 years of service, or for fiscal year 1997 when the members age plus years of service equal or exceed ninety. A member may also take early retirement between the ages of 55 and 65 with reduced benefits. At retirement, a member chooses one of five benefit options.

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

*Funding Policy*

Member and employer contribution rates are established by statute. In general, IPERS' members contribute 3.70%, and employers contribute 5.75% of the covered wage base. Beginning January 1, 1995, member contributions are treated as a pretax payment for federal income tax purposes only. 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. The State coverage wage base was \$44,000 for calendar year 1996. Beginning in calendar year 1997, the State covered wage ceiling was removed and wages are now covered up to the federal limit of \$160,000.



# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

	Contribution Rates as of June 30, 1997		
	Employee	Employer	Total
Regular	3.70%	5.75%	9.45%
Sheriffs/Deputy Sheriffs (County)/ Airport Firefighters	6.76%	10.14%	16.90%
Protection Occupations*	5.95%	8.92%	14.87%

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

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

The total amount of member and employer contributions made during the fiscal year ended June 30, 1997, was \$358,278,913. The amount of the actuarially determined contribution requirement was approximately \$344,004,304. This contribution amount represents the funding necessary to fund the normal cost of the plan.

For the fiscal year ended June 30, 1997, the actuarially determined contribution requirement for employers was \$209,314,788 or 5.75% of covered payroll. The actuarially determined contribution requirement for employees for the same time period was \$134,689,516 or 3.70% of covered payroll. The actual amount of contributions made by employers and employees during the fiscal year ended June 30, 1997, was \$214,967,348 and \$143,311,565 respectively.

The State of Iowa's contributions to IPERS for the years ended June 30, 1997, 1996, and 1995, were \$43,227,098, \$41,652,024, and \$39,451,120, 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, \$661,240,395 at June 30, 1997. If all actuarial assumptions are met, the Unfunded Actuarial Accrued Liability is expected to be amortized in 9 years at the current contribution percentages. Additional information is available in IPERS' separately issued report.

### Summary of Significant Accounting Policies

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

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

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.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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

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

### *Funding Policy*

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

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

The employer is obligated by statute to contribute an amount of 18.00% 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 \$2,461,095, representing 9.35% of the current year covered payroll. The State contribution required by statute was \$4,597,867 and the amount actually contributed was \$4,597,867. 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. Investment gains and losses are recognized on the completed transaction method of accounting.

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

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

### Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 1,996,503
Interest on net pension obligation	(296,503)
Adjustment to annual required contribution	<u>347,316</u>
Annual pension cost	2,047,316
Contributions made	<u>(4,597,867)</u>
Increase (decrease) in net pension obligation	(2,550,551)
Net pension obligation beginning of year	<u>(3,706,289)</u>
(Assets in excess of ) net pension obligation end of year	<u>\$ (6,256,840)</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 actuarially determined funding requirements and the System's actual contributions for fiscal years 1988 through 1997.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

The annual required contribution for the current year was determined as part of the July 1, 1996, actuarial valuation using the aggregate actuarial cost method. This method does not identify or separately amortize unfunded actuarial liabilities. The actuarial assumptions included (a) 8.00% investment rate of return, (b) projected salary increases of 6.00% per year, (c) an inflation rate of 4.00%, and (d) post retirement benefit increases vary from 3.00 to 3.60%. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 1997, was 14 years.

Three-year trend information:

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	(Assets in Excess) of Net Pension Obligation
1995	\$2,496,067	161.66%	\$(1,089,805)
1996	1,774,204	247.47%	(3,706,289)
1997	2,047,316	224.58%	(6,256,840)

### Judicial Retirement System

#### *Plan Description*

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

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

Pursuant to Sections 602.9106-.9107 of the Code of Iowa, a member who has had a total of at least six years of service as a judge of one or more of the above courts and is at least sixty-five years of age or who has served twenty-five years of consecutive service as a judge of one or more of the above courts shall qualify for an annuity. A member who meets the definition of a senior judge under Section 602.9202 of the Code of Iowa, shall be paid an annuity equal to three percent of the current base salary of the office in which the senior judge last served prior to retirement multiplied by the judge's years of service prior to retirement, limited to fifty percent of the current base salary. Any member who has served as a judge for a total of six years or more and deemed permanently incapacitated, mentally or physically, to perform his/her duties shall be

entitled to an annuity that would be the same as computed under a retirement annuity.

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

#### *Funding Policy*

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

The member contribution required and contributed was \$637,910, representing 4.00% of the current year covered payroll. The State contribution required by statute was \$3,597,755 and the amount contributed was \$3,726,422. The State share is to be based on 23.70% of the current year covered payroll, however, the additional contribution made up the previous year's shortfall. 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 10.00% 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.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### 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	\$ 3,368,976
Interest on net pension obligation	307,404
Adjustment to annual required contribution	<u>(316,051)</u>
 Annual pension cost	 3,360,329
Contributions made	<u>(3,726,422)</u>
 Increase (decrease) in net pension obligation	 (366,093)
Net pension obligation beginning of year	<u>3,842,544</u>
 Net pension obligation end of year	 <u>\$ 3,476,451</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 1997.

The annual required contribution for the current year was determined as part of the July 1, 1996, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.00% investment rate of return and (b) projected salary and inflationary increases of 5.00% per year. The assumptions did not include post retirement benefit increases, which are funded by State appropriation when granted. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized using a level dollar amortization method on an open basis. The remaining amortization period at June 30, 1997, was 30 years.

### Three-year trend information:

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1995	\$3,256,182	96.77%	\$ 3,574,315
1996	3,419,144	92.16%	3,842,544
1997	3,360,329	110.89%	3,476,451

### Teachers Insurance and Annuity Association Retirement Program

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

A defined contribution retirement plan provides retirement benefits in return for services rendered, provides individual annuities for each plan participant, and specifies how contributions to an individual's annuity are to be determined instead of specifying the amount of benefits the participant is to receive. Under a defined contribution retirement plan, the benefits a participant will receive depend solely on the amount contributed to the participant's annuity, and the returns earned on investments of those contributions. As required by the State Board of Regent's policy, all eligible employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract agreement with TIAA, each employee through the fifth year of employment contributes 3.33% of the first \$4,800 of earnings and 5.00% on the balance of earnings. The employer through the fifth year of employment, contributes 6.67% of the first \$4,800 of earnings and 10.00% on earnings above the \$4,800. Upon completion of five years of service, the participant contributes 5.00% and the employer 10.00% on all earnings. During fiscal year 1997, the employers' contributions amounted to \$81,677,020. Employees' contributions amounted to \$43,297,420.

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

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 19 - BUDGET TO GAAP RECONCILIATION

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

	General Fund	Special Revenue Funds
Fund Balance - Budgetary/Legal	\$ 348,731	186,682
Basis of Accounting Differences:		
Balance Sheet Accounts:		
Accounts Receivable	27,784	-
Loans Receivable	13,151	-
Food Stamp Inventory	43,365	-
Prepaid Expenditures	9,941	-
Due To Other Funds	(12,208)	-
Deferred Revenue	(66,590)	-
Reserved Encumbrances	37,151	-
Timing Differences:		
Petty Cash & Inventory Expensed In Budgetary Accounting	19,880	-
Perspective Differences	-	(186,682)
Entity Differences	<u>1,125,157</u>	<u>3,294</u>
Total Fund Balance - GAAP Basis	1,546,362	3,294
Less: Reserved Fund Balance - GAAP Basis	<u>730,427</u>	<u>-</u>
Fund Balance Unreserved - GAAP Basis	<u>\$ 815,935</u>	<u>\$ 3,294</u>

### NOTE 20 - CHANGES IN CONTRIBUTED CAPITAL ACCOUNTS

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

	Enterprise Fund Iowa Communications Network	Component Units Iowa State Fair Authority
Balance July 1	\$ 26,974	\$ 1,847
Adjustments (Note 21)	<u>-</u>	<u>5,126</u>
Balance, July 1 - Restated	26,974	6,973
Additions:		
Government - Capital Contributions	12,886	8,033
Deletions:		
Depreciation On Assets Acquired With Contributed Capital	<u>2,109</u>	<u>264</u>
Balance June 30	<u>\$ 37,751</u>	<u>\$ 14,742</u>

### NOTE 21 - ADJUSTMENTS

An adjustment has been made to the components of fund equity for the State Fair, a Proprietary Fund Type - Discretely Presented Component Unit, to more properly account for capital projects and major maintenance improvements funded by legislative appropriations and contributions for renovation provided through the Iowa State Fair Blue Ribbon Foundation. The adjustment has the following effect on retained earnings and contributed capital:

	Contributed Capital	Retained Earnings
Fund equity November 1, 1995, as previously reported	\$ 1,846,700	\$ 9,470,326
Adjustment for fixed assets funded through capital contributions from Foundation (net of depreciation)	<u>5,126,848</u>	<u>(5,126,848)</u>
Fund equity November 1, 1995, as restated	<u>\$ 6,973,548</u>	<u>\$ 4,343,478</u>

Prior to fiscal 1997, the University of Iowa, accrued interest receivable of \$1,986,000 for University Hospitals and Clinics in Plant Funds Retirement of Indebtedness. This accrual is now reflected in Current Funds.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 22 – ENTERPRISE FUND – SEGMENT INFORMATION

##### Primary Government

Significant financial data for the year ended June 30, 1997, follows (expressed in thousands):

	Underground Storage Tank Insurance	Iowa State Prison Industries	Iowa Lottery	Iowa Communications Network	Other	Total
Operating Revenues	\$ 2,971	\$10,401	\$ 165,436	\$ 21,724	\$ 99,114	\$ 299,646
Depreciation Expense	-	396	458	11,521	355	12,730
Operating Income (Loss)	2,538	(74)	34,302	(24,354)	34,216	46,628
Operating Transfers In	-	-	-	-	2,224	2,224
Operating Transfers Out	-	-	35,013	-	38,111	73,124
Tax Revenues	-	-	-	-	3,999	3,999
Net Income (Loss)	3,850	207	155	(6,981)	2,340	(429)
Fixed Assets Additions	-	984	521	14,436	134	16,075
Fixed Assets Deletions	-	156	856	1,828	234	3,074
Net Working Capital	20,509	8,473	2,595	12,520	4,834	48,931
Total Assets	23,614	12,783	95,897	126,208	14,823	273,325
Long-Term Liabilities	-	323	72,509	92,675	426	165,933
Total Equity	20,509	11,807	3,357	16,692	6,347	58,712

##### Component Units

Significant financial data for the year ended June 30, 1997, follows (expressed in thousands):

	Iowa State Fair Authority	Iowa Higher Education Loan Authority	Iowa Finance Authority	Iowa Agricultural Development Authority	Lawyer Trust Account Commission	Client Security & Attorney Disciplinary Commission	Commission On Continuing Legal Education	Total
Operating Revenues	\$ 8,677	\$ 2,509	\$ 44,893	\$ 611	\$ 762	\$ 665	\$ 56	\$ 58,173
Receipts From Other Entities	-	16	19,247	19	762	-	-	20,044
Depreciation Expense	638	1	121	8	3	2	2	775
Operating Income (Loss)	(249)	2,339	36,493	104	(128)	(147)	(17)	38,395
Tax Revenues	-	-	1,744	-	-	-	-	1,744
Net Income (Loss)	(180)	(195)	29,526	104	(81)	(49)	(15)	29,110
Fixed Asset Additions	8,062	-	35	5	1	1	1	8,105
Fixed Asset Deletions	34	-	-	-	-	-	-	34
Net Working Capital	2,622	13,118	537,614	3,900	474	1,474	48	559,250
Total Assets	19,793	55,492	755,826	5,075	931	1,614	53	838,784
Bonds Payable	-	52,840	500,407	-	-	-	-	553,247
Other Long-Term Liabilities	165	-	-	-	2	4	4	175
Total Equity	19,169	1,375	229,288	5,006	477	1,476	49	256,840

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 23 – DEFERRED COMPENSATION PLAN

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

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

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

The market value of the State's and Judicial Districts' plan assets at June 30, 1997, consisted of \$176,063,955 and \$4,738,315, respectively. These amounts were included in Cash & Investments on the balance sheet of the Agency Funds.

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

### NOTE 24 – OTHER POST EMPLOYMENT BENEFITS

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

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

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

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

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

Early retirement incentive costs for fiscal year 1997 totaled \$280,013 for 128 participants.

The Board of Regents approved, effective July 1, 1986, an Early Retirement Incentive Program (ERIP) for professional employees. This program was in effect until June 30, 1992. It should be noted that this same program was approved for Merit System employees by the Board of Regents effective July 1, 1990 for a one year period trial basis with an extension until June 1992. Effective July 1, 1992 through June 30, 1997, the Board of Regents approved a new early retirement incentive program for all employees.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

The employee may elect, prior to approval of participation in the program, to accept the present value of all or part of the incentives as a lump sum payment on the beginning date of participation in the program. The rate of interest used to calculate the present value is established annually by the board. The rate used for this fiscal year was 5.57%.

The Board of Regents Institutions' contributions for the fiscal year ended June 30, 1997, amounted to \$5,341,589 for 1,044 participants.

## NOTE 25 - RISK MANAGEMENT

### *INSURANCE/TRANSFER OF RISK*

State employee benefits for health, dental, long-term disability and life insurance coverage are fully insured through commercial insurers. The State also insures with outside parties for certain liabilities. The State assumes liability for any deductibles and claims in excess of coverage limitations. Iowa State University and the Department of Public Safety each assume responsibility for aircraft liability claims in excess of \$10.0 million, and the Department of Employment Services assumes fire liability on buildings and contents in excess of \$18.0 million.

The University of Northern Iowa assumes liability for damage to buildings and contents for the first \$5.0 million and in excess of \$396.4 million; liability for physical damage to the UNI-Dome buildings for the first \$150,000 and in excess of \$23.1 million; physical damage to boiler and machinery in excess of \$651.7 million; damage to residence system buildings and apartments in excess of \$193.6 million, business interruption in excess of \$11.4 million, damage to contents in excess of \$12.8 million; medical liability at the Laboratory School in excess of \$5 million; construction liability in excess of \$14.7 million; and damage to Mauker Union building and contents in excess of \$13.2 million.

The University of Iowa assumes liability for damage to auxiliary buildings for the first \$100,000 and in excess of \$1,436.8 million, damage to academic buildings for the first \$2.0 million and in excess of \$1,358.1 million, damage to the power plant for the first \$250,000 and in excess of \$50.0 million, damage to utility property for the first \$250,000 and in excess of \$101.3 million; medical malpractice for the first \$1.5 million and in excess of \$5.0 million; pharmacy products liability for the first \$10,000 and in excess of \$3.0 million, student interns professional liability in excess of \$3.0 million, losses at the Museum of Art in excess of \$40.0 million, and criminal fidelity liability for the first \$100,000 and in excess of \$10 million.

Iowa State University assumes liability for damage to buildings and contents in excess of \$1,331.8 million, damage to boilers and machinery in excess of \$200.7 million, damage to electronic data processing, telecommunications equipment in excess of \$31.9 million and business interruption in excess of \$17.5 million.



# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

Glenwood State Hospital-School assumes liability for volunteers' automobile liability in excess of \$3.0 million. The Iowa Braille and Sight Saving School assumes liability for the first \$1.0 million and in excess of \$22.7 million for catastrophic losses.

The Fifth Judicial District assumes liability for physical damage to buildings and contents in excess of \$7.0 million. The Second Judicial District assumes liability for physical damage to buildings and contents in excess of \$2.8 million. The Seventh Judicial District assumes liability for boiler equipment breakdown in excess of \$5.2 million. The First Judicial District assumes liability in excess of \$3.5 million blanket coverage for boilers.

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

There were no significant reductions in insurance coverage from the prior year. In fiscal year 1995, a medical professional liability suit was settled for \$3.2 million in excess of insurance coverage. There were no settlements in excess of coverage for fiscal years 1996 or 1997.

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

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

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

The State is self-insured for various risks of loss related to work injuries of its employees. The Workers' Compensation Fund, an internal service fund, services workers' compensation claims. The liability for unpaid claims is estimated based on the average cost per claim-type determined from historical experience. Changes in the balances for estimated claims liabilities in fiscal years 1996 and 1997 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 96	\$20,860	\$ 7,473	\$ 9,681	\$18,652
FY 97	18,652	7,073	9,382	16,343

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 1996 and 1997 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 96	\$ 785	\$ 292	\$ 320	\$ 757
FY 97	757	188	289	656

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 1996 and 1997 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 96	\$ 350	\$ 60	\$ 115	\$ 295
FY 97	295	539	179	655

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 services claims for damages sustained. The liability for unpaid claims is estimated based on historical

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

experience and analysis. Changes in the balances for estimated claims liabilities in fiscal years 1996 and 1997 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 96	\$1,595	\$ 458	\$ 55	\$1,998
FY 97	1,998	127	210	1,915

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 1996 and 1997 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 96	\$ 14,438	\$ 708	\$3,646	\$ 11,500
FY 97	11,500	2,398	2,398	11,500

The Universities retain risk liability for medical faculty malpractice; medical, dental, unemployment, and workers' compensation coverage for some employees; and various property damage not covered as described above. The estimates of claim liabilities for faculty medical malpractice, and employee medical, dental, unemployment, and workers' compensation are based on actuarial analysis. The estimates of the claim liability for various property damage is based on historical analysis. Changes in the balances for estimated claims liabilities for fiscal years 1996 and 1977 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 96	\$ 13,980	\$ 46,045	\$ 44,444	\$ 15,581
FY 97	15,581	54,180	51,782	17,979

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

*The Department of Transportation* has contractual obligations (State share of unearned balances on construction contracts) of \$164.1 million at June 30, 1997.

*The University of Iowa* has outstanding construction contract commitments of \$36.9 million at June 30, 1997.

*The University of Northern Iowa* has outstanding construction contract commitments of \$14.1 million at June 30, 1997.

*The Iowa Finance Authority* has signed loan agreements with municipalities totaling \$198.1 million of which \$144.5 million has been disbursed as of June 30, 1997. As of June 30, 1997, the Authority has commitments to various housing assistance projects totaling approximately \$4.0 million.

*The Iowa Underground Storage Tank Financial Responsibility Program* provides payment for remediation claims of contamination of ground water sites due to leakage, spill or release of petroleum products by owner/operators. Potential claims for clean-up charges are estimated to total \$121.3 million. The payment of claims is limited to funds made available by charges to owner/operators and from the collections of environmental protection charges, underground storage tank fees, recoveries, Federal assistance and earnings.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 27 – RELATED ORGANIZATIONS

#### Universities

Iowa State University, the University of Iowa and the University of Northern Iowa have related organizations whose purpose is to receive donations and other funds for student grants and scholarships, support of intercollegiate athletics, and educational and general institution support. Detailed financial data is available in the related organizations' financial statements, available from the Universities. The following summarized financial data is for the year ended June 30, 1997 (expressed in thousands):

	Iowa State University June 30, 1997	University of Iowa June 30, 1997	University of Northern Iowa June 30, 1997
Total Assets	\$ 219,807	\$ 469,585	\$ 48,586
Total Liabilities	20,492	412,350	2,417
Total Equity	199,315	57,235	46,169
Due From The Universities	25	-	-
Due To The Universities	115	12,648	17
Total Revenues	73,011	23,686	14,796
Total Expenditures	15,372	11,305	5,149
Revenues From The Universities	1,391	2,231	-
Revenues To The Universities	12,905	15,340	1,736

The Miller Endowment Incorporated was established December 18, 1995, pursuant to the Will and Codicil of F. Wendell Miller, which was entered into probate on April 4, 1995. The Will and Codicil appointed the presidents of Iowa State University and the State University of Iowa as co-executors of the Miller Estate and co-trustees of the Miller Endowment Trust, a charitable trust, and further directed the trustees to have the right and discretion to create a charitable corporation, to be known as "Miller Endowment Incorporated," to own, administer and control the affairs and property of the trust.

As of June 30, 1997, the estate is still formally in probate. As a result, the assets of the trust or corporation are not incorporated into either University's financial statements. The estimated value of these assets, at June 30, 1997, was approximately \$31 million with a book value of approximately \$29 million.

At the direction of the Court, the trustees made a distribution, in fiscal 1997, of \$722,126 to each of the Universities for purposes defined in the Will and Codicil.

### NOTE 28 - SUBSEQUENT EVENTS

The University of Northern Iowa issued \$9,150,000 in Field House Revenue Bonds, Series 1997 on July 1, 1997. The bonds proceeds with other internal funds will be used to replace the air-supported fabric roof of the UNI-Dome with a permanent metal roof and for other improvements to the UNI-Dome. The internal funds include \$1,170,157 carried forward after calling Field House Revenue Bonds Series 1974 on July 1<sup>st</sup>, and \$1,871,540 in insurance proceeds received in February 1997. The new bonds bear interest from 3.9 percent to 5.15 percent and mature on July 1 of each year from, 1998 through 2022. The 1974 Field House Refund Bonds with maturities of July 1, 1998 and thereafter, were called on July 1, 1997 for par of \$1,160,00 plus a call premium of 3 percent.

Subsequent to June 30, 1997, the Iowa State Board of Regents authorized for Iowa State University the sale of Telecommunications Facilities Revenue Bonds Series ISU 1997 for \$7,615,000 to be issued August 1, 1997. These bonds will bear interest at varying rates between 3.6% and 4.4% and will mature in varying amounts from July 1, 1998 through July 1, 2007. The proceeds from the sale of these bonds are to be used to enhance and expand the telecommunication infrastructure located on the campus of Iowa State University. Since the bond proceeds will equal or exceed the bond liability, both to be included in the Plant Fund, this event will have no initial financial effect.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

On July 1, 1997, the Iowa Finance Authority redeemed prior to maturity \$840,000 of the Single Family Mortgage Bonds, 1991 Series A, B, A-1, and B-1; \$1,175,000 of the Single Family Mortgage Bonds, 1992 Series A, B, and C; \$1,400,000 of the Single Family Mortgage Refunding Bonds, 1992 Series F; and \$635,000 of the Single Family Mortgage Bonds, 1995 Series C, D, and E.

On August 21, 1997, the Iowa Finance Authority issued \$49,220,000 of its Single Family Mortgage Bonds, 1997 Series F, G, and II (Mortgage-Backed Securities Program). The Single Family Mortgage Bonds, 1997 Series D and E, were refunded with this issuance and are scheduled for redemption on October 15, 1997.

On September 1, 1997, the Iowa Finance Authority redeemed prior to maturity \$1,441,003 of the Single Family Housing Bonds, 1984 Issue A.

On October 1, 1997, the Iowa Finance Authority redeemed prior to maturity \$280,000 of the Single Family Housing Bonds, 1985 Issue A.

Effective July 1, 1997 the responsibility for providing state communications services including, voice, data and telephone and telegraph services was added to the Iowa Communications Network (ICN) and removed from the Department of General Services. As a result, the Communications portion of General Services (Agency 337 Fund 656) will be merged with the Iowa Communications Network (Agency 336 Fund 645) effective July 1, 1997. ICN assets and liabilities will increase by approximately \$4 million and revenues will increase by approximately \$5.7 million dollars in fiscal year 1998 due to the merger of ICN and the Communications Division of Department of General Services.

The Underground Storage Tank Financial Responsibility Program issued \$42,610,000 of Revenue Refunding Bonds in July 1997. These bonds will bear interest at varying rates between 3.75% and 5% and will mature in varying amounts from July 1, 1998 through July 1, 2011. The proceeds from the sale of these bonds will be used to refund 1990 and 1992 Series A bonds outstanding.

Section 422 of the Higher Education Act of 1965 as amended provides for the recall of reserve funds held by guaranty agencies based on a formula of reserve funds held by guaranty agencies as of September 30, 1996. The Iowa College Aid Commission will be required starting with the Federal fiscal year 1998 to set aside approximately \$6 million per year through 2002 that will be returned to the United States Treasury at that time.

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.

# Combining Financial Statements

# COMBINING FINANCIAL STATEMENTS

## Special Revenue Funds

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

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

Scholarship and Tuition Grant Reserve Fund receives surplus monies for scholarships and grants at the end of each fiscal year to be used as a reserve for over expenditures in the scholarship and grant accounts.

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

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

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

# STATE OF IOWA

## Combining Balance Sheet Special Revenue Funds

June 30, 1997  
(Expressed in Thousands)

	IOWA PUBLIC TELEVISION FOUNDATION	SCHOLARSHIP & TUITION GRANT RESERVE	MOUNT PLEASANT CORRECTIONAL FACILITY TELEPHONE REBATE	NORTH CENTRAL CORRECTIONAL FACILITY TELEPHONE REBATE	OTHER	TOTAL
<b>ASSETS</b>						
Cash & Investments	\$ 1,967	\$ 123	\$ 176	\$ 179	\$ 616	\$ 3,061
Accounts Receivable	1	-	60	28	277	366
Due From Other Funds	<u>1</u>	<u>78</u>	<u>-</u>	<u>-</u>	<u>38</u>	<u>117</u>
<b>TOTAL ASSETS</b>	<b><u>\$1,969</u></b>	<b><u>\$ 201</u></b>	<b><u>\$ 236</u></b>	<b><u>\$ 207</u></b>	<b><u>\$ 931</u></b>	<b><u>\$ 3,544</u></b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	\$ 5	\$ -	\$ -	\$ 1	\$ 74	\$ 80
Due To Other Funds	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>166</u>	<u>170</u>
<b>TOTAL LIABILITIES</b>	<b><u>5</u></b>	<b><u>-</u></b>	<b><u>2</u></b>	<b><u>3</u></b>	<b><u>240</u></b>	<b><u>250</u></b>
<b>FUND BALANCE</b>						
Unreserved Fund Equity	<u>1,964</u>	<u>201</u>	<u>234</u>	<u>204</u>	<u>691</u>	<u>3,294</u>
<b>TOTAL FUND BALANCE</b>	<b><u>1,964</u></b>	<b><u>201</u></b>	<b><u>234</u></b>	<b><u>204</u></b>	<b><u>691</u></b>	<b><u>3,294</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$1,969</u></b>	<b><u>\$ 201</u></b>	<b><u>\$ 236</u></b>	<b><u>\$ 207</u></b>	<b><u>\$ 931</u></b>	<b><u>\$ 3,544</u></b>

**STATE OF IOWA**

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

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	<b>IOWA PUBLIC TELEVISION FOUNDATION</b>	<b>SCHOLARSHIP &amp; TUITION GRANT RESERVE</b>	<b>MOUNT PLEASANT CORRECTIONAL FACILITY TELEPHONE REBATE</b>	<b>NORTH CENTRAL CORRECTIONAL FACILITY TELEPHONE REBATE</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>REVENUES:</b>						
Receipts From Other Entities	\$ -	\$ -	\$ -	\$ -	\$ 106	\$ 106
Investment Income	182	-	-	-	11	193
Fees, Licenses & Permits	-	-	-	-	4	4
Refunds & Reimbursements	-	-	239	147	1,080	1,466
Sales, Rents & Services	-	-	-	-	30	30
Miscellaneous	<u>143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104</u>	<u>247</u>
<b>TOTAL REVENUES</b>	<b><u>325</u></b>	<b><u>-</u></b>	<b><u>239</u></b>	<b><u>147</u></b>	<b><u>1,335</u></b>	<b><u>2,046</u></b>
<b>EXPENDITURES:</b>						
Current:						
Education	15	-	-	-	231	246
Law, Justice, & Public Safety	-	-	88	53	1,318	1,459
Regulation of Business	-	-	-	-	78	78
Agriculture, Natural Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47</u>	<u>47</u>
<b>TOTAL EXPENDITURES</b>	<b><u>15</u></b>	<b><u>-</u></b>	<b><u>88</u></b>	<b><u>53</u></b>	<b><u>1,674</u></b>	<b><u>1,830</u></b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>310</u></b>	<b><u>-</u></b>	<b><u>151</u></b>	<b><u>94</u></b>	<b><u>(339)</u></b>	<b><u>216</u></b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfers:						
Transfers In	8	77	-	-	459	544
Transfers Out	<u>-</u>	<u>(205)</u>	<u>-</u>	<u>-</u>	<u>(64)</u>	<u>(269)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>8</u></b>	<b><u>(128)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>395</u></b>	<b><u>275</u></b>
<b>EXCESS OF REVENUES &amp; OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>318</b>	<b>(128)</b>	<b>151</b>	<b>94</b>	<b>56</b>	<b>491</b>
<b>FUND BALANCE JULY 1</b>	<b><u>1,646</u></b>	<b><u>329</u></b>	<b><u>83</u></b>	<b><u>110</u></b>	<b><u>635</u></b>	<b><u>2,803</u></b>
<b>FUND BALANCE JUNE 30</b>	<b><u>\$ 1,964</u></b>	<b><u>\$ 201</u></b>	<b><u>\$ 234</u></b>	<b><u>\$ 204</u></b>	<b><u>\$ 691</u></b>	<b><u>\$ 3,294</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, 1997  
(Expressed in Thousands)

	PRIMARY ROAD FUND			GUARANTEED STUDENT LOAN ADMINISTRATION		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>APPROPRIATED REVENUE:</b>						
Transfers	\$ 383,642	\$ 405,719	\$ 22,077	\$ 20,000	\$ 5	\$(19,995)
<b>TOTAL APPROPRIATED REVENUE</b>	<b><u>383,642</u></b>	<b><u>405,719</u></b>	<b><u>22,077</u></b>	<b><u>20,000</u></b>	<b><u>5</u></b>	<b><u>(19,995)</u></b>
<b>RECEIPTS CREDITED TO APPROPRIATIONS:</b>						
Sales Tax	5	7	2	-	-	-
Use Tax	-	-	-	-	-	-
Individual Income Tax Quarterly	-	-	-	-	-	-
Other Taxes	-	-	-	-	-	-
Federal Support	162,882	175,460	12,578	25,700	28,965	3,265
Local Governments	2,600	1,846	(754)	-	-	-
Other States	2,925	3,265	340	-	-	-
Reimbursements From Other Agencies	161	119	(42)	-	-	-
Interest	20	1	(19)	2,079	2,746	667
Bonds & Loans	5	6	1	-	-	-
Fees, Licenses, & Permits	860	1,079	219	700	754	54
Refunds & Reimbursements	4,075	4,629	554	13	11	(2)
Sale of Real Estate	1,710	2,597	887	-	-	-
Sale of Equipment & Salvage	-	-	-	-	-	-
Rents & Leases	16	24	8	-	-	-
Agricultural Sales	-	-	-	-	-	-
Other Sales & Services	-	-	-	-	-	-
Unearned Receipts	-	-	-	-	-	-
Income Tax Checkoffs	-	-	-	-	-	-
Other	4,350	1,669	(2,681)	-	-	-
<b>TOTAL APPROPRIATED RECEIPTS</b>	<b><u>179,609</u></b>	<b><u>190,702</u></b>	<b><u>11,093</u></b>	<b><u>28,492</u></b>	<b><u>32,476</u></b>	<b><u>3,984</u></b>
<b>TOTAL REVENUES AVAILABLE</b>	<b><u>563,251</u></b>	<b><u>596,421</u></b>	<b><u>33,170</u></b>	<b><u>48,492</u></b>	<b><u>32,481</u></b>	<b><u>(16,011)</u></b>
<b>EXPENDITURES:</b>						
Administration	-	-	-	-	-	-
Agriculture & Natural Resources	-	-	-	-	-	-
Education	-	-	-	38,969	40,463	(1,494)
Regulation	-	-	-	-	-	-
Transportation & Public Safety	340,883	410,636	(69,753)	-	-	-
<b>TOTAL EXPENDITURES</b>	<b><u>340,883</u></b>	<b><u>410,636</u></b>	<b><u>(69,753)</u></b>	<b><u>38,969</u></b>	<b><u>40,463</u></b>	<b><u>(1,494)</u></b>
TRANSFERS	199,341	196,281	3,060	24	-	24
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b><u>540,224</u></b>	<b><u>606,917</u></b>	<b><u>(66,693)</u></b>	<b><u>38,993</u></b>	<b><u>40,463</u></b>	<b><u>(1,470)</u></b>
<b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES &amp; OTHER ITEMS</b>	<b>23,027</b>	<b>(10,496)</b>	<b>(33,523)</b>	<b>9,499</b>	<b>(7,982)</b>	<b>(17,481)</b>
<b>FUND BALANCE JULY 1 (BUDGETARY)</b>	<b><u>76,835</u></b>	<b><u>76,835</u></b>	<b><u>-</u></b>	<b><u>26,058</u></b>	<b><u>26,058</u></b>	<b><u>-</u></b>
<b>FUND BALANCE JUNE 30 (BUDGETARY)</b>	<b><u>\$ 99,862</u></b>	<b><u>\$ 66,339</u></b>	<b><u>\$ (33,523)</u></b>	<b><u>\$ 35,557</u></b>	<b><u>\$ 18,076</u></b>	<b><u>\$ (17,481)</u></b>

# STATE OF IOWA

UNDERGROUND STORAGE TANK UNASSIGNED REVENUE			RESOURCE ENHANCEMENT AND PROTECTION FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 7,000	\$ 32,749	\$ 25,749	\$ 9,010	\$ 9,047	\$ 37
<u>7,000</u>	<u>32,749</u>	<u>25,749</u>	<u>9,010</u>	<u>9,047</u>	<u>37</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,864	618	(1,246)
-	-	-	-	-	-
-	-	-	800	887	87
3,000	4,399	1,399	500	588	88
-	-	-	-	-	-
100	19	(81)	-	-	-
-	-	-	2,792	1,808	(984)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4	4	-	-	-	-
<u>3,104</u>	<u>4,422</u>	<u>1,318</u>	<u>5,956</u>	<u>3,901</u>	<u>(2,055)</u>
<u>10,104</u>	<u>37,171</u>	<u>27,067</u>	<u>14,966</u>	<u>12,948</u>	<u>(2,018)</u>
2,348	2,049	299	-	-	-
-	-	-	20,667	12,686	7,981
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,348</u>	<u>2,049</u>	<u>299</u>	<u>20,667</u>	<u>12,686</u>	<u>7,981</u>
75	75	-	3,333	895	2,438
<u>2,423</u>	<u>2,124</u>	<u>299</u>	<u>24,000</u>	<u>13,581</u>	<u>10,419</u>
7,681	35,047	27,366	(9,034)	(633)	8,401
<u>52,229</u>	<u>52,229</u>	<u>-</u>	<u>9,034</u>	<u>9,034</u>	<u>-</u>
<u>\$ 59,910</u>	<u>\$ 87,276</u>	<u>\$ 27,366</u>	<u>\$ -</u>	<u>\$ 8,401</u>	<u>\$ 8,401</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, 1997  
(Expressed in Thousands)  
(Continued)

	OTHER			TOTAL		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>APPROPRIATED REVENUE:</b>						
Transfers	\$ 3,421	\$ 3,758	\$ 337	\$ 423,073	\$ 451,278	\$ 28,205
<b>TOTAL APPROPRIATED REVENUE</b>	<b>3,421</b>	<b>3,758</b>	<b>337</b>	<b>423,073</b>	<b>451,278</b>	<b>28,205</b>
<b>RECEIPTS CREDITED TO APPROPRIATIONS:</b>						
Sales Tax	-	-	-	5	7	2
Use Tax	1,047	1,043	(4)	1,047	1,043	(4)
Individual Income Tax Quarterly	3,152	2,619	(533)	3,152	2,619	(533)
Other Taxes	6,823	7,166	343	6,823	7,166	343
Federal Support	6,795	5,903	(892)	197,241	210,946	13,705
Local Governments	-	-	-	2,600	1,846	(754)
Other States	-	-	-	2,925	3,265	340
Reimbursements From Other Agencies	-	-	-	961	1,006	45
Interest	322	508	186	5,921	8,242	2,321
Bonds & Loans	-	-	-	5	6	1
Fees, Licenses, & Permits	17,150	18,203	1,053	18,810	20,055	1,245
Refunds & Reimbursements	153	47	(106)	7,033	6,495	(538)
Sale of Real Estate	-	-	-	1,710	2,597	887
Sale of Equipment & Salvage	50	31	(19)	50	31	(19)
Rents & Leases	5	12	7	21	36	15
Agricultural Sales	60	12	(48)	60	12	(48)
Other Sales & Services	830	857	27	830	857	27
Unearned Receipts	292	217	(75)	292	217	(75)
Income Tax Checkoffs	170	137	(33)	170	137	(33)
Other	335	649	314	4,689	2,322	(2,367)
<b>TOTAL APPROPRIATED RECEIPTS</b>	<b>37,184</b>	<b>37,404</b>	<b>220</b>	<b>254,345</b>	<b>268,905</b>	<b>14,560</b>
<b>TOTAL REVENUES AVAILABLE</b>	<b>40,605</b>	<b>41,162</b>	<b>557</b>	<b>677,418</b>	<b>720,183</b>	<b>42,765</b>
<b>EXPENDITURES:</b>						
Administration	-	-	-	2,348	2,049	299
Agriculture & Natural Resources	-	-	-	20,667	12,686	7,981
Education	-	-	-	38,969	40,463	(1,494)
Regulation	6,630	6,456	174	6,630	6,456	174
Transportation & Public Safety	-	-	-	340,883	410,636	(69,753)
<b>TOTAL EXPENDITURES</b>	<b>6,630</b>	<b>6,456</b>	<b>174</b>	<b>409,497</b>	<b>472,290</b>	<b>(62,793)</b>
TRANSFERS	37,188	35,011	2,177	239,961	232,262	7,699
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>43,818</b>	<b>41,467</b>	<b>2,351</b>	<b>649,458</b>	<b>704,552</b>	<b>(55,094)</b>
<b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES &amp; OTHER ITEMS</b>	<b>(3,213)</b>	<b>(305)</b>	<b>2,908</b>	<b>27,960</b>	<b>15,631</b>	<b>(12,329)</b>
<b>FUND BALANCE JULY 1 (BUDGETARY)</b>	<b>6,895</b>	<b>6,895</b>	<b>-</b>	<b>171,051</b>	<b>171,051</b>	<b>-</b>
<b>FUND BALANCE JUNE 30 (BUDGETARY)</b>	<b>\$ 3,682</b>	<b>\$ 6,590</b>	<b>\$ 2,908</b>	<b>\$ 199,011</b>	<b>\$ 186,682</b>	<b>\$ (12,329)</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.

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

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

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

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

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, 1997  
(Expressed in Thousands)

	<b>RESOURCES ENHANCEMENT &amp; PROTECTION</b>	<b>RECREATIONAL TRAILS DEVELOPMENT</b>	<b>IOWA INFRA- STRUCTURE</b>	<b>CORRECTIONS CAPITALS</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Cash & Investments	\$ 9,080	\$ 3,081	\$ 110,452	\$ -	\$ 976	\$ 123,589
Deposits With Trustee	-	-	-	23,064	-	23,064
Accounts Receivable	213	-	5,761	-	163	6,137
Interest Receivable	-	-	-	69	-	69
Due From Other Funds	1,267	-	5,791	-	1,758	8,816
Prepaid Expenditures	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 10,560</u></b>	<b><u>\$ 3,081</u></b>	<b><u>\$ 122,006</u></b>	<b><u>\$ 23,133</u></b>	<b><u>\$ 2,897</u></b>	<b><u>\$ 161,677</u></b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	\$ 1,491	\$ 11	\$ 3,876	\$ 4,971	\$ 556	\$ 10,905
Due To Other Funds	<u>419</u>	<u>-</u>	<u>598</u>	<u>-</u>	<u>146</u>	<u>1,163</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,910</u></b>	<b><u>11</u></b>	<b><u>4,474</u></b>	<b><u>4,971</u></b>	<b><u>702</u></b>	<b><u>12,068</u></b>
<b>FUND BALANCE</b>						
Reserve For:						
Encumbrances & Contracts	-	-	83,024	-	-	83,024
Prepaid Expenditures	-	-	2	-	-	2
Specific Purposes	-	-	-	18,162	24	18,186
Unreserved Fund Equity	<u>8,650</u>	<u>3,070</u>	<u>34,506</u>	<u>-</u>	<u>2,171</u>	<u>48,397</u>
<b>TOTAL FUND BALANCE</b>	<b><u>8,650</u></b>	<b><u>3,070</u></b>	<b><u>117,532</u></b>	<b><u>18,162</u></b>	<b><u>2,195</u></b>	<b><u>149,609</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 10,560</u></b>	<b><u>\$ 3,081</u></b>	<b><u>\$ 122,006</u></b>	<b><u>\$ 23,133</u></b>	<b><u>\$ 2,897</u></b>	<b><u>\$ 161,677</u></b>

## STATE OF IOWA

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

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	RESOURCES ENHANCEMENT & PROTECTION	RECREATIONAL TRAILS DEVELOPMENT	IOWA INFRA- STRUCTURE	CORRECTIONS CAPITALS	OTHER	TOTAL
<b>REVENUES:</b>						
Taxes	\$ -	\$ -	\$ 67,332	\$ -	\$ -	\$ 67,332
Receipts From Other						
Entities	619	-	1,260	-	820	2,699
Investment Income	602	-	29,472	3,346	2	33,422
Fees, Licenses & Permits	-	-	2,234	-	-	2,234
Refunds & Reimbursements	356	-	-	-	1	357
Miscellaneous	-	-	-	-	152	152
<b>TOTAL REVENUES</b>	<b><u>1,577</u></b>	<b><u>-</u></b>	<b><u>100,298</u></b>	<b><u>3,346</u></b>	<b><u>975</u></b>	<b><u>106,196</u></b>
<b>EXPENDITURES:</b>						
Current:						
General Government	-	-	19,600	-	-	19,600
Law, Justice & Public Safety	-	-	3,059	7,325	41	10,425
Economic/Manpower Development	-	-	250	-	-	250
Agriculture & Natural Resources	3,803	-	-	-	1,612	5,415
Capital Outlay:						
General Government	-	-	10,669	-	143	10,812
Transportation	-	335	-	-	12	347
Law, Justice & Public Safety	-	-	769	42,039	659	43,467
Agriculture & Natural Resources	5,560	-	6,749	-	5,338	17,647
<b>TOTAL EXPENDITURES</b>	<b><u>9,363</u></b>	<b><u>335</u></b>	<b><u>41,096</u></b>	<b><u>49,364</u></b>	<b><u>7,805</u></b>	<b><u>107,963</u></b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>(7,786)</u></b>	<b><u>(335)</u></b>	<b><u>59,202</u></b>	<b><u>(46,018)</u></b>	<b><u>(6,830)</u></b>	<b><u>(1,767)</u></b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfers:						
Transfers In	11,544	1,000	394	5,562	8,305	26,805
Transfers Out	(4,218)	-	(22,614)	(79)	(152)	(27,063)
Transfers to Universities	-	-	(8,029)	-	-	(8,029)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>7,326</u></b>	<b><u>1,000</u></b>	<b><u>(30,249)</u></b>	<b><u>5,483</u></b>	<b><u>8,153</u></b>	<b><u>(8,287)</u></b>
<b>EXCESS OF REVENUES &amp; OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(460)</b>	<b>665</b>	<b>28,953</b>	<b>(40,535)</b>	<b>1,323</b>	<b>(10,054)</b>
<b>FUND BALANCE JULY 1</b>	<b><u>9,110</u></b>	<b><u>2,405</u></b>	<b><u>88,579</u></b>	<b><u>58,697</u></b>	<b><u>872</u></b>	<b><u>159,663</u></b>
<b>FUND BALANCE JUNE 30</b>	<b><u>\$ 8,650</u></b>	<b><u>\$ 3,070</u></b>	<b><u>\$ 117,532</u></b>	<b><u>\$ 18,162</u></b>	<b><u>\$ 2,195</u></b>	<b><u>\$ 149,609</u></b>

# 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.

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

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

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.

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

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, 1997  
(Expressed in Thousands)

	UNDERGROUND STORAGE TANK INSURANCE	IOWA STATE PRISON INDUSTRIES	IOWA LOTTERY	IOWA COM- MUNICATIONS NETWORK	OTHER	TOTAL
<b>ASSETS</b>						
Cash & Investments	\$ 23,245	\$ 3,529	\$ 8,726	\$ 8,805	\$ 8,272	\$ 52,577
Deposits With Trustees	-	-	-	19,849	-	19,849
Accounts Receivable	369	1,878	1,687	1,534	1,134	6,602
Interest Receivable	-	-	45	358	-	403
Due From Other Funds	-	-	-	1,519	1,684	3,203
Fixed Assets (Net)	-	3,656	1,372	89,479	1,939	96,446
Inventory	-	3,518	1,544	1,748	1,723	8,533
Prepaid Expense	-	202	971	950	71	2,194
Other Assets	-	-	-	1,966	-	1,966
Investment In Prize Annuity	-	-	76,301	-	-	76,301
Prize Deposit	-	-	5,251	-	-	5,251
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<b><u>\$ 23,614</u></b>	<b><u>\$ 12,783</u></b>	<b><u>\$ 95,897</u></b>	<b><u>\$ 126,208</u></b>	<b><u>\$ 14,823</u></b>	<b><u>\$ 273,325</u></b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	\$ 1,937	\$ 649	\$ 1,931	\$ 5,735	\$ 7,856	\$ 18,108
Due To Other Funds	167	-	4,660	192	144	5,163
Interest Payable	-	-	-	3,029	-	3,029
Deferred Revenue	1,001	4	183	-	50	1,238
Compensated Absences	-	323	437	127	28	915
Other Financing						
Arrangements Payable	-	-	-	100,418	-	100,418
Annuities Payable	-	-	76,432	-	-	76,432
Lottery Prizes Payable	-	-	8,897	-	-	8,897
Funds Held In Custody	-	-	-	15	-	15
Lease Obligation From Discontinued Operations	-	-	-	-	398	398
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>	<b><u>3,105</u></b>	<b><u>976</u></b>	<b><u>92,540</u></b>	<b><u>109,516</u></b>	<b><u>8,476</u></b>	<b><u>214,613</u></b>
<b>FUND EQUITY</b>						
Contributed Capital:						
Intergovernmental	-	-	-	37,751	-	37,751
Retained Earnings	20,509	11,807	3,357	(21,059)	6,347	20,961
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL FUND EQUITY</b>	<b><u>20,509</u></b>	<b><u>11,807</u></b>	<b><u>3,357</u></b>	<b><u>16,692</u></b>	<b><u>6,347</u></b>	<b><u>58,712</u></b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b><u>\$ 23,614</u></b>	<b><u>\$ 12,783</u></b>	<b><u>\$ 95,897</u></b>	<b><u>\$ 126,208</u></b>	<b><u>\$ 14,823</u></b>	<b><u>\$ 273,325</u></b>



## STATE OF IOWA

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

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	UNDERGROUND STORAGE TANK INSURANCE	IOWA STATE PRISON INDUSTRIES	IOWA LOTTERY	IOWA COM- MUNICATIONS NETWORK	OTHER	TOTAL
<b>OPERATING REVENUES:</b>						
Fees, Licenses & Permits	\$ -	\$ -	\$ 22	\$ -	\$ 9,071	\$ 9,093
Refunds & Reimbursements	-	-	-	-	116	116
Sales, Rents & Services	2,970	10,401	165,386	21,724	89,095	289,576
Miscellaneous	<u>1</u>	-	<u>28</u>	-	<u>832</u>	<u>861</u>
<b>TOTAL OPERATING REVENUES</b>	<b><u>2,971</u></b>	<b><u>10,401</u></b>	<b><u>165,436</u></b>	<b><u>21,724</u></b>	<b><u>99,114</u></b>	<b><u>299,646</u></b>
<b>OPERATING EXPENSES:</b>						
General & Administrative	-	10,079	324	10,805	43	21,251
Depreciation	-	396	458	11,521	355	12,730
Direct Expense	-	-	-	23,752	-	23,752
Prize Expense	-	-	96,897	-	-	96,897
Personal Services	-	-	4,778	-	726	5,504
Travel & Subsistence	-	-	284	-	99	383
Supplies & Materials	-	-	5,294	-	209	5,503
Contractual Services	394	-	13,006	-	2,209	15,609
Equipment & Repairs	-	-	206	-	65	271
Claims & Miscellaneous	-	-	9,887	-	57,426	67,313
Licenses, Permits & Refunds	39	-	-	-	674	713
State Aids & Credits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,092</u>	<u>3,092</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>433</u></b>	<b><u>10,475</u></b>	<b><u>131,134</u></b>	<b><u>46,078</u></b>	<b><u>64,898</u></b>	<b><u>253,018</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>2,538</u></b>	<b><u>(74)</u></b>	<b><u>34,302</u></b>	<b><u>(24,354)</u></b>	<b><u>34,216</u></b>	<b><u>46,628</u></b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Taxes	-	-	-	-	3,999	3,999
Intragovernmental Income	-	-	-	22,757	-	22,757
Federal Support	-	-	-	2,935	-	2,935
Investment Income	1,312	261	866	974	-	3,413
Interest Expense	-	-	-	(6,140)	-	(6,140)
Payments To Subrecipients	-	-	-	(2,935)	-	(2,935)
Miscellaneous Nonoperating Expense	-	-	-	(218)	-	(218)
Gain On Sale Of Fixed Assets	-	25	-	-	12	37
Loss On Sale Of Fixed Assets	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b><u>1,312</u></b>	<b><u>281</u></b>	<b><u>866</u></b>	<b><u>17,373</u></b>	<b><u>4,011</u></b>	<b><u>23,843</u></b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b><u>3,850</u></b>	<b><u>207</u></b>	<b><u>35,168</u></b>	<b><u>(6,981)</u></b>	<b><u>38,227</u></b>	<b><u>70,471</u></b>
<b>OPERATING TRANSFERS:</b>						
Transfers In	-	-	-	-	2,224	2,224
Transfers Out	<u>-</u>	<u>-</u>	<u>(35,013)</u>	<u>-</u>	<u>(38,111)</u>	<u>(73,124)</u>
<b>TOTAL OPERATING TRANSFERS</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(35,013)</u></b>	<b><u>-</u></b>	<b><u>(35,887)</u></b>	<b><u>(70,900)</u></b>
<b>NET INCOME (LOSS)</b>	<b>3,850</b>	<b>207</b>	<b>155</b>	<b>(6,981)</b>	<b>2,340</b>	<b>(429)</b>
Add Back Depreciation On Assets Acquired With Contributed Capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,109</u>	<u>-</u>	<u>2,109</u>
<b>INCREASE (DECREASE) IN RETAINED EARNINGS</b>	<b>3,850</b>	<b>207</b>	<b>155</b>	<b>(4,872)</b>	<b>2,340</b>	<b>1,680</b>
<b>RETAINED EARNINGS JULY 1</b>	<b><u>16,659</u></b>	<b><u>11,600</u></b>	<b><u>3,202</u></b>	<b><u>(16,187)</u></b>	<b><u>4,007</u></b>	<b><u>19,281</u></b>
<b>RETAINED EARNINGS JUNE 30</b>	<b><u>\$ 20,509</u></b>	<b><u>\$ 11,807</u></b>	<b><u>\$ 3,357</u></b>	<b><u>\$ (21,059)</u></b>	<b><u>\$ 6,347</u></b>	<b><u>\$ 20,961</u></b>

# STATE OF IOWA

## Combining Statement of Cash Flows Enterprise Funds

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	UNDERGROUND STORAGE TANK INSURANCE	IOWA STATE PRISON INDUSTRIES	IOWA LOTTERY	IOWA COMMUNI- CATIONS NETWORK	OTHER	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash Received From Customers	\$ 2,942	\$ 10,762	\$ 166,379	\$ 26,514	\$ 97,986	\$ 304,583
Cash Received From Quasi-External Transactions	188	-	-	-	16	204
Other Operating Revenues	-	-	50	-	10	60
Cash Payments To Suppliers For Goods & Services	(601)	(10,372)	(28,936)	(38,897)	(60,774)	(139,580)
Cash Payments To Employees For Services	-	(6)	(4,944)	-	(289)	(5,239)
Cash Payments For Quasi-External Transactions	-	-	-	-	(1,417)	(1,417)
Cash Payments For Prizes	-	-	(107,867)	-	-	(107,867)
	<u>2,529</u>	<u>384</u>	<u>24,682</u>	<u>(12,383)</u>	<u>35,532</u>	<u>50,744</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Operating Transfers In From Other Funds	-	-	-	-	540	540
Operating Transfers Out To Other Funds	(16,239)	-	(35,763)	-	(38,094)	(90,096)
Federal Grants Received	-	-	-	2,935	-	2,935
Federal Grants Disbursed To Subrecipients	-	-	-	(2,935)	-	(2,935)
Tax Receipts	-	-	-	-	3,999	3,999
Intragovernmental Income	-	-	-	22,757	-	22,757
	<u>(16,239)</u>	<u>-</u>	<u>(35,763)</u>	<u>22,757</u>	<u>(33,555)</u>	<u>(62,800)</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>						
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition & Construction Of Capital Assets	-	(984)	(521)	(13,021)	(343)	(14,869)
Interest Paid	-	-	-	(6,229)	-	(6,229)
COPs Payments	-	-	-	(7,363)	-	(7,363)
Proceeds From Other Financing Arrangements Payable	-	-	-	999	-	999
Contributed Capital	-	-	-	12,887	-	12,887
Proceeds From Sale Of Capital Assets	-	30	61	-	-	91
	<u>-</u>	<u>(954)</u>	<u>(460)</u>	<u>(12,727)</u>	<u>(343)</u>	<u>(14,484)</u>
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest & Dividends On Investments	1,312	261	855	714	-	3,142
Proceeds From Sale & Maturities Of Investments	-	-	10,212	1,000	-	11,212
Purchase Of Investments	-	-	-	(999)	-	(999)
	<u>1,312</u>	<u>261</u>	<u>11,067</u>	<u>715</u>	<u>-</u>	<u>13,355</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>						

continued on next page

## STATE OF IOWA

(Continued)

	UNDERGROUND STORAGE TANK INSURANCE	IOWA STATE PRISON INDUSTRIES	IOWA LOTTERY	IOWA COMMUNI- CATIONS NETWORK	OTHER	TOTAL
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	(12,398)	(309)	(474)	(1,638)	1,634	(13,185)
<b>CASH &amp; CASH EQUIVALENTS JULY 1</b>	<u>35,643</u>	<u>3,838</u>	<u>9,200</u>	<u>25,839</u>	<u>6,638</u>	<u>81,158</u>
<b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>	23,245	3,529	8,726	24,201	8,272	67,973
<b>INVESTMENTS</b>	-	-	-	4,453	-	4,453
<b>LESS: DEPOSITS WITH TRUSTEE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,849</u>	<u>-</u>	<u>19,849</u>
<b>CASH AND INVESTMENTS PER BALANCE SHEET</b>	<u>\$ 23,245</u>	<u>\$ 3,529</u>	<u>\$ 8,726</u>	<u>\$ 8,805</u>	<u>\$ 8,272</u>	<u>\$ 52,577</u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
<b>Operating Income (Loss)</b>	\$ 2,538	\$ (74)	\$ 34,302	\$ (24,354)	\$ 34,216	\$ 46,628
<b>Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities</b>						
Depreciation	-	396	458	11,521	355	12,730
Compensated Absences	-	(6)	12	34	6	46
Loss On Sale Of Fixed Assets	-	-	231	-	-	231
(Increase) Decrease In Accounts Receivable	152	357	853	7,115	(1,109)	7,368
(Increase) Decrease In Due From Other Funds	-	-	-	(1,519)	-	(1,519)
(Increase) Decrease In Inventory	-	(307)	(135)	3,236	(347)	2,447
(Increase) Decrease In Prepaid Expense	-	82	311	59	10	462
(Increase) Decrease In Other Assets	-	-	(822)	-	-	(822)
Increase (Decrease) In Accounts Payable & Accruals	(168)	(68)	(274)	(7,185)	2,325	(5,370)
Increase (Decrease) In Due To Other Funds	-	-	1	192	69	262
Increase (Decrease) In Deferred Revenue	7	4	(85)	-	7	(67)
Increase (Decrease) in Funds Held in Custody	-	-	-	(1,482)	-	(1,482)
Increase (Decrease) In Prizes Payable	-	-	42	-	-	42
Increase (Decrease) In Prize Annuity	<u>-</u>	<u>-</u>	<u>(10,212)</u>	<u>-</u>	<u>-</u>	<u>(10,212)</u>
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 2,529</u>	<u>\$ 384</u>	<u>\$ 24,682</u>	<u>\$ (12,383)</u>	<u>\$ 35,532</u>	<u>\$ 50,744</u>

# 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.

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

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

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.

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, 1997  
(Expressed in Thousands)

	<b>MATERIALS &amp; EQUIPMENT REVOLVING</b>	<b>CENTRALIZED PURCHASING REVOLVING</b>	<b>HEALTH INSURANCE PREMIUM OPERATING</b>	<b>HEALTH INSURANCE PREMIUM RESERVE</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Cash & Investments	\$ 5,441	\$ -	\$ 8,857	\$ 20,945	\$ 36,270	\$ 71,513
Accounts Receivable	379	191	899	12,660	672	14,801
Interest Receivable	-	-	-	-	15	15
Due From Other Funds/ Advances to Other Funds	1,391	21,125	3,778	205	6,751	33,250
Bond Issuance Cost	-	-	-	-	32	32
Fixed Assets (Net)	72,517	-	-	-	4,133	76,650
Inventory	5,268	124	-	-	4,790	10,182
Prepaid Expense	21	-	-	-	193	214
Other Assets	-	-	-	-	2,728	2,728
<b>TOTAL ASSETS</b>	<b><u>\$ 85,017</u></b>	<b><u>\$ 21,440</u></b>	<b><u>\$ 13,534</u></b>	<b><u>\$ 33,810</u></b>	<b><u>\$ 55,584</u></b>	<b><u>\$ 209,385</u></b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals Due To Other Funds/Advances	\$ 2,376	\$ 20,010	\$ 1	\$ 4	\$ 21,132	\$ 43,523
From Other Funds	144	1,500	-	-	1,924	3,568
Deferred Revenue	-	-	-	-	9,122	9,122
Compensated Absences	280	-	-	-	283	563
Bonds Payable	-	-	-	-	5,205	5,205
<b>TOTAL LIABILITIES</b>	<b><u>2,800</u></b>	<b><u>21,510</u></b>	<b><u>1</u></b>	<b><u>4</u></b>	<b><u>37,666</u></b>	<b><u>61,981</u></b>
<b>FUND EQUITY</b>						
Retained Earnings	<u>82,217</u>	<u>(70)</u>	<u>13,533</u>	<u>33,806</u>	<u>17,918</u>	<u>147,404</u>
<b>TOTAL FUND EQUITY</b>	<b><u>82,217</u></b>	<b><u>(70)</u></b>	<b><u>13,533</u></b>	<b><u>33,806</u></b>	<b><u>17,918</u></b>	<b><u>147,404</u></b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b><u>\$ 85,017</u></b>	<b><u>\$ 21,440</u></b>	<b><u>\$ 13,534</u></b>	<b><u>\$ 33,810</u></b>	<b><u>\$ 55,584</u></b>	<b><u>\$ 209,385</u></b>

## STATE OF IOWA

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

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	MATERIALS & EQUIPMENT REVOLVING	CENTRALIZED PURCHASING REVOLVING	HEALTH INSURANCE PREMIUM OPERATING	HEALTH INSURANCE PREMIUM RESERVE	OTHER	TOTAL
<b>OPERATING REVENUES:</b>						
Receipts From Other Entities	\$ 1,011	\$106,141	\$ -	\$ -	\$ 26,010	\$ 133,162
Fees, Licenses & Permits	-	-	-	-	260	260
Refunds & Reimbursements	36,014	-	99,242	12,571	11,906	159,733
Sales, Rents & Services	-	-	-	-	12,444	12,444
Miscellaneous	<u>3,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,122</u>
<b>TOTAL OPERATING REVENUES</b>	<b><u>40,147</u></b>	<b><u>106,141</u></b>	<b><u>99,242</u></b>	<b><u>12,571</u></b>	<b><u>50,620</u></b>	<b><u>308,721</u></b>
<b>OPERATING EXPENSES:</b>						
Depreciation	11,771	-	-	-	1,740	13,511
Direct Expense	-	-	-	-	5,544	5,544
Personal Services	3,204	-	45	-	3,470	6,719
Travel & Subsistence	5,520	-	-	-	4,978	10,498
Supplies & Materials	15,596	9,383	-	1	7,512	32,492
Contractual Services	4,318	-	-	269	2,817	7,404
Equipment & Repairs	-	342	-	-	8,349	8,691
Claims & Miscellaneous	-	97,049	113,402	-	20,586	231,037
Refunds	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>616</u>	<u>633</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>40,426</u></b>	<b><u>106,774</u></b>	<b><u>113,447</u></b>	<b><u>270</u></b>	<b><u>55,612</u></b>	<b><u>316,529</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>(279)</u></b>	<b><u>(633)</u></b>	<b><u>(14,205)</u></b>	<b><u>12,301</u></b>	<b><u>(4,992)</u></b>	<b><u>(7,808)</u></b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Taxes	25	-	-	-	338	363
Investment Income	-	-	988	1,148	1,321	3,457
Interest Expense	-	-	-	-	(477)	(477)
Federal Payment For Excessive Earnings	-	-	-	-	(708)	(708)
Gain On Sale Of Fixed Assets	-	-	-	-	14	14
Loss On Sale Of Fixed Assets	<u>(366)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(208)</u>	<u>(574)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b><u>(341)</u></b>	<b><u>-</u></b>	<b><u>988</u></b>	<b><u>1,148</u></b>	<b><u>280</u></b>	<b><u>2,075</u></b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b><u>(620)</u></b>	<b><u>(633)</u></b>	<b><u>(13,217)</u></b>	<b><u>13,449</u></b>	<b><u>(4,712)</u></b>	<b><u>(5,733)</u></b>
<b>OPERATING TRANSFERS:</b>						
Transfers In	3,132	-	-	-	7,271	10,403
Transfers Out	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(4,398)</u>	<u>-</u>	<u>(4,399)</u>
<b>TOTAL OPERATING TRANSFERS</b>	<b><u>3,132</u></b>	<b><u>-</u></b>	<b><u>(1)</u></b>	<b><u>(4,398)</u></b>	<b><u>7,271</u></b>	<b><u>6,004</u></b>
<b>NET INCOME (LOSS)</b>	<b>2,512</b>	<b>(633)</b>	<b>(13,218)</b>	<b>9,051</b>	<b>2,559</b>	<b>271</b>
<b>RETAINED EARNINGS JULY 1</b>	<b><u>79,705</u></b>	<b><u>563</u></b>	<b><u>26,751</u></b>	<b><u>24,755</u></b>	<b><u>15,359</u></b>	<b><u>147,133</u></b>
<b>RETAINED EARNINGS JUNE 30</b>	<b><u>\$ 82,217</u></b>	<b><u>\$ (70)</u></b>	<b><u>\$ 13,533</u></b>	<b><u>\$ 33,806</u></b>	<b><u>\$ 17,918</u></b>	<b><u>\$ 147,404</u></b>

# STATE OF IOWA

## Combining Statement of Cash Flows Internal Service Funds

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	MATERIALS & EQUIPMENT REVOLVING	CENTRALIZED PURCHASING REVOLVING	HEALTH INSURANCE PREMIUM OPERATING	HEALTH INSURANCE PREMIUM RESERVE	OTHER	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash Received From Customers	\$ 35,266	\$ -	\$ 37,999	\$ 27	\$ 19,848	\$ 93,140
Cash Received From Quasi-External Transactions	3,798	100,693	60,851	-	27,399	192,741
Cash Received From Miscellaneous	3,121	-	-	-	-	3,121
Cash Payments To Suppliers For Goods & Services	(22,462)	(100,693)	(113,236)	(241)	(39,165)	(275,797)
Cash Payments To Employees For Services	(3,216)	-	(45)	-	(2,620)	(5,881)
Cash Payments For Quasi-External Transactions	(2,501)	-	(12)	(53)	(15,596)	(18,162)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>14,006</u></b>	<b><u>-</u></b>	<b><u>(14,443)</u></b>	<b><u>(267)</u></b>	<b><u>(10,134)</u></b>	<b><u>(10,838)</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Operating Transfers In From Other Funds	3,132	-	-	-	7,271	10,403
Operating Transfers Out To Other Funds	-	-	(1)	(4,398)	-	(4,399)
Principal Paid On Revenue Bonds	-	-	-	-	(1,390)	(1,390)
Interest Paid	-	-	-	-	(485)	(485)
Tax Receipts	24	-	-	-	338	362
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b><u>3,156</u></b>	<b><u>-</u></b>	<b><u>(1)</u></b>	<b><u>(4,398)</u></b>	<b><u>5,734</u></b>	<b><u>4,491</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition & Construction Of Capital Assets	(17,104)	-	-	-	(1,008)	(18,112)
Proceeds From Sale Of Capital Assets	2,036	-	-	-	21	2,057
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>(15,068)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(987)</u></b>	<b><u>(16,055)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest & Dividends On Investments	-	-	988	1,219	1,328	3,535
Proceeds From Sale & Maturities Of Investments	-	-	-	-	9,135	9,135
Purchase Of Investments	-	-	-	-	(9,128)	(9,128)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>988</u></b>	<b><u>1,219</u></b>	<b><u>1,335</u></b>	<b><u>3,542</u></b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>2,094</b>	<b>-</b>	<b>(13,456)</b>	<b>(3,446)</b>	<b>(4,052)</b>	<b>(18,860)</b>
<b>CASH &amp; CASH EQUIVALENTS JULY 1</b>	<b><u>3,347</u></b>	<b><u>-</u></b>	<b><u>22,313</u></b>	<b><u>24,391</u></b>	<b><u>37,196</u></b>	<b><u>87,247</u></b>
<b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>	<b>5,441</b>	<b>-</b>	<b>8,857</b>	<b>20,945</b>	<b>33,144</b>	<b>68,387</b>
<b>INVESTMENTS</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,126</u></b>	<b><u>3,126</u></b>
<b>CASH &amp; INVESTMENTS PER BALANCE SHEET</b>	<b><u>\$ 5,441</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,857</u></b>	<b><u>\$ 20,945</u></b>	<b><u>\$ 36,270</u></b>	<b><u>\$ 71,513</u></b>

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# STATE OF IOWA

(Continued)

	MATERIALS & EQUIPMENT REVOLVING	CENTRALIZED PURCHASING REVOLVING	HEALTH INSURANCE PREMIUM OPERATING	HEALTH INSURANCE PREMIUM RESERVE	OTHER	TOTAL
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
<b>Operating Income (Loss)</b>	\$ (279)	\$ (633)	\$ (14,205)	\$ 12,301	\$ (4,992)	\$ (7,808)
<b>Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities</b>						
Depreciation	11,771	-	-	-	1,740	13,511
Compensated Absences	(12)	-	-	-	5	(7)
(Increase) Decrease In Accounts Receivable	(282)	(58)	(328)	(12,545)	(112)	(13,325)
(Increase) Decrease In Due From Other Funds	2,320	(6,394)	(64)	-	(4,224)	(8,362)
(Increase) Decrease In Inventory	662	248	-	-	1,199	2,109
(Increase) Decrease In Prepaid Expense	(21)	-	1,700	-	182	1,861
(Increase) Decrease In Bond Issue Costs	-	-	-	-	28	28
(Increase) Decrease In Other Assets	-	-	-	-	1,326	1,326
Increase (Decrease) In Accounts Payable & Accruals	(152)	5,717	(1,536)	(23)	(3,513)	493
Increase (Decrease) In Due To Other Funds	(1)	1,120	(10)	-	(711)	398
Increase (Decrease) To Deferred Revenue	-	-	-	-	(1,062)	(1,062)
<b>Net Cash Provided By Operating Activities</b>	<b><u>\$ 14,006</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (14,443)</u></b>	<b><u>\$ (267)</u></b>	<b><u>\$ (10,134)</u></b>	<b><u>\$ (10,838)</u></b>



# 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 from 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 companies, banks, insurance companies, etc. A portion of this money stays in the account to pay claims while the rest is transferred to the general fund.

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

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

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

### *Nonexpendable Trust Funds*

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

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

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

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

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

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

#### *Pension Trust Funds*

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

#### *Agency Funds*

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

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

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

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

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

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

**STATE OF IOWA**

**Combining Balance Sheet  
Trust and Agency Funds**

June 30, 1997  
(Expressed in Thousands)

	<b>EXPENDABLE TRUST</b>	<b>NON- EXPENDABLE TRUST</b>	<b>PENSION TRUST</b>	<b>AGENCY</b>	<b>TOTAL</b>
<b>ASSETS</b>					
Cash & Investments	\$ 727,822	\$ 10,304	\$ 12,721,121	\$ 252,927	\$ 13,712,174
Accounts Receivable (Net)	2,217	-	2,431,064	65,158	2,498,439
Interest Receivable	2	-	40,646	-	40,648
Notes Receivable	25	-	-	-	25
Benefit Overpayment Receivable (Net) Due From Other Funds/Advances To	13,493	-	-	-	13,493
Other Funds	2,157	-	-	49,894	52,051
Fixed Assets (Net)	332	-	688	-	1,020
Inventory	246	-	-	-	246
Prepaid Expenditures/Expenses	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 746,306</u></b>	<b><u>\$ 10,304</u></b>	<b><u>\$ 15,193,519</u></b>	<b><u>\$ 367,979</u></b>	<b><u>\$ 16,318,108</u></b>
<b>LIABILITIES</b>					
Accounts Payable & Accruals Due To Other Funds/Advances From	\$ 10,351	\$ -	\$ 3,433,105	\$ 109,214	\$ 3,552,670
Other Funds	968	39	-	24,838	25,845
Deferred Revenue	917	-	-	-	917
Funds Held In Custody	-	-	-	53,125	53,125
Deferred Compensation Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,802</u>	<u>180,802</u>
<b>TOTAL LIABILITIES</b>	<b><u>12,236</u></b>	<b><u>39</u></b>	<b><u>3,433,105</u></b>	<b><u>367,979</u></b>	<b><u>3,813,359</u></b>
<b>FUND BALANCE</b>					
Reserve for:					
Inventory & Prepaid Expenditures	258	-	-	-	258
Noncurrent Receivables	1,061	-	-	-	1,061
Employees' Pension Benefit	-	-	11,760,414	-	11,760,414
Specific Purposes	1,086	-	-	-	1,086
Unreserved Fund Equity	<u>731,665</u>	<u>10,265</u>	<u>-</u>	<u>-</u>	<u>741,930</u>
<b>TOTAL FUND BALANCE</b>	<b><u>734,070</u></b>	<b><u>10,265</u></b>	<b><u>11,760,414</u></b>	<b><u>-</u></b>	<b><u>12,504,749</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 746,306</u></b>	<b><u>\$ 10,304</u></b>	<b><u>\$ 15,193,519</u></b>	<b><u>\$ 367,979</u></b>	<b><u>\$ 16,318,108</u></b>

**STATE OF IOWA**

**Combining Balance Sheet  
Expendable Trust Funds**

June 30, 1997  
(Expressed in Thousands)

	UNEMPLOYMENT BENEFITS	UNCLAIMED PROPERTY	GRAIN INDEMNITY	IOWA PUBLIC TELEVISION CONTRIBUTIONS	OTHER	TOTAL
<b>ASSETS</b>						
Cash & Investments	\$ 690,651	\$ 11,659	\$ 8,344	\$ 2,766	\$ 14,402	\$ 727,822
Accounts Receivable (Net)	1,865	14	40	38	260	2,217
Interest Receivable	-	-	-	-	2	2
Notes Receivable	-	-	-	-	25	25
Benefit Overpayment Receivable (Net)	13,493	-	-	-	-	13,493
Due From Other Funds/ Advances To Other Funds	1,191	-	90	78	798	2,157
Fixed Assets	-	47	-	-	285	332
Inventory	-	-	-	-	246	246
Prepaid Expenditure	-	5	-	-	7	12
<b>TOTAL ASSETS</b>	<b><u>\$ 707,200</u></b>	<b><u>\$ 11,725</u></b>	<b><u>\$ 8,474</u></b>	<b><u>\$ 2,882</u></b>	<b><u>\$ 16,025</u></b>	<b><u>\$ 746,306</u></b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	\$ 4,626	\$ 4,661	\$ 3	\$ -	\$ 1,061	\$ 10,351
Due To Other Funds	-	519	3	-	446	968
Deferred Revenue	909	-	-	-	8	917
<b>TOTAL LIABILITIES</b>	<b><u>5,535</u></b>	<b><u>5,180</u></b>	<b><u>6</u></b>	<b><u>-</u></b>	<b><u>1,515</u></b>	<b><u>12,236</u></b>
<b>FUND BALANCE</b>						
Reserve For:						
Inventory & Prepaid Expenditure	-	5	-	-	253	258
Noncurrent Receivables	1,061	-	-	-	-	1,061
Specific Purposes	-	-	-	-	1,086	1,086
Unreserved Fund Equity	700,604	6,540	8,468	2,882	13,171	731,665
<b>TOTAL FUND BALANCE</b>	<b><u>701,665</u></b>	<b><u>6,545</u></b>	<b><u>8,468</u></b>	<b><u>2,882</u></b>	<b><u>14,510</u></b>	<b><u>734,070</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 707,200</u></b>	<b><u>\$ 11,725</u></b>	<b><u>\$ 8,474</u></b>	<b><u>\$ 2,882</u></b>	<b><u>\$ 16,025</u></b>	<b><u>\$ 746,306</u></b>

## STATE OF IOWA

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

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	UNEMPLOYMENT BENEFITS	UNCLAIMED PROPERTY	GRAIN INDEMNITY	IOWA PUBLIC TELEVISION CONTRIBUTIONS	OTHER	TOTAL
<b>REVENUES:</b>						
Taxes	\$ 132,415	\$ -	\$ -	\$ -	\$ -	\$ 132,415
Receipts From Other Entities	2,653	-	-	-	1,432	4,085
Investment Income	47,575	687	476	3	768	49,509
Fees, Licenses & Permits	-	-	-	-	466	466
Refunds & Reimbursements	6,120	-	-	-	66	6,186
Sales, Rents & Services	-	-	-	-	4,679	4,679
Miscellaneous	23	4,973	29	-	6,804	11,829
Centralized Payroll	-	-	-	-	5	5
<b>GROSS REVENUES</b>	<b>188,786</b>	<b>5,660</b>	<b>505</b>	<b>3</b>	<b>14,220</b>	<b>209,174</b>
Less Revenue Refunds	<u>320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>330</u>
<b>NET REVENUES</b>	<b><u>188,466</u></b>	<b><u>5,660</u></b>	<b><u>505</u></b>	<b><u>3</u></b>	<b><u>14,210</u></b>	<b><u>208,844</u></b>
<b>EXPENDITURES:</b>						
Current:						
General Government	-	390	-	-	5,498	5,888
Education	-	-	-	-	2,188	2,188
Health & Human Services	-	-	-	-	700	700
Law, Justice & Public Safety	-	-	-	-	3,576	3,576
Economic/Manpower Development	191,691	-	-	-	1,365	193,056
Agriculture & Natural Resources	-	-	-	-	348	348
<b>TOTAL EXPENDITURES</b>	<b><u>191,691</u></b>	<b><u>390</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>13,675</u></b>	<b><u>205,756</u></b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>(3,225)</u></b>	<b><u>5,270</u></b>	<b><u>505</u></b>	<b><u>3</u></b>	<b><u>535</u></b>	<b><u>3,088</u></b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfers:						
Transfers In	1,386	-	-	2,984	2,422	6,792
Transfers Out	<u>(401)</u>	<u>(2,907)</u>	<u>(269)</u>	<u>(3,260)</u>	<u>(4,394)</u>	<u>(11,231)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>985</u></b>	<b><u>(2,907)</u></b>	<b><u>(269)</u></b>	<b><u>(276)</u></b>	<b><u>(1,972)</u></b>	<b><u>(4,439)</u></b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(2,240)</b>	<b>2,363</b>	<b>236</b>	<b>(273)</b>	<b>(1,437)</b>	<b>(1,351)</b>
<b>FUND BALANCE JULY 1</b>	<b><u>703,905</u></b>	<b><u>4,182</u></b>	<b><u>8,232</u></b>	<b><u>3,155</u></b>	<b><u>15,947</u></b>	<b><u>735,421</u></b>
<b>FUND BALANCE JUNE 30</b>	<b><u>\$ 701,665</u></b>	<b><u>\$ 6,545</u></b>	<b><u>\$ 8,468</u></b>	<b><u>\$ 2,882</u></b>	<b><u>\$ 14,510</u></b>	<b><u>\$ 734,070</u></b>

# STATE OF IOWA

## Combining Balance Sheet Nonexpendable Trust Funds

June 30, 1997  
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL	FIRST IN THE NATION EDUCATION	IOWA BRAILLE & SIGHT SAVING SCHOOL	PILOT GROVE TRUST	OTHER	TOTAL
<b>ASSETS</b>						
Cash & Investments	\$ 7,498	\$ 2,752	\$ 43	\$ 10	\$ 1	\$ 10,304
<b>TOTAL ASSETS</b>	<u>\$ 7,498</u>	<u>\$ 2,752</u>	<u>\$ 43</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 10,304</u>
<b>LIABILITIES</b>						
Due To Other Funds	\$ -	\$ -	\$ 39	\$ -	\$ -	\$ 39
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>39</u>	<u>-</u>	<u>-</u>	<u>39</u>
<b>FUND BALANCE</b>						
Unreserved Fund Equity	7,498	2,752	4	10	1	10,265
<b>TOTAL FUND BALANCE</b>	<u>7,498</u>	<u>2,752</u>	<u>4</u>	<u>10</u>	<u>1</u>	<u>10,265</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u>\$ 7,498</u>	<u>\$ 2,752</u>	<u>\$ 43</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 10,304</u>

**STATE OF IOWA**

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

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	<b>PERMANENT SCHOOL PRINCIPAL</b>	<b>FIRST IN THE NATION EDUCATION</b>	<b>IOWA BRAILLE &amp; SIGHT SAVING SCHOOL</b>	<b>PILOT GROVE TRUST</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>OPERATING REVENUES:</b>						
Investment Income	\$ -	\$ -	\$ 4	\$ -	\$ -	\$ 4
Miscellaneous	<u>2</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44</u>
<b>TOTAL OPERATING REVENUES</b>	<u>2</u>	<u>42</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>48</u>
<b>INCOME BEFORE OPERATING TRANSFERS</b>	<u>2</u>	<u>42</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>48</u>
<b>OPERATING TRANSFERS:</b>						
Transfers Out	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>(4)</u>
<b>TOTAL OPERATING TRANSFERS</b>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>(4)</u>
<b>NET INCOME</b>	2	42	-	-	-	44
<b>FUND BALANCE JULY 1</b>	<u>7,496</u>	<u>2,710</u>	<u>4</u>	<u>10</u>	<u>1</u>	<u>10,221</u>
<b>FUND BALANCE JUNE 30</b>	<u>\$ 7,498</u>	<u>\$ 2,752</u>	<u>\$ 4</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 10,265</u>

## STATE OF IOWA

### Combining Statement of Cash Flows Nonexpendable Trust Funds

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL	FIRST IN THE NATION EDUCATION	IOWA BRAILLE & SIGHT SAVING SCHOOL	PILOT GROVE TRUST	OTHER	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash Received From Miscellaneous	\$ <u>2</u>	\$ <u>42</u>	\$ -	\$ -	\$ -	\$ <u>44</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>2</u>	<u>42</u>	-	-	-	<u>44</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest & Dividends On Investments	-	-	5	-	-	5
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	-	-	5	-	-	5
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	2	42	5	-	-	49
<b>CASH &amp; CASH EQUIVALENTS JULY 1</b>	<u>7,496</u>	<u>2,710</u>	<u>38</u>	<u>10</u>	<u>1</u>	<u>10,255</u>
<b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>	7,498	2,752	43	10	1	10,304
<b>INVESTMENTS</b>	-	-	-	-	-	-
<b>CASH &amp; INVESTMENTS PER BALANCE SHEET</b>	<u>\$ 7,498</u>	<u>\$ 2,752</u>	<u>\$ 43</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 10,304</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
<b>Operating Income</b>	\$ 2	\$ 42	\$ 4	\$ -	\$ -	\$ 48
<b>Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities</b>						
Interest (Income)	-	-	(4)	-	-	(4)
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 2</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44</u>



## STATE OF IOWA

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

June 30, 1997  
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	TOTAL
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 120,376	\$ 5,944	\$ 3,430	\$ 129,750
Receivables:				
Contributions	29,318	264	30	29,612
Investments Sold	83,273	360	-	83,633
Foreign Exchange Contracts	2,317,819	-	-	2,317,819
Interest & Dividends	<u>39,473</u>	<u>1,173</u>	<u>-</u>	<u>40,646</u>
Total Receivables	<u>2,469,883</u>	<u>1,797</u>	<u>30</u>	<u>2,471,710</u>
Investments, At Fair Value:				
Fixed Income Securities	2,106,303	-	18,329	2,124,632
Equity Investments	7,588,342	173,723	24,164	7,786,229
Real Estate	400,004	-	-	400,004
Investment in Private Equity/Debt	1,000,637	-	-	1,000,637
Securities Lending Collateral Pool	634,655	18,346	-	653,001
Securities on Loan with Brokers	607,126	-	-	607,126
Foreign Currency	<u>19,278</u>	<u>464</u>	<u>-</u>	<u>19,742</u>
Total Investments	<u>12,356,345</u>	<u>192,533</u>	<u>42,493</u>	<u>12,591,371</u>
Fixed Assets (Net)	<u>688</u>	<u>-</u>	<u>-</u>	<u>688</u>
<b>TOTAL ASSETS</b>	<b>14,947,292</b>	<b>200,274</b>	<b>45,953</b>	<b>15,193,519</b>
<b>LIABILITIES</b>				
Accounts Payable	15,796	324	59	16,179
Payable For Investments Purchased	2,763,086	1,135	-	2,764,221
Payable to Brokers For Rebate & Collateral	<u>634,441</u>	<u>18,264</u>	<u>-</u>	<u>652,705</u>
<b>TOTAL LIABILITIES</b>	<b><u>3,413,323</u></b>	<b><u>19,723</u></b>	<b><u>59</u></b>	<b><u>3,433,105</u></b>
<b>FUND BALANCE RESERVE FOR EMPLOYEES' PENSION BENEFIT</b>				
(Schedules of funding progress are presented on page 110)	<b><u>\$ 11,533,969</u></b>	<b><u>\$ 180,551</u></b>	<b><u>\$ 45,894</u></b>	<b><u>\$11,760,414</u></b>

# STATE OF IOWA

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

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	BALANCE JULY 1, 1996	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1997
<b><u>STATE OF IOWA - DEFERRED COMPENSATION</u></b>				
<b>ASSETS</b>				
Cash & Investments	\$ 151,255	\$ 34,300	\$ 9,491	\$ 176,064
<b>TOTAL ASSETS</b>	<b><u>\$ 151,255</u></b>	<b><u>\$ 34,300</u></b>	<b><u>\$ 9,491</u></b>	<b><u>\$ 176,064</u></b>
<b>LIABILITIES</b>				
Deferred Compensation Payable	\$ 151,255	\$ 34,300	\$ 9,491	\$ 176,064
<b>TOTAL LIABILITIES</b>	<b><u>\$ 151,255</u></b>	<b><u>\$ 34,300</u></b>	<b><u>\$ 9,491</u></b>	<b><u>\$ 176,064</u></b>
<b><u>CENTRALIZED PAYROLL TRUSTEE</u></b>				
<b>ASSETS</b>				
Cash & Investments	\$ 2,754	\$ 412,920	\$ 395,252	\$ 20,422
Accounts Receivable	361	18	361	18
Due From Other Funds	16,638	498	16,638	498
<b>TOTAL ASSETS</b>	<b><u>\$ 19,753</u></b>	<b><u>\$ 413,436</u></b>	<b><u>\$ 412,251</u></b>	<b><u>\$ 20,938</u></b>
<b>LIABILITIES</b>				
Accounts Payable & Accruals	\$ 12,334	\$ 13,140	\$ 12,334	\$ 13,140
Due To Other Funds	5,282	5,381	5,282	5,381
Funds Held In Custody	2,137	394,915	394,635	2,417
<b>TOTAL LIABILITIES</b>	<b><u>\$ 19,753</u></b>	<b><u>\$ 413,436</u></b>	<b><u>\$ 412,251</u></b>	<b><u>\$ 20,938</u></b>
<b><u>JUDICIAL-CLERKS OF DISTRICT COURT</u></b>				
<b>ASSETS</b>				
Cash & Investments	\$ 12,156	\$ 238,133	\$ 235,486	\$ 14,803
Other Assets	3	-	3	-
<b>TOTAL ASSETS</b>	<b><u>\$ 12,159</u></b>	<b><u>\$ 238,133</u></b>	<b><u>\$ 235,489</u></b>	<b><u>\$ 14,803</u></b>
<b>LIABILITIES</b>				
Accounts Payable & Accruals	\$ 12,156	\$ 6,192	\$ 17,783	\$ 565
Funds Held In Custody	-	231,941	217,703	14,238
Other Assets In Custody	3	-	3	-
<b>TOTAL LIABILITIES</b>	<b><u>\$ 12,159</u></b>	<b><u>\$ 238,133</u></b>	<b><u>\$ 235,489</u></b>	<b><u>\$ 14,803</u></b>

## STATE OF IOWA

	BALANCE JULY 1, 1996	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1997
<b><u>SCHOOL DISTRICT SURTAX CLEARING</u></b>				
<b>ASSETS</b>				
Cash & Investments	\$ 10,832	\$ 27,814	\$ 25,943	\$ 12,703
Accounts Receivable	<u>3,257</u>	<u>8,443</u>	<u>3,258</u>	<u>8,442</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 14,089</u></b>	<b><u>\$ 36,257</u></b>	<b><u>\$ 29,201</u></b>	<b><u>\$ 21,145</u></b>
<b>LIABILITIES</b>				
Funds Held In Custody	\$ 14,089	\$ 36,257	\$ 29,201	\$ 21,145
<b>TOTAL LIABILITIES</b>	<b><u>\$ 14,089</u></b>	<b><u>\$ 36,257</u></b>	<b><u>\$ 29,201</u></b>	<b><u>\$ 21,145</u></b>
<b><u>OTHER AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash & Investments	\$ 21,529	\$ 834,423	\$ 827,017	\$ 28,935
Accounts Receivable	36,683	56,662	36,647	56,698
Due From Other Funds	<u>41,306</u>	<u>49,396</u>	<u>41,306</u>	<u>49,396</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 99,518</u></b>	<b><u>\$ 940,481</u></b>	<b><u>\$ 904,970</u></b>	<b><u>\$ 135,029</u></b>
<b>LIABILITIES</b>				
Accounts Payable & Accruals	\$ 61,927	\$ 95,951	\$ 62,369	\$ 95,509
Due To Other Funds	16,636	19,455	16,634	19,457
Funds Held In Custody	17,320	823,912	825,907	15,325
Deferred Compensation Payable	<u>3,635</u>	<u>1,163</u>	<u>60</u>	<u>4,738</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 99,518</u></b>	<b><u>\$ 940,481</u></b>	<b><u>\$ 904,970</u></b>	<b><u>\$ 135,029</u></b>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash & Investments	\$ 198,526	\$ 1,547,590	\$ 1,493,189	\$ 252,927
Accounts Receivable	40,301	65,123	40,266	65,158
Due From Other Funds	57,944	49,894	57,944	49,894
Other Assets	<u>3</u>	<u>-</u>	<u>3</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 296,774</u></b>	<b><u>\$ 1,662,607</u></b>	<b><u>\$ 1,591,402</u></b>	<b><u>\$ 367,979</u></b>
<b>LIABILITIES</b>				
Accounts Payable & Accruals	\$ 86,417	\$ 115,283	\$ 92,486	\$ 109,214
Due To Other Funds	21,918	24,836	21,916	24,838
Funds Held In Custody	33,546	1,487,025	1,467,446	53,125
Deferred Compensation Payable	154,890	35,463	9,551	180,802
Other Assets In Custody	<u>3</u>	<u>-</u>	<u>3</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 296,774</u></b>	<b><u>\$ 1,662,607</u></b>	<b><u>\$ 1,591,402</u></b>	<b><u>\$ 367,979</u></b>

## **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, 1997  
(Expressed in Thousands)

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENTS & SIMILAR FUNDS
	UNRESTRICTED	RESTRICTED		
<b>ASSETS</b>				
Cash & Investments	\$ 222,346	\$ 17,896	\$ 7,189	\$ 82,790
Deposits With Trustees	-	-	-	-
Accounts Receivable (Net)	107,889	56,677	-	-
Interest Receivable	5,769	665	1,050	-
Notes Receivable (Net)	577	-	65,878	-
Due From Other Funds	89	6	-	-
Bond Issuance Costs	-	-	-	-
Fixed Assets (Net)	-	-	-	-
Inventory	40,231	-	-	-
Prepaid Expense	7,877	256	-	-
Equity In Wholly Owned Subsidiary	<u>86</u>	<u>-</u>	<u>-</u>	<u>8,816</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 384,864</u></b>	<b><u>\$ 75,500</u></b>	<b><u>\$ 74,117</u></b>	<b><u>\$ 91,606</u></b>
<b>LIABILITIES</b>				
Accounts Payable & Accruals	\$ 65,372	\$ 6,810	\$ -	\$ 45
Due To Other Funds	102	36	-	-
Interest Payable	-	-	-	-
Deferred Revenue	21,496	-	-	-
Compensated Absences	80,226	18,008	-	-
Capital Leases	-	-	-	-
Bonds Payable	-	-	-	-
Other Financing Arrangements Payable	-	-	-	-
Funds Held In Custody	-	-	-	-
Deposits	<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>167,227</u></b>	<b><u>24,854</u></b>	<b><u>-</u></b>	<b><u>45</u></b>
<b>FUND BALANCE</b>				
Reserved:				
Encumbrances & Contracts	28,694	7,204	-	-
Inventory	40,231	-	-	-
Debt Service	-	-	-	-
Specific Purposes	129,507	43,442	74,117	90,372
Unreserved Fund Equity	19,205	-	-	1,189
Net Investment In Plant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	<b><u>217,637</u></b>	<b><u>50,646</u></b>	<b><u>74,117</u></b>	<b><u>91,561</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 384,864</u></b>	<b><u>\$ 75,500</u></b>	<b><u>\$ 74,117</u></b>	<b><u>\$ 91,606</u></b>

## STATE OF IOWA

AGENCY FUNDS	PLANT FUNDS					COMPONENT UNITS	TOTAL
	UNEXPENDED	RENEWALS & REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT			
\$ 121,232	\$ 184,683	\$ 45,098	\$ 63,830	\$ -	\$ 202	\$ 745,266	
-	-	972	21,427	-	-	22,399	
20,311	4,394	526	16,855	-	369	207,021	
374	40	132	297	-	-	8,327	
-	-	-	-	-	-	66,455	
-	20	2,783	24	-	-	2,922	
-	54	-	-	340	-	394	
-	-	-	-	2,810,238	102	2,810,340	
120	-	-	-	-	773	41,124	
10	-	-	-	-	26	8,169	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,902</u>	
<b><u>\$ 142,047</u></b>	<b><u>\$ 189,191</u></b>	<b><u>\$ 49,511</u></b>	<b><u>\$ 102,433</u></b>	<b><u>\$ 2,810,578</u></b>	<b><u>\$ 1,472</u></b>	<b><u>\$ 3,921,319</u></b>	
\$ 41,031	\$ 10,110	\$ 3,300	\$ 57	\$ 1	\$ 654	\$ 127,380	
1	2,783	-	-	-	-	2,922	
-	-	-	17,577	-	-	17,577	
-	-	-	-	-	145	21,641	
1,000	-	-	-	-	4	99,238	
-	542	-	-	30,236	-	30,778	
-	5,388	-	25,859	455,007	-	486,254	
-	4,357	-	-	20	-	4,377	
100,015	-	-	-	-	-	100,015	
<u>-</u>	<u>193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224</u>	
<b><u>142,047</u></b>	<b><u>23,373</u></b>	<b><u>3,300</u></b>	<b><u>43,493</u></b>	<b><u>485,264</u></b>	<b><u>803</u></b>	<b><u>890,406</u></b>	
-	44,678	4,256	-	-	-	84,832	
-	-	-	-	-	-	40,231	
-	-	-	23,130	-	-	23,130	
-	115,581	38,155	35,810	-	669	527,653	
-	5,559	3,800	-	-	-	29,753	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,325,314</u>	<u>-</u>	<u>2,325,314</u>	
<u>-</u>	<b><u>165,818</u></b>	<b><u>46,211</u></b>	<b><u>58,940</u></b>	<b><u>2,325,314</u></b>	<b><u>669</u></b>	<b><u>3,030,913</u></b>	
<b><u>\$ 142,047</u></b>	<b><u>\$ 189,191</u></b>	<b><u>\$ 49,511</u></b>	<b><u>\$ 102,433</u></b>	<b><u>\$ 2,810,578</u></b>	<b><u>\$ 1,472</u></b>	<b><u>\$ 3,921,319</u></b>	

## Required Supplemental Information

# STATE OF IOWA

## Schedules of Funding Progress

For the Year Ended June 30, 1997  
(Expressed in Thousands)

### Iowa Judicial Retirement System

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
07/01/95	\$ 31,929	\$ 52,012	\$ 20,083	61.39%	\$ 14,956	134.28%
07/01/96	37,479	55,647	18,168	67.35%	15,171	119.75%
07/01/97	45,894	59,786	13,892	76.76%	15,721	88.36%

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

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY*	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
07/01/95	\$ 132,709	\$ 140,804	\$ 8,095	94.25%	\$ 22,417	36.11%
07/01/96	151,754	160,782	9,028	94.38%	24,392	37.01%
07/01/97	180,551	166,701	(13,850)	108.31%	25,544	(54.22%)

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



## **Supplemental Information**

# STATE OF IOWA

## Schedule of Revenues by Source General Fund

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	GENERAL GOVERNMENT	EDUCATION	HEALTH & HUMAN SERVICES	TRANSPORTATION
<b>TAXES</b>				
Beer Tax	\$ -	\$ -	\$ -	\$ -
Cigarette Tax	95,131	-	-	-
Tobacco Products Tax	5,248	-	-	-
Inheritance Tax	107,061	-	-	-
Monies & Credits	707	-	-	-
Insurance Premium Tax	105,956	-	-	-
Liquor Tax	-	-	-	-
Use Tax	442,057	-	-	1
Fuel Tax	405,076	-	-	22,927
Wagering Tax	-	-	2,020	-
Franchise Tax	34,967	-	-	-
Income Tax-Corporate	307,054	-	-	-
Income Tax-Individual	2,119,626	-	2,600	-
Sales Tax	1,238,044	-	-	7
Other Taxes	1,477	-	-	-
	<u>4,862,404</u>	<u>-</u>	<u>4,620</u>	<u>22,935</u>
<b>TOTAL TAXES</b>				
Less Refunds	393,102	-	-	-
	<u>4,469,302</u>	<u>-</u>	<u>4,620</u>	<u>22,935</u>
<b>NET TAXES</b>				
	<u>4,469,302</u>	<u>-</u>	<u>4,620</u>	<u>22,935</u>
<b>RECEIPTS FROM OTHER ENTITIES</b>				
Federal Support	135,351	252,554	1,146,782	266,467
Local Governments	7	264	80,894	4,067
Other States	-	76	-	3,265
Intra-State Reimbursements	1,084	341	10,268	200
	<u>136,442</u>	<u>253,235</u>	<u>1,237,944</u>	<u>273,999</u>
<b>TOTAL RECEIPTS FROM OTHER ENTITIES</b>				
	<u>136,442</u>	<u>253,235</u>	<u>1,237,944</u>	<u>273,999</u>
<b>INVESTMENT INCOME</b>				
Interest	39,890	3,285	623	566
	<u>39,890</u>	<u>3,285</u>	<u>623</u>	<u>566</u>
<b>TOTAL INVESTMENT INCOME</b>				
	<u>39,890</u>	<u>3,285</u>	<u>623</u>	<u>566</u>
<b>FEES, LICENSES &amp; PERMITS</b>				
Fees, Licenses & Permits	318,850	2,262	9,803	7,762
	<u>318,850</u>	<u>2,262</u>	<u>9,803</u>	<u>7,762</u>
<b>TOTAL FEES, LICENSES &amp; PERMITS</b>				
	<u>318,850</u>	<u>2,262</u>	<u>9,803</u>	<u>7,762</u>
<b>REFUNDS &amp; REIMBURSEMENTS</b>				
Refunds & Reimbursements	16,146	36,338	112,720	6,284
	<u>16,146</u>	<u>36,338</u>	<u>112,720</u>	<u>6,284</u>
<b>TOTAL REFUNDS &amp; REIMBURSEMENTS</b>				
	<u>16,146</u>	<u>36,338</u>	<u>112,720</u>	<u>6,284</u>
<b>SALES, RENTS &amp; SERVICES</b>				
Sale Of Real Estate	-	-	-	2,599
Sale Of Equipment & Salvage	88	13	7	-
Rents & Leases	-	139	654	149
Agricultural Sales	-	13	1	-
Other Sales & Services	68	561	177	-
	<u>156</u>	<u>726</u>	<u>839</u>	<u>2,748</u>
<b>TOTAL SALES, RENTS &amp; SERVICES</b>				
	<u>156</u>	<u>726</u>	<u>839</u>	<u>2,748</u>
<b>MISCELLANEOUS</b>				
Unearned Receipts	62	771	3,582	-
Other	8,360	348	23,075	3,401
	<u>8,422</u>	<u>1,119</u>	<u>26,657</u>	<u>3,401</u>
<b>TOTAL MISCELLANEOUS</b>				
	<u>8,422</u>	<u>1,119</u>	<u>26,657</u>	<u>3,401</u>
Less Refunds	13,642	2,549	16,967	27,207
	<u>13,642</u>	<u>2,549</u>	<u>16,967</u>	<u>27,207</u>
<b>TOTAL REVENUE BY SOURCE</b>	<u>\$ 4,975,566</u>	<u>\$ 294,416</u>	<u>\$ 1,376,239</u>	<u>\$ 290,488</u>

## STATE OF IOWA

LAW, JUSTICE & PUBLIC SAFETY	ECONOMIC/ MANPOWER DEVELOPMENT	REGULATION OF BUSINESS	AGRICULTURE & NATURAL RESOURCES	TOTAL
\$ -	\$ 12	\$ 12,546	\$ -	\$ 12,558
-	-	-	-	95,131
-	-	-	-	5,248
-	-	-	-	107,061
-	-	-	-	707
-	-	-	-	105,956
-	11	2	-	13
1,043	3,559	-	341	447,001
-	-	-	-	428,003
57,941	-	-	-	59,961
-	-	-	-	34,967
-	-	-	-	307,054
-	2,619	-	-	2,124,845
-	-	-	-	1,238,051
-	7,166	-	-	8,643
<b>58,984</b>	<b>13,367</b>	<b>12,548</b>	<b>341</b>	<b>4,975,199</b>
-	-	-	-	393,102
<b>58,984</b>	<b>13,367</b>	<b>12,548</b>	<b>341</b>	<b>4,582,097</b>
43,922	106,487	103	22,247	1,973,913
33,754	30	-	-	119,016
5	-	-	-	3,346
2,270	270	25	-	14,458
<b>79,951</b>	<b>106,787</b>	<b>128</b>	<b>22,247</b>	<b>2,110,733</b>
882	579	65	1,707	47,597
<b>882</b>	<b>579</b>	<b>65</b>	<b>1,707</b>	<b>47,597</b>
19,926	1,764	30,211	46,033	436,611
<b>19,926</b>	<b>1,764</b>	<b>30,211</b>	<b>46,033</b>	<b>436,611</b>
9,231	300	2,887	968	184,874
<b>9,231</b>	<b>300</b>	<b>2,887</b>	<b>968</b>	<b>184,874</b>
9	-	-	-	2,608
272	10	-	48	438
1,817	-	-	2,355	5,114
-	-	-	90	104
85	46	10	2,179	3,126
<b>2,183</b>	<b>56</b>	<b>10</b>	<b>4,672</b>	<b>11,390</b>
206	345	-	20	4,986
11,083	906	1,314	1,900	50,387
<b>11,289</b>	<b>1,251</b>	<b>1,314</b>	<b>1,920</b>	<b>55,373</b>
66	12	0	897	61,340
<b>\$ 182,380</b>	<b>\$ 124,092</b>	<b>\$ 47,163</b>	<b>\$ 76,991</b>	<b>\$ 7,367,335</b>

# STATE OF IOWA

## Schedule of Expenditures by Function and Department General Fund

For the Year Ended June 30, 1997  
(Expressed in Thousands)

	PERSONAL SERVICES	TRAVEL & SUBSISTENCE	SUPPLIES	CONTRACTUAL SERVICES
<b>GENERAL GOVERNMENT</b>				
Auditor Of State	\$ 5,360	\$ 287	\$ 62	\$ 460
Campaign Finance Disclosure Comm.	380	9	22	14
Iowa Telecommunications	-	-	-	14,224
General Services	10,922	129	636	9,649
Governor	1,267	70	118	70
Legislative House	5,341	1,270	367	503
Legislative Senate	3,700	685	221	180
Legislative Joint Expense	3	1	16	105
Legislative Citizens' Aide	671	8	36	59
Legislative Computer Support	702	16	11	989
Legislative Fiscal Bureau	1,565	47	61	190
Legislative Service Bureau	2,911	23	933	672
Administrative Rules	87	9	1	1
Management	2,402	33	214	1,442
Personnel	3,759	109	236	850
Revenue And Finance	21,719	362	2,310	3,277
Secretary Of State	1,681	13	192	305
Office Of State Federal Relations	184	13	11	40
Governors Substance Abuse	504	23	107	4,920
Executive Council	-	2	5	1,171
Treasurer Of State	1,117	17	61	116
Underground Storage Tanks	-	-	19	4,780
Uniform State Laws	-	6	16	-
	<b>64,275</b>	<b>3,132</b>	<b>5,655</b>	<b>44,017</b>
<b>TOTAL GENERAL GOVERNMENT</b>				
<b>EDUCATION</b>				
Cultural Affairs	3,321	77	382	816
Education	12,055	575	1,649	7,415
Education, Voc Rehab	16,111	280	643	5,541
College Aid	1,492	34	173	5,503
Education, IPT	6,606	327	2,047	8,148
Regents, Board Of	1,078	110	65	313
Iowa School For The Deaf	5,692	23	606	501
Iowa Braille & Sight Saving School	3,657	60	333	278
	<b>50,012</b>	<b>1,486</b>	<b>5,898</b>	<b>28,515</b>
<b>TOTAL EDUCATION</b>				
<b>HEALTH &amp; HUMAN SERVICES</b>				
Blind, Department For The	3,851	259	149	856
Civil Rights Commission	1,509	48	98	115
Elder Affairs	1,245	57	65	124
Human Rights	2,302	140	141	37,819
Human Services Administration	17,160	647	3,329	14,590
Human Services Community Serv.	91,031	2,216	1,963	15,907
Human Services Toledo	4,367	1	262	530
Human Services Eldora	7,458	67	620	1,125
Human Services Cherokee	10,534	105	1,264	1,385
Human Services Clarinda	5,447	25	534	552
Human Services Independence	15,068	67	509	1,633
Human Services Mt. Pleasant	3,938	26	118	705
Human Services Glenwood	30,633	400	2,562	1,903
Human Services Woodward	24,485	298	1,943	2,031
Human Services Assistance	1,250	343	852	50,436
Public Health	15,109	801	21,317	63,592
Veterans Affairs	29,640	267	2,852	7,084
	<b>265,027</b>	<b>5,767</b>	<b>38,578</b>	<b>200,387</b>
<b>TOTAL HEALTH &amp; HUMAN SERVICES</b>				
<b>TRANSPORTATION</b>				
Transportation	142,808	18,682	29,658	86,792
Transportation Capitals	-	-	-	-
	<b>142,808</b>	<b>18,682</b>	<b>29,658</b>	<b>86,792</b>
<b>TOTAL TRANSPORTATION</b>				

## STATE OF IOWA

EQUIPMENT & REPAIRS	CLAIMS & MISCELLANEOUS	LICENSES PERMITS & REFUNDS	STATE AID	PLANT IMPROVEMENTS	TOTAL
\$ 20	\$ 5	\$ -	\$ -	\$ -	\$ 6,194
7	-	-	-	-	432
-	-	-	1,200	-	15,424
238	126	-	-	9	21,709
16	-	-	13	-	1,554
18	-	-	-	-	7,499
28	-	-	-	-	4,814
1	-	-	-	-	126
1	36	-	-	-	811
15	-	-	-	-	1,733
11	1	-	-	-	1,875
75	-	-	-	-	4,614
-	-	-	-	-	98
18	1,760	25	679	-	6,573
16	1	-	-	-	4,971
147	988	22	292,648	-	321,473
15	1	-	-	-	2,207
2	-	-	-	-	250
17	-	-	-	-	5,571
-	15	-	-	-	1,193
76	-	-	349,393	-	350,780
-	12,741	-	-	-	17,540
-	-	-	-	-	22
<b><u>721</u></b>	<b><u>15,674</u></b>	<b><u>47</u></b>	<b><u>643,933</u></b>	<b><u>9</u></b>	<b><u>777,463</u></b>
43	-	-	2,666	10	7,315
233	-	-	1,941,985	-	1,963,912
109	-	-	15,297	133	38,114
79	-	-	81,948	-	89,229
359	-	-	-	-	17,487
2	-	-	83	-	1,651
156	-	-	-	619	7,597
287	-	-	-	135	4,750
<b><u>1,268</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,041,979</u></b>	<b><u>897</u></b>	<b><u>2,130,055</u></b>
98	-	-	1,539	-	6,752
170	-	-	17	-	1,957
5	-	-	16,044	-	17,540
23	-	-	-	-	40,425
278	223	-	-	-	36,227
422	188	-	-	-	111,727
113	31	-	-	-	5,304
124	15	1	-	-	9,410
625	2	-	-	-	13,915
31	1	-	-	-	6,590
72	4	-	-	-	17,353
26	-	-	20	-	4,833
222	391	-	-	46	36,157
178	5	-	-	-	28,940
16	2,253	-	1,635,415	-	1,690,565
372	115	-	873	-	102,179
256	5	93	5	21	40,223
<b><u>3,031</u></b>	<b><u>3,233</u></b>	<b><u>94</u></b>	<b><u>1,653,913</u></b>	<b><u>67</u></b>	<b><u>2,170,197</u></b>
1,997	4,970	225	-	492,971	778,103
-	-	-	-	4,713	4,713
<b><u>1,997</u></b>	<b><u>4,970</u></b>	<b><u>225</u></b>	<b><u>-</u></b>	<b><u>497,684</u></b>	<b><u>782,816</u></b>

continued on next page

# STATE OF IOWA

## Schedule of Expenditures by Function and Department General Fund

(continued)

	PERSONAL SERVICES	TRAVEL & SUBSISTENCE	SUPPLIES	CONTRACTUAL SERVICES
<b>LAW, JUSTICE &amp; PUBLIC SAFETY</b>				
Attorney General	\$ 11,674	\$ 220	\$ 343	\$ 3,168
Attorney General, Pros. Atty.	444	21	88	79
Consumer Advocate	1,902	25	58	265
CBC District I	6,943	113	410	752
CBC District II	5,155	109	285	759
CBC District III	2,946	51	144	444
CBC District IV	2,223	54	156	232
CBC District V	7,046	159	556	2,800
CBC District VI	6,647	70	402	593
CBC District VII	4,112	62	286	620
CBC District VIII	3,403	98	246	657
CBC Statewide	-	7	2	67
Corrections Central Office	1,715	70	55	4,802
Corrections Training Academy	314	16	74	56
Corrections Fort Madison	20,486	188	2,560	2,869
Corrections Anamosa	16,319	125	2,721	1,007
Corrections Oakdale	13,872	103	1,667	1,088
Corrections Newton	6,085	224	1,517	933
Corrections Mt. Pleasant	11,424	118	1,938	1,230
Corrections Rockwell City	4,311	29	648	680
Corrections Clarinda	10,716	280	3,321	1,227
Corrections Mitchellville	5,360	56	713	528
Inspections & Appeals	10,591	900	286	16,968
State Public Defender	9,121	103	259	1,611
Racing Commission	1,913	18	85	661
Judicial Department	84,124	1,566	3,407	12,775
Law Enforcement Academy	1,192	37	349	338
Parole Board	646	42	31	75
Public Defense	7,800	164	793	4,731
Public Defense, Emergency Management	1,642	134	71	2,023
Public Safety	46,182	4,879	1,694	5,646
Public Safety, Capitals	7	1	-	855
	<u>306,315</u>	<u>10,042</u>	<u>25,165</u>	<u>70,539</u>
<b>TOTAL LAW, JUSTICE &amp; PUBLIC SAFETY</b>				
<b>ECONOMIC/MANPOWER DEVELOPMENT</b>				
Economic Development	7,293	695	1,434	6,848
Finance Authority	-	-	-	900
Workforce Development	38,761	1,075	2,051	37,919
Public Employment Relations	688	24	29	56
	<u>46,742</u>	<u>1,794</u>	<u>3,514</u>	<u>45,723</u>
<b>TOTAL ECONOMIC/MANPOWER DEVELOPMENT</b>				
<b>REGULATION OF BUSINESS</b>				
Commerce	125	9	15	74
Alcoholic Beverages	876	96	93	233
Banking	4,360	370	95	381
Credit Union	901	79	13	79
Insurance	4,272	187	182	673
Professional Licensing	650	87	101	140
Utilities	4,492	161	85	6,281
	<u>15,676</u>	<u>989</u>	<u>584</u>	<u>7,861</u>
<b>TOTAL REGULATION OF BUSINESS</b>				
<b>AGRICULTURE &amp; NATURAL RESOURCES</b>				
Agriculture & Land Stewardship	10,556	975	615	3,049
Agriculture - Soil Conservation	6,610	107	298	9,508
Natural Resources	39,831	3,377	5,373	10,910
	<u>56,997</u>	<u>4,459</u>	<u>6,286</u>	<u>23,467</u>
<b>TOTAL AGRICULTURE &amp; NATURAL RESOURCES</b>				
<b>TOTAL EXPENDITURES</b>	<u>\$ 947,852</u>	<u>\$ 46,351</u>	<u>\$ 115,338</u>	<u>\$ 507,301</u>

## STATE OF IOWA

EQUIPMENT & REPAIRS	CLAIMS & MISCELLANEOUS	LICENSES PERMITS & REFUNDS	STATE AID	PLANT IMPROVEMENTS	TOTAL
\$ 24	\$ 656	\$ 2	\$ 4,349	\$ -	\$ 20,436
9	-	-	-	-	641
14	-	-	-	-	2,264
171	227	-	-	10	8,626
106	69	-	-	-	6,483
58	236	-	-	-	3,879
46	145	-	-	-	2,856
152	160	-	-	76	10,949
344	29	-	-	241	8,326
68	49	-	-	-	5,197
192	48	-	-	-	4,644
2	-	-	-	-	78
11	627	-	-	-	7,280
8	-	-	-	-	468
150	404	-	-	-	26,657
125	438	-	-	-	20,735
265	188	-	-	-	17,183
1,163	133	1	-	-	10,056
141	329	-	-	-	15,180
3	180	-	-	-	5,851
179	473	-	-	-	16,196
44	135	-	-	-	6,836
122	2	167	147	-	29,183
115	-	-	-	-	11,209
39	-	-	-	-	2,716
1,037	-	7	1,977	-	104,893
56	-	-	-	-	1,972
20	-	-	-	-	814
167	151	-	-	3,079	16,885
313	-	1	19,605	-	23,789
995	505	-	687	-	60,588
<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>869</u>
<b><u>6,140</u></b>	<b><u>5,184</u></b>	<b><u>178</u></b>	<b><u>26,765</u></b>	<b><u>3,411</u></b>	<b><u>453,739</u></b>
111	17	3,599	53,670	-	73,667
-	-	-	-	-	900
930	543	159	1,328	-	82,766
<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>799</u>
<b><u>1,043</u></b>	<b><u>560</u></b>	<b><u>3,758</u></b>	<b><u>54,998</u></b>	<b><u>-</u></b>	<b><u>158,132</u></b>
22	-	-	-	-	245
17	1	-	-	-	1,316
1	-	-	-	-	5,207
-	-	-	-	-	1,072
70	-	-	-	-	5,384
2	-	-	-	-	980
<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,027</u>
<b><u>120</u></b>	<b><u>1</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>25,231</u></b>
289	-	-	850	-	16,334
1,381	46	-	698	-	18,648
<u>4,057</u>	<u>21</u>	<u>-</u>	<u>5,651</u>	<u>-</u>	<u>69,220</u>
<b><u>5,727</u></b>	<b><u>67</u></b>	<b><u>-</u></b>	<b><u>7,199</u></b>	<b><u>-</u></b>	<b><u>104,202</u></b>
<b><u>\$ 20,047</u></b>	<b><u>\$ 29,689</u></b>	<b><u>\$ 4,302</u></b>	<b><u>\$ 4,428,787</u></b>	<b><u>\$ 502,068</u></b>	<b><u>\$ 6,601,735</u></b>

Statistical



## STATE OF IOWA

### Revenues By Source All Governmental Fund Types

For the Last Ten Years  
(Expressed in Thousands)

	1988	1989	1990	1991
Taxes	\$ 2,457,843	\$ 3,155,954	\$ 3,283,148	\$ 3,421,727
Receipts From Other				
Entities	2,003,097	1,212,545	1,239,519	1,426,861
Investment Income	41,871	44,413	59,207	72,427
Fees, Licenses & Permits	45,389	263,357	288,837	307,959
Refunds & Reimbursements	54,680	135,411	147,531	153,558
Sales, Rents & Services	27,737	6,304	6,088	6,338
Miscellaneous	20,362	14,749	17,631	19,131
Centralized Payroll	-	-	-	-
<b>GROSS REVENUES</b>	<b>4,650,979</b>	<b>4,832,733</b>	<b>5,041,961</b>	<b>5,408,001</b>
Less Revenue Refunds	-	<u>254,020</u>	<u>277,111</u>	<u>276,454</u>
<b>TOTAL REVENUES</b>	<b><u>\$ 4,650,979</u></b>	<b><u>\$ 4,578,713</u></b>	<b><u>\$ 4,764,850</u></b>	<b><u>\$ 5,131,547</u></b>

### Expenditures By Function All Governmental Fund Types

For the Last Ten Years  
(Expressed in Thousands)

	1988	1989	1990	1991
<b>Current:</b>				
General Government	\$ 702,765	\$ 420,893	\$ 607,248	\$ 638,721
Education	1,577,381	1,354,349	1,383,346	1,546,853
Health & Human Services	1,117,557	1,203,986	1,336,965	1,541,385
Transportation	691,278	807,300	539,150	652,186
Law, Justice & Public Safety	226,534	238,102	273,137	300,128
Economic/Manpower				
Development	131,708	115,782	133,091	132,348
Regulation Of Business	3,344	9	9	3
Agriculture & Natural				
Resources	110,760	84,584	82,740	87,451
Capital Outlay	-	-	<u>26,508</u>	<u>34,339</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 4,561,327</u></b>	<b><u>\$ 4,225,005</u></b>	<b><u>\$ 4,382,194</u></b>	<b><u>\$ 4,933,414</u></b>

Notes: The data for 1988 is from the Iowa Financial Accounting System, Non-GAAP Budgetary Basis.  
Revenue refunds for 1988 are included in expenditures.  
The data for 1989 - 1997 is shown on a GAAP basis.  
Capital Outlay expenditures are included in Current expenditures for 1988-1989.

## STATE OF IOWA

1992	1993	1994	1995	1996	1997
\$ 3,561,640	\$ 3,930,086	\$ 4,189,067	\$ 4,517,309	\$ 4,825,953	\$ 5,042,531
1,568,305	1,639,784	1,894,680	1,960,839	2,096,544	2,113,538
50,220	38,701	56,421	48,405	63,393	81,212
350,525	372,433	380,085	424,648	458,710	438,849
102,239	123,395	140,927	141,790	171,742	186,697
7,380	7,151	7,658	8,970	11,054	11,420
33,791	41,482	39,936	44,191	51,404	55,772
<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5,674,101	6,153,032	6,708,774	7,146,152	7,678,800	7,930,019
<u>300,187</u>	<u>344,799</u>	<u>427,842</u>	<u>370,777</u>	<u>431,673</u>	<u>454,442</u>
<u>\$ 5,373,914</u>	<u>\$ 5,808,233</u>	<u>\$ 6,280,932</u>	<u>\$ 6,775,375</u>	<u>\$ 7,247,127</u>	<u>\$ 7,475,577</u>

1992	1993	1994	1995	1996	1997
\$ 645,410	\$ 646,760	\$ 655,444	\$ 649,231	\$ 749,508	\$ 797,063
1,609,339	1,693,681	1,774,344	1,841,394	1,929,444	2,130,301
1,563,059	1,663,576	1,800,487	1,926,693	2,153,052	2,170,097
735,443	678,217	691,113	737,429	776,091	782,816
317,395	333,560	421,695	406,957	425,073	465,623
129,215	124,726	189,888	163,865	150,263	158,382
18,564	17,304	18,786	21,701	22,689	25,309
85,511	86,584	94,973	99,578	101,912	109,664
<u>43,375</u>	<u>24,331</u>	<u>15,367</u>	<u>28,173</u>	<u>45,360</u>	<u>72,273</u>
<u>\$ 5,147,311</u>	<u>\$ 5,268,739</u>	<u>\$ 5,662,097</u>	<u>\$ 5,875,021</u>	<u>\$ 6,353,392</u>	<u>\$ 6,711,528</u>

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

**Public School Enrollment**

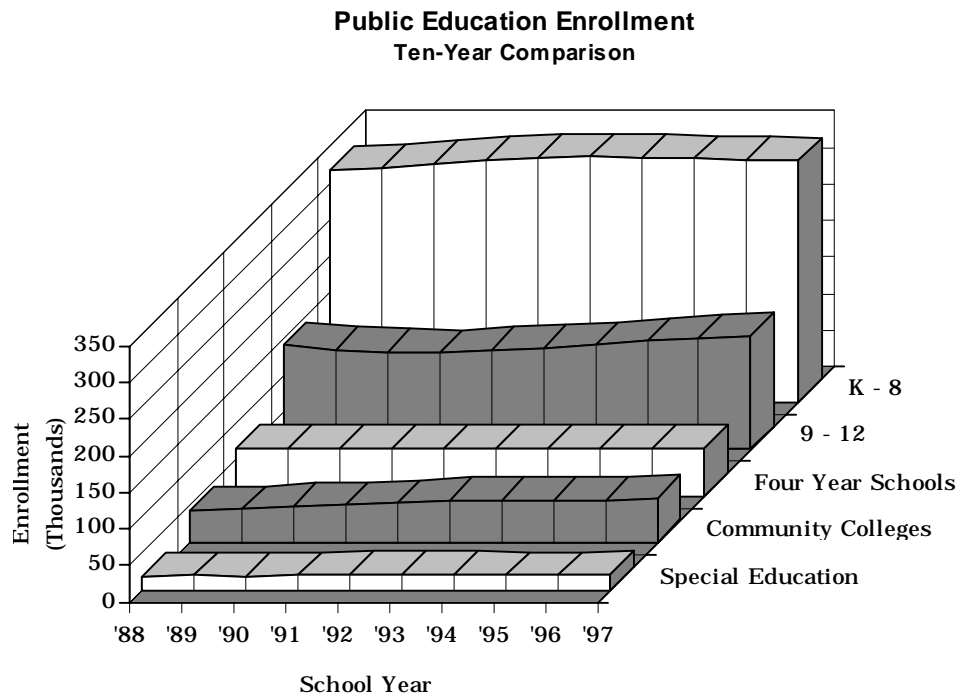
GRADES	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
K-8	316,943	321,196	326,531	331,862	334,429	335,306	333,373	332,838	331,949	330,088
9-12	142,417	135,913	132,797	131,397	135,744	138,705	142,402	147,945	152,491	154,912
Special Education	<u>19,499</u>	<u>19,662</u>	<u>18,882</u>	<u>20,137</u>	<u>21,278</u>	<u>21,331</u>	<u>21,234</u>	<u>19,809</u>	<u>20,065</u>	<u>20,587</u>
TOTAL	<u>478,859</u>	<u>476,771</u>	<u>478,210</u>	<u>483,396</u>	<u>491,451</u>	<u>495,342</u>	<u>497,009</u>	<u>500,592</u>	<u>504,505</u>	<u>505,587</u>

**Public Higher Education Enrollment**

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Four Year Schools	66,271	66,150	66,210	66,022	66,294	65,771	64,880	64,599	64,830	65,777
Community Colleges	<u>44,703</u>	<u>46,336</u>	<u>49,351</u>	<u>51,428</u>	<u>54,160</u>	<u>57,652</u>	<u>58,173</u>	<u>58,514</u>	<u>59,111</u>	<u>61,642</u>
TOTAL	<u>110,974</u>	<u>112,486</u>	<u>115,561</u>	<u>117,450</u>	<u>120,454</u>	<u>123,423</u>	<u>123,053</u>	<u>123,113</u>	<u>123,941</u>	<u>127,419</u>

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

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



# STATE OF IOWA

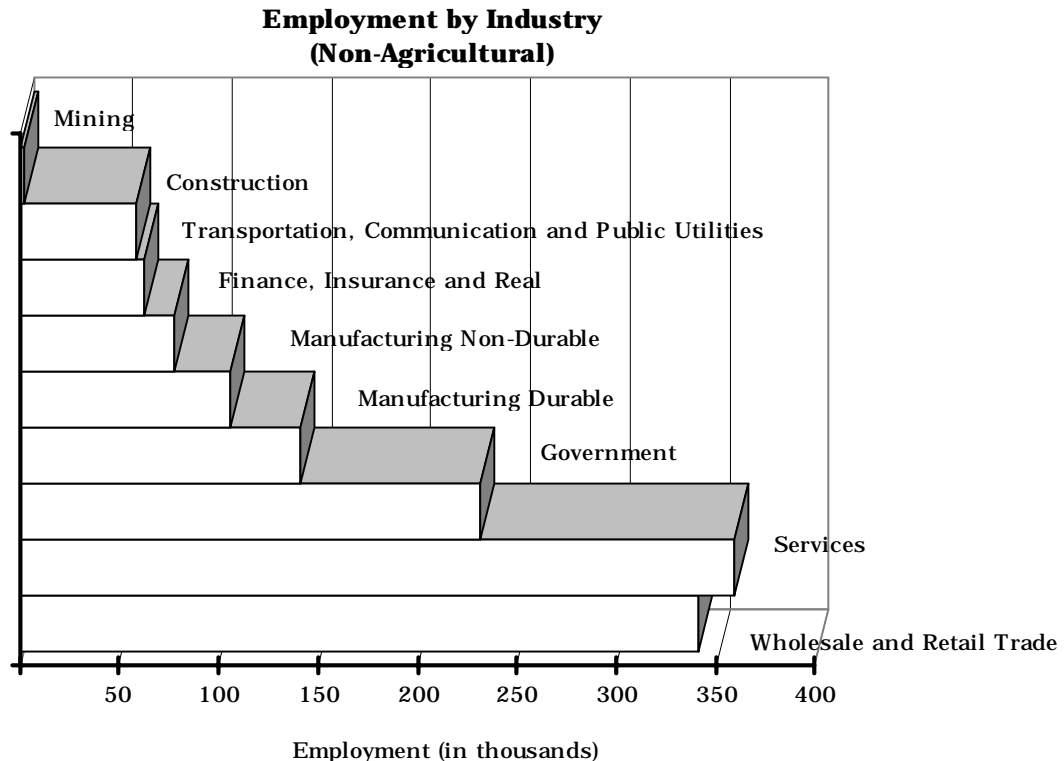
## EMPLOYMENT BY INDUSTRY

For the Last Ten Years  
(Expressed in Thousands)

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Manufacturing Durable	123.9	132.2	134.3	131.9	128.8	126.8	130.2	136.7	141.5	141.5
Manufacturing Non-Durable	89.6	95.1	99.7	103.9	103.5	103.1	105.6	108.2	108.8	105.9
Mining	2.2	2.2	2.0	2.0	2.1	2.1	2.1	2.2	2.1	2.1
Construction	35.6	38.0	40.5	44.9	45.6	47.3	48.4	53.2	54.9	58.5
Transportation, Communication and Public Utilities	52.7	54.4	55.7	55.9	55.2	54.5	56.6	58.9	61.4	62.9
Wholesale and Retail Trade	282.3	294.6	306.4	308.0	312.4	317.5	319.9	330.5	340.5	341.1
Finance, Insurance and Real Estate	64.5	66.1	68.4	69.3	71.8	72.4	74.1	76.6	76.7	77.6
Services	248.1	261.4	276.1	288.6	296.8	306.1	317.4	326.7	341.1	359.1
Government	210.2	211.9	217.0	219.6	220.3	221.6	222.8	226.2	230.1	231.6
<b>TOTAL NON-AGRICULTURAL WAGE AND SALARY EMPLOYEES</b>	<u>1,109.1</u>	<u>1,155.9</u>	<u>1,200.1</u>	<u>1,224.1</u>	<u>1,236.5</u>	<u>1,251.4</u>	<u>1,277.1</u>	<u>1,319.2</u>	<u>1,357.1</u>	<u>1,380.3</u>

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

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



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

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

Note: Based on 1996 calendar year annual average employment.

Source: Iowa Department of Employment Services.

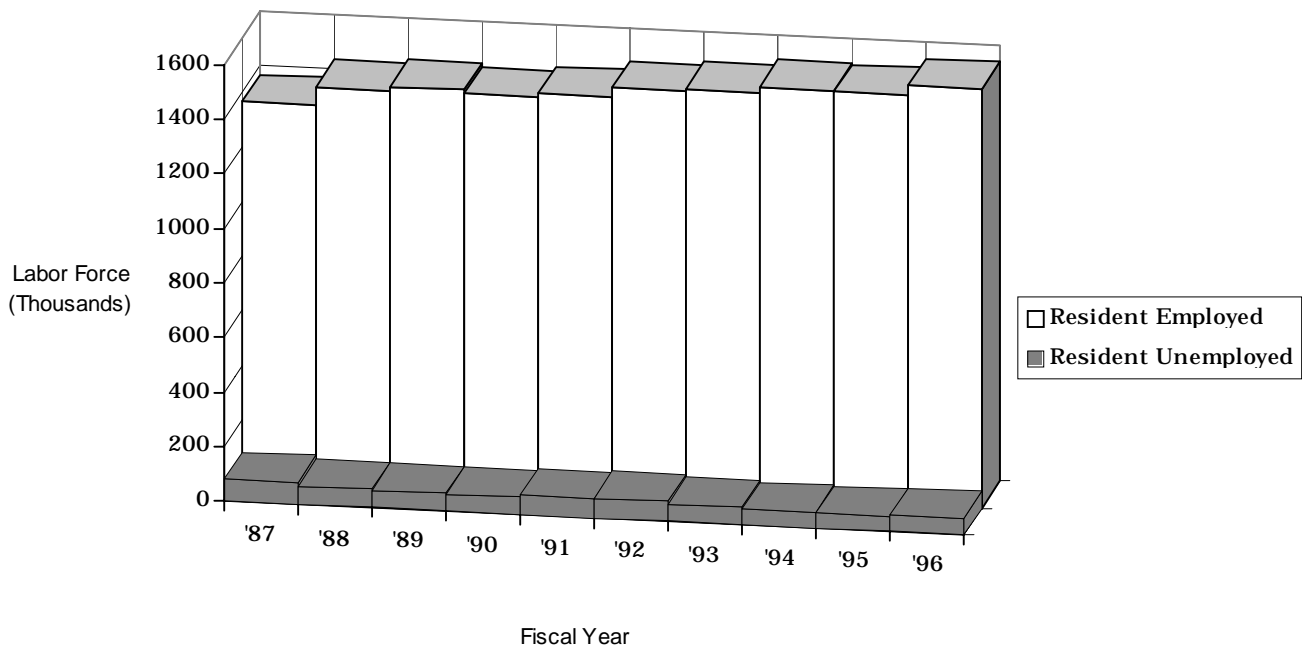
**STATE OF IOWA**  
**LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT**  
 Annual Averages

For the Last Ten Years  
 (Expressed in Thousands)

	RESIDENT CIVILIAN LABOR FORCE	RESIDENT EMPLOYMENT	RESIDENT UNEMPLOYED	PERCENT UNEMPLOYED
1987	1,449.0	1,369.0	80.0	5.5
1988	1,500.0	1,433.0	67.0	4.5
1989	1,513.0	1,448.0	65.0	4.3
1990	1,496.0	1,433.0	63.0	4.2
1991	1,517.0	1,447.0	70.0	4.6
1992	1,551.0	1,479.0	72.0	4.6
1993	1,550.0	1,488.0	62.0	4.0
1994	1,565.0	1,508.0	58.0	3.7
1995	1,558.8	1,504.4	54.4	3.5
1996	1,599.0	1,539.0	60.0	3.8

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

**Employment and Unemployment**  
 Ten-Year Comparison



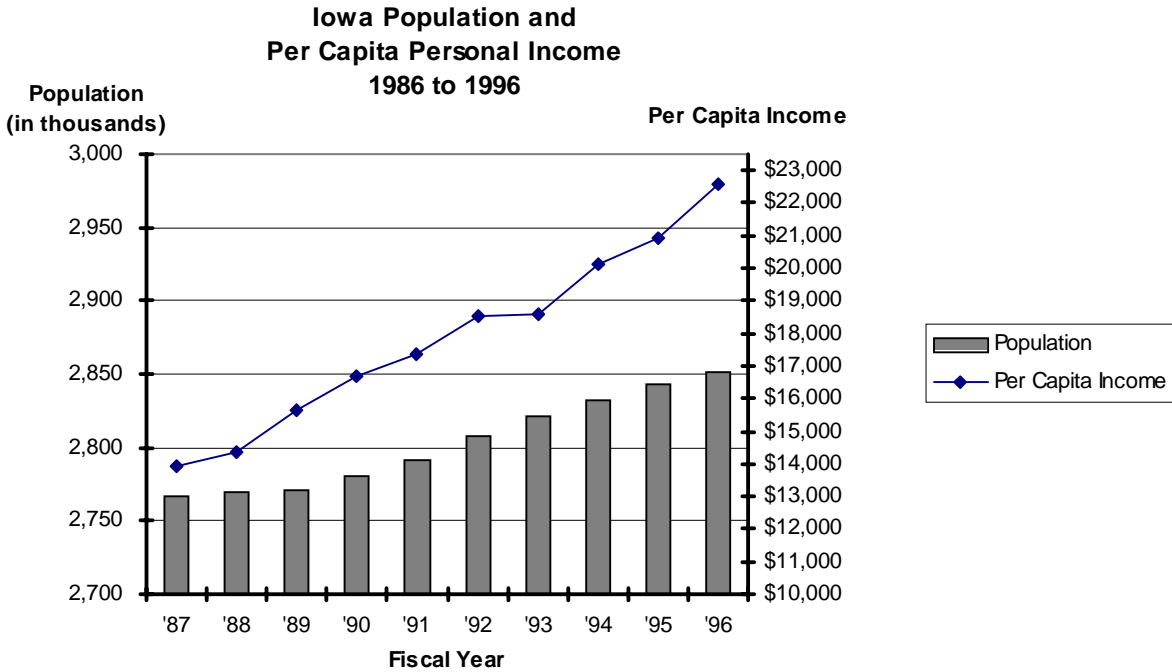
# STATE OF IOWA

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

For the Last Ten Years

	POPULATION (Expressed in Thousands)	TOTAL PERSONAL INCOME (Expressed in Millions)	PER CAPITA PERSONAL INCOME (Expressed in Dollars)
1987	2,767	\$ 38,565	\$ 13,936
1988	2,769	39,681	14,332
1989	2,771	43,352	15,647
1990	2,780	46,375	16,683
1991	2,792	48,537	17,387
1992	2,808	51,973	18,508
1993	2,822	52,396	18,564
1994	2,832	57,073	20,150
1995	2,843	59,453	20,911
1996	2,852	64,336	22,560

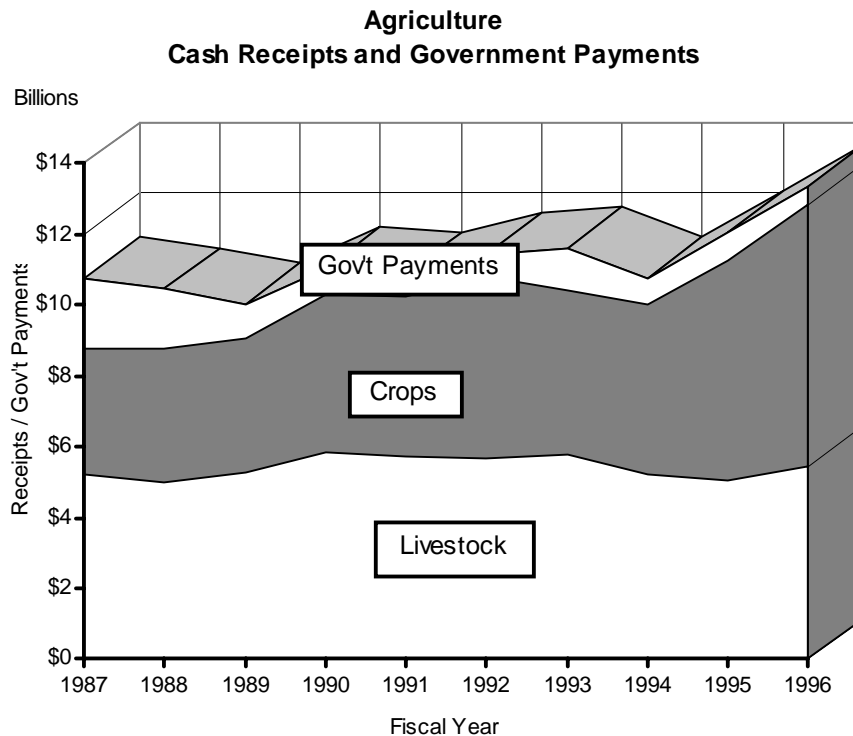
Source: U.S. Department of Commerce, Bureau of Economic Analysis



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

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Cattle	\$ 1,917.8	\$ 1,922.6	\$ 2,104.6	\$ 2,065.5	\$ 2,057.4	\$ 2,144.7	\$ 2,160.9	\$ 1,856.5	\$ 1,717.6	\$ 1,461.1
Hogs	2,689.7	2,407.5	2,421.0	2,989.0	2,916.5	2,732.2	2,820.0	2,571.6	2,480.2	3,004.0
Dairy Products	425.9	461.4	537.2	549.3	482.7	507.6	506.1	498.6	501.5	546.1
Other Livestock	168.3	196.3	230.2	258.7	263.8	260.7	294.2	304.2	323.0	445.6
<b>TOTAL LIVESTOCK</b>	<b>5,201.7</b>	<b>4,987.8</b>	<b>5,293.0</b>	<b>5,862.5</b>	<b>5,720.4</b>	<b>5,645.2</b>	<b>5,781.2</b>	<b>5,230.9</b>	<b>5,022.3</b>	<b>5,456.8</b>
Corn	1,662.5	1,586.3	1,781.9	2,422.9	2,521.0	2,913.2	2,643.8	2,509.5	3,607.2	4,290.1
Soybeans	1,689.4	2,016.0	1,724.8	1,788.5	1,824.8	2,026.9	1,784.6	2,055.4	2,425.0	2,892.2
Other Crops	211.1	185.0	248.5	205.1	183.4	200.2	177.3	208.5	202.0	198.8
<b>TOTAL CROPS</b>	<b>3,563.0</b>	<b>3,787.3</b>	<b>3,755.2</b>	<b>4,416.5</b>	<b>4,529.2</b>	<b>5,140.3</b>	<b>4,605.7</b>	<b>4,773.4</b>	<b>6,234.2</b>	<b>7,381.1</b>
<b>Total Cash Receipts from Crops and Livestock</b>	<b>8,764.7</b>	<b>8,775.1</b>	<b>9,048.2</b>	<b>10,279.0</b>	<b>10,249.6</b>	<b>10,785.5</b>	<b>10,386.9</b>	<b>10,004.3</b>	<b>11,256.5</b>	<b>12,837.9</b>
Government Payments	1,987.7	1,665.0	981.2	753.7	645.0	662.3	1,229.5	732.4	784.7	501.7
<b>Total Cash Receipts and Government Payments</b>	<b>\$ 10,752.4</b>	<b>\$ 10,440.1</b>	<b>\$ 10,029.4</b>	<b>\$ 11,032.7</b>	<b>\$ 10,894.6</b>	<b>\$ 11,447.8</b>	<b>\$ 11,616.4</b>	<b>\$ 10,736.7</b>	<b>\$ 12,041.2</b>	<b>\$ 13,339.6</b>

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





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

For the Last Ten Years  
(Expressed in Thousands)

**IOWA FINANCE AUTHORITY**

FISCAL YEAR ENDED JUNE 30	GROSS REVENUES	DIRECT OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
1988	\$ 66,828.4	\$ 272.5	\$ 66,555.9	\$ 30,905.0	\$ 30,776.9	\$ 61,681.9	1.08
1989	66,586.2	280.8	66,305.4	31,090.0	33,546.3	64,636.3	1.03
1990	76,800.3	448.8	76,351.5	27,850.0	40,633.1	68,483.1	1.11
1991	82,574.1	556.0	82,018.1	33,770.0	38,976.3	72,746.3	1.13
1992	105,130.5	626.6	104,503.9	42,115.0	39,489.6	81,604.6	1.28
1993	117,365.2	825.6	116,539.6	76,705.0	38,896.3	115,601.3	1.01
1994	111,330.9	816.6	110,514.3	70,574.8	32,987.7	103,562.5	1.07
1995	130,224.7	748.6	129,476.1	109,678.7	30,858.8	140,537.5	.92
1996	83,308.4	735.0	82,573.4	34,387.4	30,191.1	64,578.5	1.28
1997	125,170.3	745.2	124,425.1	92,274.5	29,480.6	121,755.1	1.02

**IOWA HIGHER EDUCATION LOAN AUTHORITY**

FISCAL YEAR ENDED JUNE 30	GROSS REVENUES	DIRECT OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
1988	\$ 4,832.8	\$ 89.8	\$ 4,743.0	\$ -	\$ 4,563.3	\$ 4,563.3	1.04
1989	5,604.8	87.4	5,517.4	-	5,418.4	5,418.4	1.02
1990	5,224.7	125.4	5,099.3	-	5,084.6	5,084.6	1.00
1991	4,675.6	128.7	4,546.9	-	4,537.1	4,537.1	1.00
1992	3,826.3	83.1	3,743.2	-	3,520.6	3,520.6	1.06
1993	3,531.9	128.5	3,403.4	-	3,233.3	3,233.3	1.05
1994	3,672.1	135.7	3,536.4	2,065.0	3,274.4	5,339.4	.66
1995	3,752.3	132.8	3,619.5	2,590.0	3,569.7	6,159.7	.59
1996	3,579.3	146.0	3,433.3	2,605.0	3,333.5	5,938.5	.58
1997	3,391.0	169.7	3,221.3	2,270.0	3,416.4	5,686.4	.57

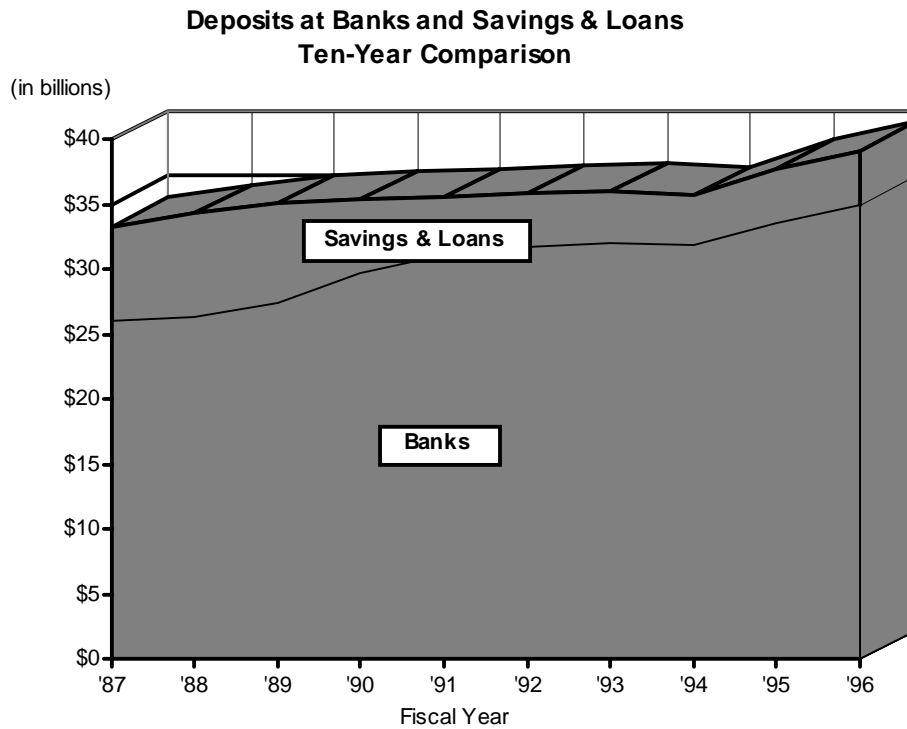
Notes: Gross Revenue and Principal amounts for the Iowa Finance Authority include unexpended bond proceeds used to redeem bonds. Loan principal received in one year is often used to pay bond principal in the following year.

**STATE OF IOWA**  
**BANK and SAVINGS & LOAN DEPOSITS**

For the Last Ten Years  
(Expressed in Millions)

	<u>BANKS</u>		<u>SAVINGS &amp; LOANS</u>		TOTAL DEPOSITS
	NUMBER	DEPOSITS	NUMBER	DEPOSITS	
1987	597	\$25,975.5	50	\$7,373.7	\$33,349.2
1988	586	\$26,321.4	45	\$7,970.5	\$34,291.9
1989	576	\$27,449.0	44	\$7,626.8	\$35,075.8
1990	565	\$29,686.0	38	\$5,736.4	\$35,422.4
1991	561	\$31,054.8	34	\$4,532.7	\$35,587.5
1992	542	\$31,665.0	31	\$4,166.7	\$35,831.7
1993	530	\$31,996.0	32	\$4,008.3	\$36,004.3
1994	517	\$31,930.0	32	\$3,794.0	\$35,724.0
1995	491	\$33,533.0	32	\$4,258.5	\$37,791.5
1996	468	\$35,033.0	30	\$4,172.1	\$39,205.1

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



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### Report Prepared by State of Iowa

Department of Revenue and Finance - Gerald D. Bair, director

Graphic Coordinator - Brian Bemisdarfer

Photo Captions - Sheri Weathers

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Marilyn Hanson, CPA

Richard Schoeppner, CPA

Lisa Dooly, CPA

---

### Additional Assistance

#### Provided by

##### Auditor of State

Word Processing Support - Marilee Ackelson

Donna Davis

Judy Finchum

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