

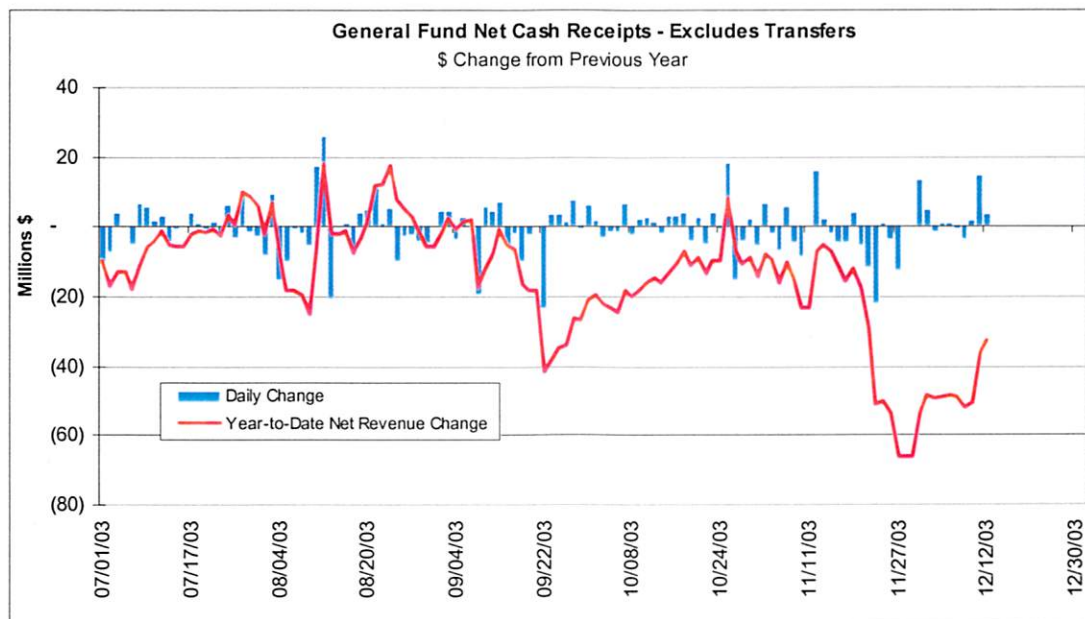
Year-to-Date General Fund Net Revenue – Dollar Amount Change Compared to the Previous Fiscal Year.

The following chart illustrates year-to-date General Fund net revenues compared to the same period of last fiscal year. The graph represents tax and other receipts, minus refunds. Transfers are not included.

The data for FY 2003 have been adjusted so that the influence of weekends, holidays, and local option tax withdrawals do not produce wide swings in the daily dollar amount change from one fiscal year to the next. No adjustments have been made to incorporate law changes.

Graph Analysis

The blue bars depict each day's net revenue change and the red line depicts the year-to-date net revenue change (sum of the year-to-date daily changes). Net receipts started FY 2004 in negative territory. This was due to the additional revenue deposited in early 2002 resulting from June 29 & 30, 2002 falling on a weekend. Even with the adjustments made to more closely match the two fiscal years, there is much noise in the data between major tax due dates. As of December 12, a \$13.2 million increase in gross revenue has been more than offset by an increase in corporate tax refunds. Year-to-date cash net revenue is down \$32.7 million. Generally, individual income tax withholding receipts are up while the remaining categories are down for the year. Net corporate receipts have been hit particularly hard (\$- 96.8 million).

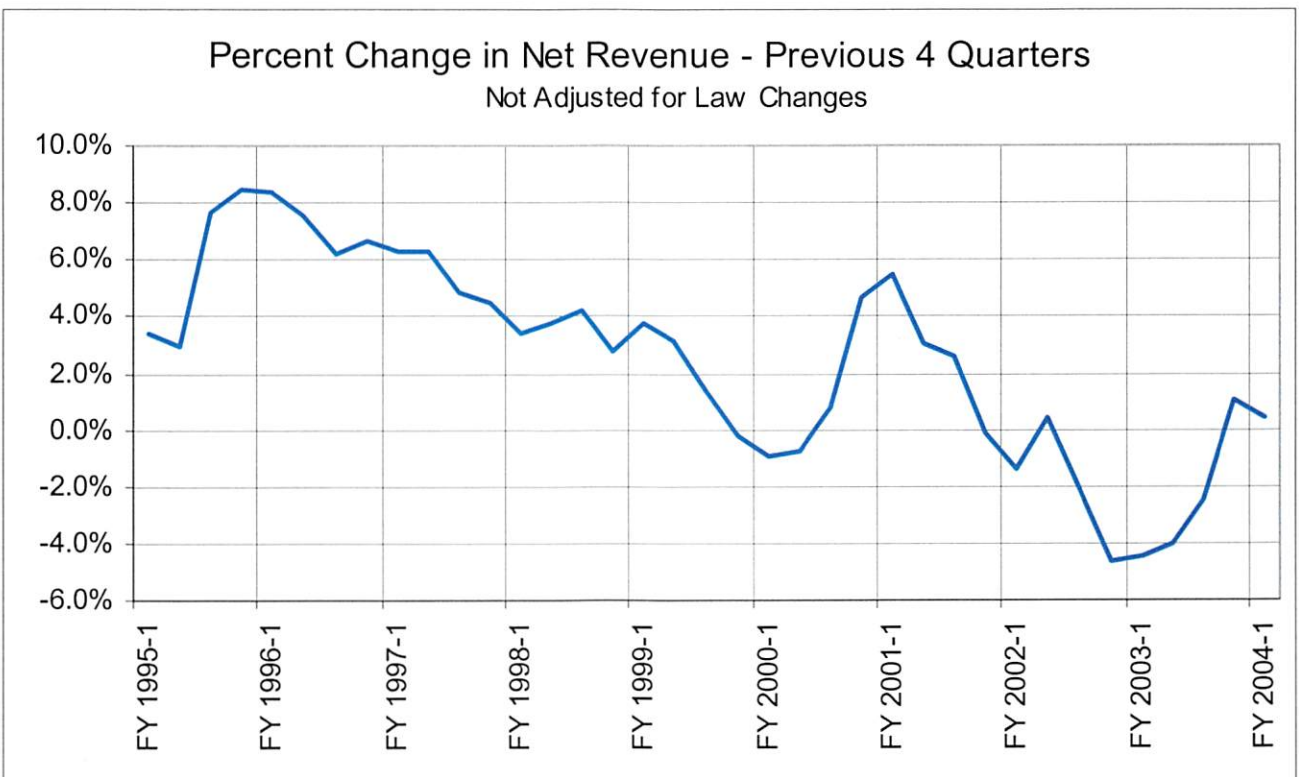


General Fund Quarterly Net Revenue – Percentage change for previous four quarters.

The following chart illustrates quarterly net General Fund revenues (taxes and other receipts, excluding transfers, minus refunds).

Graph Analysis

The graphed percentage compares net receipts from the previous four quarters to net receipts from the same four quarters one year earlier. The data has not been adjusted for revenue law changes. Therefore, the dip from mid-FY 1999 to mid-FY 2000 was due in large part to a reduction in income tax rates. The dip starting in mid-FY 2001 and extending through the end of FY 2002 was due to decreased economic activity during that time, although some tax reductions were initiated during this period. Growth for the first quarter of FY 2004 was negative 2.5%, reversing the upward trend for the four-quarter average.

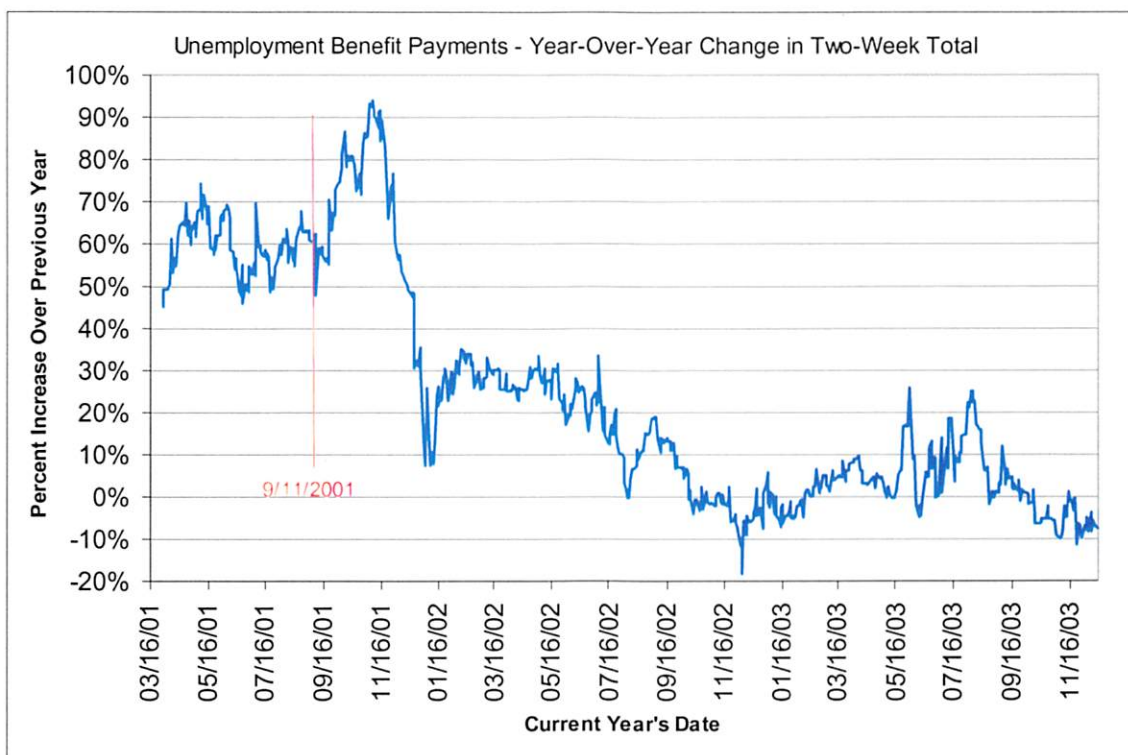


Percentage Change in State Unemployment Benefits – Current week versus the same week the previous year.

The following chart is based on the total dollars paid to unemployed Iowans during a given week. The percentage value represents the increase or decrease compared to the same two week period one year earlier. The numbers include only regular benefits and do not include extended benefits. A normal growth of 2% to 3% is expected due to annual increases in the maximum benefit amount.

Graph Analysis

Negative percentages indicate fewer people are receiving unemployment benefits compared to the previous year. The graph indicates CY 2001 was a very bad year compared to CY 2000, while CY 2002 showed marked improvement. Improvement stopped at the end of CY 2002 and the graph shows a mild but steady reversal during the first seven months of CY 2003. Since August 1st, the trend has been encouraging. For an economic recovery to really be evident, the graph must fall and stay in significant negative territory. The trend for the last twelve weeks is somewhat encouraging.



Unemployment Insurance Payments to Iowans – Twelve-Month Moving Total of First Payments and Final Payments

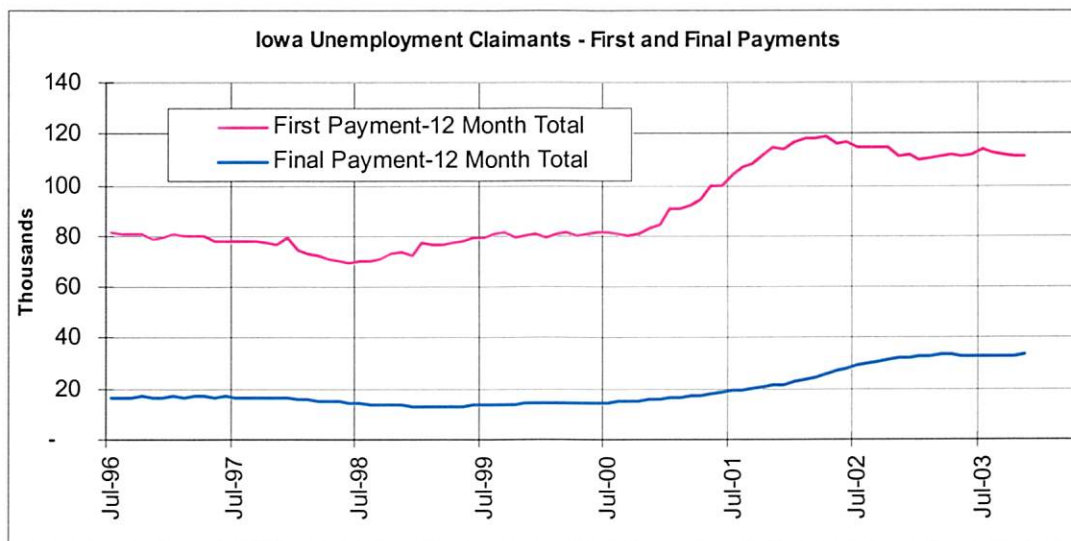
The following chart is based on the number of claimants receiving benefits from Iowa's Unemployment Trust Fund. The graph displays the sum total of the previous 12 months of claims, so a value of 80,000 on the First Payment line means that number of people received a first unemployment check during the previous 12 months and a reading of 20,000 on the Final Payment line means that number of people exhausted benefits during the previous 12 months. The graph only depicts regular unemployment benefits and does not include data covering extended benefits. In most instances, eligible unemployed persons may draw regular benefits for a maximum of 26 weeks.

Graph Analysis

The graph depicts a stable unemployment picture throughout the last half of the 1990's. A marked increase in the number of persons receiving first benefit checks is shown starting the month of October 2000 and continuing through April 2002. The decline since that date stalled in January 2003.

The Final Payment line shows corresponding increases in the number of people exhausting benefits, although the increases and decreases are six to ten months past the dates of the changes to the First Payment lines. The Final payment line peaked in April 2003 and is off only slightly since that time. The shape of the two lines does not indicate an employment recovery.

On a related note, the number of persons receiving unemployment benefits during November 2003 was 29,530 – down 1,200 from a year ago. This was the second consecutive month showing a noticeable drop in unemployment recipients compared to the same month one year earlier.

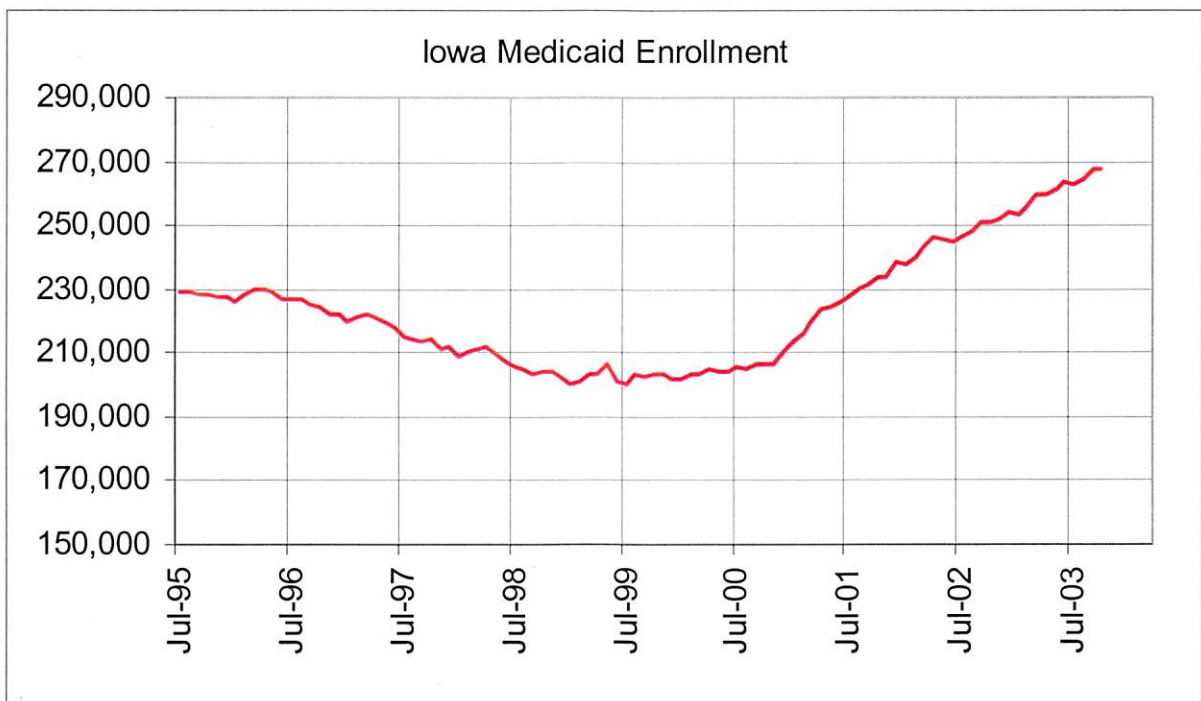


Iowa Medical Assistance (Medicaid) Enrollment

The following graph depicts the number of persons enrolled in Medical Assistance on a 12 month moving total basis. Iowan's become eligible for Medical Assistance when their income is below a threshold. Although Medical Assistance enrollment is often associated with the budget process, the number of persons enrolled in the program also provides insight in to the state of the Iowa economy.

Graph Analysis

Medical Assistance enrollment reached a low point in July 1999. A mild upward trend was evident between that month and November 2000. The rate of increase jumped considerably with December 2000 and has continued to grow steadily through the most recent month (October 2003). For the economy to be considered truly "recovered", the red line needs to return at least to the 230,000 level.

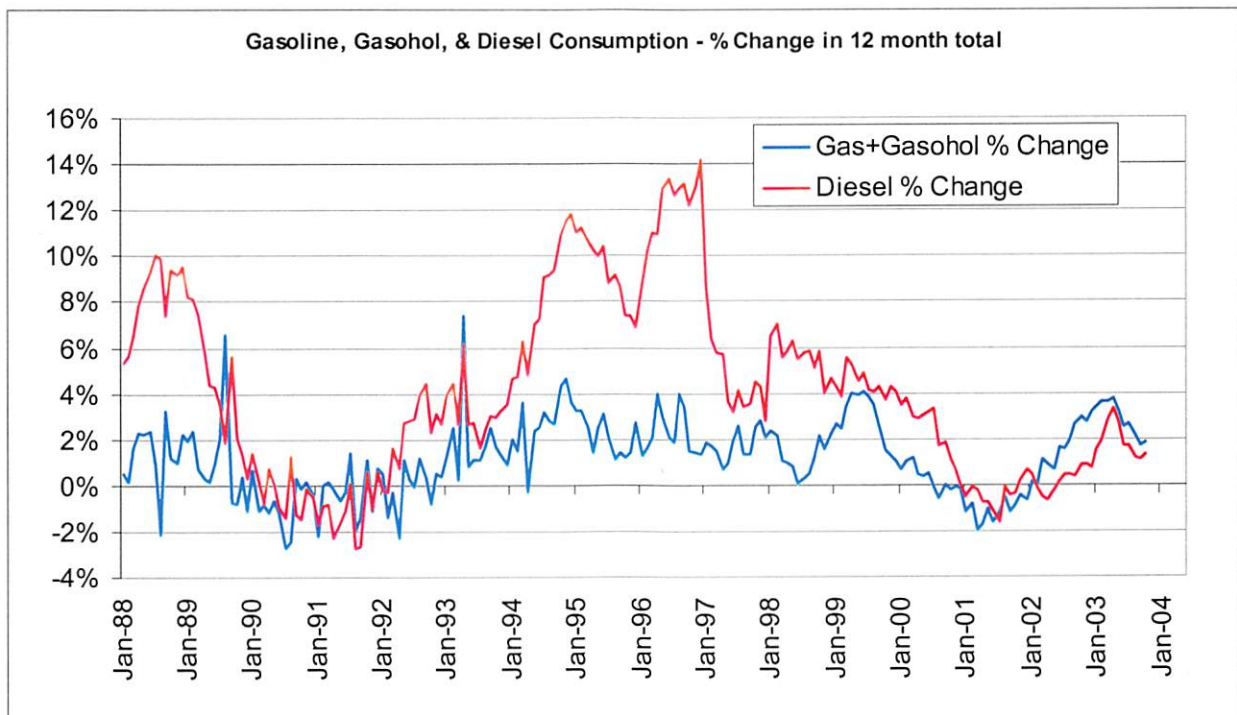


Percentage Change in Taxable Fuel Sales – Current month change from same month the previous year divided by 12 month sales

The following chart is based on the taxable fuel sold in Iowa as reported by the Department of Revenue. The graph shows the change in taxable gallons sold during the previous 12 months compared to the same 12 months one year earlier. The key factor in interpreting the Chart is the direction of the change.

Graph Analysis

Negative percentages indicate fewer taxable gallons were sold during the most recent 12 months compared to the 12 months one year earlier. Many factors can influence the amount of fuel purchased in a month/year. However, absent marked increases in fuel economy or changes in how people and goods are transported (trains instead of road vehicles), a reasonable explanation of reduced taxable fuel sales is that fewer goods and people are traveling in Iowa. The recent trend has been disappointing and indicates a recovery that started in the summer of 2001 reversed in March of 2003.

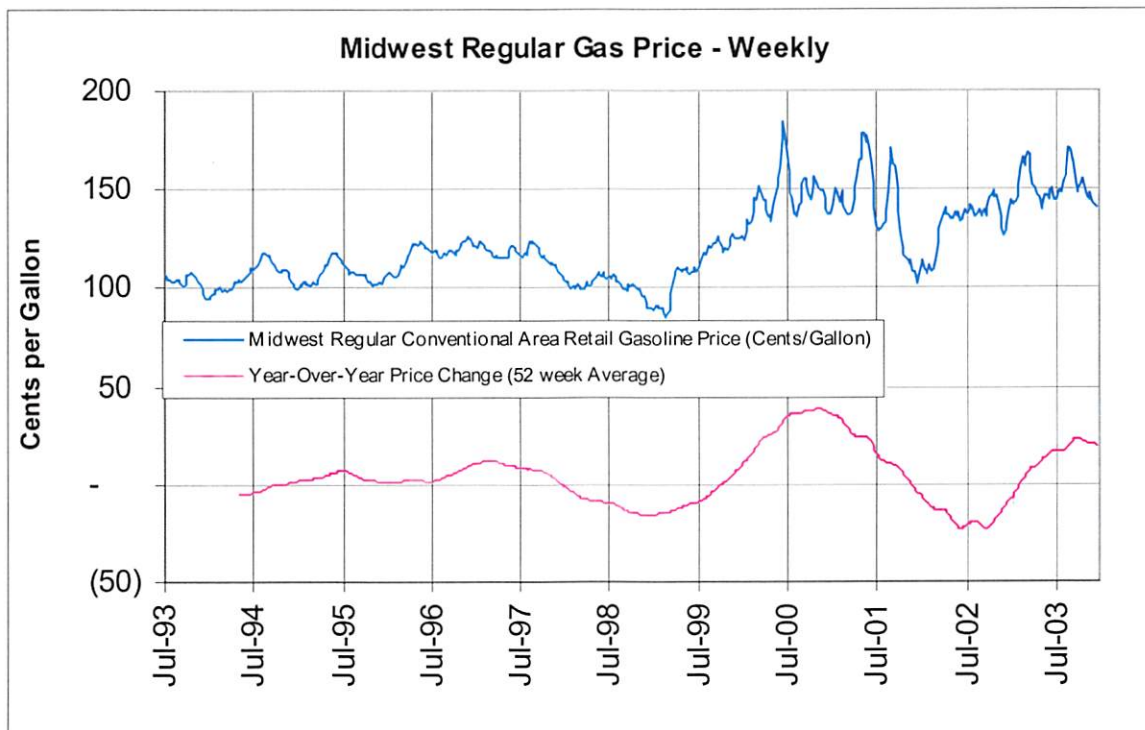


Gasoline Prices – Actual reported weekly price and change from same week one year earlier.

The following chart is based on the Department of Energy weekly Midwest gasoline price reports. The graph shows the reported weekly price as well as the average price change (year-over-year) from the previous year. The key factor is the change from the previous year, as this will impact the disposable income of Iowans. If the lower line is above zero, it can be assumed Iowans are spending more on motor fuel this year than during the previous twelve months and therefore have less to spend on other items. Taxable sales of gasoline and gasohol in Iowa total roughly 133 million gallons per month. A \$0.10 increase in the price therefore reduces disposable income by \$13 million per month or \$160 million on an annual basis. Since Iowa processes very little of the raw products involved, it can be assumed that almost all of this money leaves the state immediately. The numbers do not include diesel or aviation gallons.

Graph Analysis

The cost of motor fuel was very constant during most of the 1990's. This changed around mid-1999 and became very serious by mid-2000. Since that time, prices have been higher and more volatile. Prices recently peaked in March 2003 (Iraq war) and then receded to near-2002 levels. Prices peaked again around September 1 as a fuel pipeline break in Arizona drove up gasoline prices nationally. As of December 15, Midwest regular gas prices were \$1.41 per gallon, 9.4 cents above last year. For the last 12 months, prices have average 19.7 cents per gallon above the year before. An increase of that amount could be expected to reduce Iowa disposable income by \$437.0 million.

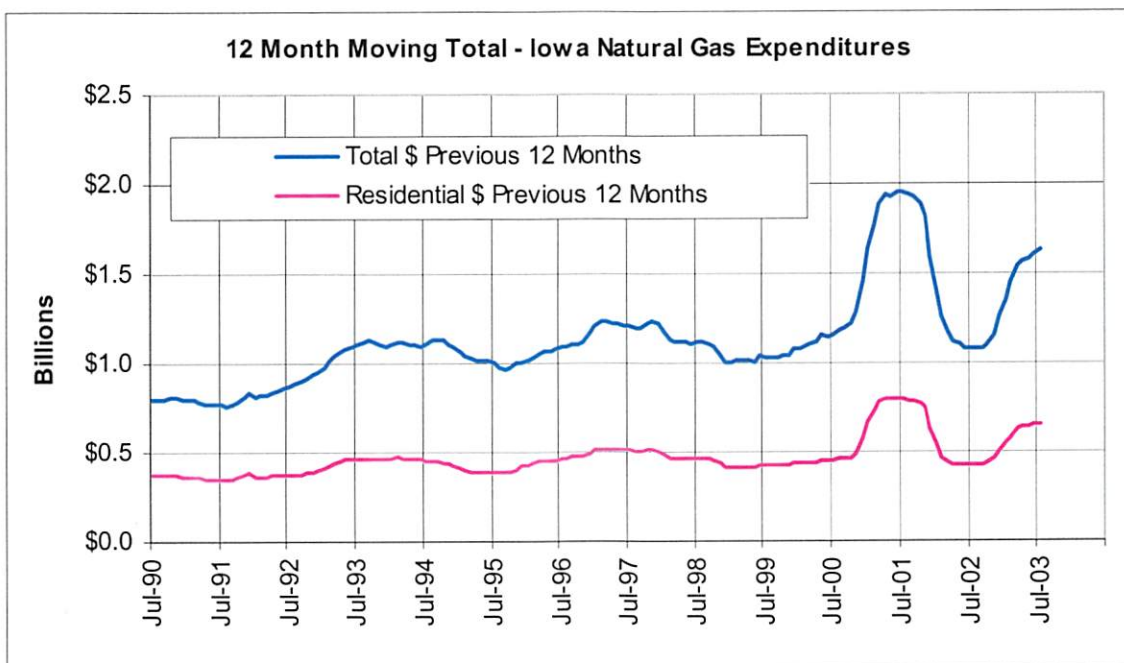


The following chart is based on the Department of Energy monthly Iowa delivered natural gas prices and amounts. Price and volume numbers are multiplied to provide an estimate of the amount of money Iowa residential, commercial, industrial, and utility customers pay for natural gas. The number is presented graphically as a moving total of the previous 12 months. While higher total costs could indicate increased economic activity (increased volume not due to lower winter temperatures), it more likely indicates (on a short term basis) colder winters and higher prices.

Graph Analysis

The following graph shows the total expenditures for all customer classes as well as residential only. The key factor for analysis is the upward or downward trend in the lines. As the lines increase or decrease from month-to-month, Iowans have less disposal income for other purchases (all else being equal). The graph clearly shows the impact of the cold winter/high price period that started in late CY 2000 and lasted through early CY 2002. This increase almost doubled the total expenditures for natural gas in CY 2001 and this pulled an extra \$300 million out of the residential sector and \$812 million out of the entire Iowa economy. An increase of that amount could be expected to reduce Iowa disposable income by roughly \$513.5 million. While the trend returned to the baseline by May 2002, recent months and news reports indicate that at least the price portion of the equation will be high for the foreseeable future.

This series is limited by the timeliness of the report, as the data are at least four months old when reported.

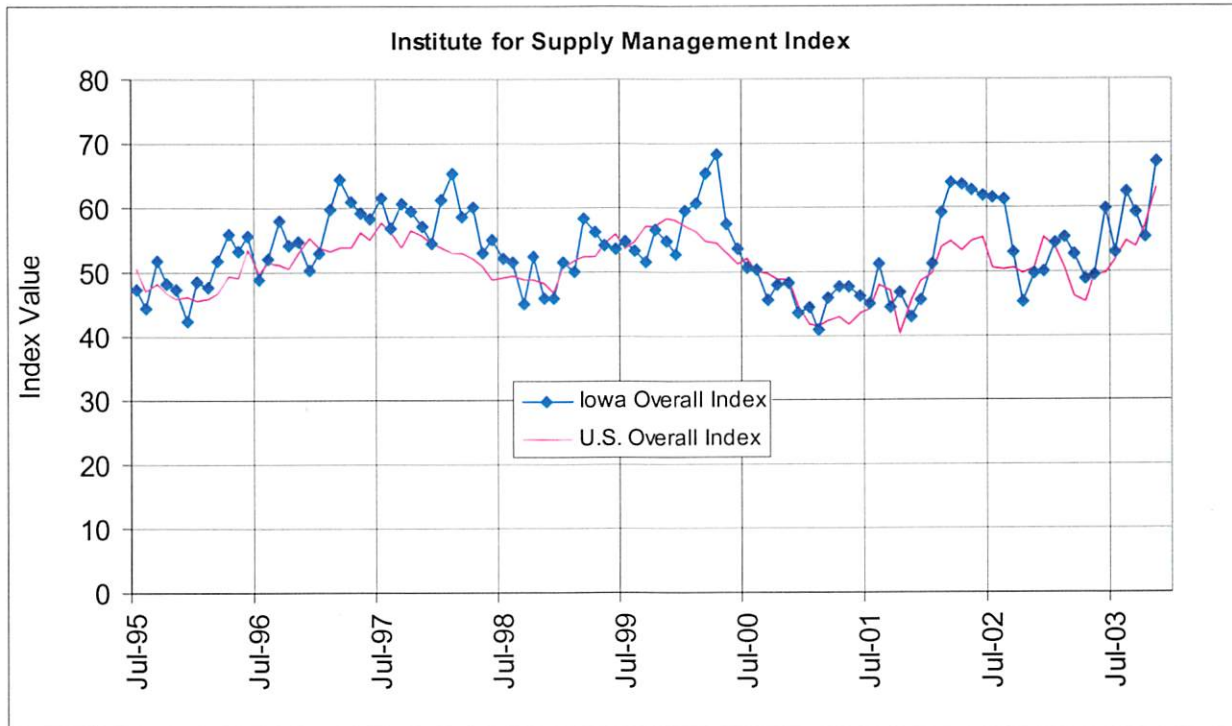


Institute for Supply Management Index – Iowa and U.S. Purchasing Manager Survey

The Institute for Supply Management and Creighton University (Iowa specific) survey industry purchasing managers on a monthly basis. The indexes produced by both organizations provide a picture of how purchasing managers see current and future economic conditions. Index readings of 50 or above indicate an expansion while below 50 indicate a recession. The following chart shows the Iowa and the U.S. overall index by month.

Graph Analysis

The Iowa index has generally exceeded the U.S. index over the long run. This could simply be due to different organizations completing each index. The Iowa and U.S. index values have generally increased since May 2003. The U.S. and Iowa index values each increased substantially in November.

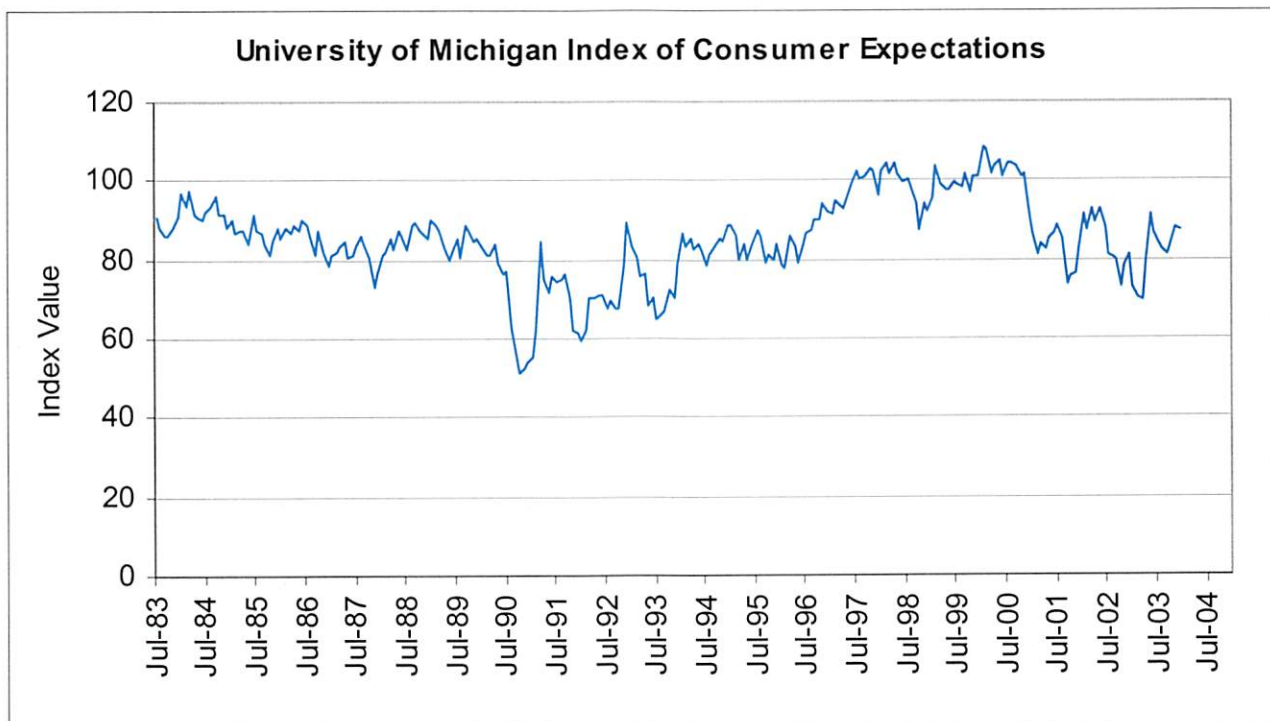


University of Michigan Consumer Confidence Survey – National Data

The University of Michigan surveys consumers on a monthly basis concerning their views of their own economic situation. There is no similar Iowa-specific survey.

Graph Analysis

The Index of Consumer Expectations hovered near 80 after the recession of the early 1980's dipping only during the recession of the early 1990's. A large increase coinciding with the stock market boom of the last half of the 1990's ended in late CY 2000 and the index returned to a value around 80 for 18 months. A 10-year low value of 70 was recorded in March 2003. The end of active war status in Iraq produced a significant jump in consumer expectations by June 2003, but the index value has receded somewhat since that time.

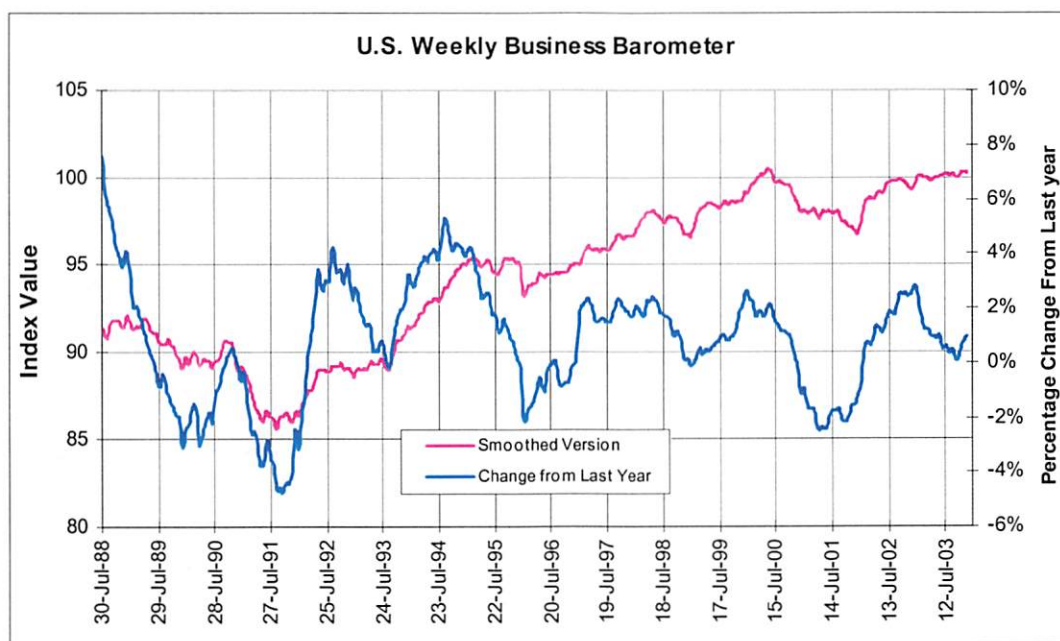


Dow Jones – Bank of Tokyo-Mitsubishi U.S. Weekly Business Barometer – National Data

Dow Jones & the Bank of Tokyo-Mitsubishi produce a U.S. Weekly Business Barometer described as a correlation-weighted composite index of weekly business activity. The Index is composed of 10 statistics of industrial and commercial activity, including car & truck production, box office receipts, etc. There is no similar Iowa-specific survey.

Graph Analysis

The following graph shows the weekly index value (smoothed version) as well as the change in the Index from the same week the previous year. The Index started to decline in percentage increase in January 2000 and in absolute value in June 2000. The Index bottomed in December 2001 when the value hit 96.8. During CY 2003, the Index has generally increased, but at a much lower percentage than CY 2002. The rate of growth in the Index abruptly changed in January 2003 and the “Change from Last Year” line since that time has not been encouraging.



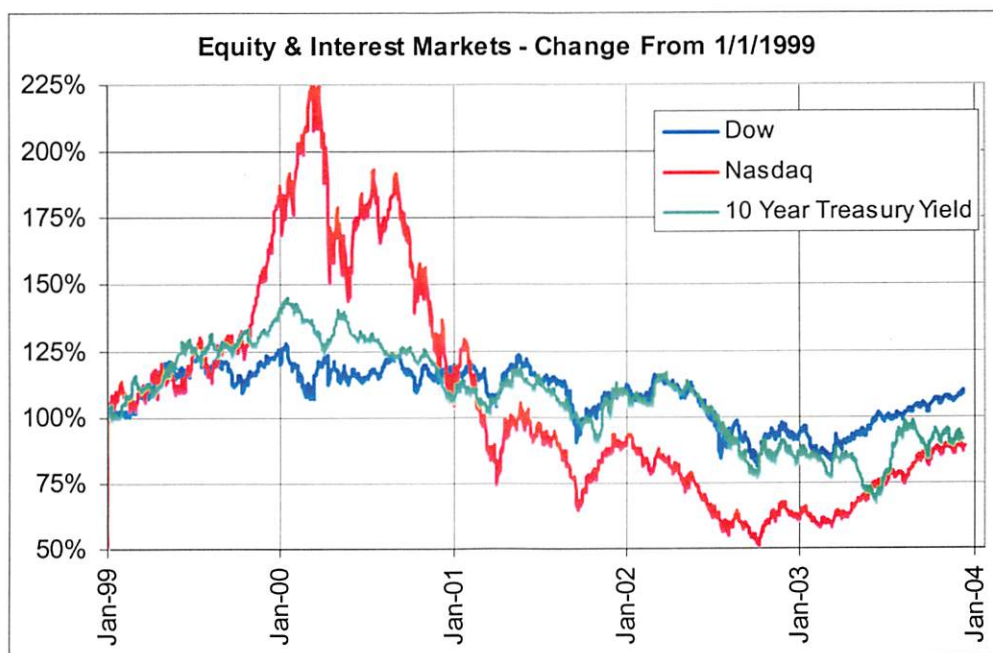
Equity and Interest Markets

Iowans and Americans in general invest significant amounts of money in stock markets (equity) and in interest bearing accounts and investments. Those investments produce ordinary income and capital gains (as well as capital losses). The later half of the 1990's exhibited solid equity market gains and reasonable interest rates. In October 1999, the technology-heavy NASDAQ market began an aggressive valuation-increase period that lasted to March of 2000. With the bursting of the "tech bubble", the NASDAQ slid to a low over the next two and one-half years, reaching a recent bottom in October 2002. The Dow market has taken a similar path, but with much smaller ups and downs.

With the bursting of the bubble, interest rates (represented here by the 10-year U.S. Treasury bond yield), began to slide in earlier CY 2000 and bottomed in June 2003.

Graph Analysis

The following graph shows the percentage change in the value of the NASDAQ and Dow indexes and the yield on the 10-year U.S. Treasury bond using the value of each on January 1, 1999 as the base. To produce additional taxes through capital gains and interest income (assuming a static amount of invested funds), the graph needs to show percentage increases. When the graph declines and all else is equal, capital losses and reduced taxable interest should be expected. Generally, the taxes generated or lost in one January to December period will most affect the first half of the next annual period. Therefore, the run-up in CY 1999 would most effect FY 2000, and the decrease in CY 2000 would most impact FY 2001. Due to limits on capital losses claimed in one year, the equity market hangover should depress tax receipts from capital gains (and ordinary income) for some time, even if recent equity market gains continue.

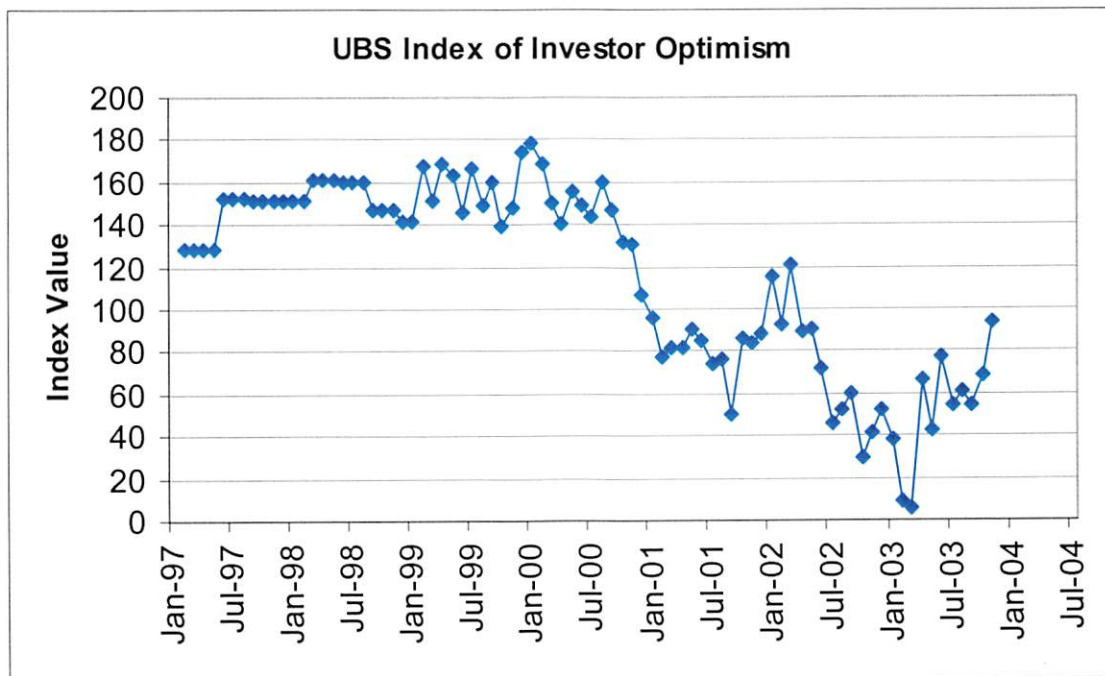


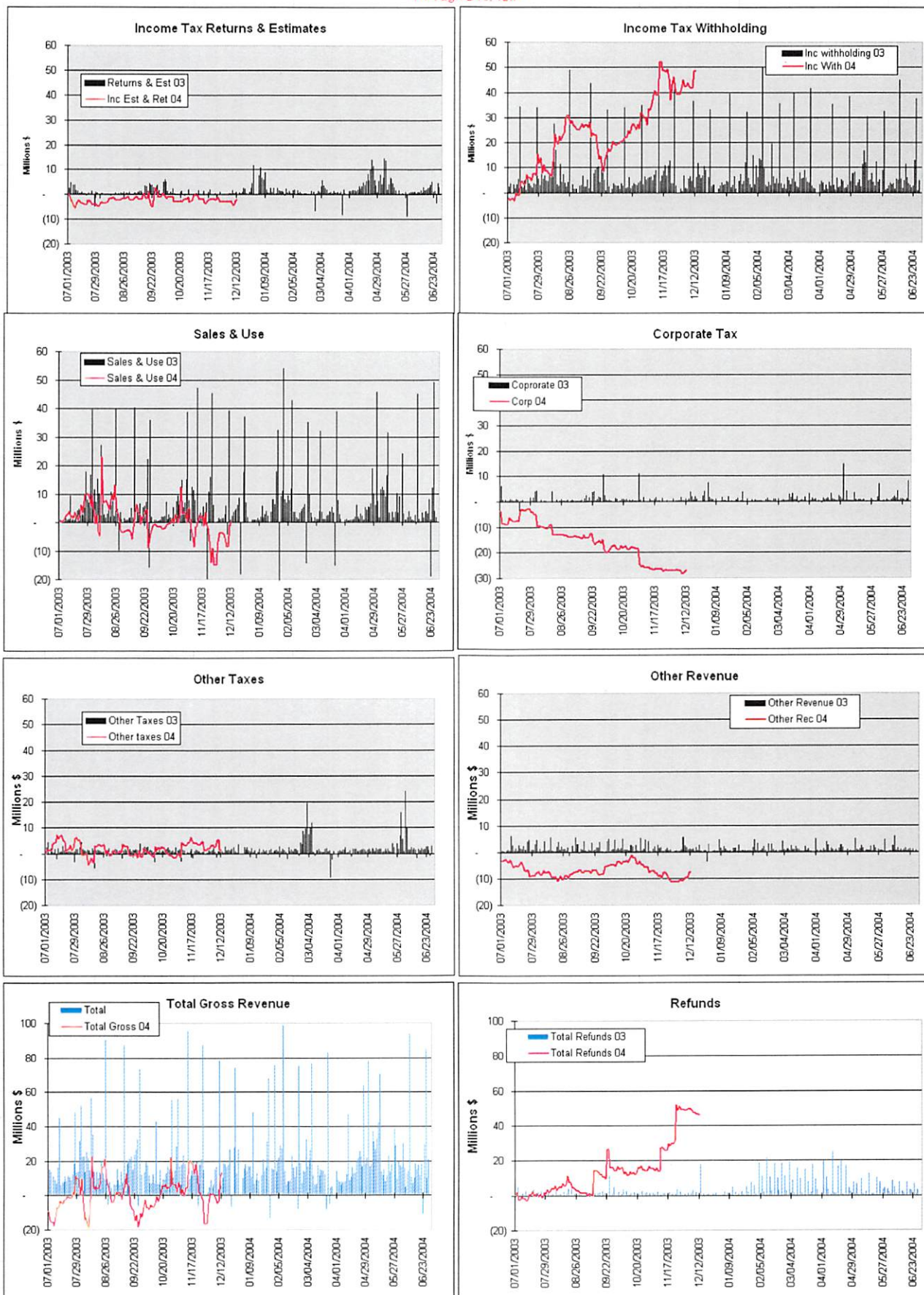
UBS Index of Investor Optimism – Monthly Survey of Investors

The UBS Index of Investor Optimism is a monthly survey, carried out among private investors across the United States. In the survey, investors are defined as households with at least \$10,000 of investable assets. The first two weeks of each month, the Gallup Organization carries out telephone interviews among 1,000 randomly selected private investors across the United States.

Graph Analysis

The following graph shows the monthly Index value. Investor optimism as measured by the Index has been generally falling since January 2000 with the exception of a brief up tick in early CY 2002. The Index (as well as stock market index values) has shown improvement since the end of the Iraq war.





CYFY 04 Receipts & Refunds.xls