

Iowa's Comprehensive Annual Financial Report
for the fiscal year ended June 30, 1999

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year
Ended June 30, 1999*

Thomas J. Vilsack - Governor

PREPARED BY: _____

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

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ACKNOWLEDGEMENTS

INTRODUCTORY

December 7, 1999

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, 1999. 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 1998 CAFR, an organizational chart of State government, and a list of principal State officials.
- * The FINANCIAL SECTION contains the independent auditor's report on the financial statements, the general purpose financial statements, the combining statements, schedules of required pension disclosures, and detailed breakdowns of General Fund revenues and expenditures.
- * The STATISTICAL SECTION highlights selected financial and demographic information, generally presented on a multi-year basis.

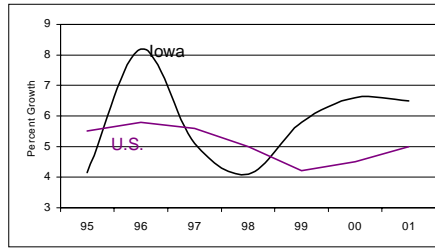
This report includes all of the fund types, account groups, departments and agencies of the State, as well as boards, commissions, authorities, and universities for which the State's executive, legislative, and judicial branches are financially accountable. The criterion considered in establishing financial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

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

ECONOMIC CONDITION AND OUTLOOK

Personal Income. Iowa personal income growth slowed somewhat in 1998, increasing by 3.9% after increasing by 5.1% in 1997 and 8.2% in 1996. The current estimate for 1999 is for personal income growth to accelerate to 5.8%. The Iowa Economic Forecasting Council also predicts that growth will rise by 6.6% in 2000 and 6.5% in 2001.

Iowa personal income growth is forecast to outpace the nation through 2001

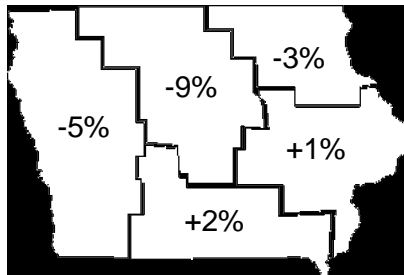


Through the first two quarters of 1999, Iowa enjoyed the third fastest growth in personal income in the nation. Iowa's 1.9% growth trailed only Nebraska and Kansas among the 50 states. Large increases in farm subsidy payments were a major factor, although earnings in manufacturing and services were also important.

Farm income continues to be a drag on Iowa's personal income growth. Excess world capacity of agricultural commodities and reduced demand has hampered Iowa grain farmers and pork producers. After very strong years in 1996 and 1997, farm income dropped 28% in 1998, to \$2.12 billion. The Iowa Economic Forecasting Council projects that farm income will decline to \$2.07 billion in 1999 but rebound to \$2.41 billion in 2000 and \$2.60 billion in 2001.

The drop in farm income has been mitigated somewhat by federal emergency assistance. New emergency assistance legislation enacted in October of 1999 will provide approximately \$600 million in direct payments to Iowa farmers in fiscal year 2000. After considering farm assistance, farm income in 1999 will be about average for the 1990-1999 period.

Federal Reserve Bank of Chicago
Survey of Farmland Value
Change in value July, 1998 to July, 1999

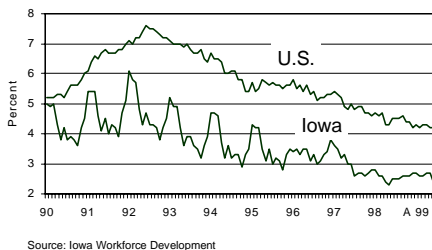


This year, Iowa's economy is more resilient to a farm downturn than in the past. Over the last 16 years Iowa has seen an increase of 471,000 jobs that are unrelated to agriculture. This, at least partially, was the result of a focused State industrial policy. The purpose has been to insulate the rest of the State's economy from the volatility of farm income.

Farmland Values. The soft farm economy is having an effect on land values. The Federal Reserve Bank of Chicago July 1999 survey of area bankers estimates that Iowa farmland values are 3% less than the previous year.

Employment. Iowa continues to have one of the lowest average unemployment rates in the nation. The state's seasonally adjusted unemployment rate fell to a record-low 2.4% in September 1999. The level of unemployment was also a record with 37,700 unemployed. By contrast, the September 1999 national unemployment rate was 4.2%. Iowa's average unemployment rate will likely be under 3% for 1999.

Iowa's jobless rate well below U.S. rate



Throughout most of the decade, Iowa's unemployment rate has been about two percentage points below the national average. To date, only one Iowa city and one Iowa county have unemployment rates that exceed the national average, and 42 Iowa counties have unemployment rates under 2%.

In September 1999, the number of Iowans employed had grown by 11,100 from the previous year, to 1,583,400. For the year, non-farm employment growth is projected to increase by 2.5%. Iowa has a greater percentage of its labor force employed compared to the nation as a whole and also has a larger percentage of its population actively participating in the labor force. These factors, combined with estimates of small growth in population, help explain why employment growth in Iowa is projected to increase by just 1.2% in 2000 and 0.9% in 2001.

Exports. The rise in Iowa's exporting industries has been an important factor in State economic growth during the 1990's. Growth in exports of industrial machinery, instruments and measurement devices, electronics, specialized transportation equipment, chemicals and pharmaceuticals, and processed food products have helped diversify Iowa's economy. When combined with traditional farm commodities and livestock, total exports from Iowa increased by 22%, 11% and 13% in the years 1995, 1996 and 1997, respectively.

A variety of factors led to a 3% decline in Iowa exports in 1998. A general weakness in the economies of the Pacific Rim nations significantly reduced trade opportunities. At the same time, strong harvests worldwide led to an oversupply of agricultural commodities. The strong U.S. dollar also made it harder for U.S. products to be competitive in international markets.

There are indications that the negative trend in exports may be ready to turn. There are signs of improvement in the Pacific Rim economies, and factory exports to Singapore, South Korea, China (both Taiwan and Mainland), and Thailand are all sharply up in the first half of 1999 after dramatic declines in 1998. For the first half of 1999, however, Iowa is still showing a decline in factory exports to its three largest trading partners (Canada, Japan, Germany).

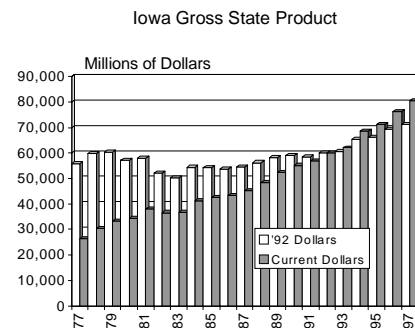
Gross State Product. In 1997, the most recent year for which data is available, Iowa's gross state product was \$80.5 billion, which reflected 5.2% growth over the previous year. The gross state product is the U.S. Commerce Department's measure of the value of all goods and services produced in the state each year. The nation's gross domestic product grew by 6.2% between 1996 and 1997.

Residential Construction Permits. While there continues to be strong growth in housing construction in many of Iowa's larger communities, statewide construction has tailed off from its phenomenal 1998 level. In the first nine months of 1999, the value of Iowa housing permits has declined by 4% from 1998's record levels. Spurred by attractive interest rates and above average income growth, the value of housing permits grew by 39% in 1998. Many communities, including Bettendorf, Cedar Rapids, Coralville, Davenport, Des Moines, Iowa City, and Urbandale, continue to have double digit housing permit growth in 1999.

MAJOR INITIATIVES AND ISSUES

Class Size reduction and Intervention. Beginning July 1, 1999, an additional \$10 million will be provided to local school districts in each of the succeeding five years to reduce class sizes in kindergarten through the third grade. Class sizes will be reduced with the goal of achieving average class sizes of 17 students per teacher. This flexible initiative also allows school districts to use funding to support other proven methods to improve reading and other basic skills for elementary school students.

Local Early Childhood Initiatives. Early learning is critical to success in school, and Iowa's community empowerment initiative allows local governments and service providers a flexible method to tailor local services to meet local needs. Originally funded in 1998 at \$5.4 million, the funding was doubled for 1999 during the 1998 legislative session. The additional funding is targeted at children from birth to age 3 and to parent education initiatives.



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

Property Tax Relief. The State has followed a policy of reducing the share of local services funded with property tax dollars, and that trend continued in 1999. Property tax relief efforts are of particular benefit to Iowans on a fixed income and in the agricultural sector, because property taxes often do not accurately reflect a person's ability to pay these taxes.

Changes to the school aid formula will shift approximately \$41 million of local school costs from property taxes to the State general fund. Additional State resources were also dedicated to past property tax relief efforts directed toward State funding for the county mental health system and the phase out of the property tax on machinery and equipment.

Year 2000 Conversion Activities. A Year 2000 Project Office was created, which is now under the auspices of the State's Chief Information Officer. A substantial amount of financial and internal State government resources have been committed to the State of Iowa's Year 2000 conversion activities. The steps taken by the State include: inventorying mainframe and midrange computer programs, personal computers, mainframe computer hardware and software and embedded computer chips; reviewing and correcting lines of coding; testing Y2K corrections; independent verification and validation of Y2K corrections; and maintaining accountability through monthly status reports, with follow-up and corrective action as needed.

During the 1999 legislative session, an additional \$2,435,000 was appropriated for replacement of non-compliant year 2000 embedded chips in State of Iowa technology and equipment. The State also contracted with Hitachi Data Systems (HDS) to do an independent review of Year 2000 readiness. HDS concluded that Iowa's Year 2000 Project Office, and its Year 2000 Process and independent validation and verification process has created an environment, processes, and procedures that are conducive to success. They fully endorsed the approach that Iowa has taken.

On August 14, 1999, the federal General Accounting Office reported that Iowa was one of only three states to have completely tested their computer systems and are ready to face the new year.

Technology Initiatives. Iowa has embarked on a course to provide its citizens with access, primarily through the Internet, to all governmental services and information, 24 hours a day, 7 days a week, from anywhere in Iowa. The focal point for this effort has been the IOWAccess Network. The purpose of the IOWAccess Network is to provide a single gateway to all State Information. This official web presence for the State will provide several subject categories, directing different audiences or user groups to the State resources they need. On September 23, 1999, the IOWAccess project team was the recipient of Vice

President Gore's prestigious Hammer Award, which is given to teams of government employees and their private sector partners who help improve the government process to work better, cost less, and produce results Americans care about.

At the same time, Iowa is using \$30 million from FY 1998 and FY 1999 reversions to build needed technology infrastructure. These systems will result in improved customer service, operating efficiencies, and new ways for Iowans to access government.

Budgeting for Results. Using Budgeting for Results, State agencies define desired program results, measure how well they are doing in achieving those results, and take action to improve the program results. Program results measures become tools for decision-makers to use when making resource allocation decisions.

All State agencies presented their FY 2000 budget requests using this method, and it is expected that additional efforts will focus on better integrating Budgeting for Results into the State's computerized budget system. In 1999, the Council of State Governments recognized Budgeting for Results as a best practice.

FINANCIAL INFORMATION

Budgetary Controls and Accounting Systems. The current version of the statewide accounting system was implemented during fiscal year 1999. As a part of the system upgrade, the implementation team performed a comprehensive review of the adequacy of internal controls and budgetary controls of the system. The team determined that internal controls continue to be in place to provide reasonable, but not absolute, assurance that assets are safeguarded against unauthorized use or disposition, and that financial records from all appropriate sources are reliable for preparing financial statements and maintaining accountability. The concept of reasonable assurance recognizes the cost of internal controls should not exceed the benefits likely to be derived from their use. To monitor the adequacy of internal controls, the Auditor of State's Office reviews internal control procedures as an integral part of departmental audits.

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

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

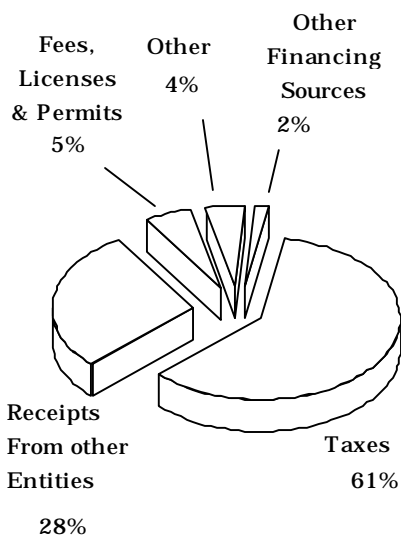
Extensive use is made of on-line tables and reports, updated on a daily basis, to provide detailed and management level reports to State departments, budget authorities, and the State Legislature. Detailed monthly reports are prepared to assure expenditures are being executed according to plan, deviations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

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 \$8,138.4 million for fiscal year 1999. Receipts From Other Entities had the largest increase of \$163.3 million, a 7.6% increase over the previous year, while Receipts From Other Financing Sources decreased by \$60.4 million, a 29.7% decrease of 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 - 1999



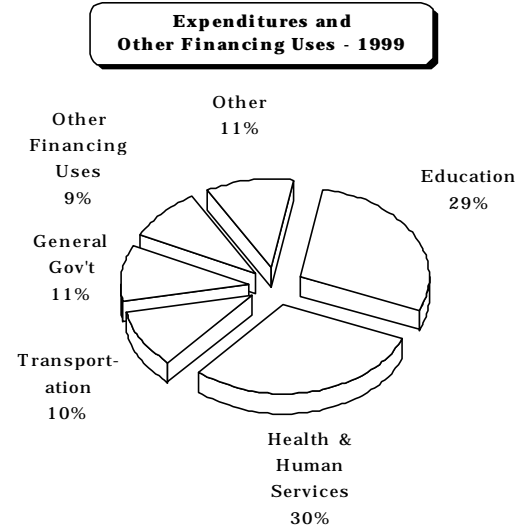
Governmental Revenues and Other Financing Sources			Increase (Decrease) Over 1998 Actual	
	1999	1998	Amount	Percent
Taxes (Net)	\$ 4,883,409	\$ 4,847,520	\$ 35,889	0.7%
Receipts From Other Entities	2,304,812	2,141,475	163,337	7.6
Fees, Licenses & Permits (Net)	446,848	408,399	38,449	9.4
Subtotal	<u>7,635,069</u>	<u>7,397,394</u>	<u>237,675</u>	3.2
Other:				
Refunds & Reimbursements	176,285	180,790	(4,505)	(2.5)
Investment Income	89,797	102,804	(13,007)	(12.7)
Miscellaneous	78,233	66,427	11,806	17.8
Sales, Rents & Services	15,924	12,091	3,833	31.7
Subtotal	<u>360,239</u>	<u>362,112</u>	<u>(1,873)</u>	(0.5)
Total Revenues	7,995,308	7,759,506	235,802	3.0
Other Financing Sources	<u>143,067</u>	<u>203,429</u>	<u>(60,362)</u>	(29.7)
Total Revenues And Other Financing Sources	<u>\$ 8,138,375</u>	<u>\$ 7,962,935</u>	<u>\$ 175,440</u>	2.2

(Changes in revenues were highlighted by):

- * Receipts From Other Entities increased by \$163.3 million due primarily to an increase in federal support of \$176.4 million. The major increases of federal support were \$58.5 million in Health and Human Services grants, \$42.6 million in Economic and Manpower Development, and \$40.7 million in Transportation.
- * Receipts From Other Financing Sources decreased by \$60.4 million due primarily to \$42.6 million of advance refunding of bond proceeds for the Underground Storage Tank Program in fiscal year 1998, and a decrease of \$18.4 million of Operating Transfers In.

Governmental Expenditures And Other Financing Uses totaled \$8,204.4 million for fiscal year 1999. General Government had the largest increase of \$105.7 million, a 14.0% increase over the previous year, while Health & Human Services experienced an increase of \$97.7 million which was a 4.1% increase over the previous year. Changes in expenditures from fiscal year 1998 levels are presented in the following schedule (amounts in thousands):

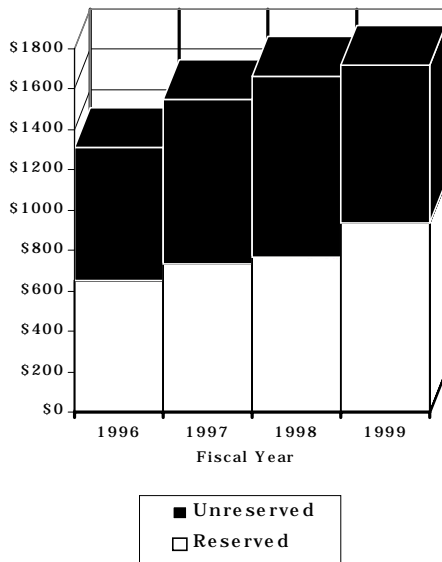
Governmental Expenditures and Other Financing Uses			Increase (Decrease) Over 1998 Actual	
	1999	1998	Amount	Percent
Health & Human Services	\$ 2,487,124	\$ 2,389,458	\$ 97,666	4.1%
Education	2,320,096	2,233,579	86,517	3.9
Transportation	857,384	803,174	54,210	6.7
General Government	<u>861,601</u>	<u>755,938</u>	<u>105,663</u>	14.0
Subtotal	<u>6,526,205</u>	<u>6,182,149</u>	<u>344,056</u>	5.6
Other:				
Law, Justice & Public Safety	559,546	504,596	54,950	10.9
Economic/Manpower Development	172,962	161,905	11,057	6.8
Agriculture & Natural Resources	129,541	113,238	16,303	14.4
Capital Outlay	31,082	58,068	(26,986)	(46.5)
Regulation Of Business	<u>28,186</u>	<u>26,424</u>	<u>1,762</u>	6.7
Subtotal	<u>921,317</u>	<u>864,231</u>	<u>57,086</u>	6.6
Total Expenditures	7,447,522	7,046,380	401,142	5.7
Other Financing Uses	<u>756,848</u>	<u>807,341</u>	<u>(50,493)</u>	(6.3)
Total Expenditures And Other Financing Uses	<u>\$ 8,204,370</u>	<u>\$ 7,853,721</u>	<u>\$ 350,649</u>	4.5



(Changes in expenditures were highlighted by):

- * General Government increased by \$105.7 million (14.0%). The major increases were \$44.4 million in State Aid, \$35.1 million in Plant Improvements, and \$14.8 million in Contractual Services.
- * Health & Human Services increased by \$97.7 million due primarily to increases of \$53.0 million in State Aid, \$22.3 million in Contractual Services, and \$10.7 million in Personal Services.
- * Law, Justice & Public Safety expenditures increased by \$55 million (10.9%). The major increases were \$20.8 million in the Department of Corrections due to the first full operating year of the Ft. Dodge Correctional Facility and an expansion of the Mt. Pleasant Correctional Facility, and the Emergency Management Division of the Department of Public Defense had a \$14.5 million increase 179.0% in State Aid due to spring flooding.

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>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Reserved	\$ 938,203	\$ 765,227	\$ 730,427	\$ 653,052
Unreserved	<u>781,602</u>	<u>895,926</u>	<u>815,935</u>	<u>657,083</u>
Total General Fund	<u>\$ 1,719,805</u>	<u>\$ 1,661,153</u>	<u>\$ 1,546,362</u>	<u>\$ 1,310,135</u>

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

The Unreserved Fund Balance of the General Fund decreased from \$895.9 million at June 30, 1998, to \$781.6 million at June 30, 1999. This represents a decrease of \$114.3 million, or 12.8%.

The fund balance of the General Fund totaled \$1,719.8 million as of June 30, 1999, an increase of \$58.8 million, or 3.5%, from the previous fiscal year end balance.

Enterprise Funds. The State's enterprise operations are comprised of a number of separate and distinct activities, including the Iowa Lottery, the Iowa Communications Network, the Iowa State Prison Industries, and the Underground Storage Tank Programs. Combined operating revenues for the State's Enterprise funds increased from \$312.3 million in Fiscal Year 1998 to \$327.8 million in Fiscal Year 1999. The combined operating expenses increased from \$263.7 million to \$277.9 million during the same period. The increase in revenues and expenses is due to the expanding capacity of the Iowa Communications Network and increased activity of the Iowa Lottery.

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 decreased from \$322.6 million in Fiscal Year 1998 to \$286.7 million in Fiscal Year 1999. Combined operating expenses decreased from \$334.3 million to \$300.4 million during the same period.

The decrease in revenues and expenses is due primarily to decreased activity in the Centralized Purchasing Revolving fund related to a procedural change that occurred upon implementation of the upgraded Iowa Financial Accounting System on April 5, 1999.

Prior to April 5, state purchases and the reimbursement for those purchases, were accounted for in the Centralized Purchasing Revolving Fund. Effective April 5, state purchases are processed and paid through individual state agency funding sources.

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 \$389.6 million which represents a funding ratio of 97.02%, the Peace Officers' Accident and Disability System (PORS) has an UAAL of \$(28.7) million which represents a funded ratio of 115.31%; and the Judicial Retirement System (JRS) has a UAAL of \$6.8 million which represents a funded ratio of 90.18%. 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.

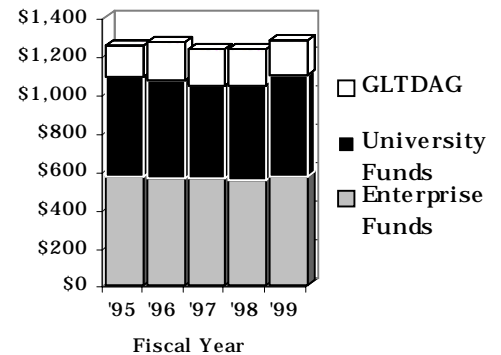
Revenue bonds issued by various authorities of the State totaled \$1,277.6 million outstanding at fiscal year-end. This amount consisted of \$563.7 million of component unit - proprietary funds revenue bonds (housing and higher education), \$532.8 million in revenue bonds issued by the three State universities (for facilities), and \$92.9 million and \$88.2 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 \$92.2 million. COPS represent an ownership interest of the certificate holder in a lease purchase agreement. Other financing arrangements payable, excluding COPS, totaled \$6.1 million at June 30, 1999.

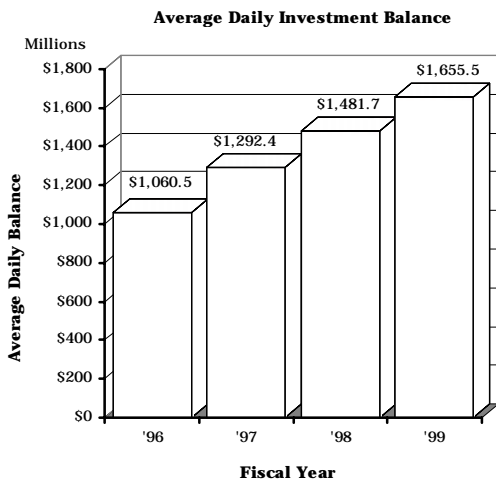
State agencies, including the universities, have also entered into capital leases and installment purchase agreements for various purposes. Total long-term capital leases and installment purchases outstanding on June 30, 1999, was \$53.2 million.

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

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



by law and the Treasurer's investment policy. The three goals of the investment policy, in order of importance, are: 1) safety of funds; 2) liquidity; and 3) return. A custodial bank is utilized to safekeep investments and to provide payment and collection services for investment transactions. All investment transactions occur on a payment versus delivery basis. It is the policy of the Treasurer's Office that all deposits under its control are insured or collateralized in accordance with Chapter 12C of the Iowa Code.



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

	FY 99	FY 98	FY 97	FY 96
Interest Earnings*	\$93,600	\$89,687	\$76,051	\$62,349
Average Daily Investment Balance	\$1,655,485	\$1,481,684	\$1,292,371	\$1,060,513
Annual Rate of Return	5.65%	6.05%	5.88%	5.88%

* 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, 1998. 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 sixth consecutive year the State of Iowa has received this award. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA. We are committed to continue this effort, and we intend to maintain a highly qualified and professional staff to make this certification possible.

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

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

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

Respectfully submitted,

Gerald D. Bair, Director
Department of Revenue
and Finance

Cynthia P. Eisenhauer, Director
Department of Management

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
Iowa

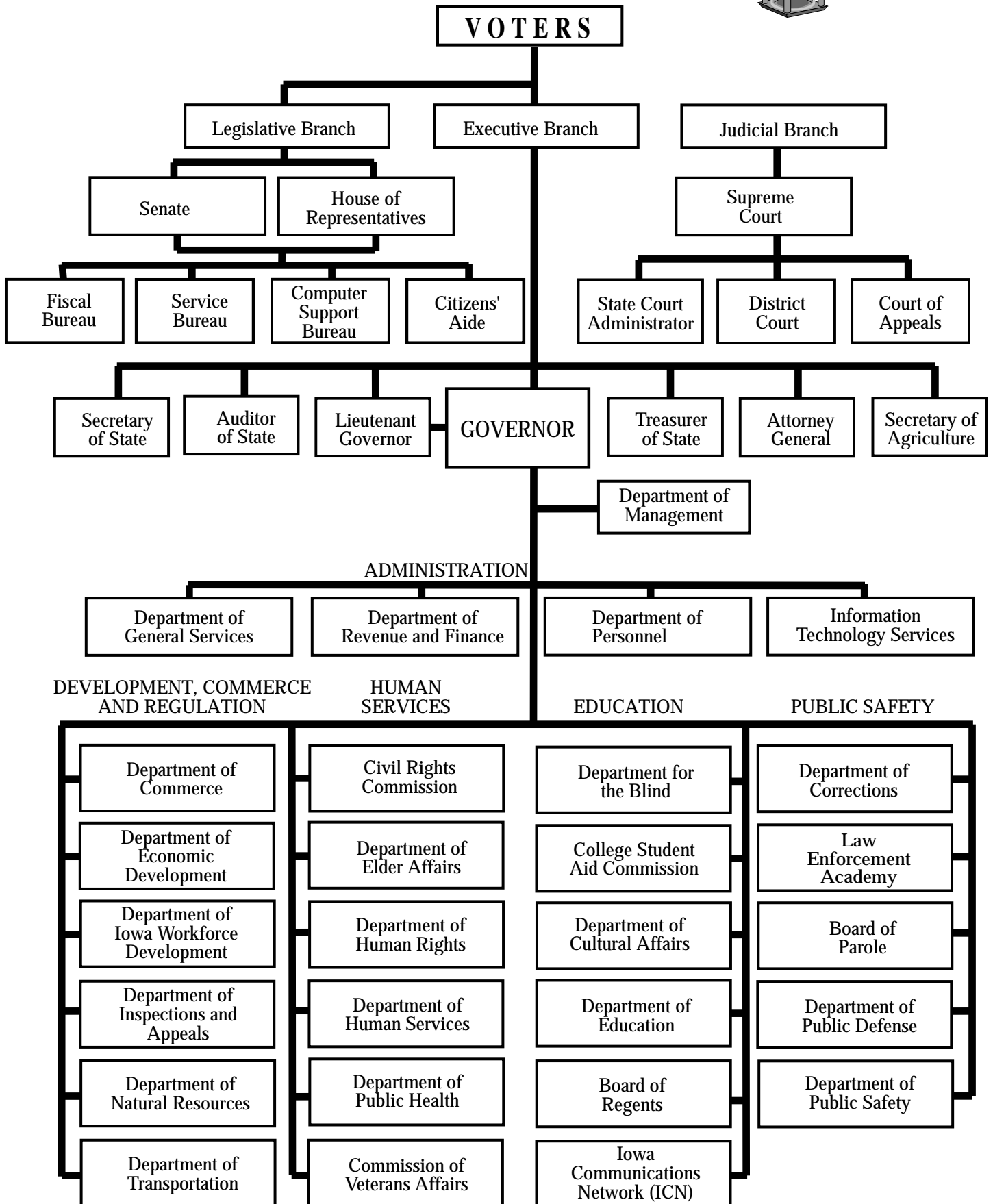
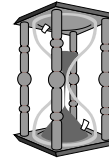
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

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.



Cary Brueck
President
Jeffrey L. Essler
Executive Director

IOWA ORGANIZATION STRUCTURE



PRINCIPAL OFFICIALS

Elected Officials

Governor	Thomas J. Vilsack
Lieutenant Governor	Sally J. Pederson
Secretary of State	Chester J. Culver
Auditor of State	Richard D. Johnson
Treasurer of State	Michael L. Fitzgerald
Secretary of Agriculture	Patty J. Judge
Attorney General	Thomas J. Miller

Legislative Branch

President of the Senate	Mary E. Kramer
Speaker of the House of Representatives	Brent Siegrist

Judicial Branch

Chief Justice of the Supreme Court	Arthur A. McGiverin
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FINANCIAL

Independent Auditor's Report

To the Governor and Members of the General Assembly:

We have audited the accompanying general purpose financial statements, listed in the table of contents of this report, of the State of Iowa as of and for the year ended June 30, 1999. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of certain discretely presented component units, which statements reflect 95% of assets and 76% 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 general purpose financial statements are free of material misstatement. The financial statements of the Iowa Public Television Foundation and the Iowa Finance Authority, component units of the State of Iowa, were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Iowa at June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust funds and discretely presented component units, for the year then ended in conformity with generally accepted accounting principles.

The State of Iowa implemented Governmental Accounting Standards Board Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," during the year ended June 30, 1999. As a result, the beginning balances of the Agency Fund Deferred Compensation Accounts have been deleted since, in accordance with federal law changes, the assets are no longer State funds.

For the year ended June 30, 1999, appropriations of \$20,364,663 were made from the Iowa Infrastructure Capital Projects Fund, legally known as the Rebuild Iowa Infrastructure Fund, for items which are inconsistent with the fund's legislatively established purpose that it be used for public vertical infrastructure-related expenditures and completion of Part III of the Iowa Communications Network. These items included, but were not limited to, assistance

payments and development and improvement of technology systems used by various state agencies and community colleges. Expenditures for these items during the year ended June 30, 1999 totaled \$29,754,310, of which \$12,228,096 was funded from previous years' appropriations from the Rebuild Iowa Infrastructure Fund. These items have been reported as expenditures in the General Fund in the accompanying financial statements, except for the Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual - Budgetary Basis, General Fund and Special Revenue Funds.

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

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

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

RICHARD D. JOHNSON, CPA
Auditor of State

December 7, 1999

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GENERAL PURPOSE FINANCIAL STATEMENTS

STATE OF IOWA

Combined Balance Sheet
 All Fund Types, Account Groups, and Discretely Presented Component Units
 June 30, 1999
 (Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE
ASSETS AND OTHER DEBITS					
Cash & Investments (Note 2)	\$ 1,338,342	\$ 7,058	\$ 9,275	\$ 60,072	\$ 59,430
Deposits With Trustees (Note 2)	4,251	-	3,313	21,404	-
Accounts Receivable (Net)(Note 4)	752,735	1,656	601	12,654	3,176
Interest Receivable	-	-	108	43	5
Notes Receivable (Net)	437	-	-	-	-
Loans Receivable (Net)	112,172	-	-	-	-
Benefit Overpayment Receivable (Net)	-	-	-	-	-
Due From Other Funds/Advances	-	-	-	-	-
To Other Funds (Note 5)	32,591	897	4,746	15,841	15,547
Due From Component Units (Note 5)	3	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Fixed Assets (Net) (Note 6)	-	-	-	87,299	83,890
Inventory	9,501	-	-	11,665	8,834
Food Stamp Inventory	36,773	-	-	-	-
Prepaid Expenditures/Expenses	15,573	2	-	2,255	696
Other Assets	-	-	-	1,715	-
Investment In Prize Annuity (Note 7)	-	-	-	70,047	-
Prize Deposit	-	-	-	5,606	-
Equity In Wholly Owned Subsidiary	-	-	-	-	-
Amount To Be Provided For Retirement Of General Long-Term Debt	-	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 2,302,378</u>	<u>\$ 9,613</u>	<u>\$ 18,043</u>	<u>\$ 288,601</u>	<u>\$ 171,578</u>
LIABILITIES					
Accounts Payable & Accruals	\$ 448,351	\$ 415	\$ 5,071	\$ 25,976	\$ 23,746
Due To Other Funds/Advances From Other Funds (Note 5)	60,247	282	167	4,591	2,189
Due To Primary Government	-	-	-	-	-
Due To Component Units (Note 5)	-	-	-	-	-
Interest Payable	-	-	-	2,598	-
Deferred Revenue	73,975	6	-	1,051	7,024
Compensated Absences (Note 1)	-	-	-	1,133	548
Capital Leases (Note 9)	-	-	-	-	-
Bonds Payable (Note 12)	-	-	-	-	-
Other Financing Arrangements Payable (Note 11)	-	-	-	84,437	-
Annuities Payable (Note 7)	-	-	-	70,177	-
Lottery Prizes Payable	-	-	-	10,642	-
Funds Held In Custody	-	-	-	572	-
Lease Obligation From Discontinued Operations (Note 13)	-	-	-	253	-
Installment Purchases (Note 10)	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Deposits	-	-	-	-	-
TOTAL LIABILITIES	<u>582,573</u>	<u>703</u>	<u>5,238</u>	<u>201,430</u>	<u>33,507</u>
FUND EQUITY AND OTHER CREDITS					
Contributed Capital	-	-	-	66,562	-
Retained Earnings	-	-	-	20,609	138,071
Fund Balances:					
Reserve For:					
Encumbrances & Contracts	33,024	-	-	-	-
Inventory & Prepaid Expenditures	25,074	2	-	-	-
Noncurrent Receivables	149,508	-	-	-	-
Debt Service	-	-	-	-	-
Employees' Pension Benefit	-	-	-	-	-
Specific Purposes	730,597	-	2,535	-	-
Unreserved Fund Equity	781,602	8,908	10,270	-	-
Net Investment In Plant	-	-	-	-	-
Investment In General Fixed Assets	-	-	-	-	-
TOTAL FUND EQUITY AND OTHER CREDITS	<u>1,719,805</u>	<u>8,910</u>	<u>12,805</u>	<u>87,171</u>	<u>138,071</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 2,302,378</u>	<u>\$ 9,613</u>	<u>\$ 18,043</u>	<u>\$ 288,601</u>	<u>\$ 171,578</u>

The notes are an integral part of the financial statements.

STATE OF IOWA

FIDUCIARY FUND TYPE TRUST AND AGENCY	ACCOUNT GROUPS		UNIVERSITY FUNDS	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT				
\$ 17,833,447	\$ -	\$ -	\$ 1,036,897	\$ 20,344,521	\$ 657,503	\$ 21,002,024
-	-	-	39,667	68,635	-	68,635
931,363	-	-	212,928	1,915,113	249	1,915,362
52,715	-	-	10,818	63,689	6,891	70,580
43	-	-	68,678	69,158	177	69,335
-	-	-	-	112,172	234,577	346,749
14,517	-	-	-	14,517	-	14,517
33,752	-	-	1,060	104,434	-	104,434
-	-	-	-	3	165	168
-	-	-	511	511	-	511
1,158	1,119,764	-	3,117,632	4,409,743	27,460	4,437,203
262	-	-	36,461	66,723	173	66,896
-	-	-	-	36,773	-	36,773
10	-	-	10,276	28,812	180	28,992
-	-	-	-	1,715	72	1,787
-	-	-	-	70,047	-	70,047
-	-	-	-	5,606	-	5,606
-	-	-	11,288	11,288	-	11,288
-	-	339,312	-	339,312	-	339,312
\$ 18,867,267	\$ 1,119,764	\$ 339,312	\$ 4,546,216	\$ 27,662,772	\$ 927,447	\$ 28,590,219
\$ 2,293,824	\$ -	\$ -	\$ 153,116	\$ 2,950,499	\$ 14,397	\$ 2,964,896
35,898	-	-	1,060	104,434	-	104,434
-	-	-	-	-	3	3
-	-	-	-	-	165	165
-	-	-	19,049	21,647	9,122	30,769
2,050	-	-	20,223	104,329	5,782	110,111
-	-	97,176	107,675	206,532	214	206,746
-	-	3,765	48,810	52,575	-	52,575
-	-	181,120	532,786	713,906	563,707	1,277,613
-	-	9,875	4,006	98,318	-	98,318
-	-	-	-	70,177	-	70,177
-	-	-	-	10,642	-	10,642
73,382	-	-	106,526	180,480	-	180,480
-	-	-	-	253	-	253
-	-	599	-	599	-	599
-	-	46,777	-	46,777	-	46,777
-	-	-	20	20	-	20
2,405,154	-	339,312	993,271	4,561,188	593,390	5,154,578
-	-	-	-	66,562	26,527	93,089
-	-	-	-	158,680	293,063	451,743
-	-	-	179,139	212,163	-	212,163
272	-	-	35,625	60,973	239	61,212
942	-	-	-	150,450	-	150,450
-	-	-	22,192	22,192	-	22,192
15,603,580	-	-	-	15,603,580	-	15,603,580
16,270	-	-	635,575	1,384,977	6,627	1,391,604
841,049	-	-	40,921	1,682,750	7,601	1,690,351
-	-	-	2,639,493	2,639,493	-	2,639,493
-	1,119,764	-	-	1,119,764	-	1,119,764
16,462,113	1,119,764	-	3,552,945	23,101,584	334,057	23,435,641
\$ 18,867,267	\$ 1,119,764	\$ 339,312	\$ 4,546,216	\$ 27,662,772	\$ 927,447	\$ 28,590,219

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, 1999
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
REVENUES:			
Taxes	\$ 5,394,206	\$ -	\$ -
Receipts From Other Entities	2,301,478	1,160	2,174
Investment Income	88,219	428	1,150
Fees, Licenses & Permits	504,836	46	-
Refunds & Reimbursements	173,306	2,558	421
Sales, Rents & Services	15,924	-	-
Miscellaneous	77,754	479	-
Centralized Payroll	-	-	-
GROSS REVENUES	8,555,723	4,671	3,745
Less Revenue Refunds	<u>568,831</u>	<u>-</u>	<u>-</u>
NET REVENUES	<u>7,986,892</u>	<u>4,671</u>	<u>3,745</u>
EXPENDITURES:			
Current:			
General Government	861,538	60	3
Education	2,319,909	187	-
Health & Human Services	2,485,481	1,643	-
Transportation	857,384	-	-
Law, Justice & Public Safety	549,110	2,038	8,398
Economic/Manpower Development	172,962	-	-
Regulation Of Business	28,186	-	-
Agriculture & Natural Resources	123,823	-	5,718
Capital Outlay:			
General Government	-	-	11,615
Transportation	-	-	1,010
Law, Justice & Public Safety	-	-	3,353
Agriculture & Natural Resources	-	-	15,104
TOTAL EXPENDITURES	<u>7,398,393</u>	<u>3,928</u>	<u>45,201</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>588,499</u>	<u>743</u>	<u>(41,456)</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers:			
Transfers In	97,318	3,211	38,861
Transfers Out	(49,377)	(124)	(3,949)
Transfers To Universities	(702,578)	-	-
Transfers From Component Units	758	-	-
Transfers To Primary Government	-	-	-
Capital Leases & Installment Purchases	2,099	-	-
Refunding COPS Proceeds	820	-	-
Payments To Refund COPS	(820)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(651,780)</u>	<u>3,087</u>	<u>34,912</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(63,281)</u>	<u>3,830</u>	<u>(6,544)</u>
FUND BALANCE JULY 1	1,661,153	5,080	141,282
Adjustments (Note 21)	<u>121,933</u>	<u>-</u>	<u>(121,933)</u>
FUND BALANCE JULY 1, RESTATED	1,783,086	5,080	19,349
Residual Equity Transfer Out	-	-	-
FUND BALANCE JUNE 30	<u>\$ 1,719,805</u>	<u>\$ 8,910</u>	<u>\$ 12,805</u>

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
\$ 154,908	\$ 5,549,114	\$ -	\$ 5,549,114
16,333	2,321,145	7,498	2,328,643
51,703	141,500	2,331	143,831
179	505,061	-	505,061
4,086	180,371	-	180,371
3,704	19,628	373	20,001
15,946	94,179	707	94,886
395	395	-	395
<u>247,254</u>	<u>8,811,393</u>	<u>10,909</u>	<u>8,822,302</u>
1,526	570,357	-	570,357
<u>245,728</u>	<u>8,241,036</u>	<u>10,909</u>	<u>8,251,945</u>
3,384	864,985	-	864,985
2,574	2,322,670	155	2,322,825
756	2,487,880	-	2,487,880
-	857,384	-	857,384
3,515	563,061	-	563,061
180,315	353,277	346	353,623
-	28,186	-	28,186
-	129,541	1,627	131,168
-	11,615	-	11,615
-	1,010	-	1,010
-	3,353	-	3,353
-	15,104	-	15,104
<u>190,544</u>	<u>7,638,066</u>	<u>2,128</u>	<u>7,640,194</u>
<u>55,184</u>	<u>602,970</u>	<u>8,781</u>	<u>611,751</u>
5,868	145,258	-	145,258
(16,086)	(69,536)	-	(69,536)
-	(702,578)	-	(702,578)
-	758	-	758
-	-	(758)	(758)
-	2,099	-	2,099
-	820	-	820
-	(820)	-	(820)
<u>(10,218)</u>	<u>(623,999)</u>	<u>(758)</u>	<u>(624,757)</u>
<u>44,966</u>	<u>(21,029)</u>	<u>8,023</u>	<u>(13,006)</u>
765,742	2,573,257	9,543	2,582,800
40,263	40,263	-	40,263
806,005	2,613,520	9,543	2,623,063
-	-	(3,845)	(3,845)
<u>\$ 850,971</u>	<u>\$ 2,592,491</u>	<u>\$ 13,721</u>	<u>\$ 2,606,212</u>

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

	GENERAL FUND			SPECIAL REVENUE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
APPROPRIATED REVENUE:						
SPECIAL TAXES:						
Personal Income Tax	\$ 2,311,600	\$ 2,220,351	\$ (91,249)	\$ -	\$ -	\$ -
Sales Tax	1,370,600	1,379,757	9,157	-	-	-
Corporation Income Tax	299,600	322,211	22,611	-	-	-
Use Tax	251,300	243,062	(8,238)	-	-	-
Inheritance Tax	83,700	88,120	4,420	-	-	-
Insurance Premium Tax	116,900	114,345	(2,555)	-	-	-
Cigarette Tax	92,600	92,324	(276)	-	-	-
Tobacco Tax	6,700	6,687	(13)	-	-	-
Beer & Liquor Tax	12,900	13,237	337	-	-	-
Franchise Tax	38,600	33,221	(5,379)	-	-	-
Miscellaneous Tax	1,300	1,063	(237)	-	-	-
TOTAL SPECIAL TAXES	4,585,800	4,514,378	(71,422)	-	-	-
REIMBURSEMENTS & FEES:						
Institutional Reimbursements	43,200	47,305	4,105	-	-	-
Liquor Transfers	40,000	41,320	1,320	-	-	-
Interest	27,500	33,344	5,844	-	-	-
Fees	58,900	62,451	3,551	-	-	-
Judicial Revenue	44,100	49,088	4,988	-	-	-
Miscellaneous Receipts	51,500	61,045	9,545	-	-	-
Racing & Gaming Receipts	60,000	60,000	-	-	-	-
TOTAL RECEIPTS	4,911,000	4,868,931	(42,069)	-	-	-
Transfers	38,900	40,479	1,579	486,585	507,559	20,974
Economic Emergency Fund Surplus	410,467	410,467	-	-	-	-
TOTAL APPROPRIATED REVENUE	5,360,367	5,319,877	(40,490)	486,585	507,559	20,974
RECEIPTS CREDITED TO APPROPRIATIONS:						
Use Tax	-	-	-	1,075	1,075	-
Other Taxes	-	-	-	7,553	8,540	987
Wagering Tax Receipts	-	-	-	2,200	2,505	305
Individual Income Tax Quarterly	-	-	-	6,850	6,466	(384)
Individual Income Tax - Prior Year	70	75	5	-	-	-
Sales Tax - DOT	-	-	-	5	9	4
Multi-Suspense	900	329	(571)	-	-	-
Federal Support	1,465,553	1,392,667	(72,886)	221,442	230,495	9,053
Local Governments	102,422	77,410	(25,012)	2,600	4,453	1,853
Other States	5	4	(1)	2,925	1,043	(1,882)
Internal Service Transfers	211,035	188,073	(22,962)	-	-	-
Internal Service Reimbursements	20,870	22,856	1,986	-	-	-
Reimbursements From Other Agencies	-	-	-	966	765	(201)
Interest	1	1	-	8,390	7,071	(1,319)
Bonds & Loans	-	-	-	5	-	(5)
Fees, Licenses, & Permits	3,983	3,767	(216)	19,579	22,652	3,073
Refunds & Reimbursements	102,052	173,288	71,236	21,093	16,071	(5,022)
Sale of Real Estate	-	-	-	1,710	2,611	901
Sale of Equipment & Salvage	3	1	(2)	55	76	21
Rents & Leases	2,133	2,018	(115)	21	34	13
Agricultural Sales	-	-	-	60	69	9
Other Sales & Services	1,053	1,405	352	855	803	(52)
Unearned Receipts	161	132	(29)	272	255	(17)
Income Tax Checkoffs	-	-	-	140	136	(4)
Other	28,218	38,884	10,666	2,306	2,418	112
TOTAL APPROPRIATED RECEIPTS	1,938,459	1,900,910	(37,549)	300,102	307,547	7,445
TOTAL ALL REVENUE	7,298,826	7,220,787	(78,039)	786,687	815,106	28,419
REFUNDS OF TAXES COLLECTED	(495,700)	(510,301)	(14,601)	-	-	-
TOTAL REVENUES AVAILABLE	6,803,126	6,710,486	(92,640)	786,687	815,106	28,419

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, 1999
(Expressed in Thousands)

(Continued)

	GENERAL FUND			SPECIAL REVENUE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
EXPENDITURES:						
Administration	405,892	409,822	(3,930)*	30,773	13,427	17,346
Agriculture & Natural Resources	116,140	111,666	4,474	25,442	14,148	11,294
Economic Development	29,527	28,231	1,296	-	-	-
Education	2,771,101	2,764,151	6,950	33,230	14,384	18,846
Health & Human Rights	177,316	173,738	3,578	2,650	2,408	242
Human Services	2,414,817	2,380,108	34,709	-	-	-
Justice	360,295	357,482	2,813	-	-	-
Regulation	102,774	92,510	10,264	6,850	6,394	456
Transportation & Public Safety	111,930	112,657	(727)*	421,982	439,698	(17,716)*
Capitals	900	-	900	-	-	-
TOTAL EXPENDITURES	6,490,692	6,430,365	60,327	520,927	490,459	30,468
Transfers	-	-	-	305,283	289,746	15,537
TOTAL EXPENDITURES AND TRANSFERS	6,490,692	6,430,365	60,327	826,210	780,205	46,005
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES	312,434	280,121	(32,313)	(39,523)	34,901	74,424
OTHER FINANCING SOURCES (USES):						
Balances Credited To Appropriations	12,144	-	(12,144)	-	-	-
Appropriations Funded From Prior Years	19,370	36,739	17,369	-	-	-
Unexpended Appropriations	(4,744)	(33,024)	(28,280)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	26,770	3,715	(23,055)	-	-	-
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND OTHER ITEMS	339,204	283,836	(55,368)	(39,523)	34,901	74,424
BEGINNING FUND BALANCE (BUDGETARY)	-	415,067	415,067	156,836	156,836	-
Statutory Transfer to Cash Reserve Fund	-	(415,067)	(415,067)	-	-	-
BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION	-	-	-	156,836	156,836	-
Adjustments (Note 21)	-	-	-	494	494	-
BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION (RESTATED)	-	-	-	157,330	157,330	-
ENDING FUND BALANCE (BUDGETARY)	\$ 339,204	\$ 283,836	\$ (55,368)	\$ 117,807	\$ 192,231	\$ 74,424
ENDING FUND BALANCE (BUDGETARY) AMOUNT STATUTORILY REQUIRED TO BE TRANSFERRED TO CASH RESERVE FUND		\$ 283,836				
		(283,836)	**			
ENDING FUND BALANCE AVAILABLE FOR APPROPRIATION		\$ -				

* Actual expenditures exceeded budgeted amounts as a result of the legal expenditure of federal and other nonstate funds which had been received for restricted purposes. In the General Fund this occurred within the Department of Public Defense for Transportation and Public Safety and because of the standing unlimited appropriation for the Constitutional Amendment special election and performance of duty within Administration. In the Special Revenue Funds this occurred in the Primary Road Fund.

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

The notes are an integral part of the financial statements.

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

	<u>PROPRIETARY FUND TYPES</u>	
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
OPERATING REVENUES:		
Receipts From Other Entities	\$ -	\$ 120,041
Investment Income	-	-
Fees, Licenses & Permits	9,036	188
Refunds & Reimbursements	112	159,402
Sales, Rents & Services	317,629	2,908
Miscellaneous	<u>984</u>	<u>4,166</u>
TOTAL OPERATING REVENUES	<u>327,761</u>	<u>286,705</u>
OPERATING EXPENSES:		
General & Administrative	26,289	-
Depreciation	15,955	15,219
Direct Expense	24,931	-
Prize Expense	101,981	-
Personal Services	5,901	6,526
Travel & Subsistence	389	9,141
Supplies & Materials	5,427	32,638
Contractual Services	15,815	10,140
Equipment & Repairs	380	8,844
Claims & Miscellaneous	77,350	217,534
Licenses, Permits, & Refunds	827	389
State Aids & Credits	<u>2,671</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>277,916</u>	<u>300,431</u>
OPERATING INCOME (LOSS)	<u>49,845</u>	<u>(13,726)</u>
NONOPERATING REVENUES (EXPENSES):		
Taxes	3,967	737
Intragovernmental Income	23,292	-
Federal Support	2,622	-
Investment Income	3,302	3,192
Interest Expense	(5,306)	(265)
Payments To Subrecipients	(2,622)	-
Miscellaneous Nonoperating Expense	(218)	-
Gain On Sale Of Fixed Assets	11	671
Loss On Sale Of Fixed Assets	<u>(150)</u>	<u>(315)</u>
NET NONOPERATING REVENUES (EXPENSES)	<u>24,898</u>	<u>4,020</u>
INCOME BEFORE OPERATING TRANSFERS	<u>74,743</u>	<u>(9,706)</u>
OPERATING TRANSFERS:		
Transfers In	648	14,953
Transfers Out	<u>(79,440)</u>	<u>(11,878)</u>
TOTAL OPERATING TRANSFERS	<u>(78,792)</u>	<u>3,075</u>
NET INCOME (LOSS)	(4,049)	(6,631)
Add Back Depreciation On Assets Acquired With Contributed Capital	<u>5,247</u>	<u>-</u>
INCREASE (DECREASE) IN RETAINED EARNINGS	1,198	(6,631)
RETAINED EARNINGS/FUND BALANCES JULY 1	<u>19,411</u>	<u>144,702</u>
RETAINED EARNINGS/FUND BALANCES JUNE 30	<u>\$ 20,609</u>	<u>\$ 138,071</u>

The notes are an integral part of the financial statements.

STATE OF IOWA

FIDUCIARY FUND TYPE <hr/> NONEXPENDABLE TRUST	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
\$ -	\$ 120,041	\$ 14,324	\$ 134,365
8	8	15,625	15,633
-	9,224	10,545	19,769
-	159,514	14	159,528
-	320,537	4,658	325,195
<u>12</u>	<u>5,162</u>	<u>204</u>	<u>5,366</u>
<u>20</u>	<u>614,486</u>	<u>45,370</u>	<u>659,856</u>
-	26,289	20,795	47,084
-	31,174	1,137	32,311
-	24,931	-	24,931
-	101,981	-	101,981
-	12,427	-	12,427
-	9,530	-	9,530
-	38,065	-	38,065
-	25,955	-	25,955
-	9,224	-	9,224
2,795	297,679	-	297,679
-	1,216	-	1,216
<u>-</u>	<u>2,671</u>	<u>-</u>	<u>2,671</u>
<u>2,795</u>	<u>581,142</u>	<u>21,932</u>	<u>603,074</u>
<u>(2,775)</u>	<u>33,344</u>	<u>23,438</u>	<u>56,782</u>
-	4,704	-	4,704
-	23,292	-	23,292
-	2,622	-	2,622
-	6,494	25,722	32,216
-	(5,571)	(33,637)	(39,208)
-	(2,622)	-	(2,622)
-	(218)	-	(218)
-	682	-	682
<u>-</u>	<u>(465)</u>	<u>-</u>	<u>(465)</u>
<u>-</u>	<u>28,918</u>	<u>(7,915)</u>	<u>21,003</u>
<u>(2,775)</u>	<u>62,262</u>	<u>15,523</u>	<u>77,785</u>
-	15,061	-	15,601
<u>(5)</u>	<u>(91,323)</u>	<u>-</u>	<u>(91,323)</u>
<u>(5)</u>	<u>(75,722)</u>	<u>-</u>	<u>(75,722)</u>
(2,780)	(13,460)	15,523	2,063
-	5,247	674	5,921
(2,780)	(8,213)	16,197	7,984
<u>10,342</u>	<u>174,455</u>	<u>277,612</u>	<u>452,067</u>
<u>\$ 7,562</u>	<u>\$ 166,242</u>	<u>\$ 293,809</u>	<u>\$ 460,051</u>

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From Customers	\$ 310,476	\$ 42,729
Cash Received From Quasi-External Transactions	20	265,027
Other Operating Revenues	41	-
Cash Received From Miscellaneous	-	-
Cash Received On Loans Receivable	-	-
Interest Received	-	-
Cash Payments To Suppliers For Goods & Services	(104,880)	(286,408)
Cash Payments To Employees For Services	(5,340)	(6,429)
Cash Payments For Quasi-External Transactions	(42,572)	(16,599)
Cash Payments For Prizes	(110,914)	-
Purchase Of Loans Receivable	-	-
Cash Payments For Other Expenses	-	-
	46,831	(1,680)
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers In From Other Funds	648	14,952
Operating Transfers Out To Other Funds	(78,755)	(11,877)
Federal Grants Received	2,622	-
Federal Grants Disbursed To Subrecipients	(2,622)	-
Proceeds From Sale Of Revenue Bonds	-	-
Principal Paid On Revenue Bonds	-	(3,595)
Interest Paid	-	(270)
Tax Receipts	27,259	736
	(50,848)	(54)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition & Construction Of Capital Assets	(8,260)	(20,969)
Interest Paid	(5,445)	-
COPs Payments	(8,339)	-
Contributed Capital	13,093	-
Proceeds From Sale Of Capital Assets	271	1,466
	(8,680)	(19,503)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest & Dividends On Investments	3,318	3,200
Proceeds From Sale & Maturities Of Investments	12,790	8,127
Purchase Of Investments	(1,627)	(6,478)
	14,481	4,849
NET CASH PROVIDED BY INVESTING ACTIVITIES		
NET INCREASE IN CASH & CASH EQUIVALENTS	1,784	(16,388)
CASH & CASH EQUIVALENTS JULY 1	76,243	74,391
CASH & CASH EQUIVALENTS JUNE 30	78,027	58,003
INVESTMENTS	3,449	1,427
LESS: DEPOSITS WITH TRUSTEES	21,404	-
CASH & INVESTMENTS PER BALANCE SHEET	\$ 60,072	\$ 59,430

STATE OF IOWA

<u>FIDUCIARY FUND TYPE</u> NONEXPENDABLE TRUST	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
\$ -	\$ 353,205	\$ 10,952	\$ 364,157
-	265,047	-	265,047
-	41	18,552	18,593
12	12	-	12
-	-	65,993	65,993
-	-	14,691	14,691
-	(391,288)	(15,962)	(407,250)
-	(11,769)	(3,821)	(15,590)
-	(59,171)	-	(59,171)
-	(110,914)	-	(110,914)
-	-	(42,469)	(42,469)
<u>(2,794)</u>	<u>(2,794)</u>	<u>(43)</u>	<u>(2,837)</u>
<u>(2,782)</u>	<u>42,369</u>	<u>47,893</u>	<u>90,262</u>
-	15,600	-	15,600
(5)	(90,637)	-	(90,637)
-	2,622	-	2,622
-	(2,622)	-	(2,622)
-	-	76,592	76,592
-	(3,595)	(64,198)	(67,793)
-	(270)	(32,168)	(32,438)
-	<u>27,995</u>	<u>-</u>	<u>27,995</u>
<u>(5)</u>	<u>(50,907)</u>	<u>(19,774)</u>	<u>(70,681)</u>
-	(29,229)	(3,754)	(32,983)
-	(5,445)	-	(5,445)
-	(8,339)	-	(8,339)
-	13,093	4,033	17,126
-	<u>1,737</u>	<u>-</u>	<u>1,737</u>
<u>-</u>	<u>(28,183)</u>	<u>279</u>	<u>(27,904)</u>
13	6,531	33,353	39,884
-	20,917	6,607	27,524
-	<u>(8,105)</u>	<u>(58,709)</u>	<u>(66,814)</u>
<u>13</u>	<u>19,343</u>	<u>(18,749)</u>	<u>594</u>
(2,774)	(17,378)	9,649	(7,729)
<u>10,406</u>	<u>161,040</u>	<u>42,564</u>	<u>203,604</u>
7,632	143,662	52,213	195,875
-	4,876	592,034	596,910
-	<u>21,404</u>	<u>-</u>	<u>21,404</u>
<u>\$ 7,632</u>	<u>\$ 127,134</u>	<u>\$ 644,247</u>	<u>\$ 771,381</u>

(continued on next page)

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

(continued)

	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 49,845	\$ (13,726)
Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities		
Depreciation	15,955	15,219
Amortization	-	-
Compensated Absences	79	52
Interest (Income)	-	-
Loss (Gain) On Sale Of Fixed Assets	174	-
(Increase) Decrease In Accounts Receivable	(4,482)	(1,018)
(Increase) Decrease In Due From Other Funds	(12,865)	22,164
(Increase) Decrease In Inventory	(1,742)	983
(Increase) Decrease In Prepaid Expense	1,100	(481)
(Increase) Decrease In Interest Receivable	-	-
(Increase) Decrease In Loans Receivable	-	-
(Increase) Decrease In Bond Issue Costs	-	22
(Increase) Decrease In Other Assets	835	1,094
Increase (Decrease) In Accounts Payable & Accruals	8,075	(24,507)
Increase (Decrease) In Due To Other Funds	(1,290)	(573)
Increase (Decrease) In Deferred Revenue	(239)	(909)
Increase (Decrease) In Funds Held In Custody	(90)	-
Increase (Decrease) In Prizes Payable	1,686	-
Increase (Decrease) In Prize Annuity	(10,210)	-
Net Cash Provided By Operating Activities	<u>\$ 46,831</u>	<u>\$ (1,680)</u>
Noncash investing, capital and financing activities:		
Bond discount and issuance costs of \$1,120,064 were deducted from the proceeds of the Revenue Bonds issued by discrete component units.		
Cash & Cash Equivalent Reconciliation to Combined Balance Sheet:		
<i>Fiduciary Fund Types -</i>		
Cash per Combined Balance Sheet		\$ 17,833,447
Less Fund Types Not Requiring Cash Flow Statements:		
Expendable Trust	\$ 797,292	
Pension Trust	16,933,459	
Agency Fund	<u>95,064</u>	
Noncash Flow Statement Cash		<u>17,825,815</u>
Nonexpendable Trust Cash & Investments		7,632
Less: Investments not meet cash equivalent definition		<u>-</u>
Nonexpendable Trust Cash & Cash Equivalents		<u>\$ 7,632</u>
<i>Component Units -</i>		
Cash per Combined Balance Sheet		\$ 657,503
Less: Component Units Not Requiring Cash Flow Statements:		
General Fund	\$ 6,144	
Expendable Trust	<u>7,112</u>	
Noncash Flow Statement Cash		<u>13,256</u>
Cash Flow Component Unit Cash & Investments		644,247
Less: Investments not meeting cash equivalent definition		<u>-</u>
Component Unit Cash & Cash Equivalents		<u>\$ 644,247</u>

The notes are an integral part of the financial statements.

STATE OF IOWA

FIDUCIARY FUND TYPE <hr style="width: 100%;"/> NONEXPENDABLE TRUST	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
\$ (2,775)	\$ 33,344	\$ 23,438	\$ 56,782
-	31,174	1,137	32,311
-	-	(1)	(1)
-	131	10	141
(8)	(8)	(42)	(50)
-	174	-	174
1	(5,499)	(5)	(5,504)
-	9,299	-	9,299
-	(759)	-	(759)
-	619	(10)	609
-	-	(679)	(679)
-	-	23,321	23,321
-	22	-	22
-	1,929	7	1,936
-	(16,432)	962	(15,470)
-	(1,863)	-	(1,863)
-	(1,148)	(245)	(1,393)
-	(90)	-	(90)
-	1,686	-	1,686
-	(10,210)	-	(10,210)
<u>\$ (2,782)</u>	<u>\$ 42,369</u>	<u>\$ 47,893</u>	<u>\$ 90,262</u>

STATE OF IOWA

Combining Statement of Changes in Plan Net Assets
Pension Trust Funds

For the Year Ended June 30, 1999
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	TOTAL
ADDITIONS				
Contributions:				
Member Contributions	\$ 163,288	\$ 2,624	\$ 817	\$ 166,729
Employer Contributions	244,933	4,860	3,944	253,737
Buy-Back/Buy-In Contributions	<u>19,170</u>	<u>-</u>	<u>-</u>	<u>19,170</u>
Total Contributions	<u>427,391</u>	<u>7,484</u>	<u>4,761</u>	<u>439,636</u>
Investment Income:				
Net Appreciation in Fair Value of Investments	1,263,746	2,987	4,052	1,270,785
Interest	270,039	6,770	1,658	278,467
Dividends	95,690	1,394	254	97,338
Other	<u>127,502</u>	<u>-</u>	<u>-</u>	<u>127,502</u>
Total Investment Income	1,756,977	11,151	5,964	1,774,092
Less Investment Expense	<u>65,877</u>	<u>1,721</u>	<u>246</u>	<u>67,844</u>
Net Investment Income	<u>1,691,100</u>	<u>9,430</u>	<u>5,718</u>	<u>1,706,248</u>
Total Additions	<u>2,118,491</u>	<u>16,914</u>	<u>10,479</u>	<u>2,145,884</u>
DEDUCTIONS:				
Pension and Annuity Benefits	466,753	8,484	3,490	478,727
Administrative Expense	4,620	81	20	4,721
Member and Employer Refunds	<u>14,442</u>	<u>12</u>	<u>-</u>	<u>14,454</u>
Total Deductions	<u>485,815</u>	<u>8,577</u>	<u>3,510</u>	<u>497,902</u>
Net Increase	1,632,676	8,337	6,969	1,647,982
Fund Balance - Reserved for Employees' Pension Benefits July 1	<u>13,692,900</u>	<u>207,650</u>	<u>55,048</u>	<u>13,955,598</u>
Fund Balance - Reserved for Employees' Pension Benefits June 30	<u>\$ 15,325,576</u>	<u>\$ 215,987</u>	<u>\$ 62,017</u>	<u>\$ 15,603,580</u>

The notes are an integral part of the financial statements.

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STATE OF IOWA

**Combined Statement of Changes in Fund Balances
University Funds**

For the Year Ended June 30, 1999
(Expressed in Thousands)

	CURRENT FUNDS		LOAN
	UNRESTRICTED	RESTRICTED	FUNDS
REVENUES & ADDITIONS:			
Educational & General Revenues	\$ 474,368	\$ -	\$ -
Auxiliary Enterprises Revenues	210,730	-	-
Sales & Services Of Health Care Units	424,208	-	-
Federal Grants & Contracts	-	253,404	685
Other Gifts, Grants & Contracts	-	116,166	281
Federal Appropriations	-	13,328	-
Investment & Endowment Income	-	6,561	300
Interest Income	-	-	1,932
Expended For Plant Facilities	-	-	-
Retirement Of Indebtedness	-	-	-
ISU Press Revenue	-	-	-
Independent Operations	-	25,662	-
Fees & Other Additions	-	8,466	293
	1,109,306	423,587	3,491
TOTAL REVENUES & ADDITIONS			
EXPENDITURES & OTHER DEDUCTIONS:			
Educational & General Expenditures	904,934	392,899	-
Indirect Costs Recovered	-	50,779	178
Auxiliary Enterprises Expenditures	202,538	-	-
Health Care Units Expenditures	418,050	-	-
Independent Operations	-	26,132	-
Loan Cancellation & Write-Off	-	-	394
Administrative & Collection Cost	-	-	540
Expended For Plant Facilities	-	-	-
Retirement Of Indebtedness	-	-	-
Interest On Indebtedness	-	-	-
Adjustment To Plant Facilities	-	-	-
Bond Issuance Cost Amortization	-	-	-
ISU Press Expenditures	-	-	-
Other	-	-	6
	1,525,522	469,810	1,118
TOTAL EXPENDITURES & OTHER DEDUCTIONS			
TRANSFERS ADDITIONS (DEDUCTIONS):			
Mandatory Transfers, Net	(129,685)	171	222
Transfers In - State General Fund	593,945	65,544	-
Debt Proceeds For Plant Additions	-	-	-
Nonmandatory Transfers, Net	(31,665)	(13,877)	(334)
	432,595	51,838	(112)
TOTAL TRANSFERS			
NET INCREASE (DECREASE) IN FUND BALANCE	16,379	5,615	2,261
FUND BALANCE JULY 1	199,923	60,336	75,895
FUND BALANCE JUNE 30	\$ 216,302	\$ 65,951	\$ 78,156

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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 474,368
-	-	-	-	-	-	210,730
-	-	-	-	-	-	424,208
-	3,457	-	-	-	-	257,546
107	27,331	1,217	-	1,232	-	146,334
-	-	-	-	-	-	13,328
19,528	(682)	3,879	1,762	-	23	31,371
(207)	-	-	-	-	-	1,725
-	-	-	-	214,315	-	214,315
-	-	-	-	34,328	-	34,328
-	-	-	-	-	2,053	2,053
-	-	-	-	-	-	25,662
-	15,412	191	647	-	-	25,009
19,428	45,518	5,287	2,409	249,875	2,076	1,860,977
-	-	-	-	-	-	1,297,833
-	-	-	-	-	-	50,957
-	-	-	-	-	-	202,538
-	-	-	-	-	-	418,050
-	-	-	-	-	-	26,132
-	-	-	-	-	-	394
-	-	-	-	-	-	540
-	165,697	22,869	388	-	-	188,954
-	-	-	34,328	-	-	34,328
-	-	-	27,008	-	-	27,008
-	-	-	-	56,073	-	56,073
-	-	-	-	30	-	30
-	-	-	-	-	2,044	2,044
1,407	-	-	255	210	-	1,878
1,407	165,697	22,869	61,979	56,313	2,044	2,306,759
-	8,760	62,720	58,364	(552)	-	-
-	43,089	-	-	-	-	702,578
-	12,066	-	-	(12,066)	-	-
74	86,168	(41,035)	2,595	(1,926)	-	-
74	150,083	21,685	60,959	(14,544)	-	702,578
18,095	29,904	4,103	1,389	179,018	32	256,796
174,303	212,630	51,535	60,241	2,460,475	811	3,296,149
\$ 192,398	\$ 242,534	\$ 55,638	\$ 61,630	\$ 2,639,493	\$ 843	\$ 3,552,945

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

	<u>CURRENT FUNDS</u>		
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
REVENUES:			
Educational & General:			
Tuition & Fees	\$ 268,294	\$ -	\$ 268,294
Federal Appropriations	302	13,410	13,712
Federal Grants & Contracts	45,250	208,322	253,572
Other Grants & Contracts	16,745	95,816	112,561
Investment & Endowment Income	29,562	3,806	33,368
Sales & Services Of Educational Departments	45,631	-	45,631
Other	<u>68,584</u>	<u>8,309</u>	<u>76,893</u>
Total Educational & General Revenues	474,368	329,663	804,031
Auxiliary Enterprises Revenues	210,730	-	210,730
Independent Operations	-	26,132	26,132
Sales & Services Of Health Care Units	<u>424,208</u>	<u>-</u>	<u>424,208</u>
TOTAL REVENUES	<u>1,109,306</u>	<u>355,795</u>	<u>1,465,101</u>
EXPENDITURES & MANDATORY TRANSFERS:			
Educational & General:			
Instruction	418,366	12,555	430,921
Research	34,284	241,306	275,590
Public Service	65,645	73,010	138,655
Academic Support	137,530	5,130	142,660
Student Services	47,529	1,403	48,932
Institutional Support	67,274	10,037	77,311
Operation & Maintenance Of Plant	91,121	10	91,131
Student Aid	<u>43,185</u>	<u>49,448</u>	<u>92,633</u>
Total Educational & General Expenditures	904,934	392,899	1,297,833
Auxiliary Enterprises Expenditures	202,538	-	202,538
Health Care Units Expenditures	418,050	-	418,050
Independent Operations	-	26,132	26,132
Mandatory Transfers, Net Out (In)	<u>129,685</u>	<u>(171)</u>	<u>129,514</u>
TOTAL EXPENDITURES & MANDATORY TRANSFERS	<u>1,655,207</u>	<u>418,860</u>	<u>2,074,067</u>
OTHER TRANSFERS & ADDITIONS			
(DEDUCTIONS):			
Excess Of Restricted Receipts Over Transfers			
To Revenue	-	17,013	17,013
Transfers In - State General Fund	593,945	65,544	659,489
Nonmandatory Transfers, Net	<u>(31,665)</u>	<u>(13,877)</u>	<u>(45,542)</u>
TOTAL OTHER TRANSFERS & ADDITIONS	<u>562,280</u>	<u>68,680</u>	<u>630,960</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>\$ 16,379</u>	<u>\$ 5,615</u>	<u>\$ 21,994</u>

The notes are an integral part of the financial statements.

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STATE OF IOWA
Combining Balance Sheet
Component Units
June 30, 1999
(Expressed in Thousands)

	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY
ASSETS AND OTHER DEBITS		
Cash & Investments (Note 2)	\$ 9,621	\$ 20,521
Accounts Receivable (Net) (Note 4)	54	-
Interest Receivable	27	161
Notes Receivable	-	-
Loans Receivable (Net)	-	30,577
Due From Component Units (Note 5)	165	-
Fixed Assets (Net) (Note 6)	27,176	4
Inventory	156	-
Prepaid Expenditures/Expenses	-	114
Other Assets	-	-
	<u> </u>	<u> </u>
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 37,199</u>	<u>\$ 51,377</u>
LIABILITIES		
Accounts Payable & Accruals	\$ 502	\$ 36
Due To Primary Government	-	-
Due To Component Units (Note 5)	165	-
Interest Payable	-	430
Deferred Revenue	-	343
Compensated Absences (Note 1)	205	-
Bonds Payable (Note 12)	-	48,917
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>872</u>	<u>49,726</u>
FUND EQUITY AND OTHER CREDITS		
Contributed Capital:		
Intergovernmental	26,527	-
Retained Earnings	3,692	1,651
Fund Balances:		
Reserve For:		
Inventory & Prepaid Expenditures	156	-
Specific Purposes	5,162	-
Unreserved Fund Equity	790	-
	<u> </u>	<u> </u>
TOTAL FUND EQUITY AND OTHER CREDITS	<u>36,327</u>	<u>1,651</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 37,199</u>	<u>\$ 51,377</u>

STATE OF IOWA

IOWA FINANCE AUTHORITY	IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	WALLACE TECHNOLOGY TRANSFER FOUNDATION	LAWYER TRUST ACCOUNT COMMISSION	CLIENT SECURITY & ATTORNEY DISCIPLINARY COMMISSION	COMMISSION ON CONTINUING LEGAL EDUCATION
\$ 613,156	\$ 3,597	\$ 103	1,121	\$ 1,494	\$ 46
-	-	-	-	-	-
6,595	73	-	-	16	-
-	-	-	-	-	-
202,380	1,620	-	-	-	-
-	-	-	-	-	-
199	33	-	6	11	8
-	-	-	-	-	-
-	-	-	-	-	-
<u>72</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 822,402</u>	<u>\$ 5,323</u>	<u>\$ 103</u>	<u>\$ 1,127</u>	<u>\$ 1,521</u>	<u>\$ 54</u>
\$ 13,339	\$ 24	\$ -	\$ 436	\$ 39	\$ -
-	-	3	-	-	-
-	-	-	-	-	-
8,692	-	-	-	-	-
5,378	-	-	-	-	-
-	-	-	2	4	3
<u>514,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>542,199</u>	<u>24</u>	<u>3</u>	<u>438</u>	<u>43</u>	<u>3</u>
-	-	-	-	-	-
280,203	5,299	-	689	1,478	51
-	-	-	-	-	-
-	-	100	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>280,203</u>	<u>5,299</u>	<u>100</u>	<u>689</u>	<u>1,478</u>	<u>51</u>
<u>\$ 822,402</u>	<u>\$ 5,323</u>	<u>\$ 103</u>	<u>\$ 1,127</u>	<u>\$ 1,521</u>	<u>\$ 54</u>

(continued on next page)

STATE OF IOWA
Combining Balance Sheet
Component Units

June 30, 1999
(Expressed in Thousands)

(Continued)

	IOWA SEED CAPITAL LIQUIDATION CORPORATION	IOWA CENTENNIAL MEMORIAL FOUNDATION
ASSETS AND OTHER DEBITS		
Cash & Investments (Note 2)	\$ 6,041	\$ 732
Accounts Receivable (Net) (Note 4)	4	-
Interest Receivable	-	14
Notes Receivable	177	-
Loans Receivable (Net)	-	-
Due From Component Units (Note 5)	-	-
Fixed Assets (Net) (Note 6)	-	-
Inventory	-	-
Prepaid Expenditures/Expenses	-	-
Other Assets	-	-
	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 6,222</u>	<u>\$ 746</u>
LIABILITIES		
Accounts Payable & Accruals	\$ -	\$ -
Due to Primary Government	-	-
Due To Component Units (Note 5)	-	-
Interest Payable	-	-
Deferred Revenue	-	-
Compensated Absences (Note 1)	-	-
Bonds Payable (Note 12)	-	-
	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND EQUITY AND OTHER CREDITS		
Contributed Capital:		
Intergovernmental	-	-
Retained Earnings	-	-
Fund Balances:		
Reserve For:		
Inventory & Prepaid Expenditures	-	-
Specific Purposes	-	710
Unreserved Fund Equity	<u>6,222</u>	<u>36</u>
TOTAL FUND EQUITY AND OTHER CREDITS	<u>6,222</u>	<u>746</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 6,222</u>	<u>\$ 746</u>

The notes are an integral part of the financial statements.

STATE OF IOWA

ECONOMIC DEVELOPMENT FOUNDATION	IOWA HISTORICAL FOUNDATION	TOTAL
\$ 792	\$ 279	\$ 657,503
-	191	249
5	-	6,891
-	-	177
-	-	234,577
-	-	165
-	23	27,460
-	17	173
66	-	180
<u>-</u>	<u>-</u>	<u>72</u>
<u>\$ 863</u>	<u>\$ 510</u>	<u>\$ 927,447</u>
\$ 15	\$ 6	\$ 14,397
-	-	3
-	-	165
-	-	9,122
61	-	5,782
-	-	214
<u>-</u>	<u>-</u>	<u>563,707</u>
<u>76</u>	<u>6</u>	<u>593,390</u>
-	-	26,527
-	-	293,063
66	17	239
655	-	6,627
<u>66</u>	<u>487</u>	<u>7,601</u>
<u>787</u>	<u>504</u>	<u>334,057</u>
<u>\$ 863</u>	<u>\$ 510</u>	<u>\$ 927,447</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, 1999
(Expressed in Thousands)

	<u>GENERAL</u>	
	<u>WALLACE TECHNOLOGY TRANSFER FOUNDATION</u>	<u>IOWA SEED CAPITAL LIQUIDATION CORPORATION</u>
REVENUES:		
Receipts From Other Entities	\$ -	\$ -
Investment Income	2	2,223
Sales, Rents & Services	-	-
Miscellaneous	<u>-</u>	<u>12</u>
TOTAL REVENUES	<u>2</u>	<u>2,235</u>
EXPENDITURES:		
Current:		
Education	-	-
Economic/Manpower Development	-	41
Agriculture & Natural Resources	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>41</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2</u>	<u>2,194</u>
OTHER FINANCING SOURCES (USES):		
Transfers To Primary Government	<u>(2)</u>	<u>(756)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2)</u>	<u>(756)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	<u>-</u>	<u>1,438</u>
FUND BALANCE JULY 1	100	4,784
Residual Equity Transfer Out	<u>-</u>	<u>-</u>
FUND BALANCE JUNE 30	<u>\$ 100</u>	<u>\$ 6,222</u>

The notes are an integral part of the financial statements.

STATE OF IOWA

EXPENDABLE TRUST			
IOWA STATE FAIR AUTHORITY	ECONOMIC DEVELOPMENT FOUNDATION	IOWA HISTORICAL FOUNDATION	TOTAL
\$ 7,217	\$ -	\$ 281	\$ 7,498
84	15	7	2,331
328	-	45	373
<u>-</u>	<u>694</u>	<u>1</u>	<u>707</u>
<u>7,629</u>	<u>709</u>	<u>334</u>	<u>10,909</u>
-	-	155	155
-	305	-	346
<u>1,627</u>	<u>-</u>	<u>-</u>	<u>1,627</u>
<u>1,627</u>	<u>305</u>	<u>155</u>	<u>2,128</u>
<u>6,002</u>	<u>404</u>	<u>179</u>	<u>8,781</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(758)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(758)</u>
<u>6,002</u>	<u>404</u>	<u>179</u>	<u>8,023</u>
3,951	383	325	9,543
<u>(3,845)</u>	<u>-</u>	<u>-</u>	<u>(3,845)</u>
<u>\$ 6,108</u>	<u>\$ 787</u>	<u>\$ 504</u>	<u>\$ 13,721</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, 1999
(Expressed in Thousands)

	ENTERPRISE			
	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA FINANCE AUTHORITY	IOWA AGRICULTURAL DEVELOPMENT AUTHORITY
OPERATING REVENUES:				
Receipts From Other Entities	\$ -	\$ 10	\$ 13,304	\$ 14
Investment Income	-	1,605	13,863	116
Fees, Licenses & Permits	4,095	-	5,412	263
Refunds & Reimbursements	-	-	-	-
Sales, Rents & Services	4,658	-	-	-
Miscellaneous	<u>129</u>	<u>73</u>	<u>-</u>	<u>1</u>
TOTAL OPERATING REVENUES	<u>8,882</u>	<u>1,688</u>	<u>32,579</u>	<u>394</u>
OPERATING EXPENSES:				
General & Administrative	9,056	113	9,411	453
Depreciation	<u>1,042</u>	<u>1</u>	<u>79</u>	<u>10</u>
TOTAL OPERATING EXPENSES	<u>10,098</u>	<u>114</u>	<u>9,490</u>	<u>463</u>
OPERATING INCOME (LOSS)	<u>(1,216)</u>	<u>1,574</u>	<u>23,089</u>	<u>(69)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment Income	113	992	24,254	209
Interest Expense	<u>-</u>	<u>(2,406)</u>	<u>(31,231)</u>	<u>-</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>113</u>	<u>(1,414)</u>	<u>(6,977)</u>	<u>209</u>
NET INCOME (LOSS)	(1,103)	160	16,112	140
Add Back Depreciation On Assets Acquired With Contributed Capital	<u>674</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN RETAINED EARNINGS	(429)	160	16,112	140
FUND BALANCE JULY 1	<u>4,121</u>	<u>1,491</u>	<u>264,091</u>	<u>5,159</u>
FUND BALANCE JUNE 30	<u>\$ 3,692</u>	<u>\$ 1,651</u>	<u>\$ 280,203</u>	<u>\$ 5,299</u>

The notes are an integral part of the financial statements.

STATE OF IOWA

LAWYER TRUST ACCOUNT COMMISSION	CLIENT SECURITY & ATTORNEY DISCIPLINARY COMMISSION	COMMISSION ON CONTINUING LEGAL EDUCATION	NON- EXPENDABLE TRUST IOWA CENTENNIAL MEMORIAL FOUNDATION	TOTAL
\$ 996	\$ -	\$ -	\$ -	\$ 14,324
-	-	-	41	15,625
-	676	99	-	10,545
-	14	-	-	14
-	-	-	-	4,658
<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204</u>
<u>997</u>	<u>690</u>	<u>99</u>	<u>41</u>	<u>45,370</u>
851	793	78	40	20,795
<u>2</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>1,137</u>
<u>853</u>	<u>795</u>	<u>79</u>	<u>40</u>	<u>21,932</u>
<u>144</u>	<u>(105)</u>	<u>20</u>	<u>1</u>	<u>23,438</u>
49	104	1	-	25,722
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,637)</u>
<u>49</u>	<u>104</u>	<u>1</u>	<u>-</u>	<u>(7,915)</u>
193	(1)	21	1	15,523
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>674</u>
193	(1)	21	1	16,197
<u>496</u>	<u>1,479</u>	<u>30</u>	<u>745</u>	<u>277,612</u>
<u>\$ 689</u>	<u>\$ 1,478</u>	<u>\$ 51</u>	<u>\$ 746</u>	<u>\$ 293,809</u>

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

	ENTERPRISE		
	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA FINANCE AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received From Customers	\$ 8,877	\$ 11	\$ -
Other Operating Revenues	-	73	18,479
Cash Received On Loans Receivable	-	11,621	54,225
Interest Received	-	1,440	13,136
Cash Payments To Suppliers For Goods & Services	(5,521)	(177)	(8,276)
Cash Payments To Employees For Services	(3,588)	-	-
Purchases Of Loans Receivable	-	(3,331)	(38,797)
Cash Payments For Other Expenses	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(232)</u>	<u>9,637</u>	<u>38,767</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Proceeds From Sale Of Revenue Bonds	-	-	76,592
Principal Paid On Revenue Bonds	-	(2,215)	(61,983)
Interest Paid	-	(2,407)	(29,761)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>(4,622)</u>	<u>(15,152)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition & Construction Of Capital Assets	(3,520)	(2)	(208)
Contributed Capital	4,033	-	-
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>513</u>	<u>(2)</u>	<u>(208)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest & Dividends On Investments	113	992	31,902
Proceeds From Sale & Maturities Of Investments	-	-	4,546
Purchase Of Investments	-	(6,018)	(50,810)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>113</u>	<u>(5,026)</u>	<u>(14,362)</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	394	(13)	9,045
CASH & CASH EQUIVALENTS JULY 1	<u>3,186</u>	<u>174</u>	<u>35,438</u>
CASH & CASH EQUIVALENTS JUNE 30	3,580	161	44,483
INVESTMENTS	<u>-</u>	<u>20,360</u>	<u>568,673</u>
CASH AND INVESTMENTS PER BALANCE SHEET	<u>\$ 3,580</u>	<u>\$ 20,521</u>	<u>\$ 613,156</u>

STATE OF IOWA

IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	LAWYER TRUST ACCOUNT COMMISSION	CLIENT SECURITY & ATTORNEY DISCIPLINARY COMMISSION	COMMISSION ON CONTINUING LEGAL EDUCATION	NON- EXPENDABLE TRUST IOWA CENTENNIAL MEMORIAL FOUNDATION	TOTAL
\$ 278	\$ 997	\$ 690	\$ 99	\$ -	\$ 10,952
-	-	-	-	-	18,552
147	-	-	-	-	65,993
115	-	-	-	-	14,691
(266)	(846)	(797)	(79)	-	(15,962)
(233)	-	-	-	-	(3,821)
(341)	-	-	-	-	(42,469)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43)</u>	<u>(43)</u>
<u>(300)</u>	<u>151</u>	<u>(107)</u>	<u>20</u>	<u>(43)</u>	<u>47,893</u>
-	-	-	-	-	76,592
-	-	-	-	-	(64,198)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,168)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,774)</u>
(7)	(4)	(8)	(5)	-	(3,754)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,033</u>
<u>(7)</u>	<u>(4)</u>	<u>(8)</u>	<u>(5)</u>	<u>-</u>	<u>279</u>
196	5	89	1	55	33,353
121	850	905	-	185	6,607
<u>(128)</u>	<u>(907)</u>	<u>(691)</u>	<u>-</u>	<u>(155)</u>	<u>(58,709)</u>
<u>189</u>	<u>(52)</u>	<u>303</u>	<u>1</u>	<u>85</u>	<u>(18,749)</u>
(118)	95	188	16	42	9,649
<u>3,255</u>	<u>95</u>	<u>364</u>	<u>30</u>	<u>22</u>	<u>42,564</u>
3,137	190	552	46	64	52,213
<u>460</u>	<u>931</u>	<u>942</u>	<u>-</u>	<u>668</u>	<u>592,034</u>
<u>\$ 3,597</u>	<u>\$ 1,121</u>	<u>\$ 1,494</u>	<u>\$ 46</u>	<u>\$ 732</u>	<u>\$ 644,247</u>

continued on next page

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

(continued)

	ENTERPRISE		
	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA FINANCE AUTHORITY
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (1,216)	\$ 1,574	\$ 23,089
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities			
Depreciation	1,042	1	79
Amortization	-	-	-
Compensated Absences	10	-	-
Interest (Income)	-	-	-
(Increase) Decrease In Accounts Receivable	(5)	-	-
(Increase) Decrease In Prepaid Expense	-	(10)	-
(Increase) Decrease In Interest Receivable	-	49	(727)
(Increase) Decrease In Loans Receivable	-	8,077	15,428
(Increase) Decrease In Other Assets	-	-	7
Increase (Decrease) In Accounts Payable & Accruals	(63)	(54)	1,136
Increase (Decrease) In Deferred Revenue	-	-	(245)
	-	-	(245)
Net Cash Provided By Operating Activities	<u>\$ (232)</u>	<u>\$ 9,637</u>	<u>\$ 38,767</u>

The notes are an integral part of the financial statements.

Noncash investing, capital and financing activities:

Bond discount and issuance cost of \$1,120,064 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
\$ (69)	\$ 144	\$ (105)	\$ 20	\$ 1	\$ 23,438
10	2	2	1	-	1,137
-	-	-	-	(1)	(1)
-	-	-	-	-	10
-	-	-	-	(42)	(42)
-	-	-	-	-	(5)
-	-	-	-	-	(10)
(1)	-	-	-	-	(679)
(184)	-	-	-	-	23,321
-	-	-	-	-	7
(56)	5	(4)	(1)	(1)	962
-	-	-	-	-	(245)
<u>\$ (300)</u>	<u>\$ 151</u>	<u>\$ (107)</u>	<u>\$ 20</u>	<u>\$ (43)</u>	<u>\$ 47,893</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Financial Reporting Entity

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

As required by GAAP, these financial statements present the State of Iowa (the primary government) and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State. The individual component unit financial statements can be obtained by contacting: Iowa Department of Revenue and Finance, Financial Management, 3rd Floor, Hoover State Office Bldg., Des Moines, IA 50319.

Blended Component Units

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

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

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

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

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

Discrete Component Units

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

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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Board of Directors are appointed by the Governor and confirmed by the Senate.

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

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

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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

. Iowa Seed Capital Corporation (Governmental) - provided financial assistance to small businesses launching new ventures based on innovation. The 1998 Regular Session Acts of the General Assembly terminated the terms of the board members of Iowa Seed Capital Corporation at May 31, 1998. The Corporation was renamed the ISCC Liquidation Corporation and a three-person board was constituted to supervise the liquidation or sale of the assets of the ISCC Liquidation Corporation. The officers and staff of the Corporation were terminated at June 30, 1998, and the Corporation offices closed. Following the complete liquidation or sale of the assets, all remaining moneys shall be transferred to the strategic investment fund and the ISCC Liquidation Corporation board shall be dissolved.

Related Organizations

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

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

C. Fund Accounting

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

Governmental Funds

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

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

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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Proprietary Funds

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

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

Fiduciary Funds

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

University Funds

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

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

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

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

Account Groups

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

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

D. Basis of Accounting

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

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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

Lottery Revenues and Prizes

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

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

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

E. Budgeting and Budgetary Control

The budget encompasses the General Fund of the State and some Special Revenue funds, (Workforce Development Withholding, Reversion Incentive Program, Technology Program, Tobacco Settlement Fund, Land Recycling Fund, Forestry Management Enhancement Fund, Gambling Treatment Program, Inspection and Appeals Use Tax Clearing, Underground Storage Tank Unassigned Revenue, Resources Enhancement and Protection, Fish and Game Fund, Conservation Administration Fund, Guaranteed Student Loan Administration, Real Estate Education, Special Contingency Fund, Administrative Contribution Surcharge, Unclaimed Winnings, Water Quality Protection, and Primary Road Fund). The budgetary Special Revenue funds do not meet the requirements to be displayed as Special Revenue funds in the GAAP financial statements; therefore, these budgeted funds represent a perspective difference in the reconciliation on page 61, Note 19. Capital Project funds are budgeted on a project-length basis. The budget is prepared on a modified accrual basis of accounting for both revenues and expenditures.

The State's budget (General Fund and some Special Revenue Funds) is prepared by the Governor on an 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.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Departments may request revisions to quarterly allotments, appropriations transfers, or supplemental appropriations. The Department of Management approves revised allotments, subject to the Governor's review. The General Assembly and the Governor act on supplemental appropriation bills in a manner similar to original appropriations. General fund supplemental appropriations totaled \$2,730,279 for fiscal year 1999. Appropriations lapse at fiscal year-end and all unencumbered or unobligated balances revert to the state treasury, unless otherwise provided.

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

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

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

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

F. Cash, Investments, and Securities Lending

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

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

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

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

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

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.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

The Iowa Public Employees Retirement System (IPERS) and the Iowa Peace Officers' Retirement, Accident, and Disability System (PORS) (together the "Systems") participate in a securities lending program with the State's custodian bank. The participation of IPERS is authorized by the Code of Iowa and the participation of PORS is authorized by its Board of Trustees. The custodian bank is responsible for operating the program and is permitted to lend any of the securities it holds in custody for the Systems to broker-dealers and other entities in exchange for collateral. The custodian bank is permitted to accept collateral in the form of cash in U.S. dollars, U.S. government securities, or irrevocable letters of credit. A borrower is required to initially deliver collateral in an amount equal to 102 percent of the market value of any U.S. securities lent and 105 percent of the market value of any non-U.S. securities lent. Borrowers are required to provide additional collateral any time the value of the collateral drops below 100% of the value of the security lent plus accrued interest income. Securities received as collateral cannot be sold or pledged unless the borrower defaults. Securities lent at year-end for cash collateral are presented as unclassified in the schedule of custodial credit risk.

At year-end IPERS had \$1,894,322 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, 1999, the Systems had securities on loan, including accrued interest income, with a total value of \$656,678,399 against collateral with a total value of \$678,174,593.

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, 1999, 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.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Primary Government

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

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

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

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

Component Units

Estimated useful lives, in years, are as follows:

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

K. Compensated Absences

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

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

L. Bond Discounts/Issuance Costs

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

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.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

N.Totals (Memorandum Only)

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

NOTE 2 - CASH, INVESTMENTS AND SECURITIES LENDING

CASH

Primary Government

The carrying amount of cash at June 30 is \$1,063,909,010 and the bank balance is \$1,090,372,203. The bank balance at June 30 is insured or collateralized as follows: \$1,090,166,095 is covered by federal depository insurance or by collateral held by the State's agent in the State's name and \$206,108 is uninsured or uncollateralized.

Component Units

The carrying amount of cash at June 30 is \$28,763,416 and the bank balance is \$28,762,980. The bank balance at June 30 is insured or collateralized as follows: \$26,387,367 is covered by federal depository insurance or by collateral held by the State's agent in the State's name and \$2,375,613 is uninsured or uncollateralized.

INVESTMENTS

Primary Government

Investments at June 30, 1999, 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 I	Fair Value
U.S. Government Securities	\$ 693,037	\$ 693,037
Equity Securities	51	51
Fixed Income Securities	505,821	505,821
Repurchase Agreements	<u>6,694</u>	<u>6,694</u>
	<u>\$1,025,603</u>	1,205,603
Unclaimed Property		7,954
Money Markets & Mutual Funds		240,222
Investment Agreements		96,677
Investment Pools		5,802
Real Estate		<u>8</u>
Total Investments		<u>\$1,556,266</u>

Pension Trust Funds

	Category I	Fair Value
U.S. Government Securities	\$1,773,444	\$1,773,444
Domestic Equity Securities	979,547	979,547
Domestic Fixed Income Securities	3,014,569	3,014,569
International Securities	1,460,923	1,460,923
Foreign Currency	<u>58,230</u>	<u>58,230</u>
	<u>\$7,286,713</u>	7,286,713
Securities on Loan		585,531
Mutual and Commingled Funds		6,241,599
Short Term Investment Funds		522,803
Real Estate Partnerships		530,455
Investment in Private Equity		1,072,107
Securities Lending		
Short-Term Collateral Investment Pool		<u>608,827</u>
Total Investments		<u>\$16,848,035</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

University Funds	Category		Fair	Category		Fair
	1	2	Value	1	2	Value
U.S. Government Securities	\$ 14,754	\$ 627,865	\$ 642,619			
Common & Preferred Stock	13,184	138,103	151,287			
Corporate Notes	621	12,477	13,098			
Corporate Bonds	2,766	29,539	32,305			
Other	<u>3,958</u>	<u>1,103</u>	<u>5,061</u>			
	<u>\$ 35,283</u>	<u>\$ 809,087</u>	844,370			
Money Market & Mutual Funds			207,113			
Investment Pools			2,837			
Real Estate			<u>537</u>			
Total Investments			<u>\$ 1,054,857</u>			

U.S. Government Securities	\$ 39,169	\$ 202,349	\$ 241,518
Common & Preferred Stock	4,691	100	4,791
Repurchase Agreements	<u>15,544</u>	<u>54,744</u>	<u>70,288</u>
	<u>\$ 59,404</u>	<u>\$ 257,193</u>	316,597
Money Markets & Mutual Funds			28,806
Investment Agreements			279,973
Investment Pools			<u>3,364</u>
Total Investments			<u>\$ 628,740</u>

Cash & Investment Reconciliation

Investments Per Preceding Schedules:

Other Than Pension Trust & University Funds	\$ 1,556,266	
Pension Trust	16,848,035	
Universities	<u>1,054,857</u>	
Total		\$19,459,158
Cash		1,063,909
Outstanding Warrants		(137,139)
Other Reconciling Items		<u>(41,407)</u>
Cash & Investments		<u>\$20,344,521</u>

Component Units

Investments at June 30, 1999, are categorized below by credit risk (expressed in thousands). The three types of credit risk are:

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

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

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

Cash & Investment Reconciliation

Investments Per Above Schedule	\$ 628,740
Cash	<u>28,763</u>
Cash & Investments	<u>\$ 657,503</u>

DEPOSITS WITH TRUSTEES

Primary Government

The carrying amount of cash at June 30 is \$39,686,214 and the bank balance is \$39,342,520. The bank balance at June 30 is insured as follows: \$39,342,520 is covered by Federal depository insurance or by collateral held by the State's agent in the State's name.

The investments at June 30, 1999, for Deposit With Trustees are as follows (expressed in thousands):

	Category		Fair
	1	2	Value
U. S. Government Securities	\$ -	\$ 9,562	\$ 9,562
Repurchase Agreements	<u>1,104</u>	-	<u>1,104</u>
	<u>\$ 1,104</u>	<u>\$ 9,562</u>	10,666
Mutual Funds			15,085
Guaranteed Investment Contracts			<u>3,198</u>
Total Investments			<u>\$ 28,949</u>

Cash & Investment Reconciliation

Investments Per Above Schedule	\$ 28,949
Cash	<u>39,686</u>
Deposits With Trustees	<u>\$ 68,635</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - TRANSFERS

Transfers for the year ended June 30, 1999, are presented below (expressed in thousands):

	TRANSFERS IN							Total
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Expendable Trust	University	
TRANSFERS OUT								
Primary Government:								
General	\$ -	\$ 3,130	\$ 38,861	\$ 648	\$ 4,115	\$ 2,623	\$ 702,578	\$ 751,955
Special Revenue	52	72	-	-	-	-	-	124
Capital Projects	3,949	-	-	-	-	-	-	3,949
Enterprise	79,440	-	-	-	-	-	-	79,440
Internal Service	1,040	-	-	-	10,838	-	-	11,878
Expendable Trust	12,837	9	-	-	-	3,240	-	16,086
Nonexpendable Trust	-	-	-	-	-	5	-	5
Subtotal	97,318	3,211	38,861	648	14,953	5,868	702,578	863,437
Component Units	758	-	-	-	-	-	-	758
Total	<u>\$ 98,076</u>	<u>\$ 3,211</u>	<u>\$ 38,861</u>	<u>\$ 648</u>	<u>\$ 14,953</u>	<u>\$ 5,868</u>	<u>\$ 702,578</u>	<u>\$ 864,195</u>

NOTE 4 - RECEIVABLES

Receivables at June 30, 1999, consisted of the following (expressed in thousands):

	Accounts Receivable	Taxes Receivable	Interest Receivable	Notes Receivable	Loans Receivable	Benefit Over-payment	Subtotal	Less:	Total
								Allowances for Uncollectibles	
Primary Government:									
General	\$ 366,385	\$ 386,700	\$ -	\$ 684	\$ 134,368	\$ -	\$ 888,137	\$ 22,793	\$ 865,344
Special Revenue	1,656	-	-	-	-	-	1,656	-	1,656
Capital Projects	601	-	108	-	-	-	709	-	709
Enterprise	12,488	223	43	-	-	-	12,754	57	12,697
Internal Service	3,062	114	5	-	-	-	3,181	-	3,181
Expendable Trust	49,394	32	3	43	-	22,604	72,076	11,072	61,004
Pension	838,038	-	52,712	-	-	-	890,750	-	890,750
Agency	46,884	-	-	-	-	-	46,884	-	46,884
University	302,125	-	10,818	72,150	-	-	385,093	92,669	292,424
Subtotal	1,620,633	387,069	63,689	72,877	134,368	22,604	2,301,240	126,591	2,174,649
Component Units	249	-	6,891	177	234,841	-	242,158	264	241,894
Total	<u>\$ 1,620,882</u>	<u>\$ 387,069</u>	<u>\$ 70,580</u>	<u>\$ 73,054</u>	<u>\$ 369,209</u>	<u>\$ 22,604</u>	<u>\$ 2,543,398</u>	<u>\$ 126,855</u>	<u>\$ 2,416,543</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, 1999, along with receivables and payables which may be long-term in nature.

Interfund due from/to other funds, at June 30, 1999, are summarized as follows (expressed in thousands):

	DUE FROM OTHER FUNDS										
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Expendable Trust	Agency	University Funds	Sub-total	Component Units	Total
DUE TO OTHER FUNDS											
Primary Government:											
General	\$ -	\$ 866	\$ 4,612	\$15,444	\$ 6,460	\$ 420	\$ 31,027	\$ -	\$ 58,829	\$ -	\$ 58,829
Special Revenue	273	7	-	-	2	-	-	-	282	-	282
Capital Projects	128	-	38	-	1	-	-	-	167	-	167
Enterprise	4,305	-	-	100	129	-	-	-	4,534	-	4,534
Internal Service	474	-	-	7	1,576	-	-	-	2,057	-	2,057
Expendable Trust	1,181	1	-	1	4	115	-	-	1,302	-	1,302
Nonexpendable Trust	-	-	-	-	-	70	-	-	70	-	70
Agency	26,230	23	96	289	6,709	1,030	149	-	34,526	-	34,526
University Funds	-	-	-	-	-	-	-	1,060	1,060	-	1,060
Subtotal	32,591	897	4,746	15,841	14,881	1,635	31,176	1,060	102,827	-	102,827
Component Units	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>165</u>	<u>168</u>
Total	<u>\$ 32,594</u>	<u>\$ 897</u>	<u>\$ 4,746</u>	<u>\$15,841</u>	<u>\$ 14,881</u>	<u>\$ 1,635</u>	<u>\$ 31,176</u>	<u>\$ 1,060</u>	<u>\$102,830</u>	<u>\$ 165</u>	<u>\$ 102,995</u>

Interfund receivables/payables at June 30, 1999, are detailed below (expressed in thousands):

	Due From	Due To		Due From	Due To
General Fund	\$ 32,594	\$ 58,829	Nonexpendable Trust Funds:		
Special Revenue Funds:			Iowa Braille & Sight Saving School	-	70
Newton Correctional Facility			Total Nonexpendable Trust Funds	-	70
Telephone Rebate	-	24	Agency Funds:		
HAWK-I Trust	779	139	Centralized Payroll Trustee	59	6,647
Mt. Pleasant Correctional Center			Other Agency Funds	31,117	27,879
Telephone Rebate	-	13	Total Agency Funds	31,176	34,526
Iowa Public Television Foundation	1	-	University Funds:		
Other Special Revenue Funds	117	106	Unrestricted	1,019	138
Total Special Revenue Funds	897	282	Restricted	8	15
Capital Project Funds:			Endowments & Similar Funds	-	907
General Services Capital	4,335	-	Agency	2	-
Resources Enhancement & Protection	301	74	Retirement of Indebtedness	31	-
Recreational Trails Development	-	38	Total University Funds	1,060	1,060
Other Capital Project Funds	110	55			
Total Capital Project Funds	4,746	167	Subtotal	102,830	102,827
Enterprise Funds:			Component Units:		
Iowa Communications Network	15,453	142	Iowa State Fair Authority	165	165
Iowa Lottery	-	4,355	Wallace Technology Foundation	-	3
Underground Storage Tank Insurance	288	-	Total Component Units	165	168
Other Enterprise Funds	100	37	Total Due From/Due To	102,995	102,995
Total Enterprise Funds	15,841	4,534			
Internal Service Funds:					
Materials & Equipment - Revolving	2,244	2	Advances To		Advances From
Health Insurance Premium Reserve	401	33	General Fund	-	1,418
Health Insurance Premium Operating	5,399	-	Enterprise Funds		
Depreciation Revolving	2,452	6	Iowa Communications Network	-	57
Other Internal Service Funds	4,385	2,016	Internal Service Funds		
Total Internal Service Funds	14,881	2,057	Innovations Fund	666	-
			Centralized Printing	-	132
Expendable Trust Funds:			Expendable Trust Funds		
Unemployment Benefits	109	-	Unemployment Benefits	941	-
Unclaimed Property	-	945	Total Advances From/Advances To	1,607	1,607
Grain Indemnity	118	-			
Other Expendable Trust Funds	1,408	357	Grand Total	\$ 104,602	\$ 104,602
Total Expendable Trust Funds	1,635	1,302			

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - FIXED ASSETS

Changes in general fixed assets for the year ended June 30, 1999, are summarized as follows (expressed in thousands):

	Balance July 1	Addi- tions	Deletions/ Net Transfers	Adjust- ments	Balance June 30
Land	\$ 133,856	\$ 15,079	\$ 1,168	\$ (79)	\$ 147,688
Buildings	548,212	66,863	383	(2,390)	612,302
Improvements Other Than Buildings	17,712	4,192	-	(126)	21,778
Equipment	250,588	39,976	36,072	(17,274)	237,218
Vehicles	38,136	10,073	7,534	(2)	40,673
Construction in Progress	<u>73,769</u>	<u>26,765</u>	<u>39,322</u>	<u>(1,107)</u>	<u>60,105</u>
Total	<u>\$ 1,062,273</u>	<u>\$ 162,948</u>	<u>\$ 84,479</u>	<u>\$(20,978)</u>	<u>\$ 1,119,764</u>

General fixed assets purchased with resources provided by outstanding capital lease agreements at June 30, 1999, consisted of buildings costing \$800,617, and equipment costing \$5,602,777.

A summary of Proprietary fund type, Expendable Trust, Pension Trust, University and Component Unit fixed assets as of June 30, 1999, follows (expressed in thousands):

	Enter- prise	Internal Service	Expendable Trust	Pension Trust	University	Subtotal	Component Units	Total
Land	\$ 747	\$ -	\$ -	\$ -	\$ 19,127	\$ 19,874	\$ 2,050	\$ 21,924
Buildings	8,137	676	-	-	1,682,139	1,690,952	20,814	1,711,766
Improvements Other Than Buildings	-	-	-	-	375,222	375,222	2,299	377,521
Equipment	154,335	195,563	412	2,899	971,749	1,324,958	2,195	1,327,153
Vehicles	1,644	2,810	-	-	-	4,454	470	4,924
Construction In Progress	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,757</u>	<u>70,759</u>	<u>8,899</u>	<u>79,658</u>
Total	164,865	199,049	412	2,899	3,118,994	3,486,219	36,727	3,522,946
Less Accumulated Depreciation	<u>77,566</u>	<u>115,159</u>	<u>-</u>	<u>2,153</u>	<u>1,362</u>	<u>196,240</u>	<u>9,267</u>	<u>205,507</u>
Total	<u>\$ 87,299</u>	<u>\$ 83,890</u>	<u>\$ 412</u>	<u>\$ 746</u>	<u>\$ 3,117,632</u>	<u>\$ 3,289,979</u>	<u>\$ 27,460</u>	<u>\$ 3,317,439</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - INVESTMENT IN PRIZE ANNUITIES AND ANNUITY PRIZES PAYABLE

Assets totaling \$70,207,373, which includes \$160,420 of prepaid expense, are held by the Iowa Lottery for the purpose of paying installment prizes which have already been won but will not be completely paid until 2018. Annuity Prizes Payable does not include an additional liability of \$29,920 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
2000	\$ 10,210	-	10,210
2001	-	10,210	10,210
2002	-	10,210	10,210
2003	-	10,210	10,210
2004	-	10,211	10,211
2005-2018	<u>-</u>	<u>53,920</u>	<u>53,920</u>
Total Future Value	10,210	94,761	104,971
Less: Unamortized Discount	<u>427</u>	<u>34,367</u>	<u>34,794</u>
Present Value of Payments	<u>\$ 9,783</u>	<u>\$ 60,394</u>	<u>\$ 70,177</u>

NOTE 8 - GENERAL LONG-TERM DEBT ACCOUNT GROUP

Changes in general long-term obligations for the year ended June 30, 1999, are summarized as follows (expressed in thousands):

	Balance July 1	Additions	Deletions	Balance June 30
Compensated Absences	\$ 91,363	\$ 96,285	\$ 90,472	\$ 97,176
Capital Leases	3,482	1,547	1,264	3,765
Revenue Bonds Payable	189,314	-	8,194	181,120
Other Financing Arrangements Payable	12,419	1,661	4,205	9,875
Installment Purchases	<u>347</u>	<u>552</u>	<u>300</u>	<u>599</u>
Subtotal	<u>296,925</u>	<u>100,045</u>	<u>104,435</u>	<u>292,535</u>
Other Liabilities:				
Risk Management Liability	11,500	5,388	5,388	11,500
Medicaid IBNR	16,928	12,700	16,928	12,700
Public Defense Claims	1,825	-	106	1,719
Other Post Employment Benefits	15	-	15	-
Pension Liability	2,813	-	1,089	1,724
College Aid Federal Liability	23,970	-	6,031	17,939
General Claims	<u>861</u>	<u>1,195</u>	<u>861</u>	<u>1,195</u>
Subtotal Other Liabilities	<u>57,912</u>	<u>19,283</u>	<u>30,418</u>	<u>46,777</u>
Total	<u>\$ 354,837</u>	<u>\$ 119,328</u>	<u>\$ 134,853</u>	<u>\$ 339,312</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 - CAPITAL LEASES

The State has entered into agreements to lease various equipment and property. The agreements have interest rates ranging from 2.50% to 18.64%. The leases expire before June 30, 2020, and some also require the payment of normal maintenance charges.

General Long-Term Debt Account Group

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

Year ending June 30,	Principal	Interest	Total
2000	\$ 1,335	\$ 196	\$ 1,531
2001	1,077	119	1,196
2002	522	70	592
2003	309	47	356
2004	302	28	330
Thereafter	<u>220</u>	<u>11</u>	<u>231</u>
Total	<u>\$ 3,765</u>	<u>\$ 471</u>	<u>\$ 4,236</u>

University Funds

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

Year ending June 30,	Principal	Interest	Total
2000	\$ 5,221	\$ 2,560	\$ 7,781
2001	4,829	2,298	7,127
2002	3,946	2,055	6,001
2003	3,914	1,843	5,757
2004	3,697	1,631	5,328
Thereafter	<u>27,203</u>	<u>10,165</u>	<u>37,368</u>
Total	<u>\$ 48,810</u>	<u>\$ 20,552</u>	<u>\$ 69,362</u>

NOTE 10 - INSTALLMENT PURCHASES

The State has entered into installment purchase contracts to finance various acquisitions and construction projects. The contracts have interest rates ranging from 4.75% to 5.59%.

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
2000	\$ 130	\$ 24	\$ 154
2001	158	22	180
2002	78	16	94
2003	82	11	93
2004	86	7	93
Thereafter	<u>65</u>	<u>2</u>	<u>67</u>
Total	<u>\$ 599</u>	<u>\$ 82</u>	<u>\$ 681</u>

NOTE 11 - OTHER FINANCING ARRANGEMENTS PAYABLE

Loans and Contracts Payable

The Iowa Department of Natural Resources has entered into agreements for facilities and land for a total of \$4,353,806. The agreements range from 22 to 25 years with an interest rate of 9.35%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

General Long-Term Debt

Year ending June 30,	Principal	Interest	Total
2000	\$ 135	\$ 104	\$ 239
2001	133	96	229
2002	96	87	183
2003	103	80	183
2004	111	72	183
Thereafter	<u>967</u>	<u>310</u>	<u>1,277</u>
Total	<u>\$ 1,545</u>	<u>\$ 749</u>	<u>\$ 2,294</u>

Enterprise

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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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

Year ending June 30,	Principal	Interest	Total
2000	\$ 201	\$ 29	\$ 230
2001	213	17	230
2002	<u>168</u>	<u>5</u>	<u>173</u>
Total	<u>\$ 582</u>	<u>\$ 51</u>	<u>\$ 633</u>

The University of Iowa has entered into agreements for equipment for a total of \$4,883,000. The agreements are for 12 years with interest rates ranging from 4.83% to 5.18%. 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
2000	\$ 458	\$ 200	\$ 658
2001	481	177	658
2002	506	151	657
2003	532	125	657
2004	452	98	550
Thereafter	<u>1,577</u>	<u>189</u>	<u>1,766</u>
Total	<u>\$ 4,006</u>	<u>\$ 940</u>	<u>\$ 4,946</u>

Certificates of Participation

The Department of Corrections and the First, Third, Fifth and Sixth Judicial Districts have sold certificates of participation for land and facilities for a total of \$31,947,612. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. The certificates mature over periods from 6 to 20 years with interest rates ranging from 4.73% to 7.25%. 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
2000	\$ 3,385	\$ 524	\$ 3,909
2001	1,225	303	1,528
2002	540	229	769
2003	575	198	773
2004	625	136	761
Thereafter	<u>1,980</u>	<u>328</u>	<u>2,308</u>
Total	<u>\$ 8,330</u>	<u>\$ 1,718</u>	<u>\$ 10,048</u>

In November 1998, the Fifth Judicial District issued \$820,000 in Refunding Certificates of Participation, Series 1998, with interest rates of 3.8% to 4.1% to advance refund \$785,000 of outstanding Certificates of Participation, Series 1991 with interest rate of 5.25 to 7.00%. The net proceeds were used to purchase U.S. Treasury State and Local Government Series Securities. The securities were deposited in an irrevocable escrow account. The amount on deposit and interest to be earned, will be sufficient to fully service all remaining principal and interest due on the Certificates of Participation. The advance refunding results in a decrease of future aggregate debt service payments of \$76,452 and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$64,555.

The Iowa Department of General Services has sold certificates of participation for the Iowa Communications Network of \$114,530,000. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. The certificates mature over the next 8 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
2000	\$ 8,540	\$ 4,931	\$ 13,471
2001	9,040	4,421	13,461
2002	9,560	3,876	13,436
2003	10,125	3,286	13,411
2004	10,745	2,642	13,387
Thereafter	<u>36,450</u>	<u>3,555</u>	<u>40,005</u>
Total	84,460	<u>\$ 22,711</u>	<u>\$ 107,171</u>
Unamortized Discount	<u>605</u>		
Certificates of Participation Payable		<u>\$ 83,855</u>	

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 - BONDS PAYABLE

Revenue bonds payable at June 30, 1999, are as follows (expressed in thousands):

	ISSUE DATES	ORIGINAL ISSUANCE	INTEREST RATE	MATURITY DATE RANGE	OUTSTANDING PRINCIPAL
PRIMARY GOVERNMENT:					
General Long-Term Debt Account Group					
Revenue Bonds					
<i>Term Bonds</i>					
Underground Storage Tank	1991 & 1994	\$13,155	Variable	2010-2015	\$ 13,155
Department of Corrections	1994-1996	33,510	Variable	2014-2016	<u>33,510</u>
Total					<u>\$ 46,665</u>
<i>Serial Bonds</i>					
Underground Storage Tank	1991 & 1994	\$99,130	Variable	1991-2012	\$ 71,495
Department of Corrections	1994-1996	64,530	Variable	2014-2016	<u>54,680</u>
Total					<u>\$ 126,175</u>
<i>Capital Appreciation Bonds</i>					
Underground Storage Tank	1991	\$10,175	Variable	2001-2004	\$ 10,175
Unamortized Issuance Costs and Discounts					<u>(1,895)</u>
Total					<u>\$ 8,280</u>
Total General Long-Term Debt Account Group					<u>\$ 181,120</u>
University Funds					
Revenue Bonds					
University of Northern Iowa	1964-1999	\$ 100,201	3.00-8.25%	1966-2023	\$ 78,418
University of Iowa	1964-1999	442,120	3.00-9.00	1967-2021	250,053
Iowa State University	1965-1999	265,135	3.00-8.00	1967-2027	<u>204,315</u>
Total University Funds					<u>\$ 532,786</u>
COMPONENT UNITS:					
Proprietary Funds					
Revenue Bonds					
Iowa Finance Authority	1977-1999	\$ 1,074,755	Variable	1999-2031	\$ 523,331
Iowa Higher Education Loan Authority	1984-1996	71,485	Variable	1999-2016	<u>49,015</u>
Total					572,346
Unamortized Issuance Costs and Discounts					<u>(8,639) *</u>
Total Component Units					<u>\$ 563,707</u>

*Includes unamortized issuance costs and discounts of \$8,540,993 for the Iowa Finance Authority and \$97,509 for the Iowa Higher Education Loan Authority.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Underground Storage Tank

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

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

In prior years, the Iowa Finance Authority defeased certain Iowa Underground Storage Tank Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1990 and 1991 Series terms bonds. As a result, the 1990 and 1991 Series Term bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group. As of June 30, 1999, bonds totaling \$39,685,000 were considered defeased.

Iowa Department of Corrections

The Iowa Finance Authority has issued term and serial bonds for the purpose of financing the construction or renovation of correctional facilities in the State. The Iowa Department of Corrections administers the State's correctional facilities and authorizes expenditures under the program. The bonds are payable solely from monies deposited in the Iowa Prison Infrastructure Fund maintained by the Treasurer of State, currently required by state law to be the first \$9,500,000 of monies remitted to the Treasurer of State each fiscal year from certain fees and fines collected from the clerks of district court in criminal cases, investment earnings on monies in the Iowa Prison Infrastructure Fund, and from other amounts pledged therefore under the bond indenture. These obligations do not constitute a debt of the State of Iowa, nor of the Iowa Finance Authority, and neither is liable for any repayments.

Universities

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

In March 1999, Iowa State University issued \$13,460,000 in Utility Systems Revenue Refunding Bond Series I.S.U. 1999A with an average interest rate of 4.53% to advance refund \$13,250,000 Utility System Revenue Bonds, Series 1985 (first issue) with an average interest rate of 6.76%. The proceeds were placed in an irrevocable trust pursuant to an escrow agreement with a bank to provide for all future debt service on the refunded bonds. As a result, these bonds are considered defeased and the liability for these bonds has been excluded from the balance sheet.

The advance refunding results in a decrease in future aggregate debt service of \$3,734,805, and an economic gain (difference between present values of the old and new debt service payments) of \$2,766,803.

During fiscal year 1999, the University of Iowa issued \$3,560,000 in Parking System Refunding Revenue Bonds, Series S.U.I. 1999A, with an average interest rate of 3.304% to advance refund \$3,525,000 of outstanding Parking System Revenue Bonds, Series S.U.I. 1988 with an average interest rate of 6.000%. Net bond proceeds of \$3,546,631, along with \$70,000 from the Parking System Revenue Bonds, Series S.U.I. 1988 Sinking Fund, were placed in an irrevocable escrow account with trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Parking System Revenue Bonds, Series S.U.I. 1988 are scheduled to be called on July 1, 1999. As a result, these bonds are considered defeased and the liability for these bonds has been excluded from the balance sheet.

The advance refunding results in a decrease in future aggregate debt service of \$173,717 and an economic gain (difference between present values of the old and new debt service payments) of \$90,978.

Also, during fiscal 1999, the University of Iowa issued \$12,845,000 in Utility System Revenue Refunding Bonds, Series S.U.I. 1999A, with an average interest rate of 4.20% to advance refund \$12,375,000 of outstanding Utility System Revenue Bonds, Series S.U.I. 1985 with an average interest rate of 7.012%. Net bond proceeds of \$12,701,354, were placed in an irrevocable escrow account with trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Utility System Revenue Bonds, Series S.U.I. 1985 were called on May 1, 1999.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

The advance refunding results in a decrease in future aggregate debt service of \$3,021,163 and an economic gain (difference between present values of the old and new debt service payments) of \$2,226,348.

In prior years, Iowa State University 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, 1999, bonds totaling \$8,650,000 for Iowa State University and \$12,400,000 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.

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
2000	\$ 9,245	\$ 8,739	\$ 17,984
2001	9,705	8,257	17,962
2002	10,260	7,799	18,059
2003	10,600	7,466	18,066
2004	10,690	7,128	17,818
Thereafter	<u>132,515</u>	<u>39,580</u>	<u>172,095</u>
Total	<u>\$ 183,015</u>	<u>\$ 78,969</u>	<u>\$ 261,984</u>

University Funds

Year ending June 30,	Principal	Interest	Total
2000	\$ 33,703	\$ 26,233	\$ 59,936
2001	34,622	25,440	60,062
2002	35,947	24,037	59,984
2003	38,112	22,670	60,782
2004	36,221	22,103	58,324
Thereafter	<u>354,181</u>	<u>154,114</u>	<u>508,295</u>
Total	<u>\$ 532,786</u>	<u>\$ 274,597</u>	<u>\$ 807,383</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
2000	\$ 14,770	\$ 28,648	\$ 43,418
2001	16,505	28,577	45,082
2002	17,020	27,854	44,874
2003	18,965	27,095	46,060
2004	19,285	26,241	45,526
Thereafter	<u>485,801</u>	<u>323,260</u>	<u>809,061</u>
Total	<u>\$ 572,346</u>	<u>\$ 461,675</u>	<u>\$ 1,034,021</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 - LEASE OBLIGATIONS FROM DISCONTINUED OPERATIONS OF PRIOR YEARS

The aggregate amounts of required payments on noncancellable leases and receipts from the related subleases at June 30, 1999, are as follows (expressed in thousands):

Year ending June 30,	Lease	Sublease	Net
2000	\$ 124	\$ 75	\$ 49
2001	92	30	62
2002	75	23	52
2003	58	11	47
2004	54	11	43
Thereafter	<u>98</u>	<u>28</u>	<u>70</u>
Total	\$ 501	\$ 178	\$ 323
Less Amount Representing Interest	<u>98</u>	<u>28</u>	<u>70</u>
Present Value of Lease Obligation	<u>\$ 403</u>	<u>\$ 150</u>	<u>\$ 253</u>

NOTE 14 - DEFICIT RETAINED EARNINGS

Funds reporting a deficit fund equity position at June 30, 1999 (expressed in thousands):

Fund Type/Fund Name	Deficit Balances
Enterprise:	
Iowa Communications Network	\$ 26,351
Internal Service:	
Workers' Compensation	10,515
General Office - General Services	215
Centralized Purchasing Administration	262

NOTE 15 - FUND BALANCE - RESERVE FOR SPECIFIC PURPOSES

The Reserve for Specific Purposes Fund Balance in the General Fund represents the portion of fund balance legally segregated for a specific future use. A summary of these reserves at June 30, 1999, (expressed in thousands):

Primary Road	\$ 130,765
Iowa Infrastructure	105,309
Unassigned Revenue	85,605
Road Use Tax	76,540
Revitalize Iowa's Sound Economy	65,814
General Operations	41,503
Default Collections	41,291
Motor Vehicle Fuel Tax Unapportioned	32,371
UST Innocent Landowners	29,002
Farm to Market Road Funds	25,002
No Further Action Fund	10,493
Underground Storage Tank Capital Reserves	9,637
Reversion Incentive Program	8,143
Enhanced Court Collections Fund	8,087
Underground Storage Tank Revenue	7,655
UST Marketability Fund	6,677
Guaranteed Student Loan Administration	6,312
Fish and Game	5,238
Air Contaminant Source	4,935
Workforce Development Fund	4,410
Waste Tire Management Fund	4,125
Strategic Investment Fund	3,962
Local Housing Assistance Program	2,527
Underground Storage Tank Loan Guarantee	1,880
Exxon Oil Overcharge Settlement	1,590
DOT SIB Fund	1,275
Petroleum Overcharge #5	1,224
Highway Safety Patrol Fund	1,004
Motor Vehicle Fuel Tax	953
Grade Crossing Surface Repair	822
Iowa School for the Deaf	813
ICSAC - Default Reduction Act	682
Friends Funded Programming	637
Fifth Judicial District	614
Job Training Revolving	568
Motor Vehicle Fuel Tax Unapportioned - DOT	532
Litigation Defense	344
Manure Storage Indemnity	306
Shelter Assistance Fund	301
Iowa Braille and Sight Saving Institute	289
Commerce Insurance Division Regulatory	164
Sixth Judicial District	141
Fourth Judicial District	135
Prison Infrastructure Fund	134
Other	<u>786</u>
Total	<u>\$ 730,597</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 - OPERATING LEASES

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

The following are schedules by year of future minimum rental payments required under operating leases which have initial or remaining noncancellable lease terms in excess of one year as of June 30, 1999 (expressed in thousands):

Primary Government:

Year ending June 30,	
2000	\$ 18,171
2001	15,360
2002	10,492
2003	8,149
2004	6,362
Thereafter	<u>12,164</u>
 Total	 <u>\$ 70,698</u>

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

Rental expense for the year ended June 30, 1999, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$21,113,059.

Component Units:

Year ending June 30,	
2000	\$ 153
2001	153
2002	143
2003	130
2004	<u>105</u>
 Total	 <u>\$ 684</u>

Rental expense for the year ended June 30, 1999, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$250,728.

NOTE 17 - LESSOR OPERATING LEASES

The Iowa Department of Natural Resources has tracts of land valued at \$10,073,200 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 Iowa Department of Transportation leases land valued at \$1,113,319 for agricultural purposes. Iowa State University has leased building space valued at \$172,159, and has tracts of land that have been leased for agriculture purposes, no value has been assigned to the leased portion. The University of Northern Iowa has leased buildings valued at \$199,798 and tracts of land valued at \$547,194 that have been leased for agricultural purposes. The following is a schedule by year of minimum future rentals on operating leases as of June 30, 1999 (expressed in thousands):

Year ending June 30,	
2000	\$ 1,136
2001	765
2002	570
2003	257
2004	167
Thereafter	<u>1,290</u>
 Total	 <u>\$ 4,185</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, 1999</u>
Employer members:	
City	1,307
County	429
School	399
State	23
Other	<u>218</u>
 Total	 <u>2,376</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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

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

Funding Policy

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

	Contribution Rates as of June 30, 1999		
	Employee	Employer	Total
Regular	3.70%	5.75%	9.45%
Sheriffs/Deputy Sheriffs (County)/ Airport Firefighters	6.34%	9.51%	15.85%
Protection Occupations*	5.61%	8.41%	14.02%

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

A valuation of the liabilities and reserves of the IPERS Trust Fund is performed annually by IPERS' actuary in accordance with Iowa Code Section 97B.61. The Iowa statutes provide that most IPERS members shall contribute 3.70% of pay and employers shall contribute 5.75%, for a total of 9.45%. The valuation is performed to determine whether that rate will be sufficient to fund the future benefits expected to be paid by the System within the guidelines established in IPERS funding policy (maximum amortization period of 30 years). The statutory rate is first applied to fund the normal cost rate. The remaining contribution rate is used to amortize the unfunded actuarial liability as a level percentage of payroll. The current valuation indicates the statutory rate results 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, 1999, was \$408,221,776. The amount of the actuarially determined contribution requirement was approximately \$386,181,094. This contribution amount represents the funding necessary to fund the normal cost of the plan.

For the fiscal year ended June 30, 1999, the actuarially determined contribution requirement for employers was \$234,977,914 or 5.75% of covered payroll. The actuarially determined contribution requirement for employees for the same time period was \$151,203,180 or 3.70% of covered payroll. The actual amount of contributions made by employers and employees during the fiscal year ended June 30, 1999, was \$244,933,066 and \$163,288,710 respectively.

The State of Iowa's contributions to IPERS for the years ended June 30, 1999, 1998, and 1997, were \$49,504,605, \$46,729,012 and \$43,227,098, 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, \$389,624,316 at June 30, 1999. If all actuarial assumptions are met, the Unfunded Actuarial Accrued Liability is expected to be amortized in 20 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.

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NOTES TO THE FINANCIAL STATEMENTS

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

Peace Officers' Retirement, Accident and Disability System

Plan Description

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

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

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

Funding Policy

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

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

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

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

The member contribution required and contributed was \$2,623,551, representing 9.35% of the current year covered payroll. The State contribution required by statute was \$4,860,834 and the amount actually contributed was \$4,860,834. Costs of administering the plan are financed through employer contributions and investment income.

Summary of Significant Accounting Policies

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

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

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

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 556,317
Interest on net pension obligation	(718,926)
Adjustment to annual required contribution	<u>842,132</u>
Annual pension cost	679,523
Contributions made	<u>(4,860,834)</u>
Increase (decrease) in net pension obligation	(4,181,311)
Net pension obligation beginning of year	<u>(8,986,581)</u>
(Assets in excess of) net pension obligation end of year	<u><u>\$ (13,167,892)</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

For calculation of the net pension obligation, the actuary has set the transition date as July 1, 1995. The net pension obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the System's actual contributions for fiscal years 1988 through 1999.

The annual required contribution for the current year was determined as part of the July 1, 1998, actuarial valuation using the aggregate actuarial cost method. This method does not identify or separately amortize unfunded actuarial liabilities. The actuarial assumptions included (a) 8.00% investment rate of return, (b) projected salary increases of 10% for the first year, 5% for each of the next 4 years and 5.5% thereafter, (c) an inflation rate of 4.00%, and (d) post retirement benefit increases vary from 2.00 to 2.40%. 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, 1999, was 18 years.

Three-year trend information:

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	(Assets in Excess) of Net Pension Obligation
1997	\$2,047,316	224.58%	\$ (6,256,840)
1998	1,858,926	246.85%	(8,986,581)
1999	679,523	715.33%	(13,167,892)

Judicial Retirement System

Plan Description

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

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

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

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

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

Funding Policy

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

The member contribution required and contributed was \$817,494, representing 4.00% of the current year covered payroll. The State contribution required by statute and the amount contributed was \$3,944,059. The State share is to be based on 23.70% of the current year covered payroll. Costs of administering the plan are financed through State appropriation, member contributions and investment income.

Summary of Significant Accounting Policies

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

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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 11.00% of net assets held in trust for pension benefits. The System has no investments in the stocks or bonds of any commercial or industrial organization where market value exceeds 5.00% or more of the net assets held in trust for pension benefits.

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 2,858,734
Interest on net pension obligation	137,716
Adjustment to annual required contribution	<u>(141,590)</u>
Annual pension cost	2,854,860
Contributions made	<u>(3,944,059)</u>
Increase (decrease) in net pension obligation	(1,089,199)
Net pension obligation beginning of year	<u>2,813,110</u>
Net pension obligation end of year	<u>\$ 1,723,911</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 1999.

The annual required contribution for the current year was determined as part of the June 30, 1998, 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, 1999, was 30 years.

Three-year trend information:

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1997	\$ 3,360,329	110.89%	\$ 3,476,451
1998	3,143,116	121.10%	2,813,110
1999	2,854,860	138.15%	1,723,911

Teachers Insurance and Annuity Association Retirement Program

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

A defined contribution retirement plan provides retirement benefits in return for services rendered, provides individual annuities for each plan participant, and specifies how contributions to an individual's annuity are to be determined instead of specifying the amount of benefits the participant is to receive. Under a defined contribution retirement plan, the benefits a participant will receive depend solely on the amount contributed to the participant's annuity, and the returns earned on investments of those contributions. As required by the Iowa State Board of Regent's policy, all eligible employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract agreement with TIAA, each employee through the fifth year of employment contributes 3.33% of the first \$4,800 of earnings and 5.00% on the balance of earnings. The employer through the fifth year of employment, contributes 6.67% of the first \$4,800 of earnings and 10.00% on earnings above the \$4,800. Upon completion of five years of service, the participant contributes 5.00% and the employer 10.00% on all earnings. During fiscal year 1999, the employers' contributions amounted to \$89,392,931. Employees' contributions amounted to \$44,885,298.

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	\$ 283,836	\$ 192,231
Basis of Accounting Differences:		
Balance Sheet Accounts:		
Accounts Receivable	36,214	-
Loans Receivable	9,195	-
Food Stamp Inventory	36,773	-
Prepaid Expenditures	9,700	-
Due To Other Funds	(12,898)	-
Deferred Revenue	(63,207)	-
Reserved Encumbrances	33,024	-
Timing Differences:		
Petty Cash & Inventory		
Expensed In Budgetary Accounting	26,317	-
Perspective Differences	-	(192,231)
Entity Differences	<u>1,360,851</u>	<u>8,910</u>
Total Fund Balance - GAAP Basis	1,719,805	8,910
Less: Reserved Fund Balance - GAAP Basis	<u>938,203</u>	<u>2</u>
Fund Balance Unreserved - GAAP Basis	<u>\$ 781,602</u>	<u>\$ 8,908</u>

NOTE 21 - ADJUSTMENTS

Due to the nature of recent activity of the Iowa Infrastructure Fund, it was reclassified from a Capital Projects fund to a General fund. The reclassification resulted in an increase of \$121,932,716 in the beginning fund balance for the General fund and a corresponding decrease of \$121,932,716 in the beginning fund balance of the Capital Projects funds.

An Expendable Trust fund, Unemployment Benefits, had a misstatement of accounts receivable.

During fiscal year 1999, the state adopted the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The statement requires deferred compensation plans that meet established criteria be reported as expendable trust funds. The deferred compensation plans of the

NOTE 20 - CHANGES IN CONTRIBUTED CAPITAL ACCOUNTS

During the year ended June 30, 1999, contributed capital increased by the following amounts (expressed in thousands):

	Enterprise <u>Fund</u> Iowa Communications Network	Component <u>Units</u> Iowa State Fair Foundation
Balance July 1	\$ 56,513	\$ 23,356
Additions:		
Government -		
Capital Contributions	15,296	-
Residual Equity Transfer	-	3,845
Deletions:		
Depreciation On Assets Acquired With Contributed Capital	<u>5,247</u>	<u>674</u>
Balance June 30	<u>\$ 66,562</u>	<u>\$ 26,527</u>

State did not meet the established criteria for inclusion in the fiduciary funds of the State. As a result, the Deferred Compensation funds have been removed from the current year financial statements. A reduction in Agency fund total assets and total liabilities of \$214,010,813 occurred as of July 1, 1998.

Criteria for inclusion in the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis - Special Revenue Funds is that the fund is classified as a special revenue fund for budgetary purposes and the General Assembly either appropriates or allocates funding from the fund. For fiscal year 1999, the General Assembly made an appropriation from the Gambling Treatment Program Fund, at which time the fund met all criteria for inclusion in the statement.

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, 1999, follows (expressed in thousands):

	Iowa Communications Network	Iowa Lottery	Underground Storage Tank Insurance	Iowa State Prison Industries	Other	Total
Operating Revenues	\$ 28,787	\$ 175,338	\$ 2,441	\$ 12,087	\$ 109,108	\$ 327,761
Depreciation Expense	14,506	579	-	506	364	15,955
Operating Income (Loss)	(24,538)	36,024	1,582	(478)	37,255	49,845
Operating Transfers In	-	-	-	-	648	648
Operating Transfers Out	-	37,024	-	-	42,416	79,440
Tax Revenues	-	-	-	-	3,967	3,967
Net Income (Loss)	(5,839)	(307)	3,044	(391)	(556)	(4,049)
Fixed Assets Additions	9,337	219	-	708	128	10,392
Fixed Assets Deletions	30	900	-	598	146	1,674
Net Working Capital	32,693	2,488	26,759	8,677	3,381	73,998
Total Assets	137,808	90,791	30,697	14,188	15,117	288,601
Other Long-Term Liabilities	76,023	66,473	-	327	273	143,096
Total Equity	40,211	2,796	26,759	12,638	4,767	87,171

Component Units

Significant financial data for the year ended June 30, 1999, 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	\$ 8,882	\$ 1,688	\$ 32,579	\$ 394	\$ 997	\$ 690	\$ 99	\$ 45,329
Receipts From Other Entities	-	10	13,304	14	996	-	-	14,324
Depreciation Expense	1,042	1	79	10	2	2	1	1,137
Operating Income (Loss)	(1,216)	1,574	23,089	(69)	144	(105)	20	23,437
Net Income (Loss)	(1,103)	160	16,112	140	193	(1)	21	15,522
Fixed Asset Additions	3,520	2	208	7	4	8	5	3,754
Fixed Asset Deletions	10	-	534	-	4	4	4	556
Net Working Capital	3,299	19,987	592,341	3,646	685	1,471	46	621,475
Total Assets	30,921	51,377	822,402	5,323	1,127	1,521	54	912,725
Bonds Payable	-	48,917	514,790	-	-	-	-	563,707
Other Long-Term Liabilities	201	-	-	-	2	4	3	210
Total Equity	30,219	1,651	280,203	5,299	689	1,478	51	319,590

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 23 – DEFERRED COMPENSATION PLAN

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

The State's fiduciary responsibility is limited to due care in selecting administrators. These contractors are responsible for withholdings and W-2's when the participants receive payments. The contractors are also required to submit an annual report to the State. The State is liable to a participant only for income lost because of its failure to send payment of a deferred amount as directed by the participant.

The market value of the State's and Judicial Districts' exclusive benefit plan assets at December 31 1998, was \$220,030,483 and \$6,766,528 respectively. These amounts are not included in the financial statements since the State does not own or hold in a trustee capacity the amounts deferred by employees and related income on those amounts.

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

NOTE 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 1999 totaled \$15,365 for 19 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. This same program was approved for Merit System employees by the Board of Regents effective July 1, 1990 for a one year trial period with an extension until June 1992. Effective July 1, 1992 through June 30, 1997, and renewed through June 30, 2002, the Board of Regents approved a new early retirement incentive program for all employees.

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

All incentive payments are financed on a pay-as-you-go basis. 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.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

- 4) TIAA/CREF Contributions - The employer's and employee's contributions are made for up to three (3) years; employer's contributions are made up to an additional two (2) years; and employer's contributions are payable for a maximum of five (5) years or until the employee is eligible for full Social Security benefits, whichever occurs first.
- 5) IPERS Contributions - The employer's and employee's contributions are made for up to three (3) years; employer's contributions may be made up to an additional two (2) years; and contributions are payable for a maximum of five (5) years or until the employee is eligible for full Social Security benefits, whichever occurs first.

The employee may elect, prior to approval of participation in the program, to accept the present value of all or part of the incentives as a lump sum payment on the beginning date of participation in the program. The rate of interest used to calculate the present value is established annually by the board. The rate used for this fiscal year was 5.27%.

Effective June 1, 1997, a Window Early Retirement Incentive Program was approved. Any employee with 20 years of service who was 55 or over was eligible to apply from June 1, 1997 through November 30, 1997. The benefits include all the above ERIP benefits plus full access to the participants' CREF accumulation and up to 10 percent per year of TIAA accumulations.

The Board of Regents Institutions' contributions for the fiscal year ended June 30, 1999, amounted to \$7,045,582 for 1,127 participants.

NOTE 25 - RISK MANAGEMENT

INSURANCE/TRANSFER OF RISK

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

The University of Northern Iowa assumes liability for damage to buildings and contents for the first \$2.0 million and in excess of \$439.5 million; liability for

physical damage to the UNI-Dome buildings for the first \$150,000 and in excess of \$38.0 million; physical damage to boiler and machinery in excess of \$709.4 million; damage to residence system buildings and apartments in excess of \$193.5 million, business interruption in excess of \$11.4 million, damage to contents in excess of \$12.9 million; medical liability at the Laboratory School in excess of \$5 million; construction liability in excess of \$17.3 million; and damage to Mauker Union building and contents in excess of \$13.6 million.

The University of Iowa assumes liability for damage to buildings and contents for the first \$2.0 million and in excess of \$2,955.9 million, damage to the power plant for the first \$250,000 and in excess of \$50.0 million, damage to utility property for the first \$250,000 and in excess of \$50.0 million, medical malpractice for the first \$1.5 million and in excess of \$5.0 million, pharmacy products liability for the first \$10,000 and in excess of \$7.0 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 \$1,716.0 million, damage to boilers and machinery in excess of \$225.0 million, damage to electronic data processing, telecommunications equipment in excess of \$26.7 million and business interruption in excess of \$17.5 million.

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

The Second, Third, Fifth, and Sixth Judicial Districts assume liability for physical damage to buildings and contents in excess of \$3.3 million, \$2.6 million, \$13.2 million and \$7.4 million, respectively. The Seventh Judicial District assumes liability for boiler equipment breakdown in excess of \$5.2 million. The First Judicial District assumes liability in excess of \$3.5 million blanket coverage for boilers.

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

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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

SELF-INSURANCE/RETENTION OF RISK

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

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

The State is self-insured for various risks of loss related to work injuries of its employees. The Workers' Compensation Fund, an internal service fund, services workers' compensation claims. The liability for unpaid claims is estimated based on the average cost per claim-type determined from historical experience. Changes in the balances for estimated claims liabilities in fiscal years 1998 and 1999 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 98	\$ 16,343	\$ 10,667	\$ 10,100	\$ 16,910
FY 99	16,910	9,832	10,006	16,736

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 1998 and 1999 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 98	\$ 656	\$ 205	\$ 123	\$ 738
FY 99	738	286	399	625

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 1998 and 1999 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 98	\$ 655	\$ 430	\$ 435	\$ 650
FY 99	650	468	329	789

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 experience and analysis. Changes in the balances for estimated claims liabilities in fiscal years 1998 and 1999 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 98	\$ 1,915	\$ 737	\$ 91	\$2,561
FY 99	2,561	545	95	3,011

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 1998 and 1999 were (expressed in thousands):

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 98	\$ 11,500	\$ 3,512	\$ 3,512	\$ 11,500
FY 99	11,500	5,388	5,388	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 1998 and 1999 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 98	\$ 17,979	\$ 70,439	\$ 71,345	\$ 17,073
FY 99	17,073	83,063	82,941	17,195

NOTE 26 - LITIGATION, CONTINGENCIES, AND COMMITMENTS

The *State Appeal Board* has the authority to approve or reject general claims under ten years covering the following: Outdated warrants; outdated sales and use tax refunds; license refunds; additional agricultural land tax credits; outdated invoices; fuel and gas tax refunds; outdated homestead and veterans' exemptions; outdated funeral service claims; tractor fees; registration permits; outdated bills for merchandise; services furnished to the state; claims by any county or county official relating to the personal property tax credit; and refunds of fees collected by the state. At June 30, 1999, there was \$1.2 million in such claims filed with the Appeal Board.

The *Iowa Department of Revenue and Finance* has pending litigation regarding income tax cases. The cases could possibly result in refunds estimated at \$1.6 million.

The *Iowa Department of Transportation* has estimated the State's share of contractual obligations for construction contracts as \$173.5 million at June 30, 1999. This represents total obligations of \$445.7 million less \$258.0 million in estimated federal aid and \$14.2 million in retainages.

The University of Iowa has outstanding construction contract commitments of \$95.9 million at June 30, 1999.

Iowa State University has outstanding construction contract commitments of \$43.3 million at June 30, 1999.

The University of Northern Iowa has outstanding construction contract commitments of \$22.6 million at June 30, 1999.

The Iowa Finance Authority has signed loan agreements with municipalities totaling \$230.3 million of which \$199.2 million has been disbursed as of June 30, 1999. As of June 30, 1999, the Authority has commitments to various housing assistance projects totaling approximately \$3.5 million.

The Iowa Underground Storage Tank Financial Responsibility Program provides payment for remediation claims of contamination of ground water sites due to leakage, spill or release of petroleum products by owner/operators. Potential claims for clean-up charges are estimated to total \$172.9 million. The payment of claims is limited to funds made available by charges to owner/operators and from the collections of environmental protection charges, underground storage tank fees, recoveries, Federal assistance and earnings.

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

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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 27 – RELATED ORGANIZATIONS

Universities

Iowa State University, the University of Iowa and the University of Northern Iowa have related organizations whose purpose is to receive donations and other funds for student grants and scholarships, support of intercollegiate athletics, and educational and general institution support. Detailed financial data is available in the related organizations' financial statements, available from the Universities. The following summarized financial data is for the year ended June 30, 1999 (expressed in thousands):

	Iowa State University	University of Iowa	University of Northern Iowa
Total Assets	\$ 401,421	\$ 598,251	\$ 58,860
Total Liabilities	39,446	534,144	4,377
Total Equity	361,975	64,107	54,483
Due From The Universities	48	20	-
Due To The Universities	129	13,276	753
Total Revenues	151,494	16,888	15,264
Total Expenditures	19,018	26,309	15,312
Revenues From The Universities	1,710	5,851	-
Revenues To The Universities	30,308	24,163	9,268

NOTE 28 - SUBSEQUENT EVENTS

On July 1, 1999, the Iowa Finance Authority redeemed prior to maturity \$2,080,000 of the Single Family Mortgage Bonds, 1991 Series A, B, A-1, and B-1; \$1,720,000 of the Single Family Mortgage Bonds, 1992 Series A, B, and C; \$2,385,000 of the Single Family Mortgage Refunding Bonds, 1992 Series F; \$1,575,000 of the Single Family Mortgage Bonds, 1995 Series C, D, and E; \$675,000 of the Single Family Mortgage Bonds, 1997 Series A, B, and C; and \$530,000 of the Single Family Mortgage Bonds, 1997 Series F, G, and H.

On September 1, 1999, the Iowa Finance Authority redeemed prior to maturity \$1,043,009 of the Single Family Housing Bonds, 1984 Issue A.

On October 1, 1999, the Iowa Finance Authority redeemed prior to maturity \$135,000 of the Single Family Housing Bonds, 1985 Issue A.

On October 1, 1999, the University of Iowa issued Utility System Revenue Refunding Bonds, Series S.U.I. 1999B, of \$17,145,000 to refund, in advance of maturity, the Utility System Revenue Bonds, Series S.U.I. 1985 Second Series Bonds.

On September 1, 1999, Iowa State University issued Utility Revenue Refunding Bonds, Series ISU 1998B of \$13,220,000 to refund, in advance of maturity, the Utility System Revenue Bond Series ISU 1985 Second issue and to pay the costs of issuance.

On December 1, 1999, Iowa State University issued \$17,400,000 of Dormitory Revenue Bonds, Series ISU 1999B. The proceeds from the sale of these bonds are to be used to construct a residential community and to make other improvements to the Dormitory System. These bonds, which are parity bonds of previously issued Dormitory System revenue bonds, will be retired solely from net rents, profits, and other income from the System.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 29 – YEAR 2000 READINESS DISCLOSURE

As of June 30, 1999, the State of Iowa has committed resources in addressing year 2000 issues relating to its computer systems and other electronic equipment. The amount of outstanding contract commitments is \$8,730,167.

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

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

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

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

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

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

Remediation stage – Making changes to systems and equipment.

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

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

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

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

Required Supplemental Information

STATE OF IOWA

Schedules of Funding Progress

For the Year Ended June 30, 1999
(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
07/01/97	\$ 45,894	\$ 59,786	\$ 13,892	76.76%	\$ 15,721	88.36%
07/01/98	55,048	65,243	10,195	84.37%	16,824	60.60%
07/01/99	62,018	68,768	6,750	90.18%	17,023	39.65%

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
07/01/97	\$ 180,551	\$ 166,701	\$ (13,850)	108.31%	\$ 25,544	(54.22%)
07/01/98	207,650	178,631	(29,019)	116.25%	26,992	(107.51%)
07/01/99	215,987	187,312	(28,675)	115.31%	28,593	(100.29%)

- 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.

COMBINING FINANCIAL STATEMENTS

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COMBINING FINANCIAL STATEMENTS

Special Revenue Funds

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

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

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

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

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

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

STATE OF IOWA

Combining Balance Sheet Special Revenue Funds

June 30, 1999
(Expressed in Thousands)

	NEWTON CORRECTIONAL FACILITY TELEPHONE REBATE	HAWK-I TRUST	MOUNT PLEASANT CORRECTIONAL FACILITY TELEPHONE REBATE	IOWA PUBLIC TELEVISION FOUNDATION	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 291	\$ 724	\$ 464	\$ 3,331	\$2,248	\$ 7,058
Accounts Receivable	32	1,445	23	-	156	1,656
Due From Other Funds	-	779	-	1	117	897
Prepaid Expenditures	-	-	-	-	2	2
TOTAL ASSETS	<u>\$ 323</u>	<u>\$ 2,948</u>	<u>\$ 487</u>	<u>\$ 3,332</u>	<u>\$2,523</u>	<u>\$ 9,613</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 24	\$ 134	\$ 43	\$ -	\$ 214	\$ 415
Due To Other Funds	24	139	13	-	106	282
Deferred Revenue	-	6	-	-	-	6
TOTAL LIABILITIES	<u>48</u>	<u>279</u>	<u>56</u>	<u>-</u>	<u>320</u>	<u>703</u>
FUND BALANCE						
Reserve for:						
Prepaid Expenditures	-	-	-	-	2	2
Unreserved Fund Equity	275	2,669	431	3,332	2,201	8,908
TOTAL FUND BALANCE	<u>275</u>	<u>2,669</u>	<u>431</u>	<u>3,332</u>	<u>2,203</u>	<u>8,910</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 323</u>	<u>\$ 2,948</u>	<u>\$ 487</u>	<u>\$ 3,332</u>	<u>\$2,523</u>	<u>\$ 9,613</u>

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

	NEWTON CORRECTIONAL FACILITY TELEPHONE REBATE	HAWK-I TRUST	MOUNT PLEASANT CORRECTIONAL FACILITY TELEPHONE REBATE	IOWA PUBLIC TELEVISION FOUNDATION	OTHER	TOTAL
REVENUES:						
Receipts from Other Entities	\$ -	\$1,159	\$ -	\$ -	\$ 1	\$ 1,160
Investment Income	-	18	-	349	61	428
Fees, Licenses & Permits	-	-	-	-	46	46
Refunds & Reimbursements	354	46	277	-	1,881	2,558
Miscellaneous	<u>-</u>	<u>49</u>	<u>-</u>	<u>347</u>	<u>83</u>	<u>479</u>
TOTAL REVENUES	<u>354</u>	<u>1,272</u>	<u>277</u>	<u>696</u>	<u>2,072</u>	<u>4,671</u>
EXPENDITURES:						
Current:						
General Government	-	-	-	-	60	60
Education	-	-	-	11	176	187
Health & Human Services	-	1,605	-	-	38	1,643
Law, Justice, & Public Safety	<u>299</u>	<u>-</u>	<u>348</u>	<u>-</u>	<u>1,391</u>	<u>2,038</u>
TOTAL EXPENDITURES	<u>299</u>	<u>1,605</u>	<u>348</u>	<u>11</u>	<u>1,665</u>	<u>3,928</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>55</u>	<u>(333)</u>	<u>(71)</u>	<u>685</u>	<u>407</u>	<u>743</u>
OTHER FINANCING SOURCES (USES):						
Operating Transfers:						
Transfers In	-	3,052	-	9	150	3,211
Transfers Out	<u>-</u>	<u>(50)</u>	<u>-</u>	<u>-</u>	<u>(74)</u>	<u>(124)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>3,002</u>	<u>-</u>	<u>9</u>	<u>76</u>	<u>3,087</u>
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	55	2,669	(71)	694	483	3,830
FUND BALANCE JULY 1	<u>220</u>	<u>-</u>	<u>502</u>	<u>2,638</u>	<u>1,720</u>	<u>5,080</u>
FUND BALANCE JUNE 30	<u>\$ 275</u>	<u>\$2,669</u>	<u>\$ 431</u>	<u>\$3,332</u>	<u>\$2,203</u>	<u>\$ 8,910</u>

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

	PRIMARY ROAD FUND			GUARANTEED STUDENT LOAN ADMINISTRATION		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
APPROPRIATED REVENUE:						
Transfers	\$ 431,991	\$ 456,309	\$ 24,318	\$ 9,500	\$ 15,668	\$ 6,168
TOTAL APPROPRIATED REVENUE	<u>431,991</u>	<u>456,309</u>	<u>24,318</u>	<u>9,500</u>	<u>15,668</u>	<u>6,168</u>
RECEIPTS CREDITED TO APPROPRIATIONS:						
Use Tax	-	-	-	-	-	-
Other Taxes	-	-	-	-	-	-
Wagering Tax Receipts	-	-	-	-	-	-
Individual Income Tax Quarterly	-	-	-	-	-	-
Sales Tax – DOT	5	9	4	-	-	-
Federal Support	192,000	214,384	22,384	20,700	5,818	(14,882)
Local Governments	2,600	4,453	1,853	-	-	-
Other States	2,925	1,043	(1,882)	-	-	-
Reimbursements From Other Agencies	161	119	(42)	2	5	3
Interest	5	4	(1)	2,079	1,090	(989)
Bonds & Loans	5	-	(5)	-	-	-
Fees, Licenses, & Permits	860	1,139	279	701	310	(391)
Refunds & Reimbursements	4,600	4,633	33	13,824	9,957	(3,867)
Sale of Real Estate	1,710	2,611	901	-	-	-
Sale of Equipment & Salvage	-	-	-	-	-	-
Rents & Leases	16	30	14	-	-	-
Agricultural Sales	-	-	-	-	-	-
Other Sales & Services	-	-	-	-	-	-
Unearned Receipts	-	-	-	-	-	-
Income Tax Checkoffs	-	-	-	-	-	-
Other	1,750	1,711	(39)	-	-	-
TOTAL APPROPRIATED RECEIPTS	<u>206,637</u>	<u>230,136</u>	<u>23,499</u>	<u>37,306</u>	<u>17,180</u>	<u>(20,126)</u>
TOTAL REVENUES AVAILABLE	<u>638,628</u>	<u>686,445</u>	<u>47,817</u>	<u>46,806</u>	<u>32,848</u>	<u>(13,958)</u>
EXPENDITURES:						
Administration	-	-	-	-	-	-
Agriculture & Natural Resources	-	-	-	-	-	-
Education	-	-	-	33,230	14,384	18,846
Health & Human Rights	-	-	-	-	-	-
Regulation	-	-	-	-	-	-
Transportation & Public Safety	421,982	439,698	(17,716)	-	-	-
TOTAL EXPENDITURES	<u>421,982</u>	<u>439,698</u>	<u>(17,716)</u>	<u>33,230</u>	<u>14,384</u>	<u>18,846</u>
Transfers	212,442	209,317	3,125	25,184	19,174	6,010
TOTAL EXPENDITURES & TRANSFERS	<u>634,424</u>	<u>649,015</u>	<u>(14,591)</u>	<u>58,414</u>	<u>33,558</u>	<u>24,856</u>
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & OTHER ITEMS	<u>4,204</u>	<u>37,430</u>	<u>33,226</u>	<u>(11,608)</u>	<u>(710)</u>	<u>10,898</u>
FUND BALANCE JULY 1 (BUDGETARY)	<u>37,982</u>	<u>37,982</u>	<u>-</u>	<u>6,799</u>	<u>6,799</u>	<u>-</u>
Adjustments (Note 21)	-	-	-	-	-	-
FUND BALANCE JULY 1 (BUDGETARY) (RESTATED)	<u>37,982</u>	<u>37,982</u>	<u>-</u>	<u>6,799</u>	<u>6,799</u>	<u>-</u>
FUND BALANCE JUNE 30 (BUDGETARY)	<u>\$ 42,186</u>	<u>\$ 75,412</u>	<u>\$ 33,226</u>	<u>\$ (4,809)</u>	<u>\$ 6,089</u>	<u>\$ 10,898</u>

STATE OF IOWA

UNDERGROUND STORAGE TANK UNASSIGNED REVENUE			RESOURCE ENHANCEMENT AND PROTECTION FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 10,000	\$ 376	\$ (9,624)	\$ 9,000	\$ 9,014	\$ 14
<u>10,000</u>	<u>376</u>	<u>(9,624)</u>	<u>9,000</u>	<u>9,014</u>	<u>14</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	685	1,945	1,260
-	-	-	-	-	-
-	-	-	800	601	(199)
5,400	5,027	(373)	499	398	(101)
-	-	-	-	-	-
15	10	(5)	-	-	-
-	-	-	2,417	1,135	(1,282)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1	-	(1)
<u>5,415</u>	<u>5,037</u>	<u>(378)</u>	<u>4,402</u>	<u>4,079</u>	<u>(323)</u>
<u>15,415</u>	<u>5,413</u>	<u>(10,002)</u>	<u>13,402</u>	<u>13,093</u>	<u>(309)</u>
3,198	2,913	285	-	-	-
-	-	-	18,127	13,833	4,294
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,198</u>	<u>2,913</u>	<u>285</u>	<u>18,127</u>	<u>13,833</u>	<u>4,294</u>
<u>16,075</u>	<u>10,075</u>	<u>6,000</u>	<u>3,170</u>	<u>675</u>	<u>2,495</u>
<u>19,273</u>	<u>12,988</u>	<u>6,285</u>	<u>21,297</u>	<u>14,508</u>	<u>6,789</u>
(3,858)	(7,575)	(3,717)	(7,895)	(1,415)	6,480
<u>84,222</u>	<u>84,222</u>	<u>-</u>	<u>7,355</u>	<u>7,355</u>	<u>-</u>
-	-	-	-	-	-
<u>84,222</u>	<u>84,222</u>	<u>-</u>	<u>7,355</u>	<u>7,355</u>	<u>-</u>
<u>\$ 80,364</u>	<u>\$ 76,647</u>	<u>\$ (3,717)</u>	<u>\$ (540)</u>	<u>\$ 5,940</u>	<u>\$ 6,480</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, 1999
(Expressed in Thousands)
(Continued)

	OTHER			TOTAL		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
APPROPRIATED REVENUE:						
Transfers	\$ 26,094	\$ 26,192	\$ 98	\$ 486,585	\$ 507,559	\$ 20,974
TOTAL APPROPRIATED REVENUE	<u>26,094</u>	<u>26,192</u>	<u>98</u>	<u>486,585</u>	<u>507,559</u>	<u>20,974</u>
RECEIPTS CREDITED TO APPROPRIATIONS:						
Use Tax	1,075	1,075	-	1,075	1,075	-
Other Taxes	7,553	8,540	987	7,553	8,540	987
Wagering Tax Receipts	2,200	2,505	305	2,200	2,505	305
Individual Income Tax Quarterly	6,850	6,466	(384)	6,850	6,466	(384)
Sales Tax – DOT	-	-	-	5	9	4
Federal Support	8,057	8,348	291	221,442	230,495	9,053
Local Governments	-	-	-	2,600	4,453	1,853
Other States	-	-	-	2,925	1,043	(1,882)
Reimbursements From Other Agencies	3	40	37	966	765	(201)
Interest	407	552	145	8,390	7,071	(1,319)
Bonds & Loans	-	-	-	5	-	(5)
Fees, Licenses, & Permits	18,003	21,193	3,190	19,579	22,652	3,073
Refunds & Reimbursements	252	346	94	21,093	16,071	(5,022)
Sale of Real Estate	-	-	-	1,710	2,611	901
Sale of Equipment & Salvage	55	76	21	55	76	21
Rents & Leases	5	4	(1)	21	34	13
Agricultural Sales	60	69	9	60	69	9
Other Sales & Services	855	803	(52)	855	803	(52)
Unearned Receipts	272	255	(17)	272	255	(17)
Income Tax Checkoffs	140	136	(4)	140	136	(4)
Other	555	707	152	2,306	2,418	112
TOTAL APPROPRIATED RECEIPTS	<u>46,342</u>	<u>51,115</u>	<u>4,773</u>	<u>300,102</u>	<u>307,547</u>	<u>7,445</u>
TOTAL REVENUES AVAILABLE	<u>72,436</u>	<u>77,307</u>	<u>4,871</u>	<u>786,687</u>	<u>815,106</u>	<u>28,419</u>
EXPENDITURES:						
Administration	27,575	10,514	17,061	30,773	13,427	17,346
Agriculture & Natural Resources	7,315	315	7,000	25,442	14,148	11,294
Education	-	-	-	33,230	14,384	18,846
Health & Human Rights	2,650	2,408	242	2,650	2,408	242
Regulation	6,850	6,394	456	6,850	6,394	456
Transportation & Public Safety	-	-	-	421,982	439,698	(17,716)
TOTAL EXPENDITURES	<u>44,390</u>	<u>19,631</u>	<u>24,759</u>	<u>520,927</u>	<u>490,459</u>	<u>30,468</u>
Transfers	48,412	50,505	(2,093)	305,283	289,746	15,537
TOTAL EXPENDITURES & TRANSFERS	<u>92,802</u>	<u>70,136</u>	<u>22,666</u>	<u>826,210</u>	<u>780,205</u>	<u>46,005</u>
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & OTHER ITEMS	<u>(20,366)</u>	<u>7,171</u>	<u>27,537</u>	<u>(39,523)</u>	<u>34,901</u>	<u>74,424</u>
FUND BALANCE JULY 1 (BUDGETARY)	<u>20,478</u>	<u>20,478</u>	<u>-</u>	<u>156,836</u>	<u>156,836</u>	<u>-</u>
Adjustments (Note 21)	494	494	-	494	494	-
FUND BALANCE JULY 1 (BUDGETARY) (RESTATED)	<u>20,972</u>	<u>20,972</u>	<u>-</u>	<u>157,330</u>	<u>157,330</u>	<u>-</u>
FUND BALANCE JUNE 30 (BUDGETARY)	<u>\$ 606</u>	<u>\$ 28,143</u>	<u>\$ 27,537</u>	<u>\$ 117,807</u>	<u>\$ 192,231</u>	<u>\$ 74,424</u>

COMBINING FINANCIAL STATEMENTS

Capital Projects Funds

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

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

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

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

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

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

STATE OF IOWA

**Combining Balance Sheet
Capital Projects Funds**

June 30, 1999
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS	RESOURCES ENHANCEMENT & PROTECTION	CORRECTIONS CAPITALS	RECREATIONAL TRAILS DEVELOPMENT	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 459	\$ 5,714	\$ -	\$ 2,286	\$ 816	\$ 9,275
Deposits With Trustees	-	-	3,313	-	-	3,313
Accounts Receivable	7	593	1	-	-	601
Interest Receivable	-	-	108	-	-	108
Due From Other Funds	<u>4,335</u>	<u>301</u>	<u>-</u>	<u>-</u>	<u>110</u>	<u>4,746</u>
TOTAL ASSETS	<u>\$ 4,801</u>	<u>\$ 6,608</u>	<u>\$ 3,422</u>	<u>\$ 2,286</u>	<u>\$ 926</u>	<u>\$ 18,043</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 3,288	\$ 534	\$ 887	\$ -	\$ 362	\$ 5,071
Due To Other Funds	<u>-</u>	<u>74</u>	<u>-</u>	<u>38</u>	<u>55</u>	<u>167</u>
TOTAL LIABILITIES	<u>3,288</u>	<u>608</u>	<u>887</u>	<u>38</u>	<u>417</u>	<u>5,238</u>
FUND BALANCE						
Reserve For:						
Specific Purposes	-	-	2,535	-	-	2,535
Unreserved Fund Equity	<u>1,513</u>	<u>6,000</u>	<u>-</u>	<u>2,248</u>	<u>509</u>	<u>10,270</u>
TOTAL FUND BALANCE	<u>1,513</u>	<u>6,000</u>	<u>2,535</u>	<u>2,248</u>	<u>509</u>	<u>12,805</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 4,801</u>	<u>\$ 6,608</u>	<u>\$ 3,422</u>	<u>\$ 2,286</u>	<u>\$ 926</u>	<u>\$ 18,043</u>

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS	RESOURCES ENHANCEMENT & PROTECTION	CORRECTIONS CAPITALS	RECREATIONAL TRAILS DEVELOPMENT	OTHER	TOTAL
REVENUES:						
Receipts From Other Entities	\$ -	\$ 1,945	\$ -	\$ -	\$ 229	\$ 2,174
Investment Income	-	350	798	-	2	1,150
Refunds and Reimbursements	-	421	-	-	-	421
TOTAL REVENUES	-	2,716	798	-	231	3,745
EXPENDITURES:						
Current:						
General Government	3	-	-	-	-	3
Law, Justice & Public Safety	-	-	8,398	-	-	8,398
Agriculture & Natural Resources	-	3,614	-	-	2,104	5,718
Capital Outlay:						
General Government	11,412	-	-	-	203	11,615
Transportation	-	-	-	1,002	8	1,010
Law, Justice & Public Safety	-	-	3,096	-	257	3,353
Agriculture & Natural Resources	-	7,196	-	-	7,908	15,104
TOTAL EXPENDITURES	11,415	10,810	11,494	1,002	10,480	45,201
REVENUES OVER (UNDER) EXPENDITURES	(11,415)	(8,094)	(10,696)	(1,002)	(10,249)	(41,456)
OTHER FINANCING SOURCES (USES):						
Operating Transfers:						
Transfers In	12,882	10,329	8,150	-	7,500	38,861
Transfers Out	-	(3,743)	(64)	-	(142)	(3,949)
TOTAL OTHER FINANCING SOURCES (USES)	12,882	6,586	8,086	-	7,358	34,912
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,467	(1,508)	(2,610)	(1,002)	(2,891)	(6,544)
FUND BALANCE JULY 1	46	7,508	5,145	3,250	125,333	141,282
Adjustments (Note 21)	-	-	-	-	(121,933)	(121,933)
FUND BALANCE JULY 1, RESTATED	46	7,508	5,145	3,250	3,400	19,349
FUND BALANCE JUNE 30	\$ 1,513	\$ 6,000	\$ 2,535	\$ 2,248	\$ 509	\$ 12,805

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COMBINING FINANCIAL STATEMENTS

Enterprise Funds

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

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

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

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

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

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

STATE OF IOWA

**Combining Balance Sheet
Enterprise Funds**

June 30, 1999
(Expressed in Thousands)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY	UNDERGROUND STORAGE TANK INSURANCE	IOWA STATE PRISON INDUSTRIES	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 10,904	\$ 6,326	\$ 30,269	\$ 2,537	\$10,036	\$ 60,072
Deposits With Trustees	21,404	-	-	-	-	21,404
Accounts Receivable	2,214	5,674	140	2,856	1,770	12,654
Interest Receivable	12	31	-	-	-	43
Due From Other Funds	15,453	-	288	-	100	15,841
Fixed Assets (Net)	80,571	782	-	4,287	1,659	87,299
Inventory	4,280	1,657	-	4,245	1,483	11,665
Prepaid Expenses	1,255	668	-	263	69	2,255
Other Assets	1,715	-	-	-	-	1,715
Investment In Prize Annuity	-	70,047	-	-	-	70,047
Prize Deposit	-	<u>5,606</u>	-	-	-	<u>5,606</u>
TOTAL ASSETS	<u>\$ 137,808</u>	<u>\$90,791</u>	<u>\$ 30,697</u>	<u>\$ 14,188</u>	<u>\$15,117</u>	<u>\$ 288,601</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 9,464	\$ 2,230	\$ 3,066	\$ 1,220	\$ 9,996	\$ 25,976
Due To Other Funds/Advances						
From Other Funds	199	4,355	-	-	37	4,591
Interest Payable	2,598	-	-	-	-	2,598
Deferred Revenue	-	131	872	4	44	1,051
Compensated Absences	327	460	-	326	20	1,133
Other Financing						
Arrangements Payable	84,437	-	-	-	-	84,437
Annuities Payable	-	70,177	-	-	-	70,177
Lottery Prizes Payable	-	10,642	-	-	-	10,642
Funds Held In Custody	572	-	-	-	-	572
Lease Obligation From Discontinued Operations	-	-	-	-	253	253
TOTAL LIABILITIES	<u>97,597</u>	<u>87,995</u>	<u>3,938</u>	<u>1,550</u>	<u>10,350</u>	<u>201,430</u>
FUND EQUITY						
Contributed Capital:						
Intergovernmental	66,562	-	-	-	-	66,562
Retained Earnings	<u>(26,351)</u>	<u>2,796</u>	<u>26,759</u>	<u>12,638</u>	<u>4,767</u>	<u>20,609</u>
TOTAL FUND EQUITY	<u>40,211</u>	<u>2,796</u>	<u>26,759</u>	<u>12,638</u>	<u>4,767</u>	<u>87,171</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 137,808</u>	<u>\$90,791</u>	<u>\$ 30,697</u>	<u>\$ 14,188</u>	<u>\$15,117</u>	<u>\$ 288,601</u>

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY	UNDERGROUND STORAGE TANK INSURANCE	IOWA STATE PRISON INDUSTRIES	OTHER	TOTAL
OPERATING REVENUES:						
Fees, Licenses & Permits	\$ -	\$ 26	\$ -	\$ -	\$ 9,010	\$ 9,036
Refunds & Reimbursements	-	-	-	-	112	112
Sales, Rents & Services	28,787	175,306	2,379	12,087	99,070	317,629
Miscellaneous	-	6	62	-	916	984
TOTAL OPERATING REVENUES	<u>28,787</u>	<u>175,338</u>	<u>2,441</u>	<u>12,087</u>	<u>109,108</u>	<u>327,761</u>
OPERATING EXPENSES:						
General & Administrative	13,888	-	-	12,059	342	26,289
Depreciation	14,506	579	-	506	364	15,955
Direct Expense	24,931	-	-	-	-	24,931
Prize Expense	-	101,981	-	-	-	101,981
Personal Services	-	5,127	-	-	774	5,901
Travel & Subsistence	-	292	-	-	97	389
Supplies & Materials	-	5,365	-	-	62	5,427
Contractual Services	-	13,487	279	-	2,049	15,815
Equipment & Repairs	-	276	-	-	104	380
Claims & Miscellaneous	-	12,207	549	-	64,594	77,350
Licenses, Permits & Refunds	-	-	31	-	796	827
State Aids & Credits	-	-	-	-	2,671	2,671
TOTAL OPERATING EXPENSES	<u>53,325</u>	<u>139,314</u>	<u>859</u>	<u>12,565</u>	<u>71,853</u>	<u>277,916</u>
OPERATING INCOME (LOSS)	<u>(24,538)</u>	<u>36,024</u>	<u>1,582</u>	<u>(478)</u>	<u>37,255</u>	<u>49,845</u>
NONOPERATING REVENUES (EXPENSES):						
Taxes	-	-	-	-	3,967	3,967
Intragovernmental Income	23,292	-	-	-	-	23,292
Federal Support	2,622	-	-	-	-	2,622
Investment Income	931	693	1,462	214	2	3,302
Interest Expense	(5,306)	-	-	-	-	(5,306)
Payments To Subrecipients	(2,622)	-	-	-	-	(2,622)
Miscellaneous Nonoperating Expense	(218)	-	-	-	-	(218)
Gain On Sale Of Fixed Assets	-	-	-	5	6	11
Loss On Sale Of Fixed Assets	-	-	-	(132)	(18)	(150)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>18,699</u>	<u>693</u>	<u>1,462</u>	<u>87</u>	<u>3,957</u>	<u>24,898</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(5,839)</u>	<u>36,717</u>	<u>3,044</u>	<u>(391)</u>	<u>41,212</u>	<u>74,743</u>
OPERATING TRANSFERS:						
Transfers In	-	-	-	-	648	648
Transfers Out	-	(37,024)	-	-	(42,416)	(79,440)
TOTAL OPERATING TRANSFERS	<u>-</u>	<u>(37,024)</u>	<u>-</u>	<u>-</u>	<u>(41,768)</u>	<u>(78,792)</u>
NET INCOME (LOSS)	<u>(5,839)</u>	<u>(307)</u>	<u>3,044</u>	<u>(391)</u>	<u>(556)</u>	<u>(4,049)</u>
Add Back Depreciation On Assets Acquired With Contributed Capital	5,247	-	-	-	-	5,247
INCREASE (DECREASE) IN RETAINED EARNINGS	<u>(592)</u>	<u>(307)</u>	<u>3,044</u>	<u>(391)</u>	<u>(556)</u>	<u>1,198</u>
RETAINED EARNINGS JULY 1	<u>(25,759)</u>	<u>3,103</u>	<u>23,715</u>	<u>13,029</u>	<u>5,323</u>	<u>19,411</u>
RETAINED EARNINGS JUNE 30	<u>\$ (26,351)</u>	<u>\$ 2,796</u>	<u>\$ 26,759</u>	<u>\$ 12,638</u>	<u>\$ 4,767</u>	<u>\$ 20,609</u>

STATE OF IOWA

Combining Statement of Cash Flows Enterprise Funds

For the Year Ended June 30, 1999
(Expressed in Thousands)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY	UNDERGROUND STORAGE TANK INSURANCE	IOWA STATE PRISON INDUSTRIES	OTHER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received From Customers	\$ 15,607	\$171,471	\$ 2,292	\$ 11,188	\$ 109,918	\$ 310,476
Cash Received From Quasi-External Transactions	-	-	12	-	8	20
Other Operating Revenues	-	31	-	-	10	41
Cash Payments To Suppliers For Goods & Services	(35,355)	(30,763)	(429)	(12,534)	(25,799)	(104,880)
Cash Payments To Employees For Services	-	(5,103)	-	(17)	(220)	(5,340)
Cash Payments For Quasi-External Transactions	-	-	-	-	(42,572)	(42,572)
Cash Payments For Prizes	-	(110,914)	-	-	-	(110,914)
	<u>(19,748)</u>	<u>24,722</u>	<u>1,875</u>	<u>(1,363)</u>	<u>41,345</u>	<u>46,831</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES						
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating Transfers In From Other Funds	-	-	-	-	648	648
Operating Transfers Out To Other Funds	-	(36,344)	-	-	(42,411)	(78,755)
Federal Grants Received	2,622	-	-	-	-	2,622
Federal Grants Disbursed To Subrecipients	(2,622)	-	-	-	-	(2,622)
Tax Receipts	23,292	-	-	-	3,967	27,259
	<u>23,292</u>	<u>(36,344)</u>	<u>-</u>	<u>-</u>	<u>(37,796)</u>	<u>(50,848)</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES						
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition & Construction Of Capital Assets	(7,125)	(304)	-	(708)	(123)	(8,260)
Interest Paid	(5,445)	-	-	-	-	(5,445)
COPs Payments	(8,339)	-	-	-	-	(8,339)
Contributed Capital	13,093	-	-	-	-	13,093
Proceeds From Sale Of Capital Assets	-	20	-	227	24	271
	<u>(7,816)</u>	<u>(284)</u>	<u>-</u>	<u>(481)</u>	<u>(99)</u>	<u>(8,680)</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES						
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest & Dividends On Investments	931	709	1,462	214	2	3,318
Proceeds From Sale & Maturities Of Investments	2,630	10,160	-	-	-	12,790
Purchase Of Investments	(1,627)	-	-	-	-	(1,627)
	<u>1,934</u>	<u>10,869</u>	<u>1,462</u>	<u>214</u>	<u>2</u>	<u>14,481</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES						

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STATE OF IOWA

(Continued)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY	UNDERGROUND STORAGE TANK INSURANCE	IOWA STATE PRISON INDUSTRIES	OTHER	TOTAL
NET INCREASE IN CASH & CASH EQUIVALENTS	(2,338)	(1,037)	3,337	(1,630)	3,452	1,784
CASH & CASH EQUIVALENTS JULY 1	<u>31,197</u>	<u>7,363</u>	<u>26,932</u>	<u>4,167</u>	<u>6,584</u>	<u>76,243</u>
CASH & CASH EQUIVALENTS JUNE 30	28,859	6,326	30,269	2,537	10,036	78,027
INVESTMENTS	3,449	-	-	-	-	3,449
LESS: DEPOSITS WITH TRUSTEE	<u>21,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,404</u>
CASH AND INVESTMENTS PER BALANCE SHEET	<u>\$ 10,904</u>	<u>\$ 6,326</u>	<u>\$ 30,269</u>	<u>\$ 2,537</u>	<u>\$ 10,036</u>	<u>\$ 60,072</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$(24,538)	\$ 36,024	\$ 1,582	\$ (478)	\$ 37,255	\$ 49,845
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities						
Depreciation	14,506	579	-	506	364	15,955
Compensated Absences	83	17	-	(17)	(4)	79
Loss On Sale Of Fixed Assets	-	174	-	-	-	174
(Increase) Decrease In Accounts Receivable	246	(3,581)	113	(868)	(392)	(4,482)
(Increase) Decrease In Due From Other Funds	(13,461)	-	(171)	-	767	(12,865)
(Increase) Decrease In Inventory	(796)	(98)	-	(586)	(262)	(1,742)
(Increase) Decrease In Prepaid Expense	237	175	-	(35)	723	1,100
(Increase) Decrease In Other Assets	740	(363)	-	-	458	835
Increase (Decrease) In Accounts Payable & Accruals	3,980	410	430	146	3,109	8,075
Increase (Decrease) In Due To Other Funds	(655)	34	-	-	(669)	(1,290)
Increase (Decrease) In Deferred Revenue	-	(125)	(79)	(31)	(4)	(239)
Increase (Decrease) in Funds Held in Custody	(90)	-	-	-	-	(90)
Increase (Decrease) In Prizes Payable	-	1,686	-	-	-	1,686
Increase (Decrease) In Prize Annuity	-	<u>(10,210)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,210)</u>
Net Cash Provided By Operating Activities	<u>\$(19,748)</u>	<u>\$ 24,722</u>	<u>\$ 1,875</u>	<u>\$ (1,363)</u>	<u>\$ 41,345</u>	<u>\$ 46,831</u>

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COMBINING FINANCIAL STATEMENTS

Internal Service Funds

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

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

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

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

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

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

STATE OF IOWA

**Combining Balance Sheet
Internal Service Funds**

June 30, 1999
(Expressed in Thousands)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	DEPRECIATION REVOLVING	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 3,027	\$ 26,634	\$ 142	\$ 2,449	\$ 27,178	\$ 59,430
Accounts Receivable	185	-	2,326	-	665	3,176
Interest Receivable	-	-	-	-	5	5
Due From Other Funds/ Advances to Other Funds	2,244	401	5,399	2,452	5,051	15,547
Fixed Assets (Net)	81,296	-	-	-	2,594	83,890
Inventory	4,808	-	-	2,384	1,642	8,834
Prepaid Expenses	<u>24</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>666</u>	<u>696</u>
TOTAL ASSETS	<u>\$ 91,584</u>	<u>\$ 27,035</u>	<u>\$ 7,867</u>	<u>\$ 7,291</u>	<u>\$ 37,801</u>	<u>\$ 171,578</u>
LIABILITIES						
Accounts Payable & Accruals Due To Other Funds/Advances	\$ 1,913	\$ -	\$ 367	\$ 13	\$ 21,453	\$ 23,746
From Other Funds	2	33	-	6	2,148	2,189
Deferred Revenue	-	-	-	7,024	-	7,024
Compensated Absences	<u>318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230</u>	<u>548</u>
TOTAL LIABILITIES	<u>2,233</u>	<u>33</u>	<u>367</u>	<u>7,043</u>	<u>23,831</u>	<u>33,507</u>
FUND EQUITY						
Retained Earnings	<u>89,351</u>	<u>27,002</u>	<u>7,500</u>	<u>248</u>	<u>13,970</u>	<u>138,071</u>
TOTAL FUND EQUITY	<u>89,351</u>	<u>27,002</u>	<u>7,500</u>	<u>248</u>	<u>13,970</u>	<u>138,071</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 91,584</u>	<u>\$ 27,035</u>	<u>\$ 7,867</u>	<u>\$ 7,291</u>	<u>\$ 37,801</u>	<u>\$ 171,578</u>

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	DEPRECIATION REVOLVING	OTHER	TOTAL
OPERATING REVENUES:						
Receipts From Other Entities	\$ 1,282	\$ -	\$ -	\$ 7,601	\$ 111,158	\$ 120,041
Fees, Licenses & Permits	-	-	-	-	188	188
Refunds & Reimbursements	38,680	41	106,397	-	14,284	159,402
Sales, Rents & Services	-	-	-	2,238	670	2,908
Miscellaneous	<u>3,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>869</u>	<u>4,166</u>
TOTAL OPERATING REVENUES	<u>43,259</u>	<u>41</u>	<u>106,397</u>	<u>9,839</u>	<u>127,169</u>	<u>286,705</u>
OPERATING EXPENSES:						
Depreciation	14,791	-	-	-	428	15,219
Personal Services	3,476	-	-	-	3,050	6,526
Travel & Subsistence	4,151	-	-	23	4,967	9,141
Supplies & Materials	15,811	-	-	1,230	15,597	32,638
Contractual Services	5,738	-	-	92	4,310	10,140
Equipment & Repairs	365	-	-	8,469	10	8,844
Claims & Miscellaneous	-	-	120,204	-	97,330	217,534
Licenses, Permits & Refunds	<u>19</u>	<u>-</u>	<u>-</u>	<u>330</u>	<u>40</u>	<u>389</u>
TOTAL OPERATING EXPENSES	<u>44,351</u>	<u>-</u>	<u>120,204</u>	<u>10,144</u>	<u>125,732</u>	<u>300,431</u>
OPERATING INCOME (LOSS)	<u>(1,092)</u>	<u>41</u>	<u>(13,807)</u>	<u>(305)</u>	<u>1,437</u>	<u>(13,726)</u>
NONOPERATING REVENUES (EXPENSES):						
Taxes	28	-	-	-	709	737
Investment Income	-	1,711	308	-	1,173	3,192
Interest Expense	-	-	-	-	(265)	(265)
Gain On Sale Of Fixed Assets	671	-	-	-	-	671
Loss On Sale Of Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(315)</u>	<u>(315)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>699</u>	<u>1,711</u>	<u>308</u>	<u>-</u>	<u>1,302</u>	<u>4,020</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(393)</u>	<u>1,752</u>	<u>(13,499)</u>	<u>(305)</u>	<u>2,739</u>	<u>(9,706)</u>
OPERATING TRANSFERS:						
Transfers In	3,939	387	9,663	-	964	14,953
Transfers Out	<u>-</u>	<u>(10,734)</u>	<u>-</u>	<u>-</u>	<u>(1,144)</u>	<u>(11,878)</u>
TOTAL OPERATING TRANSFERS	<u>3,939</u>	<u>(10,347)</u>	<u>9,663</u>	<u>-</u>	<u>(180)</u>	<u>3,075</u>
NET INCOME (LOSS)	3,546	(8,595)	(3,836)	(305)	2,559	(6,631)
RETAINED EARNINGS JULY 1	<u>85,805</u>	<u>35,597</u>	<u>11,336</u>	<u>553</u>	<u>11,411</u>	<u>144,702</u>
RETAINED EARNINGS JUNE 30	<u>\$ 89,351</u>	<u>\$ 27,002</u>	<u>\$ 7,500</u>	<u>\$ 248</u>	<u>\$ 13,970</u>	<u>\$ 138,071</u>

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	DEPRECIATION REVOLVING	OTHER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received From Customers	\$ 176	\$ -	\$ 29,831	\$ 3,171	\$ 9,551	\$ 42,729
Cash Received From Quasi-External Transactions	43,319	125	73,986	5,552	142,045	265,027
Cash Payments To Suppliers For Goods & Services	(21,370)	-	(119,824)	(3,074)	(142,140)	(286,408)
Cash Payments To Employees For Services	(3,453)	-	-	-	(2,976)	(6,429)
Cash Payments For Quasi-External Transactions	<u>(3,961)</u>	<u>-</u>	<u>-</u>	<u>(6,471)</u>	<u>(6,167)</u>	<u>(16,599)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>14,711</u>	<u>125</u>	<u>(16,007)</u>	<u>(822)</u>	<u>313</u>	<u>(1,680)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating Transfers In From Other Funds	3,939	387	9,662	-	964	14,952
Operating Transfers Out To Other Funds	-	(10,733)	-	-	(1,144)	(11,877)
Principal Paid On Revenue Bonds	-	-	-	-	(3,595)	(3,595)
Interest Paid	-	-	-	-	(270)	(270)
Tax Receipts	<u>27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>709</u>	<u>736</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>3,966</u>	<u>(10,346)</u>	<u>9,662</u>	<u>-</u>	<u>(3,336)</u>	<u>(54)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition & Construction Of Capital Assets	(19,733)	-	-	-	(1,236)	(20,969)
Proceeds From Sale Of Capital Assets	<u>1,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,466</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(18,267)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,236)</u>	<u>(19,503)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest & Dividends On Investments	-	1,711	308	-	1,181	3,200
Proceeds From Sale & Maturities Of Investments	-	-	-	-	8,127	8,127
Purchase Of Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,478)</u>	<u>(6,478)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>1,711</u>	<u>308</u>	<u>-</u>	<u>2,830</u>	<u>4,849</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	410	(8,510)	(6,037)	(822)	(1,429)	(16,388)
CASH & CASH EQUIVALENTS JULY 1	<u>2,617</u>	<u>35,144</u>	<u>6,179</u>	<u>3,271</u>	<u>27,180</u>	<u>74,391</u>
CASH & CASH EQUIVALENTS JUNE 30	3,027	26,634	142	2,449	25,751	58,003
INVESTMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,427</u>	<u>1,427</u>
CASH & INVESTMENTS PER BALANCE SHEET	<u>\$ 3,027</u>	<u>\$ 26,634</u>	<u>\$ 142</u>	<u>\$ 2,449</u>	<u>\$ 27,178</u>	<u>\$ 59,430</u>

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STATE OF IOWA

(Continued)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	DEPRECIATION REVOLVING	OTHER	TOTAL
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (1,092)	\$ 41	\$ (13,807)	\$ (305)	\$ 1,437	\$ (13,726)
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities						
Depreciation	14,791	-	-	-	428	15,219
Compensated Absences	23	-	-	-	29	52
(Increase) Decrease In Accounts Receivable	(50)	-	(1,147)	50	129	(1,018)
(Increase) Decrease In Due From Other Funds	286	51	(1,433)	(257)	23,517	22,164
(Increase) Decrease In Inventory	342	-	-	1,228	(587)	983
(Increase) Decrease In Prepaid Expense	(1)	-	13	(6)	(487)	(481)
(Increase) Decrease In Bond Issue Costs	-	-	-	-	22	22
(Increase) Decrease In Other Assets	-	-	-	-	1,094	1,094
Increase (Decrease) In Accounts Payable & Accruals	412	33	367	(39)	(25,280)	(24,507)
Increase (Decrease) In Due To Other Funds	-	-	-	(584)	11	(573)
Increase (Decrease) To Deferred Revenue	-	-	-	(909)	-	(909)
Net Cash Provided By Operating Activities	<u>\$ 14,711</u>	<u>\$ 125</u>	<u>\$ (16,007)</u>	<u>\$ (822)</u>	<u>\$ 313</u>	<u>\$ (1,680)</u>

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COMBINING FINANCIAL STATEMENTS

Trust and Agency Funds

Expendable Trust Funds

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

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

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

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

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

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

Nonexpendable Trust Funds

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

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

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. (See Note 21 - Adjustments)

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, 1999
(Expressed in Thousands)

	EXPENDABLE TRUST	NON- EXPENDABLE TRUST	PENSION TRUST	AGENCY	TOTAL
ASSETS					
Cash & Investments	\$ 797,292	\$ 7,632	\$ 16,933,459	\$ 95,064	\$ 17,833,447
Accounts Receivable (Net)	46,441	-	838,038	46,884	931,363
Interest Receivable	3	-	52,712	-	52,715
Notes Receivable	43	-	-	-	43
Benefit Overpayment Receivable (Net) Due From Other Funds/Advances To	14,517	-	-	-	14,517
Other Funds	2,576	-	-	31,176	33,752
Fixed Assets (Net)	412	-	746	-	1,158
Inventory	262	-	-	-	262
Prepaid Expenditures/Expenses	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>
TOTAL ASSETS	<u>\$ 861,556</u>	<u>\$ 7,632</u>	<u>\$ 17,824,955</u>	<u>\$ 173,124</u>	<u>\$ 18,867,267</u>
LIABILITIES					
Accounts Payable & Accruals Due To Other Funds/Advances From	\$ 7,233	\$ -	\$ 2,221,375	\$ 65,216	\$ 2,293,824
Other Funds	1,302	70	-	34,526	35,898
Deferred Revenue	2,050	-	-	-	2,050
Funds Held In Custody	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,382</u>	<u>73,382</u>
TOTAL LIABILITIES	<u>10,585</u>	<u>70</u>	<u>2,221,375</u>	<u>173,124</u>	<u>2,405,154</u>
FUND BALANCE					
Reserve for:					
Inventory & Prepaid Expenditures	272	-	-	-	272
Noncurrent Receivables	942	-	-	-	942
Employees' Pension Benefit	-	-	15,603,580	-	15,603,580
Specific Purposes	16,270	-	-	-	16,270
Unreserved Fund Equity	<u>833,487</u>	<u>7,562</u>	<u>-</u>	<u>-</u>	<u>841,049</u>
TOTAL FUND BALANCE	<u>850,971</u>	<u>7,562</u>	<u>15,603,580</u>	<u>-</u>	<u>16,462,113</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 861,556</u>	<u>\$ 7,632</u>	<u>\$ 17,824,955</u>	<u>\$ 173,124</u>	<u>\$ 18,867,267</u>

STATE OF IOWA

**Combining Balance Sheet
Expendable Trust Funds**

June 30, 1999
(Expressed in Thousands)

	UNEMPLOYMENT BENEFITS	UNCLAIMED PROPERTY	GRAIN INDEMNITY	IOWA EDUCATIONAL SAVINGS PLAN TRUST	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 744,344	\$ 9,612	\$ 8,909	\$ 13,974	\$ 20,453	\$ 797,292
Accounts Receivable (Net)	45,930	153	-	-	358	46,441
Interest Receivable	-	-	-	-	3	3
Notes Receivable	-	-	-	-	43	43
Benefit Overpayment Receivable (Net)	14,517	-	-	-	-	14,517
Due From Other Funds/ Advances To Other Funds	1,050	-	118	-	1,408	2,576
Fixed Assets	-	46	-	-	366	412
Inventory	-	-	-	-	262	262
Prepaid Expenditures	-	2	-	-	8	10
TOTAL ASSETS	<u>\$ 805,841</u>	<u>\$ 9,813</u>	<u>\$ 9,027</u>	<u>\$ 13,974</u>	<u>\$ 22,901</u>	<u>\$ 861,556</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 4,219	\$ 2,166	\$ -	\$ 9	\$ 839	\$ 7,233
Due To Other Funds	-	945	-	-	357	1,302
Deferred Revenue	2,040	-	-	-	10	2,050
TOTAL LIABILITIES	<u>6,259</u>	<u>3,111</u>	<u>-</u>	<u>9</u>	<u>1,206</u>	<u>10,585</u>
FUND BALANCE						
Reserve For:						
Inventory & Prepaid Expenditures	-	2	-	-	270	272
Noncurrent Receivables	942	-	-	-	-	942
Specific Purposes	-	-	-	13,965	2,305	16,270
Unreserved Fund Equity	798,640	6,700	9,027	-	19,120	833,487
TOTAL FUND BALANCE	<u>799,582</u>	<u>6,702</u>	<u>9,027</u>	<u>13,965</u>	<u>21,695</u>	<u>850,971</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 805,841</u>	<u>\$ 9,813</u>	<u>\$ 9,027</u>	<u>\$ 13,974</u>	<u>\$ 22,901</u>	<u>\$ 861,556</u>

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

	UNEMPLOYMENT BENEFITS	UNCLAIMED PROPERTY	GRAIN INDEMNITY	IOWA EDUCATIONAL SAVINGS PLAN TRUST	OTHER	TOTAL
REVENUES:						
Taxes	\$ 154,908	\$ -	\$ -	\$ -	\$ -	\$ 154,908
Receipts From Other Entities	2,161	-	-	13,341	831	16,333
Investment Income	49,502	225	449	628	899	51,703
Fees, Licenses & Permits	-	-	-	-	179	179
Refunds & Reimbursements	3,029	-	-	-	1,057	4,086
Sales, Rents & Services	-	-	-	-	3,704	3,704
Miscellaneous	-	6,610	18	-	9,318	15,946
Centralized Payroll	-	-	-	-	395	395
GROSS REVENUES	209,600	6,835	467	13,969	16,383	247,254
Less Revenue Refunds	1,513	-	-	4	9	1,526
NET REVENUES	<u>208,087</u>	<u>6,835</u>	<u>467</u>	<u>13,965</u>	<u>16,374</u>	<u>245,728</u>
EXPENDITURES:						
Current:						
General Government	-	471	-	-	2,913	3,384
Education	-	-	-	-	2,574	2,574
Health & Human Services	-	-	-	-	756	756
Law, Justice & Public Safety	-	-	-	-	3,515	3,515
Economic/Manpower Development	178,679	-	-	-	1,636	180,315
TOTAL EXPENDITURES	<u>178,679</u>	<u>471</u>	<u>-</u>	<u>-</u>	<u>11,394</u>	<u>190,544</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>29,408</u>	<u>6,364</u>	<u>467</u>	<u>13,965</u>	<u>4,980</u>	<u>55,184</u>
OTHER FINANCING SOURCES (USES):						
Operating Transfers:						
Transfers In	398	-	-	-	5,470	5,868
Transfers Out	(327)	(7,980)	(269)	-	(7,510)	(16,086)
TOTAL OTHER FINANCING SOURCES (USES)	<u>71</u>	<u>(7,980)</u>	<u>(269)</u>	<u>-</u>	<u>(2,040)</u>	<u>(10,218)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>29,479</u>	<u>(1,616)</u>	<u>198</u>	<u>13,965</u>	<u>2,940</u>	<u>44,966</u>
FUND BALANCE JULY 1	729,840	8,318	8,829	-	18,755	765,742
Adjustments (Note 21)	40,263	-	-	-	-	40,263
FUND BALANCE JULY 1, RESTATED	<u>770,103</u>	<u>8,318</u>	<u>8,829</u>	<u>-</u>	<u>18,755</u>	<u>806,005</u>
FUND BALANCE JUNE 30	<u>\$ 799,582</u>	<u>\$ 6,702</u>	<u>\$ 9,027</u>	<u>\$13,965</u>	<u>\$21,695</u>	<u>\$ 850,971</u>

STATE OF IOWA
Combining Balance Sheet
Nonexpendable Trust Funds

June 30, 1999
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL	FIRST IN THE NATION EDUCATION	IOWA BRAILLE & SIGHT SAVING SCHOOL	PILOT GROVE TRUST	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 7,546	\$ -	\$ 75	\$ 10	\$ 1	\$ 7,632
TOTAL ASSETS	<u>\$ 7,546</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 7,632</u>
LIABILITIES						
Due To Other Funds	\$ -	\$ -	\$ 70	\$ -	\$ -	\$ 70
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>70</u>	<u>-</u>	<u>-</u>	<u>70</u>
FUND BALANCE						
Unreserved Fund Equity	7,546	-	5	10	1	7,562
TOTAL FUND BALANCE	<u>7,546</u>	<u>-</u>	<u>5</u>	<u>10</u>	<u>1</u>	<u>7,562</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 7,546</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 7,632</u>

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL	FIRST IN THE NATION EDUCATION	IOWA BRAILLE & SIGHT SAVING SCHOOL	PILOT GROVE TRUST	OTHER	TOTAL
OPERATING REVENUES:						
Investment Income	\$ -	\$ -	\$ 8	\$ -	\$ -	\$ 8
Miscellaneous	<u>2</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>
TOTAL OPERATING REVENUES	<u>2</u>	<u>10</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>20</u>
OPERATING EXPENSES:						
Claims & Miscellaneous	<u>-</u>	<u>2,793</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>2,795</u>
TOTAL OPERATING EXPENSES	<u>-</u>	<u>2,793</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>2,795</u>
INCOME BEFORE OPERATING TRANSFERS	<u>2</u>	<u>(2,783)</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>(2,775)</u>
OPERATING TRANSFERS:						
Transfers Out	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
TOTAL OPERATING TRANSFERS	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
NET INCOME	2	(2,783)	1	-	-	(2,780)
FUND BALANCE JULY 1	<u>7,544</u>	<u>2,783</u>	<u>4</u>	<u>10</u>	<u>1</u>	<u>10,342</u>
FUND BALANCE JUNE 30	<u>\$ 7,546</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 7,562</u>

STATE OF IOWA

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

For the Year Ended June 30, 1999
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL	FIRST IN THE NATION EDUCATION	IOWA BRAILLE & SIGHT SAVING SCHOOL	PILOT GROVE TRUST	OTHER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received From Miscellaneous	\$ 2	\$ 10	\$ -	\$ -	\$ -	\$ 12
Cash Payments for Other Expenses	<u>-</u>	<u>(2,792)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>(2,794)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2</u>	<u>(2,782)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>(2,782)</u>
CASH FLOW FROM NONCAPITAL FROM FINANCING ACTIVITIES:						
Operating Transfers Out to Other Funds	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest & Dividends On Investments	<u>-</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>13</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>13</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	2	(2,782)	6	-	-	(2,774)
CASH & CASH EQUIVALENTS JULY 1	<u>7,544</u>	<u>2,782</u>	<u>69</u>	<u>10</u>	<u>1</u>	<u>10,406</u>
CASH & CASH EQUIVALENTS JUNE 30, PER BALANCE SHEET	<u>\$ 7,546</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 7,632</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income	\$ 2	\$ (2,783)	\$ 6	\$ -	\$ -	\$ (2,775)
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities						
Interest (Income)	-	-	(8)	-	-	(8)
(Increase) Decrease In Accounts Receivable	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Net Cash Provided By Operating Activities	<u>\$ 2</u>	<u>\$ (2,782)</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,782)</u>

STATE OF IOWA

Combining Statement of Plan Net Assets Pension Trust Funds

June 30, 1999
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	TOTAL
ASSETS				
Cash & Cash Equivalents	\$ 69,308	\$ 9,390	\$ 6,726	\$ 85,424
Receivables:				
Contributions	33,810	294	39	34,143
Investments Sold	123,375	-	-	123,375
Foreign Exchange Contracts	680,520	-	-	680,520
Interest & Dividends	<u>51,279</u>	<u>1,433</u>	<u>-</u>	<u>52,712</u>
Total Receivables	<u>888,984</u>	<u>1,727</u>	<u>39</u>	<u>890,750</u>
Investments, At Fair Value:				
Fixed Income Securities	3,403,613	-	22,072	3,425,685
Equity Investments	10,338,860	206,484	33,277	10,578,621
Real Estate	530,455	-	-	530,455
Investment in Private Equity/Debt	1,072,107	-	-	1,072,107
Securities Lending Collateral Pool	596,829	11,998	-	608,827
Securities on Loan with Brokers	574,110	-	-	574,110
Foreign Currency	<u>56,881</u>	<u>1,336</u>	<u>13</u>	<u>58,230</u>
Total Investments	<u>16,572,855</u>	<u>219,818</u>	<u>55,362</u>	<u>16,848,035</u>
Fixed Assets (Net)	<u>746</u>	<u>-</u>	<u>-</u>	<u>746</u>
TOTAL ASSETS	17,531,893	230,935	62,127	17,824,955
LIABILITIES				
Accounts Payable & Accruals	15,861	400	110	16,371
Payable For Investments Purchased	1,593,901	2,547	-	1,596,448
Payable to Brokers For Rebate & Collateral	<u>596,555</u>	<u>12,001</u>	<u>-</u>	<u>608,556</u>
TOTAL LIABILITIES	<u>2,206,317</u>	<u>14,948</u>	<u>110</u>	<u>2,221,375</u>
FUND BALANCE RESERVE FOR EMPLOYEES' PENSION BENEFIT				
(Schedules of funding progress are presented on page 70)	<u>\$ 15,325,576</u>	<u>\$ 215,987</u>	<u>\$ 62,017</u>	<u>\$15,603,580</u>

Combining Statement of Changes in Assets and Liabilities Agency Funds

For the Year Ended June 30, 1999
(Expressed in Thousands)

	BALANCE JULY 1, 1998	ADJUST- MENTS (NOTE 21)	RESTATE D BALANCE JULY 1, 1998	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1999
<u>STATE OF IOWA - DEFERRED COMPENSATION</u>						
ASSETS						
Cash & Investments	\$ 207,787	\$(207,787)	\$ -	\$ -	\$ -	\$ -
TOTAL ASSETS	<u>\$ 207,787</u>	<u>\$(207,787)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES						
Deferred Compensation Payable	\$ 207,787	\$(207,787)	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>\$ 207,787</u>	<u>\$(207,787)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>CENTRALIZED PAYROLL TRUSTEE</u>						
ASSETS						
Cash & Investments	\$ 19,055	\$ -	\$ 19,055	\$ 439,400	\$ 435,885	\$ 22,570
Accounts Receivable	39	-	39	28	39	28
Due From Other Funds	1,845	-	1,845	59	1,845	59
TOTAL ASSETS	<u>\$ 20,939</u>	<u>\$ -</u>	<u>\$ 20,939</u>	<u>\$ 439,487</u>	<u>\$ 437,769</u>	<u>\$ 22,657</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 12,479	\$ -	\$ 12,479	\$ 13,390	\$ 12,479	\$ 13,390
Due To Other Funds	5,546	-	5,546	6,647	5,546	6,647
Funds Held In Custody	2,914	-	2,914	419,450	419,744	2,620
TOTAL LIABILITIES	<u>\$ 20,939</u>	<u>\$ -</u>	<u>\$ 20,939</u>	<u>\$ 439,487</u>	<u>\$ 437,769</u>	<u>\$ 22,657</u>
<u>JUDICIAL-CLERKS OF DISTRICT COURT</u>						
ASSETS						
Cash & Investments	\$ 16,923	\$ -	\$ 16,923	\$ 258,198	\$ 258,749	\$ 16,372
TOTAL ASSETS	<u>\$ 16,923</u>	<u>\$ -</u>	<u>\$ 16,923</u>	<u>\$ 258,198</u>	<u>\$ 258,749</u>	<u>\$ 16,372</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 640	\$ -	\$ 640	\$ 7,604	\$ 7,522	\$ 722
Funds Held In Custody	16,283	-	16,283	250,594	251,227	15,650
TOTAL LIABILITIES	<u>\$ 16,923</u>	<u>\$ -</u>	<u>\$ 16,923</u>	<u>\$ 258,198</u>	<u>\$ 258,749</u>	<u>\$ 16,372</u>

STATE OF IOWA

	BALANCE JULY 1, 1998	ADJUST- MENTS (NOTE 21)	RESTATED BALANCE JULY 1, 1998	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1999
<u>SCHOOL DISTRICT SURTAX CLEARING</u>						
ASSETS						
Cash & Investments	\$ 22,687	\$ -	\$ 22,687	\$ 41,116	\$ 39,268	\$ 24,535
Accounts Receivable	<u>13,889</u>	<u>-</u>	<u>13,889</u>	<u>11,785</u>	<u>13,889</u>	<u>11,785</u>
TOTAL ASSETS	<u>\$ 36,576</u>	<u>\$ -</u>	<u>\$ 36,576</u>	<u>\$ 52,901</u>	<u>\$ 53,157</u>	<u>\$ 36,320</u>
LIABILITIES						
Funds Held In Custody	\$ 36,576	\$ -	\$ 36,576	\$ 52,901	\$ 53,157	\$ 36,320
TOTAL LIABILITIES	<u>\$ 36,576</u>	<u>\$ -</u>	<u>\$ 36,576</u>	<u>\$ 52,901</u>	<u>\$ 53,157</u>	<u>\$ 36,320</u>
<u>OTHER AGENCY FUNDS</u>						
ASSETS						
Cash & Investments	\$ 31,124	\$ (6,223)	\$ 24,901	\$ 973,729	\$ 967,043	\$ 31,587
Accounts Receivable	34,424	-	34,424	35,044	34,397	35,071
Due From Other Funds	<u>33,692</u>	<u>-</u>	<u>33,692</u>	<u>31,117</u>	<u>33,692</u>	<u>31,117</u>
TOTAL ASSETS	<u>\$ 99,240</u>	<u>\$ (6,223)</u>	<u>\$ 93,017</u>	<u>\$ 1,039,890</u>	<u>\$ 1,035,132</u>	<u>\$ 97,775</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 51,753	\$ -	\$ 51,753	\$ 51,993	\$ 52,642	\$ 51,104
Due To Other Funds	24,436	-	24,436	27,877	24,434	27,879
Funds Held In Custody	16,828	-	16,828	960,020	958,056	18,792
Deferred Compensation Payable	<u>6,223</u>	<u>(6,223)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 99,240</u>	<u>\$ (6,223)</u>	<u>\$ 93,017</u>	<u>\$ 1,039,890</u>	<u>\$ 1,035,132</u>	<u>\$ 97,775</u>
<u>TOTAL AGENCY FUNDS</u>						
ASSETS						
Cash & Investments	\$ 297,576	\$(214,010)	\$ 83,566	\$ 1,712,443	\$ 1,700,945	\$ 95,064
Accounts Receivable	48,352	-	48,352	46,857	48,325	46,884
Due From Other Funds	<u>35,537</u>	<u>-</u>	<u>35,537</u>	<u>31,176</u>	<u>35,537</u>	<u>31,176</u>
TOTAL ASSETS	<u>\$ 381,465</u>	<u>\$(214,010)</u>	<u>\$ 167,455</u>	<u>\$ 1,790,476</u>	<u>\$ 1,784,807</u>	<u>\$ 173,124</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 64,872	\$ -	\$ 64,872	\$ 72,987	\$ 72,643	\$ 65,216
Due To Other Funds	29,982	-	29,982	34,524	29,980	34,526
Funds Held In Custody	72,601	-	72,601	1,682,965	1,682,184	73,382
Deferred Compensation Payable	<u>214,010</u>	<u>(214,010)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 381,465</u>	<u>\$(214,010)</u>	<u>\$ 167,455</u>	<u>\$ 1,790,476</u>	<u>\$ 1,784,807</u>	<u>\$ 173,124</u>

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COMBINING FINANCIAL STATEMENTS

University Funds

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

STATE OF IOWA
Combining Balance Sheet
University Funds

June 30, 1999
(Expressed in Thousands)

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENTS & SIMILAR FUNDS
	UNRESTRICTED	RESTRICTED		
ASSETS				
Cash & Investments	\$ 246,470	\$ 29,000	\$ 8,761	\$181,998
Deposits With Trustees	-	-	-	-
Accounts Receivable (Net)	102,278	63,749	2	-
Interest Receivable	7,752	858	1,250	237
Notes Receivable (Net)	527	-	68,151	-
Due From Other Funds	1,019	8	-	-
Bond Issuance Costs	-	-	-	-
Fixed Assets (Net)	-	-	-	-
Inventory	35,625	-	-	-
Prepaid Expenses	9,761	484	-	-
Equity In Wholly Owned Subsidiary	<u>65</u>	<u>-</u>	<u>-</u>	<u>11,223</u>
TOTAL ASSETS	<u>\$ 403,497</u>	<u>\$ 94,099</u>	<u>\$ 78,164</u>	<u>\$193,458</u>
LIABILITIES				
Accounts Payable & Accruals	\$ 79,850	\$ 8,739	\$ 8	\$ 153
Due To Other Funds	138	15	-	907
Interest Payable	-	-	-	-
Deferred Revenue	20,050	-	-	-
Compensated Absences	87,154	19,394	-	-
Capital Leases	-	-	-	-
Bonds Payable	-	-	-	-
Other Financing Arrangements Payable	-	-	-	-
Funds Held In Custody	-	-	-	-
Deposits	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>187,195</u>	<u>28,148</u>	<u>8</u>	<u>1,060</u>
FUND BALANCE				
Reserved:				
Encumbrances & Contracts	55,900	8,289	-	-
Inventory	35,625	-	-	-
Debt Service	-	-	-	-
Specific Purposes	97,777	57,662	78,156	190,177
Unreserved Fund Equity	27,000	-	-	2,221
Net Investment In Plant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>216,302</u>	<u>65,951</u>	<u>78,156</u>	<u>192,398</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 403,497</u>	<u>\$ 94,099</u>	<u>\$ 78,164</u>	<u>\$193,458</u>

STATE OF IOWA

AGENCY FUNDS	PLANT FUNDS					COMPONENT UNITS	TOTAL
	UNEXPENDED	RENEWALS & REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT			
\$ 128,899	\$ 298,068	\$ 55,770	\$ 87,548	\$ -	\$ 383	\$ 1,036,897	
-	12,041	1,292	26,334	-	-	39,667	
20,490	24,512	862	542	-	493	212,928	
457	16	56	192	-	-	10,818	
-	-	-	-	-	-	68,678	
2	-	-	31	-	-	1,060	
-	-	-	-	511	-	511	
-	-	-	-	3,117,511	121	3,117,632	
125	-	-	-	-	711	36,461	
12	-	2	-	-	17	10,276	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,288</u>	
<u>\$ 149,985</u>	<u>\$ 334,637</u>	<u>\$ 57,982</u>	<u>\$ 114,647</u>	<u>\$ 3,118,022</u>	<u>\$ 1,725</u>	<u>\$ 4,546,216</u>	
\$ 42,332	\$ 18,681	\$ 2,344	\$ 165	\$ 135	\$ 709	\$ 153,116	
-	-	-	-	-	-	1,060	
-	53	-	18,996	-	-	19,049	
-	-	-	-	-	173	20,223	
1,127	-	-	-	-	-	107,675	
-	13,988	-	-	34,822	-	48,810	
-	59,364	-	33,856	439,566	-	532,786	
-	-	-	-	4,006	-	4,006	
106,526	-	-	-	-	-	106,526	
<u>-</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>	
<u>149,985</u>	<u>92,103</u>	<u>2,344</u>	<u>53,017</u>	<u>478,529</u>	<u>882</u>	<u>993,271</u>	
-	111,723	3,227	-	-	-	179,139	
-	-	-	-	-	-	35,625	
-	-	-	22,192	-	-	22,192	
-	122,219	49,303	39,438	-	843	635,575	
-	8,592	3,108	-	-	-	40,921	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,639,493</u>	<u>-</u>	<u>2,639,493</u>	
<u>-</u>	<u>242,534</u>	<u>55,638</u>	<u>61,630</u>	<u>2,639,493</u>	<u>843</u>	<u>3,552,945</u>	
<u>\$ 149,985</u>	<u>\$ 334,637</u>	<u>\$ 57,982</u>	<u>\$ 114,647</u>	<u>\$ 3,118,022</u>	<u>\$ 1,725</u>	<u>\$ 4,546,216</u>	

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Supplemental Information

STATE OF IOWA

Schedule of Revenues by Source General Fund

For the Year Ended June 30, 1999
(Expressed in Thousands)

	GENERAL GOVERNMENT	EDUCATION	HEALTH & HUMAN SERVICES	TRANSPORTATION
TAXES				
Beer Tax	\$ -	\$ -	\$ -	\$ -
Cigarette Tax	92,324	-	-	-
Tobacco Products Tax	6,688	-	-	-
Inheritance Tax	88,121	-	-	-
Monies & Credits	817	-	-	-
Insurance Premium Tax	114,345	-	-	-
Liquor Tax	-	-	-	-
Use Tax	470,805	-	-	-
Fuel Tax	428,200	-	-	21,419
Wagering Tax	100,887	-	2,506	-
Franchise Tax	33,220	-	-	-
Income Tax-Corporate	322,469	-	-	-
Income Tax-Individual	2,221,007	-	2,600	-
Sales Tax	1,380,092	-	-	9
Other Taxes	<u>606</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL TAXES	5,259,581	-	5,106	21,428
Less Refunds	<u>510,797</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET TAXES	<u>4,748,784</u>	<u>-</u>	<u>5,106</u>	<u>21,428</u>
RECEIPTS FROM OTHER ENTITIES				
Federal Support	8,163	273,470	1,416,704	262,651
Local Governments	-	180	86,416	6,243
Other States	297	1,568	-	1,043
Intra-State Reimbursements	<u>3,442</u>	<u>390</u>	<u>-</u>	<u>77</u>
TOTAL RECEIPTS FROM OTHER ENTITIES	<u>11,902</u>	<u>275,608</u>	<u>1,503,120</u>	<u>270,014</u>
INVESTMENT INCOME				
Investment Income	<u>79,206</u>	<u>3,319</u>	<u>588</u>	<u>585</u>
TOTAL INVESTMENT INCOME	<u>79,206</u>	<u>3,319</u>	<u>588</u>	<u>585</u>
FEES, LICENSES & PERMITS				
Fees, Licenses & Permits	<u>371,003</u>	<u>5,197</u>	<u>10,553</u>	<u>7,076</u>
TOTAL FEES, LICENSES & PERMITS	<u>371,003</u>	<u>5,197</u>	<u>10,553</u>	<u>7,076</u>
REFUNDS & REIMBURSEMENTS				
Refunds & Reimbursements	<u>4,938</u>	<u>38,713</u>	<u>105,287</u>	<u>6,155</u>
TOTAL REFUNDS & REIMBURSEMENTS	<u>4,938</u>	<u>38,713</u>	<u>105,287</u>	<u>6,155</u>
SALES, RENTS & SERVICES				
Sale Of Real Estate	-	-	72	2,623
Sale Of Equipment & Salvage	37	-	1	-
Rents & Leases	-	223	834	175
Agricultural Sales	-	10	-	-
Other Sales & Services	<u>102</u>	<u>839</u>	<u>1,306</u>	<u>-</u>
TOTAL SALES, RENTS & SERVICES	<u>139</u>	<u>1,072</u>	<u>2,213</u>	<u>2,798</u>
MISCELLANEOUS				
Unearned Receipts	50	2,220	3,440	-
Other	<u>11,822</u>	<u>646</u>	<u>37,970</u>	<u>2,780</u>
TOTAL MISCELLANEOUS	<u>11,872</u>	<u>2,866</u>	<u>41,410</u>	<u>2,780</u>
Less Refunds	<u>16,605</u>	<u>660</u>	<u>13,506</u>	<u>26,069</u>
TOTAL REVENUE BY SOURCE	<u>\$ 5,211,239</u>	<u>\$ 326,115</u>	<u>\$ 1,654,771</u>	<u>\$ 284,767</u>

STATE OF IOWA

LAW, JUSTICE & PUBLIC SAFETY	ECONOMIC/ MANPOWER DEVELOPMENT	REGULATION OF BUSINESS	AGRICULTURE & NATURAL RESOURCES	TOTAL
\$ -	\$ 14	\$ 13,235	\$ -	\$ 13,249
-	-	-	-	92,324
-	-	-	-	6,688
-	-	-	-	88,121
-	-	-	-	817
-	-	-	-	114,345
-	11	2	-	13
1,075	20,150	-	350	492,380
-	-	-	-	449,619
58,174	-	-	-	161,567
-	-	-	-	33,220
-	-	-	-	322,469
75	6,465	-	-	2,230,147
-	-	-	-	1,380,101
-	8,540	-	-	9,146
<u>59,324</u>	<u>35,180</u>	<u>13,237</u>	<u>350</u>	<u>5,394,206</u>
-	-	-	-	510,797
<u>59,324</u>	<u>35,180</u>	<u>13,237</u>	<u>350</u>	<u>4,883,409</u>
57,864	115,125	119	24,948	2,159,044
39,336	74	-	10	132,259
11	-	-	-	2,919
230	3,094	-	23	7,256
<u>97,441</u>	<u>118,293</u>	<u>119</u>	<u>24,981</u>	<u>2,301,478</u>
1,105	1,522	46	1,848	88,219
<u>1,105</u>	<u>1,522</u>	<u>46</u>	<u>1,848</u>	<u>88,219</u>
21,856	2,520	33,542	53,089	504,836
<u>21,856</u>	<u>2,520</u>	<u>33,542</u>	<u>53,089</u>	<u>504,836</u>
13,661	577	2,657	1,318	173,306
<u>13,661</u>	<u>577</u>	<u>2,657</u>	<u>1,318</u>	<u>173,306</u>
-	-	-	-	2,695
14	-	-	92	144
1,677	3	-	2,553	5,465
-	-	-	395	405
323	1,115	59	3,471	7,215
<u>2,014</u>	<u>1,118</u>	<u>59</u>	<u>6,511</u>	<u>15,924</u>
279	28	-	3	6,020
14,071	1,253	612	2,580	71,734
<u>14,350</u>	<u>1,281</u>	<u>612</u>	<u>2,583</u>	<u>77,754</u>
54	66	2	1,072	58,034
<u>\$ 209,697</u>	<u>\$ 160,425</u>	<u>\$ 50,270</u>	<u>\$ 89,608</u>	<u>\$ 7,986,892</u>

STATE OF IOWA

Schedule of Expenditures by Function and Department General Fund

For the Year Ended June 30, 1999
(Expressed in Thousands)

	PERSONAL SERVICES	TRAVEL & SUBSISTENCE	SUPPLIES	CONTRACTUAL SERVICES
GENERAL GOVERNMENT				
Auditor Of State	\$ 5,596	\$ 349	\$ 63	\$ 128
Ethics & Campaign Disclosure Board	404	11	24	11
General Services - Information Technology	7,624	107	125	6,948
General Services Capital	-	-	-	-
Iowa Telecommunications	-	-	-	20,331
General Services	5,898	57	397	3,455
Governor	1,524	82	168	107
Governor Elect	31	1	4	-
Legislative House	5,900	1,325	348	81
Legislative Senate	3,803	732	211	92
Legislative Joint Expense	20	8	35	444
Legislative Citizens Aide	708	9	31	245
Legislative Computer Support	788	14	16	325
Legislative Fiscal Bureau	1,746	29	72	178
Legislative Service Bureau	3,165	39	1,014	295
Administrative Rules Management	99	8	-	1
Personnel	2,346	37	228	9,439
Personnel - IPERS	4,288	133	215	7,362
Revenue And Finance	-	-	-	-
Secretary Of State	22,439	412	2,467	6,294
Office Of State Federal Relations	1,953	32	239	152
Governors Substance Abuse	182	10	11	39
Executive Council	592	28	67	6,246
Treasurer Of State	-	-	102	759
Underground Storage Tanks	1,114	15	126	13,313
Uniform State Laws	-	-	5	10,606
	-	5	18	-
TOTAL GENERAL GOVERNMENT	<u>70,220</u>	<u>3,443</u>	<u>5,986</u>	<u>86,851</u>
EDUCATION				
Cultural Affairs	4,003	86	458	839
Cultural Affairs Capitals	-	-	1	22
Education, Voc Rehab Capitals	-	-	-	-
Education	12,624	574	1,797	8,470
Education, Voc Rehab	16,013	267	635	3,823
College Aid	1,426	32	129	5,667
Education, IPT	7,405	264	2,403	12,476
Regents, Board Of	1,244	82	66	354
Iowa Braille & Sight Saving School	3,990	76	337	362
Iowa School For The Deaf	6,590	33	714	766
TOTAL EDUCATION	<u>53,295</u>	<u>1,414</u>	<u>6,540</u>	<u>32,779</u>
HEALTH & HUMAN SERVICES				
Blind, Department For The	4,188	162	144	955
Civil Rights Commission	1,653	22	90	333
Elder Affairs	1,309	73	80	143
Human Rights	2,511	136	173	36,032
Human Services Administration	18,338	162	3,187	17,840
Human Services Community Serv.	98,550	2,193	2,266	16,887
Human Services Toledo	5,039	8	432	568
Human Services Eldora	7,839	22	456	1,016
Predator Civil Commitment	140	12	28	5
Human Services Cherokee	10,122	66	1,161	1,629
Human Services Clarinda	5,761	20	729	351
Human Services Independence	15,053	55	659	2,462
Human Services Mt. Pleasant	4,069	17	92	1,028
Human Services Glenwood	33,593	178	3,245	1,683
Human Services Woodward	25,888	139	2,269	1,567
Human Services Assistance	1,005	182	1,022	64,429
Public Health	16,956	718	24,469	62,607
Veterans Affairs	31,998	134	3,357	7,878
TOTAL HEALTH & HUMAN SERVICES	<u>284,012</u>	<u>4,299</u>	<u>43,859</u>	<u>217,413</u>
TRANSPORTATION				
Transportation	153,749	18,572	31,055	96,568
Transportation Capitals	-	-	-	-
TOTAL TRANSPORTATION	<u>153,749</u>	<u>18,572</u>	<u>31,055</u>	<u>96,568</u>

STATE OF IOWA

EQUIPMENT & REPAIRS	CLAIMS & MISCELLANEOUS	LICENSES PERMITS & REFUNDS	STATE AID	PLANT IMPROVEMENTS	TOTAL
\$ 263	\$ -	\$ -	\$ -	\$ -	\$ 6,399
40	-	-	-	-	490
6,345	-	-	-	-	21,149
-	-	-	-	35,358	35,358
-	-	-	-	-	20,331
285	110	-	-	72	10,274
103	-	-	-	-	1,984
1	-	-	-	-	37
118	-	-	-	-	7,772
95	-	-	-	-	4,933
5	-	-	-	-	512
46	20	-	-	-	1,059
960	-	-	-	-	2,103
60	-	-	-	-	2,085
147	-	-	-	-	4,660
2	-	-	-	-	110
74	3,004	4	526	12	15,670
257	1	-	-	-	12,256
-	-	-	11	-	11
2,324	1,412	22	253,055	-	288,425
254	1,380	-	-	-	4,010
5	-	-	-	-	247
44	-	-	-	-	6,977
-	19	-	-	-	880
45	-	-	377,431	-	392,044
-	11,128	-	-	-	21,739
-	-	-	-	-	23
<u>11,473</u>	<u>17,074</u>	<u>26</u>	<u>631,023</u>	<u>35,442</u>	<u>861,538</u>
139	-	-	2,210	-	7,735
26	-	-	991	259	1,299
-	-	-	3,450	-	3,450
984	349	-	2,113,977	-	2,138,775
1,050	1,564	-	12,082	111	35,545
34	6,030	22	79,890	-	93,230
1,469	-	-	-	-	24,017
23	-	-	-	-	1,769
84	-	-	-	117	4,966
344	-	-	-	676	9,123
<u>4,153</u>	<u>7,943</u>	<u>22</u>	<u>2,212,600</u>	<u>1,163</u>	<u>2,319,909</u>
370	-	-	2,266	-	8,085
177	-	-	11	-	2,286
38	-	-	17,547	-	19,190
129	-	-	-	-	38,981
4,023	214	-	2,953	27	46,744
5,592	158	-	-	-	125,646
251	6	-	-	-	6,304
251	12	2	-	-	9,598
51	-	-	-	-	236
784	3	-	-	-	13,765
147	1	-	-	-	7,009
255	2	-	-	-	18,486
357	-	-	5	-	5,568
833	420	-	-	12	39,964
1,000	16	-	-	-	30,879
471	2,268	-	1,891,930	-	1,961,307
1,553	124	-	700	-	107,127
829	13	92	5	-	44,306
<u>17,111</u>	<u>3,237</u>	<u>94</u>	<u>1,915,417</u>	<u>39</u>	<u>2,485,481</u>
11,667	1,252	152	-	540,796	853,811
-	-	-	-	3,573	3,573
<u>11,667</u>	<u>1,252</u>	<u>152</u>	<u>-</u>	<u>544,369</u>	<u>857,384</u>

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STATE OF IOWA

Schedule of Expenditures by Function and Department General Fund

(continued)

	PERSONAL SERVICES	TRAVEL & SUBSISTENCE	SUPPLIES	CONTRACTUAL SERVICES
LAW, JUSTICE & PUBLIC SAFETY				
Attorney General	\$ 13,624	\$ 249	\$ 362	\$ 3,584
Attorney General, Pros. Atty.	516	21	80	37
Consumer Advocate	1,966	46	57	234
CBC District I	7,869	78	392	587
CBC District II	5,654	143	321	881
CBC District III	3,215	56	144	323
CBC District IV	2,453	81	190	265
CBC District V	8,115	193	671	3,291
CBC District VI	7,460	112	470	599
CBC District VII	4,566	55	313	640
CBC District VIII	3,829	101	297	770
CBC Statewide	-	4	35	93
Corrections Central Office	1,982	54	160	5,269
Corrections Training Academy	351	10	69	38
Corrections Fort Madison	21,559	82	3,340	2,729
Corrections Anamosa	17,504	99	2,823	1,279
Corrections Oakdale	15,342	76	2,056	1,271
Corrections Newton	15,509	102	2,825	1,962
Corrections Mt. Pleasant	13,190	83	2,446	2,694
Corrections Rockwell City	4,726	9	719	674
Corrections Clarinda	12,128	(28)	3,193	1,798
Corrections Mitchellville	6,415	13	963	568
Corrections Fort Dodge	10,383	(178)	1,733	886
Inspections & Appeals	11,944	729	360	18,339
State Public Defender	10,743	131	261	1,574
Racing Commission	1,944	55	85	748
Judicial Department	93,622	1,585	3,609	8,906
Judicial Capitals	-	11	-	4
Law Enforcement Academy	1,441	65	290	339
Parole Board	798	22	24	90
Public Defense	8,962	239	940	2,951
Public Defense, Emergency Management	2,074	257	128	1,819
Public Safety	50,916	1,571	1,797	4,437
Public Safety, Capitals	1	-	-	12
TOTAL LAW, JUSTICE & PUBLIC SAFETY	<u>360,801</u>	<u>6,126</u>	<u>31,153</u>	<u>69,691</u>
ECONOMIC/MANPOWER DEVELOPMENT				
Economic Development	7,454	612	1,760	7,924
Economic Development Capitals	-	-	-	-
Workforce Development	40,084	904	1,641	41,554
Public Employment Relations	775	30	31	59
TOTAL ECONOMIC/MANPOWER DEVELOPMENT	<u>48,313</u>	<u>1,546</u>	<u>3,432</u>	<u>49,537</u>
REGULATION OF BUSINESS				
Commerce	803	(56)	8	60
Alcoholic Beverages	658	97	94	99
Banking	4,681	378	93	423
Credit Union	770	74	13	142
Insurance	4,795	220	210	1,031
Professional Licensing	566	89	59	108
Utilities	4,577	151	86	6,997
TOTAL REGULATION OF BUSINESS	<u>16,850</u>	<u>953</u>	<u>563</u>	<u>8,860</u>
AGRICULTURE & NATURAL RESOURCES				
Agriculture & Land Stewardship	11,087	735	553	3,190
Agriculture - Loess Hills	-	-	-	1,200
Agriculture - Soil Conservation	7,261	122	363	9,854
Agriculture - County Fairs	-	-	-	-
Natural Resources	44,516	2,138	5,594	12,783
Natural Resources Capitals	-	-	-	119
TOTAL AGRICULTURE & NATURAL RESOURCES	<u>62,864</u>	<u>2,995</u>	<u>6,510</u>	<u>27,146</u>
TOTAL EXPENDITURES	<u>\$ 1,050,104</u>	<u>\$ 39,348</u>	<u>\$ 129,098</u>	<u>\$ 588,845</u>

STATE OF IOWA

EQUIPMENT & REPAIRS	CLAIMS & MISCELLANEOUS	LICENSES PERMITS & REFUNDS	STATE AID	PLANT IMPROVEMENTS	TOTAL
\$ 678	\$ 870	\$ 2	\$ 7,393	\$ -	\$ 26,762
14	-	-	-	-	668
67	-	-	-	-	2,370
46	216	-	-	285	9,473
190	69	-	-	80	7,338
220	236	-	40	16	4,250
30	130	-	-	-	3,149
888	179	-	-	2,772	16,109
677	40	-	-	225	9,583
199	85	-	-	30	5,888
112	59	-	-	-	5,168
1	-	-	-	-	133
287	3,087	-	-	733	11,572
24	-	-	-	-	492
430	412	-	-	-	28,552
816	471	-	-	-	22,992
317	187	-	-	-	19,249
552	480	-	-	-	21,430
1,180	354	-	-	2,055	22,002
226	167	-	-	-	6,521
381	506	-	-	-	17,978
178	147	-	-	-	8,284
1,672	181	1	-	290	14,968
847	2	166	130	15	32,532
302	3	-	-	-	13,014
161	-	-	-	-	2,993
5,980	-	13	1,748	-	115,463
27	-	-	-	516	558
174	-	-	-	-	2,309
111	-	-	-	-	1,045
376	152	1	-	5,847	19,468
109	-	-	22,568	-	26,955
7,860	335	-	683	-	67,599
2,180	-	-	-	50	2,243
<u>27,312</u>	<u>8,368</u>	<u>183</u>	<u>32,562</u>	<u>12,914</u>	<u>549,110</u>
485	7001	-	47,812	-	73,048
-	-	-	200	-	200
3,600	10,175	124	719	-	98,801
18	-	-	-	-	913
<u>4,103</u>	<u>17,176</u>	<u>124</u>	<u>48,731</u>	<u>-</u>	<u>172,962</u>
202	-	-	-	-	1,017
57	1	-	-	-	1,006
76	-	-	-	-	5,651
3	-	-	-	-	1,002
325	2	-	-	-	6,583
20	2	-	-	-	844
272	-	-	-	-	12,083
<u>955</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,186</u>
912	1	-	915	-	17,393
-	-	-	-	-	1,200
702	3	-	753	-	19,058
-	-	-	1,060	1,943	3,003
5,648	113	-	6,661	-	77,453
3	-	-	1,676	3,918	5,716
<u>7,265</u>	<u>117</u>	<u>-</u>	<u>11,065</u>	<u>5,861</u>	<u>123,823</u>
<u>\$ 84,039</u>	<u>\$ 55,172</u>	<u>\$ 601</u>	<u>\$ 4,851,398</u>	<u>\$ 599,788</u>	<u>\$ 7,398,393</u>

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STATISTICAL

STATE OF IOWA

Revenues By Source All Governmental Fund Types

For the Last Ten Years
(Expressed in Thousands)

	1990	1991	1992	1993
Taxes	\$ 3,283,148	\$ 3,421,727	\$ 3,561,640	\$ 3,930,086
Receipts From Other				
Entities	1,239,519	1,426,861	1,568,305	1,639,784
Investment Income	59,207	72,427	50,220	38,701
Fees, Licenses & Permits	288,837	307,959	350,525	372,433
Refunds & Reimbursements	147,531	153,558	102,239	123,395
Sales, Rents & Services	6,088	6,338	7,380	7,151
Miscellaneous	<u>17,631</u>	<u>19,131</u>	<u>33,792</u>	<u>41,482</u>
 GROSS REVENUES	 5,041,961	 5,408,001	 5,674,101	 6,153,032
Less Revenue Refunds	<u>277,111</u>	<u>276,454</u>	<u>300,187</u>	<u>344,799</u>
 TOTAL REVENUES	 <u>\$ 4,764,850</u>	 <u>\$ 5,131,547</u>	 <u>\$ 5,373,914</u>	 <u>\$ 5,808,233</u>

Expenditures By Function All Governmental Fund Types

For the Last Ten Years
(Expressed in Thousands)

	1990	1991	1992	1993
Current:				
General Government	\$ 607,248	\$ 638,721	\$ 645,410	\$ 646,760
Education	1,383,346	1,546,853	1,609,339	1,693,681
Health & Human Services	1,336,965	1,541,385	1,563,059	1,663,576
Transportation	539,150	652,186	735,443	678,217
Law, Justice & Public Safety	273,137	300,128	317,395	333,560
Economic/Manpower				
Development	133,091	132,348	129,215	124,726
Regulation Of Business	9	3	18,564	17,304
Agriculture & Natural				
Resources	82,740	87,451	85,511	86,584
Capital Outlay	<u>26,508</u>	<u>34,339</u>	<u>43,375</u>	<u>24,331</u>
 TOTAL EXPENDITURES	 <u>\$ 4,382,194</u>	 <u>\$ 4,933,414</u>	 <u>\$ 5,147,311</u>	 <u>\$ 5,268,739</u>

STATE OF IOWA

1994	1995	1996	1997	1998	1999
\$ 4,189,067	\$ 4,517,309	\$ 4,825,953	\$ 5,042,531	\$ 5,304,243	\$ 5,394,206
1,894,680	1,960,839	2,096,544	2,113,538	2,141,475	2,304,812
56,421	48,405	63,393	81,212	102,804	89,797
380,085	424,648	458,710	438,849	470,968	504,882
140,927	141,790	171,742	186,697	180,994	176,285
7,658	8,970	11,054	11,420	12,091	15,924
<u>39,936</u>	<u>44,191</u>	<u>51,404</u>	<u>55,772</u>	<u>66,223</u>	<u>78,233</u>
6,708,774	7,146,152	7,678,800	7,930,019	8,278,798	8,564,139
<u>427,842</u>	<u>370,777</u>	<u>431,673</u>	<u>454,442</u>	<u>519,292</u>	<u>568,831</u>
<u>\$ 6,280,932</u>	<u>\$ 6,775,375</u>	<u>\$ 7,247,127</u>	<u>\$ 7,475,577</u>	<u>\$ 7,759,506</u>	<u>\$ 7,995,308</u>

1994	1995	1996	1997	1998	1999
\$ 655,444	\$ 649,231	\$ 749,508	\$ 797,063	\$ 755,938	\$ 861,601
1,774,344	1,841,394	1,929,444	2,130,301	2,233,579	2,320,096
1,800,487	1,926,693	2,153,052	2,170,097	2,389,458	2,487,124
691,113	737,429	776,091	782,816	803,174	857,384
421,695	406,957	425,073	465,623	504,596	559,546
189,888	163,865	150,263	158,382	161,905	172,962
18,786	21,701	22,689	25,309	26,424	28,186
94,973	99,578	101,912	109,664	113,238	129,541
<u>15,367</u>	<u>28,173</u>	<u>45,360</u>	<u>72,273</u>	<u>58,068</u>	<u>31,082</u>
<u>\$ 5,662,097</u>	<u>\$ 5,875,021</u>	<u>\$ 6,353,392</u>	<u>\$ 6,711,528</u>	<u>\$ 7,046,380</u>	<u>\$ 7,447,522</u>

STATE OF IOWA
Public Education
For the Last Ten Years

Public School Enrollment

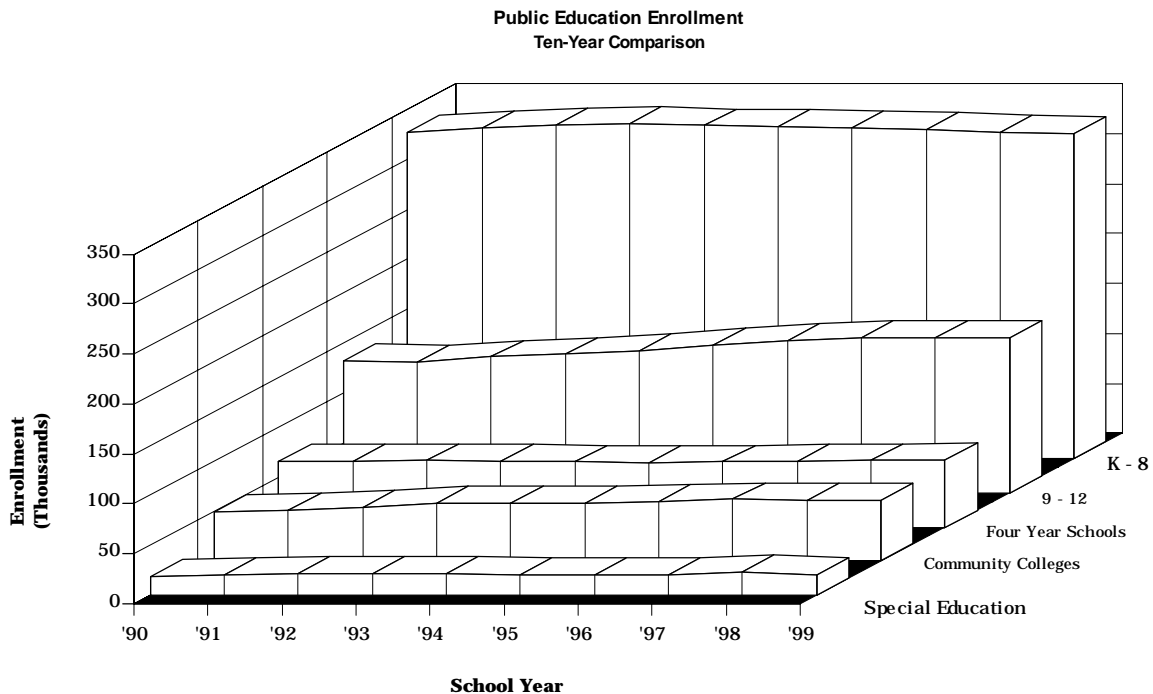
GRADES	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
K-8	326,531	331,862	334,429	335,306	333,373	332,838	331,949	330,088	326,621	326,051
9-12	132,797	131,397	135,744	138,705	142,402	147,945	152,491	154,912	155,528	155,834
Special Education	<u>18,882</u>	<u>20,137</u>	<u>21,278</u>	<u>21,331</u>	<u>21,234</u>	<u>19,809</u>	<u>20,065</u>	<u>20,523</u>	<u>22,981</u>	<u>20,649</u>
TOTAL	<u>478,210</u>	<u>483,396</u>	<u>491,451</u>	<u>495,342</u>	<u>497,009</u>	<u>500,592</u>	<u>504,505</u>	<u>505,523</u>	<u>505,130</u>	<u>502,534</u>

Public Higher Education Enrollment

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Four Year Schools	66,210	66,022	66,294	65,771	64,880	64,599	64,830	65,777	66,363	67,619
Community Colleges	<u>49,351</u>	<u>51,428</u>	<u>54,160</u>	<u>57,652</u>	<u>58,173</u>	<u>58,514</u>	<u>59,111</u>	<u>61,642</u>	<u>60,692</u>	<u>61,479</u>
TOTAL	<u>115,561</u>	<u>117,450</u>	<u>120,454</u>	<u>123,423</u>	<u>123,053</u>	<u>123,113</u>	<u>123,941</u>	<u>127,419</u>	<u>127,055</u>	<u>129,098</u>

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

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



STATE OF IOWA

EMPLOYMENT BY INDUSTRY

For the Last Ten Years
(Expressed in Thousands)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Manufacturing Durable	134.3	131.9	128.8	126.8	130.2	136.7	141.5	141.5	148.4	154.0
Manufacturing Non-Durable	99.7	103.9	103.5	103.1	105.6	108.2	108.8	105.9	105.3	107.5
Mining	2.0	2.0	2.1	2.1	2.1	2.2	2.1	2.1	2.1	2.2
Construction	40.5	44.9	45.6	47.3	48.4	53.2	54.9	58.5	60.0	62.2
Transportation, Communication and Public Utilities	55.7	55.9	55.2	54.5	56.6	58.9	61.4	62.9	65.4	69.2
Wholesale and Retail Trade	306.4	308.0	312.4	317.5	319.9	330.5	340.5	341.1	345.3	353.9
Finance, Insurance and Real Estate	68.4	69.3	71.8	72.4	74.1	76.6	76.7	77.6	79.4	83.0
Services	276.1	288.6	296.8	306.1	317.4	326.7	341.1	359.1	365.2	378.6
Government	217.0	219.6	220.3	221.6	222.8	226.2	230.1	231.6	234.4	235.7

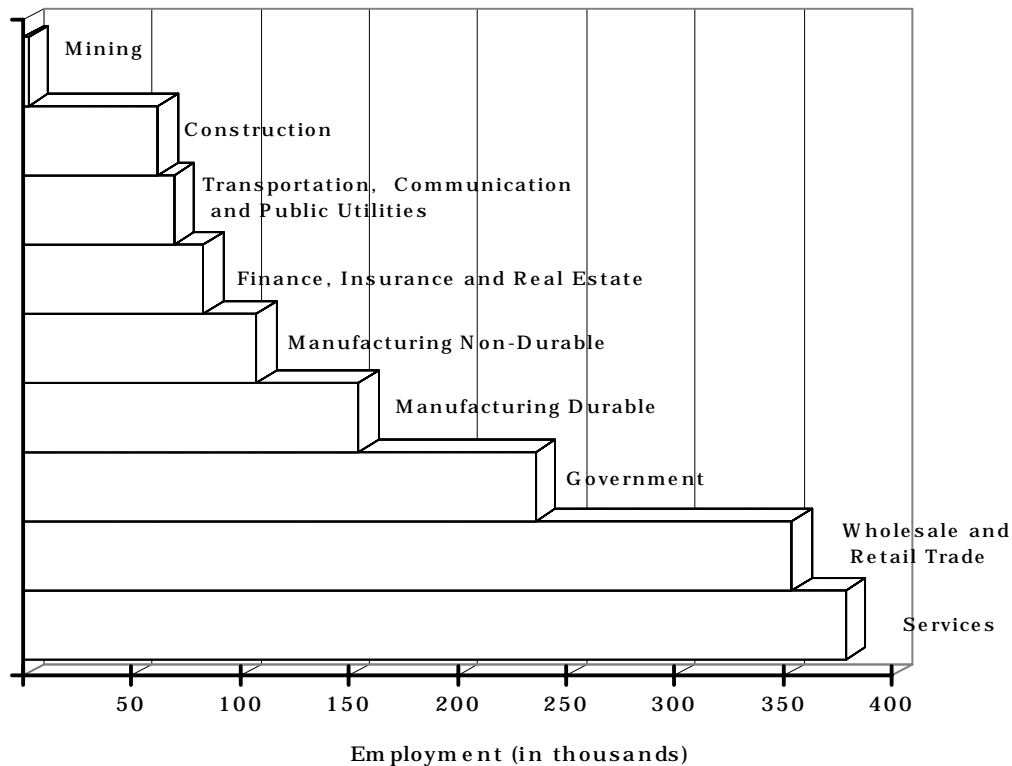
**TOTAL NON-AGRICULTURAL
WAGE AND SALARY
EMPLOYEES**

	<u>1,200.1</u>	<u>1,224.1</u>	<u>1,236.5</u>	<u>1,251.4</u>	<u>1,277.1</u>	<u>1,319.2</u>	<u>1,357.1</u>	<u>1,380.3</u>	<u>1,405.5</u>	<u>1,446.3</u>
--	----------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------

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

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

**Employment by Industry
(Non-Agricultural)**



STATE OF IOWA
TEN LARGEST NONGOVERNMENTAL EMPLOYERS

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

Note: Based on 1998 calendar year annual average employment.

Source: Iowa Workforce Development.

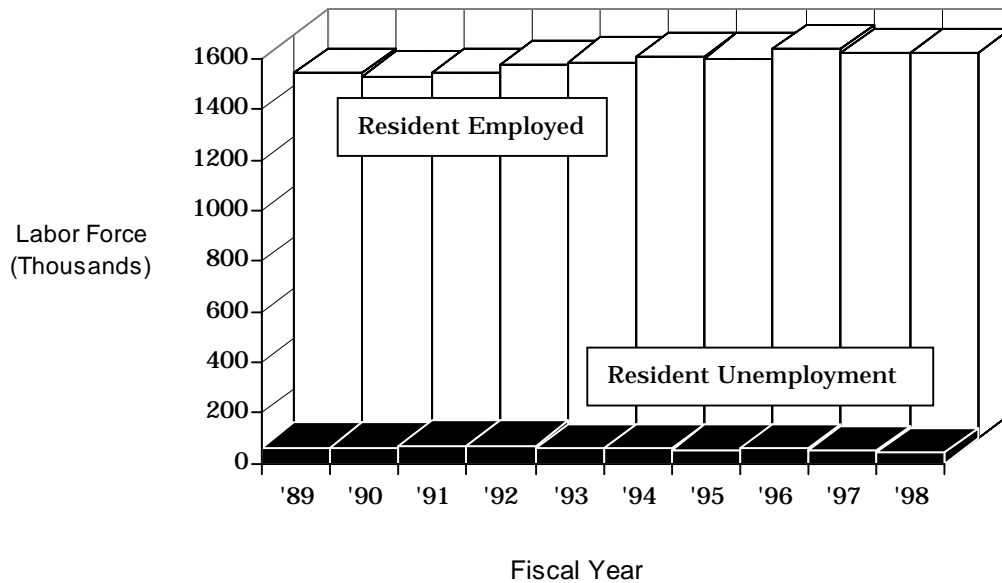
STATE OF IOWA
LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT
 Annual Averages

For the Last Ten Years
 (Expressed in Thousands)

	RESIDENT CIVILIAN LABOR FORCE	RESIDENT EMPLOYMENT	RESIDENT UNEMPLOYED	PERCENT UNEMPLOYED
1989	1,513.0	1,448.0	65.0	4.3
1990	1,496.0	1,433.0	63.0	4.2
1991	1,517.0	1,447.0	70.0	4.6
1992	1,551.0	1,479.0	72.0	4.6
1993	1,550.0	1,488.0	62.0	4.0
1994	1,565.0	1,508.0	58.0	3.7
1995	1,558.8	1,504.4	54.4	3.5
1996	1,599.0	1,539.0	60.0	3.8
1997	1,577.2	1,525.8	51.4	3.3
1998	1,569.8	1,526.3	43.5	2.8

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

**Employment and Unemployment
 Ten-Year Comparison**



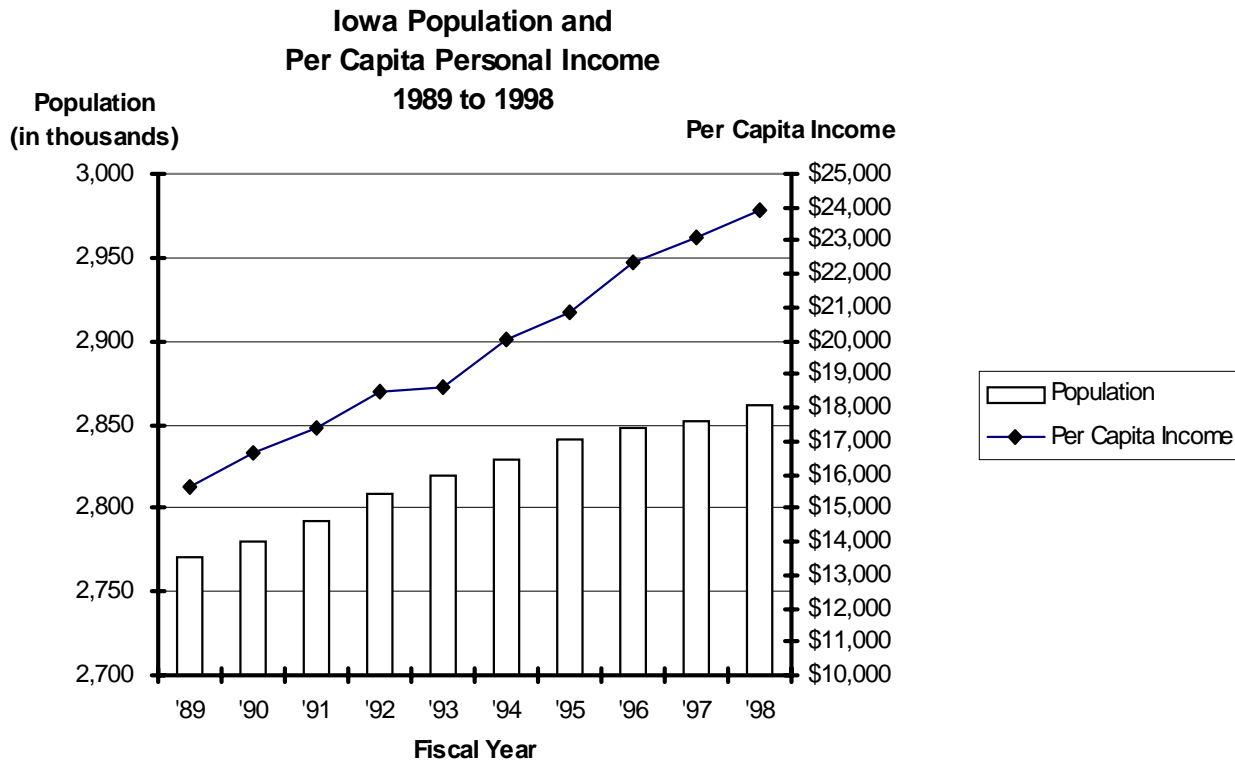
STATE OF IOWA

POPULATION, TOTAL PERSONAL INCOME, AND PER CAPITA PERSONAL INCOME

For the Last Ten Years

	POPULATION (Expressed in Thousands)	TOTAL PERSONAL INCOME (Expressed in Millions)	PER CAPITA PERSONAL INCOME (Expressed in Dollars)
1989	2,771	\$ 43,352	\$ 15,647
1990	2,780	46,375	16,683
1991	2,792	48,537	17,387
1992	2,808	51,973	18,508
1993	2,820	52,431	18,592
1994	2,829	56,802	20,077
1995	2,841	59,158	20,826
1996	2,848	63,597	22,330
1997	2,852	65,896	23,102
1998	2,862	68,473	23,925

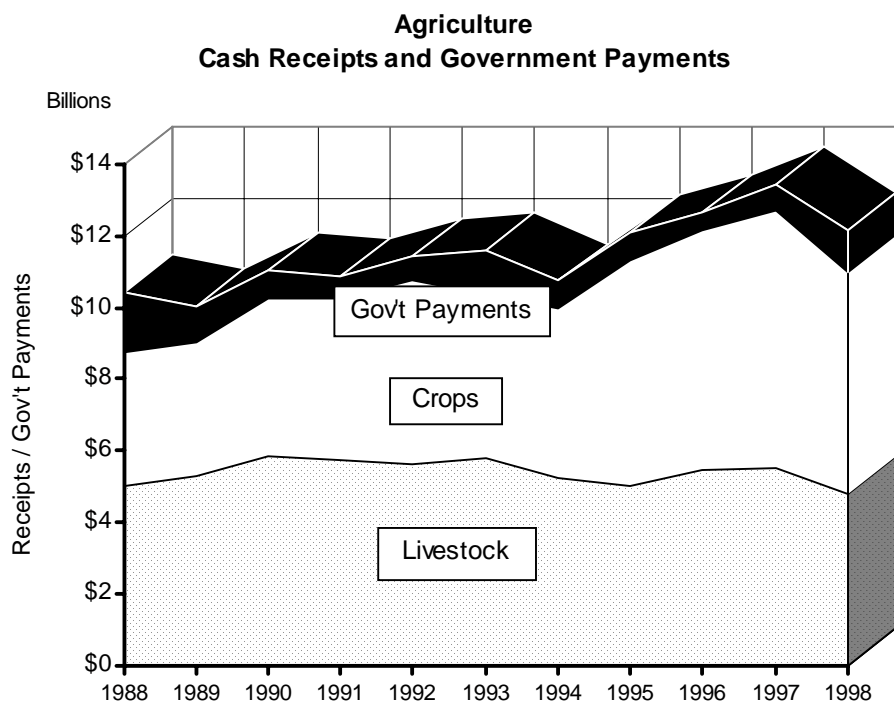
Source: U.S. Department of Commerce, Bureau of Economic Analysis



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

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Cattle	\$ 2,104.6	\$ 2,065.5	\$ 2,057.4	\$ 2,144.7	\$ 2,160.9	\$ 1,856.5	\$ 1,717.6	\$ 1,461.1	\$ 1,652.3	\$ 1,415.1
Hogs	2,421.0	2,989.0	2,916.5	2,732.2	2,820.0	2,571.6	2,480.2	3,004.0	2,957.2	2,413.7
Dairy Products	537.2	549.3	482.7	507.6	506.1	498.6	501.5	540.0	527.2	584.6
Other Livestock	230.2	258.7	263.8	260.7	294.2	304.2	323.0	445.6	393.0	364.2
TOTAL LIVESTOCK	5,293.0	5,862.5	5,720.4	5,645.2	5,781.2	5,230.9	5,022.3	5,450.7	5,529.7	4,777.6
Corn	1,781.9	2,422.9	2,521.0	2,913.2	2,643.8	2,509.5	3,649.4	3,874.7	3,722.3	3,167.8
Soybeans	1,724.8	1,788.5	1,824.8	2,026.9	1,784.6	2,055.4	2,425.0	2,603.4	3,229.3	2,837.3
Other Crops	248.5	205.1	183.4	200.2	177.3	208.5	202.0	219.7	241.3	211.5
TOTAL CROPS	3,755.2	4,416.5	4,529.2	5,140.3	4,605.7	4,773.4	6,276.4	6,697.8	7,192.9	6,216.6
Total Cash Receipts from Crops and Livestock	9,048.2	10,279.0	10,249.6	10,785.5	10,386.9	10,004.3	11,298.7	12,148.5	12,722.6	10,994.2
Government Payments	981.2	753.7	645.0	662.3	1,229.5	732.4	784.7	501.7	709.7	1,146.0
Total Cash Receipts and Government Payments	\$ 10,029.4	\$ 11,032.7	\$ 10,894.6	\$ 11,447.8	\$ 11,616.4	\$ 10,736.7	\$ 12,083.4	\$ 12,650.2	\$ 13,432.3	\$ 12,140.2

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



STATE OF IOWA
REVENUE BOND COVERAGE

For the Last Ten Years
(Expressed in Thousands)

IOWA FINANCE AUTHORITY

FISCAL YEAR ENDED JUNE 30	GROSS REVENUES	DIRECT OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
1990	\$ 76,800.3	\$ 448.8	\$ 76,351.5	\$ 27,850.0	\$ 40,633.1	\$ 68,483.1	1.11
1991	82,574.1	556.0	82,018.1	33,770.0	38,976.3	72,746.3	1.13
1992	105,130.5	626.6	104,503.9	42,115.0	39,489.6	81,604.6	1.28
1993	117,365.2	825.6	116,539.6	76,705.0	38,896.3	115,601.3	1.01
1994	111,330.9	816.6	110,514.3	70,574.8	32,987.7	103,562.5	1.07
1995	130,224.7	748.6	129,476.1	109,678.7	30,858.8	140,537.5	.92
1996	83,308.4	735.0	82,573.4	34,387.4	30,191.1	64,578.5	1.28
1997	125,170.3	745.2	124,425.1	92,274.5	29,480.6	121,755.1	1.02
1998	121,084.1	753.7	120,330.4	75,587.0	30,348.2	105,935.2	1.14
1999	99,952.2	1,044.7	98,907.5	49,668.1	29,039.1	78,707.2	1.26

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
1990	\$ 5,224.7	\$ 125.4	\$ 5,099.3	\$ -	\$ 5,084.6	\$ 5,084.6	1.00
1991	4,675.6	128.7	4,546.9	-	4,537.1	4,537.1	1.00
1992	3,826.3	83.1	3,743.2	-	3,520.6	3,520.6	1.06
1993	3,531.9	128.5	3,403.4	-	3,233.3	3,233.3	1.05
1994	3,672.1	135.7	3,536.4	2,065.0	3,274.4	5,339.4	.66
1995	3,752.3	132.8	3,619.5	2,590.0	3,569.7	6,159.7	.59
1996	3,579.3	146.0	3,433.3	2,605.0	3,333.5	5,938.5	.58
1997	3,391.0	169.7	3,221.3	2,270.0	3,416.4	5,686.4	.57
1998	2,859.3	128.3	2,731.0	1,715.0	2,614.8	4,329.8	.63
1999	2,680.0	114.4	2,565.6	2,010.0	2,406.0	4,416.0	.59

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

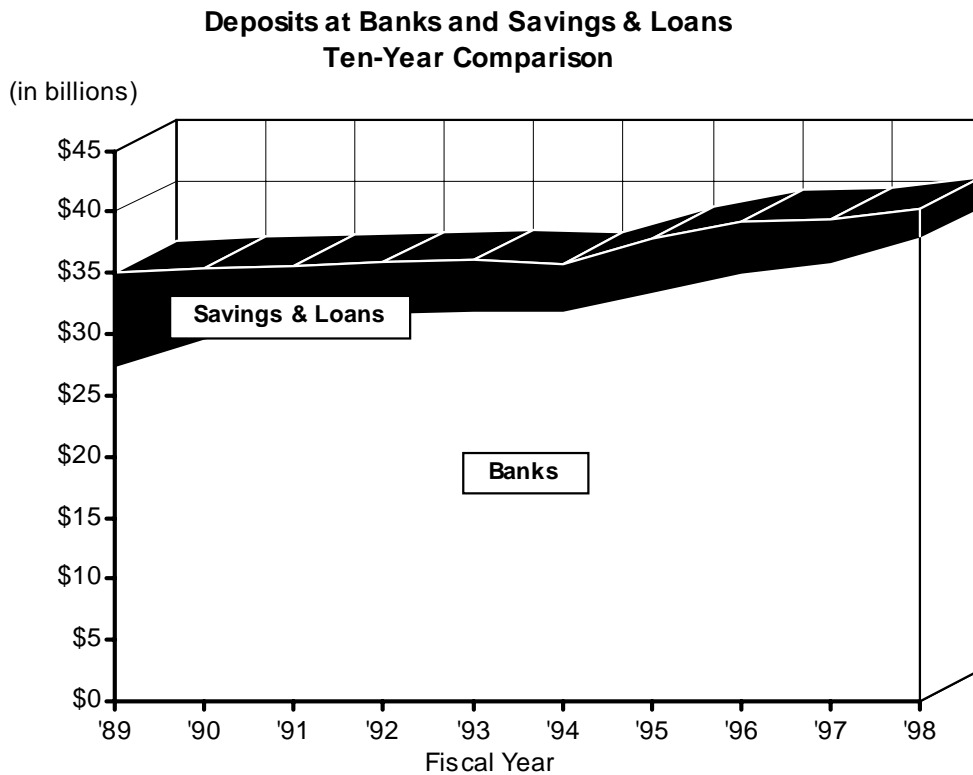
STATE OF IOWA

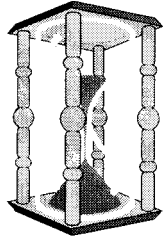
BANK and SAVINGS & LOAN DEPOSITS

For the Last Ten Years
(Expressed in Millions)

	BANKS		SAVINGS & LOANS		TOTAL DEPOSITS
	NUMBER	DEPOSITS	NUMBER	DEPOSITS	
1989	576	\$27,449.0	44	\$7,626.8	\$35,075.8
1990	565	\$29,686.0	38	\$5,736.4	\$35,422.4
1991	561	\$31,054.8	34	\$4,532.7	\$35,587.5
1992	542	\$31,665.0	31	\$4,166.7	\$35,831.7
1993	530	\$31,996.0	32	\$4,008.3	\$36,004.3
1994	517	\$31,930.0	32	\$3,794.0	\$35,724.0
1995	491	\$33,533.0	32	\$4,258.5	\$37,791.5
1996	468	\$35,033.0	30	\$4,172.1	\$39,205.1
1997	453	\$35,951.0	25	\$3,434.5	\$39,385.5
1998	443	\$37,961.0	23	\$2,286.0	\$40,247.0

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





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