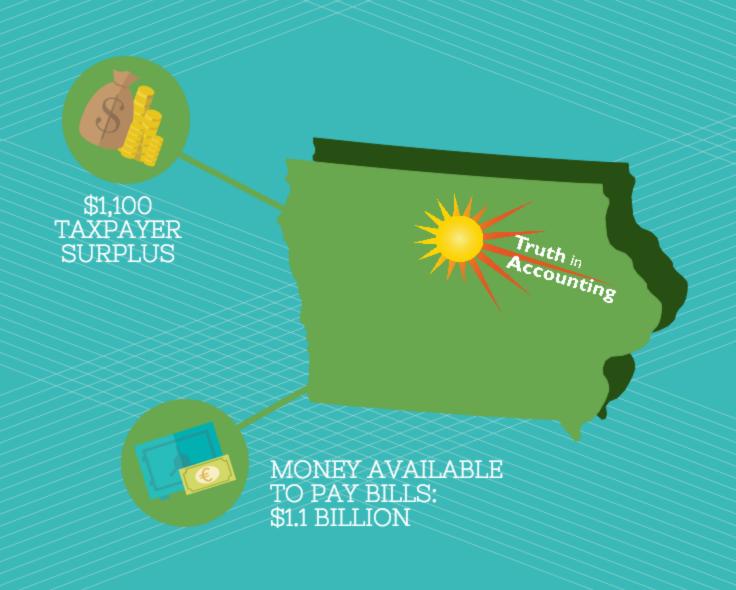
## Financial state of the state

# 10 IOWA



#### THE FINANCIAL STATE OF IOWA

### Why did Iowa's reported pension debt increase by \$770 million this year?

Because of a new accounting rule, lowa now has to report its pension debt on its balance sheet. As a result, the state's reported pension debt grew from \$63.8 million in 2014 to \$833.9 million in 2015. However, the state is still hiding \$169 million of pension debt from taxpayers.

For years, Truth in Accounting has called for this financial reporting change, and we welcome the shift towards more transparent accounting.

The state's assets exceed its bills	
Assets	\$28,802,132,000
Minus: Capital assets	-\$13.814.077.000
Restricted assets	-\$5.916.200.000
Assets available to pay bills	\$9.071.855.000
Minus: Bills	-\$7.928.676.000
Money available to pay future bills	\$1,143,179,000
Each taxpayer's share of surplus	\$1,100

lowa has \$28.8 billion in assets, but most of these assets are not available to pay state bills.

The \$13.8 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$5.9 billion of the assets is restricted by law or contract.

That leaves \$9.1 billion of the state's assets available to pay \$7.9 billion of bills as they come due.



Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information.

To be knowledgeable participants in their government and its budget process, citizens need to be provided with truthful and transparent financial information.

#### Key findings

- Iowa has \$9.1 billion available to pay \$7.9 billion worth of bills. Therefore, the state has a \$1.1 billion surplus.
- lowa has a taxpayer surplus of \$1,100, which is each taxpayer's share of the state's excess funds.
- Despite reporting most of its pension debt, the state still continues to hide most of its retiree health care debt. The state's total hidden debt is \$568.2 million.

The bills lowa has accumulated	
Bonds	\$4,944,328,000
Other liabilities	\$3.448.096.000
Minus: Debt related to capital assets	-\$2.123.715.000
Unfunded pension benefits	\$1.002.819.000
Unfunded retiree health care benefits	\$657.148.000
Bills	\$7,928,676,000

The state has accumulated bonds of \$4.9 billion and other liabilities of \$3.4 billion. The calculation of assets available to pay bills does not include capital assets, so \$2.1 billion of related debt is removed from the calculation of state bills.

Unfunded employees' retirement benefits represent 21% of state bills. These unfunded liabilities have accumulated because state employees have been promised \$1 billion of pension benefits and \$657.1 million of retiree health care benefits. Unlike most states, lowa has the assets needed to pay these liabilities.

lowa's elected officials seem to promise only the amount of benefits they can afford to pay.

Data is derived from the state of lowa's June 30, 2015 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

Number of taxpayers is based on an estimation of the state's population with a federal tax liability.

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