



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

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NEWS RELEASE

FOR RELEASE \_\_\_\_\_ March 31, 2004

Contact: Andy Nielsen  
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Auditor of State David A. Vaudt today released the State of Iowa's Single Audit Report for the year ended June 30, 2003. The report covers the disbursement of federal funds by all state agencies, institutions and universities and includes a review of internal controls and compliance with federal laws and regulations.

The state expended \$4.5 billion of federal funds in fiscal year 2003, an increase of 8% from the prior year. Disbursements included approximately \$1.6 billion for medicaid, \$481 million for unemployment insurance, \$381 million for highway planning and construction, \$244 million for federal direct student loans, \$144 million for food stamps, and \$100 million for temporary assistance for needy families. Although the State of Iowa administered approximately 500 federal programs during the year ended June 30, 2003, these six programs accounted for over 66% of total federal disbursements.

Vaudt also reported internal control deficiencies at various state agencies. These items, with management's responses, are included in the Schedule of Findings and Questioned Costs.

A copy of the audit report is available for review in the Office of Auditor of State.

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**STATE OF IOWA  
SINGLE AUDIT REPORT**

**INDEPENDENT AUDITOR'S REPORTS  
IOWA COMPREHENSIVE ANNUAL FINANCIAL REPORT - FINANCIAL SECTION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2003**

**ENTITY IDENTIFICATION NUMBER  
EIN-42-0933966**

**State of Iowa**

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**State of Iowa**



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Independent Auditor's Report

To the Governor and Members of the General Assembly:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Iowa as of and for the year ended June 30, 2003, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of certain discretely presented component units, which statements reflect 96% of assets and 89% of revenues of the discretely presented component units. Those financial statements were audited 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 on the reports of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Iowa as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.


For the year ended June 30, 2003, appropriations of \$29,294,004 were made from the Rebuild Iowa Infrastructure Fund for items which are inconsistent with the fund's legislatively established purpose that it be used for public vertical infrastructure-related expenditures. These items included, but were not limited to, natural resources and conservation programs, support of various technology programs and routine maintenance of state buildings. Expenditures for these items during the year ended June 30, 2003 totaled \$29,228,867 of which \$594,636 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 basic financial statements.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedules of Funding Progress on pages 8 through 16 and 72 through 80 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Iowa's basic financial statements. The combining and individual nonmajor fund financial statements and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and supplementary information have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2003 on our consideration of 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit. In addition, other matters involving the internal control over financial reporting will be reported to management in separate departmental reports.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 12, 2003



**COMPREHENSIVE ANNUAL FINANCIAL REPORT -  
FINANCIAL SECTION**

# MANAGEMENT'S DISCUSSION AND ANALYSIS

The *Management's Discussion and Analysis* of the State of Iowa's *Comprehensive Annual Financial Report* (CAFR) presents a discussion and analysis of the State's financial performance during the fiscal year that ended on June 30, 2003. Readers are encouraged to consider this information in conjunction with the letter of transmittal located at the front of the CAFR, and the State's financial statements, which follow this part of the CAFR.

## FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

### Government-wide Highlights

- The assets of the State of Iowa exceeded its liabilities at the close of fiscal year 2003 by \$9,924.1 million (net assets). Of this amount \$526.6 million (unrestricted net assets) is available to be used to meet the State's ongoing obligations to citizens and creditors.
- The State's total net assets increased by \$262.5 million in the fiscal year ended June 30, 2003. Net assets of governmental activities increased by \$112.1 million or 1.6 percent, while net assets of business-type activities increased by \$150.4 million or 5.5 percent.
- In the State's governmental activities, revenues decreased 0.4 percent to \$9,959.0 million while expenses increased 0.1 percent to \$9,959.4 million.
- In the State's business-type activities, revenues increased 0.8 percent to \$3,460.6 million while expenses increased 1.1 percent to \$3,197.7 million.

### Fund Highlights

- The State's governmental funds reported a combined ending fund balance of \$2,139.8 million, a \$155.4 million decrease from the prior year. Of this amount, \$256.7 million represents unreserved fund balance and the remaining \$1,882.7 million is reserved for specific purposes.
- The General Fund total fund balance decreased \$67.6 million to \$1,658.9 million and the unreserved fund balance decreased \$136.0 million to \$180.8 million at June 30, 2003. The Tobacco Tax-Exempt Bond Proceeds Fund, a major special revenue fund, total fund balance decreased \$ 142.5 million to \$326.0 million at June 30, 2003.
- The proprietary funds reported net assets at year-end of \$2,905.2 million, an increase of \$169.7 million.

### Long-term Debt

- The State's total long-term debt increased by \$2.4 million to \$1,703.0 million during the current fiscal year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Section of the CAFR consists of four parts—*management's discussion and analysis* (this section), the *basic financial statements, required supplementary information*, and an optional section that presents *other supplementary information*.

### Basic Financial Statements

The basic financial statements include the government-wide financial statements, the fund financial statements, and the notes to the financial statements.

## **Government-wide Financial Statements**

The government-wide financial statements are intended to provide a broad view of the State's financial activity. These statements are prepared using the accrual basis of accounting and the economic resources measurement focus, in a manner similar to private-sector business.

- The Statement of Net Assets presents all of the State's assets and liabilities, with the difference between the two reported as "net assets." Over time, increases or decreases in the State's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- The Statement of Activities presents information about the change in the State's net assets. This statement is formatted to report direct expenses, program revenues and the net revenue or expense for each of the State's governmental functions and business-type activities. This format identifies the extent to which each function is self-financed or is supported by the general revenues of the State.

The government-wide financial statements of the State are divided into three categories:

- *Governmental activities*—Most services generally associated with State government, such as administration & regulation, education, health & human rights, human services, justice & public defense, economic development, transportation, and agriculture & natural resources, are included in this category.
- *Business-type activities*—State operations such as the Universities, Unemployment Insurance, and the Tobacco Settlement Authority, that charge fees to external customers and function similarly to private business are included here.
- *Component units*—These are operations that are legally separate from the State, but for which the State is financially accountable. The State's discretely presented component units are:
  - Iowa Finance Authority (Business-type)
  - Iowa Higher Education Loan Authority (Business-type)
  - Iowa Agricultural Development Authority (Business-type)
  - Iowa State Fair Authority (Business-type)

Additional information about the State's component units is presented in NOTE 1-B of the Notes to the Financial Statements.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the State's most significant funds. The State has three kinds of funds:

- *Governmental funds*—Most of the basic services provided by the State are accounted for in governmental funds. Governmental funds use the modified accrual basis of accounting and the flow of current financial resources measurement focus. Modified accrual accounting is used to show the flow of financial assets of the funds and the balances available for spending at year-end. These statements provide a detailed *short-term* view that assists in determining whether there are adequate financial resources available to meet the current needs of the State. Because this information does not encompass the long-term focus of the government-wide statements, reconciliation schedules accompany the governmental funds statements. The General Fund and the Tobacco Tax-Exempt Bond Proceeds fund are the State's major governmental funds. Nonmajor governmental funds are reported by fund type in the Combining Financial Statements - Non-major funds.

- *Proprietary funds*—Services for which the State charges customers a fee are generally reported in proprietary funds. Proprietary funds use the accrual basis of accounting and, like the government-wide statements, provide both long- and short-term financial information.
  - The State’s enterprise funds (one type of proprietary fund) are used to report activities, such as universities, that are presented as business-type activities in the government-wide statements.
  - The State’s internal service funds (the other kind of proprietary fund) are used to account for activities that provide supplies and services for other State programs and activities—such as the Workers’ Compensation Fund.
- *Fiduciary Funds* - These funds are used to show assets held by the State as trustee or agent for *others* outside the State, such as the Iowa Public Employees’ Retirement System and the Iowa Educational Savings Plan Trust. Similar to proprietary funds, these funds use the accrual basis of accounting. Because the State can not use these assets to finance its operations, fiduciary funds are not included in the government-wide financial statements discussed above.

**Table 1**

| <b>Major Features of the State’s Government-wide and Fund Financial Statements</b> |  |  |  |   |
|--|--|--|--|---|
|  | Government-wide Statements   | Fund Statements  |  |   |
|  |  | Governmental Funds   | Proprietary Funds  | Fiduciary Funds   |
| <b>Scope</b>   | Entire State government (except fiduciary funds) and the State’s component units                               | The activities of the State that are not proprietary or fiduciary, such as Human Services and Transportation   | Activities the State operates similar to private businesses: the universities and the Iowa Communications Network  | Instances in which the State is the trustee or agent for someone else’s resources, such as the retirement plan for public employees           |
| <b>Required financial statements</b>   | <ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul> | <ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>   | <ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul> | <ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul> |
| <b>Accounting basis and measurement focus</b>                                      | Accrual accounting and economic resources focus  | Modified accrual accounting and current financial resources focus  | Accrual accounting and economic resources focus  | Accrual accounting and economic resources focus   |
| <b>Type of asset/liability information</b>   | All assets and liabilities, both financial and capital, and short-term and long-term                           | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included  | All assets and liabilities, both financial and capital, and short-term and long-term   | All assets and liabilities, both short-term and long-term; the State’s funds do not currently contain capital assets, although they can       |
| <b>Type of inflow/outflow information</b>  | All revenues and expenses during year, regardless of when cash is received or paid                             | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid   | All revenues and expenses during year, regardless of when cash is received or paid  |

## Notes to the Financial Statements

The notes provide additional information that is essential to fully understanding the government-wide and fund financial statements. The notes also explain some of the information contained in the financial statements and present more detail than is practical in the financial statements.

### Required Supplementary Information

In addition to this Management's Discussion and Analysis, Required Supplementary Information (RSI) includes the Budgetary Comparison Schedule. This schedule presents both the original and final appropriated budget of major funds. The Budgetary Comparison Schedule is accompanied by a budget to GAAP Reconciliation and by Notes to RSI. Schedules of funding progress for the Iowa Judicial Retirement System and the Peace Officers' Retirement, Accident and Disability System are also presented.

### Other Supplementary Information

The Other Supplementary Information includes combining financial statements for non-major governmental funds, non-major enterprise funds, internal service funds and fiduciary funds, which are added together and presented in single columns in the basic financial statements.

## FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

### Net Assets

The State's combined net assets (government and business-type activities) totaled \$9,924.1 million at the end of 2003, compared to \$9,651.3 million at the end of the previous year, as indicated in Table 2.

**Table 2**  
**Net Assets**  
**(In Millions)**

|                             | Governmental Activities |            | Business-type Activities |            | Total      |            | Total Percentage Change 2002-2003 |
|-----------------------------|-------------------------|------------|--------------------------|------------|------------|------------|-----------------------------------|
|                             | 2003                    | 2002       | 2003                     | 2002       | 2003       | 2002       |                                   |
| Current and other assets    | \$ 3,061.8              | \$ 3,180.1 | \$ 2,827.5               | \$ 2,803.0 | \$ 5,889.3 | \$ 5,983.1 | -1.6%                             |
| Capital assets              | 5,458.8                 | 5,225.1    | 2,214.0                  | 1,993.9    | 7,672.8    | 7,219.0    | 6.3%                              |
| Total assets                | 8,520.6                 | 8,405.2    | 5,041.5                  | 4,796.9    | 13,562.1   | 13,202.1   | 2.7%                              |
| Long-term liabilities       | 521.6                   | 580.6      | 1,554.2                  | 1,540.6    | 2,075.8    | 2,121.2    | -2.1%                             |
| Other liabilities           | 971.5                   | 909.2      | 590.7                    | 520.4      | 1,562.2    | 1,429.6    | 9.3%                              |
| Total liabilities           | 1,493.1                 | 1,489.8    | 2,144.9                  | 2,061.0    | 3,638.0    | 3,550.8    | 2.5%                              |
| Net assets                  |                         |            |                          |            |            |            |                                   |
| Invested in capital assets, |                         |            |                          |            |            |            |                                   |
| Net of related debt         | 5,371.0                 | 5,127.8    | 1,528.9                  | 1,324.4    | 6,899.9    | 6,452.2    | 6.9%                              |
| Restricted                  | 1,373.9                 | 1,255.5    | 1,123.7                  | 1,212.4    | 2,497.6    | 2,467.9    | 1.2%                              |
| Unrestricted                | 282.6                   | 532.1      | 244.0                    | 199.1      | 526.6      | 731.2      | -28.0%                            |
| Total net assets            | \$ 7,027.5              | \$ 6,915.4 | \$ 2,896.6               | \$ 2,735.9 | \$ 9,924.1 | \$ 9,651.3 | 2.8%                              |

Net assets of the State's governmental activities increased 1.6 percent to \$7,027.5 million. The largest component (76.4%) of the State's net assets is invested in capital assets (e.g. land, buildings, equipment, infrastructure, and others), net of related outstanding debt that was used to acquire or construct the assets. Restricted net assets is the next largest component (19.6%). These represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Unrestricted net assets is the remaining portion (4.0%) and may be used at the State's discretion, but often have limitations on use based on State statutes. The \$282.6 million unrestricted net asset balance is a decrease of \$249.5 million (46.9%) from the prior year.

The net assets of business-type activities increased by 5.5 percent to \$2,896.6 million. The State generally can only use these net assets to finance the continuing operations of the universities, unemployment insurance, the Tobacco Settlement Authority, and other business-type activities.

## Changes in Net Assets

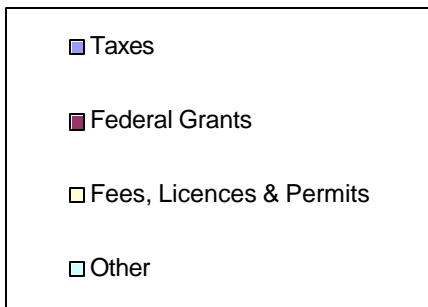
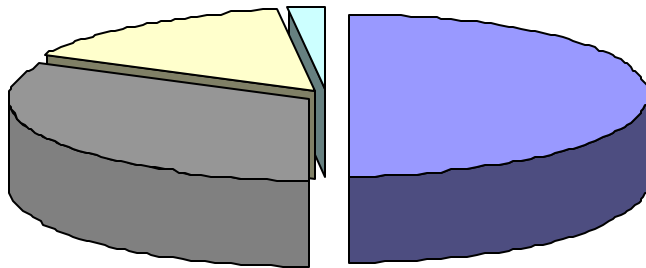
The State's total net assets increased by \$262.5 million during the year, as indicated in Table 3.

**Table 3**  
**Changes in Net Assets**  
(In Millions)

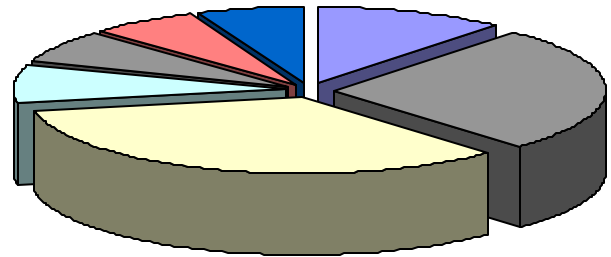
|  | <b>Governmental Activities</b> |                   | <b>Business-type Activities</b> |                   | <b>Total Primary Government</b> |                   | <b>Total Percentage Change</b> |
|--|--------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|-------------------|--------------------------------|
|  | <b>2003</b>                    | <b>2002</b>       | <b>2003</b>                     | <b>2002</b>       | <b>2003</b>                     | <b>2002</b>       | <b>2002 - 2003</b>             |
| <b>Program Revenues:</b>                       |                                |                   |                                 |                   |                                 |                   |                                |
| Charges for Service                            | \$ 1,574.5                     | \$ 1,768.0        | \$ 2,197.0                      | \$ 1,992.5        | \$ 3,771.5                      | \$ 3,760.5        | 0.3%                           |
| Operating Grants and Contributions             | 3,196.0                        | 3,046.0           | 349.1                           | 472.0             | 3,545.1                         | 3,518.0           | 0.8%                           |
| Capital Grants and Contributions               | 6.5                            | 8.9               | 57.8                            | 30.7              | 64.3                            | 39.6              | 62.4%                          |
| <b>General Revenues:</b>                       |                                |                   |                                 |                   |                                 |                   |                                |
| Personal Income Tax                            | 1,922.3                        | 1,889.9           | -                               | -                 | 1,922.3                         | 1,889.9           | 1.7%                           |
| Corporate Income Tax                           | 148.2                          | 111.7             | -                               | -                 | 148.2                           | 111.7             | 32.7%                          |
| Sales & Use Tax                                | 1,635.6                        | 1,686.4           | -                               | -                 | 1,635.6                         | 1,686.4           | -3.0%                          |
| Other Taxes                                    | 563.8                          | 598.2             | 10.2                            | 8.8               | 574.0                           | 607.0             | -5.4%                          |
| <b>Restricted for Transportation Purposes:</b> |                                |                   |                                 |                   |                                 |                   |                                |
| Motor Fuel Tax                                 | 464.1                          | 458.0             | -                               | -                 | 464.1                           | 458.0             | 1.3%                           |
| Road Use Tax                                   | 246.2                          | 255.7             | -                               | -                 | 246.2                           | 255.7             | -3.7%                          |
| Unrestricted Investment Earnings               | 62.8                           | 97.7              | 98.3                            | 66.3              | 161.1                           | 164.0             | -1.8%                          |
| State Aid to Universities                      | -                              | -                 | 681.3                           | 675.1             | 681.3                           | 675.1             | 0.9%                           |
| Other  | 139.0                          | 75.9              | 66.9                            | 188.1             | 205.9                           | 264.0             | -22.0%                         |
| <b>Total Revenues</b>                          | <b>9,959.0</b>                 | <b>9,996.4</b>    | <b>3,460.6</b>                  | <b>3,433.5</b>    | <b>13,419.6</b>                 | <b>13,429.9</b>   | <b>-0.1%</b>                   |
| <b>Expenses:</b>                               |                                |                   |                                 |                   |                                 |                   |                                |
| Administration & Regulation                    | 1,143.5                        | 1,191.7           | -                               | -                 | 1,143.5                         | 1,191.7           | -4.0%                          |
| Education                                      | 2,628.7                        | 2,594.3           | -                               | -                 | 2,628.7                         | 2,594.3           | 1.3%                           |
| State Aid to Universities                      | 681.3                          | 675.1             | -                               | -                 | 681.3                           | 675.1             | 0.9%                           |
| Health & Human Rights                          | 306.2                          | 283.1             | -                               | -                 | 306.2                           | 283.1             | 8.2%                           |
| Human Services                                 | 3,396.2                        | 3,450.0           | -                               | -                 | 3,396.2                         | 3,450.0           | -1.6%                          |
| Justice & Public Defense                       | 631.2                          | 623.4             | -                               | -                 | 631.2                           | 623.4             | 1.3%                           |
| Economic Development                           | 184.7                          | 180.9             | -                               | -                 | 184.7                           | 180.9             | 2.1%                           |
| Transportation                                 | 819.5                          | 758.9             | -                               | -                 | 819.5                           | 758.9             | 8.0%                           |
| Agriculture & Natural Resources                | 147.9                          | 170.4             | -                               | -                 | 147.9                           | 170.4             | -13.2%                         |
| Interest Expense                               | 20.2                           | 19.4              | -                               | -                 | 20.2                            | 19.4              | 4.1%                           |
| Universities                                   | -                              | -                 | 2,424.3                         | 2,459.1           | 2,424.3                         | 2,459.1           | -1.4%                          |
| Unemployment Insurance                         | -                              | -                 | 445.1                           | 392.4             | 445.1                           | 392.4             | 13.4%                          |
| Tobacco Settlement Authority                   | -                              | -                 | 36.9                            | 25.0              | 36.9                            | 25.0              | 47.6%                          |
| Other Business-type                            | -                              | -                 | 291.4                           | 286.1             | 291.4                           | 286.1             | 1.9%                           |
| <b>Total Expenses</b>                          | <b>9,959.4</b>                 | <b>9,947.2</b>    | <b>3,197.7</b>                  | <b>3,162.6</b>    | <b>13,157.1</b>                 | <b>13,109.8</b>   | <b>0.4%</b>                    |
| Increase in Net Assets Before Transfers        | (0.4)                          | 49.2              | 262.9                           | 270.9             | 262.5                           | 320.1             | -18.0%                         |
| Transfers                                      | 112.5                          | 666.8             | (112.5)                         | (666.8)           | -                               | -                 | 0.0%                           |
| <b>Increase (Decrease) in Net Assets</b>       | <b>112.1</b>                   | <b>716.0</b>      | <b>150.4</b>                    | <b>(395.9)</b>    | <b>262.5</b>                    | <b>320.1</b>      | <b>-18.0%</b>                  |
| <b>Net Assets July 1 (Restated)</b>            | <b>6,915.4</b>                 | <b>6,199.4</b>    | <b>2,746.2</b>                  | <b>3,131.8</b>    | <b>9,661.6</b>                  | <b>9,331.2</b>    | <b>3.5%</b>                    |
| <b>Net Assets June 30</b>                      | <b>\$ 7,027.5</b>              | <b>\$ 6,915.4</b> | <b>\$ 2,896.6</b>               | <b>\$ 2,735.9</b> | <b>\$ 9,924.1</b>               | <b>\$ 9,651.3</b> | <b>2.8%</b>                    |

# Governmental Activities

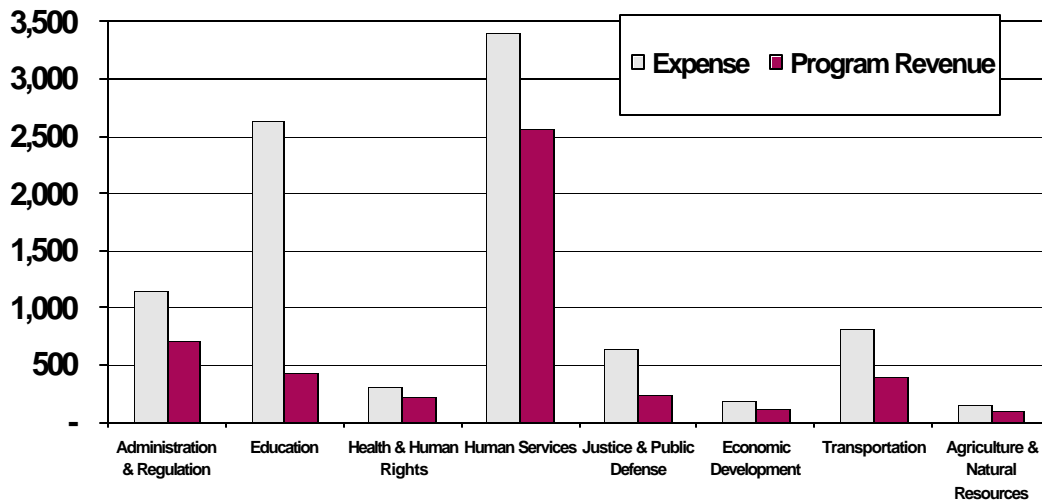
**FY03 Revenues - Governmental Activities**



**FY03 Functional Expenditures - Governmental Activities**



## Expenses and Program Revenues - Government Activities (In Millions)



The cost of all governmental activities this year was \$9,959.4 million.

- However, the amount that taxpayers paid for these activities through State taxes was \$4,980.2 million. Some of the cost was paid by:
  - Those who directly benefited from the programs (\$1,574.5 million), or
  - Other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$3,202.5 million).

## **Business-type Activities**

- Universities had \$2,424.3 million in expenses and \$1,841.4 million in program revenues for net expenses for \$582.9 million.
- Unemployment Insurance had \$445.0 million in expense and \$337.6 million in program revenue for net expenses of \$107.4 million.
- Tobacco Settlement Authority had \$36.9 million in expenses and \$49.8 million in program revenues for net revenue of \$12.9 million.

In total, business-type activities had net expense of \$593.8 million with \$744.2 million in net general revenues and transfers for a negative change in net assets of \$150.4 million to end with net assets of \$2,896.6 million.

Capital Grants and Contributions increased \$27.1 million in fiscal year 2003 due primarily to the University funds receiving contributions of \$16.4 million from a major corporation and approximately \$6.0 million from their foundations.

Unemployment Insurance benefit payments in fiscal year 2003 increased \$52.7 million due to a 1.09 % increase in the State's unemployment rate, while the Tobacco Settlement Authority interest expense increased approximately \$12 million, as fiscal year 2003 is the first full year of interest expense.

## **FINANCIAL ANALYSIS OF THE STATE'S FUNDS**

The governmental funds reported total fund balances of \$2,139.4 million, with \$256.7 million of unreserved fund balance. Net revenues totaled \$9,961.7 million with expenditures of \$10,231.6 million.

### **General Fund**

The General Fund is the chief operating fund of the State. At the end of the year, the total fund balance was \$1,658.9 million and the unreserved fund balance was \$180.8 million. The unreserved fund balance included \$210.6 million of "rainy day" funds. The net change in fund balance was a decrease of \$67.6 million. Expenditures exceeded revenues by \$264.7 million, while other financing sources exceeded uses by \$197.1 million.

### **Tobacco Tax-Exempt Bond Proceeds Fund**

Fund balance at June 30, 2003, totaled \$326.0 million, which is reserved for specific purposes. Revenues were \$22.5 million, expenditures were \$134.7 million, and net other financing uses of \$30.3 million.

### **General Fund Budgetary Highlights**

Over the course of the year, the State revised the budget several times. These budget amendments fall into three categories:

- Supplemental appropriations - \$62,337,310
- Spending reductions - \$33,457,196 in appropriation reductions
- Adjustments to standing appropriations - \$4,720,667

The originally enacted General Fund budget of \$4,570.1 million was predicated on -2.0% decline in General Fund revenues, as projected by the State's revenue estimating conference (REC) on February 21, 2002. On May 7, 2002, the REC made adjustment to the estimate that reduced General Fund resources by \$218.7 million.

Citing the reduced REC estimates, Governor Vilsack item vetoed \$1,419.2 million from the legislatively enacted budget, noting that after the REC action, the enacted budget would result in a General Fund deficit of more than \$200 million.

On May 28, 2002, the legislature met in special session. Among their actions, they revised the General Fund budget to \$4,502.2 million and required additional reductions of \$33.5 million through a furlough or other efficiency programs for all state agencies and departments. The legislature also made transfers from other funds to the General Fund totaling \$71.0 million. This included \$25.0 million transferred from the Economic Emergency Fund to the General Fund for costs associated with the state school aid formula. The Governor subsequently item vetoed \$108,000 from the legislature's enacted budget.



On September 6, 2002, the REC increased estimated net General Fund receipts by \$119.4 million for FY2003. Adjusted for \$57.1 million in transfers and other revenue adjustments made by the legislature and already considered as new revenues in the budget process, the increase in the projected net revenue was \$62.3 million.

During the 2003 legislative session, Governor Vilsack recommended supplemental General Fund appropriations for the Department of Corrections, Department of Public Safety, Department of Inspections and Appeals, and Department of Human Services totaling \$61.1 million. The legislature subsequently provided supplemental General Fund appropriations of \$61.2 million for these departments. After supplemental appropriations, it was estimated that the State General Fund balance at the end of the fiscal year would total \$1.7 million.

In April 2003, the Legislature also appropriated \$16.6 million from the Cash Reserve Fund to the Environment First Account in the Rebuild Iowa Infrastructure Fund to ensure that agricultural and environmental appropriations were maintained at their enacted level. This was necessary because the Iowa Supreme Court, in June 2002, had ruled that the State's tax structure, which taxed land-based casinos at a higher rate than riverboat casinos, was unconstitutional. The Supreme Court required that the land-based casinos be taxed at the same rate as the riverboat casinos, which reduced gaming receipts by \$39.9 million in fiscal year 2003. While the ruling was overturned by the U.S. Supreme Court and is on remand with the Iowa Supreme Court, to date, the Iowa Supreme Court has not acted on the case.

Through June 30, 2003, the General Fund cash receipts were slightly higher than the REC estimate, by \$12.8 million. However, accrued General Fund revenues and reversions of unspent General Fund appropriations were lower than projected, and standing General Fund appropriations were higher than projected. The largest impact was accrued revenues, which were \$50.7 million under the REC estimate. Reversions of unspent General Fund appropriation were \$7.3 million under the estimate, and standing appropriations exceeded the estimate by \$3.6 million. As a consequence, the shortfall between actual General Fund appropriations and actual General Fund revenues for the fiscal year is \$45.8 million.

As the likelihood of a General Fund revenue shortfall became clear, Governor Vilsack recommended that the Legislature meet in special session and transfer the amount necessary from the Cash Reserve Fund to cover the General Fund shortfall. On September 23, 2003, Auditor of State Vaudt wrote the Governor and Legislative leaders and indicated that a special session was not necessary to deal with this issue. Governor Vilsack has written to Legislative leaders expressing his belief that addressing this issue should be the first priority when the Legislature convenes in regular session in January 2004.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2003, the State had \$7,672.8 million invested in capital assets, net of accumulated depreciation of \$5,210.0 million. Depreciation charges totaled \$492.9 million in 2003. The details of these assets are presented in Table 4. Additional information about the State's capital assets is presented in NOTE 6 of the financial statements.

**Table 4**  
**Capital Assets, Net of Depreciation**  
**(In Millions)**

|                              | Governmental Activities |                  | Business-type Activities |                  | Total Primary Government |                  | Total Percentage Change |
|------------------------------|-------------------------|------------------|--------------------------|------------------|--------------------------|------------------|-------------------------|
|                              | 2003                    | 2002             | 2003                     | 2002             | 2003                     | 2002             | 2002 - 2003             |
| Land                         | \$595.3                 | \$576.3          | \$26.7                   | \$24.2           | \$622.0                  | \$600.5          | 3.6%                    |
| Building and Improvements    | 431.0                   | 352.8            | 1,162.9                  | 1,052.2          | 1,593.9                  | 1,405.0          | 13.4%                   |
| Equipment                    | 140.1                   | 145.0            | 321.1                    | 289.3            | 461.2                    | 434.3            | 6.2%                    |
| Land Improvements            | 6.9                     | 2.8              | 24.0                     | 22.9             | 30.9                     | 25.7             | 20.2%                   |
| Works of Art and Collections | 0.9                     | 0.9              | 227.3                    | 214.3            | 228.2                    | 215.2            | 6.0%                    |
| Infrastructure               | 4,203.2                 | 4,008.0          | 221.8                    | 218.0            | 4,425.0                  | 4,226.0          | 4.7%                    |
| Construction in progress     | 81.4                    | 139.3            | 230.2                    | 173.0            | 311.6                    | 312.3            | -0.2%                   |
| <b>Total</b>                 | <b>\$5,458.8</b>        | <b>\$5,225.1</b> | <b>\$2,214.0</b>         | <b>\$1,993.9</b> | <b>\$7,672.8</b>         | <b>\$7,219.0</b> | <b>6.3%</b>             |

## Long-term Debt

At year-end the State had \$1,703.0 million in bonds and certificates of participation outstanding, as shown in Table 5. More detailed information about the State's long-term liabilities is presented in NOTE 8 to the financial statements.

**Table 5**  
**State of Iowa's Outstanding Debt**  
**(In Millions)**

|                               | <b>Governmental Activities</b> |                 | <b>Business-type Activities</b> |                   | <b>Total Primary Government</b> |                   | <b>Total Percentage Change<br/>2002 - 2003</b> |
|-------------------------------|--------------------------------|-----------------|---------------------------------|-------------------|---------------------------------|-------------------|--|
|                               | <b>2003</b>                    | <b>2002</b>     | <b>2003</b>                     | <b>2002</b>       | <b>2003</b>                     | <b>2002</b>       |  |
| Revenue Bonds                 | \$ 383.4                       | \$ 404.1        | \$ 1,269.5                      | \$ 1,235.8        | \$ 1,652.9                      | \$ 1,639.9        | 0.8%   |
| Certificates of Participation | 3.2                            | 3.7             | 46.9                            | 57.0              | 50.1                            | 60.7              | -17.5%   |
| <b>Total</b>                  | <b>\$ 386.6</b>                | <b>\$ 407.8</b> | <b>\$ 1,316.4</b>               | <b>\$ 1,292.8</b> | <b>\$ 1,703.0</b>               | <b>\$ 1,700.6</b> | <b>0.1%</b>                                    |

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

While it has been determined that the national economy emerged from the recession in November 2001, its impact on most states, in terms of economic and revenue growth, is still being felt. The State's unemployment rate in September 2003 was 4.6%, compared to 4.2% in September 2002, and 3.2% in September 2001.

With sluggish job growth, Iowa's net General Fund revenue collections have declined in both of the last two fiscal years. This is apparent across the country, as state revenue collections, adjusted for tax law changes, have declined for eight consecutive quarters.

The actual General Fund appropriations for fiscal year 2003 totaled \$4,529.4 million, a reduction of \$85.4 million from the General Fund level of appropriations for the previous fiscal year.

These indicators were taken into account when adopting the General Fund budget for 2004. Amounts available for appropriation in the General Fund budget was \$4,653.2 million. Budget expenditures totaled \$4,560.9 million, an increase of \$31.5 million from the actual 2003 General Fund. The only major new program in the 2004 budget, the Grow Iowa Values Fund, is largely funded in 2004 and 2005 with one-time federal funds. The State has added no major new programs or initiatives to the 2003 budget.

At REC meetings in August and October 2003, the 2004 General Fund net revenue estimate was revised downward by a combined total of \$163.7 million. Immediately after the October REC meeting, Governor Vilsack issued Executive Order Number 31, which initiated a 2.5% across the board reduction in 2004 General Fund appropriations. During the 2003 session, the Legislature had adopted language that exempted certain agencies and departments from across the board budget reductions during 2004 and 2005. As a consequence, the 2.5% across the board reduction decreased General Fund appropriations by a total of \$82.6 million. In December 2003, the REC reduced the 2004 General Fund net revenue estimate by an additional \$14.9 million. Currently, it is projected that the State's budgetary General Fund balance will be \$4.2 million at the close of 2004.

## CONTACTING THE STATE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, legislators, customers, investors and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the:

Iowa Department of Administrative Services  
Hoover State Office Building  
Des Moines, IA 50319

## **BASIC FINANCIAL STATEMENTS**

# STATE OF IOWA

## Statement of Net Assets

June 30, 2003  
(Expressed in Thousands)

|                                    | PRIMARY GOVERNMENT         |                             |                   | COMPONENT<br>UNITS |
|------------------------------------|----------------------------|-----------------------------|-------------------|--------------------|
|                                    | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL             |                    |
| <b>ASSETS</b>                      |                            |                             |                   |                    |
| Current Assets:                    |                            |                             |                   |                    |
| Cash & Investments                 | \$ 1,675,279               | \$ 1,710,891                | \$ 3,386,170      | \$ 342,778         |
| Cash & Investments - Restricted    | -                          | 36,424                      | 36,424            | 2,326              |
| Deposits With Trustees             | 4,642                      | 28,877                      | 33,519            | -                  |
| Accounts Receivable (Net)          | 1,122,328                  | 431,110                     | 1,553,438         | 726                |
| Interest Receivable                | 1,666                      | 4,820                       | 6,486             | 8,401              |
| Loans Receivable (Net)             | 9,936                      | 6,634                       | 16,570            | 24,859             |
| Benefit Overpayment Receivable     | -                          | 10,081                      | 10,081            | -                  |
| Internal Balances                  | 2,731                      | (2,731)                     | -                 | -                  |
| Inventory                          | 18,840                     | 50,943                      | 69,783            | 190                |
| Food Stamp Inventory               | 21,057                     | -                           | 21,057            | -                  |
| Prepaid Expenses                   | 9,486                      | 9,742                       | 19,228            | 98                 |
| Other Assets                       | -                          | 1,010                       | 1,010             | 1,322              |
| Investment In Prize Annuity        | -                          | 9,354                       | 9,354             | -                  |
| <b>Total Current Assets</b>        | <b>2,865,965</b>           | <b>2,297,155</b>            | <b>5,163,120</b>  | <b>380,700</b>     |
| Noncurrent Assets:                 |                            |                             |                   |                    |
| Cash & Investments                 | -                          | 363,241                     | 363,241           | 637,694            |
| Cash & Investments - Restricted    | -                          | -                           | -                 | 16,959             |
| Deposits With Trustees             | -                          | 325                         | 325               | -                  |
| Accounts Receivable (Net)          | 42,814                     | 21,597                      | 64,411            | 500                |
| Interest Receivable                | -                          | 1,068                       | 1,068             | -                  |
| Loans Receivable (Net)             | 136,531                    | 65,300                      | 201,831           | 324,388            |
| Benefit Overpayment Receivable     | -                          | 10,205                      | 10,205            | -                  |
| Capital Assets - nondepreciable    | 676,662                    | 451,153                     | 1,127,815         | 15,711             |
| Capital Assets - depreciable (Net) | 4,782,142                  | 1,762,884                   | 6,545,026         | 27,641             |
| Prepaid Expenses                   | -                          | 953                         | 953               | -                  |
| Deferred Charges                   | 1,285                      | -                           | 1,285             | -                  |
| Other Assets                       | 15,205                     | 21,849                      | 37,054            | -                  |
| Investment In Prize Annuity        | -                          | 40,420                      | 40,420            | -                  |
| Prize Deposit                      | -                          | 5,356                       | 5,356             | -                  |
| <b>Total Noncurrent Assets</b>     | <b>5,654,639</b>           | <b>2,744,351</b>            | <b>8,398,990</b>  | <b>1,022,893</b>   |
| <b>TOTAL ASSETS</b>                | <b>8,520,604</b>           | <b>5,041,506</b>            | <b>13,562,110</b> | <b>1,403,593</b>   |

The notes are an integral part of the financial statements.

(continued on next page)

# STATE OF IOWA

(continued)

|   | <b>PRIMARY GOVERNMENT</b>          |                                     |                     |                            |
|---|------------------------------------|-------------------------------------|---------------------|----------------------------|
|   | <b>GOVERNMENTAL<br/>ACTIVITIES</b> | <b>BUSINESS-TYPE<br/>ACTIVITIES</b> | <b>TOTAL</b>        | <b>COMPONENT<br/>UNITS</b> |
| <b>LIABILITIES</b>                                |                                    |                                     |                     |                            |
| Current Liabilities:                              |                                    |                                     |                     |                            |
| Accounts Payable & Accruals                       | 745,786                            | 206,206                             | 951,992             | 7,043                      |
| Interest Payable                                  | 4,178                              | 20,976                              | 25,154              | 16,900                     |
| Deferred Revenue                                  | 80,528                             | 64,726                              | 145,254             | 669                        |
| Compensated Absences                              | 119,334                            | 67,179                              | 186,513             | -                          |
| Capital Leases                                    | 1,365                              | 6,633                               | 7,998               | -                          |
| Bonds Payable                                     | 19,480                             | 50,257                              | 69,737              | 72,137                     |
| Other Financing                                   |                                    |                                     |                     |                            |
| Arrangements Payable                              | 900                                | 19,110                              | 20,010              | -                          |
| Annuities Payable                                 | -                                  | 9,484                               | 9,484               | -                          |
| Lottery Prizes Payable                            | -                                  | 5,101                               | 5,101               | -                          |
| Funds Held In Custody                             | -                                  | 141,018                             | 141,018             | -                          |
| Lease Obligations From<br>Discontinued Operations | -                                  | 27                                  | 27                  | -                          |
| <b>Total Current Liabilities</b>                  | <b>971,571</b>                     | <b>590,717</b>                      | <b>1,562,288</b>    | <b>96,749</b>              |
| Noncurrent Liabilities:                           |                                    |                                     |                     |                            |
| Accounts Payable & Accruals                       | 131,426                            | 28,247                              | 159,673             | -                          |
| Interest Payable                                  | -                                  | 5,592                               | 5,592               | -                          |
| Deferred Revenue                                  | 234                                | 4,855                               | 5,089               | 6,171                      |
| Compensated Absences                              | 16,700                             | 59,152                              | 75,852              | 136                        |
| Capital Leases                                    | 3,696                              | 94,791                              | 98,487              | -                          |
| Bonds Payable                                     | 363,875                            | 1,219,331                           | 1,583,206           | 750,131                    |
| Other Financing                                   |                                    |                                     |                     |                            |
| Arrangements Payable                              | 5,652                              | 44,423                              | 50,075              | -                          |
| Annuities Payable                                 | -                                  | 40,420                              | 40,420              | -                          |
| Refundable Advance On Student Loans               | -                                  | 51,986                              | 51,986              | -                          |
| Other   | -                                  | 5,383                               | 5,383               | 9,632                      |
| <b>Total Noncurrent Liabilities</b>               | <b>521,583</b>                     | <b>1,554,180</b>                    | <b>2,075,763</b>    | <b>766,070</b>             |
| <b>TOTAL LIABILITIES</b>                          | <b>1,493,154</b>                   | <b>2,144,897</b>                    | <b>3,638,051</b>    | <b>862,819</b>             |
| <b>NET ASSETS</b>                                 |                                    |                                     |                     |                            |
| Invested in Capital Assets,                       |                                    |                                     |                     |                            |
| Net of Related Debt                               | 5,370,928                          | 1,528,930                           | 6,899,858           | 43,352                     |
| Restricted for:                                   |                                    |                                     |                     |                            |
| Transportation                                    | 525,097                            | -                                   | 525,097             | -                          |
| Underground Storage Tank Program                  | 113,753                            | -                                   | 113,753             | -                          |
| Education   | 56,611                             | -                                   | 56,611              | -                          |
| Health & Human Rights                             | 383,051                            | -                                   | 383,051             | -                          |
| Vision Iowa Program                               | 162,378                            | -                                   | 162,378             | -                          |
| Universities                                      | -                                  | 338,930                             | 338,930             | -                          |
| Permanent Funds - Nonexpendable                   | 9,042                              | -                                   | 9,042               | -                          |
| Unemployment Benefits                             | -                                  | 784,735                             | 784,735             | -                          |
| Other   | 123,981                            | -                                   | 123,981             | 454,478                    |
| Unrestricted                                      | 282,609                            | 244,014                             | 526,623             | 42,944                     |
| <b>TOTAL NET ASSETS</b>                           | <b>\$ 7,027,450</b>                | <b>\$ 2,896,609</b>                 | <b>\$ 9,924,059</b> | <b>\$ 540,774</b>          |

# STATE OF IOWA

## Statement of Activities

For the Year Ended June 30, 2003

(Expressed in Thousands)

| Functions/Programs                          | Expenses             | Program Revenue     |                                    |                                  |
|---|----------------------|---------------------|------------------------------------|----------------------------------|
|   |                      | Charges for Service | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary Government:</b>                  |                      |                     |                                    |                                  |
| Governmental Activities:                    |                      |                     |                                    |                                  |
| Administration & Regulation                 | \$ 1,143,549         | \$ 701,584          | \$ 8,412                           | \$ -                             |
| Education                                   | 2,628,698            | 35,511              | 386,230                            | 196                              |
| State Aid to Universities                   | 681,288              | -                   | -                                  | -                                |
| Health & Human Rights                       | 306,181              | 40,081              | 185,411                            | 2,204                            |
| Human Services                              | 3,396,213            | 558,878             | 2,008,536                          | -                                |
| Justice & Public Defense                    | 631,182              | 166,452             | 69,998                             | -                                |
| Economic Development                        | 184,647              | 3,153               | 111,033                            | -                                |
| Transportation                              | 819,532              | 382                 | 393,797                            | -                                |
| Agriculture & Natural Resources             | 147,874              | 68,464              | 32,572                             | 4,063                            |
| Interest Expense                            | 20,232               | -                   | -                                  | -                                |
| <b>Total Governmental Activities</b>        | <b>9,959,396</b>     | <b>1,574,505</b>    | <b>3,195,989</b>                   | <b>6,463</b>                     |
| Business-type Activities:                   |                      |                     |                                    |                                  |
| Universities                                | 2,424,292            | 1,449,643           | 349,072                            | 42,676                           |
| Unemployment Insurance                      | 445,045              | 337,634             | -                                  | -                                |
| Tobacco Settlement Authority                | 36,877               | 49,772              | -                                  | -                                |
| Other                                       | 291,407              | 359,935             | -                                  | 15,125                           |
| <b>Total Business-type Activities</b>       | <b>3,197,621</b>     | <b>2,196,984</b>    | <b>349,072</b>                     | <b>57,801</b>                    |
| <b>Total Primary Government</b>             | <b>\$ 13,157,017</b> | <b>\$ 3,771,489</b> | <b>\$ 3,545,061</b>                | <b>\$ 64,264</b>                 |
| <b>Component Units:</b>                     |                      |                     |                                    |                                  |
| Iowa Finance Authority                      | \$ 49,706            | \$ 72,131           | \$ 49,183                          | \$ -                             |
| Iowa Higher Education Loan Authority        | 1,222                | 1,416               | -                                  | -                                |
| Iowa Agriculture Development Authority      | 468                  | 446                 | 13                                 | -                                |
| Iowa State Fair Authority                   | 13,470               | 13,150              | 987                                | 506                              |
| <b>Total Component Units</b>                | <b>\$ 64,866</b>     | <b>\$ 87,143</b>    | <b>\$ 50,183</b>                   | <b>\$ 506</b>                    |
| <b>General Revenues</b>                     |                      |                     |                                    |                                  |
| Taxes:                                      |                      |                     |                                    |                                  |
| Personal Income                             |                      |                     |                                    |                                  |
| Corporate Income                            |                      |                     |                                    |                                  |
| Sales and Use                               |                      |                     |                                    |                                  |
| Other                                       |                      |                     |                                    |                                  |
| Restricted for Transportation Purposes:     |                      |                     |                                    |                                  |
| Motor Fuel Tax                              |                      |                     |                                    |                                  |
| Road Use Tax                                |                      |                     |                                    |                                  |
| Unrestricted Investment Earnings            |                      |                     |                                    |                                  |
| Contribution to Permanent Fund Principal    |                      |                     |                                    |                                  |
| Gain (Loss) on Sale of Assets               |                      |                     |                                    |                                  |
| State Aid to Universities                   |                      |                     |                                    |                                  |
| Other                                       |                      |                     |                                    |                                  |
| Transfers                                   |                      |                     |                                    |                                  |
| <b>Total General Revenues and Transfers</b> |                      |                     |                                    |                                  |
| <b>Change in Net Assets</b>                 |                      |                     |                                    |                                  |
| <b>Net Assets - July 1, Restated</b>        |                      |                     |                                    |                                  |
| <b>Net Assets - June 30</b>                 |                      |                     |                                    |                                  |

The notes are an integral part of the financial statements.

## STATE OF IOWA

| <b>Net (Expenses) Revenue and Changes in Net Assets</b> |                                     |                     |                            |
|---|-------------------------------------|---------------------|----------------------------|
| <b>Primary Government</b>                               |                                     |                     |                            |
| <b>Governmental<br/>Activities</b>                      | <b>Business-type<br/>Activities</b> | <b>Total</b>        | <b>Component<br/>Units</b> |
| \$ (433,553)  | \$ -                                | \$ (433,553)        | \$ -                       |
| (2,206,761)   | -                                   | (2,206,761)         | -                          |
| (681,288)   | -                                   | (681,288)           | -                          |
| (78,485)  | -                                   | (78,485)            | -                          |
| (828,799)   | -                                   | (828,799)           | -                          |
| (394,732)   | -                                   | (394,732)           | -                          |
| (70,461)  | -                                   | (70,461)            | -                          |
| (425,353)   | -                                   | (425,353)           | -                          |
| (42,775)  | -                                   | (42,775)            | -                          |
| (20,232)  | -                                   | (20,232)            | -                          |
| <b>(5,182,439)</b>                                      | <b>-</b>                            | <b>(5,182,439)</b>  | <b>-</b>                   |
| -   | (582,901)                           | (582,901)           | -                          |
| -   | (107,411)                           | (107,411)           | -                          |
| -   | 12,895                              | 12,895              | -                          |
| -   | 83,653                              | 83,653              | -                          |
| -   | <b>(593,764)</b>                    | <b>(593,764)</b>    | <b>-</b>                   |
| <b>(5,182,439)</b>                                      | <b>(593,764)</b>                    | <b>(5,776,203)</b>  | <b>-</b>                   |
|   |                                     |                     | 71,608                     |
|   |                                     |                     | 194                        |
|   |                                     |                     | (9)                        |
|   |                                     |                     | 1,173                      |
|   |                                     |                     | <b>72,966</b>              |
| 1,922,316   | -                                   | 1,922,316           | -                          |
| 148,214   | -                                   | 148,214             | -                          |
| 1,635,551   | -                                   | 1,635,551           | -                          |
| 563,751   | 10,258                              | 574,009             | -                          |
| 464,069   | -                                   | 464,069             | -                          |
| 246,238   | -                                   | 246,238             | -                          |
| 62,844  | 98,223                              | 161,067             | 1,840                      |
| 27  | -                                   | 27                  | -                          |
| (1,685)   | (11,264)                            | (12,949)            | -                          |
| -   | 681,288                             | 681,288             | -                          |
| 140,672   | 78,133                              | 218,805             | 525                        |
| 112,474   | (112,474)                           | -                   | -                          |
| <b>5,294,471</b>  | <b>744,164</b>                      | <b>6,038,635</b>    | <b>2,365</b>               |
| <b>112,032</b>  | <b>150,400</b>                      | <b>262,432</b>      | <b>75,331</b>              |
| <b>6,915,418</b>  | <b>2,746,209</b>                    | <b>9,661,627</b>    | <b>465,443</b>             |
| <b>\$ 7,027,450</b>                                     | <b>\$ 2,896,609</b>                 | <b>\$ 9,924,059</b> | <b>\$ 540,774</b>          |

**State of Iowa**



# **GOVERNMENTAL FUND FINANCIAL STATEMENTS**

## **Major Funds**

**General Fund** - This is the state's operating fund. It accounts for the financial resources and transactions not accounted for in other funds.

**Tobacco Tax-Exempt Bond Proceeds Fund** - This fund accounts for the proceeds received from the Tobacco Settlement Authority to provide appropriations to various programs.

**Nonmajor Governmental Funds** are presented, by fund type, beginning on page 82.

**STATE OF IOWA**  
**Balance Sheet**  
**Governmental Funds**

June 30, 2003  
(Expressed in Thousands)

|  | <b>GENERAL<br/>FUND</b>    | <b>TOBACCO<br/>TAX-EXEMPT<br/>BOND PROCEEDS<br/>FUND</b> | <b>NONMAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--|----------------------------|--|--|---|
| <b>ASSETS</b>                                |                            |  |  |   |
| Current Assets:                              |                            |  |  |   |
| Cash & Investments                           | \$ 1,127,169               | \$ 372,366   | \$ 153,035                                 | \$ 1,652,570                            |
| Deposits with Trustees                       | 4,205                      | -  | 437  | 4,642                                   |
| Accounts Receivable (Net)                    | 1,115,703                  | 2,245  | 3,784                                      | 1,121,732                               |
| Interest Receivable                          | -                          | 1,665  | -  | 1,665                                   |
| Loans Receivable (Net)                       | 9,936                      | -  | -  | 9,936                                   |
| Due From Other Funds                         | 18,937                     | 142  | 3,326                                      | 22,405                                  |
| Inventory                                    | 10,581                     | -  | 217  | 10,798                                  |
| Food Stamp Inventory                         | 21,057                     | -  | -  | 21,057                                  |
| Prepaid Expenditures                         | 8,432                      | -  | 55   | 8,487                                   |
| <b>Total Current Assets</b>                  | <b><u>2,316,020</u></b>    | <b><u>376,418</u></b>                                    | <b><u>160,854</u></b>                      | <b><u>2,853,292</u></b>                 |
| Noncurrent Assets:                           |                            |  |  |   |
| Accounts Receivable (Net)                    | 40,184                     | -  | 2,630                                      | 42,814                                  |
| Loans Receivable (Net)                       | 136,240                    | -  | -  | 136,240                                 |
| <b>Total Noncurrent Assets</b>               | <b><u>176,424</u></b>      | <b><u>-</u></b>  | <b><u>2,630</u></b>                        | <b><u>179,054</u></b>                   |
| <b>TOTAL ASSETS</b>                          | <b><u>\$ 2,492,444</u></b> | <b><u>\$ 376,418</u></b>                                 | <b><u>\$ 163,484</u></b>                   | <b><u>\$ 3,032,346</u></b>              |
| <b>LIABILITIES</b>                           |                            |  |  |   |
| Current Liabilities:                         |                            |  |  |   |
| Accounts Payable & Accruals                  | \$ 617,288                 | \$ 35,962  | \$ 7,304                                   | \$ 660,554                              |
| Due To Other Funds                           | 59,066                     | 14,470   | 1,531                                      | 75,067                                  |
| Deferred Revenue                             | 122,029                    | -  | 141  | 122,170                                 |
| <b>Total Current Liabilities</b>             | <b><u>798,383</u></b>      | <b><u>50,432</u></b>                                     | <b><u>8,976</u></b>                        | <b><u>857,791</u></b>                   |
| Noncurrent Liabilities:                      |                            |  |  |   |
| Due To Other Funds/Advances From Other Funds | 8,436                      | -  | -  | 8,436                                   |
| Deferred Revenue                             | 26,740                     | -  | -  | 26,740                                  |
| <b>Total Noncurrent Liabilities</b>          | <b><u>35,176</u></b>       | <b><u>-</u></b>  | <b><u>-</u></b>                            | <b><u>35,176</u></b>                    |
| <b>TOTAL LIABILITIES</b>                     | <b><u>833,559</u></b>      | <b><u>50,432</u></b>                                     | <b><u>8,976</u></b>                        | <b><u>892,967</u></b>                   |
| <b>FUND BALANCE</b>                          |                            |  |  |   |
| Reserved for:                                |                            |  |  |   |
| Encumbrances & Contracts                     | 12,401                     | -  | -  | 12,401                                  |
| Inventory & Prepaid Expenditures             | 19,013                     | -  | 272  | 19,285                                  |
| Noncurrent Receivables                       | 176,424                    | -  | 2,630                                      | 179,054                                 |
| Specific Purposes                            | 1,270,267                  | 325,986  | 75,681                                     | 1,671,934                               |
| Unreserved Fund Equity                       | 180,780                    | -  | -  | 180,780                                 |
| Unreserved, reported in:                     |                            |  |  |   |
| Nonmajor special revenue funds               | -                          | -  | 74,762                                     | 74,762                                  |
| Nonmajor capital projects funds              | -                          | -  | 1,163                                      | 1,163                                   |
| <b>TOTAL FUND BALANCE</b>                    | <b><u>1,658,885</u></b>    | <b><u>325,986</u></b>                                    | <b><u>154,508</u></b>                      | <b><u>2,139,379</u></b>                 |
| <b>TOTAL LIABILITIES &amp; FUND BALANCE</b>  | <b><u>\$ 2,492,444</u></b> | <b><u>\$ 376,418</u></b>                                 | <b><u>\$ 163,484</u></b>                   | <b><u>\$ 3,032,346</u></b>              |

The notes are an integral part of the financial statements.

# STATE OF IOWA

## Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets

June 30, 2003  
(Expressed in Thousands)

**Total Fund Balances-Governmental funds** \$ 2,139,379

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of capital assets, excluding internal service funds, is \$8,495,284,000 and the accumulated depreciation is 5,379,707

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 110,471

Certain revenues are earned but not available and therefore deferred in the funds. 73,944

Certain pension trust funds have been funded in excess of the annual required contributions, creating a year-end asset. This asset is not a current available resource and is not reported in the funds. 15,205

Deferred issue costs are reported a current expenditures in the funds. However, deferred issue costs are amortized over the life of the bonds and are included as Deferred Charges in the governmental activities in the Statement of Net assets. 1,285

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

|  |                 |                            |
|--|-----------------|----------------------------|
| Bonds Payable                                | (383,355)       |                            |
| Accrued Interest Payable                     | (4,178)         |                            |
| Compensated Absences                         | (135,346)       |                            |
| Capital Leases                               | (4,655)         |                            |
| Other Financing Arrangements Payable         | (6,552)         |                            |
| Early Retirement Liability                   | (20,739)        |                            |
| Gaming Tax Settlement Liability              | (102,366)       |                            |
| Risk Management Liability                    | (11,500)        |                            |
| Tobacco Legal Fee Liability                  | (2,364)         |                            |
| Other Long-term Liabilities                  | <u>(21,486)</u> |                            |
| Total Long-term liabilities                  |                 | <u>(692,541)</u>           |
| <b>Net assets of governmental activities</b> |                 | <u><u>\$ 7,027,450</u></u> |

The notes are an integral part of the financial statements.

**STATE OF IOWA**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds**

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|   | <b>GENERAL<br/>FUND</b> | <b>TOBACCO<br/>TAX-EXEMPT<br/>BOND PROCEEDS<br/>FUND</b> | <b>NONMAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|---|-------------------------|--|--|---|
| <b>REVENUES:</b>                            |                         |  |  |   |
| Taxes                                       | \$ 5,550,582            | \$ -   | \$ 73,725                                  | \$ 5,624,307                            |
| Receipts from Other Entities                | 3,393,268               | 1,110  | 67,600                                     | 3,461,978                               |
| Investment Income                           | 38,599                  | 21,013   | 3,521                                      | 63,133                                  |
| Fees, Licenses & Permits                    | 572,132                 | -  | 3,769                                      | 575,901                                 |
| Refunds & Reimbursements                    | 740,481                 | 165  | 37,743                                     | 778,389                                 |
| Sales, Rents & Services                     | 18,470                  | 200  | 7,423                                      | 26,093                                  |
| Miscellaneous                               | 149,365                 | -  | 8,827                                      | 158,192                                 |
| Contributions                               | -                       | -  | 26   | 26                                      |
|   | <b>10,462,897</b>       | <b>22,488</b>  | <b>202,634</b>                             | <b>10,688,019</b>                       |
| <b>GROSS REVENUES</b>                       |                         |  |  |   |
| Less Revenue Refunds                        | 723,092                 | -  | 3,246                                      | 726,338                                 |
|   | <b>9,739,805</b>        | <b>22,488</b>  | <b>199,388</b>                             | <b>9,961,681</b>                        |
| <b>NET REVENUES</b>                         |                         |  |  |   |
| <b>EXPENDITURES:</b>                        |                         |  |  |   |
| Current:                                    |                         |  |  |   |
| Administration & Regulation                 | 1,167,352               | 56,644   | 1,774                                      | 1,225,770                               |
| Education                                   | 2,587,865               | 1,875  | 40,741                                     | 2,630,481                               |
| State Aid To Universities                   | 610,338                 | 54,333   | 16,616                                     | 681,287                                 |
| Health & Human Rights                       | 299,855                 | 230  | 419  | 300,504                                 |
| Human Services                              | 3,377,423               | 5,703  | 213  | 3,383,339                               |
| Justice & Public Defense                    | 616,464                 | 11,338   | 11,496                                     | 639,298                                 |
| Economic Development                        | 183,889                 | 6  | 122  | 184,017                                 |
| Transportation                              | 1,021,823               | 763  | -  | 1,022,586                               |
| Agriculture & Natural Resources             | 139,493                 | 3,814  | 6,318                                      | 149,625                                 |
| Capital Outlay:                             |                         |  |  |   |
| Health & Human Rights                       | -                       | -  | 2,522                                      | 2,522                                   |
| Justice & Public Defense                    | -                       | -  | 7,578                                      | 7,578                                   |
| Transportation                              | -                       | -  | 1,208                                      | 1,208                                   |
| Agriculture & Natural Resources             | -                       | -  | 3,355                                      | 3,355                                   |
|   | <b>10,004,502</b>       | <b>134,706</b>   | <b>92,362</b>                              | <b>10,231,570</b>                       |
| <b>TOTAL EXPENDITURES</b>                   |                         |  |  |   |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>(264,697)</b>        | <b>(112,218)</b>   | <b>107,026</b>                             | <b>(269,889)</b>                        |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                         |  |  |   |
| Transfers In                                | 214,972                 | 5  | 57,215                                     | 272,192                                 |
| Transfers Out                               | (19,032)                | (30,336)   | (109,489)                                  | (158,857)                               |
| Leases, Installment Purchases, & Other      | 1,180                   | -  | -  | 1,180                                   |
|   | <b>197,120</b>          | <b>(30,331)</b>  | <b>(52,274)</b>                            | <b>114,515</b>                          |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> |                         |  |  |   |
| <b>NET CHANGE IN FUND BALANCE</b>           | <b>(67,577)</b>         | <b>(142,549)</b>   | <b>54,752</b>                              | <b>(155,374)</b>                        |
| <b>FUND BALANCE JULY 1</b>                  | <b>1,726,462</b>        | <b>468,535</b>   | <b>99,756</b>                              | <b>2,294,753</b>                        |
| <b>FUND BALANCE JUNE 30</b>                 | <b>\$ 1,658,885</b>     | <b>\$ 325,986</b>  | <b>\$ 154,508</b>                          | <b>\$ 2,139,379</b>                     |

The notes are an integral part of the financial statements.

# STATE OF IOWA

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2003  
(Expressed in Thousands)

**Net change in fund balances-total governmental funds** \$ (155,374)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

|  |                |         |
|--|----------------|---------|
| Capital outlay                                     | \$ 557,137     |         |
| Depreciation expense                               | <u>318,523</u> |         |
| Excess of capital outlay over depreciation expense |                | 238,614 |

In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. (1,081)

Some capital additions were financed through capital leases, other financing arrangements, and installment purchases. In governmental funds, these financing arrangements are considered a source of funding, but in the statement of net assets, the obligations are reported as liabilities. In the current year, these amounts consist of :

|                                      |              |         |
|--------------------------------------|--------------|---------|
| Capital leases                       | (257)        |         |
| Other financing arrangements payable | <u>(921)</u> |         |
| Total                                |              | (1,178) |

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

|                                       |            |        |
|---------------------------------------|------------|--------|
| Bond principal retirement             | 20,775     |        |
| Capital lease payments                | 1,694      |        |
| Other financing arrangements payments | <u>806</u> |        |
| Total long-term debt repayment        |            | 23,275 |

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities. 8,800

Because some revenues will not be collected for several months after the State's fiscal year end, they are not considered available revenues and are deferred in the governmental funds. 2,129

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of :

|                                   |                 |                |
|-----------------------------------|-----------------|----------------|
| Compensated absences              | (7,489)         |                |
| Tobacco legal fee liability       | 18,054          |                |
| Early retirement liability        | 6,401           |                |
| Gambling tax settlement liability | (1,366)         |                |
| Accrued interest                  | (150)           |                |
| Other                             | <u>(18,603)</u> |                |
| Total additional expenditures     |                 | <u>(3,153)</u> |

**Change in net assets of governmental activities** \$ 112,032

The notes are an integral part of the financial statements.

**State of Iowa**

## PROPRIETARY FUND FINANCIAL STATEMENTS

### **Major Funds**

**University Funds** are maintained to account for the operations of the State's public institutions of higher education. The State University of Iowa, Iowa State University, and the University of Northern Iowa comprise this group.

**Unemployment Benefits Fund** receives federal funds and contributions from employers to provide benefits to eligible unemployed workers.

**Tobacco Settlement Authority Fund** - This fund accounts for bond proceeds securitized by payments due to the State pursuant to the Master Settlement Agreement between the State and the five largest tobacco manufacturers.

**Nonmajor Proprietary Funds** are presented, by fund type, beginning on page 104.

# STATE OF IOWA

## Statement of Net Assets Proprietary Funds

June 30, 2003  
(Expressed in Thousands)

|   | BUSINESS-TYPE ACTIVITIES --<br>ENTERPRISE FUNDS |                          |                                    |                                 | TOTAL               | GOVERNMENTAL<br>ACTIVITIES --<br>INTERNAL<br>SERVICE<br>FUNDS |
|---|---|--------------------------|------------------------------------|---------------------------------|---------------------|---|
|   | UNIVERSITY<br>FUNDS                             | UNEMPLOYMENT<br>BENEFITS | TOBACCO<br>SETTLEMENT<br>AUTHORITY | NONMAJOR<br>ENTERPRISE<br>FUNDS |                     |   |
| <b>ASSETS</b>   |   |                          |                                    |                                 |                     |   |
| Current Assets:   |   |                          |                                    |                                 |                     |   |
| Cash & Investments  | \$ 917,874                                      | \$ 684,115               | \$ 69,223                          | \$ 38,825                       | \$ 1,710,037        | \$ 23,563   |
| Cash & Investments - Restricted   | 36,424  | -                        | -                                  | -                               | 36,424              | -   |
| Deposits With Trustees  | 28,877  | -                        | -                                  | -                               | 28,877              | -   |
| Accounts Receivable (Net)   | 318,396   | 92,333                   | -                                  | 20,381                          | 431,110             | 595   |
| Interest Receivable   | 4,561   | -                        | 220                                | 39                              | 4,820               | 1   |
| Loans Receivable (Net)  | 6,634   | -                        | -                                  | -                               | 6,634               | -   |
| Benefit Overpayment Receivable  | -   | 10,081                   | -                                  | -                               | 10,081              | -   |
| Due From Other Funds/Advances   |   |                          |                                    |                                 |                     |   |
| To Other Funds  | -   | 209                      | -                                  | 1,894                           | 2,103               | 55,441  |
| Inventory   | 39,759  | -                        | -                                  | 11,184                          | 50,943              | 8,041   |
| Prepaid Expenses  | 8,995   | -                        | -                                  | 747                             | 9,742               | 1,000   |
| Other Assets  | 943   | -                        | 67                                 | -                               | 1,010               | -   |
| Investment In Prize Annuity   | -   | -                        | -                                  | 9,354                           | 9,354               | -   |
| <b>Total Current Assets</b>   | <b>1,362,463</b>                                | <b>786,738</b>           | <b>69,510</b>                      | <b>82,424</b>                   | <b>2,301,135</b>    | <b>88,641</b>   |
| Noncurrent Assets:  |   |                          |                                    |                                 |                     |   |
| Cash & Investments  | \$ 363,241                                      | \$ -                     | \$ -                               | \$ -                            | \$ 363,241          | \$ -  |
| Deposits With Trustees  | 325   | -                        | -                                  | -                               | 325                 | -   |
| Accounts Receivable (Net)   | 19,200  | 2,397                    | -                                  | -                               | 21,597              | -   |
| Interest Receivable   | 1,068   | -                        | -                                  | -                               | 1,068               | -   |
| Loans Receivable (Net)  | 65,300  | -                        | -                                  | -                               | 65,300              | 290   |
| Benefit Overpayment Receivable  | -   | 10,205                   | -                                  | -                               | 10,205              | -   |
| Due From Other Funds/Advances   |   |                          |                                    |                                 |                     |   |
| To Other Funds  | -   | 8,061                    | -                                  | -                               | 8,061               | 446   |
| Capital Assets - nondepreciable   | 450,041   | -                        | -                                  | 1,112                           | 451,153             | -   |
| Capital Assets - depreciable, net   | 1,698,350                                       | -                        | -                                  | 64,534                          | 1,762,884           | 79,097  |
| Prepaid Expenses  | 63  | -                        | -                                  | 890                             | 953                 | -   |
| Other Assets  | 19,693  | -                        | 1,500                              | 656                             | 21,849              | -   |
| Investment In Prize Annuity   | -   | -                        | -                                  | 40,420                          | 40,420              | -   |
| Prize Deposit   | -   | -                        | -                                  | 5,356                           | 5,356               | -   |
| <b>Total Noncurrent Assets</b>  | <b>2,617,281</b>                                | <b>20,663</b>            | <b>1,500</b>                       | <b>112,968</b>                  | <b>2,752,412</b>    | <b>79,833</b>   |
| <b>TOTAL ASSETS</b>   | <b>3,979,744</b>                                | <b>807,401</b>           | <b>71,010</b>                      | <b>195,392</b>                  | <b>5,053,547</b>    | <b>168,474</b>  |
| <b>LIABILITIES</b>  |   |                          |                                    |                                 |                     |   |
| Current Liabilities:  |   |                          |                                    |                                 |                     |   |
| Accounts Payable & Accruals   | 172,739   | 19,233                   | -                                  | 14,234                          | 206,206             | 59,087  |
| Due To Other Funds/Advances   |   |                          |                                    |                                 |                     |   |
| From Other Funds  | -   | 1,527                    | -                                  | 2,864                           | 4,391               | 491   |
| Interest Payable  | 16,639  | -                        | 2,847                              | 1,490                           | 20,976              | -   |
| Deferred Revenue  | 62,051  | 1,906                    | -                                  | 769                             | 64,726              | 5,795   |
| Compensated Absences  | 65,771  | -                        | -                                  | 1,408                           | 67,179              | 688   |
| Capital Leases  | 6,633   | -                        | -                                  | -                               | 6,633               | 57  |
| Bonds Payable   | 48,932  | -                        | 1,325                              | -                               | 50,257              | -   |
| Other Financing   |   |                          |                                    |                                 |                     |   |
| Arrangements Payable  | 8,365   | -                        | -                                  | 10,745                          | 19,110              | -   |
| Annuities Payable   | -   | -                        | -                                  | 9,484                           | 9,484               | -   |
| Lottery Prizes Payable  | -   | -                        | -                                  | 5,101                           | 5,101               | -   |
| Funds Held In Custody   | 141,018   | -                        | -                                  | -                               | 141,018             | -   |
| Lease Obligations From  |   |                          |                                    |                                 |                     |   |
| Discontinued Operations   | -   | -                        | -                                  | 27                              | 27                  | -   |
| <b>Total Current Liabilities</b>  | <b>522,148</b>                                  | <b>22,666</b>            | <b>4,172</b>                       | <b>46,122</b>                   | <b>595,108</b>      | <b>66,118</b>   |
| Noncurrent Liabilities:   |   |                          |                                    |                                 |                     |   |
| Accounts Payable & Accruals   | 27,278  | -                        | -                                  | -                               | 27,278              | 83  |
| Due To Other Funds/Advances   |   |                          |                                    |                                 |                     |   |
| From Other Funds  | -   | -                        | -                                  | -                               | -                   | 72  |
| Interest Payable  | 5,592   | -                        | -                                  | -                               | 5,592               | -   |
| Deferred Revenue  | 4,855   | -                        | -                                  | -                               | 4,855               | -   |
| Compensated Absences  | 58,876  | -                        | -                                  | 276                             | 59,152              | -   |
| Capital Leases  | 94,791  | -                        | -                                  | -                               | 94,791              | 349   |
| Bonds Payable   | 591,628   | -                        | 627,703                            | -                               | 1,219,331           | -   |
| Other Financing   |   |                          |                                    |                                 |                     |   |
| Arrangements Payable  | 8,232   | -                        | -                                  | 36,191                          | 44,423              | -   |
| Annuities Payable   | -   | -                        | -                                  | 40,420                          | 40,420              | -   |
| Refundable Advance On Student Loans   | 51,986  | -                        | -                                  | -                               | 51,986              | -   |
| Other   | -   | -                        | -                                  | 5,383                           | 5,383               | -   |
| <b>Total Noncurrent Liabilities</b>   | <b>843,238</b>                                  | <b>-</b>                 | <b>627,703</b>                     | <b>82,270</b>                   | <b>1,553,211</b>    | <b>504</b>  |
| <b>TOTAL LIABILITIES</b>  | <b>1,365,386</b>                                | <b>22,666</b>            | <b>631,875</b>                     | <b>128,392</b>                  | <b>2,148,319</b>    | <b>66,622</b>   |
| <b>NET ASSETS</b>   |   |                          |                                    |                                 |                     |   |
| Invested in Capital Assets,   |   |                          |                                    |                                 |                     |   |
| Net of Related Debt   | 1,510,220                                       | -                        | -                                  | 18,710                          | 1,528,930           | 78,691  |
| Restricted For:   |   |                          |                                    |                                 |                     |   |
| Expendable  | 249,529   | -                        | -                                  | -                               | 249,529             | -   |
| Nonexpendable   | 89,401  | -                        | -                                  | -                               | 89,401              | -   |
| Unemployment Benefits   | -   | 784,735                  | -                                  | -                               | 784,735             | -   |
| Unrestricted  | 765,208   | -                        | (560,865)                          | 48,290                          | 252,633             | 23,161  |
| <b>TOTAL NET ASSETS</b>   | <b>\$ 2,614,358</b>                             | <b>\$ 784,735</b>        | <b>\$ (560,865)</b>                | <b>\$ 67,000</b>                | <b>2,905,228</b>    | <b>\$ 101,852</b>   |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds |   |                          |                                    |                                 | (8,619)             |   |
| Net assets of business-type activities  |   |                          |                                    |                                 | <b>\$ 2,896,609</b> |   |

The notes are an integral part of the financial statements.



# STATE OF IOWA

## Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|   | BUSINESS- TYPE ACTIVITIES --<br>ENTERPRISE FUNDS |                          |                         |                  |                                 | GOVERNMENTAL<br>ACTIVITIES --<br>INTERNAL<br>SERVICE<br>FUNDS |
|---|--|--------------------------|-------------------------|------------------|---------------------------------|---|
|   | UNIVERSITY<br>FUNDS                              | UNEMPLOYMENT<br>BENEFITS | TOBACCO                 |                  | NONMAJOR<br>ENTERPRISE<br>FUNDS | TOTAL   |
|   |  |                          | SETTLEMENT<br>AUTHORITY | TOTAL            |                                 |   |
| <b>OPERATING REVENUES:</b>                                  |  |                          |                         |                  |                                 |   |
| Employer Contributions                                      | \$ -   | \$ 262,714               | \$ -                    | \$ -             | \$ 262,714                      | \$ -  |
| Receipts from Other Entities                                | 10,934   | 74,920                   | -                       | 113              | 85,967                          | 71,004  |
| Fees, Licenses & Permits                                    | 896,306  | -                        | -                       | 9,610            | 905,916                         | 120   |
| Refunds & Reimbursements                                    | -  | -                        | 49,772                  | 97               | 49,869                          | 35,402  |
| Sales, Rents & Services                                     | 214,497  | -                        | -                       | 347,770          | 562,267                         | 785   |
| Grants & Contracts  | 453,189  | -                        | -                       | 2,345            | 455,534                         | -   |
| Independent /Auxiliary Operations                           | 172,861  | -                        | -                       | -                | 172,861                         | -   |
| Miscellaneous   | 19,263   | -                        | -                       | -                | 19,263                          | 5,673   |
| <b>TOTAL OPERATING REVENUES</b>                             | <b>1,767,050</b>                                 | <b>337,634</b>           | <b>49,772</b>           | <b>359,935</b>   | <b>2,514,391</b>                | <b>112,984</b>  |
| <b>OPERATING EXPENSES:</b>                                  |  |                          |                         |                  |                                 |   |
| General & Administrative                                    | -  | -                        | 105                     | 38,653           | 38,758                          | -   |
| Scholarship & Fellowship                                    | 30,898   | -                        | -                       | -                | 30,898                          | -   |
| Depreciation  | 151,901  | -                        | -                       | 12,326           | 164,227                         | 10,213  |
| Direct Expense  | -  | -                        | -                       | 116,175          | 116,175                         | -   |
| Prize Expense   | -  | -                        | -                       | 104,199          | 104,199                         | -   |
| Personal Services   | 1,466,844  | -                        | -                       | 9,172            | 1,476,016                       | 6,526   |
| Travel & Subsistence  | 32,425   | -                        | -                       | 123              | 32,548                          | 11,026  |
| Supplies & Materials  | 217,961  | -                        | -                       | 116              | 218,077                         | 28,781  |
| Contractual Services  | 99,267   | -                        | -                       | 3,654            | 102,921                         | 8,091   |
| Equipment & Repairs   | 366,987  | -                        | -                       | 21               | 367,008                         | 8,820   |
| Claims & Miscellaneous                                      | 15,050   | -                        | -                       | 489              | 15,539                          | 38,708  |
| Licenses, Permits & Refunds                                 | 1,966  | 76                       | -                       | 473              | 2,515                           | 22  |
| State Aids & Credits  | -  | 444,969                  | -                       | 2,711            | 447,680                         | -   |
| <b>TOTAL OPERATING EXPENSES</b>                             | <b>2,383,299</b>                                 | <b>445,045</b>           | <b>105</b>              | <b>288,112</b>   | <b>3,116,561</b>                | <b>112,187</b>  |
| <b>OPERATING INCOME (LOSS)</b>                              | <b>(616,249)</b>                                 | <b>(107,411)</b>         | <b>49,667</b>           | <b>71,823</b>    | <b>(602,170)</b>                | <b>797</b>  |
| <b>NONOPERATING REVENUES<br/>(EXPENSES)</b>                 |  |                          |                         |                  |                                 |   |
| State Aid to Universities                                   | 681,288  | -                        | -                       | -                | 681,288                         | -   |
| Gifts   | 103,047  | -                        | -                       | -                | 103,047                         | -   |
| Taxes   | -  | -                        | -                       | 10,258           | 10,258                          | 384   |
| Investment Income   | 48,926   | 44,779                   | 3,008                   | 1,510            | 98,223                          | 75  |
| Interest Expense  | (31,657)   | -                        | (36,711)                | (3,067)          | (71,435)                        | (6)   |
| Miscellaneous Nonoperating Revenue                          | 6,196  | -                        | -                       | -                | 6,196                           | -   |
| Miscellaneous Nonoperating Expense                          | (330)  | -                        | (61)                    | (219)            | (610)                           | -   |
| Gain on Sale of Fixed Assets                                | -  | -                        | -                       | 34               | 34                              | -   |
| Loss on Sale of Fixed Assets                                | (11,212)   | -                        | -                       | (86)             | (11,298)                        | (604)   |
| <b>NET NONOPERATING<br/>REVENUES (EXPENSES)</b>             | <b>796,258</b>                                   | <b>44,779</b>            | <b>(33,764)</b>         | <b>8,430</b>     | <b>815,703</b>                  | <b>(151)</b>  |
| <b>INCOME (LOSS) BEFORE<br/>CONTRIBUTIONS AND TRANSFERS</b> | <b>180,009</b>                                   | <b>(62,632)</b>          | <b>15,903</b>           | <b>80,253</b>    | <b>213,533</b>                  | <b>646</b>  |
| Capital Contributions and Grants                            | 42,676   | -                        | -                       | 15,125           | 57,801                          | -   |
| Transfers In  | -  | -                        | -                       | 334              | 334                             | 2,142   |
| Transfers Out   | -  | -                        | (23,959)                | (88,849)         | (112,808)                       | (3,003)   |
| Additions to Endowments                                     | 555  | -                        | -                       | -                | 555                             | -   |
| <b>CHANGE IN NET ASSETS</b>                                 | <b>223,240</b>                                   | <b>(62,632)</b>          | <b>(8,056)</b>          | <b>6,863</b>     | <b>159,415</b>                  | <b>(215)</b>  |
| <b>TOTAL NET ASSETS -<br/>JULY 1, RESTATED</b>              | <b>2,391,118</b>                                 | <b>847,367</b>           | <b>(552,809)</b>        | <b>60,137</b>    | <b>102,067</b>                  | <b>102,067</b>  |
| <b>TOTAL NET ASSETS - JUNE 30</b>                           | <b>\$ 2,614,358</b>                              | <b>\$ 784,735</b>        | <b>\$ (560,865)</b>     | <b>\$ 67,000</b> | <b>\$ 159,415</b>               | <b>\$ 101,852</b>   |

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

(9,015)

Change in net assets of business-type activities

**\$ 150,400**

The notes are an integral part of the financial statements.

# STATE OF IOWA

## Statement of Cash Flows Proprietary Funds

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|  | BUSINESS-TYPE ACTIVITIES --<br>ENTERPRISE FUNDS |                          |                                    |                                 |                  | GOVERNMENTAL<br>ACTIVITIES --<br>INTERNAL<br>SERVICE<br>FUNDS |
|--|---|--------------------------|------------------------------------|---------------------------------|------------------|---|
|  | UNIVERSITY<br>FUNDS                             | UNEMPLOYMENT<br>BENEFITS | TOBACCO<br>SETTLEMENT<br>AUTHORITY | NONMAJOR<br>ENTERPRISE<br>FUNDS | TOTAL            |   |
|  |   |                          |                                    |                                 |                  |   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                         |   |                          |                                    |                                 |                  |   |
| Cash Received From Customers/Students                                | \$ 1,168,327                                    | \$ -                     | \$ -                               | \$ 341,898                      | \$ 1,510,225     | \$ -  |
| Cash from Miscellaneous  | 219,259   | -                        | -                                  | 2,047                           | 221,306          | -   |
| Cash Received From Employers   | -   | 239,813                  | -                                  | -                               | 239,813          | -   |
| Cash Received From Other Entities                                    | 461,761   | 74,920                   | 49,772                             | -                               | 586,453          | 8,173   |
| Cash Received From Reciprocal Interfund Activity                     | -   | -                        | -                                  | -                               | -                | 85,023  |
| Cash Payments To Suppliers For Goods & Services                      | (773,967)                                       | -                        | (105)                              | (152,420)                       | (926,492)        | (63,099)  |
| Cash Payments To Employees For Services                              | (1,638,903)                                     | -                        | -                                  | (15,367)                        | (1,654,270)      | (17,581)  |
| Cash Payments For Prizes   | -   | -                        | -                                  | (112,543)                       | (112,543)        | -   |
| Cash Payments For Unemployment Claims                                | -   | (442,060)                | -                                  | -                               | (442,060)        | -   |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                     | <b>(563,523)</b>                                | <b>(127,327)</b>         | <b>49,667</b>                      | <b>63,615</b>                   | <b>(577,568)</b> | <b>12,516</b>   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>              |   |                          |                                    |                                 |                  |   |
| Transfers In From Other Funds  | 264,934   | -                        | -                                  | 331                             | 265,265          | 2,142   |
| Transfers Out To Other Funds   | -   | -                        | (23,959)                           | (89,169)                        | (113,128)        | (2,943)   |
| Receipts From Grants & Contributions                                 | 380,479   | -                        | -                                  | -                               | 380,479          | -   |
| Receipts From Related Agencies                                       | 532,709   | -                        | -                                  | -                               | 532,709          | -   |
| Payments To Related Agencies   | (534,488)                                       | -                        | -                                  | -                               | (534,488)        | -   |
| Other Receipts   | 430,370   | -                        | -                                  | -                               | 430,370          | -   |
| Other Payments   | (380,233)                                       | -                        | -                                  | -                               | (380,233)        | -   |
| Proceeds From Non-Capital Gifts                                      | 73,983  | -                        | -                                  | -                               | 73,983           | -   |
| Proceeds From Issuance Of Debt                                       | -   | -                        | (1,970)                            | -                               | (1,970)          | -   |
| Bond Issuance Costs  | -   | -                        | (78)                               | -                               | (78)             | -   |
| Interest Paid  | -   | -                        | (35,875)                           | 10,258                          | (25,617)         | -   |
| Tax Receipts   | -   | -                        | -                                  | -                               | -                | 384   |
| <b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>          | <b>767,754</b>                                  | <b>-</b>                 | <b>(61,882)</b>                    | <b>(78,580)</b>                 | <b>627,292</b>   | <b>(417)</b>  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>     |   |                          |                                    |                                 |                  |   |
| Acquisition & Construction of Capital Assets                         | (332,151)                                       | -                        | -                                  | (7,018)                         | (339,169)        | (11,274)  |
| Interest Paid  | (31,518)  | -                        | -                                  | (3,287)                         | (34,805)         | -   |
| Debt Payments  | (72,529)  | -                        | -                                  | (10,125)                        | (82,654)         | -   |
| Capital Grants & Contributions                                       | 50,183  | -                        | -                                  | 15,125                          | 65,308           | -   |
| Debt Proceeds  | 115,108   | -                        | -                                  | -                               | 115,108          | -   |
| Proceeds From Sale of Capital Assets                                 | 2,098   | -                        | -                                  | 196                             | 2,294            | -   |
| Other  | 1,096   | -                        | -                                  | -                               | 1,096            | 2,032   |
| <b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b> | <b>(267,713)</b>                                | <b>-</b>                 | <b>-</b>                           | <b>(5,109)</b>                  | <b>(272,822)</b> | <b>(9,242)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                         |   |                          |                                    |                                 |                  |   |
| Interest & Dividends On Investments                                  | 35,259  | 44,779                   | 3,033                              | 1,526                           | 84,597           | 70  |
| Proceeds From Sale & Maturities Of Investments                       | 1,486,838                                       | -                        | 138,246                            | -                               | 1,625,084        | -   |
| Purchase Of Investments  | (1,462,609)                                     | -                        | (108,437)                          | -                               | (1,571,046)      | -   |
| Other  | -   | -                        | -                                  | 9,863                           | 9,863            | -   |
| <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>                     | <b>59,488</b>                                   | <b>44,779</b>            | <b>32,842</b>                      | <b>11,389</b>                   | <b>148,498</b>   | <b>70</b>   |

# STATE OF IOWA

(continued)

|  | BUSINESS-TYPE ACTIVITIES --<br>ENTERPRISE FUNDS |                          |                         |                     | TOTAL               | GOVERNMENTAL<br>ACTIVITIES -- |
|--|---|--------------------------|-------------------------|---------------------|---------------------|-------------------------------|
|  | UNIVERSITY<br>FUNDS                             | UNEMPLOYMENT<br>BENEFITS | TOBACCO                 | NONMAJOR            |                     | INTERNAL<br>SERVICE<br>FUNDS  |
|  |   |                          | SETTLEMENT<br>AUTHORITY | ENTERPRISE<br>FUNDS |                     |                               |
| <b>NET INCREASE (DECREASE) IN CASH &amp; CASH<br/>EQUIVALENTS</b>  | (3,994)   | (82,548)                 | 20,627                  | (8,685)             | (74,600)            | 2,927                         |
| <b>CASH &amp; CASH EQUIVALENTS JULY 1, RESTATED</b>  | 410,372   | 766,663                  | 461                     | 47,510              | 1,225,006           | 20,636                        |
| <b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>   | 406,378   | 684,115                  | 21,088                  | 38,825              | 1,150,406           | 23,563                        |
| <b>INVESTMENTS</b>   | 940,363   | -                        | 48,135                  | -                   | 988,498             | -                             |
| <b>LESS DEPOSITS WITH TRUSTEES</b>   | (29,202)  | -                        | -                       | -                   | (29,202)            | -                             |
| <b>CASH &amp; INVESTMENTS PER STATEMENT<br/>OF NET ASSETS</b>  | <u>\$ 1,317,539</u>                             | <u>\$ 684,115</u>        | <u>\$ 69,223</u>        | <u>\$ 38,825</u>    | <u>\$ 2,109,702</u> | <u>\$ 23,563</u>              |
| <b>RECONCILIATION OF OPERATING<br/>INCOME (LOSS) TO NET CASH PROVIDED<br/>BY OPERATING ACTIVITIES</b>    |   |                          |                         |                     |                     |                               |
| <b>Operating Income (Loss)</b>   | \$ (616,249)                                    | \$ (107,411)             | \$ 49,667               | \$ 71,823           | \$ (602,170)        | \$ 798                        |
| <b>Adjustments To Reconcile Operating Income (Loss)<br/>To Net Cash Provided By Operating Activities</b> |   |                          |                         |                     |                     |                               |
| Depreciation   | 151,901   | -                        | -                       | 12,326              | 164,227             | 10,213                        |
| (Increase) Decrease In Accounts Receivable   | (67,892)  | (17,676)                 | -                       | (14,380)            | (99,948)            | (150)                         |
| (Increase) Decrease In Benefit<br>Overpayment Receivable   | -   | (1,363)                  | -                       | -                   | (1,363)             | -                             |
| (Increase) Decrease In Due From  | (5,523)   | (5,032)                  | -                       | 1,054               | (9,501)             | (19,498)                      |
| (Increase) Decrease In Inventory   | 1,171   | -                        | -                       | 943                 | 2,114               | (506)                         |
| (Increase) Decrease In Prepaid   | (3,787)   | -                        | -                       | 222                 | (3,565)             | 148                           |
| (Increase) Decrease In Loans Receivable  | (2,817)   | -                        | -                       | -                   | (2,817)             | -                             |
| (Increase) Decrease In Other Assets  | (14)  | -                        | -                       | 4,810               | 4,796               | -                             |
| Increase (Decrease) In Accounts Payable  | (28,283)  | 3,222                    | -                       | (637)               | (25,698)            | 21,309                        |
| Increase (Decrease) In Due To  | -   | 1,126                    | -                       | 19                  | 1,145               | 186                           |
| Increase (Decrease) In Deferred Revenue  | 2,332   | (193)                    | -                       | 296                 | 2,435               | (62)                          |
| Increase (Decrease) In Compensated Absences<br>And Other Benefits  | 6,745   | -                        | -                       | 224                 | 6,969               | 78                            |
| Increase (Decrease) In Prizes Payable  | -   | -                        | -                       | 1,540               | 1,540               | -                             |
| Increase (Decrease) In Prize Annuity   | -   | -                        | -                       | (9,863)             | (9,863)             | -                             |
| Increase (Decrease) In Other Liability   | (1,107)   | -                        | -                       | (4,762)             | (5,869)             | -                             |
| <b>Net Cash Provided By Operating Activities</b>   | <u>\$ (563,523)</u>                             | <u>\$ (127,327)</u>      | <u>\$ 49,667</u>        | <u>\$ 63,615</u>    | <u>\$ (577,568)</u> | <u>\$ 12,516</u>              |

**Noncash capital financing activities:**

Capital assets of \$54,656,529 were acquired through capital lease agreements of \$37,270,030 and gifts of \$17,386,499 by the enterprise funds.

The notes are an integral part of the financial statements.

**State of Iowa**

## FIDUCIARY FUND FINANCIAL STATEMENTS

**Individual fund** descriptions and financial statements begin on page 116.

# STATE OF IOWA

## Statement of Fiduciary Net Assets Fiduciary Funds

June 30, 2003

(Expressed in Thousands)

|   | <b>PENSION<br/>AND OTHER<br/>EMPLOYEE<br/>BENEFIT<br/>TRUST<br/>FUNDS</b> | <b>PRIVATE-<br/>PURPOSE<br/>TRUST<br/>FUNDS</b> | <b>AGENCY<br/>FUNDS</b> |
|---|---|---|-------------------------|
| <b>ASSETS</b>                                     |   |   |                         |
| Cash & Cash Equivalents                           | \$ 142,563  | \$ 3,307  | \$ 86,358               |
| Receivables:                                      |   |   |                         |
| Accounts (Net)                                    | -   | 139   | 104,573                 |
| Contributions                                     | 34,973  | -   | -                       |
| Investment Sold                                   | 516,872   | -   | -                       |
| Foreign Exchange Contracts                        | 58,272  | -   | -                       |
| Interest & Dividends                              | 39,740  | -   | -                       |
| Miscellaneous                                     | 3,166   | -   | -                       |
| Total Receivables                                 | <u>653,023</u>  | <u>139</u>                                      | <u>104,573</u>          |
| Investments, at Fair Value:                       |   |   |                         |
| Fixed Income Securities                           | 5,456,862   | -   | -                       |
| Equity Investments                                | 7,341,131   | 506,193   | -                       |
| Real Estate Partnerships                          | 820,520   | -   | -                       |
| Investment in Private Equity/Debt                 | 933,505   | -   | -                       |
| Securities Lending Collateral Pool                | 1,503,952   | -   | -                       |
| Securities on Loan with Brokers                   | 1,439,548   | -   | -                       |
| Foreign Currency                                  | 1,786   | -   | -                       |
| Total Investments                                 | <u>17,497,304</u>   | <u>506,193</u>                                  | <u>-</u>                |
| Capital Assets:                                   |   |   |                         |
| Land  | 500   | -   | -                       |
| Capital Assets (Net)                              | <u>3,671</u>  | <u>86</u>                                       | <u>-</u>                |
| Total Capital Assets                              | <u>4,171</u>  | <u>86</u>                                       | <u>-</u>                |
| Other Assets                                      | <u>-</u>  | <u>17</u>                                       | <u>-</u>                |
| <b>Total Assets</b>                               | <b><u>18,297,061</u></b>  | <b><u>509,742</u></b>                           | <b><u>190,931</u></b>   |
| <b>LIABILITIES</b>                                |   |   |                         |
| Accounts Payable & Accruals                       | 20,463  | 69  | 190,931                 |
| Payable for Investments Purchased                 | 1,081,821   | -   | -                       |
| Payable to Brokers For Rebate & Collateral        | 1,503,423   | -   | -                       |
| Capital Lease                                     | -   | 24  | -                       |
| Other Financing Arrangements Payable              | -   | 311   | -                       |
| <b>Total Liabilities</b>                          | <b><u>2,605,707</u></b>   | <b><u>404</u></b>                               | <b><u>190,931</u></b>   |
| <b>NET ASSETS</b>                                 |   |   |                         |
| Held in Trust for:                                |   |   |                         |
| Employees' Benefits                               | 15,691,354  | -   | -                       |
| Individuals, Organizations, and Other Governments | <u>-</u>  | <u>509,338</u>                                  | <u>-</u>                |
| <b>Total Net Assets</b>                           | <b><u>\$ 15,691,354</u></b>   | <b><u>\$ 509,338</u></b>                        | <b><u>\$ -</u></b>      |

The notes are an integral part of the financial statements.

# STATE OF IOWA

## Statement of Changes in Fiduciary Net Assets Fiduciary Funds

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|   | <b>PENSION<br/>AND OTHER<br/>EMPLOYEE<br/>BENEFIT<br/>TRUST<br/>FUNDS</b> | <b>PRIVATE<br/>PURPOSE<br/>TRUST FUNDS</b> |
|---|---|--|
| <b>ADDITIONS</b>  |   |  |
| Contributions:  |   |  |
| Member/Participant Contributions                        | \$ 189,916  | \$ 226,041                                 |
| Employer Contributions                                  | 295,104   | -  |
| Buy-Back/Buy-In Contributions                           | 12,031  | -  |
| Gifts, Bequests, & Endowments                           | -   | 159  |
| <b>Total Contributions</b>                              | <b>497,051</b>  | <b>226,200</b>                             |
| Investment Income:                                      |   |  |
| Net Increase (Decrease) in<br>Fair Value of Investments | 404,740   | 25,470                                     |
| Interest  | 276,856   | 77   |
| Dividends   | 95,116  | -  |
| Other   | 92,375  | -  |
| <b>Investment Income</b>                                | <b>869,087</b>  | <b>25,547</b>                              |
| Less Investment Expense                                 | 49,448  | -  |
| <b>Net Investment Income</b>                            | <b>819,639</b>  | <b>25,547</b>                              |
| Miscellaneous Non-Investment Income                     | 8,952   | -  |
| <b>Total Additions</b>                                  | <b>1,325,642</b>  | <b>251,747</b>                             |
| <b>DEDUCTIONS:</b>                                      |   |  |
| Pension and Annuity Benefits                            | 754,277   | -  |
| Distribution to Participants                            | -   | 9,272                                      |
| Payments in Accordance with Agreements                  | 847   | -  |
| Administrative Expense                                  | 8,126   | -  |
| Refunds   | 35,599  | -  |
| Other   | -   | 1,374                                      |
| <b>Total Deductions</b>                                 | <b>798,849</b>  | <b>10,646</b>                              |
| <b>Change in Net Assets held in Trust for:</b>          |   |  |
| Employees' Benefits                                     | 526,793   | -  |
| Individuals, Organizations and Other Governments        | -   | 241,101                                    |
| <b>Net Assets - July 1, Restated</b>                    | <b>15,164,561</b>   | <b>268,237</b>                             |
| <b>Net Assets - June 30</b>                             | <b>\$ 15,691,354</b>  | <b>\$ 509,338</b>                          |

The notes are an integral part of the financial statements.

**State of Iowa**



## COMPONENT UNIT FINANCIAL STATEMENTS

**Iowa Finance Authority** 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.

**Iowa Higher Education Loan Authority** provides for the financing of educational loans for students attending private educational institutions in the state and financing for acquisition, construction, and renovation of educational facilities.

**Iowa Agricultural Development Authority** 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.

**Iowa State Fair Authority** conducts the annual State Fair and Exposition and other interim events on the Iowa State Fairgrounds.

# STATE OF IOWA

## Statement of Net Assets Component Units

June 30, 2003  
(Expressed in Thousands)

|  | IOWA<br>FINANCE<br>AUTHORITY | IOWA<br>HIGHER<br>EDUCATION<br>LOAN<br>AUTHORITY | IOWA<br>AGRICULTURAL<br>DEVELOPMENT<br>AUTHORITY | IOWA<br>STATE<br>FAIR<br>AUTHORITY | TOTAL<br>COMPONENT<br>UNITS |
|--|------------------------------|--|--|------------------------------------|-----------------------------|
| <b>ASSETS</b>                                      |                              |  |  |                                    |                             |
| Current Assets:                                    |                              |  |  |                                    |                             |
| Cash & Investments                                 | \$ 336,444                   | \$ 1,071   | \$ 693   | \$ 4,570                           | \$ 342,778                  |
| Cash & Investments - Restricted                    | -                            | 346  | -  | 1,980                              | 2,326                       |
| Accounts Receivable                                | -                            | -  | 12   | 714                                | 726                         |
| Interest Receivable                                | 7,864                        | 130  | 44   | 363                                | 8,401                       |
| Loans Receivable (Net)                             | 21,086                       | 3,651  | 122  | -                                  | 24,859                      |
| Inventory  | -                            | -  | -  | 190                                | 190                         |
| Prepaid Expenses                                   | -                            | 98   | -  | -                                  | 98                          |
| Other  | 1,322                        | -  | -  | -                                  | 1,322                       |
| <b>Total Current Assets</b>                        | <b><u>366,716</u></b>        | <b><u>5,296</u></b>                              | <b><u>871</u></b>                                | <b><u>7,817</u></b>                | <b><u>380,700</u></b>       |
| Noncurrent Assets:                                 |                              |  |  |                                    |                             |
| Cash & Investments                                 | 637,694                      | -  | -  | -                                  | 637,694                     |
| Cash & Investments - Restricted                    | -                            | 13,310   | 3,649  | -                                  | 16,959                      |
| Accounts Receivable                                | -                            | -  | -  | 500                                | 500                         |
| Loans Receivable (Net)                             | 300,285                      | 22,748   | 1,355  | -                                  | 324,388                     |
| Capital Assets - nondepreciable                    | -                            | -  | -  | 15,711                             | 15,711                      |
| Capital Assets - depreciable, net                  | 970                          | 1  | 26   | 26,644                             | 27,641                      |
| <b>Total Noncurrent Assets</b>                     | <b><u>938,949</u></b>        | <b><u>36,059</u></b>                             | <b><u>5,030</u></b>                              | <b><u>42,855</u></b>               | <b><u>1,022,893</u></b>     |
| <b>TOTAL ASSETS</b>                                | <b><u>1,305,665</u></b>      | <b><u>41,355</u></b>                             | <b><u>5,901</u></b>                              | <b><u>50,672</u></b>               | <b><u>1,403,593</u></b>     |
| <b>LIABILITIES</b>                                 |                              |  |  |                                    |                             |
| Current Liabilities:                               |                              |  |  |                                    |                             |
| Accounts Payable & Accruals                        | 5,856                        | 51   | 63   | 1,073                              | 7,043                       |
| Interest Payable                                   | 16,779                       | 121  | -  | -                                  | 16,900                      |
| Deferred Revenue                                   | 599                          | 70   | -  | -                                  | 669                         |
| Bonds Payable                                      | 70,518                       | 1,619  | -  | -                                  | 72,137                      |
| <b>Total Current Liabilities</b>                   | <b><u>93,752</u></b>         | <b><u>1,861</u></b>                              | <b><u>63</u></b>                                 | <b><u>1,073</u></b>                | <b><u>96,749</u></b>        |
| Noncurrent Liabilities:                            |                              |  |  |                                    |                             |
| Deferred Revenues                                  | 5,938                        | 233  | -  | -                                  | 6,171                       |
| Compensated Absences                               | -                            | -  | -  | 136                                | 136                         |
| Bonds Payable                                      | 713,067                      | 37,064   | -  | -                                  | 750,131                     |
| Other Liabilities                                  | 9,571                        | -  | -  | 61                                 | 9,632                       |
| <b>Total Noncurrent Liabilities</b>                | <b><u>728,576</u></b>        | <b><u>37,297</u></b>                             | <b><u>-</u></b>                                  | <b><u>197</u></b>                  | <b><u>766,070</u></b>       |
| <b>TOTAL LIABILITIES</b>                           | <b><u>822,328</u></b>        | <b><u>39,158</u></b>                             | <b><u>63</u></b>                                 | <b><u>1,270</u></b>                | <b><u>862,819</u></b>       |
| <b>NET ASSETS</b>                                  |                              |  |  |                                    |                             |
| Invested in Capital Assets,<br>Net of Related Debt | 970                          | 1  | 26   | 42,355                             | 43,352                      |
| Restricted for Specific Purposes                   | 446,506                      | 1,123  | 5,144  | 1,705                              | 454,478                     |
| Unrestricted                                       | 35,861                       | 1,073  | 668  | 5,342                              | 42,944                      |
| <b>TOTAL NET ASSETS</b>                            | <b><u>483,337</u></b>        | <b><u>2,197</u></b>                              | <b><u>5,838</u></b>                              | <b><u>49,402</u></b>               | <b><u>540,774</u></b>       |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b>           | <b><u>\$ 1,305,665</u></b>   | <b><u>\$ 41,355</u></b>                          | <b><u>\$ 5,901</u></b>                           | <b><u>\$ 50,672</u></b>            | <b><u>\$ 1,403,593</u></b>  |

The notes are an integral part of the financial statements

# STATE OF IOWA

## Statement of Activities Component Units

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|                                       | <b>IOWA<br/>FINANCE<br/>AUTHORITY</b> | <b>IOWA<br/>HIGHER<br/>EDUCATION<br/>LOAN<br/>AUTHORITY</b> | <b>IOWA<br/>AGRICULTURAL<br/>DEVELOPMENT<br/>AUTHORITY</b> | <b>IOWA<br/>STATE<br/>FAIR<br/>AUTHORITY</b> | <b>TOTAL<br/>COMPONENT<br/>UNITS</b> |
|---------------------------------------|---------------------------------------|---|--|--|--------------------------------------|
| Expenses                              | \$ 49,706                             | \$ 1,222  | \$ 468   | \$ 13,470                                    | \$ 64,866                            |
| Program Revenues:                     |                                       |   |  |  |                                      |
| Charges for Service                   | 72,131                                | 1,416   | 446  | 13,150                                       | 87,143                               |
| Operating Grants<br>and Contributions | 49,183                                | -   | -  | 506  | 49,689                               |
| Total Program Revenues                | 121,314                               | 1,416   | 459  | 14,643                                       | 137,832                              |
| Net Program (Expense) Revenue         | 71,608                                | 194   | (9)  | 1,173  | 72,966                               |
| General Revenues (Expenses):          |                                       |   |  |  |                                      |
| Investment Income                     | 1,705                                 | -   | 21   | 114  | 1,840                                |
| Other                                 | 190                                   | -   | -  | 335  | 525                                  |
| Total General Revenue                 | 1,895                                 | -   | 21   | 449  | 2,365                                |
| Change in Net Assets                  | 73,503                                | 194   | 12   | 1,622  | 75,331                               |
| <b>Net Assets - July 1</b>            | <b>409,834</b>                        | <b>2,003</b>  | <b>5,826</b>   | <b>47,780</b>                                | <b>465,443</b>                       |
| <b>Net Assets - June 30</b>           | <b>\$ 483,337</b>                     | <b>\$ 2,197</b>   | <b>\$ 5,838</b>  | <b>\$ 49,402</b>                             | <b>\$ 540,774</b>                    |

The notes are an integral part of the financial statements.

# 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 U.S. 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, 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 Administrative Services, State Accounting Enterprise, 3<sup>rd</sup> Floor, Hoover State Office Bldg., Des Moines, IA 50319.

#### **Blended Component Units**

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

- Iowa Public Television Foundation (Special Revenue and Permanent funds) serves as a funding medium for Iowa Public Television. It 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.

- Tobacco Settlement Authority (Enterprise fund) was created to issue bonds to securitize payments due to the State pursuant to the Master Settlement Agreement between the State and the five largest tobacco manufacturers. The Authority's board consists of the Treasurer of State, Auditor of State and the Director of the Department of Management. The State has the ability to impose its will on the Authority and its sole purpose is to provide a secure and stable source of revenue from the tobacco settlement for the State.

#### **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 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 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.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

- 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.
- Iowa State Fair Authority (Proprietary) 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).

### **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. Government-Wide and Fund Financial Statements**

#### **Government-Wide Financial Statements**

The Statement of Net Assets and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The **Statement of Net Assets** presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

#### **Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being combined into a single column.

#### **D. Financial Statement Presentation**

The State reports the following major governmental funds:

The *General Fund* is the State's principal operating fund. It accounts for all financial resources except those accounted for in another fund.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

*Tobacco Tax-Exempt Bond Proceeds Fund* accounts for proceeds received from the Tobacco Settlement Authority to provide appropriations for various programs.

The State reports the following major enterprise funds:

*The University Funds* account for the operations of the State's public institutions of higher education. The State University of Iowa, Iowa State University and the University of Northern Iowa comprise this group.

*The Unemployment Benefits Fund* receives federal funds and contributions from employers to provide benefits to eligible unemployed workers.

*Tobacco Settlement Authority* accounts for the bond proceeds securitized by payments due to the State pursuant to the Master Settlement Agreement between the State and the five largest tobacco manufacturers.

In addition, the State reports the following fund types:

### **Governmental Funds**

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

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

*Permanent Funds* account for resources that are legally restricted to the extent that only earnings, and not principal may be used for the benefit of the government or its citizenry.

### **Proprietary Funds**

*Enterprise Funds* 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* 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**

*Pension and Other Employee Benefit Trust Funds* account for resources that are required to be held for the members and beneficiaries of the State's defined benefit pension plans and other post employment benefit plans. The pension plans included are the Iowa Public Employees' Retirement System (IPERS), Peace Officers' Retirement, Accident and Disability System, and the Judicial Retirement System.

*Private Purpose Trust Funds* account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

*Agency Funds* account for resources held by the State in a purely custodial capacity.

### **E. Measurement Focus and 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.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Most revenues, including taxes, fees, charges for service, refunds and reimbursements, and receipts from other entities, are considered by the State to be available if collected within 60 days of the end of the fiscal year. Revenues that the State earns by incurring obligations are recognized in the same period as the obligations are recognized. Investment earnings are recorded as earned since they are measurable and available.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

Expenditures are recognized when the related fund liability is incurred. An exception to the general modified accrual expenditure recognition criteria is the principal and interest on general long-term debt which is recognized when due. Income tax refunds are accrued for claims related to tax periods ended by June 30, of the fiscal year, and paid within sixty days.

Proprietary and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Proprietary funds distinguish operating from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. All other revenues and expenses are reported as nonoperating.

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.

### **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.

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

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

Investment earnings of the investment pool are allocated to the individual funds as provided by statute. Income associated with one fund that has been assigned to another fund totaled \$21,857,687 for fiscal year 2003.

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 in accordance with GASB Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. 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 cash equivalent investments such as commercial paper, bankers acceptances, certificates of deposit, guaranteed investment contracts, and discount notes issued by government agencies are valued using purchase price. (For Pension plans, See NOTE 18).

Certain State institutions participate in the Iowa Public Agency Investment Trust (IPAIT), a state and local government pooled investment account, created by Iowa Code Chapter 28E. IPAIT is managed by Investors Management Group and is registered with the Securities and Exchange Commission. IPAIT follows established money market mutual fund parameters designed to maintain a \$1 per unit net asset value.

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

# 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 \$496,323 in credit risk exposure to borrowers because the amounts they owed IPERS exceeded the amounts IPERS 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. At year-end PORS had no credit risk exposure. As of June 30, 2003, the Systems had securities on loan, including accrued interest income, with a total value of \$1,439,547,779 against collateral with a total value of \$1,502,071,835.

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.

Taxes receivable represent amounts due to the State at June 30, which will be collected sometime in the future. In the government-wide financial statements, a corresponding amount is recorded as revenue. In the governmental fund financial statements, the portion considered "available" is recorded as revenue; the remainder is recorded as deferred revenue.

### H. 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.

### I. Capital Assets

Capital assets are reported in the government-wide financial statements and proprietary fund statements at historical cost. Donated capital assets are reported at their estimated fair market value at the time of acquisition. Capital assets utilized in governmental funds are reported as expenditures when purchased in the governmental fund financial statements. Reportable capital assets are defined by the State as assets above the following thresholds:

|                                     |              |
|-------------------------------------|--------------|
| Infrastructure                      | \$ 1 million |
| Land, Building and Improvements     | \$ 50,000    |
| Equipment (non-Regent institutions) | \$ 5,000     |
| Equipment (Regents)                 | \$ 2,000     |

Capital assets are depreciated over their useful lives using the straight-line depreciation method. The government-wide financial statements, proprietary fund statements, and component unit financial statements report depreciation expense. The following useful lives are used:

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



# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### J. Long-term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and long-term liabilities are reported as liabilities. Bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond discounts and issuance costs for propriety 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.

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.

Long-term liabilities that are due within one year of the date of the statements are classified as current liabilities.

### K. Interfund Activity and Balances

#### *Interfund Activity*

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

#### *Interfund Balances*

Interfund receivables and payables have been eliminated from the Statement of Net Assets, except for the residual amounts due between governmental and business-type activities.

### L. Encumbrances

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. Section 8.33, 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.

### M. Budgeting and Budgetary Control

Budgetary comparison schedules and related disclosures are reported as Required Supplementary Information (RSI). As further discussed in the RSI, General Fund expenditures were in excess of revenues resulting in a \$45.8 million deficit. If unresolved by the Governor and or Legislature, this deficit may be a material violation of finance - related legal and contractual provisions.

## NOTE 2 – CASH, INVESTMENTS AND SECURITIES LENDING

### CASH

#### Primary Government and Fiduciary

The carrying amount of cash at June 30 is \$1,210,464,357 and the bank balance is \$1,234,237,163. The bank balance at June 30 is insured or collateralized as follows: \$1,016,603,418 is covered by federal depository insurance or by collateral held by the State's agent in the State's name, \$939,200 is covered by collateral held in the pledging bank's trust department in the State's name, and \$216,694,545 is uninsured or uncollateralized.

#### Component Units

The carrying amount of cash at June 30 is \$30,628,038 and the bank balance is \$30,628,038. The bank balance at June 30 is insured or collateralized by federal depository insurance or by collateral held by the State's agent in the State's name.

### INVESTMENTS

Investments at June 30, 2003, 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.)

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**Primary Government**

|                             | 1                  | Category<br>2    | 3              | Fair<br>Value      |
|-----------------------------|--------------------|------------------|----------------|--------------------|
| U.S. Government Securities  | \$777,586          | \$541,404        | \$ 385         | \$1,319,375        |
| Equity Securities           | 22,200             | 173,313          | 769            | 196,282            |
| Fixed Income Securities     | 240,990            | 164,262          | -              | 405,252            |
| Asset Backed Securities     | <u>3,802</u>       | -                | -              | <u>3,802</u>       |
|                             | <u>\$1,044,578</u> | <u>\$878,979</u> | <u>\$1,154</u> | 1,924,711          |
| Unclaimed Property          |                    |                  |                | 7,160              |
| Money Market & Mutual Funds |                    |                  |                | 642,327            |
| Investment Agreements       |                    |                  |                | 406,530            |
| Investment Pools            |                    |                  |                | 904                |
| Other                       |                    |                  |                | <u>665</u>         |
| Total Investments           |                    |                  |                | <u>\$2,982,297</u> |

**Fiduciary Funds**

|                                       | Category<br>1       | Fair<br>Value       |
|---------------------------------------|---------------------|---------------------|
| U.S. Government Securities            | \$ 1,210,768        | \$ 1,210,768        |
| Domestic Equity Securities            | 1,713,892           | 1,713,892           |
| Domestic Fixed Income Securities      | 944,181             | 944,181             |
| International Securities              | 1,157,660           | 1,157,660           |
| Foreign Currency                      | <u>1,786</u>        | <u>1,786</u>        |
|                                       | <u>\$ 5,028,287</u> | 5,028,287           |
| Securities on Loan                    |                     | 1,439,548           |
| Mutual and Commingled Funds           |                     | 8,075,978           |
| Short Term Investment Funds           |                     | 201,711             |
| Real Estate Partnerships              |                     | 820,527             |
| Investment in Private Equity          |                     | 933,505             |
| Securities Lending                    |                     |                     |
| Short-Term Collateral Investment Pool |                     | <u>1,503,952</u>    |
| Total Investments                     |                     | <u>\$18,003,508</u> |

**Cash & Investment Reconciliation**

|                                      |                      |
|--------------------------------------|----------------------|
| Investments Per Preceding Schedules: |                      |
| Primary Government                   | \$ 2,982,297         |
| Fiduciary Funds                      | <u>18,003,508</u>    |
| Total                                | 20,985,805           |
| Cash                                 | 1,210,464            |
| Outstanding Warrants                 | (168,246)            |
| Other Reconciling Items              | <u>(6,463)</u>       |
| Total Cash & Investments             | <u>\$ 22,021,560</u> |

**Component Units**

|                             | Category<br>1   | 2                | Fair<br>Value    |
|-----------------------------|-----------------|------------------|------------------|
| U.S. Government Securities  | \$42,698        | \$455,714        | \$498,412        |
| Repurchase Agreements       | <u>-</u>        | <u>166,067</u>   | <u>166,067</u>   |
|                             | <u>\$42,698</u> | <u>\$621,781</u> | 664,479          |
| Money Market & Mutual Funds |                 |                  | 92,090           |
| Investment Agreements       |                 |                  | 212,096          |
| Other                       |                 |                  | <u>464</u>       |
| Total Investments           |                 |                  | <u>\$969,129</u> |

**Cash & Investment Reconciliation**

|                                |                  |
|--------------------------------|------------------|
| Investments Per Above Schedule | \$969,129        |
| Cash                           | <u>30,628</u>    |
| Total Cash & Investments       | <u>\$999,757</u> |

**DEPOSITS WITH TRUSTEES**

**Primary Government**

The carrying amount of cash at June 30 is \$19,902,726 and the bank balance is \$19,902,726. The bank balance at June 30 is insured or collateralized as follows: \$11,137,441 is covered by federal depository insurance or by collateral held by the State's agent in the State's name, and \$8,765,285 is uninsured or uncollateralized.

The investments at June 30, 2003, for Deposit With Trustees are as follows (expressed in thousands):

|                            | Category<br>1   | 2              | Fair<br>Value    |
|----------------------------|-----------------|----------------|------------------|
| U.S. Government Securities | \$ -            | \$3,018        | \$ 3,018         |
| Repurchase Agreements      | <u>1,341</u>    | <u>-</u>       | <u>1,341</u>     |
|                            | <u>\$ 1,341</u> | <u>\$3,018</u> | 4,359            |
| Mutual Funds               |                 |                | 6,461            |
| Investment Agreements      |                 |                | <u>3,121</u>     |
| Total Investments          |                 |                | <u>\$ 13,941</u> |

**Cash & Investment Reconciliation**

|                                |                  |
|--------------------------------|------------------|
| Investments Per Above Schedule | \$ 13,941        |
| Cash                           | <u>19,903</u>    |
| Deposits With Trustees         | <u>\$ 33,844</u> |

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3 – TRANSFERS**

Interfund transfers for the year ended June 30, 2003, consisted of the following (expressed in thousands):

| <u>Transferred Out</u>           | <u>Transferred In</u> |   |                                    |                                  |                         | <u>Total</u>      |
|----------------------------------|-----------------------|---|------------------------------------|----------------------------------|-------------------------|-------------------|
|                                  | <u>General</u>        | <u>Tobacco Tax-Exempt Bond Proceeds</u> | <u>Nonmajor Governmental Funds</u> | <u>Nonmajor Enterprise Funds</u> | <u>Internal Service</u> |                   |
| General                          | \$ -                  | \$ -                                    | \$ 16,782                          | \$ 334                           | \$ 1,916                | \$ 19,032         |
| Tobacco Tax-Exempt Bond Proceeds | 22,926                | -                                       | 7,410                              | -                                | -                       | 30,336            |
| Nonmajor Governmental Funds      | 100,420               | 5                                       | 9,064                              | -                                | -                       | 109,489           |
| Tobacco Settlement Authority     | -                     | -                                       | 23,959                             | -                                | -                       | 23,959            |
| Nonmajor Enterprise Funds        | 88,849                | -                                       | -                                  | -                                | -                       | 88,849            |
| Internal Service                 | <u>2,777</u>          | <u>-</u>                                | <u>-</u>                           | <u>-</u>                         | <u>226</u>              | <u>3,003</u>      |
| Total                            | <u>\$ 214,972</u>     | <u>\$ 5</u>                             | <u>\$ 57,215</u>                   | <u>\$ 334</u>                    | <u>\$ 2,142</u>         | <u>\$ 274,668</u> |

Transfers are used to move: 1) revenues from the fund that statute requires to collect them to the fund that statute requires to expend them, 2) unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization, 3) Tobacco Settlement Authority bond proceeds to the State, and 4) profits from the Iowa Lottery Fund and Liquor Control Fund as required by law.

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2003, consisted of the following (expressed in thousands):

|                                  | <u>Accounts Receivable</u> | <u>Taxes Receivable</u> | <u>Interest Receivable</u> | <u>Loans Receivable</u> | <u>Benefit Over-payment</u> | <u>Subtotal</u>     | <u>Less: allowance</u> | <u>Total Memo Only</u> |
|----------------------------------|----------------------------|-------------------------|----------------------------|-------------------------|-----------------------------|---------------------|------------------------|------------------------|
|                                  | Current:                   |                         |                            |                         |                             |                     |                        |                        |
| General                          | \$ 735,499                 | \$ 398,197              | \$ -                       | \$ 10,576               | \$ -                        | \$ 1,144,272        | \$ 18,633              | \$ 1,125,639           |
| Tobacco Tax-Exempt Bond Proceeds | 2,245                      | -                       | 1,665                      | -                       | -                           | 3,910               | -                      | 3,910                  |
| Nonmajor Governmental            | 3,784                      | -                       | -                          | -                       | -                           | 3,784               | -                      | 3,784                  |
| University                       | 560,620                    | -                       | 4,561                      | 6,946                   | -                           | 572,127             | 242,536                | 329,591                |
| Unemployment Benefits            | 92,333                     | -                       | -                          | -                       | 10,081                      | 102,414             | -                      | 102,414                |
| Tobacco Settlement Authority     | -                          | -                       | 220                        | -                       | -                           | 220                 | -                      | 220                    |
| Nonmajor Enterprise Funds        | 20,769                     | -                       | 39                         | -                       | -                           | 20,808              | 388                    | 20,420                 |
| Internal Service                 | <u>595</u>                 | <u>-</u>                | <u>1</u>                   | <u>-</u>                | <u>-</u>                    | <u>596</u>          | <u>-</u>               | <u>596</u>             |
| Total Current                    | <u>1,415,845</u>           | <u>398,197</u>          | <u>6,486</u>               | <u>17,522</u>           | <u>10,081</u>               | <u>1,848,131</u>    | <u>261,557</u>         | <u>1,586,574</u>       |
| Noncurrent:                      |                            |                         |                            |                         |                             |                     |                        |                        |
| General                          | 248,871                    | 33,580                  | -                          | 166,482                 | -                           | 448,933             | 272,509                | 176,424                |
| Nonmajor Governmental            | 2,630                      | -                       | -                          | -                       | -                           | 2,630               | -                      | 2,630                  |
| University                       | 19,199                     | -                       | 1,068                      | 67,436                  | -                           | 87,703              | 2,135                  | 85,568                 |
| Unemployment Benefits            | 2,397                      | -                       | -                          | -                       | 20,490                      | 22,887              | 10,285                 | 12,602                 |
| Internal Service                 | <u>-</u>                   | <u>-</u>                | <u>-</u>                   | <u>290</u>              | <u>-</u>                    | <u>290</u>          | <u>-</u>               | <u>290</u>             |
| Total Noncurrent                 | <u>273,097</u>             | <u>33,580</u>           | <u>1,068</u>               | <u>234,208</u>          | <u>20,490</u>               | <u>562,443</u>      | <u>284,929</u>         | <u>277,514</u>         |
| Subtotal                         | 1,688,942                  | 431,777                 | 7,554                      | 251,730                 | 30,571                      | 2,410,574           | 546,486                | 1,864,088              |
| Discrete Component Units         | <u>1,226</u>               | <u>-</u>                | <u>8,401</u>               | <u>352,139</u>          | <u>-</u>                    | <u>361,766</u>      | <u>2,892</u>           | <u>358,874</u>         |
| Total                            | <u>\$ 1,690,168</u>        | <u>\$ 431,777</u>       | <u>\$ 15,955</u>           | <u>\$ 603,869</u>       | <u>\$ 30,571</u>            | <u>\$ 2,772,340</u> | <u>\$ 549,378</u>      | <u>\$ 2,222,962</u>    |

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – INTERFUND BALANCES**

Interfund balances for the year ended June 30, 2003, consisted of the following (expressed in thousands):

| Due To Other Funds                | Due From Other Funds |                                  |                             |                       |                           |                  | Total            |
|-----------------------------------|----------------------|----------------------------------|-----------------------------|-----------------------|---------------------------|------------------|------------------|
|                                   | General              | Tobacco Tax-Exempt Bond Proceeds | Nonmajor Governmental Funds | Unemployment Benefits | Nonmajor Enterprise Funds | Internal Service |                  |
| General                           | \$ -                 | \$ 142                           | \$ 1,928                    | \$ 209                | \$ 1,667                  | \$ 55,120        | \$ 59,066        |
| Tobacco Tax -Exempt Bond Proceeds | 14,039               | -                                | 399                         | -                     | 8                         | 24               | 14,470           |
| Nonmajor Governmental Funds       | 411                  | -                                | 999                         | -                     | 115                       | 6                | 1,531            |
| Unemployment Benefits             | 1,527                | -                                | -                           | -                     | -                         | -                | 1,527            |
| Nonmajor Enterprise Funds         | 2,827                | -                                | -                           | -                     | 28                        | 9                | 2,864            |
| Internal Service                  | 133                  | -                                | -                           | -                     | 76                        | 282              | 491              |
| <b>Total</b>                      | <u>\$ 18,937</u>     | <u>\$ 142</u>                    | <u>\$ 3,326</u>             | <u>\$ 209</u>         | <u>\$ 1,894</u>           | <u>\$ 55,441</u> | <u>\$ 79,949</u> |

\$52.4 million is due from the General Fund to the Workers Compensation Fund (an Internal Service Fund) to fund the cost of claims incurred, \$13.7 million is due from the Tobacco Tax-Exempt Bond Proceeds Fund to the General Fund per law, for deposit in the community attraction and tourism program. \$2.5 million is due from the Iowa Lottery (an Enterprise Fund) to the General Fund to transfer lottery profits as required by law. Remaining interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded, and payment between funds are made.

Not included in the table above are the following interfund advances, which are not expected to be repaid within one year: \$.68 million due from the General Fund and General Services-General Office (an Internal Service Fund) to the Innovation Fund (an Internal Service Fund) for amounts loaned for the purpose of stimulating and encouraging innovation in State government and \$8.1 million due from the General Fund to the Unemployment Benefits Fund (an Enterprise Fund) for amounts loaned for various projects per the Reed Act distribution under Section 903 of the Social Security Act.

**NOTE 6 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2003, was as follows (expressed in thousands):

**Primary Government**

| Governmental Activities                            | Balances            |                   |                   |                 | Internal Service Fund | Balances June 30, 2003 |
|--|---------------------|-------------------|-------------------|-----------------|-----------------------|------------------------|
|  | July 1, 2002,       | Reclassifications | Increases         | Decreases       |                       |                        |
| <b>Capital Assets, Not Being Depreciated:</b>      |                     |                   |                   |                 |                       |                        |
| Land   | \$ 576,298          | \$ (2,456)        | \$ 23,136         | \$ 1,686        | \$ -                  | \$ 595,292             |
| Construction in Progress                           | 139,342             | (105,227)         | 47,255            | -               | -                     | 81,370                 |
| <b>Total Capital Assets, Not Being Depreciated</b> | <u>715,640</u>      | <u>(107,683)</u>  | <u>70,391</u>     | <u>1,686</u>    | <u>-</u>              | <u>676,662</u>         |
| <b>Capital Assets Being Depreciated:</b>           |                     |                   |                   |                 |                       |                        |
| Infrastructure                                     | 6,335,828           | 4,470             | 462,074           | -               | -                     | 6,802,372              |
| Works of Art and Historical Treasures              | 928                 | -                 | -                 | -               | -                     | 928                    |
| Land Improvements                                  | 3,158               | 3,060             | 1,715             | 108             | -                     | 7,825                  |
| Building and Improvements                          | 705,571             | 90,792            | 11,501            | 1,114           | 1,412                 | 808,162                |
| Machinery, Equipment and Vehicles                  | 193,658             | 9,361             | 11,455            | 13,727          | 163,977               | 364,724                |
| <b>Total Capital Assets Being Depreciated</b>      | <u>7,239,143</u>    | <u>107,683</u>    | <u>486,745</u>    | <u>14,949</u>   | <u>165,389</u>        | <u>7,984,011</u>       |
| <b>Less Accumulated Depreciation for:</b>          |                     |                   |                   |                 |                       |                        |
| Infrastructure                                     | 2,327,804           | -                 | 271,336           | -               | -                     | 2,599,140              |
| Works of Art and Historical Treasures              | 55                  | -                 | 9                 | -               | -                     | 64                     |
| Land Improvements                                  | 388                 | -                 | 519               | 31              | -                     | 876                    |
| Buildings and Improvements                         | 353,838             | 135               | 23,396            | 686             | 461                   | 377,144                |
| Machinery, Equipment and Vehicles                  | 128,343             | (135)             | 23,263            | 12,657          | 85,831                | 224,645                |
| <b>Total Accumulated Depreciation</b>              | <u>2,810,428</u>    | <u>-</u>          | <u>318,523</u>    | <u>13,374</u>   | <u>86,292</u>         | <u>3,201,869</u>       |
| <b>Total Capital Assets Being Depreciated, Net</b> | <u>4,428,715</u>    | <u>107,683</u>    | <u>168,222</u>    | <u>1,575</u>    | <u>79,097</u>         | <u>4,782,142</u>       |
| <b>Governmental Activities Capital Assets, Net</b> | <u>\$ 5,144,355</u> | <u>\$ -</u>       | <u>\$ 238,613</u> | <u>\$ 3,261</u> | <u>\$ 79,097</u>      | <u>\$ 5,458,804</u>    |

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

| <b>Business-type Activities</b>                     | Balances<br>July 1, 2002 | Reclassifications | Increases         | Decreases        | Balances<br>June 30, 2003 |
|---|--------------------------|-------------------|-------------------|------------------|---------------------------|
| <b>Capital Assets, Not Being Depreciated:</b>       |                          |                   |                   |                  |                           |
| Land  | \$ 24,172                | \$ -              | \$ 2,543          | \$ -             | \$ 26,715                 |
| Land Improvements                                   | 5,415                    | 20                | 24                | -                | 5,459                     |
| Construction in Progress                            | 172,980                  | (168,187)         | 225,390           | -                | 230,183                   |
| Works of Art  | 27,481                   | -                 | 337               | -                | 27,818                    |
| Library Collections                                 | <u>151,480</u>           | <u>-</u>          | <u>11,093</u>     | <u>1,595</u>     | <u>160,978</u>            |
| <b>Total Capital Assets, Not Being Depreciated</b>  | <u>381,528</u>           | <u>(168,167)</u>  | <u>239,387</u>    | <u>1,595</u>     | <u>451,153</u>            |
| <b>Capital Assets Being Depreciated:</b>            |                          |                   |                   |                  |                           |
| Infrastructure                                      | 466,077                  | 16,124            | 5,918             | -                | 488,119                   |
| Library Collections                                 | 149,649                  | -                 | 10,931            | 829              | 159,751                   |
| Land Improvements                                   | 35,339                   | 939               | 1,637             | 164              | 37,751                    |
| Buildings and Improvements                          | 2,043,430                | 151,104           | 13,027            | 4,945            | 2,202,616                 |
| Machinery, Equipment and Vehicles                   | <u>842,435</u>           | <u>-</u>          | <u>112,124</u>    | <u>71,807</u>    | <u>882,752</u>            |
| <b>Total Capital Assets Being Depreciated</b>       | <u>3,536,930</u>         | <u>168,167</u>    | <u>143,637</u>    | <u>77,745</u>    | <u>3,770,989</u>          |
| <b>Less Accumulated Depreciation for:</b>           |                          |                   |                   |                  |                           |
| Infrastructure                                      | 244,180                  | -                 | 22,101            | 4                | 266,277                   |
| Library Collections                                 | 114,283                  | -                 | 7,766             | 830              | 121,219                   |
| Land Improvements                                   | 17,639                   | 120               | 1,488             | -                | 19,247                    |
| Buildings and Improvements                          | 975,546                  | -                 | 64,367            | 242              | 1,039,671                 |
| Machinery, Equipment and Vehicles                   | <u>553,143</u>           | <u>(120)</u>      | <u>68,505</u>     | <u>59,837</u>    | <u>561,691</u>            |
| <b>Total Accumulated Depreciation</b>               | <u>1,904,791</u>         | <u>-</u>          | <u>164,227</u>    | <u>60,913</u>    | <u>2,008,105</u>          |
| <b>Total Capital Assets Being Depreciated, Net</b>  | <u>1,632,139</u>         | <u>168,167</u>    | <u>(20,590)</u>   | <u>16,832</u>    | <u>1,762,884</u>          |
| <b>Business-type Activities Capital Assets, Net</b> | <u>\$ 2,013,667</u>      | <u>\$ -</u>       | <u>\$ 218,797</u> | <u>\$ 18,427</u> | <u>\$ 2,214,037</u>       |

Depreciation was charged to functions of the primary government as follows (expressed in thousands):

|                                 |                |
|---------------------------------|----------------|
| Administration & Regulation     | \$ 6,359       |
| Education                       | 2,180          |
| Health & Human Rights           | 1,914          |
| Human Services                  | 10,790         |
| Justice & Public Defense        | 17,172         |
| Economic Development            | 577            |
| Transportation                  | 273,970        |
| Agriculture & Natural Resources | 5,561          |
| <b>Subtotal</b>                 | <u>318,523</u> |

Depreciation on Capital Assets held by the State's Internal Service Funds is allocated to the various functions based on their use of the assets

|  |               |
|--|---------------|
|  | 10,213        |
|  | <u>10,213</u> |

**Total Depreciation Expense-Governmental Activities** \$ 328,736

**Business-type Activities:**  
Enterprise \$ 164,227

**Discrete Component Units**

|  |               |
|--|---------------|
| Land   | \$ 3,115      |
| Construction in Progress                           | <u>12,596</u> |
| <b>Total Capital Assets, not being depreciated</b> | <u>15,711</u> |

|                                   |              |
|-----------------------------------|--------------|
| Infrastructure                    | 4,574        |
| Buildings and Improvements        | 34,627       |
| Machinery, Equipment and Vehicles | <u>4,049</u> |

|  |                 |
|--|-----------------|
| <b>Total Capital Assets, being depreciated</b> | 43,250          |
| <b>Less Accumulated Depreciation</b>           | <u>(15,609)</u> |

**Total Capital Assets being depreciated, Net** 27,641

**Discretely Presented Component Units Capital Assets, Net** \$ 43,352

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 – INVESTMENT IN PRIZE ANNUITIES AND ANNUITY PRIZES PAYABLE**

Assets totaling \$49,944,598, which includes \$170,155 of cash, 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 \$39,655 to taxing authorities. The following is a schedule of future payments (expressed in thousands):

| Year<br>Ending<br>June 30,        | Current         | Noncurrent       | Total<br>Payments |
|-----------------------------------|-----------------|------------------|-------------------|
| 2004                              | \$ 9,901        | \$ -             | \$ 9,901          |
| 2005                              | -               | 9,901            | 9,901             |
| 2006                              | -               | 9,355            | 9,355             |
| 2007                              | -               | 8,152            | 8,152             |
| 2008                              | -               | 6,340            | 6,340             |
| 2009-2013                         | -               | 12,415           | 12,415            |
| 2014-2018                         | -               | 6,258            | 6,258             |
| <b>Total Future Value</b>         | <b>9,901</b>    | <b>52,421</b>    | <b>62,322</b>     |
| <b>Less: Unamortized Discount</b> | <b>(417)</b>    | <b>(12,001)</b>  | <b>(12,418)</b>   |
| <b>Present Value of Payments</b>  | <b>\$ 9,484</b> | <b>\$ 40,420</b> | <b>\$ 49,904</b>  |

**NOTE 8 – CHANGES IN LONG-TERM LIABILITIES**

Changes in Long-Term liabilities for the year ended June 30, 2003, are summarized as follows (expressed in thousands):

**Governmental Activities**

|                              | Balances<br>July 1, 2002 | Additions      | Deductions     | Balances<br>June 30, 2003 |
|------------------------------|--------------------------|----------------|----------------|---------------------------|
| Compensated Absences         | \$ 127,856               | \$ 113,846     | \$ 106,356     | \$ 135,346                |
| Capital Leases               | 6,092                    | 257            | 1,694          | 4,655                     |
| Other Financing Arrangements | 6,437                    | 921            | 806            | 6,552                     |
| Revenue Bonds                | 404,130                  | -              | 20,775         | 383,355                   |
| Early Retirement             | 27,140                   | 182            | 6,583          | 20,739                    |
| Risk Management              | 11,500                   | 6,868          | 6,868          | 11,500                    |
| Tobacco Legal Fee            | 20,418                   | -              | 18,054         | 2,364                     |
| Gaming Settlement Tax        | 101,000                  | 1,366          | -              | 102,366                   |
| Other Liabilities            | 8,107                    | 13,870         | 118            | 21,859                    |
| <b>Total</b>                 | <b>712,680</b>           | <b>137,310</b> | <b>161,254</b> | <b>688,736</b>            |

**Allocation of Internal Service**

**Funds Liability:**

|                      |              |            |            |              |
|----------------------|--------------|------------|------------|--------------|
| Capital Leases       | 460          | -          | 54         | 406          |
| Compensated Absences | 685          | 802        | 799        | 688          |
| Early Retirement     | 158          | -          | 44         | 114          |
| <b>Total</b>         | <b>1,303</b> | <b>802</b> | <b>897</b> | <b>1,208</b> |

Total Primary Government -  
Governmental Activities

|                   |                   |                   |                   |
|-------------------|-------------------|-------------------|-------------------|
| <b>\$ 713,983</b> | <b>\$ 138,112</b> | <b>\$ 162,151</b> | <b>\$ 689,944</b> |
|-------------------|-------------------|-------------------|-------------------|

**Business-type Activities**

|                              |                     |                   |                   |                     |
|------------------------------|---------------------|-------------------|-------------------|---------------------|
| Compensated Absences         | \$ 119,689          | \$ 71,394         | \$ 64,752         | \$ 126,331          |
| Revenue Bonds                | 1,235,806           | 105,955           | 72,173            | 1,269,588           |
| Capital Leases               | 70,454              | 34,083            | 3,113             | 101,424             |
| Other Financing Arrangements | 62,018              | 12,968            | 11,453            | 63,533              |
| <b>Total</b>                 | <b>\$ 1,487,967</b> | <b>\$ 224,400</b> | <b>\$ 151,491</b> | <b>\$ 1,560,876</b> |

# 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 14.38% and expire before June 30, 2022.

The State has also entered into a few installment purchase agreements. The agreements have interest rates ranging from 4.75% to 7.20%. Because the amounts involved are not material, and the accounting treatment is similar, such agreements are reported together with capital leases.

#### **Primary Government – Governmental Activities**

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

| Year ending<br>June 30, | Principal       | Interest      |
|-------------------------|-----------------|---------------|
| 2004                    | \$ 1,365        | \$ 272        |
| 2005                    | 1,038           | 198           |
| 2006                    | 676             | 143           |
| 2007                    | 531             | 107           |
| 2008                    | 539             | 73            |
| 2009-2013               | 867             | 139           |
| 2014-2018               | <u>45</u>       | <u>1</u>      |
| Total                   | <u>\$ 5,061</u> | <u>\$ 933</u> |

The historical cost of assets acquired under capital leases and included in capital assets on the government-wide statements at June 30 follows (expressed in thousands):

|                            |                 |
|----------------------------|-----------------|
| Buildings and Improvements | \$ 1,133        |
| Equipment                  | <u>2,633</u>    |
| Total                      | 3,766           |
| Accumulated Depreciation   | <u>(1,493)</u>  |
| Net                        | <u>\$ 2,273</u> |

#### **Primary Government – Business-Type Activities**

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

| Year ending<br>June 30, | Principal         | Interest         |
|-------------------------|-------------------|------------------|
| 2004                    | \$ 6,633          | \$ 5,979         |
| 2005                    | 9,826             | 4,672            |
| 2006                    | 4,810             | 4,250            |
| 2007                    | 3,947             | 4,070            |
| 2008                    | 4,014             | 3,905            |
| 2009-2013               | 22,617            | 16,249           |
| 2014-2018               | 25,582            | 9,869            |
| 2019-2023               | <u>23,995</u>     | <u>5,086</u>     |
| Total                   | <u>\$ 101,424</u> | <u>\$ 54,080</u> |

The historical cost of assets acquired under capital leases and included in capital assets on the financial statements at June 30, follows (expressed in thousands):

|                          |                   |
|--------------------------|-------------------|
| Construction in Progress | \$ 13,481         |
| Buildings                | 105,470           |
| Infrastructure           | 510               |
| Equipment                | <u>10,459</u>     |
| Total                    | 129,920           |
| Accumulated Depreciation | <u>(23,678)</u>   |
| Net                      | <u>\$ 106,242</u> |

### NOTE 10 – OTHER FINANCING ARRANGEMENTS PAYABLE

#### **Loans and Contracts Payable**

##### **Primary Government – Governmental Activities**

The Iowa Department of Natural Resources has entered into agreements for facilities and land for a total of \$6,704,459 with interest rates ranging from 3.92% to 9.35%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

| Year ending<br>June 30, | Principal       | Interest        |
|-------------------------|-----------------|-----------------|
| 2004                    | \$ 265          | \$ 159          |
| 2005                    | 279             | 146             |
| 2006                    | 294             | 132             |
| 2007                    | 308             | 116             |
| 2008                    | 323             | 100             |
| 2009-2013               | 908             | 334             |
| 2014-2018               | 706             | 175             |
| 2019-2023               | <u>339</u>      | <u>41</u>       |
| Total                   | <u>\$ 3,422</u> | <u>\$ 1,203</u> |

##### **Primary Government – Business-Type Activities**

Iowa State University and the University of Iowa have entered into agreements for buildings and equipment for a total of \$21,386,000. The agreements are for periods of 5 to 13 years with interest rates ranging from 2.00% to 5.95%. The following is a schedule by year of future minimum payments required (expressed in thousands):

| Year ending<br>June 30, | Principal        | Interest        |
|-------------------------|------------------|-----------------|
| 2004                    | \$ 8,365         | \$ 636          |
| 2005                    | 1,118            | 429             |
| 2006                    | 4,941            | 261             |
| 2007                    | 686              | 107             |
| 2008                    | 720              | 73              |
| 2009-2013               | <u>767</u>       | <u>119</u>      |
| Total                   | <u>\$ 16,597</u> | <u>\$ 1,625</u> |

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**Certificates of Participation**

**Primary Government – Governmental Activities**

The First, Third, Fifth and Sixth Judicial Districts have sold certificates of participation for land and facilities for \$5,600,000. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. The certificates mature over periods from 6 to 20 years with interest rates ranging from 3.00% to 4.73%.

In prior years, the Sixth Judicial District Department of Correctional Services defeased certain Certificates of participation by placing the proceeds of the new certificates in an irrevocable trust to provide future debt service payments on the old Certificates of Participation. Accordingly, the trust account assets and the liability for the defeased Certificates of Participation are not included in the State's financial statements. As of June 30, 2003, Certificates of Participation totaling \$570,000 were considered defeased.

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

| Year ending<br>June 30, | Principal      | Interest      |
|-------------------------|----------------|---------------|
| 2004                    | \$ 635         | \$ 138        |
| 2005                    | 460            | 111           |
| 2006                    | 475            | 92            |
| 2007                    | 540            | 72            |
| 2008                    | 440            | 49            |
| 2009-2013               | <u>580</u>     | <u>59</u>     |
| Total                   | <u>\$3,130</u> | <u>\$ 521</u> |

**Primary Government – Business-Type Activities**

The Department of General Services has sold certificates of participation (COPS) 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 5 years with interest rates ranging from 3.65% to 6.25%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

| Year ending<br>June 30, | Principal        | Interest        |
|-------------------------|------------------|-----------------|
| 2004                    | \$ 10,745        | \$ 2,642        |
| 2005                    | 11,415           | 1,945           |
| 2006                    | 12,135           | 1,201           |
| 2007                    | <u>12,900</u>    | <u>409</u>      |
| Total                   | 47,195           | <u>\$ 6,197</u> |
| Unamortized Discount    | <u>(259)</u>     |                 |
| Total COPS Payable      | <u>\$ 46,936</u> |                 |

**NOTE 11 – BONDS PAYABLE**

Revenue bonds payable at June 30, 2003, are as follows (expressed in thousands):

|  | ISSUE<br>DATES | ORIGINAL<br>ISSUANCE | INTEREST<br>RATE | MATURITY<br>DATE RANGE | OUTSTANDING<br>PRINCIPAL |
|--|----------------|----------------------|------------------|------------------------|--------------------------|
| <b>PRIMARY GOVERNMENT – Governmental Activities:</b> |                |                      |                  |                        |                          |
| <b>Revenue Bonds</b>                                 |                |                      |                  |                        |                          |
| <i>Term Bonds</i>                                    |                |                      |                  |                        |                          |
| Underground Storage Tank                             | 1991 & 1994    | \$13,155             | Variable         | 2010-2015              | \$ 13,155                |
| Department of Corrections                            | 1994-1996      | 33,510               | Variable         | 2014-2016              | <u>1,515</u>             |
| Total  |                |                      |                  |                        | <u>\$ 14,670</u>         |
| <i>Serial Bonds</i>                                  |                |                      |                  |                        |                          |
| Underground Storage Tank                             | 1991 & 1994    | \$99,130             | Variable         | 1991-2012              | \$ 54,095                |
| Department of Corrections                            | 1994-1996      | 64,530               | Variable         | 2014-2016              | 71,795                   |
| Vision Iowa  | 2002           | 196,375              | 2.25-5.50        | 2002-2020              | 182,105                  |
| School Infrastructure                                | 2002           | 48,585               | 4.0-5.0          | 2002-2021              | <u>41,555</u>            |
| Total  |                |                      |                  |                        | <u>\$ 349,550</u>        |
| <i>Capital Appreciation Bonds</i>                    |                |                      |                  |                        |                          |
| Underground Storage Tank                             | 1991           | \$10,175             | Variable         | 2001-2004              | <u>\$ 3,490</u>          |
| Unamortized Premium                                  |                |                      |                  |                        | 15,752                   |
| Unamortized Discounts                                |                |                      |                  |                        | <u>(107)</u>             |
| Total Governmental Activities                        |                |                      |                  |                        | <u>\$ 383,355</u>        |



# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### PRIMARY GOVERNMENT – Business-Type Activities

#### Revenue Bonds

|                                |           |            |            |           |                    |
|--------------------------------|-----------|------------|------------|-----------|--------------------|
| University of Northern Iowa    | 1964-2003 | \$ 141,746 | 1.80-8.25% | 1966-2023 | \$ 113,048         |
| University of Iowa             | 1964-2003 | 459,010    | 2.00-9.00% | 1967-2023 | 264,085            |
| Iowa State University          | 1964-2003 | 362,095    | 1.75-6.85% | 1967-2030 | 263,520            |
| Tobacco Settlement Authority   | 2002      | 644,265    | 5.30-6.79% | 2003-2027 | <u>642,275</u>     |
| Total                          |           |            |            |           | 1,282,928          |
| Unamortized Discount           |           |            |            |           | <u>(13,340)</u>    |
| Total Business-type Activities |           |            |            |           | <u>\$1,269,588</u> |

### COMPONENT UNITS:

#### Revenue Bonds

|  |           |              |          |           |                   |
|--|-----------|--------------|----------|-----------|-------------------|
| Iowa Finance Authority                   | 1977-2003 | \$ 1,221,870 | Variable | 1999-2032 | \$ 789,699        |
| Iowa Higher Education Loan Authority     | 1984-1996 | 50,630       | Variable | 1999-2016 | <u>38,685</u>     |
| Total                                    |           |              |          |           | 828,384           |
| Unamortized Issuance Costs and Discounts |           |              |          |           | <u>(6,116)</u>    |
| Total Component Units                    |           |              |          |           | <u>\$ 822,268</u> |

\*Includes unamortized issuance costs and discounts of \$6,114,185 for the Iowa Finance Authority and \$1,584 for the Iowa Higher Education Loan Authority.

### Bonds Payable

#### Primary Government – Governmental Activities

##### 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. As a result, the assets and the liability for those bonds has been removed from the Statement of Net Assets. As of June 30, 2003, bonds totaling \$26,175,000 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.

In prior years, the Iowa Finance Authority defeased certain Corrections Bonds by placing the proceeds in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the bonds are considered to be defeased and the asset and liability for those bonds has been removed from the Statement of Net Assets. As of June 30, 2003 bonds totaling \$54,240,000 were considered defeased.

### Vision Iowa Fund

The State of Iowa has issued Vision Iowa Special Fund bonds to provide grants or loans to communities to enhance local recreational, cultural and entertainment opportunities.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

The bonds are secured by certain amounts to be deposited in the Vision Iowa Fund, including a Standing Appropriation of \$15,000,000 annually from gaming revenues, certain earnings on the Vision Iowa Fund and the Bond Reserve Fund, and to the extent of any shortfall in gaming revenues, Lottery revenues.

The bonds are not debts of the State or any political subdivision of the State, and do not constitute a pledge of the faith and credit of the State or a charge against the general credit or General Fund of the State. The bonds are payable solely and only from certain revenues deposited in the Vision Iowa Fund and from the Bond Reserve Fund.

### School Infrastructure Fund

The State of Iowa has issued School Infrastructure Special Fund Bonds Series to assist local schools districts with the construction and renovation of facilities. The fund will provide grants totaling \$50 million. Each grant is limited to \$1 million and requires a local match.

The bonds are secured by certain amounts to be deposited in the School Infrastructure Fund, including a Standing Appropriation of \$5,000,000 annually from gaming revenues, certain earnings on the Iowa School Infrastructure Fund and the Bond Reserve Fund, and, to the extent of any shortfall in gaming revenues, Lottery revenues.

The bonds are not debts of the State or any political subdivision of the State, and do not constitute a pledge of the faith and credit of the State or a charge against the general credit or General Fund of the State. The bonds are payable solely and only from certain revenues deposited in the School Infrastructure Fund and from the Bond Reserve Fund.

Future bond debt service requirements of the Primary Government – Governmental Activities are as follows (expressed in thousands):

| Year ending | Principal        | Interest         |
|-------------|------------------|------------------|
| June 30,    |                  |                  |
| 2004        | \$ 19,480        | \$ 18,117        |
| 2005        | 19,775           | 17,317           |
| 2006        | 20,620           | 16,411           |
| 2007        | 21,585           | 15,464           |
| 2008        | 22,680           | 14,533           |
| 2009-2013   | 117,520          | 55,929           |
| 2014-2019   | 93,180           | 27,695           |
| 2020-2024   | <u>52,870</u>    | <u>5,265</u>     |
| Total       | <u>\$367,710</u> | <u>\$170,731</u> |

### Primary Government – Business-Type Activities 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.

During the current fiscal year, the University of Iowa issued \$10,530,000 of Academic Building Revenue Refunding Bonds, Series 2003, with an average interest rate of 3.5% to advance refund \$10,485,000 of outstanding Academic Building Revenue bonds, Series S.U.I. 1993 with an average interest rate of 4.75%.

Net bond proceeds of \$10,485,000 were placed in an irrevocable escrow account with the University as trustee.

The advance refunding resulted in the recognition of an accounting loss of (\$45,000) for the year ended June 30, 2003, a decrease in aggregate debt service of \$442,531 over the next 18 years and an economic gain (difference between present value of the old and new debt service payments) of \$633,706.

During the current fiscal year, the University of Iowa issued \$6,080,000 Utility Systems Revenue Refunding Bonds, Series 2003, with an average interest rate of 2.43% to advance refund \$6,345,000 of outstanding Utility Systems Revenue Bonds, Series S.U.I. 1993 with an average interest rate of 3.95%.

Net bond proceeds of \$6,121,520 were placed in an irrevocable escrow account with the University as trustee. \$456,956 from Utility System Debt Service Reserve Fund were used in addition to the bond proceeds.

The advance refunding resulted in the recognition of an accounting gain of \$265,000 for the year ended June 30, 2003, a decrease in aggregate debt service of \$387,754 over the next seven years and an economic gain (difference between present values of the old and new debt service payments) of \$487,374.

As a result Bonds totaling \$16,830,000 are considered defeased and the liability has been excluded from the Statement of Net Assets.

In prior years, the University of Iowa defeased certain revenue bonds 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, 2003, bonds totaling \$12,285,000 for the University of Iowa were considered defeased.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

During fiscal year 2003, Iowa State University issued \$30,935,000 of Dormitory System Revenue Bonds Series 2003 with an interest rate range of 3.5-5.00% to construct and furnish the dormitory facilities system.

During fiscal year 2003, the University of Northern Iowa issued \$17,675,000 of Revenue Bonds Series 2003 with an interest rate range of 3.00-4.75% to defray the cost for construction of academic buildings (\$8,465,000), constructing and equipping the dormitories (\$9,210,000).

### Tobacco Settlement Authority

The Tobacco Settlement Authority has issued \$40,000,000 of Tobacco Settlement Asset-Backed Bonds, Series A (Federally Taxable) and \$604,245,000 Tobacco Settlement Asset-Backed Bonds, Series B with interest rates of 5.30-6.79%.

The bonds were being issued by the Tobacco Settlement Authority (the "Authority"), a public instrumentality and agency of the State of Iowa (the "State"), separate and distinct from the State, exercising public and essential governmental functions, and created by the Tobacco Settlement Authority Act (the "Act"). Pursuant to a Sales Agreement, dated as of October 1, 2001 (the "Sales Agreement"), between the State and Authority, the State will sell to the Authority, on the Closing Date, all of its right, title and interest in certain amounts payable to the State under the Master Settlement Agreement (the "MSA") entered into by participating cigarette manufacturers (the "PMs"), 46 states (including the State) and six other U.S. jurisdictions in November 1998 in the settlement of certain smoking-related litigation, including the State's right to receive future initial, annual and strategic contribution fund payments (the "TSRs"), to be made by the PMs under the MSA.

The bonds are secured by and are payable solely from (i) 78% of the TSRs payable to the Authority in the future as of the effective date of the Sales Agreement (the "Pledged TSRs"), (ii), investment earnings on certain accounts pledged under the Indenture (which earnings, together with the Pledged TSRs, are referred to herein as the "Collections"), (iii) amounts held in the debt service reserve account (the "Debt Service Reserve Account") and the trapping account (the "Trapping Account") established under the Indenture (the "Reserves"), (iv) amounts held in the other accounts established under the Indenture, and (v) certain rights of the Authority as specified in the Sales Agreement. Pledged TSRs represent a pro rata

portion of every TSR dollar received by the Authority pursuant to the Sales Agreement.

The bonds are special revenue obligations of the Authority secured by, and payable solely and only out of, the moneys, assets or revenues pledged by the Authority pursuant to the indenture, are not a general obligation or general indebtedness of the authority, and do not constitute an obligation or indebtedness of the State or any political subdivision of the State.

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

| Year ending<br>June 30, | Principal           | Interest          |
|-------------------------|---------------------|-------------------|
| 2004                    | \$ 50,257           | \$ 67,298         |
| 2005                    | 40,268              | 66,610            |
| 2006                    | 38,831              | 65,182            |
| 2007                    | 40,785              | 63,656            |
| 2008                    | 55,642              | 61,667            |
| 2009-2013               | 310,808             | 251,535           |
| 2014-2019               | 272,007             | 166,357           |
| 2020-2024               | 233,585             | 102,865           |
| 2025-2029               | 235,415             | 36,642            |
| 2030-2034               | <u>5,330</u>        | <u>194</u>        |
| Total                   | <u>\$ 1,282,928</u> | <u>\$ 882,006</u> |

### Component Units

#### 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 the revenues, monies, investments, loans, and other assets in the funds and accounts established by the respective bond resolutions. The line of credit under the Single Family Bond Program Funds is secured by investments held by a custodial financial institution in an amount equal to or exceeding 102% of the outstanding advances as required by the credit agreement. The line of credit under the Finance Authority's General Fund is secured by investments held by a custodial financial institution in an amount no less than \$2 million and is a general obligation of the Authority.

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

The Single Family Mortgage Bond Resolutions, the Single Family Housing Bond Resolutions, and the Multi-Family Bond Resolution contain covenants which require the Authority to make payments of principal and interest from amounts available in the Finance Authority's General Fund should deficiencies occur in the funds established for such payments by the respective bond resolutions. The Single Family Mortgage Revenue Bond Resolution, the credit agreement under the Single Family Bond program Funds, the Multi-Family Housing Refunding Revenue Bond Resolution, and the bond resolutions for the Clean Water Program Funds and Drinking Water Program Funds do not contain these covenants.

In prior years, the Authority defeased certain Iowa State Revenue bonds by placing the proceeds of new bonds along with certain Federal Capitalization Grants and revenues in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1991, 1992, 1993, 1994, 1995, 1996, 1997 and 1998 Series of Iowa Revolving Fund Revenue bonds; 2001 Series Clean Water State Revenue Subordinated Bond Anticipation Notes; and 1999 and 2000A Series of Drinking Water Program Revenue Bonds. As of June 30, 2003, bonds totaling \$220,830,000 are considered defeased.

**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.

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

| Year ending<br>June 30, | Principal        | Interest         |
|-------------------------|------------------|------------------|
| 2004                    | \$ 37,440        | \$ 38,336        |
| 2005                    | 24,995           | 37,786           |
| 2006                    | 27,690           | 36,577           |
| 2007                    | 29,050           | 35,316           |
| 2008                    | 29,755           | 33,923           |
| 2009-2013               | 159,672          | 147,196          |
| 2014-2018               | 159,158          | 108,324          |
| 2019-2023               | 116,185          | 79,341           |
| 2024-2028               | 109,970          | 50,545           |
| 2029-2033               | <u>134,469</u>   | <u>21,552</u>    |
| Total                   | <u>\$828,384</u> | <u>\$588,896</u> |

**NOTE 12 – ACCOUNTS PAYABLES & ACCRUALS**

Accounts Payables & Accruals at June 30, 2003, consisted of the following (expressed in thousands):

**Primary Government**

**Government Activities**

|                               | Current           | Non Current       |
|-------------------------------|-------------------|-------------------|
| Salaries and fringes          | \$ 32,241         | \$ -              |
| Early retirement              | 5,925             | 14,928            |
| General claims                | 1,101             | 102,366           |
| Risk management               | 4,255             | 7,245             |
| State aid                     | 307,629           | -                 |
| Trade and other payable       | <u>394,635</u>    | <u>6,887</u>      |
| Total governmental activities | <u>\$ 745,786</u> | <u>\$ 131,426</u> |

**Business-type Activities**

|                                | Current           | Non Current      |
|--------------------------------|-------------------|------------------|
| Salaries and fringes           | \$ 53,406         | \$ -             |
| Early retirement               | 8,246             | 14,786           |
| General claims                 | 19,773            | -                |
| Unemployment benefits          | 19,233            | -                |
| Trade and other payable        | <u>105,548</u>    | <u>13,461</u>    |
| Total business-type activities | <u>\$ 206,206</u> | <u>\$ 28,247</u> |

**NOTE 13 – LEASE OBLIGATIONS FROM DISCONTINUED OPERATIONS OF PRIOR YEARS**

The aggregate amounts of required payments on noncancellable leases and receipts from the related subleases at June 30, 2003 are as follows (expressed in thousands)

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**Enterprise Funds**

| Year ending<br>June 30,                 | Lease         | Sublease     | Net          |
|---|---------------|--------------|--------------|
| 2004                                    | \$ 43         | \$ 32        | \$ 11        |
| 2005                                    | 38            | 27           | 11           |
| 2006                                    | 24            | 18           | 6            |
| 2007                                    | 15            | 13           | 2            |
| 2008                                    | <u>1</u>      | <u>-</u>     | <u>1</u>     |
| Total                                   | \$ 121        | \$ 90        | \$ 31        |
| Less Amount<br>Representing<br>Interest | <u>14</u>     | <u>10</u>    | <u>4</u>     |
| Present Value<br>of Lease<br>Obligation | <u>\$ 107</u> | <u>\$ 80</u> | <u>\$ 27</u> |

**NOTE 14 - DEFICIT RETAINED EARNINGS**

Funds reporting a deficit fund position at June 30, 2003, are as follows (expressed in thousands):

| Fund Type/Fund Name          | Deficit Balances |
|------------------------------|------------------|
| Capital Projects:            |                  |
| Fish and Game Capitals       | \$ 422           |
| Enterprise:                  |                  |
| Tobacco Settlement Authority | 560,865          |
| Internal Service:            |                  |
| Regent's Auto Liability      | 115              |

The deficit in the Enterprise Fund, Tobacco Settlement Authority exists because U.S. generally accepted accounting principles preclude the Tobacco Settlement Authority from recognizing amounts to be received in the future from participating cigarette manufacturers under the Master Settlement Agreement.

**NOTE 15 - FUND BALANCE - RESERVED FOR SPECIFIC PURPOSES**

The Reserve for Specific Purposes Fund Balance in the Governmental Funds represents the portion of fund balance legally segregated for a specific future use. A summary of these reserves at June 30, 2003, follows (expressed in thousands):

**Major Funds**

**General Fund:**

|   |                     |
|---|---------------------|
| Senior Living Trust                         | \$ 367,039          |
| Primary Road                                | 248,940             |
| Vision Iowa                                 | 162,378             |
| Road Use Tax                                | 80,664              |
| Farm to Market Road Funds                   | 68,974              |
| Revitalize Iowa's Sound Economy             | 48,175              |
| Motor Vehicle Fuel Tax Unapportioned        | 36,066              |
| UST Remedial                                | 32,761              |
| UST Innocent Landowners                     | 31,950              |
| Unassigned Revenue                          | 20,290              |
| Iowa Infrastructure                         | 19,883              |
| Safety Improvement Program                  | 16,694              |
| Terminal Liability Health Insurance         | 16,097              |
| Health Insurance Premium Operating          | 13,574              |
| UST Capital Reserve                         | 9,637               |
| UST Marketability                           | 9,110               |
| Underground Storage Tank Revenue            | 8,911               |
| Hospital Trust Fund                         | 8,144               |
| School Infrastructure and Reserve           | 6,710               |
| County Bridge Construction                  | 5,372               |
| Hawk I Trust                                | 4,455               |
| Tobacco Settlement                          | 3,783               |
| Health Insurance Premium Reserve            | 3,688               |
| Value Added Products                        | 3,354               |
| Life Insurance Optional Premium Reserve     | 3,119               |
| DOT Operating Fund                          | 3,073               |
| Resource Enhancement & Protection           | 3,054               |
| ICSAC-Default Reduction Act                 | 2,719               |
| Life Insurance Basic Premium Operating      | 2,496               |
| Gifts, Bequests & Program Income            | 2,452               |
| DOT Clearing Account                        | 2,432               |
| Asset Sharing                               | 1,758               |
| Gates Foundation Leadership Grant           | 1,744               |
| Life Insurance Basic Premium Reserve        | 1,706               |
| Dental Insurance Premium Operating          | 1,555               |
| EXXON Oil Overcharge Settlement             | 1,280               |
| Iowa School for the Deaf                    | 1,267               |
| Dental Insurance Premium Reserve            | 1,185               |
| Underground Storage Tank Loan Guarantee     | 1,093               |
| Other                                       | <u>12,685</u>       |
| Total General Fund                          | <u>1,270,267</u>    |
| <b>Special Revenue:</b>                     |                     |
| Tobacco Tax-Exempt Bond Proceeds            | <u>325,986</u>      |
| <b>Nonmajor Governmental Funds:</b>         |                     |
| Endowment for Iowa's Health                 | \$ 27,330           |
| College Aid Federal Reserve                 | 21,544              |
| Permanent School Principal                  | 7,583               |
| Iowa Public Television Foundation Endowment | 1,448               |
| Other                                       | <u>17,776</u>       |
| Total Nonmajor Governmental Funds           | <u>75,681</u>       |
| Total                                       | <u>\$ 1,671,934</u> |

**NOTE 16 - OPERATING LEASES**

The State has leased office space and equipment. These leases have been classified as operating leases and expire before June 30, 2041. In most cases, management expects that the leases will be renewed or replaced by other leases. The future minimum lease payments for these leases are as follows (expressed in thousands):

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**Primary Government – Governmental Activities:**

Year ending June 30,

|           |                      |
|-----------|----------------------|
| 2004      | \$ 11,834            |
| 2005      | 9,714                |
| 2006      | 6,658                |
| 2007      | 3,968                |
| 2008      | 2,090                |
| 2009-2013 | 1,456                |
| 2014-2018 | 216                  |
| 2019-2023 | 212                  |
| 2024-2028 | 220                  |
| 2029-2033 | 242                  |
| 2034-2038 | 266                  |
| 2039-2041 | <u>184</u>           |
| <br>Total | <br><u>\$ 37,060</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, 2003 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$14,393,754.

**Primary Government – Business-Type Activities:**

A summary of operating lease commitments to maturity are as follows (expressed in thousands):

Year ending June 30,

|           |                      |
|-----------|----------------------|
| 2004      | \$ 6,232             |
| 2005      | 3,660                |
| 2006      | 1,688                |
| 2007      | 1,101                |
| 2008      | 478                  |
| 2009-2012 | <u>666</u>           |
| <br>Total | <br><u>\$ 13,825</u> |

Rental expense for the year ended June 30, 2003 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$8,934,567.

**Component Units:**

A summary of operating lease commitments to maturity are as follows (expressed in thousands):

Year ending June 30,

|           |                  |
|-----------|------------------|
| 2004      | \$ 23            |
| 2005      | 23               |
| 2006      | <u>11</u>        |
| <br>Total | <br><u>\$ 57</u> |

Rental expense for the year ended June 30, 2003 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$22,989.

**NOTE 17 – LESSOR OPERATING LEASES**

The Iowa Department of Natural Resources leases tracts of land valued at \$12,252,261 for agricultural purposes. Glenwood Resource Center leases building space valued at \$1,389,688. Iowa Public Television leases antenna and building space, no value has been assigned to the leased portions. The Iowa Department of Transportation leases land valued at \$1,108,519 for agricultural purposes. Iowa Public Employees Retirement System leases building space valued at \$1,088,854 (net of accumulated depreciation of \$106,816.) Iowa State University leases building space valued at \$172,159, equipment valued at \$167,621 (net of accumulated depreciation of \$87,118) and tracts of land that have been leased for agriculture purposes, no value has been assigned to the leased portion. The University of Northern Iowa leases buildings valued at \$776,652 (net of accumulated depreciation of \$139,961) and tracts of land valued at \$547,194 have been leased for agricultural purposes. The following is a schedule by year of minimum future rentals on operating leases as of June 30, 2003 (expressed in thousands):

Year ending June 30,

|           |                     |
|-----------|---------------------|
| 2004      | \$ 1,831            |
| 2005      | 1,428               |
| 2006      | 885                 |
| 2007      | 426                 |
| 2008      | 218                 |
| 2009-2013 | 719                 |
| 2014-2018 | 298                 |
| 2019-2023 | 169                 |
| 2024-2028 | 76                  |
| 2029-2033 | <u>22</u>           |
| <br>Total | <br><u>\$ 6,072</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.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

IPERS is a cost-sharing defined benefit multi-employer public employee retirement system. Participation in IPERS is mandatory for most state, county, and local public employees, employees of school districts, and for certain elected officials. Membership is optional for some individuals, including the members of the Iowa General Assembly. Excluded from membership are members of other retirement systems supported by Iowa public funds.

June 30, 2003

|                   |              |
|-------------------|--------------|
| Employer members: |              |
| City              | 1,309        |
| County            | 465          |
| School            | 392          |
| State             | 21           |
| Other             | <u>230</u>   |
| Total             | <u>2,417</u> |

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

IPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to IPERS, 7401 Register Drive, P. O. Box 9117, Des Moines, IA 50306-9117, or available at [www.ipers.org](http://www.ipers.org), or by calling 515-281-0020.

### **Funding Policy**

Member and employer contribution rates are established by statute. In general, IPERS' members contribute 3.70%, and employers contribute 5.75% of the covered wage base. The contributions are remitted by participating employers. Certain members and employers engaged in law enforcement, fire safety, and protection occupations contribute at slightly higher rates as shown in the table below. Wages are covered up to the federal limit of \$200,000.

|   | Contribution Rates<br>as of June 30, 2003 |          |        |
|---|---|----------|--------|
|   | Employee                                  | Employer | Total  |
| Regular   | 3.70%                                     | 5.75%    | 9.45%  |
| Sheriffs/Deputy<br>Sheriffs (County)/<br>Airport Firefighters | 5.37%                                     | 8.05%    | 13.42% |
| Protection Occupations*                                       | 6.04%                                     | 9.07%    | 15.11% |

\* Protection Occupations: City Marshals/Police or Fire Fighters in towns under 8,000 population, State Conservation Peace Officers, State Correctional Officers, Airport Safety Officers, DOT Peace Officers, Airport Security Officers, 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.4(4)(d). 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, which in turn determines the amortization period. As a result, the remaining amortization period varies with each actuarial valuation.

The amount of actuarially determined contribution requirement was approximately \$476,684,129. The total amount of contributions made during the fiscal year ended June 30, 2003, was \$472,954,129 with \$287,523,555 coming from employers and \$185,430,574 from employees. This resulted in a 99.2% funding ratio. The difference between the actuarially required contribution and actual contributions made is due entirely to statutory contribution requirements that differ from the actuarially required contribution rate.

The State of Iowa's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001, were \$58,545,880, \$57,921,132, and \$56,844,792, respectively, equal to the 100% of the statutorily 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, \$1,866,898,949 at June 30, 2003. Based on the current Unfunded Actuarial Accrued Liability amount and amortization payment, the amortization period is infinite. 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 are recognized when they are earned and become measurable. Expenses are recognized when the liability is incurred. As such, plan members contributions are recognized in the period in which the contributions are due. Employers contributions are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

All investments are reported at fair value. The determination of fair value is generally based on published market prices and quotations from major investment brokers. Investments not having quoted

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

market prices have been valued based on yields and maturities currently available on comparable securities of similar issue. Fair values for real estate, private equity partnerships, and direct real estate investments are based on periodic assessments or appraisals of the underlying investments. Futures contracts are valued daily with the resulting adjustment recorded as realized gains/losses arising from the daily settlement of variation margin.

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

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

#### ***Plan Description***

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

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

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

#### ***Funding Policy***

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

Member contribution rates are established by statute at 9.35%. However, the System shall increase the member's contribution rate as necessary to cover any increase in cost to the System resulting from statutory changes which are enacted by any session

of the General Assembly meeting after January 1, 1991, if the increase cannot be absorbed within the contribution rates established, but subject to a maximum employee contribution rate of 11.30%. After the employee contribution reaches 11.30%, sixty percent of the additional cost of such statutory changes shall be paid by employers and forty percent 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 \$3,046,982, representing 9.35% of the current year covered payroll. The State contribution required by statute was \$5,540,116 and the amount actually contributed was \$5,540,116. 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.



**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**Annual Pension Cost and Net Pension Obligation**

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

|  |                               |
|--|-------------------------------|
| Annual required contribution                                   | \$ 7,883,879                  |
| Interest on net pension obligation                             | (1,399,643)                   |
| Adjustment to annual required contribution                     | <u>1,346,805</u>              |
| Annual pension cost  | 7,831,041                     |
| Contributions made   | <u>5,540,116</u>              |
| Increase (decrease) in net pension obligation                  | 2,290,925                     |
| (Assets in excess of) net pension obligation beginning of year | <u>(17,495,537)</u>           |
| (Assets in excess of ) net pension obligation end of year      | <u><u>\$ (15,204,612)</u></u> |

For calculation of the net pension obligation, the actuary has set the transition date as July 1, 1995. The end of year net pension obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the System's actual contributions for fiscal years 1988 through 2003.

The annual required contribution for the current year was determined as part of the July 1, 2001, 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 are based on expected payroll growth and provision of the law. The actuarial value of assets was determined using a smoothing method. 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, 2003 was 18 years.

Three-year trend information:

| Year Ended<br>June 30 | Annual Pension<br>Cost (APC) | Percentage<br>of APC<br>Contributed | (Assets in<br>Excess)<br>of Net<br>Pension<br>Obligation |
|-----------------------|------------------------------|-------------------------------------|--|
| 2001                  | 4,199,585                    | 126.00%                             | (17,327,511)   |
| 2002                  | 5,298,340                    | 103.17%                             | (17,495,537)   |
| 2003                  | 7,831,041                    | 70.75%                              | (15,204,612)   |

**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. The annual annuity of a judge under this system is an amount equal to three percent of the judge's average annual basic salary for the judge's highest three years as a judge multiplied by the judge's years of service, or, for a member who meets the definition of a senior judge under Chapter 602.9202 of the Code of Iowa, three percent of the basic senior judge salary, multiplied by the judge's years of service, limited to a specified percentage of the highest basic annual salary or basic senior judge salary, as applicable, which the judge is receiving or had received as of the time of the judge became separated from service. The specified percentage is as follows: (1) fifty percent for judges who retired prior to July 1, 1998; (2) fifty-two percent for judges who retire and receive an annuity on or after July 1, 1998 but before July 1, 2000; (3) fifty-six percent for judges who retire and receive an annuity on or after July 1, 2000 but before July 1, 2001; and (4) sixty percent for judges who retire and receive an annuity on or after July 1, 2001. 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.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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 Branch, 1111 East Court Avenue, 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 \$1,015,079, representing 5.00% of the current year covered payroll. The State contribution required by statute and the amount contributed was \$2,039,664. The State share is to be based on 9.90% of the current year covered payroll. Costs of administering the plan are financed through State appropriation, member contributions and investment income.

### **Summary of Significant Accounting Policies**

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

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

Investments in governmental bonds and treasury notes constitute approximately 3.15% 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                                   | \$ 4,024,203               |
| Interest on net pension obligation                             | 128,201                    |
| Adjustment to annual required contribution                     | <u>(127,339)</u>           |
| Annual pension cost  | 4,025,065                  |
| Contributions made   | <u>2,039,664</u>           |
| Increase (decrease) in net pension obligation                  | 1,985,401                  |
| (Assets in excess of) net pension obligation beginning of year | <u>(382,886)</u>           |
| Net pension obligation end of year                             | <u><u>\$ 1,602,515</u></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 2003.

The annual required contribution for the current year was determined as part of the July 1, 2002, 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 included post retirement benefit increases, in accordance with the law. 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, 2003, was 30 years.

Three-year trend information:

| Year Ended June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | (Assets in Excess) of Net Pension Obligation |
|--------------------|---------------------------|-------------------------------|--|
| 2001               | 3,208,886                 | 140.22%                       | (1,075,242)                                  |
| 2002               | 3,731,554                 | 81.45%                        | (382,886)                                    |
| 2003               | 4,025,065                 | 50.67%                        | 1,602,515                                    |

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### 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 2003, the employers' contributions amounted to \$106,551,640. Employees' contributions amounted to \$53,500,944.

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

### NOTE 19 – RELATED ORGANIZATIONS

#### Business-type activities - 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, 2003 (expressed in thousands):

|                                | Iowa State<br><u>University</u> | University<br><u>of Iowa</u> | University of<br><u>Northern Iowa</u> |
|--------------------------------|---------------------------------|------------------------------|---------------------------------------|
| Total Assets                   | \$ 414,085                      | \$ 707,370                   | \$ 69,450                             |
| Total Liabilities              | 55,403                          | 107,900                      | 3,901                                 |
| Total Equity                   | 358,682                         | 599,470                      | 65,549                                |
| Due From The Universities      | 15                              | 63                           | -                                     |
| Due To The Universities        | 8,196                           | 19,717                       | -                                     |
| Total Revenues                 | 71,430                          | 81,606                       | 8,710                                 |
| Total Expenditures             | 67,769                          | 90,863                       | 7,364                                 |
| Revenues From The Universities | 2,017                           | 757                          | -                                     |
| Revenues To The Universities   | 53,802                          | 72,589                       | 2,740                                 |

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 20 – BEGINNING BALANCE  
ADJUSTMENTS**

During fiscal year 2003, the State reclassified the Insurance Trust Fund and the SPOC Insurance Trust Fund from Private Purpose Trust Funds to Pension Trust Funds. The reclassification resulted in the following changes to the beginning net assets of the respective fund types (expressed in thousands):

|                        | Private<br>Purpose<br>Trust | Pension<br>Trust     |
|------------------------|-----------------------------|----------------------|
| June 30, 2002          |                             |                      |
| As previously reported | \$ 271,297                  | \$ 15,161,501        |
| Reclassification       | <u>(3,060)</u>              | <u>3,060</u>         |
| Balances restated      | <u>\$ 268,237</u>           | <u>\$ 15,164,561</u> |

In addition, the University Funds understated their early retirement benefit liability by \$9,439,000, overstated accumulated depreciation by \$19,730,000 and did not include the Deposits with Trustee amount of \$46,393,000 as cash and cash equivalents. These errors resulted in an adjustment to the University Funds beginning balances (expressed in thousands):

|                        | Net<br>Assets       | Cash and<br>Cash<br>Equivalents |
|------------------------|---------------------|---------------------------------|
| June 30, 2002          |                     |                                 |
| As previously reported | \$ 2,380,827        | \$ 363,979                      |
| Adjustments            | <u>10,291</u>       | <u>46,393</u>                   |
| Balance restated       | <u>\$ 2,391,118</u> | <u>\$ 410,372</u>               |

**NOTE 21 – OTHER POST EMPLOYMENT  
BENEFITS**

On November 8, 2001, the Legislature passed an Early Retirement Termination Program during the special legislative session. The program requires the sum of the number of years of credited service (service under the Iowa Public Employee's Retirement System or the Peace Officers' Retirement, Accident and Disability System) and age in years as of December 31, 2003, equals or exceed seventy-five. Employees were required to sign up before January 31, 2003 and leave State employment on or before February 1, 2002. Participants may not accept permanent part-time or permanent full-time employment with the State, other than as an elected official, after termination.

The Early Retirement Incentive is calculated as the total dollar value of accrued vacation and sick leave balances at the time of termination. However, the sick leave cannot exceed 2080 hours (the amount of annual salary). The vacation and sick leave will be paid out in five installments, with 10 percent paid with the last regular payroll warrant, 20 percent paid each August in 2002, 2003, and 2004, and the remaining 30 percent paid to the employee or their beneficiary in August 2005.

On May 28, 2002, the Legislature passed a Sick Leave and Vacation Incentive Program Extension during the special legislative session held on that day. The program requires that sum of the number of years of credited service (service under the Iowa Public Employee's Retirement System or the Peace Officers' Retirement, Accident and Disability System) and age in years as of December 31, 2003, to be equal to or exceed seventy-five. Eligible employees were required to sign up on or before August 14, 2002, and leave State employment between the dates of July 8, 2002 and August 15, 2002.

Participants may not accept permanent part-time or permanent full-time employment with the State, other than as an elected official after termination.

The Sick Leave and Vacation Incentive is calculated as the total dollar value of accrued vacation and sick leave balances at the time of termination. However, the sick leave cannot exceed 2080 hours (the amount of regular annual salary). The vacation and sick leave will be paid out in five installments, with 30 percent of the total cash value paid with the last regular payroll warrant in 2002, 20 percent paid each August in 2003, 2004, and 2005, and the remaining 10 percent paid to the employee or their beneficiary in August 2006.

All incentives are financed on a pay-as-you-go basis by the Department from which the employee retired. Early retirement costs for fiscal 2003 totaled \$6,617,527 for 747 participants.

The Board of Regents approved an Early Retirement Incentive Program (ERIP) in June 1986, with modifications July 1990 and July 1992; and in July 2001 the Board of Regents approved discontinuation of the program upon its expiration on June 30, 2002. The Board of Regents has authorized each institutional head to exercise discretion as to whether employees who are qualified at June 30, 2003 may have two years after expiration of the program to request participation.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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

All incentive payments are financed on a pay-as-you-go basis, except at the University of Northern Iowa. At the University of Northern Iowa, the policy requires departments to fully fund the ERIP liability upon signing new ERIP contracts, and the policy requires previously executed contracts be funded by June 30, 2003. The funded contributions during the fiscal year ended June 30, 2003 were \$1,015,721.

An employee approved for participation in the program will receive the following incentives until age 65, unless otherwise specified:

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

The employee may elect, prior to approval of participation in the program, to accept the present value of all or part of the incentives as a lump sum payment on the beginning date of participation in the program. The rate of interest used to calculate the present value is established annually by the board. The rate used for this fiscal year was 1.90%.

The Board of Regents Institutions' contributions for the fiscal year ended June 30, 2003, amounted to \$10,667,015 for 1,132 participants.

The State Police Officers Council (SPOC) Collective Bargaining Agreement, provides upon retirement, including disability retirement, credit for all unused sick leave as follows:

Accumulated, unused sick leave in both the active and banked sick leave accounts shall be converted at current value and credited to the employee's account for the purpose of paying the cost of the monthly premiums of a health insurance and/or life insurance policy.

Upon written authority from or upon the death of a retired employee, or upon the death of an active employee, the spouse or the surviving spouse shall be entitled to the value of the sick leave bank in both the active and banked sick leave accounts as converted in the previous paragraph for the purpose of paying the cost of monthly premiums of the health insurance and/or life insurance policy for the employee's spouse or dependents.

If the carrier of either the health or life insurance policy is not a current contracted carrier with the State of Iowa, or the council or any of its sub organizations, the employee or spouse shall be eligible for reimbursement of a premium payment to that carrier upon submission of proof of payment. If there is dissolution of marriage or divorce, it is the employee's responsibility to withdraw their authority.

The benefits are funded on a pay-as-you go basis for the Department of Public Safety retirees and fully funded for Department of Natural Resources retirees.

For the year ended June 30, 2003, 164 SPOC retirees received benefits totaling \$847,000.

### **NOTE 22 - 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 assumes responsibility for aircraft liability claims in excess of \$11.0 million, and Workforce Development assumes fire liability on buildings and contents in excess of \$16.7 million.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

The University of Northern Iowa assumes liability in excess of \$250.0 million for the Residence System Buildings, Maucker Union, General Fund Buildings, Early Childhood Center and boiler and machinery per event. Each building has individual limits of coverage and a \$2.0 million deductible for earthquake and flood: Residence Halls \$253.4 million, Residence Apartments \$61.0 million, Maucker Union \$18.9 million, General Buildings \$250.0 million, and Early Childhood Center \$3.0 million. The University also assumes liability for physical damage to the UNI-Dome buildings for the first \$150,000 and in excess of \$43.5 million and medical liability at the Laboratory School in excess of \$5.0 million.

The University of Iowa assumes liability for damage to buildings and contents for the first \$2.0 million and in excess of \$500.0 million per event, pharmacy products liability for the first \$10,000 and in excess of \$7.0 million, student interns professional liability in excess of \$3.0 million, losses at the Museum of Art in excess of \$100.0 million, criminal fidelity liability for the first \$100,000 and in excess of \$10.0 million; and construction job site liability for the first \$250,000 and in excess of \$50.0 million.

Iowa State University assumes liability for damage to buildings and contents in excess of \$2,242.6 million, damage to boilers and machinery in excess of \$287.9 million, damage to electronic data processing, telecommunications equipment in excess of \$29.6 million and business interruption in excess of \$27.5 million.

Glenwood Resource Center assumes liability for volunteers' accident and personal liability in excess of \$1.0 million per occurrence and \$3.0 million annually. The Iowa Braille and Sight Saving School assumes liability for the first \$1.0 million and in excess of \$28.9 million for catastrophic losses.

The Second, Third, Fourth, Fifth, and Sixth Judicial Districts assume liability for physical damage to buildings and contents in excess of \$3.7 million, \$3.2 million, \$3.3 million, \$13.0 million and \$8.7 million, respectively. The Fifth Judicial District assumes liability for boiler equipment breakdown in excess of \$4.5 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. Iowa State University maintains an additional policy and assumes liability in excess of \$4.0 million.

There were no settlements in excess of coverage for the past three fiscal years.

The University of Northern Iowa and University of Iowa were unable to renew existing policies covering buildings, contents and business interruption and replaced that coverage with policies that cover per

occurrence limits of \$250 million and \$500 million, respectively. The University of Iowa was also unable to renew their \$20 million medical malpractice insurance in January 2003 and it self-insuring that risk.

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

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

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

The State is self-insured for various risks of loss related to work injuries of its employees. The Workers' Compensation Fund, an internal service fund, services workers' compensation claims. The liability for unpaid claims is estimated based on the average cost per claim-type determined from an actuarial review. Changes in the balances for estimated claims liabilities in fiscal years 2002 and 2003 were (expressed in thousands):

|       | Balances At<br>Beginning<br>Of Fiscal Year | Current Year<br>Claims<br>And Changes<br>In Estimates | Claim<br>Payments | Balances At<br>End Of<br>Fiscal Year |
|-------|--|---|-------------------|--------------------------------------|
| FY 02 | 32,497                                     | 14,509  | 14,938            | 32,068                               |
| FY 03 | 32,068                                     | 36,645  | 15,483            | 53,230                               |

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 2002 and 2003 were (expressed in thousands):

|       | Balances At<br>Beginning<br>Of Fiscal Year | Current Year<br>Claims<br>And Changes<br>In Estimates | Claim<br>Payments | Balances At<br>End Of<br>Fiscal Year |
|-------|--|---|-------------------|--------------------------------------|
| FY 02 | 972  | 331   | 236               | 1,067                                |
| FY 03 | 1,067                                      | (430)   | 128               | 509                                  |

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

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

balances for estimated claims liabilities in fiscal years 2002 and 2003 were (expressed in thousands):

|       | Current Year                               |                                       |                   | Balances At<br>End Of<br>Fiscal Year |
|-------|--|---------------------------------------|-------------------|--------------------------------------|
|       | Balances At<br>Beginning<br>Of Fiscal Year | Claims<br>And Changes<br>In Estimates | Claim<br>Payments |                                      |
| FY 02 | 1,100                                      | 350                                   | 582               | 868                                  |
| FY 03 | 868  | 858                                   | 781               | 945                                  |

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 2002 and 2003 were (expressed in thousands):

|       | Current Year                               |                                       |                   | Balances At<br>End Of<br>Fiscal Year |
|-------|--|---------------------------------------|-------------------|--------------------------------------|
|       | Balances At<br>Beginning<br>Of Fiscal Year | Claims<br>And Changes<br>In Estimates | Claim<br>Payments |                                      |
| FY 02 | 11,500                                     | 6,108                                 | 6,108             | 11,500                               |
| FY 03 | 11,500                                     | 6,868                                 | 6,868             | 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 in fiscal years 2002 and 2003 were (expressed in thousands):

|       | Current Year                               |                                       |                   | Balances At<br>End Of<br>Fiscal Year |
|-------|--|---------------------------------------|-------------------|--------------------------------------|
|       | Balances At<br>Beginning<br>Of Fiscal Year | Claims<br>And Changes<br>In Estimates | Claim<br>Payments |                                      |
| FY 02 | 16,765                                     | 109,595                               | 107,852           | 18,508                               |
| FY 03 | 18,508                                     | 102,928                               | 101,664           | 19,772                               |

**NOTE 23 – 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, 2003, there was \$1.1 million in such claims filed with the Appeal Board.

The Iowa *Department of Revenue* has pending litigation regarding income tax cases. The cases *could* possibly result in refunds estimated at \$1.1 million.

The Iowa *Department of Transportation* has estimated the State's share of contractual obligations for construction contracts as \$192.7 million at June 30, 2003.

The *University of Iowa* has outstanding construction contract commitments of \$125.7 million at June 30, 2003.

*Iowa State University* has outstanding construction contract commitments of \$41.5 million at June 30, 2003.

The *Department of Natural Resources* has outstanding construction contract commitments of \$9.4 million at June 30, 2003.

The *University of Northern Iowa* has outstanding construction contract commitments of \$19.2 million at June 30, 2003.

The *Department of General Services* has outstanding construction contract commitments of \$33.8 million at June 30, 2003.

The *Iowa Finance Authority* has signed loan agreements with municipalities and water systems totaling \$68.3 million as of June 30, 2003.

The State has pending litigation involving wage claims under the federal Fair Labor Standards Act for employees of the department of *Natural Resources*. Although there is a reasonable possibility that a loss will be incurred, the amount of the loss can not be reasonably estimated.

**NOTE 24 – REVENUE ANTICIPATION  
NOTES**

Pursuant to the Code of Iowa, Section 12.26, the State of Iowa issued Primary Road Fund Revenue Anticipation Notes (RANS). The notes were necessary to fund the anticipated cash flow deficits experienced by the Primary Road Fund and for interim financing of certain highway projects. The RANS were issued on October 10, 2002, with an interest rate of 3.0%, and the notes and related interest were repaid on June 30, 2003. The following is a schedule of RANS activity for the year ended June 30, 2003 (expressed in thousands):

|                    | Beginning<br>Balance | Issued    | Redeemed  | Ending<br>Balance |
|--------------------|----------------------|-----------|-----------|-------------------|
| Revenue            |                      |           |           |                   |
| Anticipation Notes | \$-                  | \$ 99,380 | \$ 99,380 | \$ -              |

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 25 – SUBSEQUENT EVENT

In July of 2003, the Board of Regents approved the terms of a capital lease with the University of Iowa Facilities Corporation (UIFC) that matched the terms of an \$11,325,000 bond issue by UFC. The proceeds of said bond issue are to be used for a portion of the construction costs of the Pomerantz Center.

In October of 2003, the Board of Regents approved the sale of \$25.0 million in Dormitory Revenue Bonds to be used for improvements to existing residence halls and related facilities at the University of Iowa.

In October of 2003, the Board of Regents approved the issuance of up to \$14.5 million in Telecommunications Revenue Bonds. The proceeds will be used to call \$9.9 million in existing revenue bonds and to purchase \$4.1 million in telecommunications switching equipment at the University of Iowa.

Subsequent to June 30, 2003, the Board of Regents entered into an agreement with the University of Iowa, the Carver College of Medicine and the Faculty Practice Plan for the creation of Iowa Medical Mutual Insurance Company (IMMIC), a captive insurance company. IMMIC would provide medical malpractice insurance to the Faculty Practice Plan under the terms of the agreement. To establish the required reserves for IMMIC, the University of Iowa will transfer \$20.0 million in investments to IMMIC in return for \$20.0 million note receivable from IMMIC. The interest income on the note will match the return of the investment of the reserves by IMMIC.

Subsequent to June 30, 2003, the Board of Regents authorized the sale of Academic Building Revenue Refunding Bonds, Series I.S.U. 2003 for \$7,790,000 to be issued on November 1, 2003. These bonds will bear interest at varying rates between 3.0% and 4.45% and will mature in varying amounts from July 1, 2004 through July 1, 2018. The proceeds of these notes will be used to refund in advance of maturity the 2004 maturity of the Board's \$7,000,000 Academic Building Revenue Notes, Series I.S.U. 2002, to fund a debt service reserve, and to pay for costs of issuance. These bonds will be payable only from the gross student fees and charges levied against students attending Iowa State University.

Also subsequent to June 30, 2003, the Board of Regents authorized the sale of Regulated Materials Facility Revenue Bonds, Series I.S.U. 2003 for \$6,750,000 to be issued on November 1, 2003. These bonds will bear interest at varying rates between 3.0% and 4.55% and will mature in varying amounts from July 1, 2005 through July 1, 2019. The proceeds from the sale of these bonds will be used to construct, furnish and equip a Regulated Materials Facility on the campus of Iowa State University, to fund a debt service reserve fund, and to pay the costs of issuance. These bonds will be payable only from the net reserves of the Regulated Materials Facility System or other system income.

Also, subsequent to June 30, 2003, the Board of Regents authorized the sale of Utility System Revenue Bonds, Series I.S.U. 2003 for \$13,280,000 to be issued December 1, 2003. These notes will bear interest at rates between 2.0% and 4.75% and will mature in varying amounts from November 1, 2005 through November 1, 2024. The proceeds of these bonds will be used to equip and improve the Utility System of Iowa State University, to fund debt service reserve, and to pay the costs of issuance.

These bonds will be payable only from the net revenues of the Utility System and any proceeds of Utility System students fees.

In July of 2003, the Board of Regents called outstanding Academic Building Revenue Bonds, Series 1993 to take advantage of lower interest rates. The called bonds were replaced with Academic Building Revenue Refunding Bonds, Series U.N.I. 2003A of \$4,225,000. The transaction resulted in a savings of \$322,300 in principal and interest payments.

On October 9, 2003, the State of Iowa issued Primary Road Fund Revenue Anticipation Notes of \$73,430,000 at an interest rate of 2.00%, priced to yield .99%. The notes are being issued for the purpose of funding the anticipated cash flow deficits experienced by the Primary Road Fund, and for interim financing of certain highway projects.

The State of Iowa is in negotiations to issue Tax and Revenue Anticipation Notes (TRANS), estimated to range from \$500 to \$600 million. The notes will be repaid by June 30, 2004.



**REQUIRED  
SUPPLEMENTAL INFORMATION**

**STATE OF IOWA**

**Budgetary Comparison Schedule  
Required Supplementary Information**

June 30, 2003  
(Expressed in Thousands)

|   | <b>GENERAL FUND</b>        |                         |                  |                            |
|---|----------------------------|-------------------------|------------------|----------------------------|
|   | <b>ORIGINAL<br/>BUDGET</b> | <b>FINAL<br/>BUDGET</b> | <b>ACTUAL</b>    | <b>FINAL TO<br/>ACTUAL</b> |
| <b>APPROPRIATED REVENUE:</b>                |                            |                         |                  |                            |
| <b>SPECIAL TAXES:</b>                       |                            |                         |                  |                            |
| Personal Income Tax                         | \$ 2,369,000               | \$ 2,419,900            | \$ 2,416,955     | \$ (2,945)                 |
| Sales Tax                                   | 1,460,100                  | 1,462,300               | 1,434,301        | (27,999)                   |
| Use Tax                                     | 237,800                    | 246,100                 | 251,940          | 5,840                      |
| Corporation Income Tax                      | 199,700                    | 223,400                 | 221,235          | (2,165)                    |
| Inheritance Tax                             | 88,800                     | 92,300                  | 85,124           | (7,176)                    |
| Insurance Premium Tax                       | 145,200                    | 152,900                 | 140,939          | (11,961)                   |
| Cigarette Tax                               | 87,200                     | 87,000                  | 88,105           | 1,105                      |
| Tobacco Tax                                 | 7,200                      | 7,300                   | 7,653            | 353                        |
| Beer & Liquor Tax                           | 13,600                     | 14,000                  | 13,953           | (47)                       |
| Franchise Tax                               | 28,600                     | 32,900                  | 35,253           | 2,353                      |
| Miscellaneous Tax                           | 1,300                      | 1,500                   | 1,124            | (376)                      |
| <b>TOTAL SPECIAL TAXES</b>                  | <b>4,638,500</b>           | <b>4,739,600</b>        | <b>4,696,582</b> | <b>(43,018)</b>            |
| <b>REIMBURSEMENTS &amp; FEES:</b>           |                            |                         |                  |                            |
| Institutional Reimbursements                | 14,400                     | 14,100                  | 12,941           | (1,159)                    |
| Liquor Transfers                            | 48,000                     | 49,000                  | 49,000           | -                          |
| Interest                                    | 12,200                     | 18,400                  | 12,992           | (5,408)                    |
| Fees  | 64,900                     | 64,000                  | 69,683           | 5,683                      |
| Judicial Revenue                            | 54,100                     | 56,900                  | 55,360           | (1,540)                    |
| Miscellaneous Receipts                      | 36,600                     | 37,800                  | 39,803           | 2,003                      |
| Racing & Gaming Receipts                    | 60,000                     | 60,000                  | 60,000           | -                          |
| <b>TOTAL RECEIPTS</b>                       | <b>4,928,700</b>           | <b>5,039,800</b>        | <b>4,996,361</b> | <b>(43,439)</b>            |
| Transfers                                   | 134,000                    | 129,700                 | 134,535          | 4,835                      |
| <b>TOTAL APPROPRIATED REVENUE</b>           | <b>5,062,700</b>           | <b>5,169,500</b>        | <b>5,130,896</b> | <b>(38,604)</b>            |
| <b>RECEIPTS CREDITED TO APPROPRIATIONS:</b> |                            |                         |                  |                            |
| Individual Income Tax-Prior Year            | 5                          | 5                       | 5                | -                          |
| Sales Tax Monthly                           | 3                          | 3                       | 3                | -                          |
| Multi Suspense                              | 11,092                     | 3,854                   | 3,643            | (211)                      |
| Federal Support                             | 1,882,195                  | 1,889,558               | 2,145,212        | 255,654                    |
| Local Governments                           | 100,673                    | 100,013                 | 113,400          | 13,387                     |
| Other States                                | 1                          | 1                       | -                | (1)                        |
| Internal Service Transfers                  | 433,207                    | 442,861                 | 395,291          | (47,570)                   |
| Internal Service Reimbursements             | 16,026                     | 18,561                  | 19,505           | 944                        |
| Salary Adjustment Distribution              | 41,100                     | 41,100                  | 41,100           | -                          |
| Interest                                    | -                          | 3                       | 6                | 3                          |
| Fees, Licenses, & Permits                   | 8,694                      | 8,811                   | 9,348            | 537                        |
| Refunds & Reimbursements                    | 122,772                    | 130,402                 | 381,504          | 251,102                    |
| Sale of Equipment & Salvage                 | 8                          | 8                       | 10               | 2                          |
| Rents & Leases                              | 2,581                      | 2,641                   | 2,122            | (519)                      |
| Agricultural Sales                          | -                          | -                       | 4                | 4                          |
| Other Sales & Services                      | 2,001                      | 2,012                   | 4,086            | 2,074                      |
| Unearned Receipts                           | 2,505                      | 2,713                   | 63               | (2,650)                    |
| Other                                       | 72,433                     | 72,569                  | 71,794           | (775)                      |
| <b>TOTAL APPROPRIATED RECEIPTS</b>          | <b>2,695,296</b>           | <b>2,715,115</b>        | <b>3,187,096</b> | <b>471,981</b>             |
| <b>TOTAL ALL REVENUE</b>                    | <b>7,757,996</b>           | <b>7,884,615</b>        | <b>8,317,992</b> | <b>433,377</b>             |
| <b>REFUNDS OF TAXES COLLECTED</b>           | <b>(606,000)</b>           | <b>(649,400)</b>        | <b>(647,325)</b> | <b>2,075</b>               |
| <b>TOTAL REVENUES AVAILABLE</b>             | <b>7,151,996</b>           | <b>7,235,215</b>        | <b>7,670,667</b> | <b>435,452</b>             |



**STATE OF IOWA**

**Budgetary Comparison Schedule  
Required Supplementary Information**

June 30, 2003  
(Expressed in Thousands)

**GENERAL FUND**

|   | <b>ORIGINAL<br/>BUDGET</b> | <b>FINAL<br/>BUDGET</b> | <b>ACTUAL</b>    | <b>FINAL TO<br/>ACTUAL</b> |
|---|----------------------------|-------------------------|------------------|----------------------------|
| <b>EXPENDITURES:</b>  |                            |                         |                  |                            |
| Administration & Regulation   | \$ 425,104                 | 429,321                 | 431,903          | (2,582)                    |
| Agriculture & Natural Resources   | 113,056                    | 114,040                 | 108,291          | 5,749                      |
| Economic Development  | 31,717                     | 34,388                  | 31,770           | 2,618                      |
| Education   | 2,918,425                  | 2,926,022               | 2,926,912        | (890)                      |
| Health & Human Rights   | 244,199                    | 247,913                 | 235,466          | 12,447                     |
| Human Services  | 2,886,085                  | 2,950,604               | 3,433,236        | (482,632)                  |
| Justice   | 511,525                    | 516,736                 | 518,229          | (1,493)                    |
| Oversight   | 3,959                      | 3,959                   | 3,970            | (11)                       |
| Transportation  | 20,942                     | 15,392                  | 23,724           | (8,332)                    |
| <b>TOTAL EXPENDITURES</b>   | <b>7,155,012</b>           | <b>7,238,375</b>        | <b>7,713,501</b> | <b>(475,126)</b>           |
| Transfers   | -                          | -                       | -                | -                          |
| <b>TOTAL EXPENDITURES AND TRANSFERS</b>                                   | <b>7,155,012</b>           | <b>7,238,375</b>        | <b>7,713,501</b> | <b>(475,126)</b>           |
| <b>REVENUES AVAILABLE OVER (UNDER)<br/>EXPENDITURES AND TRANSFERS</b>     |                            |                         |                  |                            |
|   | <b>(3,016)</b>             | <b>(3,160)</b>          | <b>(42,834)</b>  | <b>39,674</b>              |
| <b>OTHER FINANCING SOURCES (USES):</b>                                    |                            |                         |                  |                            |
| Balances Credited To Appropriations                                       | 11,205                     | 5,127                   | 9,099            | 3,972                      |
| Unexpended Appropriations   | (7,801)                    | (521)                   | (12,093)         | (11,572)                   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                               | <b>3,404</b>               | <b>4,606</b>            | <b>(2,994)</b>   | <b>(7,600)</b>             |
| <b>REVENUES AVAILABLE OVER (UNDER)<br/>EXPENDITURES &amp; OTHER ITEMS</b> |                            |                         |                  |                            |
|   | <b>388</b>                 | <b>1,446</b>            | <b>(45,828)</b>  | <b>(47,274)</b>            |
| <b>BEGINNING FUND BALANCE (BUDGETARY)</b>                                 | <b>-</b>                   | <b>-</b>                | <b>-</b>         | <b>-</b>                   |
| <b>ENDING FUND BALANCE (BUDGETARY)</b>                                    | <b>\$ 388</b>              | <b>\$ 1,446</b>         | <b>(45,828)</b>  | <b>\$ (47,274)</b>         |

(continued)

**STATE OF IOWA**

**MAJOR SPECIAL REVENUE FUND  
TOBACCO TAX-EXEMPT BOND PROCEEDS**

| ORIGINAL<br>BUDGET | FINAL<br>BUDGET   | ACTUAL           | FINAL TO<br>ACTUAL |
|--------------------|-------------------|------------------|--------------------|
| \$ 97,437          | 85,964            | 74,022           | 11,942             |
| -                  | -                 | -                | -                  |
| -                  | -                 | -                | -                  |
| -                  | -                 | -                | -                  |
| -                  | -                 | -                | -                  |
| -                  | -                 | -                | -                  |
| -                  | -                 | -                | -                  |
| <u>97,437</u>      | <u>85,964</u>     | <u>74,022</u>    | <u>11,942</u>      |
| <u>132,233</u>     | <u>122,129</u>    | <u>83,108</u>    | <u>39,021</u>      |
| <u>229,670</u>     | <u>208,093</u>    | <u>157,130</u>   | <u>50,963</u>      |
| <u>(208,003)</u>   | <u>(186,088)</u>  | <u>(140,685)</u> | <u>45,403</u>      |
| -                  | -                 | -                | -                  |
| -                  | -                 | -                | -                  |
| -                  | -                 | -                | -                  |
| (208,003)          | (186,088)         | (140,685)        | 45,403             |
| <u>477,721</u>     | <u>477,721</u>    | <u>477,721</u>   | <u>-</u>           |
| <u>\$ 269,718</u>  | <u>\$ 291,633</u> | <u>337,036</u>   | <u>\$ 45,403</u>   |

**STATE OF IOWA**

**Budgetary Comparison Schedule -  
Budget to GAAP Reconciliation  
General Fund and Major Special Revenue Fund  
Required Supplementary Information**

June 30, 2003  
(Expressed in Thousands)

|  | <b>GENERAL<br/>FUND</b> | <b>MAJOR SPECIAL<br/>REVENUE FUND<br/>TOBACCO TAX-EXEMPT<br/>BOND PROCEEDS</b> |
|--|-------------------------|--|
| Fund Balance - Budgetary/Legal                             | \$ (45,828)             | \$ 337,036   |
| Basis Of Accounting Differences:                           |                         |  |
| Balance Sheet Accounts:                                    |                         |  |
| Accounts Receivable  | 158,491                 | 1,665  |
| Loans Receivable   | 6,711                   | -  |
| Due From Other Funds                                       | 5                       | -  |
| Food Stamp Inventory                                       | 21,057                  | -  |
| Prepaid Expenditures                                       | 5,457                   | -  |
| Accounts Payable & Accruals                                | (62,792)                | (19,945)   |
| Due To Other Funds   | (66,252)                | -  |
| Deferred Revenue   | (131,471)               | -  |
| Reserved Encumbrances                                      | 12,093                  | -  |
| Timing Differences:  |                         |  |
| Petty Cash & Inventory Expensed<br>In Budgetary Accounting | 22,393                  | 7,230  |
| Perspective Differences                                    | <u>1,739,019</u>        | <u>-</u>   |
| Total Fund Balance - GAAP Basis                            | 1,658,883               | 325,986  |
| Less: Reserved Fund Balance - GAAP Basis                   | <u>1,478,103</u>        | <u>325,986</u>   |
| Fund Balance Unreserved - GAAP Basis                       | <u>\$ 180,780</u>       | <u>\$ -</u>  |

## STATE OF IOWA

### Required Supplementary Information

## Notes to Required Supplementary Information – Budgetary Reporting

### Expenditures in Excess of Revenues

Through June 30, 2003, General Fund cash receipts were slightly higher than the REC estimate, by \$12.8 million. However, actual accrued General Fund revenues and reversions of unspent General Fund appropriations were lower than projected, and expenditures against standing General Fund appropriations were higher than projected. The largest impact was accrued revenues, which were \$50.7 million under the REC estimate. Reversions of unspent General Fund appropriations were \$7.3 million under the estimate, and standing appropriations exceeded the estimate by \$3.6 million.

As a result, the General Fund ended fiscal year 2003 with authorized expenditures exceeding actual revenues by \$45.8 million. State statutes provide the Governor a mechanism to prevent this deficit in the General Fund. However, due to the potential negative impact on the fiscal year 2004 General Fund budget, at this time the Governor has determined that this mechanism will not be implemented. Instead, the Governor has written to Legislative leaders recommending that the Legislature transfer \$45.8 million from the Cash Reserve Fund to the General Fund to remedy the shortfall and expressing his belief that this issue should be the first priority when the Legislature convenes in regular session in January 2004.

### Budgetary Expenditures in Excess of Appropriations

Actual expenditures exceeded budgeted expenditures as a result of the receipt and legal expenditure of federal and other non-state funds which had been received for restricted purposes. In the General Fund this occurred in the Department of Human Services for Medical Assistance, and due to standing unlimited appropriations and increased federal funds for Public Transit Assistance within the Department of Transportation, and as a result of legal expenditure over allocated reversions within the Department of Education, Department of Corrections, Information Technology Department, and the Iowa Telecommunications and Technology Commission operating appropriations.

### Budgetary Presentation

The budget encompasses the General Fund of the State and some Special Revenue Funds, (Tobacco Tax-Exempt Bond Proceeds, Healthy Iowan's Trust Fund, Endowment For Iowa's Health Account, Hospital Trust Fund, Technology Program, Workforce Development Withholding, Local Housing Assistance, Pooled Technology Program, Land Recycling Fund, Forestry Management Enhancement Fund, Environment First, Gambling Treatment Program, Inspection and Appeals Use Tax Clearing, Underground Storage Tank Unassigned Revenue, Resources Enhancement and Protection, Fish and Game Fund, Conservation Administration Fund, Guaranteed Student Loan Administration, School Infrastructure Fund, Real Estate Education, Special Contingency Fund, Administrative Contribution Surcharge, Unclaimed Winnings, Water Quality Protection, and Primary Road Fund). The General Fund and the Major Special Revenue Fund, Tobacco Tax-Exempt Bond Proceeds are displayed in the Required Supplementary Information Budgetary Comparison Schedule. The Nonmajor Special Revenue Funds are displayed with the combining financial Statements and Schedules for nonmajor funds. Capital Project Funds are budgeted on a project-length basis. The budget is prepared on a modified accrual basis of accounting for both revenues and expenditures.

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

## STATE OF IOWA

### Required Supplementary Information

Departments may request revisions to quarterly allotments, appropriations transfers, or supplemental appropriations. The Department of Management approves revised allotments within an appropriation, subject to the Governor's review. The Governor and the Department of Management approve all appropriation transfers. The General Assembly and the Governor act on supplemental appropriation bills in a manner similar to original appropriations. 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 or the applicable fund balance. Section 8.33, 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 department 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.

#### **General Fund Expenditure Limitation**

The Code of Iowa, section 8.54, establishes a state General Fund expenditure limitation of ninety-nine percent of the adjusted revenue estimate. The adjusted revenue estimate is the appropriate revenue estimate for the General Fund for the following fiscal year as determined by the Revenue Estimating Conference, adjusted by subtracting estimated tax refunds payable from that estimated revenue and as determined by the Conference, adding any new revenues which may be considered to be eligible for deposit in the General Fund. New revenues means moneys which are received by the state due to increased tax rates and fees or newly created taxes and fees over and above those moneys which are received due to state taxes and fees which are in effect as of January 1 following the December state Revenue Estimating Conference. "New revenues" also includes moneys received by the General Fund of the state due to new transfers over and above those moneys received by the General Fund of the state due to transfers which are in effect as of January 1 following the December state Revenue Estimating Conference. The Department of Management shall obtain concurrence from the Revenue Estimating Conference on the eligibility of transfers to the General Fund of the state which are to be considered as new revenue in determining the state General Fund expenditure limitation.

This limitation shall be used by the Governor in the preparation of the budget and by the General Assembly in the budget process. If a source for new revenues is proposed, the budget revenue projection used for that new revenue source for the period beginning on the effective date of the new revenue source and ending in the fiscal year in which the source is included in the revenue base shall be an amount determined by subtracting estimated tax refunds payable from the projected revenue from that new revenue source, multiplied by ninety-five percent. If a new revenue source is established and implemented, the original state General Fund expenditure limitation amount shall be readjusted to include ninety-five percent of the estimated revenue from the new revenue source.



## STATE OF IOWA

### Required Supplementary Information

For fiscal years in which the Iowa Economic Emergency Fund transfers money to the General Fund, the original state General Fund expenditure limitation amount provided for shall be readjusted to include the moneys which are so transferred.

The scope of the expenditure limitation shall not encompass federal funds, donations, constitutionally dedicated moneys, and moneys in expenditures from state retirement system moneys. The Governor shall submit and the General Assembly shall pass a budget that does not exceed the state General Fund expenditure limitation. The Governor in submitting the budget and the General Assembly in passing a budget, shall not have recurring expenditures in excess of recurring revenues. The Governor shall not submit and the General Assembly shall not pass a budget which in order to balance assumes reversion of a specific amount of the total of the appropriations included in the budget.

#### Reserve Funds

The ***Iowa Economic Emergency Fund*** was created in Iowa Code section 8.55. The fund is separate from the General Fund of the state and the balance in the fund is not to be considered part of the balance of the General Fund of the state. The moneys in the fund do not revert to the General Fund, unless and to the extent the fund exceeds the maximum balance. The maximum balance of the fund is the amount equal to five percent of the adjusted revenue estimate for the fiscal year. If the amount of moneys in the Iowa Economic Emergency Fund is equal to the maximum balance, moneys in excess of this amount shall be transferred to the General Fund. The moneys in this fund may be appropriated by the General Assembly only in the fiscal year for which the appropriation is made. The moneys shall only be appropriated by the General Assembly for emergency expenditures. However, except as provided in section 8.58, the balance in the Iowa Economic Emergency Fund may be used in determining the cash position of the General Fund of the state for the payment of state obligations. Interest or earnings on moneys deposited in the Iowa Economic Emergency Fund are credited to the Rebuild Iowa Infrastructure Fund.

The ***Cash Reserve Fund*** was created in Iowa Code section 8.56. The fund is separate from the General Fund of the state and is not considered to be part of the General Fund of the state except in determining the cash position of the state. The moneys in the Cash Reserve Fund can not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided under Iowa Code section 8.56. Interest or earnings on moneys deposited in the Cash Reserve Fund are credited to the Rebuild Iowa Infrastructure Fund. Moneys in this fund may be used for cash flow purposes provided that any moneys so allocated are returned to the Cash Reserve Fund by the end of each fiscal year. The maximum balance of the fund is equal to the cash reserve goal percentage, multiplied by the adjusted revenue estimate for the General Fund of the state for the current fiscal year. The moneys in this fund may only be appropriated by the General Assembly for nonrecurring emergency expenditures and shall not be appropriated for payment of any collective bargaining agreement or arbitrator's decision negotiated or awarded. The balance in the Cash Reserve Fund may be used in determining the cash position of the General Fund of the state for payment of state obligations. An appropriation shall not be made from the Cash Reserve Fund if the appropriation would cause the fund's balance to be less than three percent of the adjusted revenue estimate for the year for which the appropriation is made unless the bill or joint resolution is approved by vote of at least three-fifths of the members of both chambers of the General Assembly and is signed by the Governor. Also, the appropriation must be contained in a bill or joint resolution in which the appropriation is the only subject matter of the bill or joint resolution, and the bill or joint resolution states the reasons the appropriation is necessary.

## STATE OF IOWA

For the Year Ended June 30, 2003  
(Expressed in Thousands)

### Iowa Judicial Retirement System

| ACTUARIAL<br>VALUATION<br>DATE | ACTUARIAL<br>VALUE OF<br>ASSETS | ACTUARIAL<br>ACCRUED<br>LIABILITY | UNFUNDED<br>ACTUARIAL<br>ACCRUED<br>LIABILITY (UAAL) | FUNDED<br>RATIO | COVERED<br>PAYROLL | UAAL AS A<br>PERCENTAGE<br>OF COVERED<br>PAYROLL |
|--------------------------------|---------------------------------|-----------------------------------|--|-----------------|--------------------|--|
| July 1, 2001                   | \$ 72,375                       | 87,800                            | 15,425   | 82.43%          | 19,896             | 77.53%   |
| July 1, 2002                   | 67,707                          | 88,051                            | 20,344   | 76.90%          | 19,878             | 102.34%  |
| July 1, 2003                   | 70,018                          | 93,561                            | 23,543   | 74.84%          | 20,712             | 113.67%  |

The increase in unfunded AAL for the July 1, 2003 valuation was primarily due to a lower than expected rate of return on investments. Also, the State's contribution to the system decreased from 15.9% for the year ended June 30, 2002 to 9.9% for the year ended June 30, 2003.

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

| ACTUARIAL<br>VALUATION<br>DATE | ACTUARIAL<br>VALUE OF<br>ASSETS** | ACTUARIAL<br>ACCRUED<br>LIABILITY* | UNFUNDED<br>ACTUARIAL<br>ACCRUED<br>LIABILITY (UAAL) | FUNDED<br>RATIO | COVERED<br>PAYROLL | UAAL AS A<br>PERCENTAGE<br>OF COVERED<br>PAYROLL |
|--------------------------------|-----------------------------------|------------------------------------|--|-----------------|--------------------|--|
| July 1, 2001                   | \$ 249,227                        | 263,002                            | 13,775   | 94.76%          | 30,925             | 44.54%   |
| July 1, 2002                   | 250,914                           | 294,514                            | 43,600   | 85.19%          | 32,154             | 135.60%  |
| July 2, 2003                   | 246,443                           | 306,098                            | 59,655   | 80.51%          | 33,019             | 180.67%  |

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

\*\* As permitted by the Code of Iowa, effective July 1, 2001 and beginning with the July 1, 2001 valuation, a smoothing method was adopted by the board of trustees to determine the actuarial (market related) value of assets. The smoothing method is designed to reduce changes in the normal contribution rate which could result from fluctuations in the market value of the assets of the system. Prior to this, market value was used.

The increase in unfunded AAL for the July 1, 2003 valuation was primarily due to the lower than expected rate of return on investments.

Pension Trust funds are discussed in detail in the Notes to the Financial Statements (NOTE 18 - PENSION PLANS.)

## SUPPLEMENTARY INFORMATION

**STATE OF IOWA**

**Combining Balance Sheet  
Nonmajor Governmental Funds**

June 30, 2003  
(Expressed in Thousands)

|   | <b>SPECIAL<br/>REVENUE<br/>FUNDS</b> | <b>CAPITAL<br/>PROJECTS<br/>FUNDS</b> | <b>PERMANENT<br/>FUNDS</b> | <b>TOTAL<br/>NONMAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> |
|---|--------------------------------------|---------------------------------------|----------------------------|--|
| <b>ASSETS</b>                                   |                                      |                                       |                            |  |
| Current Assets:                                 |                                      |                                       |                            |  |
| Cash & Investments                              | \$ 143,295                           | \$ 698                                | \$ 9,042                   | \$ 153,035   |
| Deposit with Trustees                           | -                                    | 437                                   | -                          | 437  |
| Accounts Receivable                             | 3,538                                | 246                                   | -                          | 3,784  |
| Due From Other Funds                            | 1,910                                | 1,416                                 | -                          | 3,326  |
| Inventory                                       | 217                                  | -                                     | -                          | 217  |
| Prepaid Expenditures                            | 55                                   | -                                     | -                          | 55   |
| Total Current Assets                            | <u>149,015</u>                       | <u>2,797</u>                          | <u>9,042</u>               | <u>160,854</u>                                       |
| Noncurrent Assets:                              |                                      |                                       |                            |  |
| Accounts Receivable (net)                       | 2,630                                | -                                     | -                          | 2,630  |
| <b>TOTAL ASSETS</b>                             | <b><u>\$ 151,645</u></b>             | <b><u>\$ 2,797</u></b>                | <b><u>\$ 9,042</u></b>     | <b><u>\$ 163,484</u></b>                             |
| <b>LIABILITIES</b>                              |                                      |                                       |                            |  |
| Current Liabilities:                            |                                      |                                       |                            |  |
| Accounts Payable<br>& Accruals                  | \$ 5,762                             | \$ 1,542                              | \$ -                       | \$ 7,304   |
| Due To Other Funds                              | 1,439                                | 92                                    | -                          | 1,531  |
| Deferred Revenue                                | 141                                  | -                                     | -                          | 141  |
| <b>TOTAL LIABILITIES</b>                        | <b><u>7,342</u></b>                  | <b><u>1,634</u></b>                   | <b><u>-</u></b>            | <b><u>8,976</u></b>                                  |
| <b>FUND BALANCE</b>                             |                                      |                                       |                            |  |
| Reserve for:                                    |                                      |                                       |                            |  |
| Inventory & Prepaid<br>Expenditures             | \$ 272                               | -                                     | -                          | 272  |
| Noncurrent Receivables                          | 2,630                                | -                                     | -                          | 2,630  |
| Specific Purposes                               | 66,639                               | -                                     | 9,042                      | 75,681   |
| Unreserved Fund Equity                          | 74,762                               | 1,163                                 | -                          | 75,925   |
| <b>TOTAL FUND BALANCE</b>                       | <b><u>144,303</u></b>                | <b><u>1,163</u></b>                   | <b><u>9,042</u></b>        | <b><u>154,508</u></b>                                |
| <b>TOTAL LIABILITIES &amp;<br/>FUND BALANCE</b> | <b><u>\$ 151,645</u></b>             | <b><u>\$ 2,797</u></b>                | <b><u>\$ 9,042</u></b>     | <b><u>\$ 163,484</u></b>                             |

**STATE OF IOWA**

**Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances –  
Nonmajor Governmental Funds**

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|  | <b>SPECIAL<br/>REVENUE<br/>FUNDS</b> | <b>CAPITAL<br/>PROJECTS<br/>FUNDS</b> | <b>PERMANENT<br/>FUNDS</b> | <b>TOTAL<br/>NONMAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--|--------------------------------------|---------------------------------------|----------------------------|--|
| <b>REVENUES:</b>   |                                      |                                       |                            |  |
| Taxes  | \$ 73,725                            | -                                     | -                          | 73,725   |
| Receipts from Other Entities   | 67,227                               | 373                                   | -                          | 67,600   |
| Investment Income  | 2,755                                | 651                                   | 115                        | 3,521  |
| Fees, Licenses & Permits   | 3,769                                | -                                     | -                          | 3,769  |
| Refunds & Reimbursements   | 37,468                               | 275                                   | -                          | 37,743   |
| Sales, Rents & Services  | 7,423                                | -                                     | -                          | 7,423  |
| Miscellaneous  | 8,827                                | -                                     | -                          | 8,827  |
| Contributions  | -                                    | -                                     | 26                         | 26   |
| <b>GROSS REVENUES</b>  | <b>201,194</b>                       | <b>1,299</b>                          | <b>141</b>                 | <b>202,634</b>                                       |
| Less Revenue Refunds   | 3,246                                | -                                     | -                          | 3,246  |
| <b>NET REVENUES</b>  | <b>197,948</b>                       | <b>1,299</b>                          | <b>141</b>                 | <b>199,388</b>                                       |
| <b>EXPENDITURES:</b>   |                                      |                                       |                            |  |
| Current:   |                                      |                                       |                            |  |
| Administration & Regulation  | 1,774                                | -                                     | -                          | 1,774  |
| Education  | 40,741                               | -                                     | -                          | 40,741   |
| State Aid To Universities  | 16,616                               | -                                     | -                          | 16,616   |
| Health & Human Rights  | 419                                  | -                                     | -                          | 419  |
| Human Services   | 213                                  | -                                     | -                          | 213  |
| Justice & Public Defense   | 3,171                                | 8,325                                 | -                          | 11,496   |
| Economic Development   | 122                                  | -                                     | -                          | 122  |
| Agriculture & Natural Resources  | 3,243                                | 3,075                                 | -                          | 6,318  |
| Capital Outlay:  |                                      |                                       |                            |  |
| Health & Human Rights  | -                                    | 2,522                                 | -                          | 2,522  |
| Justice & Public Defense   | -                                    | 7,578                                 | -                          | 7,578  |
| Transportation   | -                                    | 1,208                                 | -                          | 1,208  |
| Agriculture & Natural Resources  | -                                    | 3,355                                 | -                          | 3,355  |
| <b>TOTAL EXPENDITURES</b>  | <b>66,299</b>                        | <b>26,063</b>                         | <b>-</b>                   | <b>92,362</b>  |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b>  | <b>131,649</b>                       | <b>(24,764)</b>                       | <b>141</b>                 | <b>107,026</b>                                       |
| <b>OTHER FINANCING SOURCES<br/>(USES):</b>   |                                      |                                       |                            |  |
| Transfers In   | 33,935                               | 23,280                                | -                          | 57,215   |
| Transfers Out  | (108,920)                            | (454)                                 | (115)                      | (109,489)  |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>  | <b>(74,985)</b>                      | <b>22,826</b>                         | <b>(115)</b>               | <b>(52,274)</b>                                      |
| <b>EXCESS OF REVENUES AND OTHER<br/>SOURCES OVER (UNDER)<br/>EXPENDITURES AND OTHER USES</b> | <b>56,664</b>                        | <b>(1,938)</b>                        | <b>26</b>                  | <b>54,752</b>  |
| <b>FUND BALANCE JULY 1</b>   | <b>87,639</b>                        | <b>3,101</b>                          | <b>9,016</b>               | <b>99,756</b>  |
| <b>FUND BALANCE JUNE 30</b>  | <b>\$ 144,303</b>                    | <b>1,163</b>                          | <b>9,042</b>               | <b>154,508</b>                                       |

**State of Iowa**

# COMBINING FINANCIAL STATEMENTS

## **Nonmajor Special Revenue Funds**

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

**Grow Iowa Fund** receives federal receipts under the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 to be used as provided in the federal law.

**Endowment for Iowa's Health Fund** receives net proceeds of any taxable or tax-exempt bonds for the purposes specified in Iowa Code Section 12.65, the portion of the State's share which is not sold to the Tobacco Settlement Authority, and any other appropriated moneys that shall be used for the purposes specified in Iowa Code Section 12.65.

**College Aid Federal Reserve Fund** receives guarantee fees, interest and overpayments and repurchases of claim payments to be used for payment of default claims to lenders and default aversion fees to the Guaranty Agency Operating fund.

**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**, are aggregated for reporting purposes, and account for various other revenues which must be used for specific purposes.

# STATE OF IOWA

## Combining Balance Sheet Nonmajor Special Revenue Funds

June 30, 2003  
(Expressed in Thousands)

|   | GROW<br>IOWA<br>FUND | ENDOW-<br>MENT<br>FOR<br>IOWA'S<br>HEALTH | COLLEGE<br>AID<br>FEDERAL<br>RESERVE | IOWA<br>PUBLIC<br>TELEVISION<br>FOUNDATION | OTHER            | TOTAL             |
|---|----------------------|---|--------------------------------------|--|------------------|-------------------|
| <b>ASSETS</b>                               |                      |   |                                      |  |                  |                   |
| Current Assets:                             |                      |   |                                      |  |                  |                   |
| Cash & Investments                          | \$ 49,755            | \$ 27,074                                 | \$ 23,389                            | \$ 4,213                                   | \$ 38,864        | \$ 143,295        |
| Accounts Receivable (Net)                   | -                    | -   | 912                                  | 363  | 2,263            | 3,538             |
| Due From Other Funds                        | -                    | 372                                       | 213                                  | -  | 1,325            | 1,910             |
| Inventory                                   | -                    | -   | -                                    | -  | 217              | 217               |
| Prepaid Expenditures                        | -                    | -   | -                                    | 37   | 18               | 55                |
| Total Current Assets                        | 49,755               | 27,446                                    | 24,514                               | 4,613                                      | 42,687           | 149,015           |
| Noncurrent Assets:                          |                      |   |                                      |  |                  |                   |
| Accounts Receivable (Net)                   | -                    | -   | -                                    | -  | 2,630            | 2,630             |
| <b>TOTAL ASSETS</b>                         | <b>\$ 49,755</b>     | <b>\$ 27,446</b>                          | <b>\$ 24,514</b>                     | <b>\$ 4,613</b>                            | <b>\$ 45,317</b> | <b>\$ 151,645</b> |
| <b>LIABILITIES</b>                          |                      |   |                                      |  |                  |                   |
| Current Liabilities:                        |                      |   |                                      |  |                  |                   |
| Accounts Payable                            | \$ -                 | \$ 80                                     | \$ 2,124                             | \$ 95                                      | \$ 3,463         | \$ 5,762          |
| Due To Other Funds                          | -                    | 36  | 846                                  | 267  | 290              | 1,439             |
| Deferred Revenue                            | -                    | -   | -                                    | 131  | 10               | 141               |
| <b>TOTAL LIABILITIES</b>                    | -                    | <b>116</b>                                | <b>2,970</b>                         | <b>493</b>                                 | <b>3,763</b>     | <b>7,342</b>      |
| <b>FUND BALANCE</b>                         |                      |   |                                      |  |                  |                   |
| Reserved for:                               |                      |   |                                      |  |                  |                   |
| Inventory & Prepaid Expenditures            | -                    | -   | -                                    | 37   | 235              | 272               |
| Noncurrent Receivables                      | -                    | -   | -                                    | -  | 2,630            | 2,630             |
| Specific Purposes                           | -                    | 27,330                                    | 21,544                               | -  | 17,765           | 66,639            |
| Unreserved Fund Equity                      | 49,755               | -   | -                                    | 4,083                                      | 20,924           | 74,762            |
| <b>TOTAL FUND BALANCE</b>                   | <b>49,755</b>        | <b>27,330</b>                             | <b>21,544</b>                        | <b>4,120</b>                               | <b>41,554</b>    | <b>144,303</b>    |
| <b>TOTAL LIABILITIES &amp; FUND BALANCE</b> | <b>\$ 49,755</b>     | <b>\$ 27,446</b>                          | <b>\$ 24,514</b>                     | <b>\$ 4,613</b>                            | <b>\$ 45,317</b> | <b>\$ 151,645</b> |



# STATE OF IOWA

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|  | GROW<br>IOWA<br>FUND | ENDOW-<br>MENT<br>FOR<br>IOWA'S<br>HEALTH | COLLEGE<br>AID<br>FEDERAL<br>RESERVE | IOWA<br>PUBLIC<br>TELEVISION<br>FOUNDATION | OTHER            | TOTAL             |
|--|----------------------|---|--------------------------------------|--|------------------|-------------------|
| <b>REVENUES:</b>   |                      |   |                                      |  |                  |                   |
| Taxes  | \$ -                 | \$ 73,725                                 | \$ -                                 | \$ -                                       | \$ -             | \$ 73,725         |
| Receipts from Other Entities   | 49,755               | -   | 13,777                               | -  | 3,695            | 67,227            |
| Investment Income  | -                    | 833                                       | 560                                  | 95   | 1,267            | 2,755             |
| Fees, Licenses & Permits   | -                    | 1,275                                     | 2                                    | -  | 2,492            | 3,769             |
| Refunds & Reimbursements   | -                    | 13,884                                    | 18,388                               | -  | 5,196            | 37,468            |
| Sales, Rents & Services  | -                    | -   | -                                    | -  | 7,423            | 7,423             |
| Miscellaneous  | -                    | -   | -                                    | 7,260                                      | 1,567            | 8,827             |
| <b>GROSS REVENUES</b>  | <b>49,755</b>        | <b>89,717</b>                             | <b>32,727</b>                        | <b>7,355</b>                               | <b>21,640</b>    | <b>201,194</b>    |
| Less Revenue Refunds   | -                    | -   | 1,769                                | -  | 1,477            | 3,246             |
| <b>NET REVENUES</b>  | <b>49,755</b>        | <b>89,717</b>                             | <b>30,958</b>                        | <b>7,355</b>                               | <b>20,163</b>    | <b>197,948</b>    |
| <b>EXPENDITURES:</b>   |                      |   |                                      |  |                  |                   |
| Current:   |                      |   |                                      |  |                  |                   |
| Administration & Regulation  | -                    | -   | -                                    | -  | 1,774            | 1,774             |
| Education  | -                    | 3,376                                     | 24,819                               | 2,535                                      | 10,011           | 40,741            |
| State Aid To Universities  | -                    | 16,616                                    | -                                    | -  | -                | 16,616            |
| Health & Human Rights  | -                    | -   | -                                    | -  | 419              | 419               |
| Human Services   | -                    | -   | -                                    | -  | 213              | 213               |
| Justice & Public Defense   | -                    | -   | -                                    | -  | 3,171            | 3,171             |
| Economic Development   | -                    | -   | -                                    | -  | 122              | 122               |
| Agriculture & Natural Resources  | -                    | -   | -                                    | -  | 3,243            | 3,243             |
| <b>TOTAL EXPENDITURES</b>  | <b>-</b>             | <b>19,992</b>                             | <b>24,819</b>                        | <b>2,535</b>                               | <b>18,953</b>    | <b>66,299</b>     |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b>  | <b>49,755</b>        | <b>69,725</b>                             | <b>6,139</b>                         | <b>4,820</b>                               | <b>1,210</b>     | <b>131,649</b>    |
| <b>OTHER FINANCING SOURCES<br/>(USES):</b>   |                      |   |                                      |  |                  |                   |
| Transfers In   | -                    | 23,959                                    | 566                                  | 115  | 9,295            | 33,935            |
| Transfers Out  | -                    | (94,104)                                  | (5,239)                              | (4,481)                                    | (5,096)          | (108,920)         |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>  | <b>-</b>             | <b>(70,145)</b>                           | <b>(4,673)</b>                       | <b>(4,366)</b>                             | <b>4,199</b>     | <b>(74,985)</b>   |
| <b>EXCESS OF REVENUES AND<br/>OTHER SOURCES OVER<br/>(UNDER) EXPENDITURES<br/>AND OTHER USES</b> | <b>49,755</b>        | <b>(420)</b>                              | <b>1,466</b>                         | <b>454</b>                                 | <b>5,409</b>     | <b>56,664</b>     |
| <b>FUND BALANCE JULY 1</b>   | <b>-</b>             | <b>27,750</b>                             | <b>20,078</b>                        | <b>3,666</b>                               | <b>36,145</b>    | <b>87,639</b>     |
| <b>FUND BALANCE JUNE 30</b>  | <b>\$ 49,755</b>     | <b>\$ 27,330</b>                          | <b>\$ 21,544</b>                     | <b>\$ 4,120</b>                            | <b>\$ 41,554</b> | <b>\$ 144,303</b> |

# STATE OF IOWA

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

For the Year Ended June 30, 2003  
(Expressed in Thousands)

(continued)

|   | <b>PRIMARY ROAD FUND</b> |                   |                  |                    |
|---|--------------------------|-------------------|------------------|--------------------|
|   | ORIGINAL<br>BUDGET       | FINAL<br>BUDGET   | ACTUAL           | FINAL TO<br>ACTUAL |
| APPROPRIATED REVENUE:   |                          |                   |                  |                    |
| Transfers   | \$ 503,455               | \$ 503,455        | \$ 501,830       | \$ (1,625)         |
| <b>TOTAL APPROPRIATED REVENUE</b>                             | <b>503,455</b>           | <b>503,455</b>    | <b>501,830</b>   | <b>(1,625)</b>     |
| RECEIPTS CREDITED TO<br>APPROPRIATIONS:                       |                          |                   |                  |                    |
| Use Tax   | -                        | -                 | -                | -                  |
| Other Taxes   | -                        | -                 | -                | -                  |
| Wagering Tax Receipts   | -                        | -                 | -                | -                  |
| Individual Income Tax Quarterly                               | -                        | -                 | -                | -                  |
| Sales Tax - DOT   | 5                        | 5                 | 5                | -                  |
| Federal Support   | 228,800                  | 228,800           | 218,200          | (10,600)           |
| Local Governments   | 4,600                    | 4,600             | 5,027            | 427                |
| Other States  | 75                       | 75                | 3,396            | 3,321              |
| Reimbursements From Other Agencies                            | 601                      | 601               | 222              | (379)              |
| Interest  | 1                        | 1                 | -                | (1)                |
| Bonds & Loans   | -                        | 5                 | 99               | 94                 |
| Fees, Licenses, & Permits                                     | 860                      | 860               | 1,028            | 168                |
| Refunds & Reimbursements                                      | 4,010                    | 4,010             | 8,204            | 4,194              |
| Sale of Real Estate   | 1,710                    | 1,710             | 2,617            | 907                |
| Sale of Equipment & Salvage                                   | -                        | -                 | -                | -                  |
| Rents & Leases  | 16                       | 16                | 27               | 11                 |
| Agricultural Sales  | -                        | -                 | -                | -                  |
| Other Sales & Services  | -                        | -                 | -                | -                  |
| Unearned Receipts   | -                        | -                 | -                | -                  |
| Income Tax Checkoffs  | -                        | -                 | -                | -                  |
| Other   | 1,750                    | 1,750             | 4,742            | 2,992              |
| <b>TOTAL APPROPRIATED RECEIPTS</b>                            | <b>242,428</b>           | <b>242,433</b>    | <b>243,567</b>   | <b>1,134</b>       |
| <b>TOTAL REVENUES AVAILABLE</b>                               | <b>745,883</b>           | <b>745,888</b>    | <b>745,397</b>   | <b>(491)</b>       |
| EXPENDITURES:   |                          |                   |                  |                    |
| Administration & Regulation                                   | -                        | -                 | -                | -                  |
| Agriculture & Natural Resources                               | -                        | -                 | -                | -                  |
| Economic Development  | -                        | -                 | -                | -                  |
| Education   | -                        | -                 | -                | -                  |
| Transportation  | 557,504                  | 557,704           | 547,614          | 10,090 *           |
| Oversight   | -                        | -                 | -                | -                  |
| <b>TOTAL EXPENDITURES</b>                                     | <b>557,504</b>           | <b>557,704</b>    | <b>547,614</b>   | <b>10,090</b>      |
| Transfers   | 229,378                  | 229,178           | 214,047          | 15,131             |
| <b>TOTAL EXPENDITURES AND TRANSFERS</b>                       | <b>786,882</b>           | <b>786,882</b>    | <b>761,661</b>   | <b>25,221</b>      |
| REVENUES AVAILABLE OVER (UNDER)<br>EXPENDITURES AND TRANSFERS | (40,999)                 | (40,994)          | (16,264)         | 24,730             |
| <b>FUND BALANCE JULY 1 (BUDGETARY)</b>                        | <b>32,299</b>            | <b>32,299</b>     | <b>32,299</b>    | <b>-</b>           |
| <b>FUND BALANCE JUNE 30 (BUDGETARY)</b>                       | <b>\$ (8,700)</b>        | <b>\$ (8,695)</b> | <b>\$ 16,035</b> | <b>\$ 24,730</b>   |

**STATE OF IOWA**

**ENDOWMENT FOR IOWA'S HEALTH FUND**

| ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL    | FINAL TO<br>ACTUAL |
|--------------------|-----------------|-----------|--------------------|
| \$ -               | \$ -            | \$ -      | \$ -               |
| -                  | -               | -         | -                  |
| -                  | -               | -         | -                  |
| 75,000             | 75,000          | 73,725    | (1,275)            |
| -                  | -               | -         | -                  |
| -                  | -               | -         | -                  |
| -                  | -               | -         | -                  |
| -                  | -               | -         | -                  |
| 1,048              | 1,048           | 1,018     | (30)               |
| -                  | -               | -         | -                  |
| -                  | 50              | 1,275     | 1,225              |
| 28,792             | 28,792          | 37,844    | 9,052              |
| -                  | -               | -         | -                  |
| -                  | -               | -         | -                  |
| -                  | -               | -         | -                  |
| -                  | -               | -         | -                  |
| -                  | -               | -         | -                  |
| -                  | -               | -         | -                  |
| 104,840            | 104,890         | 113,862   | 8,972              |
| 104,840            | 104,890         | 113,862   | 8,972              |
| 4,876              | 5,086           | 3,376     | 1,710              |
| -                  | -               | -         | -                  |
| -                  | -               | -         | -                  |
| -                  | -               | -         | -                  |
| -                  | -               | -         | -                  |
| 4,876              | 5,086           | 3,376     | 1,710              |
| 111,169            | 110,959         | 110,720   | 239                |
| 116,045            | 116,045         | 114,096   | 1,949              |
| (11,205)           | (11,155)        | (234)     | 10,921             |
| 27,740             | 27,740          | 27,740    | -                  |
| \$ 16,535          | \$ 16,585       | \$ 27,506 | \$ 10,921          |

(continued on next page)

# STATE OF IOWA

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

For the Year Ended June 30, 2003  
(Expressed in Thousands)

(continued)

|   | <b>SCHOOL INFRASTRUCTURE FUND</b> |                 |          |                    |
|---|-----------------------------------|-----------------|----------|--------------------|
|   | ORIGINAL<br>BUDGET                | FINAL<br>BUDGET | ACTUAL   | FINAL TO<br>ACTUAL |
| APPROPRIATED REVENUE:   |                                   |                 |          |                    |
| Transfers   | \$ -                              | \$ -            | \$ -     | \$ -               |
| TOTAL APPROPRIATED REVENUE                                    | -                                 | -               | -        | -                  |
| RECEIPTS CREDITED TO<br>APPROPRIATIONS:                       |                                   |                 |          |                    |
| Use Tax   | -                                 | -               | -        | -                  |
| Other Taxes   | -                                 | -               | -        | -                  |
| Wagering Tax Receipts   | 5,000                             | 5,000           | 4,883    | (117)              |
| Individual Income Tax Quarterly                               | -                                 | -               | -        | -                  |
| Sales Tax - DOT   | -                                 | -               | -        | -                  |
| Federal Support   | -                                 | -               | -        | -                  |
| Local Governments   | -                                 | -               | -        | -                  |
| Other States  | -                                 | -               | -        | -                  |
| Reimbursements From Other Agencies                            | -                                 | -               | -        | -                  |
| Interest  | 50                                | 50              | 823      | 773                |
| Bonds & Loans   | 802                               | 802             | 38       | (764)              |
| Fees, Licenses, & Permits                                     | 263                               | 263             | 117      | (146)              |
| Refunds & Reimbursements                                      | -                                 | -               | -        | -                  |
| Sale of Real Estate   | -                                 | -               | -        | -                  |
| Sale of Equipment & Salvage                                   | -                                 | -               | -        | -                  |
| Rents & Leases  | -                                 | -               | -        | -                  |
| Agricultural Sales  | -                                 | -               | -        | -                  |
| Other Sales & Services  | -                                 | -               | -        | -                  |
| Unearned Receipts   | -                                 | -               | -        | -                  |
| Income Tax Checkoffs  | -                                 | -               | -        | -                  |
| Other   | -                                 | -               | -        | -                  |
| TOTAL APPROPRIATED RECEIPTS                                   | 6,115                             | 6,115           | 5,861    | (254)              |
| TOTAL REVENUES AVAILABLE                                      | 6,115                             | 6,115           | 5,861    | (254)              |
| EXPENDITURES:   |                                   |                 |          |                    |
| Administration & Regulation                                   | -                                 | -               | -        | -                  |
| Agriculture & Natural Resources                               | -                                 | -               | -        | -                  |
| Economic Development  | -                                 | -               | -        | -                  |
| Education   | 31,577                            | 31,577          | 10,174   | 21,403             |
| Transportation  | -                                 | -               | -        | -                  |
| Oversight   | -                                 | -               | -        | -                  |
| TOTAL EXPENDITURES  | 31,577                            | 31,577          | 10,174   | 21,403             |
| Transfers   | -                                 | -               | 20,000   | (20,000)           |
| TOTAL EXPENDITURES AND TRANSFERS                              | 31,577                            | 31,577          | 30,174   | 1,403              |
| REVENUES AVAILABLE OVER (UNDER)<br>EXPENDITURES AND TRANSFERS | (25,462)                          | (25,462)        | (24,313) | 1,149              |
| FUND BALANCE JULY 1 (BUDGETARY)                               | 26,072                            | 26,072          | 26,072   | -                  |
| FUND BALANCE JUNE 30 (BUDGETARY)                              | \$ 610                            | \$ 610          | \$ 1,759 | \$ 1,149           |

**STATE OF IOWA**

**UNDERGROUND STORAGE TANK  
UNASSIGNED REVENUE**

| ORIGINAL<br>BUDGET | FINAL<br>BUDGET  | ACTUAL           | FINAL TO<br>ACTUAL |
|--------------------|------------------|------------------|--------------------|
| \$ 10,000          | \$ 10,000        | \$ 7,764         | \$ (2,236)         |
| <u>10,000</u>      | <u>10,000</u>    | <u>7,764</u>     | <u>(2,236)</u>     |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| 5,400              | 5,400            | 2,709            | (2,691)            |
| -                  | -                | -                | -                  |
| 15                 | 15               | 10               | (5)                |
| 15                 | 15               | 35               | 20                 |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| 10                 | 10               | 36               | 26                 |
| <u>5,440</u>       | <u>5,440</u>     | <u>2,790</u>     | <u>(2,650)</u>     |
| <u>15,440</u>      | <u>15,440</u>    | <u>10,554</u>    | <u>(4,886)</u>     |
| 2,526              | 2,526            | 2,622            | (96) *             |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| -                  | -                | -                | -                  |
| <u>2,526</u>       | <u>2,526</u>     | <u>2,622</u>     | <u>(96)</u>        |
| <u>16,075</u>      | <u>16,075</u>    | <u>30,077</u>    | <u>(14,002)</u>    |
| <u>18,601</u>      | <u>18,601</u>    | <u>32,699</u>    | <u>(14,098)</u>    |
| (3,161)            | (3,161)          | (22,145)         | (18,984)           |
| <u>41,759</u>      | <u>41,759</u>    | <u>41,759</u>    | <u>-</u>           |
| <u>\$ 38,598</u>   | <u>\$ 38,598</u> | <u>\$ 19,614</u> | <u>\$ (18,984)</u> |

(continued on next page)

# STATE OF IOWA

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

For the Year Ended June 30, 2003  
(Expressed in Thousands)

(continued)

|   | <b>OTHER</b>       |                 |                  |                    |
|---|--------------------|-----------------|------------------|--------------------|
|   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL           | FINAL TO<br>ACTUAL |
| APPROPRIATED REVENUE:   |                    |                 |                  |                    |
| Transfers   | \$ 114,114         | \$ 113,677      | \$ 120,117       | \$ 6,440           |
| <b>TOTAL APPROPRIATED REVENUE</b>                             | <b>114,114</b>     | <b>113,677</b>  | <b>120,117</b>   | <b>6,440</b>       |
| RECEIPTS CREDITED TO<br>APPROPRIATIONS:                       |                    |                 |                  |                    |
| Use Tax   | 1,222              | 881             | 1,222            | 341                |
| Other Taxes   | 7,504              | 7,191           | 6,622            | (569)              |
| Wagering Tax Receipts   | 11,800             | 11,800          | 3,037            | (8,763)            |
| Individual Income Tax Quarterly                               | 4,000              | 4,000           | 4,000            | -                  |
| Sales Tax - DOT   | -                  | -               | -                | -                  |
| Federal Support   | 14,697             | 12,018          | 13,006           | 988                |
| Local Governments   | 188                | 188             | 119              | (69)               |
| Other States  | -                  | -               | -                | -                  |
| Reimbursements From Other Agencies                            | 1,445              | 1,445           | 514              | (931)              |
| Interest  | 1,669              | 1,583           | 1,326            | (257)              |
| Bonds & Loans   | -                  | -               | -                | -                  |
| Fees, Licenses, & Permits                                     | 22,924             | 22,924          | 23,241           | 317                |
| Refunds & Reimbursements                                      | 14,064             | 21,099          | 34,091           | 12,992             |
| Sale of Real Estate   | -                  | -               | -                | -                  |
| Sale of Equipment & Salvage                                   | 45                 | 45              | -                | (45)               |
| Rents & Leases  | 5                  | 5               | 11               | 6                  |
| Agricultural Sales  | 10                 | 10              | -                | (10)               |
| Other Sales & Services  | 1,204              | 1,204           | 1,017            | (187)              |
| Unearned Receipts   | 312                | 312             | 299              | (13)               |
| Income Tax Checkoffs  | 150                | 150             | 147              | (3)                |
| Other   | 531                | 546             | 490              | (56)               |
| <b>TOTAL APPROPRIATED RECEIPTS</b>                            | <b>81,770</b>      | <b>85,401</b>   | <b>89,142</b>    | <b>3,741</b>       |
| <b>TOTAL REVENUES AVAILABLE</b>                               | <b>195,884</b>     | <b>199,078</b>  | <b>209,259</b>   | <b>10,181</b>      |
| EXPENDITURES:   |                    |                 |                  |                    |
| Administration & Regulation                                   | 28,984             | 30,714          | 22,338           | 8,376              |
| Agriculture & Natural Resources                               | 8,484              | 8,484           | 6,841            | 1,643              |
| Economic Development  | 20,373             | 22,414          | 17,694           | 4,720              |
| Education   | 10,656             | 10,655          | 10,397           | 258                |
| Transportation  | -                  | -               | -                | -                  |
| Oversight   | 1,045              | 681             | 164              | 517                |
| <b>TOTAL EXPENDITURES</b>                                     | <b>69,542</b>      | <b>72,948</b>   | <b>57,434</b>    | <b>15,514</b>      |
| Transfers   | 134,026            | 161,268         | 149,844          | 11,424             |
| <b>TOTAL EXPENDITURES AND TRANSFERS</b>                       | <b>203,568</b>     | <b>234,216</b>  | <b>207,278</b>   | <b>26,938</b>      |
| REVENUES AVAILABLE OVER (UNDER)<br>EXPENDITURES AND TRANSFERS | (7,684)            | (35,138)        | 1,981            | 37,119             |
| <b>FUND BALANCE JULY 1 (BUDGETARY)</b>                        | <b>43,019</b>      | <b>43,019</b>   | <b>43,019</b>    | <b>-</b>           |
| <b>FUND BALANCE JUNE 30 (BUDGETARY)</b>                       | <b>\$ 35,335</b>   | <b>\$ 7,881</b> | <b>\$ 45,000</b> | <b>\$ 37,119</b>   |

\* Actual expenditures exceeded budgeted expenditures as a result of the receipt and legal expenditure of other non-state funds which have been received for restricted purposes. In the Special Revenue funds this occurred in the Underground Storage Tank Authority's Unassigned Revenue Program.

# STATE OF IOWA

| <b>TOTAL</b>       |                 |            |                    |
|--------------------|-----------------|------------|--------------------|
| ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL     | FINAL TO<br>ACTUAL |
| \$ 627,569         | \$ 627,132      | \$ 629,711 | \$ 2,579           |
| 627,569            | 627,132         | 629,711    | 2,579              |
|                    |                 |            |                    |
| 1,222              | 881             | 1,222      | 341                |
| 7,504              | 7,191           | 6,622      | (569)              |
| 91,800             | 91,800          | 81,645     | (10,155)           |
| 4,000              | 4,000           | 4,000      | -                  |
| 5                  | 5               | 5          | -                  |
| 243,497            | 240,818         | 231,206    | (9,612)            |
| 4,788              | 4,788           | 5,146      | 358                |
| 75                 | 75              | 3,396      | 3,321              |
| 2,046              | 2,046           | 736        | (1,310)            |
| 8,168              | 8,082           | 5,876      | (2,206)            |
| 802                | 807             | 137        | (670)              |
| 24,062             | 24,112          | 25,671     | 1,559              |
| 46,881             | 53,916          | 80,174     | 26,258             |
| 1,710              | 1,710           | 2,617      | 907                |
| 45                 | 45              | -          | (45)               |
| 21                 | 21              | 38         | 17                 |
| 10                 | 10              | -          | (10)               |
| 1,204              | 1,204           | 1,017      | (187)              |
| 312                | 312             | 299        | (13)               |
| 150                | 150             | 147        | (3)                |
| 2,291              | 2,306           | 5,268      | 2,962              |
| 440,593            | 444,279         | 455,222    | 10,943             |
| 1,068,162          | 1,071,411       | 1,084,933  | 13,522             |
|                    |                 |            |                    |
| 36,386             | 38,326          | 28,336     | 9,990              |
| 8,484              | 8,484           | 6,841      | 1,643              |
| 20,373             | 22,414          | 17,694     | 4,720              |
| 42,233             | 42,232          | 20,571     | 21,661             |
| 557,504            | 557,704         | 547,614    | 10,090             |
| 1,045              | 681             | 164        | 517                |
| 666,025            | 669,841         | 621,220    | 48,621             |
| 490,648            | 517,480         | 524,688    | (7,208)            |
| 1,156,673          | 1,187,321       | 1,145,908  | 41,413             |
|                    |                 |            |                    |
| (88,511)           | (115,910)       | (60,975)   | 54,935             |
| 170,889            | 170,889         | 170,889    | -                  |
| \$ 82,378          | \$ 54,979       | \$ 109,914 | \$ 54,935          |

**State of Iowa**



## COMBINING FINANCIAL STATEMENTS

### **Nonmajor 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 Fund** is used to account for various building projects.

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

**Motor Vehicle Fuel Tax Capitals Fund** is used to account for the acquisition of water access, development project, water safety stations, marinas, and any other project which improves water recreation.

**Fish and Game Capitals Fund** is used to account for land acquisition and capital projects related to fish and wildlife.

**Other Capital Projects Funds**, are aggregated for reporting purposes, account for construction of various armories, prison expansion programs, and other specific projects.

**STATE OF IOWA**

**Combining Balance Sheet  
Nonmajor Capital Projects Funds**

June 30, 2003  
(Expressed in Thousands)

|   | <b>GENERAL<br/>SERVICES<br/>CAPITALS</b> | <b>RECREAT-<br/>IONAL<br/>TRAILS<br/>DEVELOP-<br/>MENT</b> | <b>MOTOR<br/>VEHICLE<br/>FUEL TAX<br/>CAPITALS</b> | <b>FISH &amp;<br/>GAME<br/>CAPITALS</b> | <b>OTHER</b>         | <b>TOTAL</b>           |
|---|--|--|--|---|----------------------|------------------------|
| <b>ASSETS</b>                                   |  |  |  |   |                      |                        |
| Current Assets:                                 |  |  |  |   |                      |                        |
| Cash & Investments                              | \$ 51                                    | \$ 215   | \$ 153   | \$ 67                                   | \$ 212               | \$ 698                 |
| Deposit with Trustees                           | -  | -  | -  | -                                       | 437                  | 437                    |
| Accounts Receivable (Net                        | 44                                       | -  | 163  | 2                                       | 37                   | 246                    |
| Due From Other Funds                            | 634                                      | -  | 500  | 282                                     | -                    | 1,416                  |
|   | <u>634</u>                               | <u>-</u>   | <u>500</u>   | <u>282</u>                              | <u>-</u>             | <u>1,416</u>           |
| <b>TOTAL ASSETS</b>                             | <b><u>\$ 729</u></b>                     | <b><u>\$ 215</u></b>                                       | <b><u>\$ 816</u></b>                               | <b><u>\$ 351</u></b>                    | <b><u>\$ 686</u></b> | <b><u>\$ 2,797</u></b> |
| <b>LIABILITIES</b>                              |  |  |  |   |                      |                        |
| Current Liabilities:                            |  |  |  |   |                      |                        |
| Accounts Payable<br>& Accruals                  | \$ 460                                   | \$ 124   | \$ 188   | \$ 758                                  | \$ 12                | \$ 1,542               |
| Due To Other Funds                              | -  | 39   | 38   | 15                                      | -                    | 92                     |
|   | <u>-</u>                                 | <u>39</u>  | <u>38</u>  | <u>15</u>                               | <u>-</u>             | <u>92</u>              |
| <b>TOTAL LIABILITIES</b>                        | <b>460</b>                               | <b>163</b>   | <b>226</b>   | <b>773</b>                              | <b>12</b>            | <b>1,634</b>           |
| <b>FUND BALANCE</b>                             |  |  |  |   |                      |                        |
| Unreserved Fund Equity                          | <u>269</u>                               | <u>52</u>  | <u>590</u>   | <u>(422)</u>                            | <u>674</u>           | <u>1,163</u>           |
| <b>TOTAL LIABILITIES &amp;<br/>FUND BALANCE</b> | <b><u>\$ 729</u></b>                     | <b><u>\$ 215</u></b>                                       | <b><u>\$ 816</u></b>                               | <b><u>\$ 351</u></b>                    | <b><u>\$ 686</u></b> | <b><u>\$ 2,797</u></b> |

# STATE OF IOWA

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

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|  | GENERAL<br>SERVICES<br>CAPITALS | RECREAT-<br>IONAL<br>TRAILS<br>DEVELOP-<br>MENT | MOTOR<br>VEHICLE<br>FUEL TAX<br>CAPITALS | FISH &<br>GAME<br>CAPITALS | OTHER          | TOTAL           |
|--|---------------------------------|---|--|----------------------------|----------------|-----------------|
| <b>REVENUES:</b>   |                                 |   |  |                            |                |                 |
| Receipts from Other Entities   | \$ 40                           | \$ -  | \$ 310                                   | \$ -                       | \$ 23          | \$ 373          |
| Investment Income  | -                               | -   | -  | -                          | 651            | 651             |
| Refunds & Reimbursements   | -                               | -   | 14                                       | -                          | 261            | 275             |
| <b>TOTAL REVENUES</b>  | <b>40</b>                       | <b>-</b>  | <b>324</b>                               | <b>-</b>                   | <b>935</b>     | <b>1,299</b>    |
| <b>EXPENDITURES:</b>   |                                 |   |  |                            |                |                 |
| Current:   |                                 |   |  |                            |                |                 |
| Justice & Public Defense   | -                               | -   | -  | -                          | 8,325          | 8,325           |
| Agriculture & Natural Resources  | -                               | -   | 223                                      | 2,852                      | -              | 3,075           |
| Capital Outlay:  |                                 |   |  |                            |                |                 |
| Health & Human Rights  | 2,522                           | -   | -  | -                          | -              | 2,522           |
| Justice & Public Defense   | 7,306                           | -   | -  | -                          | 272            | 7,578           |
| Transportation   | -                               | 1,208   | -  | -                          | -              | 1,208           |
| Agriculture & Natural Resources  | -                               | -   | 900                                      | 2,455                      | -              | 3,355           |
| <b>TOTAL EXPENDITURES</b>  | <b>9,828</b>                    | <b>1,208</b>                                    | <b>1,123</b>                             | <b>5,307</b>               | <b>8,597</b>   | <b>26,063</b>   |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b>  | <b>(9,788)</b>                  | <b>(1,208)</b>                                  | <b>(799)</b>                             | <b>(5,307)</b>             | <b>(7,662)</b> | <b>(24,764)</b> |
| <b>OTHER FINANCING SOURCES<br/>(USES):</b>   |                                 |   |  |                            |                |                 |
| Transfers In   | 9,881                           | 750   | 1,500                                    | 5,000                      | 6,149          | 23,280          |
| Transfers Out  | (48)                            | -   | (291)                                    | (108)                      | (7)            | (454)           |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>  | <b>9,833</b>                    | <b>750</b>                                      | <b>1,209</b>                             | <b>4,892</b>               | <b>6,142</b>   | <b>22,826</b>   |
| <b>EXCESS OF REVENUES AND<br/>OTHER SOURCES OVER<br/>(UNDER) EXPENDITURES<br/>AND OTHER USES</b> | <b>45</b>                       | <b>(458)</b>                                    | <b>410</b>                               | <b>(415)</b>               | <b>(1,520)</b> | <b>(1,938)</b>  |
| <b>FUND BALANCE JULY 1</b>   | <b>224</b>                      | <b>510</b>                                      | <b>180</b>                               | <b>(7)</b>                 | <b>2,194</b>   | <b>3,101</b>    |
| <b>FUND BALANCE JUNE 30</b>  | <b>\$ 269</b>                   | <b>\$ 52</b>                                    | <b>\$ 590</b>                            | <b>\$ (422)</b>            | <b>\$ 674</b>  | <b>\$ 1,163</b> |

**State of Iowa**

## COMBINING FINANCIAL STATEMENTS

### **Nonmajor Permanent Funds**

**Permanent Funds** report resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the government or its citizens.

**Henry Albert Trust Fund** accounts for trust money for the Department of Public Health and transfers the applicable interest to the Department.

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

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

**Iowa Public Television Foundation Endowment** is used to hold a restricted gift made to Iowa Public Television. While the corpus of the gift is not available to spend, the earnings of the gift are restricted for the acquisition and/or production of quality family programming. Earnings are transferred to the Iowa Public Television Foundation.

**STATE OF IOWA**

**Combining Balance Sheet  
Nonmajor Permanent Funds**

June 30, 2003  
(Expressed in Thousands)

|                           | <b>HENRY<br/>ALBERT<br/>TRUST</b> | <b>PERMANENT<br/>SCHOOL<br/>PRINCIPAL</b> | <b>PILOT<br/>GROVE<br/>TRUST</b> | <b>IOWA PUBLIC<br/>TELEVISION<br/>FOUNDATION<br/>ENDOWMENT</b> | <b>TOTAL<br/>NONMAJOR<br/>PERMANENT<br/>FUNDS</b> |
|---------------------------|-----------------------------------|---|----------------------------------|--|---|
| <b>ASSETS</b>             |                                   |   |                                  |  |   |
| Current Assets:           |                                   |   |                                  |  |   |
| Cash & Investments        | \$ 1                              | \$ 7,583                                  | \$ 10                            | \$ 1,448   | \$ 9,042  |
| <b>TOTAL ASSETS</b>       | <b>\$ 1</b>                       | <b>\$ 7,583</b>                           | <b>\$ 10</b>                     | <b>\$ 1,448</b>  | <b>\$ 9,042</b>                                   |
| <b>FUND BALANCE</b>       |                                   |   |                                  |  |   |
| Reserved for:             |                                   |   |                                  |  |   |
| Specific Purposes         | \$ 1                              | \$ 7,583                                  | \$ 10                            | 1,448  | \$ 9,042  |
| <b>TOTAL FUND BALANCE</b> | <b>\$ 1</b>                       | <b>\$ 7,583</b>                           | <b>\$ 10</b>                     | <b>\$ 1,448</b>  | <b>\$ 9,042</b>                                   |

**STATE of IOWA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Permanent Funds**

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|   | <b>HENRY<br/>ALBERT<br/>TRUST</b> | <b>PERMANENT<br/>SCHOOL<br/>PRINCIPAL</b> | <b>PILOT<br/>GROVE<br/>TRUST</b> | <b>IOWA PUBLIC<br/>TELEVISION<br/>FOUNDATION<br/>ENDOWMENT</b> | <b>TOTAL<br/>NONMAJOR<br/>PERMANENT<br/>FUNDS</b> |
|---|-----------------------------------|---|----------------------------------|--|---|
| <b>REVENUES:</b>  |                                   |   |                                  |  |   |
| Investment Income   | \$ -                              | \$ -                                      | \$ -                             | \$ 115   | \$ 115  |
| Contributions   | -                                 | 26  | -                                | -  | 26  |
|   |                                   |   |                                  |  |   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b>   | <b>-</b>                          | <b>26</b>                                 | <b>-</b>                         | <b>115</b>   | <b>141</b>  |
| <b>OTHER FINANCING<br/>SOURCES (USES):</b>  |                                   |   |                                  |  |   |
| <b>TRANSFERS OUT</b>  | <b>-</b>                          | <b>-</b>                                  | <b>-</b>                         | <b>(115)</b>   | <b>(115)</b>                                      |
| <b>EXCESS OF REVENUES AND OTHER<br/>SOURCES OVER (UNDER)<br/>EXPENDITURES AND OTHER<br/>SOURCES</b> | <b>-</b>                          | <b>26</b>                                 | <b>-</b>                         | <b>-</b>   | <b>26</b>   |
| <b>FUND BALANCE JULY 1</b>  | <b>1</b>                          | <b>7,557</b>                              | <b>10</b>                        | <b>1,448</b>   | <b>9,016</b>                                      |
| <b>FUND BALANCE JUNE 30</b>   | <b>\$ 1</b>                       | <b>\$ 7,583</b>                           | <b>\$ 10</b>                     | <b>\$ 1,448</b>  | <b>\$ 9,042</b>                                   |

**State of Iowa**



## COMBINING FINANCIAL STATEMENTS

### **Nonmajor 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.

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

**Liquor Control Act Fund** is used to account for the revenues and expenses related to the sale of alcoholic beverages.

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

# STATE of IOWA

## Combining Statement of Net Assets Nonmajor Enterprise Funds

June 30, 2003  
(Expressed in Thousands)

|                                     | IOWA<br>COMMUNI-<br>ACTIONS<br>NETWORK | IOWA<br>LOTTERY | IOWA<br>STATE<br>PRISON<br>INDUSTRIES | LIQUOR<br>CONTROL<br>ACT | OTHER           | TOTAL<br>NONMAJOR<br>ENTERPRISE<br>FUNDS |
|-------------------------------------|--|-----------------|---------------------------------------|--------------------------|-----------------|--|
| <b>ASSETS</b>                       |  |                 |                                       |                          |                 |  |
| Current Assets:                     |  |                 |                                       |                          |                 |  |
| Cash & Investments                  | \$ 19,073                              | \$ 7,426        | \$ 3,236                              | \$ 8,446                 | \$ 644          | \$ 38,825                                |
| Accounts Receivable (Net)           | 13,015                                 | 3,372           | 1,367                                 | 2,591                    | 36              | 20,381                                   |
| Interest Receivable                 | 3                                      | 36              | -                                     | -                        | -               | 39                                       |
| Due From Other Funds                | 1,814                                  | -               | -                                     | 3                        | 77              | 1,894                                    |
| Inventory                           | 3,383                                  | 1,531           | 4,965                                 | 860                      | 445             | 11,184                                   |
| Prepaid Expenses                    | -                                      | 511             | 120                                   | -                        | 116             | 747                                      |
| Investment In Prize Annuity         | -                                      | 9,354           | -                                     | -                        | -               | 9,354                                    |
| <b>Total Current Assets</b>         | <b>37,288</b>                          | <b>22,230</b>   | <b>9,688</b>                          | <b>11,900</b>            | <b>1,318</b>    | <b>82,424</b>                            |
| Noncurrent Assets:                  |  |                 |                                       |                          |                 |  |
| Capital Assets - nondepreciable     | 365                                    | -               | 107                                   | 210                      | 430             | 1,112                                    |
| Capital Assets - depreciable, net   | 58,937                                 | 280             | 4,488                                 | -                        | 829             | 64,534                                   |
| Prepaid Expenses                    | 890                                    | -               | -                                     | -                        | -               | 890                                      |
| Other Assets                        | 656                                    | -               | -                                     | -                        | -               | 656                                      |
| Investment In Prize Annuity         | -                                      | 40,420          | -                                     | -                        | -               | 40,420                                   |
| Prize Deposit                       | -                                      | 5,356           | -                                     | -                        | -               | 5,356                                    |
| <b>Total Noncurrent Assets</b>      | <b>60,848</b>                          | <b>46,056</b>   | <b>4,595</b>                          | <b>210</b>               | <b>1,259</b>    | <b>112,968</b>                           |
| <b>TOTAL ASSETS</b>                 | <b>98,136</b>                          | <b>68,286</b>   | <b>14,283</b>                         | <b>12,110</b>            | <b>2,577</b>    | <b>195,392</b>                           |
| <b>LIABILITIES</b>                  |  |                 |                                       |                          |                 |  |
| Current Liabilities:                |  |                 |                                       |                          |                 |  |
| Accounts Payable & Accruals         | 2,634                                  | 2,309           | 905                                   | 8,326                    | 60              | 14,234                                   |
| Due To Other Funds                  | 105                                    | 2,680           | -                                     | 78                       | 1               | 2,864                                    |
| Interest Payable                    | 1,490                                  | -               | -                                     | -                        | -               | 1,490                                    |
| Deferred Revenue                    | 272                                    | 432             | 8                                     | -                        | 57              | 769                                      |
| Compensated Absences                | 505                                    | 425             | 423                                   | -                        | 55              | 1,408                                    |
| Other Financing                     |  |                 |                                       |                          |                 |  |
| Arrangements Payable                | 10,745                                 | -               | -                                     | -                        | -               | 10,745                                   |
| Annuities Payable                   | -                                      | 9,484           | -                                     | -                        | -               | 9,484                                    |
| Lottery Prizes Payable              | -                                      | 5,101           | -                                     | -                        | -               | 5,101                                    |
| Lease Obligations From              |  |                 |                                       |                          |                 |  |
| Discontinued Operations             | -                                      | -               | -                                     | 27                       | -               | 27                                       |
| <b>Total Current Liabilities</b>    | <b>15,751</b>                          | <b>20,431</b>   | <b>1,336</b>                          | <b>8,431</b>             | <b>173</b>      | <b>46,122</b>                            |
| Noncurrent Liabilities:             |  |                 |                                       |                          |                 |  |
| Compensated Absences                | -                                      | 276             | -                                     | -                        | -               | 276                                      |
| Other Financing                     |  |                 |                                       |                          |                 |  |
| Arrangements Payable                | 36,191                                 | -               | -                                     | -                        | -               | 36,191                                   |
| Annuities Payable                   | -                                      | 40,420          | -                                     | -                        | -               | 40,420                                   |
| Other                               | -                                      | 5,383           | -                                     | -                        | -               | 5,383                                    |
| <b>Total Noncurrent Liabilities</b> | <b>36,191</b>                          | <b>46,079</b>   | <b>-</b>                              | <b>-</b>                 | <b>-</b>        | <b>82,270</b>                            |
| <b>TOTAL LIABILITIES</b>            | <b>51,942</b>                          | <b>66,510</b>   | <b>1,336</b>                          | <b>8,431</b>             | <b>173</b>      | <b>128,392</b>                           |
| <b>NET ASSETS</b>                   |  |                 |                                       |                          |                 |  |
| Invested in Capital Assets,         |  |                 |                                       |                          |                 |  |
| Net of Related Debt                 | 12,366                                 | 280             | 4,595                                 | 210                      | 1,259           | 18,710                                   |
| Unrestricted                        | 33,828                                 | 1,496           | 8,352                                 | 3,469                    | 1,145           | 48,290                                   |
| <b>TOTAL NET ASSETS</b>             | <b>\$ 46,194</b>                       | <b>\$ 1,776</b> | <b>\$ 12,947</b>                      | <b>\$ 3,679</b>          | <b>\$ 2,404</b> | <b>\$ 67,000</b>                         |

## STATE of IOWA

### Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Nonmajor Enterprise Funds

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|   | IOWA<br>COMMUNI-<br>CATIONS<br>NETWORK | IOWA<br>LOTTERY | IOWA<br>PRISON<br>INDUSTRIES | LIQUOR<br>CONTROL<br>ACT | OTHER           | TOTAL<br>NONMAJOR<br>ENTERPRISE<br>FUNDS |
|---|--|-----------------|------------------------------|--------------------------|-----------------|--|
| <b>OPERATING REVENUES:</b>                                  |  |                 |                              |                          |                 |  |
| Receipts from Other Entities                                | \$ -                                   | \$ -            | \$ -                         | \$ -                     | \$ 113          | \$ 113                                   |
| Fees, Licenses & Permits                                    | -                                      | 17              | -                            | 9,593                    | -               | 9,610                                    |
| Refunds & Reimbursements                                    | -                                      | -               | -                            | 97                       | -               | 97                                       |
| Sales, Rents & Services                                     | 31,982                                 | 178,887         | 15,047                       | 121,219                  | 635             | 347,770                                  |
| Miscellaneous   | -                                      | 1,156           | 12                           | 804                      | 373             | 2,345                                    |
| <b>TOTAL OPERATING REVENUES</b>                             | <b>31,982</b>                          | <b>180,060</b>  | <b>15,059</b>                | <b>131,713</b>           | <b>1,121</b>    | <b>359,935</b>                           |
| <b>OPERATING EXPENSES:</b>                                  |  |                 |                              |                          |                 |  |
| General & Administrative                                    | 800                                    | 37,831          | 22                           | -                        | -               | 38,653                                   |
| Depreciation  | 11,290                                 | 213             | 708                          | -                        | 115             | 12,326                                   |
| Direct Expense  | 25,237                                 | -               | 11,715                       | 78,999                   | 224             | 116,175                                  |
| Prize Expense   | -                                      | 104,199         | -                            | -                        | -               | 104,199                                  |
| Personal Services   | 6,769                                  | -               | 1,584                        | 323                      | 496             | 9,172                                    |
| Travel & Subsistence  | 108                                    | -               | 9                            | 2                        | 4               | 123                                      |
| Supplies & Materials  | -                                      | -               | 73                           | 6                        | 37              | 116                                      |
| Contractual Services  | 154                                    | -               | 717                          | 2,630                    | 153             | 3,654                                    |
| Equipment & Repairs   | -                                      | -               | 12                           | -                        | 9               | 21                                       |
| Claims & Miscellaneous                                      | -                                      | -               | 313                          | -                        | 176             | 489                                      |
| Licenses, Permits & Refunds                                 | -                                      | -               | -                            | 473                      | -               | 473                                      |
| State Aids & Credits  | -                                      | -               | -                            | 2,711                    | -               | 2,711                                    |
| <b>TOTAL OPERATING EXPENSES</b>                             | <b>44,358</b>                          | <b>142,243</b>  | <b>15,153</b>                | <b>85,144</b>            | <b>1,214</b>    | <b>288,112</b>                           |
| <b>OPERATING INCOME (LOSS)</b>                              | <b>(12,376)</b>                        | <b>37,817</b>   | <b>(94)</b>                  | <b>46,569</b>            | <b>(93)</b>     | <b>71,823</b>                            |
| <b>NONOPERATING REVENUES<br/>(EXPENSES):</b>                |  |                 |                              |                          |                 |  |
| Taxes   | 5,613                                  | -               | -                            | 4,645                    | -               | 10,258                                   |
| Investment Income   | 748                                    | 653             | 102                          | -                        | 7               | 1,510                                    |
| Interest Expense  | (3,067)                                | -               | -                            | -                        | -               | (3,067)                                  |
| Miscellaneous Nonoperating Revenue                          | (219)                                  | -               | -                            | -                        | -               | (219)                                    |
| Gain on Sale of Fixed Assets                                | -                                      | -               | -                            | -                        | 34              | 34                                       |
| Loss on Sale of Fixed Assets                                | -                                      | -               | (85)                         | (1)                      | -               | (86)                                     |
| <b>NET NONOPERATING<br/>REVENUES (EXPENSES)</b>             | <b>3,075</b>                           | <b>653</b>      | <b>17</b>                    | <b>4,644</b>             | <b>41</b>       | <b>8,430</b>                             |
| <b>INCOME (LOSS) BEFORE<br/>CONTRIBUTIONS AND TRANSFERS</b> | <b>(9,301)</b>                         | <b>38,470</b>   | <b>(77)</b>                  | <b>51,213</b>            | <b>(52)</b>     | <b>80,253</b>                            |
| Capital Contributions and Grants                            | 15,125                                 | -               | -                            | -                        | -               | 15,125                                   |
| Transfers In  | -                                      | -               | -                            | 334                      | -               | 334                                      |
| Transfers Out   | -                                      | (39,008)        | -                            | (49,841)                 | -               | (88,849)                                 |
| <b>CHANGE IN NET ASSETS</b>                                 | <b>5,824</b>                           | <b>(538)</b>    | <b>(77)</b>                  | <b>1,706</b>             | <b>(52)</b>     | <b>6,863</b>                             |
| <b>TOTAL NET ASSETS -<br/>JULY 1, RESTATED</b>              | <b>40,370</b>                          | <b>2,314</b>    | <b>13,024</b>                | <b>1,973</b>             | <b>2,456</b>    | <b>60,137</b>                            |
| <b>TOTAL NET ASSETS - JUNE 30</b>                           | <b>\$ 46,194</b>                       | <b>\$ 1,776</b> | <b>\$ 12,947</b>             | <b>\$ 3,679</b>          | <b>\$ 2,404</b> | <b>\$ 67,000</b>                         |

# STATE of IOWA

## Combining Statement of Cash Flows Nonmajor Enterprise Funds

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|  | IOWA<br>COMMUNI-<br>CATIONS<br>NETWORK | IOWA<br>LOTTERY | IOWA<br>STATE<br>PRISON<br>INDUSTRIES | LIQUOR<br>CONTROL<br>ACT | OTHER        | TOTAL<br>NONMAJOR<br>ENTERPRISE<br>FUNDS |
|--|--|-----------------|---------------------------------------|--------------------------|--------------|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                         |  |                 |                                       |                          |              |  |
| Cash Received From Customers   | \$ 21,477                              | \$ 177,566      | \$ 14,805                             | \$ 127,034               | \$ 1,016     | \$ 341,898                               |
| Cash Received From Other Entities                                    | -                                      | 1,203           | -                                     | 804                      | 40           | 2,047                                    |
| Cash Payments To Suppliers For<br>Goods & Services                   | (27,507)                               | (31,382)        | (11,761)                              | (81,025)                 | (745)        | (152,420)                                |
| Cash Payments To Employees for Services                              | (6,685)                                | (6,262)         | (1,588)                               | (325)                    | (507)        | (15,367)                                 |
| Cash Payments for Prizes   | -                                      | (112,543)       | -                                     | -                        | -            | (112,543)                                |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                     | <u>(12,715)</u>                        | <u>28,582</u>   | <u>1,456</u>                          | <u>46,488</u>            | <u>(196)</u> | <u>63,615</u>                            |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>              |  |                 |                                       |                          |              |  |
| Transfers In From Other Funds  | -                                      | -               | -                                     | 331                      | -            | 331                                      |
| Transfers Out To Other Funds   | -                                      | (39,405)        | -                                     | (49,764)                 | -            | (89,169)                                 |
| Tax Receipts   | 5,613                                  | -               | -                                     | 4,645                    | -            | 10,258                                   |
| <b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>          | <u>5,613</u>                           | <u>(39,405)</u> | <u>-</u>                              | <u>(44,788)</u>          | <u>-</u>     | <u>(78,580)</u>                          |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>     |  |                 |                                       |                          |              |  |
| Acquisition & Construction of Capital Assets                         | (6,031)                                | (27)            | (399)                                 | -                        | (561)        | (7,018)                                  |
| Interest Paid  | (3,287)                                | -               | -                                     | -                        | -            | (3,287)                                  |
| Debt Payments  | (10,125)                               | -               | -                                     | -                        | -            | (10,125)                                 |
| Capital Grant & Contributions  | 15,125                                 | -               | -                                     | -                        | -            | 15,125                                   |
| Proceeds From Sale of Capital Assets                                 | -                                      | 15              | -                                     | -                        | 181          | 196                                      |
| <b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b> | <u>(4,318)</u>                         | <u>(12)</u>     | <u>(399)</u>                          | <u>-</u>                 | <u>(380)</u> | <u>(5,109)</u>                           |

(continued on next page)

# STATE of IOWA

(continued)

|  | IOWA<br>COMMUNI-<br>CATIONS<br>NETWORK | IOWA<br>LOTTERY  | IOWA<br>STATE<br>PRISON<br>INDUSTRIES | LIQUOR<br>CONTROL<br>ACT | OTHER           | TOTAL<br>NONMAJOR<br>ENTERPRISE<br>FUNDS |
|--|--|------------------|---------------------------------------|--------------------------|-----------------|--|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |  |                  |                                       |                          |                 |  |
| Interest & Dividends On Investments  | 752                                    | 665              | 102                                   | -                        | 7               | 1,526                                    |
| Other  | -                                      | 9,863            | -                                     | -                        | -               | 9,863                                    |
| <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>   | <b>752</b>                             | <b>10,528</b>    | <b>102</b>                            | <b>-</b>                 | <b>7</b>        | <b>11,389</b>                            |
| <b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>  | <b>(10,668)</b>                        | <b>(307)</b>     | <b>1,159</b>                          | <b>1,700</b>             | <b>(569)</b>    | <b>(8,685)</b>                           |
| <b>CASH &amp; CASH EQUIVALENTS JULY 1</b>  | <b>29,741</b>                          | <b>7,733</b>     | <b>2,077</b>                          | <b>6,746</b>             | <b>1,213</b>    | <b>47,510</b>                            |
| <b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>   | <b>19,073</b>                          | <b>7,426</b>     | <b>3,236</b>                          | <b>8,446</b>             | <b>644</b>      | <b>38,825</b>                            |
| <b>CASH &amp; INVESTMENTS PER STATEMENT OF NET ASSETS</b>  | <b>\$ 19,073</b>                       | <b>\$ 7,426</b>  | <b>\$ 3,236</b>                       | <b>\$ 8,446</b>          | <b>\$ 644</b>   | <b>\$ 38,825</b>                         |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>        |  |                  |                                       |                          |                 |  |
| <b>Operating Income (Loss)</b>   | <b>\$ (12,376)</b>                     | <b>\$ 37,817</b> | <b>\$ (94)</b>                        | <b>\$ 46,569</b>         | <b>\$ (93)</b>  | <b>\$ 71,823</b>                         |
| <b>Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities</b> |  |                  |                                       |                          |                 |  |
| Depreciation   | 11,290                                 | 213              | 708                                   | -                        | 115             | 12,326                                   |
| (Increase) Decrease In Accounts Receivable   | (11,740)                               | (1,699)          | (259)                                 | (690)                    | 8               | (14,380)                                 |
| (Increase) Decrease In Due From  | 1,127                                  | -                | -                                     | -                        | (73)            | 1,054                                    |
| (Increase) Decrease In Inventory   | 279                                    | 2                | 657                                   | 112                      | (107)           | 943                                      |
| (Increase) Decrease In Prepaid   | 188                                    | (20)             | 96                                    | -                        | (42)            | 222                                      |
| (Increase) Decrease In Other Assets  | -                                      | 4,810            | -                                     | -                        | -               | 4,810                                    |
| Increase (Decrease) In Accounts Payable  | (1,692)                                | 196              | 338                                   | 506                      | 15              | (637)                                    |
| Increase (Decrease) In Due To  | 17                                     | 2                | -                                     | -                        | -               | 19                                       |
| Increase (Decrease) In Deferred Revenue  | -                                      | 292              | 5                                     | (1)                      | -               | 296                                      |
| Increase (Decrease) In Compensated Absences  | 85                                     | 141              | 5                                     | -                        | (7)             | 224                                      |
| Increase (Decrease) In Prizes Payable  | -                                      | 1,540            | -                                     | -                        | -               | 1,540                                    |
| Increase (Decrease) In Prize Annuity   | -                                      | (9,863)          | -                                     | -                        | -               | (9,863)                                  |
| Increase (Decrease) In Other Liability   | 107                                    | (4,849)          | -                                     | (8)                      | (12)            | (4,762)                                  |
| <b>Net Cash Provided By Operating Activities</b>   | <b>\$ (12,715)</b>                     | <b>\$ 28,582</b> | <b>\$ 1,456</b>                       | <b>\$ 46,488</b>         | <b>\$ (196)</b> | <b>\$ 63,615</b>                         |

**State of Iowa**

# 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.

**Workers' Compensation Fund** receives funds associated with the Workers' compensation program to pay claims and administrative support costs.

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

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

**Innovations Fund** provides loans to state departments for the purpose of stimulating and encouraging innovation in state government.

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

# STATE of IOWA

## Combining Statement of Net Assets Internal Service Funds

June 30, 2003  
(Expressed in Thousands)

|                                     | <b>WORKERS'<br/>COMPEN-<br/>SATION</b> | <b>MATERIALS<br/>&amp; EQUIPMENT<br/>REVOLVING</b> | <b>DEPRECIATION<br/>REVOLVING</b> | <b>INNOVATIONS</b> | <b>OTHER</b>    | <b>TOTAL</b>      |
|-------------------------------------|--|--|-----------------------------------|--------------------|-----------------|-------------------|
| <b>ASSETS</b>                       |  |  |                                   |                    |                 |                   |
| Current Assets:                     |  |  |                                   |                    |                 |                   |
| Cash & Investments                  | \$ 819                                 | \$ 12,811  | \$ 4,314                          | \$ 2,817           | \$ 2,802        | \$ 23,563         |
| Accounts Receivable (Net)           | 16                                     | 148  | 15                                | -                  | 416             | 595               |
| Interest Receivable                 | -                                      | -  | -                                 | -                  | 1               | 1                 |
| Due From Other Funds/Advances       |  |  |                                   |                    |                 |                   |
| To Other Funds                      | 52,412                                 | 144  | 420                               | 16                 | 2,449           | 55,441            |
| Inventory                           | -                                      | 4,593  | 1,770                             | -                  | 1,678           | 8,041             |
| Prepaid Expenses                    | -                                      | -  | 1                                 | -                  | 999             | 1,000             |
| <b>Total Current Assets</b>         | <b>53,247</b>                          | <b>17,696</b>                                      | <b>6,520</b>                      | <b>2,833</b>       | <b>8,345</b>    | <b>88,641</b>     |
| Noncurrent Assets:                  |  |  |                                   |                    |                 |                   |
| Loans Receivable                    | -                                      | -  | -                                 | 290                | -               | 290               |
| Due From Other Funds/Advances       |  |  |                                   |                    |                 |                   |
| To Other Funds                      | -                                      | -  | -                                 | 446                | -               | 446               |
| Capital Assets - Depreciable (Net)  | -                                      | 76,694   | -                                 | -                  | 2,403           | 79,097            |
| <b>Total Noncurrent Assets</b>      | <b>-</b>                               | <b>76,694</b>                                      | <b>-</b>                          | <b>736</b>         | <b>2,403</b>    | <b>79,833</b>     |
| <b>TOTAL ASSETS</b>                 | <b>53,247</b>                          | <b>94,390</b>                                      | <b>6,520</b>                      | <b>3,569</b>       | <b>10,748</b>   | <b>168,474</b>    |
| <b>LIABILITIES</b>                  |  |  |                                   |                    |                 |                   |
| Current Liabilities:                |  |  |                                   |                    |                 |                   |
| Accounts Payable & Accruals         | 53,247                                 | 1,433  | 408                               | -                  | 3,999           | 59,087            |
| Due To Other Funds/Advances         |  |  |                                   |                    |                 |                   |
| From Other Funds                    | -                                      | 187  | 79                                | -                  | 225             | 491               |
| Deferred Revenue                    | -                                      | -  | 5,795                             | -                  | -               | 5,795             |
| Compensated Absences                | -                                      | 437  | -                                 | -                  | 251             | 688               |
| Capital Leases                      | -                                      | -  | -                                 | -                  | 57              | 57                |
| <b>Total Current Liabilities</b>    | <b>53,247</b>                          | <b>2,057</b>                                       | <b>6,282</b>                      | <b>-</b>           | <b>4,532</b>    | <b>66,118</b>     |
| Noncurrent Liabilities:             |  |  |                                   |                    |                 |                   |
| Accounts Payable & Accruals         | -                                      | 55   | -                                 | -                  | 28              | 83                |
| Due To Other Funds/Advances         |  |  |                                   |                    |                 |                   |
| From Other Funds                    | -                                      | -  | -                                 | -                  | 72              | 72                |
| Capital Leases                      | -                                      | -  | -                                 | -                  | 349             | 349               |
| <b>Total Noncurrent Liabilities</b> | <b>-</b>                               | <b>55</b>  | <b>-</b>                          | <b>-</b>           | <b>449</b>      | <b>504</b>        |
| <b>TOTAL LIABILITIES</b>            | <b>53,247</b>                          | <b>2,112</b>                                       | <b>6,282</b>                      | <b>-</b>           | <b>4,981</b>    | <b>66,622</b>     |
| <b>NET ASSETS</b>                   |  |  |                                   |                    |                 |                   |
| Invested in Capital Assets,         |  |  |                                   |                    |                 |                   |
| Net of Related Debt                 | -                                      | 76,694   | -                                 | -                  | 1,997           | 78,691            |
| Unrestricted                        | -                                      | 15,584   | 238                               | 3,569              | 3,770           | 23,161            |
| <b>TOTAL NET ASSETS</b>             | <b>\$ -</b>                            | <b>\$ 92,278</b>                                   | <b>\$ 238</b>                     | <b>\$ 3,569</b>    | <b>\$ 5,767</b> | <b>\$ 101,852</b> |



# STATE of IOWA

## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|   | WORKERS'<br>COMPEN-<br>SATION | MATERIALS<br>& EQUIPMENT<br>REVOLVING | DEPRECIATION<br>REVOLVING | INNOVATIONS     | OTHER           | TOTAL             |
|---|-------------------------------|---------------------------------------|---------------------------|-----------------|-----------------|-------------------|
| <b>OPERATING REVENUES:</b>                      |                               |                                       |                           |                 |                 |                   |
| Receipts from Other Entities                    | \$ 36,505                     | \$ 1,829                              | \$ 6,523                  | \$ -            | \$ 26,147       | \$ 71,004         |
| Fees, Licenses & Permits                        | -                             | -                                     | -                         | -               | 120             | 120               |
| Refunds & Reimbursements                        | 565                           | 34,523                                | 120                       | -               | 194             | 35,402            |
| Sales, Rents & Services                         | -                             | -                                     | 691                       | -               | 94              | 785               |
| Miscellaneous                                   | -                             | 4,540                                 | -                         | 1,087           | 46              | 5,673             |
| <b>TOTAL OPERATING REVENUES</b>                 | <b>37,070</b>                 | <b>40,892</b>                         | <b>7,334</b>              | <b>1,087</b>    | <b>26,601</b>   | <b>112,984</b>    |
| <b>OPERATING EXPENSES:</b>                      |                               |                                       |                           |                 |                 |                   |
| Depreciation                                    | -                             | 9,624                                 | -                         | -               | 589             | 10,213            |
| Personal Services                               | -                             | 3,684                                 | -                         | -               | 2,842           | 6,526             |
| Travel & Subsistence                            | -                             | 5,343                                 | 4                         | -               | 5,679           | 11,026            |
| Supplies & Materials                            | -                             | 12,833                                | 71                        | -               | 15,877          | 28,781            |
| Contractual Services                            | 1,800                         | 5,434                                 | 34                        | -               | 823             | 8,091             |
| Equipment & Repairs                             | -                             | 3,691                                 | 4,812                     | -               | 317             | 8,820             |
| Claims & Miscellaneous                          | 37,114                        | 15                                    | -                         | 389             | 1,190           | 38,708            |
| Licenses, Permits & Refunds                     | -                             | 18                                    | 3                         | -               | 1               | 22                |
| <b>TOTAL OPERATING EXPENSES</b>                 | <b>38,914</b>                 | <b>40,642</b>                         | <b>4,924</b>              | <b>389</b>      | <b>27,318</b>   | <b>112,187</b>    |
| <b>OPERATING INCOME (LOSS)</b>                  | <b>(1,844)</b>                | <b>250</b>                            | <b>2,410</b>              | <b>698</b>      | <b>(717)</b>    | <b>797</b>        |
| <b>NONOPERATING REVENUES<br/>(EXPENSES):</b>    |                               |                                       |                           |                 |                 |                   |
| Taxes   | -                             | 18                                    | -                         | -               | 366             | 384               |
| Investment Income                               | -                             | -                                     | -                         | 64              | 11              | 75                |
| Interest Expense                                | -                             | -                                     | -                         | -               | (6)             | (6)               |
| Loss on Sale of Fixed Assets                    | -                             | (554)                                 | -                         | -               | (50)            | (604)             |
| <b>NET NONOPERATING<br/>REVENUES (EXPENSES)</b> | <b>-</b>                      | <b>(536)</b>                          | <b>-</b>                  | <b>64</b>       | <b>321</b>      | <b>(151)</b>      |
| <b>INCOME (LOSS) BEFORE<br/>TRANSFERS</b>       | <b>(1,844)</b>                | <b>(286)</b>                          | <b>2,410</b>              | <b>762</b>      | <b>(396)</b>    | <b>646</b>        |
| Transfers In                                    | 1,884                         | -                                     | -                         | -               | 258             | 2,142             |
| Transfers Out                                   | (40)                          | -                                     | (2,200)                   | (503)           | (260)           | (3,003)           |
| <b>CHANGE IN NET ASSETS</b>                     | <b>-</b>                      | <b>(286)</b>                          | <b>210</b>                | <b>259</b>      | <b>(398)</b>    | <b>(215)</b>      |
| <b>TOTAL NET ASSETS - JULY 1</b>                | <b>-</b>                      | <b>92,564</b>                         | <b>28</b>                 | <b>3,310</b>    | <b>6,165</b>    | <b>102,067</b>    |
| <b>TOTAL NET ASSETS - JUNE 30</b>               | <b>\$ -</b>                   | <b>\$ 92,278</b>                      | <b>\$ 238</b>             | <b>\$ 3,569</b> | <b>\$ 5,767</b> | <b>\$ 101,852</b> |

# STATE of IOWA

## Combining Statement of Cash Flows Internal Service Funds

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|  | WORKERS'<br>COMPEN-<br>SATION | MATERIALS<br>& EQUIPMENT<br>REVOLVING | DEPRECIATION<br>REVOLVING | INNOVATIONS     | OTHER           | TOTAL            |
|--|-------------------------------|---------------------------------------|---------------------------|-----------------|-----------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                         |                               |                                       |                           |                 |                 |                  |
| Cash Received From Other Entities                                    | \$ 559                        | \$ 6,303                              | \$ 796                    | \$ 124          | \$ 391          | \$ 8,173         |
| Cash Received From Reciprocal Interfund Activity                     | 15,403                        | 36,477                                | 6,244                     | 1,284           | 25,615          | 85,023           |
| Cash Payments To Suppliers For Goods & Services                      | (18,136)                      | (22,269)                              | (4,445)                   | -               | (18,249)        | (63,099)         |
| Cash Payments To Employees For Services                              | -                             | (9,034)                               | (4)                       | -               | (8,543)         | (17,581)         |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                     | <u>(2,174)</u>                | <u>11,477</u>                         | <u>2,591</u>              | <u>1,408</u>    | <u>(786)</u>    | <u>12,516</u>    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>              |                               |                                       |                           |                 |                 |                  |
| Transfers In From Other Funds  | 1,884                         | -                                     | -                         | -               | 258             | 2,142            |
| Transfers Out To Other Funds   | (40)                          | -                                     | (2,121)                   | (503)           | (279)           | (2,943)          |
| Tax Receipts   | -                             | 18                                    | -                         | -               | 366             | 384              |
| <b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>          | <u>1,844</u>                  | <u>18</u>                             | <u>(2,121)</u>            | <u>(503)</u>    | <u>345</u>      | <u>(417)</u>     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>     |                               |                                       |                           |                 |                 |                  |
| Acquisition & Construction of Capital Assets                         | -                             | (11,066)                              | -                         | -               | (208)           | (11,274)         |
| Proceeds From Sale of Capital Assets                                 | -                             | 1,958                                 | -                         | -               | 74              | 2,032            |
| <b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b> | <u>-</u>                      | <u>(9,108)</u>                        | <u>-</u>                  | <u>-</u>        | <u>(134)</u>    | <u>(9,242)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                         |                               |                                       |                           |                 |                 |                  |
| Interest & Dividends On Investments                                  | -                             | -                                     | -                         | 64              | 6               | 70               |
| <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>                     | <u>-</u>                      | <u>-</u>                              | <u>-</u>                  | <u>64</u>       | <u>6</u>        | <u>70</u>        |
| <b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>        | (330)                         | 2,387                                 | 470                       | 969             | (569)           | 2,927            |
| <b>CASH &amp; CASH EQUIVALENTS JULY 1</b>                            | <u>1,149</u>                  | <u>10,424</u>                         | <u>3,844</u>              | <u>1,848</u>    | <u>3,371</u>    | <u>20,636</u>    |
| <b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>                           | 819                           | 12,811                                | 4,314                     | 2,817           | 2,802           | 23,563           |
| <b>INVESTMENTS</b>   | <u>-</u>                      | <u>-</u>                              | <u>-</u>                  | <u>-</u>        | <u>-</u>        | <u>-</u>         |
| <b>CASH &amp; INVESTMENTS PER STATEMENT OF NET ASSETS</b>            | <u>\$ 819</u>                 | <u>\$ 12,811</u>                      | <u>\$ 4,314</u>           | <u>\$ 2,817</u> | <u>\$ 2,802</u> | <u>\$ 23,563</u> |

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# STATE of IOWA

(continued)

|  | WORKERS'<br>COMPEN-<br>SATION | MATERIALS<br>& EQUIPMENT<br>REVOLVING | DEPRECIATION<br>REVOLVING | INNOVATIONS            | OTHER                  | TOTAL                   |
|--|-------------------------------|---------------------------------------|---------------------------|------------------------|------------------------|-------------------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>        |                               |                                       |                           |                        |                        |                         |
| <b>Operating Income (Loss)</b>   | \$ (1,844)                    | \$ 250                                | \$ 2,410                  | \$ 698                 | \$ (717)               | \$ 797                  |
| <b>Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities</b> |                               |                                       |                           |                        |                        |                         |
| Depreciation   | -                             | 9,624                                 | -                         | -                      | 589                    | 10,213                  |
| (Increase) Decrease In Accounts Receivable   | (6)                           | (66)                                  | (15)                      | -                      | (63)                   | (150)                   |
| (Increase) Decrease In Due From  | (21,102)                      | 1,768                                 | (217)                     | 586                    | (532)                  | (19,497)                |
| (Increase) Decrease In Inventory   | -                             | (232)                                 | 68                        | -                      | (342)                  | (506)                   |
| (Increase) Decrease In Prepaid   | -                             | -                                     | (1)                       | -                      | 149                    | 148                     |
| Increase (Decrease) In Accounts Payable  | 20,778                        | 9                                     | 408                       | -                      | 114                    | 21,309                  |
| Increase (Decrease) In Due To  | -                             | 186                                   | -                         | -                      | -                      | 186                     |
| Increase (Decrease) In Deferred Revenue  | -                             | -                                     | (62)                      | -                      | -                      | (62)                    |
| Increase (Decrease) In Compensated Absences And Other Benefits                                       | -                             | (62)                                  | -                         | 124                    | 16                     | 78                      |
| <b>Net Cash Provided By Operating Activities</b>   | <b><u>\$ (2,174)</u></b>      | <b><u>\$ 11,477</u></b>               | <b><u>\$ 2,591</u></b>    | <b><u>\$ 1,408</u></b> | <b><u>\$ (786)</u></b> | <b><u>\$ 12,516</u></b> |

**State of Iowa**

## COMBINING FINANCIAL STATEMENTS

### **Pension and Other Employee Benefit 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.

**Insurance Trust Fund** receives converted sick leave dollars of Department of Public Safety retirees under the Peace Officers contract to pay health and /or life benefits.

**SPOC Insurance Trust Fund** receives converted sick leave dollars of Department of Natural Resources retirees under the Peace Officers contract to pay health and/or life benefits.

# STATE of IOWA

## Combining Statement of Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds

June 30, 2003  
(Expressed in Thousands)

|   | IOWA PUBLIC<br>EMPLOYEES'<br>RETIREMENT<br>SYSTEM | PEACE<br>OFFICERS'<br>RETIREMENT<br>SYSTEM | JUDICIAL<br>RETIREMENT<br>SYSTEM | INSURANCE<br>TRUST     | SPOC<br>INSURANCE<br>TRUST | TOTAL                      |
|---|---|--|----------------------------------|------------------------|----------------------------|----------------------------|
| <b>ASSETS</b>   |   |  |                                  |                        |                            |                            |
| Cash & Cash Equivalents                                     | \$ 134,309  | \$ 3,799                                   | \$ 1,783                         | \$ 1,784               | \$ 888                     | \$ 142,563                 |
| Receivables:  |   |  |                                  |                        |                            |                            |
| Contributions   | 34,712  | 233  | 28                               | -                      | -                          | 34,973                     |
| Investment Sold   | 512,230   | 1,960                                      | 2,682                            | -                      | -                          | 516,872                    |
| Foreign Exchange Contracts                                  | 58,272  | -  | -                                | -                      | -                          | 58,272                     |
| Interest & Dividends  | 37,873  | 1,855                                      | -                                | 12                     | -                          | 39,740                     |
| Miscellaneous   | 3,166   | -  | -                                | -                      | -                          | 3,166                      |
| Total Receivables   | <u>646,253</u>                                    | <u>4,048</u>                               | <u>2,710</u>                     | <u>12</u>              | <u>-</u>                   | <u>653,023</u>             |
| Investments, at Fair Value:                                 |   |  |                                  |                        |                            |                            |
| Fixed Income Securities                                     | 5,362,024   | 67,648                                     | 27,190                           | -                      | -                          | 5,456,862                  |
| Equity Investments  | 7,195,409   | 103,476                                    | 42,246                           | -                      | -                          | 7,341,131                  |
| Real Estate Partnerships                                    | 820,520   | -  | -                                | -                      | -                          | 820,520                    |
| Investment in Private Equity/Debt                           | 933,505   | -  | -                                | -                      | -                          | 933,505                    |
| Securities Lending Collateral Pool                          | 1,462,527   | 41,425                                     | -                                | -                      | -                          | 1,503,952                  |
| Securities on Loan with Brokers                             | 1,399,149   | 40,399                                     | -                                | -                      | -                          | 1,439,548                  |
| Foreign Currency  | 1,786   | -  | -                                | -                      | -                          | 1,786                      |
| Total Investments   | <u>17,174,920</u>                                 | <u>252,948</u>                             | <u>69,436</u>                    | <u>-</u>               | <u>-</u>                   | <u>17,497,304</u>          |
| Capital Assets:   |   |  |                                  |                        |                            |                            |
| Land  | 500   | -  | -                                | -                      | -                          | 500                        |
| Other Capital Assets (Net)                                  | 3,671   | -  | -                                | -                      | -                          | 3,671                      |
| Total Capital Assets  | <u>4,171</u>                                      | <u>-</u>                                   | <u>-</u>                         | <u>-</u>               | <u>-</u>                   | <u>4,171</u>               |
| <b>Total Assets</b>   | <b><u>17,959,653</u></b>                          | <b><u>260,795</u></b>                      | <b><u>73,929</u></b>             | <b><u>1,796</u></b>    | <b><u>888</u></b>          | <b><u>18,297,061</u></b>   |
| <b>LIABILITIES</b>  |   |  |                                  |                        |                            |                            |
| Accounts Payable & Accruals                                 | 20,057  | 272  | 131                              | 3                      | -                          | 20,463                     |
| Payable for Investments Purchased                           | 1,074,397   | 3,644                                      | 3,780                            | -                      | -                          | 1,081,821                  |
| Payable to Brokers For Rebate & Collateral                  | 1,461,998   | 41,425                                     | -                                | -                      | -                          | 1,503,423                  |
| <b>Total Liabilities</b>                                    | <b><u>2,556,452</u></b>                           | <b><u>45,341</u></b>                       | <b><u>3,911</u></b>              | <b><u>3</u></b>        | <b><u>-</u></b>            | <b><u>2,605,707</u></b>    |
| <b>NET ASSETS HELD IN TRUST FOR<br/>EMPLOYEES' BENEFITS</b> | <b><u>\$ 15,403,201</u></b>                       | <b><u>\$ 215,454</u></b>                   | <b><u>\$ 70,018</u></b>          | <b><u>\$ 1,793</u></b> | <b><u>\$ 888</u></b>       | <b><u>\$15,691,354</u></b> |

# STATE of IOWA

## Combining Statement of Changes in Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|   | <b>IOWA PUBLIC<br/>EMPLOYEES'<br/>RETIREMENT<br/>SYSTEM</b> | <b>PEACE<br/>OFFICERS'<br/>RETIREMENT<br/>SYSTEM</b> | <b>JUDICIAL<br/>RETIREMENT<br/>SYSTEM</b> | <b>INSURANCE<br/>TRUST</b> | <b>SPOC<br/>INSURANCE<br/>TRUST</b> | <b>TOTAL</b>                |
|---|---|--|---|----------------------------|-------------------------------------|-----------------------------|
| <b>ADDITIONS</b>  |   |  |   |                            |                                     |                             |
| Contributions:  |   |  |   |                            |                                     |                             |
| Member Contributions  | \$ 185,431  | \$ 3,047   | \$ 1,015                                  | \$ 272                     | \$ 151                              | \$ 189,916                  |
| Employer Contributions  | 287,524   | 5,540  | 2,040                                     | -                          | -                                   | 295,104                     |
| Buy-Back/Buy-In Contributions   | 12,031  | -  | -   | -                          | -                                   | 12,031                      |
| Total Contributions   | <u>484,986</u>  | <u>8,587</u>   | <u>3,055</u>                              | <u>272</u>                 | <u>151</u>                          | <u>497,051</u>              |
| Investment Income:  |   |  |   |                            |                                     |                             |
| Net Increase (Decrease) in<br>Fair Value of Investments                       | 408,036   | (5,000)  | 1,713                                     | (9)                        | -                                   | 404,740                     |
| Interest  | 268,984   | 5,987  | 1,831                                     | 54                         | -                                   | 276,856                     |
| Dividends   | 93,319  | 1,196  | 601                                       | -                          | -                                   | 95,116                      |
| Other   | 92,375  | -  | -   | -                          | -                                   | 92,375                      |
| Investment Income   | <u>862,714</u>  | <u>2,183</u>   | <u>4,145</u>                              | <u>45</u>                  | <u>-</u>                            | <u>869,087</u>              |
| Less Investment Expense   | <u>47,907</u>   | <u>1,260</u>   | <u>281</u>                                | <u>-</u>                   | <u>-</u>                            | <u>49,448</u>               |
| Net Investment Income   | <u>814,807</u>  | <u>923</u>   | <u>3,864</u>                              | <u>45</u>                  | <u>-</u>                            | <u>819,639</u>              |
| Miscellaneous Non-Investment Income   | <u>8,952</u>  | <u>-</u>   | <u>-</u>                                  | <u>-</u>                   | <u>-</u>                            | <u>8,952</u>                |
| Total Additions   | <u>1,308,745</u>  | <u>9,510</u>   | <u>6,919</u>                              | <u>317</u>                 | <u>151</u>                          | <u>1,325,642</u>            |
| <b>DEDUCTIONS:</b>  |   |  |   |                            |                                     |                             |
| Pension and Annuity Benefits  | 736,331   | 13,345   | 4,601                                     | -                          | -                                   | 754,277                     |
| Payments In Accordance with Agreements  | -   | -  | -   | 652                        | 195                                 | 847                         |
| Administrative Expense  | 8,041   | 77   | 8   | -                          | -                                   | 8,126                       |
| Refunds   | 35,591  | 8  | -   | -                          | -                                   | 35,599                      |
| Total Deductions  | <u>779,963</u>  | <u>13,430</u>  | <u>4,609</u>                              | <u>652</u>                 | <u>195</u>                          | <u>798,849</u>              |
| <b>Change in Net Assets held in Trust for<br/>Employees' Pension Benefits</b> | 528,782   | (3,920)  | 2,310                                     | (335)                      | (44)                                | 526,793                     |
| <b>Fund Balance - Reserved for Employees'<br/>Benefits July 1 - Restated</b>  | <u>14,874,419</u>   | <u>219,374</u>                                       | <u>67,708</u>                             | <u>2,128</u>               | <u>932</u>                          | <u>15,164,561</u>           |
| <b>Fund Balance - Reserved for Employees'<br/>Benefits June 30</b>            | <u><u>\$15,403,201</u></u>                                  | <u><u>\$ 215,454</u></u>                             | <u><u>\$ 70,018</u></u>                   | <u><u>\$ 1,793</u></u>     | <u><u>\$ 888</u></u>                | <u><u>\$ 15,691,354</u></u> |

**State of Iowa**



## COMBINING FINANCIAL STATEMENTS

### **Private Purpose Trust Funds**

**Private Purpose Trust Funds** are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments.

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

**Veterans Affairs Fund** receives donations, fund raising receipts to be spent for the benefit of the Veteran residents.

**Health Organization Insolvency** has received a \$10,000 remittance from each established HMO and LSO per law. This nonrefundable fund is invested to cover the cost of administration if an HMO or LSO declares bankruptcy.

**Wagner Award** received a bequest by Ruth Wagner to present an annual recognition to the outstanding soil district commissioner who is 40 years or younger to be presented each year at the annual state conference.

**Braille and Sight Saving School** receives donations and contributions to be spent for the benefit of the students.

**STATE of IOWA**

**Combining Statement of Fiduciary Net Assets  
Private Purpose Trust Funds**

June 30, 2003  
(Expressed in Thousands)

|  | <b>IOWA<br/>EDUCATIONAL<br/>SAVINGS<br/>PLAN TRUST</b> | <b>VETERAN<br/>AFFAIRS</b> | <b>HEALTH<br/>ORGANIZATION<br/>INSOLVENCY</b> | <b>WAGNER<br/>AWARD</b> | <b>BRAILLE &amp;<br/>SIGHT<br/>SAVING<br/>SCHOOL</b> | <b>TOTAL</b>      |
|--|--|----------------------------|---|-------------------------|--|-------------------|
| <b>ASSETS</b>  |  |                            |   |                         |  |                   |
| Cash   | \$ 2,688   | \$ 383                     | \$ 220  | \$ 11                   | \$ 5   | \$ 3,307          |
| Investment   | 506,193  | -                          | -   | -                       | -  | 506,193           |
| Accounts Receivable (Net)  | 138  | 1                          | -   | -                       | -  | 139               |
| Capital Assets (Net)   | 31   | 55                         | -   | -                       | -  | 86                |
| Prepaid Expense  | 2  | -                          | -   | -                       | -  | 2                 |
| Inventory  | -  | 15                         | -   | -                       | -  | 15                |
|  | <hr/>  | <hr/>                      | <hr/>   | <hr/>                   | <hr/>  | <hr/>             |
| <b>Total Assets</b>  | <b>509,052</b>   | <b>454</b>                 | <b>220</b>                                    | <b>11</b>               | <b>5</b>   | <b>509,742</b>    |
|  | <hr/>  | <hr/>                      | <hr/>   | <hr/>                   | <hr/>  | <hr/>             |
| <b>LIABILITIES</b>   |  |                            |   |                         |  |                   |
| Accounts Payable<br>& Accruals   | 63   | 6                          | -   | -                       | -  | 69                |
| Capital Lease  | 24   | -                          | -   | -                       | -  | 24                |
| Other Financing<br>Arrangements Payable                                  | 311  | -                          | -   | -                       | -  | 311               |
|  | <hr/>  | <hr/>                      | <hr/>   | <hr/>                   | <hr/>  | <hr/>             |
| <b>Total Liabilities</b>   | <b>398</b>   | <b>6</b>                   | <b>-</b>                                      | <b>-</b>                | <b>-</b>   | <b>404</b>        |
|  | <hr/>  | <hr/>                      | <hr/>   | <hr/>                   | <hr/>  | <hr/>             |
| <b>NET ASSETS</b>  |  |                            |   |                         |  |                   |
| <b>Held for Individuals,<br/>Organizations and<br/>Other Governments</b> | <b>\$ 508,654</b>                                      | <b>\$ 448</b>              | <b>\$ 220</b>                                 | <b>\$ 11</b>            | <b>\$ 5</b>  | <b>\$ 509,338</b> |
|  | <hr/>  | <hr/>                      | <hr/>   | <hr/>                   | <hr/>  | <hr/>             |

# STATE OF IOWA

## Combining Statement of Changes in Fiduciary Net Assets Private Purpose Trust Funds

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|  | IOWA<br>EDUCATIONAL<br>SAVINGS<br>PLAN TRUST | VETERAN<br>AFFAIRS   | HEALTH<br>ORGANIZATION<br>INSOLVENCY | WAGNER<br>AWARD     | BRAILLE &<br>SIGHT<br>SAVING<br>SCHOOL | TOTAL                    |
|--|--|----------------------|--------------------------------------|---------------------|--|--------------------------|
| <b>ADDITIONS</b>   |  |                      |                                      |                     |  |                          |
| Contributions:   |  |                      |                                      |                     |  |                          |
| Participant Contributions  | \$ 225,952                                   | \$ 89                | \$ -                                 | \$ -                | \$ -                                   | \$ 226,041               |
| Gifts, Bequests, & Endowments  | -  | 159                  | -                                    | -                   | -                                      | 159                      |
| Total Contributions  | <u>225,952</u>                               | <u>248</u>           | <u>-</u>                             | <u>-</u>            | <u>-</u>                               | <u>226,200</u>           |
| Investment Income:   |  |                      |                                      |                     |  |                          |
| Net Increase (Decrease) in<br>Fair Value of Investments  | 25,466                                       | -                    | -                                    | -                   | 4                                      | 25,470                   |
| Interest   | 69   | 8                    | -                                    | -                   | -                                      | 77                       |
| Investment Income (Loss)   | <u>25,535</u>                                | <u>8</u>             | <u>-</u>                             | <u>-</u>            | <u>4</u>                               | <u>25,547</u>            |
| Total Additions  | <u>251,487</u>                               | <u>256</u>           | <u>-</u>                             | <u>-</u>            | <u>4</u>                               | <u>251,747</u>           |
| <b>DEDUCTIONS:</b>   |  |                      |                                      |                     |  |                          |
| Distribution to Participants   | 9,272  | -                    | -                                    | -                   | -                                      | 9,272                    |
| Other  | 1,177  | 193                  | -                                    | -                   | 4                                      | 1,374                    |
| Total Deductions   | <u>10,449</u>                                | <u>193</u>           | <u>-</u>                             | <u>-</u>            | <u>4</u>                               | <u>10,646</u>            |
| <b>Change in Net Assets held in<br/>Trust for Individuals,<br/>Organizations and<br/>Other Governments</b> | 241,038                                      | 63                   | -                                    | -                   | -                                      | 241,101                  |
| <b>Net Assets - July 1 Restated</b>  | <u>267,616</u>                               | <u>385</u>           | <u>220</u>                           | <u>11</u>           | <u>5</u>                               | <u>268,237</u>           |
| <b>Net Assets - June 30</b>  | <u><u>\$ 508,654</u></u>                     | <u><u>\$ 448</u></u> | <u><u>\$ 220</u></u>                 | <u><u>\$ 11</u></u> | <u><u>\$ 5</u></u>                     | <u><u>\$ 509,338</u></u> |

**State of Iowa**

# COMBINING FINANCIAL STATEMENTS

## **Agency Funds**

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

**Local Sales & Services Tax** is used to account for local option sales taxes collected by retailers and deposited with the State. The taxes are then distributed back to the counties which have jurisdictions imposing local option sales tax.

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

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

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

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

**STATE of IOWA**

**Combining Statement of Fiduciary Net Assets  
Agency Funds**

June 30, 2003  
(Expressed in Thousands)

|                                | <b>LOCAL<br/>SALES &amp;<br/>SERVICE<br/>TAX</b> | <b>CENTRALIZED<br/>PAYROLL<br/>TRUSTEE</b> | <b>JUDICIAL -<br/>CLERKS OF<br/>DISTRICT<br/>COURT</b> | <b>SCHOOL<br/>DISTRICT<br/>SURTAX<br/>CLEARING</b> | <b>OTHER</b>            | <b>TOTAL</b>             |
|--------------------------------|--|--|--|--|-------------------------|--------------------------|
| <b>ASSETS</b>                  |  |  |  |  |                         |                          |
| Cash                           | \$ 36  | \$ 5,696                                   | \$ 16,582  | \$ 42,890  | \$ 21,154               | \$ 86,358                |
| Accounts Receivable (Net)      | <u>48,130</u>                                    | <u>6,754</u>                               | <u>-</u>   | <u>6,572</u>                                       | <u>43,117</u>           | <u>104,573</u>           |
| <b>Total Assets</b>            | <b><u>\$ 48,166</u></b>                          | <b><u>\$ 12,450</u></b>                    | <b><u>\$ 16,582</u></b>                                | <b><u>\$ 49,462</u></b>                            | <b><u>\$ 64,271</u></b> | <b><u>\$ 190,931</u></b> |
| <b>LIABILITIES</b>             |  |  |  |  |                         |                          |
| Accounts Payable<br>& Accruals | <u>\$ 48,166</u>                                 | <u>\$ 12,450</u>                           | <u>\$ 16,582</u>                                       | <u>\$ 49,462</u>                                   | <u>\$ 64,271</u>        | <u>\$ 190,931</u>        |
| <b>Total Liabilities</b>       | <b><u>\$ 48,166</u></b>                          | <b><u>\$ 12,450</u></b>                    | <b><u>\$ 16,582</u></b>                                | <b><u>\$ 49,462</u></b>                            | <b><u>\$ 64,271</u></b> | <b><u>\$ 190,931</u></b> |

# STATE OF IOWA

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

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|  | BALANCE<br>JULY 1,<br>2002 | ADDITIONS           | DEDUCTIONS          | BALANCE<br>JUNE 30,<br>2003 |
|--|----------------------------|---------------------|---------------------|-----------------------------|
| <b>LOCAL SALES &amp; SERVICE TAX</b>     |                            |                     |                     |                             |
| <b>ASSETS</b>                            |                            |                     |                     |                             |
| Cash                                     | \$ 603                     | \$ 330,033          | \$ 330,600          | \$ 36                       |
| Accounts Receivable                      | 37,314                     | 48,130              | 37,314              | 48,130                      |
| <b>Total Assets</b>                      | <u>\$ 37,917</u>           | <u>\$ 378,163</u>   | <u>\$ 367,914</u>   | <u>\$ 48,166</u>            |
| <b>LIABILITIES</b>                       |                            |                     |                     |                             |
| Accounts Payable & Accruals              | \$ 37,917                  | \$ 378,163          | \$ 367,914          | \$ 48,166                   |
| <b>Total Liabilities</b>                 | <u>\$ 37,917</u>           | <u>\$ 378,163</u>   | <u>\$ 367,914</u>   | <u>\$ 48,166</u>            |
| <b>CENTRALIZED PAYROLL TRUSTEE</b>       |                            |                     |                     |                             |
| <b>ASSETS</b>                            |                            |                     |                     |                             |
| Cash                                     | \$ 17,033                  | \$ 540,024          | \$ 551,361          | \$ 5,696                    |
| Accounts Receivable                      | 6,588                      | 6,754               | 6,588               | 6,754                       |
| <b>Total Assets</b>                      | <u>\$ 23,621</u>           | <u>\$ 546,778</u>   | <u>\$ 557,949</u>   | <u>\$ 12,450</u>            |
| <b>LIABILITIES</b>                       |                            |                     |                     |                             |
| Accounts Payable & Accruals              | \$ 23,621                  | \$ 546,778          | \$ 557,949          | \$ 12,450                   |
| <b>Total Liabilities</b>                 | <u>\$ 23,621</u>           | <u>\$ 546,778</u>   | <u>\$ 557,949</u>   | <u>\$ 12,450</u>            |
| <b>JUDICIAL-CLERKS OF DISTRICT COURT</b> |                            |                     |                     |                             |
| <b>ASSETS</b>                            |                            |                     |                     |                             |
| Cash                                     | \$ 14,337                  | \$ 277,678          | \$ 275,433          | \$ 16,582                   |
| <b>Total Assets</b>                      | <u>\$ 14,337</u>           | <u>\$ 277,678</u>   | <u>\$ 275,433</u>   | <u>\$ 16,582</u>            |
| <b>LIABILITIES</b>                       |                            |                     |                     |                             |
| Accounts Payable & Accruals              | \$ 14,337                  | \$ 277,678          | \$ 275,433          | \$ 16,582                   |
| <b>Total Liabilities</b>                 | <u>\$ 14,337</u>           | <u>\$ 277,678</u>   | <u>\$ 275,433</u>   | <u>\$ 16,582</u>            |
| <b>SCHOOL DISTRICT SURTAX CLEARING</b>   |                            |                     |                     |                             |
| <b>ASSETS</b>                            |                            |                     |                     |                             |
| Cash                                     | \$ 37,746                  | \$ 52,087           | \$ 46,943           | \$ 42,890                   |
| Accounts Receivable                      | 5,976                      | 6,572               | 5,976               | 6,572                       |
| <b>Total Assets</b>                      | <u>\$ 43,722</u>           | <u>\$ 58,659</u>    | <u>\$ 52,919</u>    | <u>\$ 49,462</u>            |
| <b>LIABILITIES</b>                       |                            |                     |                     |                             |
| Accounts Payable & Accruals              | \$ 43,722                  | \$ 58,659           | \$ 52,919           | \$ 49,462                   |
| <b>Total Liabilities</b>                 | <u>\$ 43,722</u>           | <u>\$ 58,659</u>    | <u>\$ 52,919</u>    | <u>\$ 49,462</u>            |
| <b>OTHER AGENCY FUNDS</b>                |                            |                     |                     |                             |
| <b>ASSETS</b>                            |                            |                     |                     |                             |
| Cash                                     | \$ 21,029                  | \$ 1,032,541        | \$ 1,032,416        | \$ 21,154                   |
| Accounts Receivable                      | 45,834                     | 43,076              | 45,793              | 43,117                      |
| Other Assets                             | 2                          | -                   | 2                   | -                           |
| <b>Total Assets</b>                      | <u>\$ 66,865</u>           | <u>\$ 1,075,617</u> | <u>\$ 1,078,211</u> | <u>\$ 64,271</u>            |
| <b>LIABILITIES</b>                       |                            |                     |                     |                             |
| Accounts Payable & Accruals              | \$ 66,865                  | \$ 1,075,617        | \$ 1,078,211        | \$ 64,271                   |
| <b>Total Liabilities</b>                 | <u>\$ 66,865</u>           | <u>\$ 1,075,617</u> | <u>\$ 1,078,211</u> | <u>\$ 64,271</u>            |
| <b>TOTAL AGENCY FUNDS</b>                |                            |                     |                     |                             |
| <b>ASSETS</b>                            |                            |                     |                     |                             |
| Cash                                     | \$ 90,748                  | \$ 2,232,363        | \$ 2,236,753        | \$ 86,358                   |
| Accounts Receivable                      | 95,712                     | 104,532             | 95,671              | 104,573                     |
| Other Assets                             | 2                          | -                   | 2                   | -                           |
| <b>Total Assets</b>                      | <u>\$ 186,462</u>          | <u>\$ 2,336,895</u> | <u>\$ 2,332,426</u> | <u>\$ 190,931</u>           |
| <b>LIABILITIES</b>                       |                            |                     |                     |                             |
| Accounts Payable & Accruals              | \$ 186,462                 | \$ 2,336,895        | \$ 2,332,426        | \$ 190,931                  |
| <b>Total Liabilities</b>                 | <u>\$ 186,462</u>          | <u>\$ 2,336,895</u> | <u>\$ 2,332,426</u> | <u>\$ 190,931</u>           |

# STATE of IOWA

## Schedule of Expenditures by Function General Fund

For the Year Ended June 30, 2003  
(Expressed in Thousands)

|                                 | <b>PERSONAL<br/>SERVICES</b> | <b>TRAVEL &amp;<br/>SUBSISTENCE</b> | <b>SUPPLIES</b>   | <b>CONTRACTUAL<br/>SERVICES</b> |
|---------------------------------|------------------------------|-------------------------------------|-------------------|---------------------------------|
| ADMINISTRATION & REGULATION     | \$ 113,080                   | \$ 4,843                            | \$ 5,439          | \$ 69,254                       |
| EDUCATION                       | 60,343                       | 1,386                               | 6,435             | 25,615                          |
| STATE AID TO UNIVERSITIES       | -                            | -                                   | -                 | -                               |
| HEALTH & HUMAN RIGHTS           | 78,425                       | 1,600                               | 29,355            | 157,566                         |
| HUMAN SERVICES                  | 262,904                      | 2,436                               | 16,699            | 90,304                          |
| JUSTICE & PUBLIC DEFENSE        | 431,289                      | 7,265                               | 29,564            | 90,966                          |
| ECONOMIC DEVELOPMENT            | 53,828                       | 1,450                               | 1,939             | 40,360                          |
| TRANSPORTATION                  | 183,481                      | 19,303                              | 29,050            | 95,856                          |
| AGRICULTURE & NATURAL RESOURCES | 76,742                       | 4,046                               | 5,729             | 27,423                          |
| TOTAL EXPENDITURES              | <b>\$ 1,260,092</b>          | <b>\$ 42,329</b>                    | <b>\$ 124,210</b> | <b>\$ 597,344</b>               |



**STATE OF IOWA**

| <b>EQUIPMENT<br/>&amp; REPAIRS</b> | <b>CLAIMS &amp;<br/>MISCELLANEOUS</b> | <b>LICENSES<br/>PERMITS<br/>&amp; REFUNDS</b> | <b>STATE AID</b>    | <b>PLANT<br/>IMPROVEMENTS</b> | <b>TOTAL</b>         |
|------------------------------------|---------------------------------------|---|---------------------|-------------------------------|----------------------|
| \$ 9,154                           | \$ 221,636                            | \$ 33   | \$ 737,531          | \$ 6,382                      | \$ 1,167,352         |
| 1,997                              | 5,218                                 | -   | 2,485,643           | 1,228                         | 2,587,865            |
| -                                  | -                                     | -   | 610,338             | -                             | 610,338              |
| 5,092                              | 324                                   | 97  | 27,087              | 309                           | 299,855              |
| 5,354                              | 8,850                                 | 86  | 2,990,186           | 604                           | 3,377,423            |
| 13,155                             | 5,861                                 | 389   | 25,616              | 12,359                        | 616,464              |
| 3,673                              | 11,347                                | 7   | 71,261              | 24                            | 183,889              |
| 11,118                             | 3,080                                 | 545   | 21,335              | 658,055                       | 1,021,823            |
| 7,921                              | 723                                   | 21  | 10,231              | 6,657                         | 139,493              |
| <b>\$ 57,464</b>                   | <b>\$ 257,039</b>                     | <b>\$ 1,178</b>                               | <b>\$ 6,979,228</b> | <b>\$ 685,618</b>             | <b>\$ 10,004,502</b> |

**State of Iowa**

**Schedule of Expenditures of Federal Awards**

State of Iowa  
Schedule of Expenditures of Federal Awards  
By Federal Department  
For the Year Ended June 30, 2003

| CFDA<br>Number                                     | Federal Department / Program name   | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|--|---|------------------------------------|---|----------------------------|
| <u>U.S. Agency for International Development</u>   |   |                                    |   |                            |
| 02.000   | Other Federal Assistance:   |                                    |   |                            |
|  | Unknown Title   | 619                                | \$ 10,954 **  |                            |
|  | Unknown Title (Passed through Academy for Educational Development; 2985-06)   | 619                                | 9,293 **  |                            |
|  | Unknown Title (Passed through American Council on Education; ASPS-0131)   | 619                                | 39,336 **   |                            |
|  | Unknown Title (Passed through Alabama A&M University; ISU484442292)   | 620                                | 8,215 **  |                            |
|  | Unknown Title (Passed through Association Liaison Office; LA Molina Partnership)  | 620                                | 44,021 **   |                            |
|  | Unknown Title (Passed through Development Alternatives, Inc.; 408000P001, 410511102S01)   | 620                                | 10,775 **   |                            |
|  | Unknown Title (Passed through Florida A&M; C9754)   | 620                                | 69,434 **   |                            |
|  | Unknown Title (Passed through Higher Institute for Agricultural Cooperation; Ag Research)   | 620                                | 213 **  |                            |
|  | Unknown Title (Passed through International Center for Tropical Agriculture; Carotene Maize, High B-Carotene Maize)   | 620                                | 50,788 **   |                            |
|  | Unknown Title (Passed through University of Georgia; RR27416459118984)  | 620                                | 95,283 **   |                            |
|  | Unknown Title (Passed through University of Wisconsin; P619916)   | 620                                | 1,436 **  |                            |
|  | Orava Project   | 621                                | 168,158 **  |                            |
|  | Unknown Title (Passed through American Council on Education) (\$5,250 provided to subrecipients)  | 621                                | 30,497 **   | 538,403                    |
|  | Total U.S. Agency for International Development   |                                    | 538,403   | 538,403                    |
| <u>U.S. Office of National Drug Control Policy</u> |   |                                    |   |                            |
| 07.000   | Other Federal Assistance:   |                                    |   |                            |
|  | HIDTA Award   | 595                                | 1,296,424   |                            |
|  | Methamphetamine Enforcement (Passed through St. Louis Drug Enforcement Agency) (\$2,783 provided to subrecipients)  | 642                                | 32,783  | 1,329,207                  |
|  | Total U.S. Office of National Drug Control Policy   |                                    | 1,329,207   | 1,329,207                  |
| <u>U.S. Peace Corps</u>                            |   |                                    |   |                            |
| 08.000   | Other Federal Assistance:   |                                    |   |                            |
|  | Unknown Title   | 619                                | 17,940 **   |                            |
|  | Peace Corps Recruiting  | 620                                | 13,103 **   | 31,043                     |
|  | Total U.S. Peace Corps  |                                    | 31,043  | 31,043                     |
| <u>U.S. Department of Agriculture</u>              |   |                                    |   |                            |
| 10.001   | Agricultural Research - Basic and Applied Research  | 619                                | 340,233 **  |                            |
| 10.001   | Agricultural Research - Basic and Applied Research (\$14,496 provided to subrecipients)   | 620                                | 2,560,772 **  |                            |
| 10.001   | Agricultural Research - Basic and Applied Research (Passed through Binational Agricultural Research and Development Corporation; 177551, 177552, 177559) (\$14,078 provided to subrecipients) | 620                                | 150,094 **  |                            |
| 10.001   | Agricultural Research - Basic and Applied Research (Passed through University of Missouri; 021002511)   | 620                                | 118,411 **  | 3,169,510                  |

State of Iowa  
Schedule of Expenditures of Federal Awards  
By Federal Department  
For the Year Ended June 30, 2003

| CFDA<br>Number                                    | Federal Department / Program name   | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|---|------------------------------------|---|----------------------------|
| <u>U.S. Department of Agriculture (continued)</u> |   |                                    |   |                            |
| 10.025  | Plant and Animal Disease, Pest Control, and Animal Care   | 009                                | 1,905,766   |                            |
| 10.025  | Plant and Animal Disease, Pest Control, and Animal Care   | 620                                | 3,085,106 **  | 4,990,872                  |
| 10.069  | Conservation Reserve Program  | 619                                | 1,500 **  |                            |
| 10.069  | Conservation Reserve Program  | 621                                | 1,498 **  | 2,998                      |
| 10.156  | Federal-State Marketing Improvement Program   | 009                                | 94,993  | 94,993                     |
| 10.163  | Market Protection and Promotion   | 009                                | 38,487  | 38,487                     |
| 10.164  | Wholesale Market Development  | 620                                | 17,819 **   | 17,819                     |
| 10.200  | Grants for Agricultural Research, Special Research Grants (Passed through Cornell University; 399096617)  | 620                                | 48,641 **   |                            |
| 10.200  | Grants for Agricultural Research, Special Research Grants (Passed through Kansas State University; S0305801, S03058)  | 620                                | 81,314 **   |                            |
| 10.200  | Grants for Agricultural Research, Special Research Grants (Passed through Michigan State University; 614142A, 614075A, 614145A, 614075G, 611412U, 614145J, 614145P, 614142K, 614104A, 614063A, 614142D) (\$2,182 provided to subrecipients) | 620                                | 161,522 **  |                            |
| 10.200  | Grants for Agricultural Research, Special Research Grants (Passed through Oregon State University; C0244AA-1)   | 620                                | 46,756 **   |                            |
| 10.200  | Grants for Agricultural Research, Special Research Grants (Passed through Purdue University; 591042302)   | 620                                | 20,711 **   |                            |
| 10.200  | Grants for Agricultural Research, Special Research Grants (Passed through Resource Conservation and Development for North East Iowa; 2562050030020)   | 620                                | 37,643 **   |                            |
| 10.200  | Grants for Agricultural Research, Special Research Grants (Passed through University of Maine; UMS435)  | 620                                | 4,441 **  |                            |
| 10.200  | Grants for Agricultural Research, Special Research Grants (Passed through University of Nebraska; LWF6201603806, 2562050028028, 2562050030025, 2562050034036, 2562310070014, 2562050034022)   | 620                                | 40,322 **   |                            |
| 10.200  | Grants for Agricultural Research, Special Research Grants (Passed through University of Wisconsin; P540466)   | 620                                | 10,113 **   |                            |
| 10.200  | Grants for Agricultural Research, Special Research Grants (\$1,406,582 provided to subrecipients)   | 620                                | 4,537,331 **  |                            |
| 10.200  | Grants for Agricultural Research, Special Research Grants   | 621                                | 174,533 **  |                            |
| 10.200  | Grants for Agricultural Research, Special Research Grants (Passed through University of Nebraska-Lincoln)   | 621                                | 6,595 **  | 5,169,922                  |
| 10.202  | Cooperative Forestry Research   | 620                                | 293,639 **  | 293,639                    |
| 10.203  | Payments to Agricultural Experiment Stations Under the Hatch Act  | 620                                | 4,865,140 **  | 4,865,140                  |
| 10.206  | Grants for Agricultural Research - Competitive Research Grants (\$22,091 provided to subrecipients)   | 619                                | 197,008 **  |                            |
| 10.206  | Grants for Agricultural Research - Competitive Research Grants (Passed through North Dakota State University; 493150905296)   | 620                                | 22,907 **   |                            |
| 10.206  | Grants for Agricultural Research - Competitive Research Grants (Passed through University of Arizona; Y712299)  | 620                                | 18,268 **   |                            |
| 10.206  | Grants for Agricultural Research - Competitive Research Grants (Passed through Clemson University; 41570324072001347)   | 620                                | 13,368 **   |                            |
| 10.206  | Grants for Agricultural Research - Competitive Research Grants (Passed through University of Maryland; S01353)  | 620                                | 7,303 **  |                            |
| 10.206  | Grants for Agricultural Research - Competitive Research Grants (Passed through University of Nebraska; 2562240022001)   | 620                                | 979 **  |                            |
| 10.206  | Grants for Agricultural Research - Competitive Research Grants (Passed through South Dakota State University; 483011)   | 620                                | 13,552 **   |                            |
| 10.206  | Grants for Agricultural Research - Competitive Research Grants (\$132,995 provided to subrecipients)  | 620                                | 3,875,750 **  |                            |
| 10.206  | Grants for Agricultural Research - Competitive Research Grants  | 621                                | 2,564 **  | 4,151,699                  |

State of Iowa  
Schedule of Expenditures of Federal Awards  
By Federal Department  
For the Year Ended June 30, 2003

| CFDA<br>Number                                    | Federal Department / Program name   | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|---|------------------------------------|---|----------------------------|
| <u>U.S. Department of Agriculture (continued)</u> |   |                                    |   |                            |
| 10.207  | Animal Health and Disease Research (Passed through Biotechnology Research and Development Corporation; 24-1-111)  | 619                                | 43,887 **   |                            |
| 10.207  | Animal Health and Disease Research  | 620                                | 239,684 **  | 283,571                    |
| 10.210  | Food and Agricultural Sciences National Needs Graduate Fellowship Grants  | 620                                | 187,099 **  | 187,099                    |
| 10.215  | Sustainable Agriculture Research and Education (Passed through University of Nebraska; 2562050028019)   | 620                                | 11,771 **   | 11,771                     |
| 10.216  | 1890 Institution Capacity Building Grants (Passed through University of Maryland; 564791)   | 620                                | 18,455 **   | 18,455                     |
| 10.217  | Higher Education Challenge Grants (\$91,417 provided to subrecipients)  | 620                                | 332,530 **  |                            |
| 10.217  | Higher Education Challenge Grants (Passed through University of Florida; SC02020807)  | 620                                | 32,909 **   |                            |
| 10.217  | Higher Education Challenge Grants (Passed through University of Nebraska; 2561390087003)  | 620                                | 8,070 **  | 373,509                    |
| 10.219  | Biotechnology Risk Assessment Research  | 620                                | 83,524 **   | 83,524                     |
| 10.220  | Higher Education Multicultural Scholars Program   | 620                                | 24,750 **   | 24,750                     |
| 10.224  | Fund for Rural America - Research, Education, and Extension Activities (\$14,809 provided to subrecipients)   | 620                                | 111,246 **  |                            |
| 10.224  | Fund for Rural America - Research, Education, and Extension Activities (Passed through Cornell University; 329075919)   | 620                                | 8,835 **  |                            |
| 10.224  | Fund for Rural America - Research, Education, and Extension Activities (Passed through North Carolina State University; 00132009W, 00132028C) (\$5,983 provided to subrecipients) | 620                                | 10,228 **   |                            |
| 10.224  | Fund for Rural America - Research, Education, and Extension Activities (Passed through Purdue University; 593034404)  | 620                                | 22,710 **   |                            |
| 10.224  | Fund for Rural America - Research, Education, and Extension Activities (Passed through Texas A&M University; Odor Mitigation)   | 620                                | 47 **   |                            |
| 10.224  | Fund for Rural America - Research, Education, and Extension Activities (Passed through Thomas Jefferson Agricultural Institute; Diversifying Cropping)                            | 620                                | 19,929 **   |                            |
| 10.224  | Fund for Rural America - Research, Education, and Extension Activities (Passed through University of Arizona; Y481442)  | 620                                | 178 **  | 173,173                    |
| 10.226  | Secondary Agriculture Education Grants (Passed through Boone Community School District; FFA Degree Advancement)   | 620                                | 6,882 **  | 6,882                      |
| 10.227  | 1994 Institutions Research Program (Passed through Fort Berthold Community College; 650)  | 620                                | 6,174 **  | 6,174                      |
| 10.250  | Agricultural and Rural Economic Research  | 269                                | 107,701   |                            |
| 10.250  | Agricultural and Rural Economic Research  | 620                                | 47,469 **   |                            |
| 10.250  | Agricultural and Rural Economic Research (Passed through University of Nebraska; LWF6211912802)   | 620                                | 1,534 **  |                            |
| 10.250  | Agricultural and Rural Economic Research (Passed through Mathematica Policy Research; 882402001)  | 620                                | 39,131 **   | 195,835                    |
| 10.302  | Initiative for Future Agriculture and Food Systems (\$432,739 provided to subrecipients)  | 620                                | 955,238 **  |                            |
| 10.302  | Initiative for Future Agriculture and Food Systems (Passed through Ohio State University Research Foundation; 740050/864924)  | 620                                | 115,616 **  |                            |
| 10.302  | Initiative for Future Agriculture and Food Systems (Passed through Purdue University; 591040001)  | 620                                | 51,252 **   |                            |
| 10.302  | Initiative for Future Agriculture and Food Systems (Passed through South Dakota State University; 483906)   | 620                                | 206,234 **  |                            |
| 10.302  | Initiative for Future Agriculture and Food Systems (Passed through University of Delaware; B469650)   | 620                                | 11,756 **   |                            |

State of Iowa  
Schedule of Expenditures of Federal Awards  
By Federal Department  
For the Year Ended June 30, 2003

| CFDA<br>Number                                    | Federal Department / Program name  | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Agriculture (continued)</u> |  |                                    |   |                            |
| 10.302  | Initiative for Future Agriculture and Food Systems (Passed through University of Georgia; RD3211564183117)   | 620                                | 8,581 **  |                            |
| 10.302  | Initiative for Future Agriculture and Food Systems (Passed through University of Kentucky; 46530802142)  | 620                                | 138,403 **  |                            |
| 10.302  | Initiative for Future Agriculture and Food Systems (Passed through University of Maine; UMS430)  | 620                                | 163,426 **  |                            |
| 10.302  | Initiative for Future Agriculture and Food Systems (Passed through University of Minnesota; H4086181401)   | 620                                | 86,682 **   |                            |
| 10.302  | Initiative for Future Agriculture and Food Systems (Passed through University of Nebraska; 2563630006014, 2563630006020)   | 620                                | 18,631 **   |                            |
| 10.302  | Initiative for Future Agriculture and Food Systems (Passed through University of Wisconsin; P572191, 593A320, 453F423)   | 620                                | 75,732 **   |                            |
| 10.302  | Initiative for Future Agriculture and Food Systems (Passed through Washington State University; G001215)   | 620                                | 119,493 **  |                            |
| 10.302  | Initiative for Future Agriculture and Food Systems   | 621                                | 36,640 **   | 1,987,684                  |
| 10.303  | Integrated Programs  | 619                                | 84,741 **   |                            |
| 10.303  | Integrated Programs (\$246,329 provided to subrecipients)  | 620                                | 1,338,443 **  |                            |
| 10.303  | Integrated Programs (Passed through Illinois Institute of Technology; SA2431002)   | 620                                | 9,241 **  |                            |
| 10.303  | Integrated Programs (Passed through Michigan State University; 614164F, 6141640)   | 620                                | 54,032 **   |                            |
| 10.303  | Integrated Programs (Passed through Pennsylvania State University; 2427ISUUSDA1981)  | 620                                | 26,809 **   |                            |
| 10.303  | Integrated Programs (Passed through Texas A&M University; 570122)  | 620                                | 104,909 **  | 1,618,175                  |
| 10.304  | Homeland Security - Agricultural   | 620                                | 163,633 **  | 163,633                    |
| 10.453  | Fund for Rural America - Farm Ownership Loans  | 620                                | 150,184 **  | 150,184                    |
| 10.475  | Cooperative Agreements with States for Intrastate Meat and Poultry Inspection  | 009                                | 1,179,696   | 1,179,696                  |
| 10.500  | Cooperative Extension Service (\$502,206 provided to subrecipients)  | 620                                | 11,067,396 **   |                            |
| 10.500  | Cooperative Extension Service (Passed through Kansas State University; S99018)   | 620                                | 11,145 **   |                            |
| 10.500  | Cooperative Extension Service (Passed through National 4-H Council; 20024520101528) (\$992 provided to subrecipients)  | 620                                | 2,247 **  |                            |
| 10.500  | Cooperative Extension Service (Passed through NCRCRD; NCRCRD)  | 620                                | 34,489 **   |                            |
| 10.500  | Cooperative Extension Service (Passed through New Mexico State University; NMSUB111998)  | 620                                | 3,911 **  |                            |
| 10.500  | Cooperative Extension Service (Passed through Practical Farmers of Iowa; In Service Training)  | 620                                | 4,607 **  |                            |
| 10.500  | Cooperative Extension Service (Passed through University of Kentucky; Cyfernet Program)  | 620                                | 32,686 **   |                            |
| 10.500  | Cooperative Extension Service (Passed through University of Nebraska; LWF6312116810, LWF6332707108, LWF6332707114, 2562050030027, 2563090015013, 2563240025003, 2563090022014, 2563210046003, 2563240025024, 2563240025035, 2563090017016, 2563090022006) (\$12,518 provided to subrecipients) | 620                                | 93,461 **   | 11,249,942                 |
| 10.550  | Food Donation (note 2) (\$12,569,518 provided to subrecipients)  | 282                                | 12,569,519  | 12,569,519                 |
| 10.551  | Food Stamps (note 2)   | 401                                | 143,778,369   | 143,778,369                |
| 10.553  | School Breakfast Program (\$10,493,531 provided to subrecipients)  | 282                                | 10,493,531  | 10,493,531                 |
| 10.555  | National School Lunch Program (\$53,308,752 provided to subrecipients)   | 282                                | 53,311,052  | 53,311,052                 |

State of Iowa  
Schedule of Expenditures of Federal Awards  
By Federal Department  
For the Year Ended June 30, 2003

| CFDA<br>Number                                    | Federal Department / Program name  | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Agriculture (continued)</u> |  |                                    |   |                            |
| 10.556  | Special Milk Program for Children (\$94,257 provided to subrecipients)   | 282                                | 94,257  | 94,257                     |
| 10.557  | Special Supplemental Nutrition Program for Women, Infants, and Children (\$8,577,971 provided to subrecipients)  | 588                                | 33,624,028  | 33,624,028                 |
| 10.558  | Child and Adult Care Food Program (\$16,760,558 provided to subrecipients)   | 282                                | 16,975,788  | 16,975,788                 |
| 10.559  | Summer Food Service Program for Children (\$778,666 provided to subrecipients)   | 282                                | 826,406   | 826,406                    |
| 10.560  | State Administrative Expenses for Child Nutrition  | 282                                | 1,334,615   | 1,334,615                  |
| 10.561  | State Administrative Matching Grants for Food Stamp Program (\$1,173,117 provided to subrecipients)  | 401                                | 15,697,566  |                            |
| 10.561  | State Administrative Matching Grants for Food Stamp Program (Passed through Black Hawk County Ag Extension; Iowa Nutrition Network)                          | 620                                | 2,139 **  |                            |
| 10.561  | State Administrative Matching Grants for Food Stamp Program (Passed through Monona County Ag Extension; Basics For Nutrition, Nutrition & Physical Activity) | 620                                | 1,785 **  |                            |
| 10.561  | State Administrative Matching Grants for Food Stamp Program (Passed through Polk County Ag Extension; 5882NU26, 5883NU26)                                    | 620                                | 18,049 **   | 15,719,539                 |
| 10.565  | Commodity Supplemental Food Program  | 401                                | 234,579   | 234,579                    |
| 10.568  | Emergency Food Assistance Program (Administrative Costs)   | 401                                | 475,728   | 475,728                    |
| 10.569  | Emergency Food Assistance Program (Food Commodities) (note 2)  | 401                                | 2,106,810   | 2,106,810                  |
| 10.570  | Nutrition Services Incentive (note 2) (\$2,854,135 provided to subrecipients)  | 297                                | 2,854,135   |                            |
| 10.570  | Nutrition Services Incentive (note 2)  | 401                                | 761,438   | 3,615,573                  |
| 10.572  | WIC Farmers' Market Nutrition Program (FMNP)   | 009                                | 925,239   | 925,239                    |
| 10.574  | Team Nutrition Grants (\$14,296 provided to subrecipients)   | 282                                | 245,383   | 245,383                    |
| 10.652  | Forestry Research  | 620                                | 20,421 **   | 20,421                     |
| 10.664  | Cooperative Forestry Assistance  | 009                                | 10,000  |                            |
| 10.664  | Cooperative Forestry Assistance (\$124,212 provided to subrecipients)  | 542                                | 1,259,416   |                            |
| 10.664  | Cooperative Forestry Assistance  | 620                                | 436 **  | 1,269,852                  |
| 10.769  | Rural Business Enterprise Grants (Passed through Iowa Northland Regional Council of Governments)   | 621                                | 200,086   | 200,086                    |
| 10.771  | Rural Cooperative Development Grants (\$18,112 provided to subrecipients)  | 620                                | 156,782 **  | 156,782                    |
| 10.773  | Rural Business Opportunity Grants (Passed through Iowa Northland Regional Council of Governments)  | 621                                | 9,629 **  | 9,629                      |
| 10.900  | Great Plains Conservation  | 620                                | 91,804 **   | 91,804                     |
| 10.901  | Resource Conservation and Development (Passed through Texas A&M University; 570104)  | 620                                | 9,017 **  | 9,017                      |
| 10.902  | Soil and Water Conservation  | 620                                | 57,129 **   | 57,129                     |
| 10.904  | Watershed Protection and Flood Prevention  | 542                                | 50,079  | 50,079                     |
| 10.912  | Environmental Quality Incentives Program   | 620                                | 42,161 **   | 42,161                     |
| 10.914  | Wildlife Habitat Incentive Program   | 620                                | 26,213 **   | 26,213                     |
| 10.950  | Agricultural Statistics Reports  | 620                                | 48,698 **   | 48,698                     |
| 10.961  | Scientific Cooperation and Research  | 620                                | 12,943 **   | 12,943                     |
| 10.962  | International Training - Foreign Participant   | 620                                | 427,769 **  | 427,769                    |
| 10.000  | Other Federal Assistance:  |                                    |   |                            |
|   | Unknown Title  | 009                                | 18,200  |                            |
|   | Unknown Title  | 009                                | 63,738  |                            |
|   | Unknown Title  | 009                                | 207,057   |                            |
|   | Unknown Title (\$691,314 provided to subrecipients)  | 620                                | 3,364,585 **  |                            |
|   | Unknown Title (Passed through Agconnect; 43640110147)  | 620                                | 1,120 **  |                            |



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| CFDA<br>Number                                    | Federal Department / Program name  | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Agriculture (continued)</u> |  |                                    |   |                            |
|   | Unknown Title (Passed through Iowa Natural Heritage Foundation; CRP Filter Strips)                           | 620                                | 22,008 **   |                            |
|   | Unknown Title (Passed through University of Connecticut; 3484)   | 620                                | 13,297 **   |                            |
|   | Unknown Title (Passed through University of Minnesota; 42155000211)  | 620                                | 41,823 **   |                            |
|   | Unknown Title (Passed through University of Wisconsin; 415B310)  | 620                                | 23,209 **   | 3,755,037                  |
|   | Total U.S. Department of Agriculture   |                                    | 343,017,172   | 343,017,172                |
| <u>U.S. Department of Commerce</u>                |  |                                    |   |                            |
| 11.113  | ITA Special Projects (Passed through Clemson University; 55970332272002426, 64175572272003118)               | 620                                | 15,113 **   | 15,113                     |
| 11.303  | Economic Development - Technical Assistance  | 620                                | 68,239 **   | 68,239                     |
| 11.307  | Economic Adjustment Assistance   | 620                                | 13,065 **   | 13,065                     |
| 11.400  | Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)           | 619                                | 63,214 **   | 63,214                     |
| 11.431  | Climate and Atmospheric Research (\$40,000 provided to subrecipients)  | 619                                | 234,153 **  |                            |
| 11.431  | Climate and Atmospheric Research   | 620                                | 80,193 **   | 314,346                    |
| 11.460  | Special Oceanic and Atmospheric Projects   | 621                                | 435,391 **  | 435,391                    |
| 11.462  | Hydrologic Research  | 619                                | 37,063 **   | 37,063                     |
| 11.468  | Applied Meteorological Research (\$38,226 provided to subrecipients)   | 619                                | 5,626 **  | 5,626                      |
| 11.550  | Public Telecommunications Facilities - Planning and Construction   | 285                                | 196,093   |                            |
| 11.550  | Public Telecommunications Facilities - Planning and Construction   | 620                                | 152,993 **  |                            |
| 11.550  | Public Telecommunications Facilities - Planning and Construction   | 621                                | 33,673  | 382,759                    |
| 11.609  | Measurement and Engineering Research and Standards (\$22,356 provided to subrecipients)                      | 620                                | 32,595 **   | 32,595                     |
| 11.611  | Manufacturing Extension Partnership (\$415,941 provided to subrecipients)                                    | 620                                | 1,724,818 **  | 1,724,818                  |
| 11.000  | Other Federal Assistance:  |                                    |   |                            |
|   | Unknown Title  | 620                                | 35,093 **   |                            |
|   | Unknown Title (Passed through Ion Optics, Inc.; IO199011)  | 620                                | 21,814 **   |                            |
|   | Unknown Title (Passed through Northwestern University; 0730520W400, 0730520W400U Iowa)                       | 620                                | 34,199 **   |                            |
|   | Unknown Title (Passed through University Corporation for Atmospheric Research; S0132791, S0232808)           | 620                                | 36,701 **   | 127,807                    |
|   | Total U.S. Department of Commerce  |                                    | 3,220,036   | 3,220,036                  |
| <u>U.S. Department of Defense</u>                 |  |                                    |   |                            |
| 12.002  | Procurement Technical Assistance For Business Firms (Passed through Advanced Technology Institute; 20010454) | 619                                | 133,585 **  |                            |
| 12.002  | Procurement Technical Assistance For Business Firms  | 620                                | 143,832 **  | 277,417                    |
| 12.100  | Aquatic Plant Control (\$3,817 provided to subrecipients)  | 619                                | 75,949 **   | 75,949                     |
| 12.104  | Flood Plain Management Services  | 619                                | 58,353 **   | 58,353                     |

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| CFDA<br>Number                                | Federal Department / Program name  | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Defense (continued)</u> |  |                                    |   |                            |
| 12.112  | Payments to States in Lieu of Real Estate Taxes  | 655                                | 382,364   | 382,364                    |
| 12.300  | Basic and Applied Scientific Research (\$46,782 provided to subrecipients)   | 619                                | 1,178,067 **  |                            |
| 12.300  | Basic and Applied Scientific Research  | 620                                | 1,133,411 **  |                            |
| 12.300  | Basic and Applied Scientific Research (Passed through Massachusetts Institute of Technology; 5710001247)           | 620                                | 35,086 **   | 2,346,564                  |
| 12.301  | Basic and Applied Scientific Research (\$31,049 provided to subrecipients)   | 619                                | 349,621 **  | 349,621                    |
| 12.400  | Military Construction, National Guard  | 582                                | 7,676,251   |                            |
| 12.400  | Military Construction, National Guard (\$28,142 provided to subrecipients)   | 619                                | 424,694 **  | 8,100,945                  |
| 12.401  | National Guard Military Operations and Maintenance (O&M) Projects  | 582                                | 20,016,052  | 20,016,052                 |
| 12.402  | National Guard Special Military Operations and Projects  | 582                                | 1,547,370   | 1,547,370                  |
| 12.420  | Military Medical Research and Development (\$69,953 provided to subrecipients)                                     | 619                                | 798,270 **  |                            |
| 12.420  | Military Medical Research and Development (Passed through Academy of Applied Science; 03-082)                      | 619                                | 694 **  |                            |
| 12.420  | Military Medical Research and Development  | 620                                | 78,159 **   | 877,123                    |
| 12.431  | Basic Scientific Research (\$8,781 provided to subrecipients)  | 619                                | 326,590 **  |                            |
| 12.431  | Basic Scientific Research (Passed through Academy of Applied Science National Junior Science Humanities Symposium) | 619                                | 14,570 **   |                            |
| 12.431  | Basic Scientific Research (Passed through Cornell University; 39508-6585)  | 619                                | 121,645 **  |                            |
| 12.431  | Basic Scientific Research (Passed through Electrophorics, Inc.)  | 619                                | 30,000 **   |                            |
| 12.431  | Basic Scientific Research (Passed through FuelCell Energy, Inc.; 13433)  | 619                                | 38,555 **   |                            |
| 12.431  | Basic Scientific Research (Passed through Giner Electrochemical Systems, LLC; DAAD19-02-C-0075)                    | 619                                | 39,777 **   |                            |
| 12.431  | Basic Scientific Research (Passed through University of Michigan; DAAE07-98-3-0022)                                | 619                                | 425,649 **  |                            |
| 12.431  | Basic Scientific Research  | 620                                | 484 **  | 997,270                    |
| 12.630  | Basic, Applied, and Advanced Research in Science and Engineering (Passed through University of California; KK2110) | 620                                | 79,397 **   | 79,397                     |
| 12.800  | Air Force Defense Research Sciences Program (\$32,167 provided to subrecipients)                                   | 619                                | 88,033 **   |                            |
| 12.800  | Air Force Defense Research Sciences Program (Passed through Anteon Corporation; S1233)                             | 619                                | 61,620 **   |                            |
| 12.800  | Air Force Defense Research Sciences Program (Passed through Massachusetts Institute of Technology; BX-8019)        | 619                                | 90,866 **   |                            |
| 12.800  | Air Force Defense Research Sciences Program (Passed through Rockwell Scientific Company, LLC)                      | 619                                | 29,383 **   |                            |
| 12.800  | Air Force Defense Research Sciences Program  | 620                                | 1,129,893 **  | 1,399,795                  |
| 12.901  | Mathematical Sciences Grants Program   | 619                                | 814 **  | 814                        |
| 12.910  | Research and Technology Development (\$513,424 provided to subrecipients)  | 619                                | 1,132,402 **  |                            |
| 12.910  | Research and Technology Development (Passed through HRL Laboratories LLC; 100038)                                  | 619                                | 143,203 **  |                            |
| 12.910  | Research and Technology Development (Passed through Ohio State University; RF00904332)                             | 619                                | 50,367 **   |                            |
| 12.910  | Research and Technology Development (Passed through Boeing; KG3524)  | 620                                | 38,992 **   |                            |
| 12.910  | Research and Technology Development (Passed through Concurrent Analytical Inc.; Improved Dog Nose Sensor)          | 620                                | 156,215 **  |                            |
| 12.910  | Research and Technology Development (Passed through George Washington University; SC00S04)                         | 620                                | 202,677 **  |                            |

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| CFDA<br>Number  | Federal Department / Program name  | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Defense (continued)</u>           |  |                                    |   |                            |
| 12.910  | Research and Technology Development (Passed through NVE Corporation; PO03944)  | 620                                | 1,727 **  |                            |
| 12.910  | Research and Technology Development (Passed through UCLA; 1000-G-CG007)  | 620                                | 159,074 **  | 1,884,657                  |
| 12.000  | Other Federal Assistance:  |                                    |   |                            |
|   | Department of the Army - Condition 5   | 542                                | 498,526   |                            |
|   | Department of the Army   | 619                                | 606,222 **  |                            |
|   | Department of the Air Force  | 620                                | 125,237 **  |                            |
|   | Department of the Air Force (Passed through ERC, Inc.; New Materials Using Computational Chemistry and Materials Science)  | 620                                | 6,933 **  |                            |
|   | Department of the Air Force (Passed through SQM Technology, Inc.; Superconductive)   | 620                                | 900 **  |                            |
|   | Department of the Air Force (Passed through Universal Technology Corporation; 01S43700237C1, 02S437031C1, 03S43704401C1 Task 1, 03S4370440C1 Task 2) (\$15,000 provided to subrecipients)                          | 620                                | 168,641 **  |                            |
|   | Department of the Army   | 620                                | 859,811 **  |                            |
|   | Department of the Navy   | 620                                | 9,187 **  |                            |
|   | Department of the Navy (Passed through Space and Naval Warfare System; N6600198C8629) (\$24,995 provided to subrecipients)   | 620                                | 25,414 **   |                            |
|   | Unknown Title (Passed through Academy of Applied Science; 02-079)  | 620                                | 2,500 **  |                            |
|   | Unknown Title (Passed through National Research Council; Brucellosis Transmission)   | 620                                | 52 **   |                            |
|   | Unknown Title (Passed through Mechdyne Corporation; GE29533A36)  | 620                                | 26,046 **   | 2,329,469                  |
|   | Total U.S. Department of Defense   |                                    | 40,723,160  | 40,723,160                 |
| <u>U.S. Department of Housing and Urban Development</u> |  |                                    |   |                            |
| 14.171  | Manufactured Home Construction and Safety Standards  | 595                                | 11,322  | 11,322                     |
| 14.218  | Community Development Block Grants/Entitlement Grants (Passed through City of Waterloo)  | 621                                | 5,538   | 5,538                      |
| 14.228  | Community Development Block Grants/State's Program (\$29,661,235 provided to subrecipients)  | 269                                | 30,867,277  | 30,867,277                 |
| 14.231  | Emergency Shelter Grants Program (\$1,398,758 provided to subrecipients)   | 269                                | 1,398,758   | 1,398,758                  |
| 14.239  | HOME Investment Partnerships Program (\$11,271,054 provided to subrecipients)  | 269                                | 65,362,897 ***  | 65,362,897                 |
| 14.246  | Community Development Block Grants/Economic Development Initiative (\$71,347 provided to subrecipients)  | 269                                | 123,500   | 123,500                    |
| 14.401  | Fair Housing Assistance Program - State and Local  | 167                                | 280,723   | 280,723                    |
| 14.409  | Fair Housing Initiatives Program (FHIP) Education and Outreach Initiative (Passed through Regional Executive Council on Civil Rights; Case Based Reasoning Computer System for Housing Discrimination Enforcement) | 620                                | 49,570 **   | 49,570                     |
| 14.506  | General Research and Technology Activity   | 620                                | 4,270 **  | 4,270                      |
| 14.511  | Community Outreach Partnership Center Program  | 620                                | 27,124 **   |                            |
| 14.511  | Community Outreach Partnership Center Program  | 621                                | 124,006 **  | 151,130                    |
| 14.518  | HUD Urban Scholars Fellowship Grants (Passed through National Research Council)  | 619                                | 38,925 **   | 38,925                     |
|   | Total U.S. Department of Housing and Urban Development   |                                    | 98,293,910  | 98,293,910                 |

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| CFDA<br>Number                         | Federal Department / Program name   | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|--|---|------------------------------------|---|----------------------------|
| <u>U.S. Department of the Interior</u> |   |                                    |   |                            |
| 15.250                                 | Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining  | 009                                | 92,185  | 92,185                     |
| 15.252                                 | Abandoned Mine Land Reclamation (AMLR) Program  | 009                                | 1,535,261   | 1,535,261                  |
| 15.504                                 | Water Reclamation and Reuse Program   | 619                                | 32,582 **   | 32,582                     |
| 15.605                                 | Sport Fish Restoration (\$22,865 provided to subrecipients)   | 542                                | 3,044,143   | 3,044,143                  |
| 15.611                                 | Wildlife Restoration  | 542                                | 4,116,207   | 4,116,207                  |
| 15.615                                 | Cooperative Endangered Species Conservation Fund  | 542                                | 168,543   | 168,543                    |
| 15.617                                 | Wildlife Conservation and Appreciation (Passed through Wisconsin Department of Natural Resources; NMB0000294)                                 | 620                                | 455 **  | 455                        |
| 15.618                                 | Administrative Grants for Federal Aid in Sport Fish and Wildlife Restoration (Passed through Alaska Department of Fish and Game; COOP-01-022) | 619                                | 35,765 **   | 35,765                     |
| 15.805                                 | Assistance to State Water Resources Research Institutes (\$56,216 provided to subrecipients)  | 620                                | 131,186 **  | 131,186                    |
| 15.807                                 | Earthquake Hazards Reduction Program  | 620                                | 47,077 **   | 47,077                     |
| 15.808                                 | U.S. Geological Survey - Research and Data Acquisition  | 542                                | 9,839   |                            |
| 15.808                                 | U.S. Geological Survey - Research and Data Acquisition  | 619                                | 5,738 **  |                            |
| 15.808                                 | U.S. Geological Survey - Research and Data Acquisition (Passed through Delphi Delco Electronics)  | 619                                | 33 **   |                            |
| 15.808                                 | U.S. Geological Survey - Research and Data Acquisition  | 620                                | 229,296 **  | 244,906                    |
| 15.810                                 | National Cooperative Geologic Mapping Program   | 542                                | 189,592   | 189,592                    |
| 15.904                                 | Historic Preservation Fund Grants-In-Aid  | 259                                | 810,712   | 810,712                    |
| 15.915                                 | Technical Preservation Services (\$5,000 provided to subrecipients)   | 619                                | 5,000 **  | 5,000                      |
| 15.916                                 | Outdoor Recreation - Acquisition, Development and Planning  | 542                                | 1,383,725   | 1,383,725                  |
| 15.978                                 | Upper Mississippi River System Long Term Resource Monitoring Program  | 542                                | 374,935   | 374,935                    |
| 15.000                                 | Other Federal Assistance:   |                                    |   |                            |
|  | Unknown Title (Passed through University of Minnesota; M6626223101)   | 619                                | 11,998 **   |                            |
|  | Unknown Title   | 620                                | 117,322 **  |                            |
|  | Unknown Title (Passed through Clemson University; 575755723520011601)   | 620                                | 9,368 **  |                            |
|  | Unknown Title (Passed through Neal Smith National Wildlife Refuge; 301812J145)  | 620                                | 7,925 **  | 146,613                    |
|  | Total U.S. Department of Interior   |                                    | 12,358,887  | 12,358,887                 |
| <u>U.S. Department of Justice</u>      |   |                                    |   |                            |
| 16.007                                 | State Domestic Preparedness Equipment Support Program (\$26,613 provided to subrecipients)  | 583                                | 2,164,057   | 2,164,057                  |
| 16.008                                 | State and Local Domestic Preparedness Training Program  | 595                                | 78,022  | 78,022                     |
| 16.110                                 | Education and Enforcement of the Antidiscrimination Provision of the Immigration and Nationality Act  | 167                                | 54,869  | 54,869                     |
| 16.202                                 | Offender Reentry Program  | 238                                | 7,115   | 7,115                      |
| 16.203                                 | Sex Offender Management Discretionary Grant   | 238                                | 65,088  | 65,088                     |
| 16.523                                 | Juvenile Accountability Incentive Block Grants (\$2,558,857 provided to subrecipients)  | 379                                | 3,078,827   | 3,078,827                  |
| 16.525                                 | Grants to Reduce Violent Crimes Against Women on Campus (\$11,337 provided to subrecipients)  | 621                                | 199,038   | 199,038                    |
| 16.540                                 | Juvenile Justice and Delinquency Prevention - Allocation to States (\$753,406 provided to subrecipients)                                      | 379                                | 899,087   | 899,087                    |
| 16.548                                 | Title V - Delinquency Prevention Program (\$321,585 provided to subrecipients)  | 379                                | 356,917   | 356,917                    |

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| CFDA<br>Number                                | Federal Department / Program name   | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|---|------------------------------------|---|----------------------------|
| <u>U.S. Department of Justice (continued)</u> |   |                                    |   |                            |
| 16.549  | Part E - State Challenge Activities   | 379                                | 108,387   | 108,387                    |
| 16.550  | State Justice Statistics Program for Statistical Analysis Centers   | 379                                | 68,129  | 68,129                     |
| 16.554  | National Criminal History Improvement Program (NCHIP)   | 595                                | 306,776   | 306,776                    |
| 16.560  | National Institute of Justice Research, Evaluation, and<br>Development Project Grants (\$38,063 provided to subrecipients)                  | 619                                | 68,262 **   |                            |
| 16.560  | National Institute of Justice Research, Evaluation, and<br>Development Project Grants   | 620                                | 51,337 **   |                            |
| 16.560  | National Institute of Justice Research, Evaluation, and<br>Development Project Grants (\$21,358 provided to<br>subrecipients)               | 642                                | 21,358  | 140,957                    |
| 16.563  | Corrections and Law Enforcement Family Support  | 246                                | 80,994  | 80,994                     |
| 16.575  | Crime Victim Assistance (\$3,842,295 provided to subrecipients)   | 112                                | 4,272,062   | 4,272,062                  |
| 16.576  | Crime Victim Compensation   | 112                                | 1,560,000   | 1,560,000                  |
| 16.579  | Byrne Formula Grant Program (\$5,572,285 provided to<br>subrecipients)  | 642                                | 5,942,793   | 5,942,793                  |
| 16.580  | Edward Byrne Memorial State and Local Law Enforcement<br>Assistance Discretionary Grants Program  | 112                                | 145,398   |                            |
| 16.580  | Edward Byrne Memorial State and Local Law Enforcement<br>Assistance Discretionary Grants Program (\$152,322 provided<br>to subrecipients)   | 588                                | 161,210   |                            |
| 16.580  | Edward Byrne Memorial State and Local Law Enforcement<br>Assistance Discretionary Grants Program (\$208,299 provided<br>to subrecipients)   | 621                                | 348,549   |                            |
| 16.580  | Edward Byrne Memorial State and Local Law Enforcement<br>Assistance Discretionary Grants Program (\$1,087,432 provided<br>to subrecipients) | 642                                | 1,115,777   | 1,770,934                  |
| 16.582  | Crime Victim Assistance/Discretionary Grants  | 619                                | 152,309 **  | 152,309                    |
| 16.585  | Drug Court Discretionary Grant Program  | 444                                | 182,702   | 182,702                    |
| 16.586  | Violent Offender Incarceration and Truth in Sentencing<br>Incentive Grants  | 238                                | 293,622   | 293,622                    |
| 16.588  | Violence Against Women Formula Grants (\$1,555,352 provided<br>to subrecipients)  | 112                                | 1,644,343   | 1,644,343                  |
| 16.589  | Rural Domestic Violence and Child Victimization Enforcement<br>Grant Program (\$328,108 provided to subrecipients)                          | 112                                | 420,863   | 420,863                    |
| 16.590  | Grants to Encourage Arrest Policies and Enforcement of<br>Protection Orders   | 444                                | 72,424  | 72,424                     |
| 16.592  | Local Law Enforcement Block Grants Program (\$295,480<br>provided to subrecipients)   | 642                                | 304,965   | 304,965                    |
| 16.593  | Residential Substance Abuse Treatment for State Prisoners<br>(\$520,382 provided to subrecipients)  | 642                                | 520,382   | 520,382                    |
| 16.607  | Bulletproof Vest Partnership Program (\$13,062 provided to<br>subrecipients)  | 642                                | 13,062  | 13,062                     |
| 16.609  | Community Prosecution and Project Safe Neighborhoods  | 379                                | 46,867  |                            |
| 16.609  | Community Prosecution and Project Safe Neighborhoods  | 642                                | 124,582   | 171,449                    |
| 16.710  | Public Safety Partnership and Community Policing Grants   | 642                                | 186,749   | 186,749                    |
| 16.711  | Troops to COPS  | 595                                | 67,948  | 67,948                     |
| 16.727  | Enforcing Underage Drinking Laws Program (\$310,415 provided<br>to subrecipients)   | 379                                | 326,561   | 326,561                    |
| 16.729  | Drug-Free Communities Support Program Grants (Passed<br>through Clinton Substance Abuse Council)  | 619                                | 4,397 **  | 4,397                      |
| 16.000  | Other Federal Assistance:   |                                    |   |                            |
|   | Federal Marijuana Eradication   | 595                                | 73,569  |                            |
|   | Sex Offender Grant  | 595                                | 125,112   |                            |
|   | Unknown Title   | 595                                | 463,947   | 662,628                    |
|   | Total U.S. Department of Justice  |                                    | 26,178,456  | 26,178,456                 |

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| CFDA<br>Number                  | Federal Department / Program name  | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---------------------------------|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Labor</u> |  |                                    |   |                            |
| 17.002                          | Labor Force Statistics   | 309                                | 1,893,775   |                            |
| 17.002                          | Labor Force Statistics   | 620                                | 18,811 **   | 1,912,586                  |
| 17.005                          | Compensation and Working Conditions  | 309                                | 76,496  | 76,496                     |
| 17.203                          | Labor Certification for Alien Workers  | 309                                | 76,368  | 76,368                     |
| 17.207                          | Employment Service (\$972,144 provided to subrecipients)   | 309                                | 7,260,700   | 7,260,700                  |
| 17.225                          | Unemployment Insurance (\$526,301 provided to subrecipients)   | 309                                | 480,829,149   | 480,829,149                |
| 17.235                          | Senior Community Service Employment Program (\$869,663 provided to subrecipients)  | 297                                | 1,015,470   | 1,015,470                  |
| 17.245                          | Trade Adjustment Assistance - Workers (\$8,229 provided to subrecipients)  | 309                                | 8,829,222   | 8,829,222                  |
| 17.253                          | Welfare-to-Work Grants to States and Localities (\$1,653,488 provided to subrecipients)  | 309                                | 1,539,958   | 1,539,958                  |
| 17.257                          | One-Stop Career Center Initiative  | 309                                | 451,847   | 451,847                    |
| 17.258                          | WIA Adult Program (\$3,203,222 provided to subrecipients)  | 309                                | 3,530,928   |                            |
| 17.258                          | WIA Adult Program (Passed through Hawkeye Community College)   | 620                                | 5,070 **  |                            |
| 17.258                          | WIA Adult Program (Passed through Matura Action Corporation)   | 620                                | 1,055 **  | 3,537,053                  |
| 17.259                          | WIA Youth Activities (\$4,060,042 provided to subrecipients)   | 309                                | 4,386,427   | 4,386,427                  |
| 17.260                          | WIA Dislocated Workers (\$7,484,591 provided to subrecipients)   | 309                                | 10,259,311  | 10,259,311                 |
| 17.261                          | Employment and Training Administration Pilots, Demonstrations, and Research Projects (\$20,000 provided to subrecipients)                                | 619                                | 269,541 **  |                            |
| 17.261                          | Employment and Training Administration Pilots, Demonstrations, and Research Projects (Passed through ServiceSource) (\$38,700 provided to subrecipients) | 619                                | 75,949 **   |                            |
| 17.261                          | Employment and Training Administration Pilots, Demonstrations, and Research Projects   | 621                                | 542,483 **  | 887,973                    |
| 17.263                          | Youth Opportunity Grants   | 282                                | 15,620  | 15,620                     |
| 17.502                          | Occupational Safety and Health - Susan Harwood Training Grants   | 619                                | 36,279 **   | 36,279                     |
| 17.504                          | Consultation Agreements  | 309                                | 2,161,356   | 2,161,356                  |
| 17.600                          | Mine Health and Safety Grants (\$162,872 provided to subrecipients)  | 282                                | 173,288   | 173,288                    |
| 17.720                          | Employment Programs for People with Disabilities (Passed through University of Massachusetts)  | 619                                | 73,851 **   | 73,851                     |
| 17.801                          | Disabled Veterans' Outreach Program (DVOP) (\$33,083 provided to subrecipients)  | 309                                | 882,805   | 882,805                    |
| 17.804                          | Local Veterans' Employment Representative Program (\$58,427 provided to subrecipients)   | 309                                | 1,296,601   | 1,296,601                  |
| 17.000                          | Other Federal Assistance:<br>National Crosswalk Service Center   | 282                                | 231,519   | 231,519                    |
|                                 | Total U.S. Department of Labor   |                                    | 525,933,879   | 525,933,879                |
| <u>U.S. Department of State</u> |  |                                    |   |                            |
| 19.300                          | Program for Study of Eastern Europe and the Independent States of the Former Soviet Union  | 619                                | 145 **  | 145                        |
| 19.401                          | Educational Exchange - University Lecturers (Professors) and Research Scholars   | 619                                | 28,243 **   | 28,243                     |
| 19.402                          | International Visitors Program (Passed through University of Massachusetts)  | 619                                | 10,454 **   | 10,454                     |
| 19.405                          | College and University Partnerships Program  | 619                                | 110,441 **  |                            |
| 19.405                          | College and University Partnerships Program  | 620                                | 233,120 **  | 343,561                    |
| 19.408                          | Educational Exchange - Teachers from Secondary and Postsecondary Levels and School Administrators  | 620                                | 176,288 **  | 176,288                    |
| 19.415                          | Professional Exchanges - Annual Open Grant   | 619                                | 133,963 **  | 133,963                    |

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| CFDA<br>Number                              | Federal Department / Program name   | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|---|------------------------------------|---|----------------------------|
| <u>U.S. Department of State (continued)</u> |   |                                    |   |                            |
| 19.420                                      | Cooperative Grants  | 619                                | 134,983 **  |                            |
| 19.420                                      | Cooperative Grants (Passed through NAFSA: Association of International Educators)   | 619                                | 95 **   | 135,078                    |
| 19.000                                      | Other Federal Assistance:   |                                    |   |                            |
|   | Unknown Title (\$67,368 provided to subrecipients)  | 619                                | 158,691 **  |                            |
|   | Unknown Title (Passed through Theda Care)   | 619                                | 25,023 **   |                            |
|   | Unknown Title (Passed through University of Idaho; KEK522-02)   | 619                                | 8,201 **  |                            |
|   | Unknown Title (\$10,088 provided to subrecipients)  | 620                                | 109,189 **  | 301,104                    |
|   | Total U.S. Department of State  |                                    | <u>1,128,836</u>  | <u>1,128,836</u>           |
| <u>U.S. Department of Transportation</u>    |   |                                    |   |                            |
| 20.005                                      | Boating Safety Financial Assistance   | 542                                | 560,818   | 560,818                    |
| 20.106                                      | Airport Improvement Program   | 645                                | 172,229   | 172,229                    |
| 20.109                                      | Air Transportation Centers of Excellence (\$3,088,371 provided to subrecipients)  | 620                                | 5,430,104 **  | 5,430,104                  |
| 20.205                                      | Highway Planning and Construction   | 542                                | 344,826   |                            |
| 20.205                                      | Highway Planning and Construction   | 620                                | 15,000 **   |                            |
| 20.205                                      | Highway Planning and Construction (Passed through HR Green; 178660J)  | 620                                | 1,976 **  |                            |
| 20.205                                      | Highway Planning and Construction (\$57,327,628 provided to subrecipients)  | 645                                | 381,085,174   | 381,446,976                |
| 20.215                                      | Highway Training and Education (Passed through Westat, Inc.; Task Order 1)  | 619                                | 1,119 **  | 1,119                      |
| 20.218                                      | National Motor Carrier Safety (Passed through National Academy of Sciences; HR 24-20) (\$1,600 provided to subrecipients)         | 619                                | 216,940 **  |                            |
| 20.218                                      | National Motor Carrier Safety (Passed through National Research Council - National Cooperative Highway Research Program; HR 5-18) | 619                                | 37,016 **   |                            |
| 20.218                                      | National Motor Carrier Safety (Passed through University of Mississippi; 02-10-035)   | 619                                | 48,487 **   |                            |
| 20.218                                      | National Motor Carrier Safety (Passed through City of Bettendorf; Evaluation of a Three-Span Bridge)                              | 620                                | 13,620 **   |                            |
| 20.218                                      | National Motor Carrier Safety   | 645                                | 3,177,348   | 3,493,411                  |
| 20.308                                      | Local Rail Freight Assistance   | 645                                | 2,202,619   | 2,202,619                  |
| 20.500                                      | Federal Transit - Capital Investment Grants (\$2,399,758 provided to subrecipients)   | 645                                | 2,399,758   | 2,399,758                  |
| 20.505                                      | Federal Transit - Metropolitan Planning Grants (\$81,768 provided to subrecipients)   | 645                                | 81,768  | 81,768                     |
| 20.509                                      | Formula Grants for Other Than Urbanized Areas (\$4,238,768 provided to subrecipients)   | 645                                | 4,238,768   | 4,238,768                  |
| 20.513                                      | Capital Assistance Program for Elderly Persons and Persons with Disabilities (\$1,036,867 provided to subrecipients)              | 645                                | 1,036,867   | 1,036,867                  |
| 20.514                                      | Transit Planning and Research (\$491,427 provided to subrecipients)   | 645                                | 491,427   | 491,427                    |
| 20.516                                      | Job Access - Reverse Commute (\$512,304 provided to subrecipients)  | 645                                | 512,304   | 512,304                    |
| 20.600                                      | State and Community Highway Safety  | 112                                | 25,600  |                            |
| 20.600                                      | State and Community Highway Safety  | 595                                | 2,443,847   |                            |
| 20.600                                      | State and Community Highway Safety (\$487,065 provided to subrecipients)  | 619                                | 1,285,004   |                            |

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| CFDA<br>Number                                       | Federal Department / Program name   | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|--|---|------------------------------------|---|----------------------------|
| <u>U.S. Department of Transportation (continued)</u> |   |                                    |   |                            |
| 20.600   | State and Community Highway Safety (Passed through National Research Council - National Cooperative Highway Research Program; HR 4-29) (\$52,743 provided to subrecipients) | 619                                | 136,362   |                            |
| 20.600   | State and Community Highway Safety (Passed through URS Corporation; 757731)   | 619                                | 66,458  |                            |
| 20.600   | State and Community Highway Safety (Passed through Virginia Polytechnic Institute; CR 19235-425479)   | 619                                | 108,749   |                            |
| 20.600   | State and Community Highway Safety (Passed through Westat, Inc.; Task 4, 5)   | 619                                | 226,582   |                            |
| 20.600   | State and Community Highway Safety  | 645                                | 63,565  | 4,356,167                  |
| 20.601   | Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants  | 595                                | 1,777,119   | 1,777,119                  |
| 20.602   | Occupant Protection   | 595                                | 140,805   | 140,805                    |
| 20.603   | Federal Highway Safety Data Improvements Incentive Grants   | 595                                | 173,751   |                            |
| 20.603   | Federal Highway Safety Data Improvements Incentive Grants (Passed through Crash Avoidance Metrics Partnership; FCW01-002)   | 619                                | 498,686   | 672,437                    |
| 20.604   | Safety Incentive Grants for Use of Seatbelts  | 595                                | 733,030   | 733,030                    |
| 20.700   | Pipeline Safety   | 211                                | 315,345   | 315,345                    |
| 20.701   | University Transportation Centers Program (\$539,887 provided to subrecipients)   | 620                                | 1,113,544 **  |                            |
| 20.701   | University Transportation Centers Program (Passed through University of California; KK0022 Year 2, KK022 Year 3)  | 620                                | 83,842 **   | 1,197,386                  |
| 20.703   | Interagency Hazardous Materials Public Sector Training and Planning Grants (\$173,819 provided to subrecipients)  | 583                                | 204,487   | 204,487                    |
| 20.900   | Transportation - Consumer Affairs (Passed through Delphi Delco Electronics)   | 619                                | 125,847 **  | 125,847                    |
| 20.000   | Other Federal Assistance:   |                                    |   |                            |
|  | Unknown Title (\$43,823 provided to subrecipients)  | 620                                | 318,512 **  |                            |
|  | Unknown Title (Passed through Innovative Pavement Research Foundation; IPRFFH1501001)   | 620                                | 2,548 **  |                            |
|  | Unknown Title (Passed through National Academy of Sciences; HR2058(1)) (\$143,872 provided to subrecipients)  | 620                                | 292,237 **  |                            |
|  | Unknown Title (Passed through Tama County; Tama County)   | 620                                | 16,071 **   |                            |
|  | FHWA Ecotype Project  | 621                                | 42,513 **   | 671,881                    |
|  | Total U.S. Department of Transportation   |                                    | 412,262,672   | 412,262,672                |
| <u>U.S. Equal Employment Opportunity Commission</u>  |   |                                    |   |                            |
| 30.002   | Employment Discrimination - State and Local Fair Employment Practices Agency Contracts  | 167                                | 1,051,600   | 1,051,600                  |
|  | Total U.S. Equal Employment Opportunity Commission  |                                    | 1,051,600   | 1,051,600                  |
| <u>Federal Mediation and Conciliation Service</u>    |   |                                    |   |                            |
| 34.002   | Labor Management Cooperation (\$139,313 provided to subrecipients)  | 309                                | 472,232   |                            |
| 34.002   | Labor Management Cooperation  | 572                                | 11,265  | 483,497                    |
|  | Total Federal Mediation and Conciliation Service  |                                    | 483,497   | 483,497                    |



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| CFDA<br>Number  | Federal Department / Program name  | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|--|------------------------------------|---|----------------------------|
| <u>U.S. General Services Administration</u>               |  |                                    |   |                            |
| 39.003  | Donation of Federal Surplus Personal Property  | 337                                | 483,676   | 483,676                    |
|   | Total U.S. General Services Administration   |                                    | 483,676   | 483,676                    |
| <u>National Aeronautics and Space Administration</u>      |  |                                    |   |                            |
| 43.001  | Aerospace Education Services Program (\$450,554 provided to subrecipients)                                       | 619                                | 4,726,438 **  |                            |
| 43.001  | Aerospace Education Services Program (Passed through MCP Hahnemann University; NAGS-1840)                        | 619                                | 95,033 **   |                            |
| 43.001  | Aerospace Education Services Program (Passed through University of New Hampshire; 01-509)                        | 619                                | 83,687 **   |                            |
| 43.001  | Aerospace Education Services Program   | 620                                | 418 **  | 4,905,576                  |
| 43.002  | Technology Transfer  | 620                                | 11,223 **   |                            |
| 43.002  | Technology Transfer (Passed through Jet Propulsion Lab; 1250174)   | 620                                | 1,990 **  | 13,213                     |
| 43.000  | Other Federal Assistance:  |                                    |   |                            |
|   | George C. Marshall Space Flight Center   | 619                                | 441,110 **  |                            |
|   | Glenn Research Center  | 619                                | 50,603 **   |                            |
|   | Goddard Space Flight Center (\$1,009 provided to subrecipients)  | 619                                | 541,830 **  |                            |
|   | Langley Air Force Base   | 619                                | 37,107 **   |                            |
|   | NASA Resident Office - Jet Propulsion Lab  | 619                                | 1,734,432 **  |                            |
|   | Unknown Title (\$219,789 provided to subrecipients)  | 620                                | 3,416,793 **  |                            |
|   | Unknown Title (Passed through Ohio University; UT11430)  | 620                                | 204,236 **  |                            |
|   | Unknown Title (Passed through Pratt & Whitney; 21058)  | 620                                | 160,369 **  |                            |
|   | Unknown Title (Passed through Southern University; OGP21000200164ISU, OGP21010200165ISU)                         | 620                                | 273,949 **  |                            |
|   | Unknown Title  | 621                                | 21,649 **   | 6,882,078                  |
|   | Total National Aeronautics and Space Administration  |                                    | 11,800,867  | 11,800,867                 |
| <u>National Foundation on the Arts and the Humanities</u> |  |                                    |   |                            |
| 45.024  | Promotion of the Arts - Grants to Organizations and Individuals  | 619                                | 8,000 **  | 8,000                      |
| 45.025  | Promotion of the Arts - Partnership Agreements   | 259                                | 472,771   |                            |
| 45.025  | Promotion of the Arts - Partnership Agreements (Passed through Heartland Arts Fund; FY02-0152)                   | 619                                | 1,875 **  | 474,646                    |
| 45.026  | Promotion of the Arts - Leadership Initiatives   | 259                                | 22,407  | 22,407                     |
| 45.129  | Promotion of the Humanities - Federal/State Partnership (Passed through Nebraska Humanities Council)             | 285                                | 750   |                            |
| 45.129  | Promotion of the Humanities - Federal/State Partnership  | 619                                | 4,228 **  |                            |
| 45.129  | Promotion of the Humanities - Federal/State Partnership (Passed through Humanities Iowa; 24-1101-19-14M)         | 619                                | 15,248 **   |                            |
| 45.129  | Promotion of the Humanities - Federal/State Partnership (Passed through Humanities Iowa)                         | 621                                | 1,763 **  | 21,989                     |
| 45.149  | Promotion of the Humanities - Division of Preservation and Access  | 619                                | 2,791 **  |                            |
| 45.149  | Promotion of the Humanities - Division of Preservation and Access (Passed through Cornell University; 369386308) | 620                                | 46,186 **   | 48,977                     |
| 45.160  | Promotion of the Humanities - Fellowships and Stipends   | 619                                | 100,000 **  |                            |
| 45.160  | Promotion of the Humanities - Fellowships and Stipends   | 620                                | 24,000 **   | 124,000                    |
| 45.161  | Promotion of the Humanities - Research (\$20,505 provided to subrecipients)                                      | 619                                | 31,181 **   |                            |
| 45.161  | Promotion of the Humanities - Research (Passed through Carleton College; RA-20778-02)                            | 619                                | 17,209 **   | 48,390                     |

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|---|--|------------------------------------|---|----------------------------|
| <u>National Foundation on the Arts and the Humanities (continued)</u> |  |                                    |   |                            |
| 45.162  | Promotion of the Humanities - Education Development and Demonstration  | 619                                | 2,728 **  | 2,728                      |
| 45.302  | Museum Assessment Program  | 621                                | 1,719   | 1,719                      |
| 45.310  | State Library Program (\$62,427 provided to subrecipients)   | 282                                | 1,893,218   | 1,893,218                  |
| 45.312  | Institute of Museum and Library Services - National Leadership Grants  | 259                                | 61,000  | 61,000                     |
|   | Total National Foundation on the Arts and the Humanities   |                                    | 2,707,074   | 2,707,074                  |
| <u>National Science Foundation</u>                                    |  |                                    |   |                            |
| 47.041  | Engineering Grants (\$284,930 provided to subrecipients)   | 619                                | 1,198,402 **  |                            |
| 47.041  | Engineering Grants (\$101,099 provided to subrecipients)   | 620                                | 2,800,199 **  |                            |
| 47.041  | Engineering Grants (Passed through Kansas State University; S01055, S01017)                                    | 620                                | 120,602 **  |                            |
| 47.041  | Engineering Grants (Passed through University of Texas; UTA03134)  | 620                                | 28,838 **   |                            |
| 47.041  | Engineering Grants (Passed through Virginia Polytechnic Institute; CR19223427152)                              | 620                                | 46,244 **   | 4,194,285                  |
| 47.049  | Mathematical and Physical Sciences (\$118,105 provided to subrecipients)                                       | 619                                | 2,575,753 **  |                            |
| 47.049  | Mathematical and Physical Sciences (Passed through Carnegie-Mellon University; 1004220-122560)                 | 619                                | 32,109 **   |                            |
| 47.049  | Mathematical and Physical Sciences (Passed through Fermi National Accelerator Laboratory; 545365)              | 619                                | 9,691 **  |                            |
| 47.049  | Mathematical and Physical Sciences (Passed through University of Kentucky Research Foundation; 4-65997-03-369) | 619                                | 9,466 **  |                            |
| 47.049  | Mathematical and Physical Sciences   | 620                                | 2,443,361 **  | 5,070,380                  |
| 47.050  | Geosciences (\$25,789 provided to subrecipients)   | 619                                | 759,255 **  |                            |
| 47.050  | Geosciences (Passed through Idaho State University; 02-0232E)  | 619                                | 25,233 **   |                            |
| 47.050  | Geosciences (Passed through University of Oklahoma; 2000-10)   | 619                                | 18,913 **   |                            |
| 47.050  | Geosciences  | 620                                | 495,812 **  |                            |
| 47.050  | Geosciences  | 621                                | 22,137 **   | 1,321,350                  |
| 47.070  | Computer and Information Science and Engineering   | 619                                | 572,019 **  |                            |
| 47.070  | Computer and Information Science and Engineering (Passed through University of Illinois; 00-172, 781)          | 619                                | 11,602 **   |                            |
| 47.070  | Computer and Information Science and Engineering (\$284,089 provided to subrecipients)                         | 620                                | 2,049,642 **  |                            |
| 47.070  | Computer and Information Science and Engineering (Passed through ADEC; Internet Satellite-NCRCRD)              | 620                                | 61,272 **   |                            |
| 47.070  | Computer and Information Science and Engineering (Passed through Clemson University; 56970342062002611)        | 620                                | 72,855 **   |                            |
| 47.070  | Computer and Information Science and Engineering (Passed through Cornell University; 357796217)                | 620                                | 561 **  |                            |
| 47.070  | Computer and Information Science and Engineering (Passed through Drake University; 00113718)                   | 620                                | 66,710 **   |                            |
| 47.070  | Computer and Information Science and Engineering (Passed through University of Illinois; SUBK2001, 2528199)    | 620                                | 120,145 **  |                            |
| 47.070  | Computer and Information Science and Engineering (Passed through University of Maine; UMS426)                  | 620                                | 130,715 **  | 3,085,521                  |
| 47.074  | Biological Sciences (\$26,810 provided to subrecipients)   | 619                                | 1,988,972 **  |                            |
| 47.074  | Biological Sciences (Passed through Cleveland Clinic Foundation)   | 619                                | 1,890 **  |                            |
| 47.074  | Biological Sciences (\$722,193 provided to subrecipients)  | 620                                | 4,852,819 **  |                            |

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|--|--|------------------------------------|---|----------------------------|
| <u>National Science Foundation (continued)</u> |  |                                    |   |                            |
| 47.074   | Biological Sciences (Passed through Massachusetts General Hospital; Plant Mapk Cascades)   | 620                                | 78,746 **   |                            |
| 47.074   | Biological Sciences (Passed through Stanford University; PR0826/REU Supplement)  | 620                                | 267,438 **  |                            |
| 47.074   | Biological Sciences (Passed through University of California; 98174002)  | 620                                | 1,376 **  |                            |
| 47.074   | Biological Sciences (Passed through University of California; OORA1127, SA3372PG)  | 620                                | 159,949 **  |                            |
| 47.074   | Biological Sciences (Passed through University of Connecticut; 2952, 3557)   | 620                                | 1,919 **  |                            |
| 47.074   | Biological Sciences (Passed through University of Florida; SC00011511)   | 620                                | 73,048 **   |                            |
| 47.074   | Biological Sciences (Passed through University of Illinois; 99157)   | 620                                | 86,103 **   | 7,512,260                  |
| 47.075   | Social, Behavioral, and Economic Sciences  | 619                                | 839,129 **  |                            |
| 47.075   | Social, Behavioral, and Economic Sciences  | 620                                | 288,068 **  |                            |
| 47.075   | Social, Behavioral, and Economic Sciences (Passed through National Research Council; Surface Barrier)                                  | 620                                | 5,075 **  | 1,132,272                  |
| 47.076   | Education and Human Resources (\$92,405 provided to subrecipients)   | 619                                | 825,430 **  |                            |
| 47.076   | Education and Human Resources (Passed through Pennsylvania State University; 18029-1334)   | 619                                | 2,935 **  |                            |
| 47.076   | Education and Human Resources (Passed through Stanford University; PY-1539)  | 619                                | 35,945 **   |                            |
| 47.076   | Education and Human Resources (Passed through Western Michigan University; 22-2252990, 25-7002520)                                     | 619                                | 148,608 **  |                            |
| 47.076   | Education and Human Resources (\$121,183 provided to subrecipients)  | 620                                | 2,356,760 **  |                            |
| 47.076   | Education and Human Resources (Passed through Indian Hills Community College; DUE01017113)   | 620                                | 96,625 **   |                            |
| 47.076   | Education and Human Resources (Passed through Kirkwood Community College; 0101507)   | 620                                | 39,437 **   |                            |
| 47.076   | Education and Human Resources  | 621                                | 112,361 **  |                            |
| 47.076   | Education and Human Resources (Passed through Hazardous Materials Institute)   | 621                                | 75,586 **   | 3,693,687                  |
| 47.078   | Polar Programs   | 620                                | 103,322 **  | 103,322                    |
| 47.000   | Other Federal Assistance:  |                                    |   |                            |
|  | Unknown Title  | 620                                | 12,326 **   |                            |
|  | Unknown Title (Passed through American Association Advancement Science; Geochemistry)  | 620                                | 3,780 **  |                            |
|  | Unknown Title (Passed through Cornell University; Market Interactions, Control Large Scale Power) (\$16,118 provided to subrecipients) | 620                                | 61,922 **   |                            |
|  | Unknown Title (Passed through RJ Lee Group; H22032)  | 620                                | 4,007 **  |                            |
|  | Unknown Title (Passed through University of Missouri; S53417664606560)   | 620                                | 84,780 **   | 166,815                    |
|  | Total National Science Foundation  |                                    | 26,279,892  | 26,279,892                 |

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|---|---|------------------------------------|---|----------------------------|
| <u>U.S. Small Business Administration</u>   |   |                                    |   |                            |
| 59.037                                      | Small Business Development Center (\$2,002,933 provided to subrecipients)   | 620                                | 2,191,677 **  | 2,191,677                  |
| 59.000                                      | Other Federal Assistance:   |                                    |   |                            |
|   | Unknown Title   | 620                                | 167,068 **  |                            |
|   | Unknown Title (Passed through Institute for Social and Economic Development; 2003ED10S13)                             | 620                                | 17,645 **   |                            |
|   | Iowa Women's Enterprise Center (Passed through Institute for Social and Economic Development)                         | 621                                | 32,306 **   | 217,019                    |
|   | Total U.S. Small Business Administration  |                                    | <u>2,408,696</u>  | <u>2,408,696</u>           |
| <u>U.S. Department of Veterans' Affairs</u> |   |                                    |   |                            |
| 64.005                                      | Grants to States for Construction of State Home Facilities  | 672                                | 2,203,592   | 2,203,592                  |
| 64.014                                      | Veterans State Domiciliary Care   | 671                                | 756,732   | 756,732                    |
| 64.015                                      | Veterans State Nursing Home Care  | 671                                | 10,464,124  | 10,464,124                 |
| 64.016                                      | Veterans State Hospital Care  | 671                                | 321,910   | 321,910                    |
| 64.000                                      | Other Federal Assistance:   |                                    |   |                            |
|   | Unknown Title   | 620                                | 59,748 **   | 59,748                     |
|   | Total U.S. Department of Veterans' Affairs  |                                    | <u>13,806,106</u>                                       | <u>13,806,106</u>          |
| <u>Environmental Protection Agency</u>      |   |                                    |   |                            |
| 66.001                                      | Air Pollution Control Program Support   | 542                                | 720,511   | 720,511                    |
| 66.032                                      | State Indoor Radon Grants (\$205,254 provided to subrecipients)   | 588                                | 377,265   | 377,265                    |
| 66.419                                      | Water Pollution Control - State and Interstate Program Support  | 542                                | 2,665,973   | 2,665,973                  |
| 66.432                                      | State Public Water System Supervision   | 542                                | 1,255,400   | 1,255,400                  |
| 66.454                                      | Water Quality Management Planning   | 542                                | 153,123   | 153,123                    |
| 66.458                                      | Capitalization Grants for State Revolving Funds (\$22,803,648 provided to subrecipients)                              | 542                                | 27,319,992  | 27,319,992                 |
| 66.460                                      | Nonpoint Source Implementation Grants   | 542                                | 3,495,345   | 3,495,345                  |
| 66.461                                      | Wetlands Grants   | 009                                | 42,237  | 42,237                     |
| 66.463                                      | Water Quality Cooperative Agreements  | 619                                | 4,016 **  |                            |
| 66.463                                      | Water Quality Cooperative Agreements  | 620                                | 51,759 **   | 55,775                     |
| 66.468                                      | Capitalization Grants for Drinking Water State Revolving Fund (\$21,364,569 provided to subrecipients)                | 542                                | 22,109,395  | 22,109,395                 |
| 66.470                                      | Hardship Grants Program for Rural Communities   | 542                                | 52,337  | 52,337                     |
| 66.474                                      | Water Protection Coordination Grants to States  | 542                                | 65,086  | 65,086                     |
| 66.500                                      | Environmental Protection Consolidated Research  | 542                                | 126,500   |                            |
| 66.500                                      | Environmental Protection Consolidated Research (\$209,140 provided to subrecipients)                                  | 619                                | 1,029,190 **  |                            |
| 66.500                                      | Environmental Protection Consolidated Research (Passed through Battelle Memorial Institute; 155174-1)                 | 619                                | 151,990 **  |                            |
| 66.500                                      | Environmental Protection Consolidated Research (Passed through New York University; 02-230)                           | 619                                | 30,571 **   |                            |
| 66.500                                      | Environmental Protection Consolidated Research (Passed through University of Missouri; 02102041-3)                    | 619                                | 152,968 **  |                            |
| 66.500                                      | Environmental Protection Consolidated Research  | 620                                | 6,625 **  |                            |
| 66.500                                      | Environmental Protection Consolidated Research (Passed through Consortium Plant Biotech and Research; EPA82947901147) | 620                                | 30,504 **   |                            |
| 66.500                                      | Environmental Protection Consolidated Research (Passed through Council of State Government; River Ecology)            | 620                                | 5,797 **  |                            |

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|--|---|------------------------------------|---|----------------------------|
| <u>Environmental Protection Agency (continued)</u> |   |                                    |   |                            |
| 66.500   | Environmental Protection Consolidated Research (Passed through Oregon State University; E0101AB)  | 620                                | 20,849 **   |                            |
| 66.500   | Environmental Protection Consolidated Research (Passed through University of Maryland; Z957801)   | 620                                | 11,662 **   |                            |
| 66.500   | Environmental Protection Consolidated Research (Passed through University of Missouri; C532201 Lorimor, 001187918, C532201 IA-2002-04, 001187919) | 620                                | 88,455 **   | 1,655,111                  |
| 66.509   | Science To Achieve Results (STAR) Program   | 620                                | 14,566 **   | 14,566                     |
| 66.605   | Performance Partnership Grants  | 542                                | 486,944   | 486,944                    |
| 66.606   | Surveys, Studies, Investigations and Special Purpose Grants   | 542                                | 1,120,820   |                            |
| 66.606   | Surveys, Studies, Investigations and Special Purpose Grants (\$42,044 provided to subrecipients)  | 620                                | 1,205,378 **  |                            |
| 66.606   | Surveys, Studies, Investigations and Special Purpose Grants (\$40,901 provided to subrecipients)  | 621                                | 1,249,853 **  | 3,576,051                  |
| 66.651   | Innovative Community Partnership  | 542                                | 113,250   | 113,250                    |
| 66.700   | Consolidated Pesticide Enforcement Cooperative Agreements   | 009                                | 874,716   |                            |
| 66.700   | Consolidated Pesticide Enforcement Cooperative Agreements (Passed through Missouri Department of Agriculture; AOC4000466)                         | 619                                | 67,188 **   |                            |
| 66.700   | Consolidated Pesticide Enforcement Cooperative Agreements (Passed through Nebraska Department of Agriculture; 18-04-009)                          | 619                                | 24,551 **   | 966,455                    |
| 66.701   | Toxic Substances Compliance Monitoring Cooperative Agreements   | 588                                | 175,708   | 175,708                    |
| 66.707   | TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals (\$12,067 provided to subrecipients)                            | 588                                | 460,671   | 460,671                    |
| 66.708   | Pollution Prevention Grants Program   | 542                                | 92,388  |                            |
| 66.708   | Pollution Prevention Grants Program (\$7,166 provided to subrecipients)   | 621                                | 110,297 **  | 202,685                    |
| 66.709   | Capacity Building Grants and Cooperative Agreements for States and Tribes   | 542                                | 11,548  | 11,548                     |
| 66.802   | Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements   | 542                                | 134,301   |                            |
| 66.802   | Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements   | 588                                | 42,475  | 176,776                    |
| 66.804   | State and Tribal Underground Storage Tanks Program  | 542                                | 228,018   | 228,018                    |
| 66.805   | Leaking Underground Storage Tank - Trust Fund   | 542                                | 1,225,991   | 1,225,991                  |
| 66.809   | Superfund State and Indian Tribe Core Program - Cooperative Agreements  | 542                                | 251,675   | 251,675                    |
| 66.810   | CEPP Technical Assistance Grants Program  | 583                                | 4,912   | 4,912                      |
| 66.951   | Environmental Education Grants  | 620                                | 21,721 **   | 21,721                     |
| 66.000   | Other Federal Assistance:   |                                    |   |                            |
|  | Unknown Title   | 542                                | 333,258   |                            |
|  | Unknown Title   | 620                                | 13,621 **   | 346,879                    |
|  | Total Environmental Protection Agency   |                                    | 68,231,400  | 68,231,400                 |
| <u>U.S. Department of Energy</u>                   |   |                                    |   |                            |
| 81.041   | State Energy Program (\$63,790 provided to subrecipients)   | 542                                | 1,035,578   | 1,035,578                  |
| 81.042   | Weatherization Assistance for Low-Income Persons (\$4,337,722 provided to subrecipients)  | 379                                | 4,886,581   | 4,886,581                  |
| 81.049   | Office of Science Financial Assistance Program  | 619                                | 2,054,297 **  |                            |
| 81.049   | Office of Science Financial Assistance Program (Passed through Chariton Valley Resource Conservation and Development; DEFC36-96GO10148)           | 619                                | 61,154 **   |                            |
| 81.049   | Office of Science Financial Assistance Program (Passed through Ohio State University; RF00904756)   | 619                                | 81,645 **   |                            |

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|--|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Energy (continued)</u> |  |                                    |   |                            |
| 81.049                                       | Office of Science Financial Assistance Program (Passed through Universities Research Association, Inc.; 510438)                      | 619                                | 1,223,926 **  |                            |
| 81.049                                       | Office of Science Financial Assistance Program (Passed through University of Medicine and Dentistry of New Jersey; DEFG02-02ER63447) | 619                                | 47,774 **   |                            |
| 81.049                                       | Office of Science Financial Assistance Program   | 620                                | 2,501,451 **  |                            |
| 81.049                                       | Office of Science Financial Assistance Program (Passed through Harvard University; SV272005)   | 620                                | 25,826 **   |                            |
| 81.049                                       | Office of Science Financial Assistance Program (Passed through University of California; 372432241)                                  | 620                                | 2,820 **  |                            |
| 81.049                                       | Office of Science Financial Assistance Program (Passed through University of Illinois; 03264)  | 620                                | 44,540 **   |                            |
| 81.049                                       | Office of Science Financial Assistance Program (Passed through Value Recovery; Computational Fluid)                                  | 620                                | 17,123 **   | 6,060,556                  |
| 81.057                                       | University Coal Research (\$40,347 provided to subrecipients)  | 620                                | 250,402 **  | 250,402                    |
| 81.079                                       | Regional Biomass Energy Programs   | 542                                | 15,020  |                            |
| 81.079                                       | Regional Biomass Energy Programs   | 619                                | 319,341 **  |                            |
| 81.079                                       | Regional Biomass Energy Programs (Passed through Argonne National Lab (DOE); 1F01631)  | 620                                | 49,277 **   |                            |
| 81.079                                       | Regional Biomass Energy Programs (Passed through National Renewable Energy Lab; AC023105601) (\$30,355 provided to subrecipients)    | 620                                | 131,135 **  | 514,773                    |
| 81.086                                       | Conservation Research and Development  | 619                                | 298,222 **  |                            |
| 81.086                                       | Conservation Research and Development (\$97,662 provided to subrecipients)   | 620                                | 678,821 **  |                            |
| 81.086                                       | Conservation Research and Development (Passed through Cargill Dow; DEF0703ID14216)   | 620                                | 55,287 **   |                            |
| 81.086                                       | Conservation Research and Development (Passed through University of Alabama; DEFC0702ID14229)  | 620                                | 61,730 **   |                            |
| 81.086                                       | Conservation Research and Development (Passed through Virginia Tech; CR19223429164)  | 620                                | 28,003 **   | 1,122,063                  |
| 81.087                                       | Renewable Energy Research and Development (\$59,705 provided to subrecipients)   | 620                                | 632,860 **  |                            |
| 81.087                                       | Renewable Energy Research and Development (Passed through Alliant Energy; B27562)  | 620                                | 74,816 **   |                            |
| 81.087                                       | Renewable Energy Research and Development (Passed through National Renewable Energy Lab; XDJ23063032)                                | 620                                | 141,785 **  |                            |
| 81.087                                       | Renewable Energy Research and Development (Passed through Consortium Plant Biotech and Research; OR22072119, G012026158)             | 620                                | 107 **  | 849,568                    |
| 81.089                                       | Fossil Energy Research and Development   | 620                                | 101,879 **  |                            |
| 81.089                                       | Fossil Energy Research and Development (Passed through Michigan Technology University; 010331Z2)                                     | 620                                | 24,692 **   | 126,571                    |
| 81.108                                       | Epidemiology and Other Health Studies Financial Assistance Program   | 619                                | 665,953 **  | 665,953                    |
| 81.117                                       | Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance               | 542                                | 50,696  |                            |
| 81.117                                       | Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance               | 620                                | 34,553 **   | 85,249                     |
| 81.119                                       | State Energy Program Special Projects  | 542                                | 376,378   | 376,378                    |
| 81.000                                       | Other Federal Assistance:  |                                    |   |                            |
|  | Petroleum Violation Escrow Funds   | 542                                | 218,522   |                            |
|  | Unknown Title (\$53,906 provided to subrecipients)   | 620                                | 501,868 **  |                            |

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|--|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Energy (continued)</u> |  |                                    |   |                            |
|  | Unknown Title (Passed through Air Conditioning and Refrigeration Technical Institute; 61020060)  | 620                                | 23,724 **   |                            |
|  | Unknown Title (Passed through Air Products and Chemical, Inc.; 81347P)   | 620                                | 1,316 **  |                            |
|  | Unknown Title (Passed through Argonne National Lab (DOE); 1B00041)   | 620                                | 32,172 **   |                            |
|  | Unknown Title (Passed through Brookhaven National Lab; 736927, 51715, 60072, 6747)   | 620                                | 56,799 **   |                            |
|  | Unknown Title (Passed through Chariton Valley Resource Conservation and Development, Inc.; Biomass, Ottumwa Generating Station, Gasification Technologies in Support of Biomass Power, Soil Carbon and Quality, Cool Season Grasslands, Switchgrass Disease Management, Site Specific Managment Biomass) | 620                                | 242,727 **  |                            |
|  | Unknown Title (Passed through Community Power Corporation; Fluid Bed Gasification)   | 620                                | 15,400 **   |                            |
|  | Unknown Title (Passed through Honeywell; 0000031557)   | 620                                | 14,904 **   |                            |
|  | Unknown Title (Passed through Idaho National Engineering Environmental Lab; 00008454)  | 620                                | 45,071 **   |                            |
|  | Unknown Title (Passed through Krell Institute; DOE Computational Science)  | 620                                | 28,691 **   |                            |
|  | Unknown Title (Passed through Molecular Express Inc.; 0232)  | 620                                | 28,724 **   |                            |
|  | Unknown Title (Passed through Nanomaterials Research Corporation; Real Time Gas Composition)   | 620                                | 11,509 **   |                            |
|  | Unknown Title (Passed through National Renewable Energy Lab; ACQ13061902, AAA13146201, ACQ23260601, ADH23200501, ACQ13061908, ACG81806601)   | 620                                | 178,031 **  |                            |
|  | Unknown Title (Passed through Oli Systems; Optimization Tools)   | 620                                | 132,562 **  |                            |
|  | Unknown Title (Passed through Pacific Northwest National Lab; 5864)  | 620                                | 16,586 **   |                            |
|  | Unknown Title (Passed through University City Science Center; DEFC0197EE41319)   | 620                                | 125,983 **  |                            |
|  | Unknown Title (Passed through University of Florida; SC01057112)   | 620                                | 40,836 **   |                            |
|  | Unknown Title (Passed through University of Nebraska; 2662237230007)   | 620                                | 55,118 **   |                            |
|  | Unknown Title (Passed through Value Recovery, Inc; Novel Taylor Vortex)  | 620                                | 200 **  |                            |
|  | Unknown Title (Passed through Westinghouse; AB86159N)  | 620                                | 14,479 **   | 1,785,222                  |
|  | Total U.S. Department of Energy  |                                    | 17,758,894  | 17,758,894                 |
| <u>Federal Emergency Management Agency</u>   |  |                                    |   |                            |
| 83.011                                       | Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986 (\$32 provided to subrecipients)   | 583                                | 94  | 94                         |
| 83.105                                       | Community Assistance Program - State Support Services Element (CAP-SSSE)   | 542                                | 62,380  | 62,380                     |
| 83.536                                       | Flood Mitigation Assistance (\$207,265 provided to subrecipients)  | 583                                | 222,672   | 222,672                    |
| 83.541                                       | Disaster Unemployment Assistance   | 309                                | 53,879  | 53,879                     |
| 83.543                                       | Individual and Family Grants   | 401                                | 342,082   | 342,082                    |
| 83.544                                       | Public Assistance Grants   | 542                                | 9,403   |                            |
| 83.544                                       | Public Assistance Grants (\$6,152,626 provided to subrecipients)   | 583                                | 6,434,026   | 6,443,429                  |

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|--|---|------------------------------------|---|----------------------------|
| <u>Federal Emergency Management Agency (continued)</u> |   |                                    |   |                            |
| 83.548   | Hazard Mitigation Grant (\$4,699,207 provided to subrecipients)   | 583                                | 5,083,740   | 5,083,740                  |
| 83.550   | National Dam Safety Program   | 542                                | 65,760  | 65,760                     |
| 83.552   | Emergency Management Performance Grants (\$1,019,005 provided to subrecipients)                               | 583                                | 2,414,911   | 2,414,911                  |
| 83.557   | Pre-Disaster Mitigation (\$19,031 provided to subrecipients)  | 583                                | 53,313  | 53,313                     |
| 83.562   | State and Local All Hazards Emergency Operations Planning (\$218,254 provided to subrecipients)               | 583                                | 299,097   | 299,097                    |
| 83.563   | Emergency Operations Centers (\$50,823 provided to subrecipients)   | 583                                | 65,213  | 65,213                     |
| 83.564   | Citizens Corps (\$9,347 provided to subrecipients)  | 583                                | 11,434  | 11,434                     |
|  | Total Federal Emergency Management Agency   |                                    | 15,118,004  | 15,118,004                 |
| <u>U.S. Department of Education</u>                    |   |                                    |   |                            |
| 84.002   | Adult Education - State Grant Program (\$3,729,337 provided to subrecipients)                                 | 282                                | 4,095,988   | 4,095,988                  |
| 84.007   | Federal Supplemental Educational Opportunity Grants   | 619                                | 570,168 *   |                            |
| 84.007   | Federal Supplemental Educational Opportunity Grants   | 620                                | 684,941 *   |                            |
| 84.007   | Federal Supplemental Educational Opportunity Grants   | 621                                | 466,889 *   | 1,721,998                  |
| 84.010   | Title I Grants to Local Educational Agencies (\$56,928,460 provided to subrecipients)                         | 282                                | 57,663,937  | 57,663,937                 |
| 84.011   | Migrant Education - State Grant Program (\$1,606,478 provided to subrecipients)                               | 282                                | 1,732,716   | 1,732,716                  |
| 84.013   | Title I Program for Neglected and Delinquent Children (\$411,506 provided to subrecipients)                   | 282                                | 411,506   | 411,506                    |
| 84.015   | National Resource Centers and Fellowships Program for Language and Area or Language and International Studies | 619                                | 320,215 **  | 320,215                    |
| 84.016   | Undergraduate International Studies and Foreign Language Programs (\$23,576 provided to subrecipients)        | 619                                | 132,629 **  | 132,629                    |
| 84.017   | International Research and Studies  | 620                                | 75,477 **   | 75,477                     |
| 84.019   | International: Overseas - Faculty Research Abroad   | 619                                | 13,699 **   | 13,699                     |
| 84.021   | International: Overseas - Group Projects Abroad   | 619                                | 16,249 **   |                            |
| 84.021   | International: Overseas - Group Projects Abroad   | 621                                | 52,585  | 68,834                     |
| 84.022   | International: Overseas - Doctoral Dissertation   | 619                                | 8,467 **  | 8,467                      |
| 84.027   | Special Education - Grants to States (\$75,330,004 provided to subrecipients)                                 | 282                                | 80,437,395  | 80,437,395                 |
| 84.032   | Federal Family Education Loans  | 284                                | 17,456,062 *  | 17,456,062                 |
| 84.033   | Federal Work - Study Program  | 619                                | 1,566,277 *   |                            |
| 84.033   | Federal Work - Study Program  | 620                                | 2,292,992 *   |                            |
| 84.033   | Federal Work - Study Program  | 621                                | 711,786 *   | 4,571,055                  |
| 84.038   | Federal Perkins Loan Program - Federal Capital Contributions  | 619                                | 5,409,013 *   |                            |
| 84.038   | Federal Perkins Loan Program - Federal Capital Contributions  | 620                                | 4,310,305 *   |                            |
| 84.038   | Federal Perkins Loan Program - Federal Capital Contributions  | 621                                | 237,917 *   | 9,957,235                  |
| 84.042   | TRIO - Student Support Services   | 619                                | 318,955   |                            |
| 84.042   | TRIO - Student Support Services   | 620                                | 292,258   |                            |
| 84.042   | TRIO - Student Support Services   | 621                                | 418,939   | 1,030,152                  |
| 84.044   | TRIO - Talent Search  | 620                                | 272,411   |                            |
| 84.044   | TRIO - Talent Search  | 621                                | 340,780   | 613,191                    |
| 84.047   | TRIO - Upward Bound   | 619                                | 412,725   |                            |
| 84.047   | TRIO - Upward Bound   | 620                                | 212,568   |                            |
| 84.047   | TRIO - Upward Bound   | 621                                | 622,334   | 1,247,627                  |



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|---|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Education (continued)</u> |  |                                    |   |                            |
| 84.048  | Vocational Education - Basic Grants to States (\$11,549,744 provided to subrecipients)   | 282                                | 13,203,938  |                            |
| 84.048  | Vocational Education - Basic Grants to States (Passed through Iowa Western Community College)  | 618                                | 457   | 13,204,395                 |
| 84.051  | Vocational Education - National Centers for Career and Technical Education   | 282                                | 16,878  | 16,878                     |
| 84.063  | Federal Pell Grant Program   | 619                                | 8,002,918 *   |                            |
| 84.063  | Federal Pell Grant Program   | 620                                | 13,004,074 *  |                            |
| 84.063  | Federal Pell Grant Program   | 621                                | 7,331,000 *   | 28,337,992                 |
| 84.066  | TRIO - Educational Opportunity Centers   | 621                                | 386,425   | 386,425                    |
| 84.069  | Leveraging Educational Assistance Partnership  | 284                                | 322,339   |                            |
| 84.069  | Leveraging Educational Assistance Partnership (Passed through District of Columbia)  | 619                                | 28,911 **   | 351,250                    |
| 84.116  | Fund for the Improvement of Postsecondary Education  | 284                                | 140,119   |                            |
| 84.116  | Fund for the Improvement of Postsecondary Education  | 619                                | 9,318 **  |                            |
| 84.116  | Fund for the Improvement of Postsecondary Education (Passed through University of Maryland; 220)   | 619                                | 2,855 **  |                            |
| 84.116  | Fund for the Improvement of Postsecondary Education (\$14,640 provided to subrecipients)   | 620                                | 68,549 **   |                            |
| 84.116  | Fund for the Improvement of Postsecondary Education (Passed through Ohio University; UT10386)  | 620                                | 6,171 **  |                            |
| 84.116  | Fund for the Improvement of Postsecondary Education (Passed through University of Georgia; RH709005/3582667)   | 620                                | 23,585 **   |                            |
| 84.116  | Fund for the Improvement of Postsecondary Education (Passed through University of Nebraska; 2463260131003)   | 620                                | 2,105 **  |                            |
| 84.116  | Fund for the Improvement of Postsecondary Education  | 621                                | 201,136 **  | 453,838                    |
| 84.126  | Rehabilitation Services - Vocational Rehabilitation Grants to States   | 131                                | 5,593,973   |                            |
| 84.126  | Rehabilitation Services - Vocational Rehabilitation Grants to States (\$1,240,169 provided to subrecipients)   | 283                                | 20,701,606  | 26,295,579                 |
| 84.129  | Rehabilitation Long-Term Training  | 619                                | 105,881 **  | 105,881                    |
| 84.132  | Centers for Independent Living (Passed through South Central Iowa Center for Independent Living)   | 619                                | 2,532 **  | 2,532                      |
| 84.133  | National Institute on Disability and Rehabilitation Research   | 131                                | 281,012   |                            |
| 84.133  | National Institute on Disability and Rehabilitation Research (\$248,616 provided to subrecipients)   | 619                                | 906,034 **  |                            |
| 84.133  | National Institute on Disability and Rehabilitation Research (Passed through Georgia Institute of Technology; K-10-826-G6)   | 619                                | 117,066 **  |                            |
| 84.133  | National Institute on Disability and Rehabilitation Research (Passed through University of Missouri; CG005119)   | 619                                | 87,726 **   | 1,391,838                  |
| 84.153  | Business and International Education Projects  | 619                                | 57,820 **   | 57,820                     |
| 84.154  | Public Library Construction and Technology Enhancement   | 282                                | 13,088  | 13,088                     |
| 84.160  | Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind (Passed through Regional Interpreter Training Partnership; Johnson County Community College) | 379                                | 7,450   | 7,450                      |
| 84.161  | Rehabilitation Services - Client Assistance Program  | 379                                | 123,691   | 123,691                    |
| 84.169  | Independent Living - State Grants  | 131                                | 39,065  |                            |
| 84.169  | Independent Living - State Grants  | 283                                | 228,917   | 267,982                    |
| 84.170  | Javits Fellowships   | 619                                | 13,857 **   | 13,857                     |
| 84.173  | Special Education - Preschool Grants (\$3,684,756 provided to subrecipients)   | 282                                | 4,004,568   | 4,004,568                  |
| 84.177  | Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind  | 131                                | 273,035   | 273,035                    |
| 84.181  | Special Education - Grants for Infants and Families with Disabilities (\$2,576,083 provided to subrecipients)  | 282                                | 3,587,981   | 3,587,981                  |

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| CFDA<br>Number                                  | Federal Department / Program name   | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|---|------------------------------------|---|----------------------------|
| <u>U.S. Department of Education (continued)</u> |   |                                    |   |                            |
| 84.184  | Safe and Drug-Free Schools and Communities - National Programs (\$51,329 provided to subrecipients)   | 282                                | 51,329  |                            |
| 84.184  | Safe and Drug-Free Schools and Communities - National Programs (Passed through Child and Family Policy)   | 619                                | 15,380 **   |                            |
| 84.184  | Safe and Drug-Free Schools and Communities - National Programs (Passed through Des Moines Public Schools; Safe Schools, Middle School Prevention) | 620                                | 3,638 **  |                            |
| 84.184  | Safe and Drug-Free Schools and Communities - National Programs (Passed through Sioux Central Community School; Healthy Choices)                   | 620                                | 9,999 **  |                            |
| 84.184  | Safe and Drug-Free Schools and Communities - National Programs (Passed through Washington Community School District; Reconnecting Families)       | 620                                | 21,700 **   | 102,046                    |
| 84.185  | Byrd Honors Scholarships (\$411,000 provided to subrecipients)  | 282                                | 411,000   | 411,000                    |
| 84.186  | Safe and Drug-Free Schools and Communities - State Grants (\$2,315,494 provided to subrecipients)   | 282                                | 2,571,335   |                            |
| 84.186  | Safe and Drug-Free Schools and Communities - State Grants (\$573,422 provided to subrecipients)   | 588                                | 732,352   | 3,303,687                  |
| 84.187  | Supported Employment Services for Individuals with Severe Disabilities  | 131                                | 85,333  |                            |
| 84.187  | Supported Employment Services for Individuals with Severe Disabilities  | 283                                | 267,384   | 352,717                    |
| 84.194  | Bilingual Education Support Services  | 282                                | 13,485  | 13,485                     |
| 84.195  | Bilingual Education - Professional Development  | 621                                | 185,940   | 185,940                    |
| 84.196  | Education for Homeless Children and Youth (\$256,675 provided to subrecipients)   | 282                                | 369,553   | 369,553                    |
| 84.200  | Graduate Assistance in Areas of National Need   | 619                                | 326,571 **  | 326,571                    |
| 84.203  | Star Schools  | 285                                | 823,615   | 823,615                    |
| 84.213  | Even Start - State Educational Agencies (\$1,267,961 provided to subrecipients)   | 282                                | 1,317,689   | 1,317,689                  |
| 84.215  | Fund for the Improvement of Education (\$8,131,660 provided to subrecipients)   | 282                                | 8,333,827   |                            |
| 84.215  | Fund for the Improvement of Education   | 284                                | 610,286   |                            |
| 84.215  | Fund for the Improvement of Education   | 285                                | 2,382,257   |                            |
| 84.215  | Fund for the Improvement of Education (\$313,100 provided to subrecipients)   | 619                                | 845,174 **  |                            |
| 84.215  | Fund for the Improvement of Education (Passed through Washington Community Schools)   | 619                                | 47,774 **   |                            |
| 84.215  | Fund for the Improvement of Education   | 620                                | 141,552 **  |                            |
| 84.215  | Fund for the Improvement of Education (Passed through Des Moines Public Schools; Physical Education Program)                                      | 620                                | 29,541 **   |                            |
| 84.215  | Fund for the Improvement of Education (Passed through Iowa Association of School Boards; Evaluation of Lighthouse)                                | 620                                | 14,933 **   |                            |
| 84.215  | Fund for the Improvement of Education   | 621                                | 707,233 **  |                            |
| 84.215  | Fund for the Improvement of Education (Passed through SW Texas State University)  | 621                                | 113,114 **  | 13,225,691                 |
| 84.217  | TRIO - McNair Post-Baccalaureate Achievement  | 620                                | 258,481   | 258,481                    |
| 84.220  | Centers for International Business Education (Passed through University of Kansas; FY2003081)   | 620                                | 276 **  | 276                        |
| 84.224  | Assistive Technology (\$159,699 provided to subrecipients)  | 619                                | 406,320 **  | 406,320                    |
| 84.229  | Language Resource Centers (\$75,070 provided to subrecipients)  | 620                                | 362,508 **  |                            |
| 84.229  | Language Resource Centers (Passed through Wyflex Project; Wyoming Foreign Language)   | 620                                | 1,574 **  | 364,082                    |
| 84.235  | Rehabilitation Services Demonstration and Training - Special Demonstration Programs   | 283                                | 595,959   | 595,959                    |

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|---|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Education (continued)</u> |  |                                    |   |                            |
| 84.243  | Tech-Prep Education (\$1,360,964 provided to subrecipients)  | 282                                | 1,404,414   | 1,404,414                  |
| 84.264  | Rehabilitation Training - Continuing Education (Passed through University of Missouri; 01105261-1)   | 619                                | 23,503 **   | 23,503                     |
| 84.265  | Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training   | 131                                | 24,980  |                            |
| 84.265  | Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training   | 283                                | 66,879  | 91,859                     |
| 84.268  | Federal Direct Student Loans   | 619                                | 115,733,028 *   |                            |
| 84.268  | Federal Direct Student Loans   | 620                                | 77,970,129 *  |                            |
| 84.268  | Federal Direct Student Loans   | 621                                | 50,055,968 *  | 243,759,125                |
| 84.276  | Goals 2000 - State and Local Education Systemic Improvement Grants (\$655,588 provided to subrecipients)   | 282                                | 680,113   | 680,113                    |
| 84.281  | Eisenhower Professional Development State Grants   | 282                                | 188,652   |                            |
| 84.281  | Eisenhower Professional Development State Grants   | 615                                | 621,036   | 809,688                    |
| 84.286  | Ready to Change (Passed through Public Broadcasting Service)   | 285                                | 43,491  | 43,491                     |
| 84.287  | Twenty-First Century Community Learning Centers  | 282                                | 88,496  |                            |
| 84.287  | Twenty-First Century Community Learning Centers (Passed through Waterloo Community Schools)  | 621                                | 133,025 **  | 221,521                    |
| 84.295  | Ready-To-Learn Television (Passed through Public Broadcasting Service)   | 285                                | 46,219  | 46,219                     |
| 84.298  | Innovative Education Program Strategies (\$3,201,205 provided to subrecipients)  | 282                                | 3,635,878   | 3,635,878                  |
| 84.303  | Technology Innovation Challenge Grants   | 282                                | 821,264   |                            |
| 84.303  | Technology Innovation Challenge Grants (Passed through Educational Service Unit #5; R303A70603) (\$8,090 provided to subrecipients)                                  | 620                                | 47,513 **   | 868,777                    |
| 84.305  | National Institute on Student Achievement, Curriculum, and Assessment (Passed through University of Wisconsin; 255G824 144-KQ38)                                     | 619                                | 7,153 **  | 7,153                      |
| 84.318  | Technology Literacy Challenge Fund Grants (\$3,219,225 provided to subrecipients)  | 282                                | 3,359,146   | 3,359,146                  |
| 84.323  | Special Education - State Program Improvement Grants for Children with Disabilities (\$1,275,052 provided to subrecipients)  | 282                                | 1,679,957   | 1,679,957                  |
| 84.324  | Special Education - Research and Innovation to Improve Services and Results for Children with Disabilities (Passed through University of Missouri; GC0050863)        | 620                                | 63,002 **   |                            |
| 84.324  | Special Education - Research and Innovation to Improve Services and Results for Children with Disabilities   | 621                                | 388,326 **  |                            |
| 84.324  | Special Education - Research and Innovation to Improve Services and Results for Children with Disabilities (Passed through University of Kansas Center for Research) | 621                                | 58,845 **   | 510,173                    |
| 84.325  | Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities   | 619                                | 213,702 **  |                            |
| 84.325  | Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities   | 621                                | 208,166 **  |                            |
| 84.325  | Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities (Passed through Xavier University)                          | 621                                | 22,403  | 444,271                    |
| 84.326  | Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities (\$64,516 provided to subrecipients)       | 282                                | 157,990   | 157,990                    |
| 84.329  | Special Education - Studies and Evaluations (Passed through Colorado State University; P310619)  | 620                                | 1,741 **  | 1,741                      |
| 84.330  | Advanced Placement Program (\$8,950 provided to subrecipients)   | 282                                | 126,902   | 126,902                    |
| 84.331  | Grants to States for Incarcerated Youth Offenders  | 252                                | 139,805   | 139,805                    |

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|---|---|------------------------------------|---|----------------------------|
| <u>U.S. Department of Education (continued)</u>     |   |                                    |   |                            |
| 84.332  | Comprehensive School Reform Demonstration (\$1,804,873 provided to subrecipients)                               | 282                                | 1,967,280   | 1,967,280                  |
| 84.334  | Gaining Early Awareness and Readiness for Undergraduate Programs  | 621                                | 358,120 **  | 358,120                    |
| 84.335  | Child Care Access Means Parents in School (\$40,914 provided to subrecipients)                                  | 619                                | 50,495 **   |                            |
| 84.335  | Child Care Access Means Parents in School (\$101,180 provided to subrecipients)                                 | 620                                | 109,278 **  |                            |
| 84.335  | Child Care Access Means Parents in School   | 621                                | 28,099  | 187,872                    |
| 84.336  | Teacher Quality Enhancement Grants (Passed through Western Kentucky University)                                 | 621                                | 209,522 **  | 209,522                    |
| 84.338  | Reading Excellence (\$2,210,000 provided to subrecipients)  | 282                                | 2,305,643   | 2,305,643                  |
| 84.339  | Learning Anytime Anywhere Partnerships (\$195,181 provided to subrecipients)                                    | 619                                | 364,925 **  |                            |
| 84.339  | Learning Anytime Anywhere Partnerships  | 620                                | 254,092 **  |                            |
| 84.339  | Learning Anytime Anywhere Partnerships (Passed through Kansas State University; S01022)                         | 620                                | 14,459 **   | 633,476                    |
| 84.342  | Preparing Tomorrow's Teachers to Use Technology   | 620                                | 229,240 **  |                            |
| 84.342  | Preparing Tomorrow's Teachers to Use Technology (Passed through McSquared Inc.; MC20018)                        | 620                                | 13,734 **   |                            |
| 84.342  | Preparing Tomorrow's Teachers to Use Technology (Passed through University of Cincinnati; OSP01113)             | 620                                | 9,216 **  |                            |
| 84.342  | Preparing Tomorrow's Teachers to Use Technology (Passed through University of Florida; UF01037)                 | 620                                | 18,477 **   |                            |
| 84.342  | Preparing Tomorrow's Teachers to Use Technology (Passed through University of Virginia; Digital Resource Teams) | 620                                | 39,362 **   |                            |
| 84.342  | Preparing Tomorrow's Teachers to Use Technology (\$75,844 provided to subrecipients)                            | 621                                | 220,700 **  | 530,729                    |
| 84.343  | Assistive Technology - State Grants for Protection and Advocacy (\$6,019 provided to subrecipients)             | 619                                | 46,000 **   | 46,000                     |
| 84.346  | Occupational and Employment Information State Grants  | 282                                | 158,580   | 158,580                    |
| 84.348  | Title I Accountability Grants   | 282                                | 464,871   | 464,871                    |
| 84.352  | School Renovation Grants (\$3,452,673 provided to subrecipients)  | 282                                | 3,474,527   | 3,474,527                  |
| 84.357  | Reading First State Grants (\$4,231,956 provided to subrecipients)  | 282                                | 4,494,404   | 4,494,404                  |
| 84.358  | Rural Education Achievement Program (\$245,454 provided to subrecipients)                                       | 282                                | 245,454   | 245,454                    |
| 84.365  | English Language Acquisition Grants (\$1,415,966 provided to subrecipients)                                     | 282                                | 1,547,288   | 1,547,288                  |
| 84.367  | Improving Teacher Quality State Grants (\$20,683,069 provided to subrecipients)                                 | 282                                | 20,941,188  | 20,941,188                 |
| 84.369  | Grants for State Assessments and Related Activities (\$2,319,345 provided to subrecipients)                     | 282                                | 2,782,271   | 2,782,271                  |
| 84.902  | National Assessment of Educational Programs   | 620                                | 32,701 **   | 32,701                     |
| 84.000  | Other Federal Assistance:   |                                    |   |                            |
|   | American Printing House for the Blind Federal Quota Grant   | 617                                | 7,698   |                            |
|   | Unknown Title (Passed through Westat, Inc.; Education State Services)   | 620                                | 13,667 **   | 21,365                     |
|   | Total U.S. Department of Education  |                                    | 580,924,392   | 580,924,392                |
| <u>National Archives and Records Administration</u> |   |                                    |   |                            |
| 89.003  | National Historical Publications and Records Grants   | 259                                | 3,086   | 3,086                      |
|   | Total National Archives and Records Administration  |                                    | 3,086   | 3,086                      |

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|---|---|------------------------------------|---|----------------------------|
| <u>U.S. Department of Health and Human Services</u> |   |                                    |   |                            |
| 93.003  | Public Health and Social Services Emergency Fund (\$118,928 provided to subrecipients)  | 588                                | 300,061   | 300,061                    |
| 93.041  | Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation                         | 297                                | 58,910  | 58,910                     |
| 93.042  | Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals                                   | 297                                | 122,447   | 122,447                    |
| 93.043  | Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services (\$225,778 provided to subrecipients)       | 297                                | 228,483   | 228,483                    |
| 93.044  | Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers (\$3,860,503 provided to subrecipients)    | 297                                | 4,074,597   | 4,074,597                  |
| 93.045  | Special Programs for the Aging - Title III, Part C - Nutrition Services (\$6,268,863 provided to subrecipients)                                   | 297                                | 6,616,898   | 6,616,898                  |
| 93.048  | Special Programs for the Aging - Title IV - and Title II - Discretionary Projects (\$307,499 provided to subrecipients)                           | 297                                | 1,124,839   |                            |
| 93.048  | Special Programs for the Aging - Title IV - and Title II - Discretionary Projects (\$7,000 provided to subrecipients)                             | 620                                | 74,238 **   | 1,199,077                  |
| 93.052  | National Family Caregiver Support (\$1,663,775 provided to subrecipients)   | 297                                | 1,756,759   | 1,756,759                  |
| 93.103  | Food and Drug Administration - Research   | 427                                | 4,594   |                            |
| 93.103  | Food and Drug Administration - Research   | 619                                | 128,676 **  |                            |
| 93.103  | Food and Drug Administration - Research (Passed through Massachusetts General Hospital; FD-R-001968-01)   | 619                                | 1,920 **  | 135,190                    |
| 93.110  | Maternal and Child Health Federal Consolidated Programs (\$322,578 provided to subrecipients)   | 588                                | 892,255   |                            |
| 93.110  | Maternal and Child Health Federal Consolidated Programs (\$9,398 provided to subrecipients)   | 619                                | 924,059 **  |                            |
| 93.110  | Maternal and Child Health Federal Consolidated Programs (Passed through Children's Mercy Hospital; 02-0003, 02-0048)                              | 619                                | 132,492 **  | 1,948,806                  |
| 93.113  | Biological Response to Environmental Health Hazards (\$251,016 provided to subrecipients)   | 619                                | 848,108 **  |                            |
| 93.113  | Biological Response to Environmental Health Hazards (\$56,690 provided to subrecipients)  | 620                                | 858,556 **  | 1,706,664                  |
| 93.115  | Biometry and Risk Estimation - Health Risks from Environmental Exposures  | 619                                | 1,203,915 **  |                            |
| 93.115  | Biometry and Risk Estimation - Health Risks from Environmental Exposures (Passed through University of California San Francisco; UCSF-9000004558) | 619                                | 5,646 **  | 1,209,561                  |
| 93.116  | Project Grants and Cooperative Agreements for Tuberculosis Control Programs (\$436,228 provided to subrecipients)                                 | 588                                | 815,720   | 815,720                    |
| 93.121  | Oral Diseases and Disorders Research (\$1,552,445 provided to subrecipients)  | 619                                | 8,666,710 **  | 8,666,710                  |
| 93.124  | Nurse Anesthetist Traineeships  | 619                                | 15,725 **   | 15,725                     |
| 93.127  | Emergency Medical Services for Children (\$44,305 provided to subrecipients)  | 588                                | 170,281   |                            |
| 93.127  | Emergency Medical Services for Children (\$55,410 provided to subrecipients)  | 619                                | 206,287 **  | 376,568                    |
| 93.130  | Primary Care Services - Resource Coordination and Development (\$67,490 provided to subrecipients)  | 588                                | 303,184   | 303,184                    |
| 93.135  | Centers for Research and Demonstration for Health Promotion and Disease Prevention  | 619                                | 260,466 **  | 260,466                    |
| 93.136  | Injury Prevention and Control Research and State and Community Based Programs (\$425,483 provided to subrecipients)                               | 588                                | 496,453   |                            |

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|---|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Health and Human Services (continued)</u> |  |                                    |   |                            |
| 93.136  | Injury Prevention and Control Research and State and Community Based Programs  | 619                                | 667,762 **  |                            |
| 93.136  | Injury Prevention and Control Research and State and Community Based Programs  | 621                                | 658,417 **  |                            |
| 93.136  | Injury Prevention and Control Research and State and Community Based Programs (Passed through Colorado State University)   | 621                                | 7,231 **  | 1,829,863                  |
| 93.145  | AIDS Education and Training Centers (Passed through University of Illinois at Chicago; 2-5-20728-5611, 2-5-20535-5611)   | 619                                | 112,696 **  | 112,696                    |
| 93.150  | Projects for Assistance in Transition from Homelessness (PATH) (\$271,850 provided to subrecipients)   | 401                                | 271,850   | 271,850                    |
| 93.161  | Health Program for Toxic Substances and Disease Registry   | 588                                | 353,988   |                            |
| 93.161  | Health Program for Toxic Substances and Disease Registry (Passed through Association of Occupational and Environmental Clinics)  | 619                                | 103,339 **  | 457,327                    |
| 93.165  | Grants for State Loan Repayment (\$150,000 provided to subrecipients)  | 588                                | 150,000   |                            |
| 93.165  | Grants for State Loan Repayment  | 619                                | 117,934 **  | 267,934                    |
| 93.172  | Human Genome Research  | 619                                | 78,565 **   |                            |
| 93.172  | Human Genome Research  | 620                                | 168,270 **  | 246,835                    |
| 93.173  | Research Related to Deafness and Communication Disorders (\$595,251 provided to subrecipients)   | 619                                | 7,722,653 **  |                            |
| 93.173  | Research Related to Deafness and Communication Disorders (Passed through American Academy of Otolaryngology; 1U1DC03209)   | 619                                | 6,883 **  |                            |
| 93.173  | Research Related to Deafness and Communication Disorders (Passed through Boy's Town National Research Hospital)  | 619                                | 94,651 **   |                            |
| 93.173  | Research Related to Deafness and Communication Disorders (Passed through Research Triangle Institute; 16132S)  | 619                                | 17,115 **   |                            |
| 93.173  | Research Related to Deafness and Communication Disorders (Passed through Temple University; 36-0915-196)   | 619                                | 69,077 **   |                            |
| 93.173  | Research Related to Deafness and Communication Disorders (Passed through University of Illinois; 02-332) (\$21,896 provided to subrecipients)  | 619                                | 166,926 **  |                            |
| 93.173  | Research Related to Deafness and Communication Disorders (Passed through University of Kansas; FY1999-078)   | 619                                | 18,423 **   |                            |
| 93.173  | Research Related to Deafness and Communication Disorders (Passed through University of Texas; UTA01-511)   | 619                                | 83,229 **   | 8,178,957                  |
| 93.184  | Disabilities Prevention  | 588                                | 22,045  |                            |
| 93.184  | Disabilities Prevention  | 619                                | 365,453 **  | 387,498                    |
| 93.197  | Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children (\$567,225 provided to subrecipients) | 588                                | 730,519   | 730,519                    |
| 93.213  | Research and Training in Complementary and Alternative Medicine (\$56,949 provided to subrecipients)   | 619                                | 341,735 **  |                            |
| 93.213  | Research and Training in Complementary and Alternative Medicine (Passed through Maharishi University of Management; 1PA50AT00082)  | 619                                | 69,235 **   |                            |
| 93.213  | Research and Training in Complementary and Alternative Medicine (Passed through Palmer Chiropractic University; R21AT00676)  | 619                                | 31,146 **   |                            |
| 93.213  | Research and Training in Complementary and Alternative Medicine (Passed through University of Connecticut; 02-0729)  | 619                                | 127,865 **  | 569,981                    |

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| <u>U.S. Department of Health and Human Services (continued)</u> |   |                                    |   |                            |
| 93.217  | Family Planning - Services (\$940,342 provided to subrecipients)  | 588                                | 1,066,568   |                            |
| 93.217  | Family Planning - Services (Passed through Family Planning Council of Iowa; 345-FY2002, 364-FY2003)   | 619                                | 102,847 **  | 1,169,415                  |
| 93.222  | Demonstration Project to Create a Center for Health Care Workforce Shortage (\$381,721 provided to subrecipients)                                   | 588                                | 586,679   | 586,679                    |
| 93.226  | Research on Healthcare Costs, Quality and Outcomes  | 619                                | 539,108 **  |                            |
| 93.226  | Research on Healthcare Costs, Quality and Outcomes (Passed through University of Chicago)   | 619                                | 93,643 **   |                            |
| 93.226  | Research on Healthcare Costs, Quality and Outcomes (Passed through University of Pittsburgh)  | 619                                | 72,845 **   | 705,596                    |
| 93.230  | Consolidated Knowledge Development and Application (KD&A) Program   | 379                                | 1,862   |                            |
| 93.230  | Consolidated Knowledge Development and Application (KD&A) Program   | 401                                | 2,423   |                            |
| 93.230  | Consolidated Knowledge Development and Application (KD&A) Program (\$2,067,306 provided to subrecipients)   | 588                                | 2,386,928   |                            |
| 93.230  | Consolidated Knowledge Development and Application (KD&A) Program (\$248,281 provided to subrecipients)   | 619                                | 898,595 **  |                            |
| 93.230  | Consolidated Knowledge Development and Application (KD&A) Program (Passed through Community Corrections Improvement Association)                    | 619                                | 9,681 **  |                            |
| 93.230  | Consolidated Knowledge Development and Application (KD&A) Program (Passed through Employee and Family Resources; KD1T113708)                        | 619                                | 1,180 **  |                            |
| 93.230  | Consolidated Knowledge Development and Application (KD&A) Program (Passed through Foundation of California State University Monterey Bay; 020601-A) | 619                                | 2,260 **  |                            |
| 93.230  | Consolidated Knowledge Development and Application (KD&A) Program (\$29,766 provided to subrecipients)  | 620                                | 649,469 **  |                            |
| 93.230  | Consolidated Knowledge Development and Application (KD&A) Program (Passed through Henry County; Incentive Grant)                                    | 620                                | 24,002 **   |                            |
| 93.230  | Consolidated Knowledge Development and Application (KD&A) Program (Passed through University of Wisconsin; 472G916)                                 | 620                                | 2,413 **  | 3,978,813                  |
| 93.234  | Traumatic Brain Injury - State Demonstration Grant Program (\$92,360 provided to subrecipients)   | 588                                | 111,719   | 111,719                    |
| 93.235  | Abstinence Education (\$387,055 provided to subrecipients)  | 588                                | 497,258   | 497,258                    |
| 93.238  | Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement   | 588                                | 82,697  | 82,697                     |
| 93.239  | Policy Research and Evaluation Grants   | 401                                | 12,489  | 12,489                     |
| 93.241  | State Rural Hospital Flexibility Program (\$203,474 provided to subrecipients)  | 588                                | 457,158   | 457,158                    |
| 93.242  | Mental Health Research Grants (\$53,746 provided to subrecipients)  | 619                                | 11,107,381 **   |                            |
| 93.242  | Mental Health Research Grants (Passed through Case Western Reserve University)  | 619                                | 8,198 **  |                            |
| 93.242  | Mental Health Research Grants (Passed through Fred Hutchinson Cancer Research Center; 2003-2863-499210)   | 619                                | 11,582 **   |                            |
| 93.242  | Mental Health Research Grants (Passed through Health Systems Research, Inc.; 282-90-0023)   | 619                                | 684 **  |                            |
| 93.242  | Mental Health Research Grants (Passed through Northwestern University; 0300 520 S310, 0600 520 S310)  | 619                                | 192,712 **  |                            |
| 93.242  | Mental Health Research Grants (Passed through Southern Methodist University; G000423)   | 619                                | 41,662 **   |                            |
| 93.242  | Mental Health Research Grants (Passed through University of California San Diego; 10177380)   | 619                                | 831 **  |                            |

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|---|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Health and Human Services (continued)</u> |  |                                    |   |                            |
| 93.242  | Mental Health Research Grants (Passed through University of Maryland; S01198)  | 619                                | 108,231 **  |                            |
| 93.242  | Mental Health Research Grants (Passed through University of Michigan; F007704)   | 619                                | 82,249 **   |                            |
| 93.242  | Mental Health Research Grants (Passed through University of North Carolina; 5-51534, MH90001)  | 619                                | 248,852 **  |                            |
| 93.242  | Mental Health Research Grants (\$603,323 provided to subrecipients)  | 620                                | 2,285,699 **  |                            |
| 93.242  | Mental Health Research Grants (Passed through University of Georgia; RR274216/6330317)   | 620                                | 141,643 **  |                            |
| 93.242  | Mental Health Research Grants (Passed through University of Tennessee; OR5700101)  | 620                                | 19,054 **   |                            |
| 93.242  | Mental Health Research Grants (\$21,077 provided to subrecipients)   | 621                                | 40,456 **   | 14,289,234                 |
| 93.243  | Substance Abuse and Mental Health Services - Projects of Regional and National Significance (\$25,030 provided to subrecipients)             | 620                                | 78,565 **   | 78,565                     |
| 93.245  | Innovative Food Safety Projects  | 427                                | 31,430  | 31,430                     |
| 93.249  | Public Health Training Centers Grant Program (\$32,986 provided to subrecipients)  | 619                                | 366,539 **  |                            |
| 93.249  | Public Health Training Centers Grant Program (Passed through Association of Schools of Public Health; H175-05/05)                            | 619                                | 11,727 **   | 378,266                    |
| 93.250  | Geriatric Academic Career Awards   | 619                                | 50,491 **   | 50,491                     |
| 93.251  | Universal Newborn Hearing Screening  | 619                                | 126,834 **  | 126,834                    |
| 93.256  | State Planning Grant - Health Care Access for the Uninsured (\$117,233 provided to subrecipients)  | 588                                | 174,939   | 174,939                    |
| 93.259  | Rural Access to Emergency Devices Grant (\$186,902 provided to subrecipients)  | 588                                | 188,553   | 188,553                    |
| 93.262  | Occupational Safety and Health Research Grants (\$63,163 provided to subrecipients)  | 619                                | 600,875 **  |                            |
| 93.262  | Occupational Safety and Health Research Grants (Passed through Center to Protect Workers' Rights; 1020-04) (\$997 provided to subrecipients) | 619                                | 259,018 **  |                            |
| 93.262  | Occupational Safety and Health Research Grants (Passed through Emory University)   | 619                                | 24,042 **   |                            |
| 93.262  | Occupational Safety and Health Research Grants (Passed through University of California at Los Angeles; 1935 G CB975)                        | 619                                | 73,092 **   | 957,027                    |
| 93.263  | Occupational Safety and Health - Training Grants   | 619                                | 987,989 **  | 987,989                    |
| 93.268  | Immunization Grants (\$7,750,440 provided to subrecipients)  | 588                                | 9,629,743   | 9,629,743                  |
| 93.271  | Alcohol Research Career Development Awards for Scientists and Clinicians   | 619                                | 119,717 **  | 119,717                    |
| 93.272  | Alcohol National Research Service Awards for Research Training   | 619                                | 29,372 **   | 29,372                     |
| 93.273  | Alcohol Research Programs (\$18,611 provided to subrecipients)   | 619                                | 790,390 **  |                            |
| 93.273  | Alcohol Research Programs (Passed through State University of New York; 26271, 412-2782K)  | 619                                | 490,877 **  |                            |
| 93.273  | Alcohol Research Programs (Passed through University of Georgia; RR2741812264297)  | 620                                | 93,975 **   | 1,375,242                  |
| 93.279  | Drug Abuse Research Programs (\$5,485 provided to subrecipients)   | 619                                | 2,231,343 **  |                            |
| 93.279  | Drug Abuse Research Programs (\$1,083,257 provided to subrecipients)   | 620                                | 3,738,516 **  | 5,969,859                  |
| 93.281  | Mental Health Research Career/Scientist Development Awards   | 619                                | 1,320,821 **  | 1,320,821                  |
| 93.282  | Mental Health National Research Service Awards for Research Training   | 619                                | 311,780 **  | 311,780                    |
| 93.283  | Centers for Disease Control and Prevention - Investigations and Technical Assistance   | 583                                | 158,521   |                            |



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|---|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Health and Human Services (continued)</u> |  |                                    |   |                            |
| 93.283  | Centers for Disease Control and Prevention - Investigations and Technical Assistance (\$5,606,889 provided to subrecipients)   | 588                                | 9,671,000   |                            |
| 93.283  | Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through University of Alabama; 040)   | 619                                | 10,401 **   |                            |
| 93.283  | Centers for Disease Control and Prevention - Investigations and Technical Assistance (\$13,422 provided to subrecipients)  | 619                                | 1,729,115 **  |                            |
| 93.283  | Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Association of Schools of Public Health; S-1689-21/21, S1557-20/20) (\$153,637 provided to subrecipients) | 619                                | 527,647 **  |                            |
| 93.283  | Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Association of Teachers of Preventative Medicine; TS-0652)  | 619                                | 81,343 **   |                            |
| 93.283  | Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Center to Protect Workers' Rights; 1020-32, 02-4-PS)  | 619                                | 6,724 **  |                            |
| 93.283  | Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Children's Mercy Hospital; 01-0010)   | 619                                | 50,339 **   |                            |
| 93.283  | Centers for Disease Control and Prevention - Investigations and Technical Assistance   | 620                                | 862,922 **  |                            |
| 93.283  | Centers for Disease Control and Prevention - Investigations and Technical Assistance   | 621                                | 6,290   | 13,104,302                 |
| 93.286  | Biomedical Imaging Research  | 619                                | 404,788 **  | 404,788                    |
| 93.287  | Bioengineering Research  | 619                                | 6,219 **  | 6,219                      |
| 93.301  | Small Rural Hospital Improvement Grants (\$595,123 provided to subrecipients)  | 588                                | 595,751   | 595,751                    |
| 93.306  | Comparative Medicine   | 619                                | 37,562 **   |                            |
| 93.306  | Comparative Medicine   | 620                                | 55,271 **   | 92,833                     |
| 93.309  | Bioinformatics and Computational Biology Research  | 620                                | 53,498 **   | 53,498                     |
| 93.333  | Clinical Research  | 619                                | 1,797,621 **  | 1,797,621                  |
| 93.342  | Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students  | 619                                | 1,489,394 *   |                            |
| 93.342  | Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students  | 620                                | 1,033,615 *   | 2,523,009                  |
| 93.358  | Advanced Education Nursing Traineeships  | 619                                | 69,884 **   | 69,884                     |
| 93.361  | Nursing Research (\$101,726 provided to subrecipients)   | 619                                | 2,386,242 **  |                            |
| 93.361  | Nursing Research (Passed through University of Colorado; FY02.058.001)   | 619                                | 63,512 **   |                            |
| 93.361  | Nursing Research (Passed through University of Pennsylvania; 5-34010-K)  | 619                                | 5,329 **  | 2,455,083                  |
| 93.364  | Nursing Student Loans  | 619                                | 433,157 *   | 433,157                    |
| 93.371  | Biomedical Technology  | 619                                | 1,045,880 **  |                            |
| 93.371  | Biomedical Technology (Passed through University of California San Diego; 10217589)  | 619                                | 339,116 **  | 1,384,996                  |
| 93.375  | Minority Biomedical Research Support   | 619                                | 162,595 **  | 162,595                    |
| 93.389  | Research Infrastructure  | 619                                | 1,574,628 **  |                            |
| 93.389  | Research Infrastructure  | 620                                | 22,457 **   | 1,597,085                  |
| 93.393  | Cancer Cause and Prevention Research (\$241,570 provided to subrecipients)   | 619                                | 7,228,084 **  |                            |
| 93.393  | Cancer Cause and Prevention Research (Passed through Mayo Clinic)  | 619                                | 5,648 **  |                            |
| 93.393  | Cancer Cause and Prevention Research (Passed through Mt. Sinai Medical Center; 0255-6154-4609)   | 619                                | 204,088 **  |                            |

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|---|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Health and Human Services (continued)</u> |  |                                    |   |                            |
| 93.393  | Cancer Cause and Prevention Research (Passed through University of Chicago; U127675)                         | 619                                | 52,369 **   |                            |
| 93.393  | Cancer Cause and Prevention Research (Passed through University of Minnesota; H6636193118, H6636193119)      | 619                                | 53,499 **   |                            |
| 93.393  | Cancer Cause and Prevention Research (Passed through Yeshiva University; 9-526-3878)                         | 619                                | 3,262 **  |                            |
| 93.393  | Cancer Cause and Prevention Research   | 620                                | 207,707 **  |                            |
| 93.393  | Cancer Cause and Prevention Research (Passed through University of Florida; UF02005)                         | 620                                | 15,134 **   | 7,769,791                  |
| 93.394  | Cancer Detection and Diagnosis Research  | 619                                | 970,079 **  |                            |
| 93.394  | Cancer Detection and Diagnosis Research (Passed through American College of Radiology; CA80098)              | 619                                | 174,084 **  |                            |
| 93.394  | Cancer Detection and Diagnosis Research (Passed through Community Medical Center Foundation)                 | 619                                | 46,885 **   |                            |
| 93.394  | Cancer Detection and Diagnosis Research (Passed through University of Southern California; H22808)           | 619                                | 45,532 **   |                            |
| 93.394  | Cancer Detection and Diagnosis Research  | 620                                | 166,884 **  |                            |
| 93.394  | Cancer Detection and Diagnosis Research (Passed through Mayo Clinic; Database Generating and X Ray)          | 620                                | 24,844 **   |                            |
| 93.394  | Cancer Detection and Diagnosis Research (Passed through University of California; 10225622)                  | 620                                | 63,792 **   | 1,492,100                  |
| 93.395  | Cancer Treatment Research (\$43,029 provided to subrecipients)   | 619                                | 4,123,023 **  |                            |
| 93.395  | Cancer Treatment Research (Passed through American College of Obstetricians and Gynecologists; GOG-27469-35) | 619                                | 257,251 **  |                            |
| 93.395  | Cancer Treatment Research (Passed through American College of Surgeons)                                      | 619                                | 17,439 **   |                            |
| 93.395  | Cancer Treatment Research (Passed through Children's Mercy Hospital; 01-0016, 02-0090)                       | 619                                | 115,749 **  |                            |
| 93.395  | Cancer Treatment Research (Passed through Clemson University; 627-7558-209-2003052)                          | 619                                | 5,449 **  |                            |
| 93.395  | Cancer Treatment Research (Passed through Duke Clinical Research Institute; Site 107)                        | 619                                | 17,507 **   |                            |
| 93.395  | Cancer Treatment Research (Passed through Eastern Cooperative Oncology Group)                                | 619                                | 1,337 **  |                            |
| 93.395  | Cancer Treatment Research (Passed through Harvard Medical School; U01CA65170)                                | 619                                | 2,896 **  |                            |
| 93.395  | Cancer Treatment Research (Passed through Institute for Cancer Prevention)                                   | 619                                | 21,838 **   |                            |
| 93.395  | Cancer Treatment Research (Passed through Mayo Clinic)   | 619                                | 7,760 **  |                            |
| 93.395  | Cancer Treatment Research (Passed through National Childhood Cancer Foundation; 3027, 6164, 9611, 9701)      | 619                                | 72,769 **   |                            |
| 93.395  | Cancer Treatment Research (Passed through NSABP Foundation, Inc.; TFED33-013, PIND-IOW-01, TIND-013)         | 619                                | 72,321 **   |                            |
| 93.395  | Cancer Treatment Research (Passed through Pennsylvania State University; DHHS-TPSU UI-74325-1340 A)          | 619                                | 37,275 **   |                            |
| 93.395  | Cancer Treatment Research (Passed through University of Minnesota; KS646620711)                              | 619                                | 15,659 **   |                            |
| 93.395  | Cancer Treatment Research (Passed through University of Pittsburgh)  | 619                                | 1,959 **  |                            |
| 93.395  | Cancer Treatment Research (Passed through University of Wisconsin; 922N482, 922N493)                         | 619                                | 45,536 **   | 4,815,768                  |
| 93.396  | Cancer Biology Research (\$69,447 provided to subrecipients)   | 619                                | 2,453,552 **  |                            |
| 93.396  | Cancer Biology Research (Passed through SAIC Frederick; 22XS131A, 99XS131A)                                  | 619                                | 776,786 **  | 3,230,338                  |

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|---|---|------------------------------------|---|----------------------------|
| <u>U.S. Department of Health and Human Services (continued)</u> |   |                                    |   |                            |
| 93.397  | Cancer Centers Support Grants (\$180,574 provided to subrecipients)   | 619                                | 2,461,852 **  | 2,461,852                  |
| 93.398  | Cancer Research Manpower  | 619                                | 382,740 **  | 382,740                    |
| 93.399  | Cancer Control (\$22,725 provided to subrecipients)   | 619                                | 964,578 **  |                            |
| 93.399  | Cancer Control (Passed through Cancer Therapy and Research Center Foundation; PCPT 9320, FED-CA37429)                       | 619                                | 113,392 **  |                            |
| 93.399  | Cancer Control (Passed through Dartmouth College; 5-30292, 5-30370, 5-30621, 5-30623, 5-30625)                              | 619                                | 133,892 **  |                            |
| 93.399  | Cancer Control (Passed through NSABP Foundation Inc.; PFED18-IOW-01)  | 619                                | 97,306 **   | 1,309,168                  |
| 93.556  | Promoting Safe and Stable Families  | 401                                | 2,270,317   | 2,270,317                  |
| 93.558  | Temporary Assistance for Needy Families (\$8,011,976 provided to subrecipients)   | 401                                | 99,620,970  |                            |
| 93.558  | Temporary Assistance for Needy Families (Passed through Goodwill Industries International, Inc.)                            | 619                                | 12,143 **   | 99,633,113                 |
| 93.560  | Family Support Payments to States - Assistance Payments   | 401                                | 677,136   |                            |
| 93.560  | Family Support Payments to States - Assistance Payments (Passed through Florida Department of Children and Families; HJJ18) | 619                                | 25,763 **   | 702,899                    |
| 93.563  | Child Support Enforcement   | 401                                | 39,754,268  | 39,754,268                 |
| 93.566  | Refugee and Entrant Assistance - State Administered Programs (\$5,121 provided to subrecipients)                            | 401                                | 2,569,458   | 2,569,458                  |
| 93.568  | Low-Income Home Energy Assistance (\$33,791,553 provided to subrecipients)  | 379                                | 33,941,632  | 33,941,632                 |
| 93.569  | Community Services Block Grant (\$6,601,667 provided to subrecipients)  | 379                                | 6,938,776   |                            |
| 93.569  | Community Services Block Grant (Passed through Community Action Association of Pennsylvania)                                | 619                                | 84,866 **   |                            |
| 93.569  | Community Services Block Grant (Passed through Indiana Community Action Association)  | 619                                | 7,312 **  | 7,030,954                  |
| 93.570  | Community Services Block Grant - Discretionary Awards   | 379                                | 19,833  |                            |
| 93.570  | Community Services Block Grant - Discretionary Awards (Passed through Iowa Community Action Association; 90ET0176/01)       | 619                                | 19,017 **   | 38,850                     |
| 93.571  | Community Services Block Grant Discretionary Awards - Community Food and Nutrition (\$32,658 provided to subrecipients)     | 379                                | 32,658  | 32,658                     |
| 93.575  | Child Care and Development Block Grant (\$2,977,058 provided to subrecipients)  | 401                                | 39,480,065  | 39,480,065                 |
| 93.576  | Refugee and Entrant Assistance - Discretionary Grants (\$219,988 provided to subrecipients)                                 | 282                                | 248,126   |                            |
| 93.576  | Refugee and Entrant Assistance - Discretionary Grants   | 401                                | 889,987   |                            |
| 93.576  | Refugee and Entrant Assistance - Discretionary Grants   | 588                                | 89,311  | 1,227,424                  |
| 93.585  | Empowerment Zones Program   | 401                                | 132,602   | 132,602                    |
| 93.586  | State Court Improvement Program   | 444                                | 102,715   | 102,715                    |
| 93.590  | Community-Based Family Resource and Support Grants  | 401                                | 701,226   | 701,226                    |
| 93.596  | Child Care Mandatory and Matching Funds of the Child Care and Development Fund (\$333,829 provided to subrecipients)        | 401                                | 14,142,917  | 14,142,917                 |
| 93.597  | Grants to States for Access and Visitation Programs   | 401                                | 77,860  | 77,860                     |
| 93.600  | Head Start  | 282                                | 150,139   |                            |
| 93.600  | Head Start (Passed through Drake University)  | 401                                | 10,284  |                            |
| 93.600  | Head Start (Passed through Indiana Community Action Association)  | 619                                | 7,631 **  |                            |
| 93.600  | Head Start  | 620                                | 223,275 **  |                            |
| 93.600  | Head Start (Passed through Tri-County Child and Family Development)   | 621                                | 104,463   | 495,792                    |

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|---|---|------------------------------------|---|----------------------------|
| <u>U.S. Department of Health and Human Services (continued)</u> |   |                                    |   |                            |
| 93.603  | Adoption Incentive Payments   | 401                                | 640,149   | 640,149                    |
| 93.623  | Runaway and Homeless Youth (\$110,787 provided to subrecipients)  | 379                                | 171,002   | 171,002                    |
| 93.630  | Developmental Disabilities Basic Support and Advocacy Grants  | 401                                | 774,990   | 774,990                    |
| 93.632  | University Centers for Excellence in Developmental Disabilities Education, Research, and Service  | 619                                | 383,170 **  | 383,170                    |
| 93.643  | Children's Justice Grants to States   | 401                                | 82,906  | 82,906                     |
| 93.645  | Child Welfare Services - State Grants   | 401                                | 3,227,958   | 3,227,958                  |
| 93.647  | Social Services Research and Demonstration (Passed through University of Nebraska; 2405200005004)   | 620                                | 28,673 **   | 28,673                     |
| 93.652  | Adoption Opportunities  | 444                                | 180,244   |                            |
| 93.652  | Adoption Opportunities (Passed through Family Resources, Inc.)  | 619                                | 48,832 **   | 229,076                    |
| 93.658  | Foster Care - Title IV-E (\$591,632 provided to subrecipients)  | 401                                | 20,290,180  | 20,290,180                 |
| 93.659  | Adoption Assistance (\$195,043 provided to subrecipients)   | 401                                | 24,314,131  | 24,314,131                 |
| 93.667  | Social Services Block Grant (\$1,139,181 provided to subrecipients)   | 401                                | 29,025,226  | 29,025,226                 |
| 93.669  | Child Abuse and Neglect State Grants  | 401                                | 131,113   | 131,113                    |
| 93.670  | Child Abuse and Neglect Discretionary Activities (Passed through University of Alaska SE)   | 621                                | 15,917  | 15,917                     |
| 93.671  | Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes (\$1,100,442 provided to subrecipients) | 112                                | 1,214,699   | 1,214,699                  |
| 93.674  | Chafee Foster Care Independent Living   | 401                                | 1,180,847   | 1,180,847                  |
| 93.767  | State Children's Insurance Program  | 401                                | 30,752,766  | 30,752,766                 |
| 93.775  | State Medicaid Fraud Control Units  | 427                                | 533,115   | 533,115                    |
| 93.777  | State Survey and Certification of Health Care Providers and Suppliers   | 401                                | 3,370,299   |                            |
| 93.777  | State Survey and Certification of Health Care Providers and Suppliers   | 427                                | 2,005,874   | 5,376,173                  |
| 93.778  | Medical Assistance Program (\$1,688,581 provided to subrecipients)  | 401                                | 1,602,886,101   | 1,602,886,101              |
| 93.779  | Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations   | 211                                | 64,925  |                            |
| 93.779  | Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations   | 297                                | 253,227   |                            |
| 93.779  | Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations   | 401                                | 747,725   |                            |
| 93.779  | Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations   | 427                                | 162,270   |                            |
| 93.779  | Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations (\$670,266 provided to subrecipients)                           | 588                                | 754,425   |                            |
| 93.779  | Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations (Passed through Iowa Foundation for Medical Care; 500-96-P513)  | 619                                | 77,400 **   | 2,059,972                  |
| 93.821  | Cell Biology and Biophysics Research (\$991,615 provided to subrecipients)  | 619                                | 4,340,210 **  |                            |
| 93.821  | Cell Biology and Biophysics Research (Passed through BellBrook Labs LLC)  | 619                                | 57,606 **   |                            |
| 93.821  | Cell Biology and Biophysics Research  | 620                                | 522,526 **  |                            |
| 93.821  | Cell Biology and Biophysics Research (Passed through Pennsylvania State University; 2055ISUDHHS0397)  | 620                                | 3,377 **  | 4,923,719                  |
| 93.822  | Health Careers Opportunity Program (Passed through Des Moines Area Community College; D18HP02883)   | 619                                | 1,464 **  | 1,464                      |
| 93.837  | Heart and Vascular Diseases Research (\$202,059 provided to subrecipients)  | 619                                | 18,045,538 **   |                            |
| 93.837  | Heart and Vascular Diseases Research (Passed through Dartmouth College; 5-30367)  | 619                                | 20,278 **   |                            |

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| <u>U.S. Department of Health and Human Services (continued)</u> |   |                                    |   |                            |
| 93.837  | Heart and Vascular Diseases Research (Passed through Mayo Clinic)   | 619                                | 5,025 **  |                            |
| 93.837  | Heart and Vascular Diseases Research (Passed through Texas Tech University; 03LM000013FS)   | 619                                | 27,956 **   |                            |
| 93.837  | Heart and Vascular Diseases Research (Passed through University of Pennsylvania; 534992B)   | 619                                | 546 **  |                            |
| 93.837  | Heart and Vascular Diseases Research (Passed through University of Tennessee; HL63886-03)   | 619                                | 53,096 **   |                            |
| 93.837  | Heart and Vascular Diseases Research (Passed through University of Texas Health Science Center; GALLH357)                         | 619                                | 17,831 **   |                            |
| 93.837  | Heart and Vascular Diseases Research (Passed through University of Wisconsin; 452G782, P259405)                                   | 619                                | 66,607 **   |                            |
| 93.837  | Heart and Vascular Diseases Research  | 620                                | 197,679 **  | 18,434,556                 |
| 93.838  | Lung Diseases Research (\$327,497 provided to subrecipients)  | 619                                | 10,588,955 **   |                            |
| 93.838  | Lung Diseases Research (Passed through Association of Schools of Public Health; A1012-21/21) (\$94,955 provided to subrecipients) | 619                                | 638,454 **  |                            |
| 93.838  | Lung Diseases Research (Passed through John Hopkins University; N01HR76119)   | 619                                | 319,327 **  |                            |
| 93.838  | Lung Diseases Research (Passed through University of Colorado; FY02.102.012, FY02.102.014)  | 619                                | 40,539 **   | 11,587,275                 |
| 93.839  | Blood Diseases and Resources Research (\$29,611 provided to subrecipients)  | 619                                | 2,555,744 **  |                            |
| 93.839  | Blood Diseases and Resources Research (Passed through Mayo Foundation)  | 619                                | 22,162 **   |                            |
| 93.839  | Blood Diseases and Resources Research (Passed through University of Pennsylvania; 534832)   | 619                                | 44,799 **   | 2,622,705                  |
| 93.846  | Arthritis, Musculoskeletal and Skin Diseases Research (\$71,675 provided to subrecipients)  | 619                                | 2,777,137 **  |                            |
| 93.846  | Arthritis, Musculoskeletal and Skin Diseases Research (Passed through Palmer Chiropractic University)                             | 619                                | 11,207 **   |                            |
| 93.846  | Arthritis, Musculoskeletal and Skin Diseases Research (Passed through University of New Mexico; 4-12285)                          | 619                                | 9,209 **  |                            |
| 93.846  | Arthritis, Musculoskeletal and Skin Diseases Research (\$140,956 provided to subrecipients)                                       | 620                                | 351,598 **  | 3,149,151                  |
| 93.847  | Diabetes, Endocrinology and Metabolism Research (\$65,122 provided to subrecipients)  | 619                                | 3,779,092 **  |                            |
| 93.847  | Diabetes, Endocrinology and Metabolism Research (Passed through Case Western Reserve University; ZZ2566H)                         | 619                                | 145,257 **  |                            |
| 93.847  | Diabetes, Endocrinology and Metabolism Research (Passed through Intronn, Inc.; 2R44DK56526)                                       | 619                                | 29,529 **   |                            |
| 93.847  | Diabetes, Endocrinology and Metabolism Research (Passed through State University of New York; 28036)                              | 619                                | 94,784 **   |                            |
| 93.847  | Diabetes, Endocrinology and Metabolism Research   | 620                                | 4,321 **  |                            |
| 93.847  | Diabetes, Endocrinology and Metabolism Research (Passed through University of Maryland; PO Reference S01010)                      | 620                                | 52,129 **   | 4,105,112                  |
| 93.848  | Digestive Diseases and Nutrition Research   | 619                                | 1,545,238 **  |                            |
| 93.848  | Digestive Diseases and Nutrition Research (Passed through University of New Jersey; 10464593221097004045 29)                      | 619                                | 23,495 **   |                            |
| 93.848  | Digestive Diseases and Nutrition Research   | 620                                | 180,289 **  | 1,749,022                  |
| 93.849  | Kidney Diseases, Urology and Hematology Research (\$170,947 provided to subrecipients)  | 619                                | 2,559,521 **  |                            |
| 93.849  | Kidney Diseases, Urology and Hematology Research (Passed through Medical City Hospital; R1DK49368)                                | 619                                | 7,690 **  |                            |

State of Iowa  
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| CFDA<br>Number  | Federal Department / Program name  | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Health and Human Services (continued)</u> |  |                                    |   |                            |
| 93.849  | Kidney Diseases, Urology and Hematology Research (Passed through Rhode Island Hospital)  | 619                                | 47,968 **   |                            |
| 93.849  | Kidney Diseases, Urology and Hematology Research (Passed through Wake Forest University; CA82722, DK51612)                                     | 619                                | 110,137 **  | 2,725,316                  |
| 93.853  | Extramural Research Programs in the Neurosciences and Neurological Disorders (\$1,960,286 provided to subrecipients)                           | 619                                | 14,201,657 **   |                            |
| 93.853  | Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Mayo Clinic; 2R01NS28492, 3R01NS28492)            | 619                                | 21,121 **   |                            |
| 93.853  | Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through New England Medical Center)                       | 619                                | 190,084 **  |                            |
| 93.853  | Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of California San Diego; 10165568-002) | 619                                | 758 **  |                            |
| 93.853  | Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of Michigan; F008219)                  | 619                                | 28,394 **   |                            |
| 93.853  | Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Wake Forest University; NS22611)                  | 619                                | 382 **  |                            |
| 93.853  | Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Wayne State University; WSU01195)                 | 619                                | 88,465 **   |                            |
| 93.853  | Extramural Research Programs in the Neurosciences and Neurological Disorders (\$33,754 provided to subrecipients)                              | 620                                | 1,948,495 **  |                            |
| 93.853  | Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of Pennsylvania; 538167)               | 620                                | 111,356 **  |                            |
| 93.853  | Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Wayne State University; 0091)                     | 620                                | 1,500 **  |                            |
| 93.853  | Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Georgetown University)                            | 621                                | 35,886 **   | 16,628,098                 |
| 93.855  | Allergy, Immunology and Transplantation Research (\$469,123 provided to subrecipients)   | 619                                | 3,565,315 **  |                            |
| 93.855  | Allergy, Immunology and Transplantation Research (Passed through University of California Los Angeles; 1625 G BG636)                           | 619                                | 2,778 **  |                            |
| 93.855  | Allergy, Immunology and Transplantation Research   | 620                                | 95,226 **   | 3,663,319                  |
| 93.856  | Microbiology and Infectious Diseases Research (\$447,187 provided to subrecipients)  | 619                                | 6,446,491 **  |                            |
| 93.856  | Microbiology and Infectious Diseases Research (Passed through Baylor College of Medicine; 0233)  | 619                                | 1,029,340 **  |                            |
| 93.856  | Microbiology and Infectious Diseases Research (Passed through Boston University; 0131205)  | 619                                | 65,876 **   |                            |
| 93.856  | Microbiology and Infectious Diseases Research (Passed through Indiana University; U19AI43924)  | 619                                | 144,665 **  |                            |
| 93.856  | Microbiology and Infectious Diseases Research (Passed through Ligocyte Pharmaceuticals)  | 619                                | 1,425 **  |                            |
| 93.856  | Microbiology and Infectious Diseases Research (Passed through Ohio State University)   | 619                                | 43,785 **   |                            |
| 93.856  | Microbiology and Infectious Diseases Research (Passed through State University of New York; 1021430/1/23714)                                   | 619                                | 24,145 **   |                            |

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| CFDA<br>Number  | Federal Department / Program name   | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|---|------------------------------------|---|----------------------------|
| <u>U.S. Department of Health and Human Services (continued)</u> |   |                                    |   |                            |
| 93.856  | Microbiology and Infectious Diseases Research (Passed through University of Hawaii; Z617663)                                    | 619                                | 34,913 **   |                            |
| 93.856  | Microbiology and Infectious Diseases Research (Passed through University of Michigan; F007581)                                  | 619                                | 161,237 **  |                            |
| 93.856  | Microbiology and Infectious Diseases Research (Passed through University of Minnesota; KS635659747, KS635659748)                | 619                                | 65,497 **   |                            |
| 93.856  | Microbiology and Infectious Diseases Research (Passed through University of Notre Dame; 46236)                                  | 619                                | 120,310 **  |                            |
| 93.856  | Microbiology and Infectious Diseases Research (Passed through Wake Forest University; AI46558)                                  | 619                                | 8,268 **  |                            |
| 93.856  | Microbiology and Infectious Diseases Research (\$111,429 provided to subrecipients)   | 620                                | 1,168,499 **  |                            |
| 93.856  | Microbiology and Infectious Diseases Research (Passed through Pace University; 8C09019924267)                                   | 620                                | 95,716 **   |                            |
| 93.856  | Microbiology and Infectious Diseases Research (Passed through University of California; K99105501)                              | 620                                | 2,605 **  | 9,412,772                  |
| 93.859  | Pharmacology, Physiology, and Biological Chemistry Research (\$98,646 provided to subrecipients)                                | 619                                | 3,607,619 **  |                            |
| 93.859  | Pharmacology, Physiology, and Biological Chemistry Research (Passed through Stanford University; PY-1623)                       | 619                                | 37,211 **   | 3,644,830                  |
| 93.862  | Genetics and Developmental Biology Research and Research Training   | 619                                | 2,644,470 **  |                            |
| 93.862  | Genetics and Developmental Biology Research and Research Training (Passed through Harvard Medical School; R01GM61936)           | 619                                | 143,096 **  |                            |
| 93.862  | Genetics and Developmental Biology Research and Research Training   | 620                                | 844,568 **  | 3,632,134                  |
| 93.864  | Population Research (\$52,348 provided to subrecipients)  | 619                                | 1,874,754 **  |                            |
| 93.864  | Population Research (Passed through New York University; F0385-01)  | 619                                | 37,428 **   |                            |
| 93.864  | Population Research (Passed through University of California - San Francisco; 2643sc, RS054sc)                                  | 619                                | 13,334 **   |                            |
| 93.864  | Population Research   | 620                                | 77,498 **   | 2,003,014                  |
| 93.865  | Center for Research for Mothers and Children (\$445,277 provided to subrecipients)  | 619                                | 5,590,156 **  |                            |
| 93.865  | Center for Research for Mothers and Children (Passed through Emory University; 1R01HD38979)                                     | 619                                | 112,801 **  |                            |
| 93.865  | Center for Research for Mothers and Children (Passed through University of Auckland; 1R01HD37924)                               | 619                                | 29,272 **   |                            |
| 93.865  | Center for Research for Mothers and Children (\$52,770 provided to subrecipients)   | 620                                | 82,845 **   |                            |
| 93.865  | Center for Research for Mothers and Children (Passed through University of Laval; HD38463) (\$52,770 provided to subrecipients) | 620                                | 158,119 **  | 5,973,193                  |
| 93.866  | Aging Research (\$118,448 provided to subrecipients)  | 619                                | 2,501,897 **  |                            |
| 93.866  | Aging Research (Passed through University of Alabama)   | 619                                | 60,337 **   |                            |
| 93.866  | Aging Research (Passed through University of Georgia; RR546-019/4184327)  | 619                                | 19,687 **   |                            |
| 93.866  | Aging Research (Passed through University of Michigan; F004553, F006177)  | 619                                | 108,847 **  |                            |
| 93.866  | Aging Research (Passed through University of Pittsburgh)  | 619                                | 47,224 **   |                            |
| 93.866  | Aging Research (Passed through Wake Forest University; N01AG92115)  | 619                                | 29,617 **   |                            |
| 93.866  | Aging Research (Passed through Washington University; WU-02-12)   | 619                                | 82,118 **   |                            |
| 93.866  | Aging Research  | 620                                | 11,940 **   | 2,861,667                  |

State of Iowa  
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| CFDA<br>Number  | Federal Department / Program name  | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|--|------------------------------------|---|----------------------------|
| <u>U.S. Department of Health and Human Services (continued)</u> |  |                                    |   |                            |
| 93.867  | Vision Research (\$45,691 provided to subrecipients)   | 619                                | 4,435,710 **  |                            |
| 93.867  | Vision Research (Passed through Jaeb Center for Health Research)   | 619                                | 2,288 **  |                            |
| 93.867  | Vision Research (Passed through John Hopkins University;<br>8210-26269-X)  | 619                                | 2,359 **  |                            |
| 93.867  | Vision Research (Passed through Kestrel Corporation; 0111B)  | 619                                | 2,449 **  |                            |
| 93.867  | Vision Research (Passed through Ohio State University;<br>741173, 742811)  | 619                                | 196,864 **  |                            |
| 93.867  | Vision Research (Passed through University of Florida;<br>UF01108)   | 619                                | 49,095 **   |                            |
| 93.867  | Vision Research (Passed through University of Illinois;<br>2-5-20266-5611)   | 619                                | 14,345 **   |                            |
| 93.867  | Vision Research (Passed through University of Pennsylvania;<br>1U10EY12279, 5-40026, 5-39491-E, 5-3799E)   | 619                                | 135,351 **  |                            |
| 93.867  | Vision Research (Passed through University of Wisconsin;<br>P056184, P056873)  | 619                                | 102,192 **  | 4,940,653                  |
| 93.879  | Medical Library Assistance (\$10,850 provided to subrecipients)  | 619                                | 325,563 **  |                            |
| 93.879  | Medical Library Assistance (Passed through University of Illinois<br>at Chicago; 030158)   | 619                                | 17,223 **   | 342,786                    |
| 93.884  | Grants for Residency Training in General Internal Medicine<br>and/or General Pediatrics  | 619                                | 24,234 **   | 24,234                     |
| 93.886  | Physician Assistant Training in Primary Care   | 619                                | 100,927 **  | 100,927                    |
| 93.887  | Health Care and Other Facilities   | 619                                | 73,235 **   | 73,235                     |
| 93.894  | Resource and Manpower Development in the Environmental<br>Health Sciences  | 619                                | 1,375,681 **  | 1,375,681                  |
| 93.896  | Predoctoral Training in Primary Care (Family Medicine,<br>General Internal Medicine/General Pediatrics)  | 619                                | 21,911 **   | 21,911                     |
| 93.912  | Rural Health Outreach and Rural Network Development Program<br>(\$2,891 provided to subrecipients)   | 588                                | 49,859  |                            |
| 93.912  | Rural Health Outreach and Rural Network Development Program<br>(Passed through University of North Dakota; 137)  | 619                                | 34,419 **   | 84,278                     |
| 93.913  | Grants to States for Operation of Offices of Rural Health  | 588                                | 140,940   | 140,940                    |
| 93.917  | HIV Care Formula Grants (\$786,646 provided to subrecipients)  | 588                                | 2,011,709   |                            |
| 93.917  | HIV Care Formula Grants (Passed through Johnson County<br>Public Health)   | 619                                | 13,821 **   | 2,025,530                  |
| 93.918  | Grants to Provide Outpatient Early Intervention Services with<br>Respect to HIV Disease  | 619                                | 508,556 **  | 508,556                    |
| 93.919  | Cooperative Agreements for State-Based Comprehensive Breast<br>and Cervical Cancer Early Detection Programs (\$2,303,767<br>provided to subrecipients) | 588                                | 2,795,660   | 2,795,660                  |
| 93.925  | Scholarships for Health Professions Students from<br>Disadvantaged Backgrounds   | 619                                | 282,873 *   | 282,873                    |
| 93.926  | Healthy Start Initiative (Passed through Des Moines Healthy Start)   | 619                                | 2,916 **  |                            |
| 93.926  | Healthy Start Initiative (Passed through Visiting Nurse Services)  | 619                                | 23,952 **   | 26,868                     |
| 93.929  | Center for Medical Rehabilitation Research   | 619                                | 145,470 **  | 145,470                    |
| 93.934  | Fogarty International Research Collaboration Award   | 619                                | 130,344 **  | 130,344                    |
| 93.938  | Cooperative Agreements to Support Comprehensive School<br>Health Programs to Prevent the Spread of HIV and Other<br>Important Health Problems          | 282                                | 258,697   | 258,697                    |
| 93.940  | HIV Prevention Activities - Health Department Based (\$1,035,254<br>provided to subrecipients)   | 588                                | 1,729,113   | 1,729,113                  |
| 93.944  | Human Immunodeficiency Virus (HIV)/Acquired<br>Immunodeficiency Virus Syndrome (AIDS) Surveillance   | 588                                | 153,752   | 153,752                    |
| 93.945  | Assistance Programs for Chronic Disease Prevention and Control<br>(\$48,001 provided to subrecipients)   | 588                                | 251,120   | 251,120                    |
| 93.952  | Improving EMS/Trauma Care in Rural Areas   | 588                                | 12,797  | 12,797                     |



State of Iowa  
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| CFDA<br>Number  | Federal Department / Program name   | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|---|------------------------------------|---|----------------------------|
| <u>U.S. Department of Health and Human Services (continued)</u> |   |                                    |   |                            |
| 93.956  | Agricultural Health and Safety Programs (\$2,500 provided to subrecipients)   | 619                                | 834,134 **  | 834,134                    |
| 93.957  | Occupational Health and Surveillance Fatality Assessment and Control Evaluation (\$93,958 provided to subrecipients)                        | 619                                | 141,366 **  | 141,366                    |
| 93.958  | Block Grants for Community Mental Health Services (\$3,180,651 provided to subrecipients)   | 401                                | 3,313,062   |                            |
| 93.958  | Block Grants for Community Mental Health Services (Passed through Northwest Iowa Mental Health Center)                                      | 619                                | 819 **  | 3,313,881                  |
| 93.959  | Block Grants for Prevention and Treatment of Substance Abuse (\$11,670,791 provided to subrecipients)                                       | 588                                | 12,287,180  |                            |
| 93.959  | Block Grants for Prevention and Treatment of Substance Abuse (Passed through Community Corrections Improvement Association)                 | 619                                | 4,886 **  | 12,292,066                 |
| 93.960  | Special Minority Initiatives  | 619                                | 53,451 **   | 53,451                     |
| 93.962  | Health Administration Traineeships and Special Projects Program   | 619                                | 30,126 **   | 30,126                     |
| 93.969  | Geriatric Education Centers (\$12,664 provided to subrecipients)  | 619                                | 254,976 **  | 254,976                    |
| 93.977  | Preventive Health Services - Sexually Transmitted Diseases Control Grants (\$600,360 provided to subrecipients)                             | 588                                | 878,079   | 878,079                    |
| 93.984  | Academic Administrative Units in Primary Care   | 619                                | 230,030 **  | 230,030                    |
| 93.988  | Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems (\$5,533 provided to subrecipients) | 588                                | 263,978   | 263,978                    |
| 93.989  | Senior International Fellowships  | 619                                | 507,896 **  | 507,896                    |
| 93.991  | Preventive Health and Health Services Block Grant (\$276,670 provided to subrecipients)   | 588                                | 1,497,554   | 1,497,554                  |
| 93.994  | Maternal and Child Health Services Block Grant to the States (\$6,350,573 provided to subrecipients)  | 588                                | 7,473,514   | 7,473,514                  |
| 93.995  | Adolescent Family Life - Demonstration Projects   | 619                                | 18,338 **   | 18,338                     |
| 93.000  | Other Federal Assistance:   |                                    |   |                            |
|   | Unknown Title   | 619                                | 36,368 **   |                            |
|   | Unknown Title (\$130,295 provided to subrecipients)   | 620                                | 845,920 **  |                            |
|   | Unknown Title (Passed through Henry County Empowerment Board; Project Reach)  | 620                                | 47,941 **   |                            |
|   | Unknown Title (Passed through Mayo Clinic; NS33978)   | 620                                | 32,729 **   |                            |
|   | Unknown Title (Passed through Molecular Express, Inc.; Targeted Revealed Aptamer Probes)  | 620                                | 20,655 **   |                            |
|   | Unknown Title (Passed through the State University of New York; 9819)   | 620                                | 163,965 **  |                            |
|   | Unknown Title (Passed through University of Maryland; S01054)   | 620                                | 33,966 **   |                            |
|   | Unknown Title (Passed through University of Nebraska; NIH2P01CA49210-12A1)  | 620                                | 131,941 **  |                            |
|   | Global Health Corps   | 621                                | 52,634 **   | 1,366,119                  |
|   | Total U.S. Department of Health and Human Services  |                                    | 2,239,964,744   | 2,239,964,744              |
| <u>Corporation for National and Community Service</u>           |   |                                    |   |                            |
| 94.003  | State Commissions   | 269                                | 180,233   | 180,233                    |
| 94.004  | Learn and Serve America - School and Community Based Programs (\$132,567 provided to subrecipients)   | 282                                | 159,168   | 159,168                    |

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| CFDA<br>Number  | Federal Department / Program name  | State<br>Agency<br>(See pg<br>221) | Federal<br>Expenditures/<br>Disbursements/<br>Issuances | Total By<br>CFDA<br>Number |
|---|--|------------------------------------|---|----------------------------|
| <u>Corporation for National and Community Service</u> |  |                                    |   |                            |
| 94.005  | Learn and Serve America - Higher Education (Passed through Purdue University; 64208371)  | 620                                | 52,593 **   | 52,593                     |
| 94.006  | AmeriCorps (\$1,471,005 provided to subrecipients)   | 269                                | 1,471,005   |                            |
| 94.006  | AmeriCorps   | 542                                | 191,619   |                            |
| 94.006  | AmeriCorps   | 619                                | 57,201 **   |                            |
| 94.006  | AmeriCorps (Passed through National and Community Service Corporation)   | 621                                | 32,581  | 1,752,406                  |
| 94.007  | Planning and Program Development Grants  | 269                                | 20,279  | 20,279                     |
| 94.009  | Training and Technical Assistance  | 269                                | 104,070   | 104,070                    |
| 94.011  | Foster Grandparent Program   | 411                                | 203,514   | 203,514                    |
| Total Corporation for National and Community Service  |  |                                    | 2,472,263   | 2,472,263                  |
| <u>Social Security Administration</u>                 |  |                                    |   |                            |
| 96.001  | Social Security - Disability Insurance   | 131                                | 563,510   |                            |
| 96.001  | Social Security - Disability Insurance   | 283                                | 14,706,105  | 15,269,615                 |
| 96.007  | Social Security - Research and Demonstration   | 401                                | 523,512   |                            |
| 96.007  | Social Security - Research and Demonstration   | 619                                | 15,305 **   |                            |
| 96.007  | Social Security - Research and Demonstration (Passed through Kirkwood Community College)   | 619                                | 629 **  | 539,446                    |
| 96.008  | Social Security - Benefits Planning, Assistance, and Outreach Program (Passed through Virginia Association of Community Rehabilitation Programs) | 619                                | 15 **   | 15                         |
| Total Social Security Administration                  |  |                                    | 15,809,076  | 15,809,076                 |
| Total Federal Financial Assistance                    |  |                                    | \$ 4,464,318,928  | 4,464,318,928              |

\* Combined student financial assistance expenditures treated as a major federal financial assistance program.

\*\* Research and development grant expenditures treated as a major federal financial assistance program.

\*\*\* CFDA 14.239 HOME Investment Partnerships Program includes the balance of loans from previous years of \$53,345,798 for which the federal government imposes continuing compliance requirements.

**State of Iowa**

Notes to Schedule of Expenditures of Federal Awards

June 30, 2003

**(1) Significant Accounting Policies**

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, requires a Schedule of Expenditures of Federal Awards showing total federal awards expended for each individual federal program. Programs listed in the Catalog of Federal Domestic Assistance (CFDA) are so identified. Programs not in the catalog are identified as other federal assistance.

A. Reporting Entity

The reporting entity includes all state departments and entities included in the State's Comprehensive Annual Financial Report.

B. Basis of Presentation

In accordance with OMB Circular A-133, federal financial assistance is defined as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Type A programs, as defined by OMB Circular A-133, are those programs for the State of Iowa which exceeded \$11,500,000 in federal awards expended during the audit period.

C. Basis of Accounting

Expenditures are presented on the modified accrual basis of accounting except for those of the universities which are on the accrual basis.

D. Grantees

Assistance received directly from the federal government is shown by the grantee receiving the funds. Assistance received from other entities is so noted.

**(2) Non-Cash Assistance**

Non-cash assistance was as follows:

|             | Issuances<br>Year ended<br>June 30, 2003 | Inventory<br>June 30, 2003 |
|-------------|--|----------------------------|
| Food stamps | \$ 143,778,369                           | 21,057,623                 |
| Commodities | 18,291,902                               | 2,347,330                  |

Donated surplus personal property inventory is presented at the fair market value of the property received. The fair market value was estimated to be 23.3% of the property's original acquisition value, which is the assessed value provided by the General Services Administration. This property was not reported in the Comprehensive Annual Financial Report.

**(3) Federally Funded Loan Programs**

Loan balances of federally funded loan programs at June 30, 2003 were as follows:

| CFDA No. | Program   | Outstanding Loans<br>June 30, 2003 |
|----------|---|------------------------------------|
| 14.228   | Community Development Block Grants/<br>State's Program  | \$ 121,682                         |
| 14.239   | HOME Investment Partnerships Program  | 60,950,462                         |
| 20.308   | Local Rail Freight Assistance   | 570,379                            |
| 66.458   | Capitalization Grants for State<br>Revolving Funds  | 224,581,357 *                      |
| 66.468   | Capitalization Grants for Drinking Water<br>State Revolving Fund                                      | 67,092,523 *                       |
| 84.038   | Federal Perkins Loan Program - Federal<br>Capital Contributions                                       | 48,562,742                         |
| 93.342   | Health Professions Student Loans,<br>Including Primary Care Loans/Loans<br>for Disadvantaged Students | 11,369,745                         |
| 93.364   | Nursing Student Loans   | 1,493,315                          |

\* The outstanding loans consist of federal and state funds.

**(4) Unemployment Insurance**

Unemployment Insurance expenditures for the year ended June 30, 2003, reported as CFDA 17.225, included the following:

|               |                       |
|---------------|-----------------------|
| Federal funds | \$ 98,032,325         |
| State funds   | <u>382,796,824</u>    |
| Total         | <u>\$ 480,829,149</u> |

**State of Iowa**



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting

To the Governor and Members of the General Assembly:

We have audited the financial statements of the State of Iowa as of and for the year ended June 30, 2003, and have issued our report thereon dated December 12, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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.

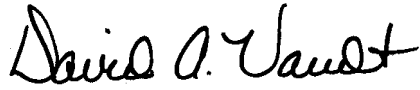
Compliance

As part of obtaining reasonable assurance about whether the State of Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance which will be reported to management in separate departmental reports.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of Iowa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which will be reported to management in separate departmental reports.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the State of Iowa and other parties to whom the State of Iowa may report. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 12, 2003





**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program, on Internal Control over Compliance  
and on the Schedule of Expenditures of Federal Awards

To the Governor and Members of the General Assembly:

Compliance

We have audited the compliance of the State of Iowa with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. The State of Iowa's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the State of Iowa's management. Our responsibility is to express an opinion on the State of Iowa's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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 about the State of Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the reports of the other auditors provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the State of Iowa's compliance with those requirements.

As described in item 03-III-DOD-582-1 in the accompanying Schedule of Findings and Questioned Costs, the State of Iowa did not comply with requirements regarding activities allowed or unallowed and allowable costs/cost principles that are applicable to its National Guard Special Military Operations and Projects. Compliance with such requirements is necessary, in our opinion, for the State of Iowa to comply with requirements applicable to that program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the State of Iowa did not comply in all material respects, with the requirements referred to above that are applicable to National Guard Special Military Operations and Projects. Also, in our opinion, the State of Iowa complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the State of Iowa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the State of Iowa's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the State of Iowa's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items 03-III-DOD-582-1 and 03-III-HHS-588-1 are material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the State of Iowa as of and for the year ended June 30, 2003, and have issued our report thereon dated December 12, 2003. We did not audit the financial statements of certain discretely presented component units, which statements reflect 96% of assets and 89% of revenues of the discretely presented component units. Those statements were audited 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. Our audit and the audits of the other auditors were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the State of Iowa and other parties to whom the State of Iowa may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 12, 2004, except for the paragraph regarding the Schedule of Expenditures Federal Awards, as to which the date is December 12, 2003

State of Iowa  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2003

**Part I: Summary of the Independent Auditor's Results:**

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Reportable conditions in internal control over major programs were disclosed by the audit of the financial statements, two of which were considered to be material weaknesses.
- (e) The independent auditor's report on compliance for major programs expressed an unqualified opinion for all major programs except for CFDA #12.402, National Guard Special Military Operations and Projects, for which an adverse opinion was expressed.
- (f) The audit disclosed findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children
  - CFDA Number 12.401 – National Guard Military Operations and Maintenance (O&M) Projects
  - CFDA Number 12.402 – National Guard Special Military Operations and Projects
  - CFDA Number 14.228 – Community Development Block Grants/State's Program
  - CFDA Number 14.239 – HOME Investment Partnerships Program
  - CFDA Number 17.225 – Unemployment Insurance
  - CFDA Number 17.245 – Trade Adjustment Assistance - Workers
  - CFDA Number 20.205 – Highway Planning and Construction
  - CFDA Number 64.005 – Grants to States for Construction of State Home Facilities
  - CFDA Number 66.468 – Capitalization Grants for Drinking Water State Revolving Fund
  - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
  - CFDA Number 84.126 – Rehabilitation Services - Vocational Rehabilitation Grants to States

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

- CFDA Number 84.318 – Technology Literacy Challenge Fund Grants
- CFDA Number 84.332 – Comprehensive School Reform Demonstration
- CFDA Number 84.365 – English Language Acquisition Grants
- CFDA Number 84.367 – Improving Teacher Quality State Grants
- CFDA Number 93.268 – Immunization Grants
- CFDA Number 93.558 – Temporary Assistance for Needy Families
- CFDA Number 93.563 – Child Support Enforcement
- CFDA Number 93.568 – Low-Income Home Energy Assistance
- CFDA Number 93.658 – Foster Care – Title IV-E
- CFDA Number 93.659 – Adoption Assistance
- CFDA Number 93.667 – Social Services Block Grant
- CFDA Number 93.767 – State Children’s Insurance Program
- CFDA Number 93.959 – Block Grants for Prevention and Treatment of Substance Abuse
- Clustered Programs:
  - Food Stamp Cluster:
    - CFDA Number 10.551 – Food Stamps
    - CFDA Number 10.561 – State Administrative Matching Grants for Food Stamp Program
  - WIA Cluster:
    - CFDA Number 17.258 – WIA Adult Program
    - CFDA Number 17.259 – WIA Youth Activities
    - CFDA Number 17.260 – WIA Dislocated Workers
  - Special Education Cluster:
    - CFDA Number 84.027 – Special Education – Grants to States
    - CFDA Number 84.173 – Special Education – Preschool Grants
  - Child Care Cluster:
    - CFDA Number 93.575 – Child Care and Development Block Grant
    - CFDA Number 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

Medicaid Cluster:

- CFDA Number 93.775 – State Medicaid Fraud Control Units
- CFDA Number 93.777 – State Survey and Certification of Health Care  
Providers and Suppliers
- CFDA Number 93.778 – Medical Assistance Program

Student Financial Assistance Cluster:

(See \* on the Schedule of Expenditures of Federal Awards)

Research and Development Cluster:

(See \*\* on the Schedule of Expenditures of Federal Awards)

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$11,500,000.
- (i) The State of Iowa did not qualify as a low-risk auditee.

State of Iowa  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2003

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

No material weaknesses in internal control over financial reporting were identified.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

**Key to Numbering of Findings in Part III:**

Part III Example: 03-III-DOD-582-1

- 03 - Fiscal Year Finding reported in (i.e. Fiscal Year Ended June 30, 2003)
- III - Part Number of the Schedule of Findings and Questioned Costs
- DOD - Federal Agency identification. In this case, the U.S. Department of Defense. See table of Federal Agency by Agency Identification on page 220.
- 582 - State Agency identification number. In this case, the Iowa Department of Public Defense - Military Division. See table of Iowa State Agencies by Agency Number on page 221.
- 1 - Comment Number for that Federal Agency

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

**Part III: Findings and Questioned Costs For Federal Awards:**

**U.S. Department of Defense**

**INSTANCE OF NON-COMPLIANCE AND REPORTABLE CONDITION**

**CFDA Number: 12.402 - National Guard Special Military Operations and Projects**

**Master Cooperative Agreement: DAHA13-03-2-3048**

**Federal Award Year: 2003**

**Iowa Department of Public Defense - Military Division**

**03-III-DOD-582-1**

CIVIC - A cooperative agreement was entered into between the National Guard Bureau and the State of Iowa for a Consolidated Interactive Virtual Information Center (CIVIC). The cooperative agreement established a relationship between the United States Government and the State of Iowa. Cooperative agreements are designed as legal documents between the State of Iowa and the National Guard Bureau and are not intended to directly benefit a federal agency, such as the U.S. Army or U.S. Air Force.

The CIVIC program was supported by the Iowa Technology Center (ITC), an entity formed by the Iowa Department of Public Defense and International Simulation & Training Systems (ISTS) in August, 1999 through the use of an Iowa Code Chapter 28E agreement.

Beginning in November 2000 and continuing through September 30, 2002, the cumulative amount expended for the CIVIC project totaled \$20,687,485. Expenditures incurred through September 30, 2002 and paid to ISTS under the Cooperative Agreement totaled \$1,467,441 for the fiscal year ended June 30, 2003.

The CIVIC program was ended in September 2002 due to questions involving contractor reimbursements. Beginning in July 2002, a committee was formed consisting of members of the United States Property and Fiscal Officer (USPFO), ITC, the Department of Public Defense and ISTS. This committee reviewed supporting documentation and identified allowable and unallowable costs. However, because the CIVIC program involved entities other than the Iowa National Guard, such as the U.S. Army and U.S. Air Force, the Cooperative Agreement was no longer deemed to be the appropriate vehicle to provide funding for the program.

The CIVIC program is currently under investigation by the Defense Criminal Investigative Service of the Department of Defense of Inspector General.

Due to the items above, costs of \$1,467,441 under the Cooperative Agreement for the quarter that ended September 30, 2002 are questioned.

Recommendation - The Department should continue to work with the Iowa Attorney General to resolve this matter. Additionally, to strengthen controls, the Department should identify risk factors associated with vendor contractors and require detailed documentation.



State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

Response and Corrective Action Planned – The Attorney General’s Office is involved in a contracting review with Defense Criminal Investigative Services. The findings and recommendations of these organizations will be supported and implemented in future agreements involving the Department of Public Defense.

Conclusion – Response accepted.

**REPORTABLE CONDITIONS:**

**CFDA Number: 12.401 – National Guard Military Operations and Maintenance (O&M) Projects**

**Master Cooperative Agreement: DAHA13-03-2-1000**

**Federal Award Year: 2003**

**Iowa Department of Public Defense – Military Division**

**03-III-DOD-582-2**

Master Cooperative Agreement Appendices – OMB Circular A-133 requires proper monitoring of disbursements of federal funds. The Military Division signs appendices to the master cooperative agreement to provide services. The appendices become part of the master agreement. The state fiscal office has not compared the total expended to the appendices to ensure the project is on target and on budget. Additionally, the state fiscal office receives cooperative agreement modifications (CAM) that indicate approved funding for the fiscal year and subsequent increases and decreases.

The state fiscal office does not always receive the CAM’s prior to exceeding the approved funding. Therefore, no one at the fiscal office is ensuring expenditures do not exceed budgeted amounts for each appendix.

Recommendation – The state fiscal office should ensure it receives copies of the master cooperative appendices and monitors disbursements to ensure they do not exceed the authorized amounts. Additionally, the Department should ensure it receives a properly approved CAM prior to exceeding the funding limitation.

Response and Corrective Action Planned – The Military Division’s Fiscal Staff is working with the United States Property and Fiscal Office Iowa to develop procedures to ensure the requirements of OMB Circular A-133 are met. The receipt of appendices by the state fiscal office has improved from previous years, however, our goal is to have further improvements made by October 1, 2004.

Conclusion – Response acknowledged. We will review procedures at the time of the next audit.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

**CFDA Number: 12.401 – National Guard Military Operations and Maintenance  
(O&M) Projects**

**Master Cooperative Agreement: DAHA13-03-2-1000**

**Federal Award Year: 2003**

**Iowa Department of Public Defense – Military Division**

**CFDA Number: 12.402 – National Guard Special Military Operations and Projects**

**Master Cooperative Agreement: DAHA13-03-2-3048**

**Federal Award Year: 2003**

**Iowa Department of Public Defense – Military Division**

**03-III-DOD-582-3**

Request for Reimbursement – The Master Cooperative Agreement for the National Guard Military Operations and Maintenance Projects and the National Guard Special Military Operations and Projects states that for those states on a reimbursement basis, as Iowa is, the states shall expend the funds prior to requesting reimbursement from the federal government. During a review of the drawdowns for the year, for four of 50 reimbursements tested for the National Guard Military Operations and Maintenance Projects and for four of four reimbursements tested for the National Guard Special Military Operations and Projects, state funds were not expended prior to the request for reimbursement from the federal government.

Recommendation – The Department should ensure state funds are being spent prior to requesting reimbursement from the federal government in accordance with the Master Cooperative Agreement. If it is not feasible for the state to expend funds prior to requesting federal reimbursement due to the large dollar amount of the expenditures, the state should work with the United States Property and Fiscal Office to begin receiving federal funds on an advance basis.

Response and Corrective Action Planned – The Division is striving to put procedures in place to change the Master Cooperative Agreement to an advance payment method. To ensure compliance with Federal regulations the Division has had to develop new reports. It is the intent of the Military Division to have these procedures in place in October 2004.

Conclusion – Response acknowledged. We will review progress at the time of the next audit.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

**CFDA Number: 12.401 – National Guard Military Operations and Maintenance  
(O&M) Projects**

**Master Cooperative Agreement: DAHA13-03-2-1000**

**Federal Award Year: 2003**

**Iowa Department of Public Defense – Military Division**

**03-III-DOD-582-4**

Construction Contracts – Chapter 18.6(9) of the Code of Iowa requires when the estimated total cost of construction, erection, demolition, alteration, or repair of a public improvement exceeds \$25,000, the Department shall solicit bids on the proposed improvement by publishing an advertisement in a print format. The advertisement shall appear in two publications in a newspaper published in the county in which the work is to be done. For two of eleven improvements tested, the Department did not publish an advertisement to solicit bids.

Recommendation – The Department should implement procedures to ensure an advertisement to solicit bids is published for all improvements over \$25,000.

Response and Corrective Action Planned – The Military Division has policies and procedures in place that comply with Chapter 18.6 of the Code of Iowa. These policies and procedures were not followed in these two incidents. But in each incident, competitive bids were sought and obtained by the Division. The staff involved in the contracting process have been counseled concerning proper policies and procedures. All future improvements above \$25,000 will be published as required by Chapter 18.6 of the Code of Iowa.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

**U.S. Department of Housing and Urban Development**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

**CFDA Number: 14.228 - Community Development Block Grants/State's Program**  
**Agency Number: B-01-DC-19-0001, B-02-DC-19-0001, B-03-DC-19-0001**  
**Federal Award Year: 2001, 2002, 2003**  
**Iowa Department of Economic Development**

**CFDA Number: 14.239 - HOME Investment Partnerships Program**  
**Agency Number: M-01-SG-19-0001, M-02-SG-19-0001, M-03-SG-19-0001**  
**Federal Award Year: 2001, 2002, 2003**  
**Iowa Department of Economic Development**

**03-III-HUD-269-1**

Cash Management - Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. As stated in the Cash Management Improvement Act (CMIA) Agreement, the CDBG and HOME programs are funded on a cash advance basis. This means federal draws are not to be deposited more than three days prior to the date of disbursement.

A review of the Department's ledgers and cash management system identified the following:

- (a) In fifteen instances, the Department drew CDBG funds, but the corresponding disbursements were not made until four to twenty-two working days later. The draw amounts ranged from \$560 to \$1,489,612.
- (b) For three of fifteen HOME draws tested, deposits were not expended within three days. The corresponding disbursements were not made until seven to eight working days later. The draw amounts ranged from \$1,194 to \$425,000.
- (c) Three of fourteen payroll draws for HOME and seven of twenty payroll draws for CDBG were not drawn within the proper time period.

Recommendation - The Department should develop and implement procedures to ensure federal funds are drawn in amounts sufficient to cover current needs and are disbursed in a timely manner without carrying excessive daily balances.

Response and Corrective Action Planned - The finding reflected an improvement over the previous fiscal year which demonstrates that the more "hands on" approach implemented in February 2003 is showing results. The Department will continue this approach and intensify its efforts to eliminate this finding from future audit reports. We will also implement a more rigid draw schedule immediately to further refine this process.

Conclusion - Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

**CFDA Number: 14.228 - Community Development Block Grants/State's Program**  
**Agency Number: B-01-DC-19-0001, B-02-DC-19-0001, B-03-DC-19-0001**  
**Federal Award Year: 2001, 2002, 2003**  
**Iowa Department of Economic Development**

**CFDA Number: 14.239 - HOME Investment Partnerships Program**  
**Agency Number: M-01-SG-19-0001, M-02-SG-19-0001, M-03-SG-19-0001**  
**Federal Award Year: 2001, 2002, 2003**  
**Iowa Department of Economic Development**

**03-III-HUD-269-2**

Monitoring of Subrecipient Audit Reports - OMB Circular A-133 Subpart C.300(e) and Subpart D.400(d)(4) require the Department to ensure that subrecipients expending \$300,000 or more in federal awards submit audit reports to them within nine months of the subrecipient's fiscal year end.

Ten of fifteen CDBG subrecipients and two of ten HOME subrecipients did not submit an audit report to the Department within nine months of their fiscal year end.

Recommendation - The Department should develop and implement procedures to ensure that subrecipients who expended more than \$300,000 in federal awards submit an audit report within nine months of their fiscal year end.

Response and Corrective Action Planned - Although many of these audits were not received within the prescribed time frame (nine months after audit completion), all but two of the 25 audits were received within two weeks after the prescribed time frame. The Department did make a good faith effort to meet this requirement, not only by sending a reminder letter to all projects regarding the audit requirement, but also by following up with telephone calls to those projects that had not submitted audits by March 2003.

The Department's plan for corrective action will be to start the reminder process earlier in future years. Instead of waiting until March to check on audit submissions (deadline is typically March 31<sup>st</sup>), the Department will start this process on February 1, 2005. Since basically all of the submissions were late by only two weeks or less, if the Department starts the entire process one month earlier in the future, it is hoped that all the audits will be submitted within the prescribed time frame.

Conclusion - Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

**U.S. Department of Labor**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

**CFDA Number: 17.225 – Unemployment Insurance**  
**Agency Number: 2102K, UI10935FM, UI11819HY, UI12638KS**  
**Federal Award Year: 2000, 2001, 2002, 2003**  
**Iowa Department of Workforce Development**

**03-III-DOL-309-1**

Federal Reports – Federal financial and special reports are prepared from the Department's computer system and other supporting documentation.

Reports ETA 581 – *Contribution Operations*, ETA 2208A – *Quarterly UI Contingency Report* and ETA 227 – *Overpayment Detection and Collection Activities* are being prepared, but there is no supervisory review of the reports performed.

Recommendation – The Department should develop procedures to ensure a supervisory review of reports is performed to verify the accuracy and completeness of information reported.

Response and Corrective Action Planned – The reports were reviewed by supervisors and are correct. Unfortunately, hard copies were not signed or initialed to document that process. They will be signed or initialed by supervisors in the future.

Conclusion – Response accepted.

**CFDA Number: 17.225 – Unemployment Insurance**  
**Agency Number: UI11819HY, UI12638KS**  
**Federal Award Year: 2002, 2003**  
**Iowa Department of Workforce Development**

**03-III-DOL-309-2**

CMIA Agreement – Payroll – As stated in the Cash Management Improvement Act (CMIA) Agreement, the state utilizes a bi-weekly payroll system with a payday every other Friday. Consistent with the state's cash advance requirements, the departments must have funds on hand by Tuesday preceding the payday to cover net pay, employer contributions, and employee deductions. Due to these administrative constraints, the state is required to pay interest on direct payroll costs for 4.60 days, which is the dollar weighted average clearance of payroll related costs for mandatory and discretionary deductions held by the Centralized Payroll Trustee.

The Department is required to submit a spreadsheet to the Iowa Department of Revenue and Finance which documents payroll expenditures and related federal drawdowns by pay period. The spreadsheet for fiscal year 2003 for the cost pool included allocation percentages to distribute the costs to various cost centers. The percentages used did not correspond with the percentages actually used in the Iowa Financial Accounting System (IFAS) for the first twenty pay periods of the year.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

Recommendation - The Department should ensure that the payroll spreadsheet submitted to the Iowa Department of Revenue and Finance is accurate.

Response and Corrective Action Planned - The analysis prepared was based on final cost pool percentages that are determined at the end of each quarter according to time studies of staff within the cost pool. Estimated percentages are used throughout the quarter and then adjustments are made based on these time studies. The Department realizes that the analysis should have been based exactly on the way costs were incurred throughout the quarter and then apply the quarterly adjusting entry at the point it was posted to the books of account. This will be done on future spreadsheets to the Iowa Department of Revenue and Finance.

Conclusion - Response accepted.

**CFDA Number: 17.225 - Unemployment Insurance**  
**Agency Number: 2102K, UI10935FM, UI11819HY, UI12638KS**  
**Federal Award Year: 2000, 2001, 2002, 2003**  
**Iowa Department of Workforce Development**

**03-III-DOL-309-3**

Cash Management - Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of these funds. They also minimize the amount of state funds that must be used to operate the program until the federal funds are received.

For the Unemployment Insurance program, two instances were noted where the cash balance was excessive for a period of seven to eight days.

Recommendation - The Department should monitor cash balances to ensure balances on hand are sufficient to cover current needs and are disbursed in a timely manner without carrying excessive daily balances.

Response and Corrective Action Planned - The Department is only aware of some very short time periods of excess cash. These were due in large part because adjustments were made to move costs from baseline Unemployment Insurance codes to the Temporary Extended Unemployment Benefits cost codes. This is done each payroll and is based on activity code information supplied by the staff members on their timesheets. There are instances where this has resulted in adjusting entries made that temporarily left the Department with excess Unemployment Insurance funds on hand.

Conclusion - Response acknowledged. The Department should continue to improve its cash management monitoring system.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

**CFDA Number: 17.225 - Unemployment Insurance**  
**Agency Number: 2102K, UI10935FM, UI11819HY, UI12638KS**  
**Federal Award Year: 2000, 2001, 2002, 2003**  
**Iowa Department of Workforce Development**

**CFDA Number: 17.245 - Trade Adjustment Assistance - Workers**  
**Agency Number: TA11128FX, TA11893IJ, TA12691LD, TA12691LF, TA12638LC,**  
**TA12638LE, 1722K, UI11819II, UI11819IK**  
**Federal Award Year: 2000, 2001, 2002, 2003**  
**Iowa Department of Workforce Development**

**CFDA Number: 17.258 - WIA Adult Program**  
**Agency Number: AA11251HP, AA12011JF, AA12011KC**  
**Federal Award Year: 2002, 2003**  
**Iowa Department of Workforce Development**

**CFDA Number: 17.259 - WIA Youth Activities**  
**Agency Number: AA12011IZ, AA12925LO**  
**Federal Award Year: 2002, 2003**  
**Iowa Department of Workforce Development**

**CFDA Number: 17.260 - WIA Dislocated Workers**  
**Agency Number: AA11251HQ, AA12011JG, AA11251GR, EM10882JJ,**  
**EM10882EF, EM10882FF, EM10882IT, EM10882KF**  
**Federal Award Year: 2000, 2001, 2002, 2003**  
**Iowa Department of Workforce Development**

**03-III-DOL-309-4**

Cost Allocation - The Department utilizes a cost allocation system to distribute certain costs among federal and state programs. Allocations are made on a daily basis and may change at various times throughout the year. Several methods are used to allocate costs including, but not limited to, square footage, full-time equivalent (FTE's) positions and hours charged to various programs.

Review of the cost allocation system identified documentation to support certain changes made to the cost allocation system during the year was not available for the allocation of Premises Expense at 1000 East Grand.

Recommendation - The Department should develop procedures to ensure the percentages used and the cost centers charged in the cost allocation system reconcile to supporting documentation and that the documentation is maintained.

Response and Corrective Action Planned - The Department prepared an analysis of rent allocations for the fiscal year that ended on June 30, 2003. The actual charges posted were compared to what they would have been had adjustments not been made in the distribution percentages. Because the Department breaks costs down by bureau and program, the net effect of the variances is minimal. In many of the cases, an adjustment would have resulted in charging more costs to one bureau and less costs to another. The net effect is that the bureau may have been over or under charged, however, the program funding sources did not pay significantly more or less than what has been posted to the books of account.

The Department has developed procedures that will ensure that changes made to cost allocation tables are documented through narrative or analysis.

Conclusion - Response accepted.



State of Iowa

Schedule of Findings and Questioned Costs

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**CFDA Number: 17.225 - Unemployment Insurance**

**Agency Number: UI11819HY, UI12638KS**

**Federal Award Year: 2002, 2003**

**Iowa Department of Workforce Development**

**CFDA Number: 17.258 - WIA Adult Program**

**Agency Number: AA11251HP, AA12011JF, AA12011KC**

**Federal Award Year: 2002, 2003**

**Iowa Department of Workforce Development**

**CFDA Number: 17.259 - WIA Youth Activities**

**Agency Number: AA12011IZ, AA12925LO**

**Federal Award Year: 2002, 2003**

**Iowa Department of Workforce Development**

**CFDA Number: 17.260 - WIA Dislocated Workers**

**Agency Number: AA11251HQ, AA12011JG, AA11251GR, EM10882JJ,  
EM10882EF, EM10882FF, EM10882IT, EM10882KF**

**Federal Award Year: 2000, 2001, 2002, 2003**

**Iowa Department of Workforce Development**

**03-III-DOL-309-5**

Payroll Allocation - The Department performs a time study on a quarterly basis to determine percentages of time spent on various federal programs within a designated cost pool. The percentages are based upon certifications submitted by the employees working within the cost pool. The percentages are compiled and total costs are distributed to the federal programs within the cost pool.

Review of work report information provided by employees on the state payroll system indicated several instances where the total time charged to the cost pool did not agree with the percentage of time certified. Also, three employees who charged time to the cost pool for a portion of the fiscal year were not included in the time study.

Recommendation - The Department should develop procedures to ensure payroll certifications are supported by actual time charged through the state payroll system. Also, the Department should ensure all employees are included in the time study.

Response and Corrective Action Planned - The Department is not aware of any employees that worked a significant amount of time during a given quarter but did not complete a time study. The Department did have employees who began employment or ended employment during the year. In those cases, the individual may have left without signing a time study. In other cases, staff may have started late in a quarter and did not work a significant number of time periods during that quarter. Therefore, the Department did not request a time study from that person.

The time studies do agree with the state payroll system that is actually used to calculate and charge payroll to the various programs on a payroll by payroll basis. The system that did not agree with time studies is only used by the state to track hours worked and leave time taken. It is not used to actually allocate payroll to any program.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

The Department did change the time study process at July 1, 2003 to have time studies completed by staff on a monthly basis. This should reduce the impact of staff leaving employment without completing time studies. Instead of missing an entire quarter, we would not miss any more than 4 weeks of time studies for an individual.

Conclusion – Response acknowledged. The Department should ensure that employee quarterly certifications agree with the average time spent on the cost pool as documented in the State's payroll system.

**CFDA Number: 17.245 – Trade Adjustment Assistance – Workers**

**Agency Number: TA11128FX, TA11893IJ, TA12691LD, TA12691LF,  
TA12638LC, TA12638LE, 1722K, UI11819II, UI11819IK**

**Federal Award Year: 2000, 2001, 2002, 2003**

**Iowa Department of Workforce Development**

**03-III-DOL-309-6**

Disbursement Controls – Eligible participants in the Trade Adjustment Assistance program may choose to participate in classroom training or on-the-job training. A contract is created with a vendor to provide designated training. Contracts are negotiated on an individual participant basis and a maximum contract amount is determined. The original contract is maintained in the Financial Management Bureau. An encumbrance is created for the full amount of each contract.

Payments to vendors are processed initially by program administrators and first level of approval is given. The original payment voucher with supporting documentation is sent to Financial Management to be processed for payment. Financial Management is to file support with the original contract and ensure that funds are available per the negotiated contract. A second level of approval is made by Financial Management and payment is processed.

During fiscal year 2003 a vendor submitted the same invoice for payment twice and warrants were issued to the vendor. Subsequently, the vendor returned the duplicate payment to the Department. However, established controls were not utilized and therefore, were not effective in preventing and detecting the duplicate payment.

Recommendation – The Department should ensure established policies and procedures are utilized to prevent and detect duplication of payments to vendors.

Response and Corrective Action Planned – This error occurred because an accounting clerk did not follow the established procedure. That individual has been made aware of the error and the proper procedure was reviewed with her to ensure that this problem does not happen again.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

**CFDA Number: 17.258 – WIA Adult Program**  
**Agency Number: AA11251HP, AA12011JF, AA12011KC**  
**Federal Award Year: 2002, 2003**  
**Iowa Department of Workforce Development**

**CFDA Number: 17.259 – WIA Youth Activities**  
**Agency Number: AA12011IZ, AA12925LO**  
**Federal Award Year: 2002, 2003**  
**Iowa Department of Workforce Development**

**CFDA Number: 17.260 – WIA Dislocated Workers**  
**Agency Number: AA11251HQ, AA12011JG, AA11251GR, EM10882JJ,**  
**EM10882EF, EM10882FF, EM10882IT, EM10882KF**  
**Federal Award Year: 2000, 2001, 2002, 2003**  
**Iowa Department of Workforce Development**

**03-III-DOL-309-7**

Subrecipient Monitoring – OMB Circular A-133 Compliance Supplement states, in part, that each state must have a monitoring system which provides for annual on-site monitoring reviews of subrecipient's compliance with U.S. Department of Labor uniform administrative requirements, ensures that established policies to achieve program quality and outcomes meet the Workforce Investment Act's objectives and enables the Governor to determine if subrecipients and contractors are in substantial compliance with WIA requirements.

A review of the Department's subrecipient monitoring activities during fiscal year 2003 identified no program monitoring or quality reviews were performed for seven of the fifteen subrecipients.

Recommendation – The Department should develop policies and procedures to ensure program monitoring and quality reviews are performed on all subrecipients.

Response and Corrective Action Planned – Staffing shortages resulted in these program monitoring reviews not being performed. Every effort is being made to ensure that all program monitoring is performed each year. All required visits are scheduled for state fiscal year 2004.

Conclusion – Response accepted.

State of Iowa  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2003

**U.S. Department of State**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITION:**

**CFDA Number: 19.405 - College and University Partnerships Program**  
**Agency Number: ASDH-0332**  
**Federal Award Year: 2000, 2001, 2002, 2003**  
**Iowa State University**

**CFDA Number: 19.408 - Educational Exchange - Teachers from Secondary and Postsecondary Levels and School Administrators**  
**Agency Number: ASKS-1082/ S-ECAAS-02-GR-149 (CS)**  
**Federal Award Year: 2001, 2002, 2003**  
**Iowa State University**

**03-III-DOS-620-1**

Grant Management - The Office of Auditor of State, in conjunction with representatives of Iowa State University, is conducting an on-going investigation related to grants awarded by the programs identified above. The grants were administered by the College of Education, Center for Technology in Learning and Teaching. Disbursements for the College and University Partnerships Program for the grant period August 15, 2000 through August 31, 2003 totaled \$299,597. Disbursements for the Educational Exchange - Teachers from Secondary and Postsecondary Levels and School Administrators for the grant period March 28, 2001 through June 30, 2003 totaled \$346,954. A report will be issued by the Office of Auditor of State when the investigation is completed and will be provided to the appropriate oversight entity. The report will include any questioned costs and other concerns identified. In addition, the results will be disclosed within the subsequent year's schedule of findings and questioned costs.

Recommendation - The University should work with the U.S. Department of State to resolve these issues.

Response and Corrective Action Planned - The University will work with the Department of State to resolve any questioned costs and concerns identified.

Conclusion - Response accepted.

State of Iowa  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2003

**U.S. Department of Transportation**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

**CFDA Number: 20.205 - Highway Planning and Construction**

**Agency Number: None**

**Federal Award Year: 2003**

**Iowa Department of Transportation**

**03-III-DOT-645-1**

Davis-Bacon Act - Farm to Market Projects - The Department pays contractors directly for Farm to Market (FM) projects and, therefore, is responsible for compliance with federal requirements. The responsibility for compliance with federal requirements related to the Davis-Bacon Act has been delegated to the County Engineer who is the contracting authority for these projects.

The Department relies on the final audit procedures performed by Transportation District personnel at the completion of a project to ensure the Davis-Bacon requirements are being met. Documentation of final audit procedures performed by Transportation District personnel is not always specific enough to indicate if compliance with Davis-Bacon requirements has been determined.

The Department began developing written procedures for determining and documenting compliance with Davis-Bacon requirements for federally participating FM projects during fiscal year 2002 and fiscal year 2003 and implemented the procedures July 1, 2003.

Recommendation - The Department should monitor performance to ensure the newly implemented procedures are correctly understood and followed.

Response and Corrective Action Planned - The Department will monitor performance to ensure that the procedures implemented July 1, 2003 are understood and followed.

Conclusion - Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

**CFDA Number: 20.205 - Highway Planning and Construction**

**Agency Number: None**

**Federal Award Year: 2003**

**Iowa Department of Transportation**

**03-III-DOT-645-2**

Subrecipient Monitoring - OMB Circular A-133 requires the pass-through entity to be responsible for monitoring the activities of the subrecipients, as necessary, to ensure federal awards are used for authorized purposes in compliance with laws, regulations, and provisions of the contract or grant. A total of \$56,405,926 was passed on to cities and counties in fiscal year 2003.

The Department monitors subrecipients through final audits performed by Transportation District personnel at the completion of a project. The final audits are not consistently documented and do not include several of the applicable federal compliance requirements.

The Department began developing written procedures for monitoring subrecipients' compliance with applicable federal requirements during fiscal year 2002 and fiscal year 2003 and implemented the procedures July 1, 2003.

Recommendation - The Department should monitor performance to ensure the newly implemented procedures are correctly understood and followed.

Response and Corrective Action Planned - The Department will monitor performance to ensure that the procedures implemented July 1, 2003 are understood and followed.

Conclusion - Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

**U.S. Environmental Protection Agency**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITION:**

**CFDA Number: 66.468 – Capitalization Grants for Drinking Water  
State Revolving Fund**

**Agency Number: FS997593 03**

**Federal Award Year: 2002**

**Iowa Department of Natural Resources**

**03-III-EPA-542-1**

Subrecipient Monitoring – OMB Circular A-133 requires the pass-through entity to be responsible for monitoring the activities of the subrecipients, as necessary, to ensure federal awards are used for authorized purposes in compliance with laws, regulations, and provisions of the contract or grant.

The Department monitors subrecipients through audits performed during the course of the Drinking Water State Revolving Fund (DWSRF) project. The program requires subrecipients to submit an audit report if expenditures exceed \$300,000 during a fiscal year. The Department notifies the recipients of the audit requirement at the time the recipient receives the funds and again when Department records indicate the recipient has drawn down close to \$300,000 in a fiscal year. For eight of twenty-two subrecipients tested, the Department did not receive audit reports.

Recommendation – The Department should implement procedures to ensure subrecipients submit the required audit reports.

Response and Corrective Action Planned – The Department currently has a good system in place to monitor subrecipients and ensure that they submit the required audit reports. While we may occasionally receive audit reports after the due date, we do eventually receive them. We have little recourse available to us if the reports are not submitted on time and, due to limited resources, do not plan to change our current procedures for following up on late reports.

The Department monitors DWSRF loan disbursements and annually sends notifications to recipients who receive more than \$300,000 that an OMB Circular A-133 audit will be required. Those who receive less than \$300,000 are generally sent a letter notifying them of the amount of DWSRF funds disbursed and the potential need for an A-133 audit if, in aggregate with other federal funds, this threshold is exceeded.

Each subsequent year, if the audit has not been submitted, the city is sent notification that the audit is past due. This continues until the audit is submitted. When received, if a review determines that the audit is not in compliance, the recipient is notified of the deficiency and need for correction. Again during the annual review, if the correction had not been made, the city is contacted again.

Seven of the eight DWSRF audits noted in the audit finding have subsequently been received.

Conclusion – Response acknowledged. We will review the reports in the subsequent audit period.

State of Iowa  
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**U.S. Department of Education**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

**CFDA Number: 84.010 - Title 1 Grants to Local Educational Agencies**

**Agency Number: S010A020015**

**Federal Award Year: 2002**

**Iowa Department of Education**

**03-III-USDE-282-1**

Allocation Approval - The Department allocates Title I funds to each Community School District (CSD) based on a formula using a per pupil amount. Department procedures for the program require an independent employee to review the allocation calculation. Evidence of the review could not be obtained.

Recommendation - The Department should ensure the review process is performed and documented to ensure allocations are properly calculated.

Response and Corrective Action Planned - The Department will implement procedures for both the Title I Administrative Consultant and the Title I Accounting Technician to review and document the review for the Title I allocation calculations and tables.

Conclusion - Response accepted.

**CFDA Number: 84.027 - Special Education - Grants to States**

**Agency Number: H027A020097**

**Federal Award Year: 2002**

**Iowa Department of Education**

**CFDA Number: 84.173 - Special Education - Preschool Grants**

**Agency Number: H173A020102**

**Federal Award Year: 2002**

**Iowa Department of Education**

**03-III-USDE-282-2**

Child Count - Area Education Agencies submit child count reports to the Department by child age and disability which the Department utilizes to prepare a summary report. The summary report did not agree to supporting documentation and Department personnel could not provide an explanation for the variance.

Recommendation - The Department should implement procedures to ensure that the individual child count reports agree to the summary report.

Response and Corrective Action Planned - The Department agrees with the comment and recommendation. Software and reports were revised following the completion of the 2002-2003 child count and reporting cycle. The programming revisions were in place for the 2003-2004 child count cycle and all of the individual reports now agree with the summary reports.

Conclusion - Response accepted.



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**CFDA Number: 84.318 - Technology Literacy Challenge Fund Grants**

**Agency Number: S318X020015**

**Federal Award Year: 2002**

**Iowa Department of Education**

**03-III-USDE-282-3**

Documentation of Monitoring - OMB Circular A-133 requires the pass-through entity to be responsible for monitoring the activities of the subrecipients, as necessary, to ensure federal awards are used for authorized purposes in compliance with laws, regulations, and provisions of the contract or grant. The Department has established monitoring procedures. However, no documentation is prepared or retained for the monitoring performed.

Recommendation - The Department should prepare and retain documentation of monitoring performed.

Response and Corrective Action Planned - The Department has established a team of three reviewers for all grant monitoring of Technology Literacy Challenge Fund grants. The Department will collect the feedback from the reviewers and retain all feedback forms for the monitoring activity that takes place each April/May and October/November of each year.

Conclusion - Response accepted.

**CFDA Number: 84.334 - Gaining Early Awareness and Readiness for Undergraduate Programs**

**Agency Number: P334A000219**

**Federal Award Year: 2002**

**University of Northern Iowa**

**03-III-USDE-621-4**

Allowability of Expenditures - The Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP) is structured as a partnership between the University of Northern Iowa, Logan Middle School, three Waterloo high schools, Allen Health Systems and the Communities in Schools, Inc. of Waterloo. The mission of this partnership is to prepare all Logan Middle School students to successfully pursue post-secondary education. The partnership's main goals are to inform all students and their parents about college options and financial aid, develop a solid academic foundation, promote improvement in teaching and learning methods and provide ongoing staff training and professional development. The students in the program are to be involved in assemblies, orientations, college visits and career awareness, implementation of decision-making curriculum, and homeroom mentors. The University is reimbursed for the total costs incurred plus 8% for indirect costs.

OMB Circular A-21, Cost Principles for Educational Institutions, states "Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable."

The following unallowable expenditures were identified during testing:

1. The students were taken on a five day field trip to Chicago, Illinois that included a visit to the University of Illinois and Field Museum, purchases of tickets to Six Flags Amusement Park, the Navy Pier and Magic Waters Park. The visits to the University of Illinois and Field Museum were allowable activities for the program. However, the total costs were not allocated between unallowable and allowable portions since that would require making certain assumptions. The total cost associated with the field trip of \$6,391 was questioned.
2. Admission tickets to the Lost Island Water Park for the end of summer program celebration were purchased for \$499.

State of Iowa  
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3. Admission tickets to a movie were purchased for \$425. The purpose listed was congratulatory gifts for 7<sup>th</sup> and 8<sup>th</sup> grade students on the honor-roll for that quarter.
4. T-shirts were purchased for the GEAR-UP summer program for \$460. The public purpose and allowability of this purchase was not documented.
5. Indirect costs related to the above expenditures of \$622 were also reimbursed to the University.
6. Several expenditures were initially charged to the GEAR-UP program when they did not relate to the program or the students participating in the program. The University requested drawdowns of federal funds for these costs when they were charged. The GEAR-UP program was subsequently reimbursed for the charges and subsequent drawdowns were reduced by the reimbursement. These charges are described below:
  - a. The University purchased six air conditioners for Price Lab Schools for a total of \$2,574. This equipment purchase does not meet the description of approved purchases in the grant agreement. The air conditioners were returned in August 2003.
  - b. The GEAR-UP program was charged \$2,237 for the cost of airline tickets and travel agent fees for a leadership conference for student participants in the McNair Scholars Program. The GEAR-UP account was reimbursed for the charges two months later.
  - c. The total salaries and wages for a summer program were initially charged to the GEAR-UP account. This summer program was in conjunction with Waterloo Community School District (CSD) and included services for students who were not part of the GEAR-UP program. The total cost related to the other programs was \$51,815 and was reimbursed by the CSD in May 2003.
  - d. Indirect costs related to the above expenditures of \$4,530 were also reimbursed to the University.

Due to the items noted above, costs of \$8,397 for the year ended June 30, 2003 are questioned. Costs of \$61,156 are not questioned because the federal program was subsequently reimbursed. However, federal funds were borrowed to initially pay the costs.

Recommendation - The University should review the questioned costs and work with the U.S. Department of Education to resolve this matter.

Response and Corrective Action Planned -

1. The field trip to Chicago was an educational enrichment activity conducted to permit Logan Middle School students to visit the University of Chicago and to interact with its staff. A number of educational and cultural activities were packaged in the field trip to enhance student participation. Program staff believe inclusion of the Six Flags Amusement Park and the water park in the itinerary was an incentive which motivated a number of students to participate in the summer field trip who otherwise might not have participated.
2. An end-of-summer social activity at Lost Island Water Park was provided for GEAR-UP students who successfully completed the program. Program staff included this activity in their summer schedule as a means of motivating young people to participate in and complete the summer program. The University will require program staff to include an explanation and/or documentation of the programmatic purpose and allocability of entertainment type expenditures in the future authorizing payment from federal funds.

State of Iowa  
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For the Year Ended June 30, 2003

3. Students who made the 7<sup>th</sup> and 8<sup>th</sup> grade honor rolls at Logan Middle School were taken to a movie in lieu of holding an assembly. Program staff believe the reward of attendance of a movie is a more effective motivator than recognition in a school assembly. The University will require program staff to include an explanation and/or documentation of the programmatic purpose and allocability of entertainment type expenditures prior to authorizing payment from federal funds.
4. Program administrators require students and staff to wear GEAR-UP T-shirts when they are on the University of Northern Iowa campus and when they are on field trips. This makes it easier for the group to stay intact and for staff to track students. The University will require program staff to include an explanation and/or documentation of the programmatic purpose and allocability of this type of audit sensitive expenditure in the future prior to authorizing payment from federal funds.
5. The GEAR-UP grant included indirect costs. In the event any direct cost is determined to be unallowable, the University will refund associated indirect costs to the granting agency.
6.
  - a. Room air conditioners were ordered for the comfort of students being instructed in non-air conditioned classrooms at Price Laboratory School on the University campus during the summer. Soon after delivery, the GEAR-UP Project Director returned the air conditioners to the vendor and exchanged them for fans. The vendor refunded the price difference to the University which was credited to the GEAR-UP grant account. Provided the reasonableness test was met, the University believes no prior approvals of the federal agency was required as per OMB A-21, J.16.
  - b. Air travel for the McNair grant was incorrectly posted to the GEAR-UP grant in November 2002. This error was discovered by program staff during the monthly review of GEAR-UP account ledger sheets. Program staff initiated a correcting journal entry in January 2003 to move the charges to the correct account. The University Grants and Contracts Office will counsel program staff on proper cost allocation procedures.
  - c. An oral proposal was made to officials of the Waterloo Community School District (CSD) to provide services to Waterloo CSD students who were not eligible to be served by the Federal GEAR-UP program. The proposal was accepted, but a written contract was not received by the program's effective date. In late July 2002, a contract was executed and an account established to enable summer Waterloo CSD teachers to be compensated through the University payroll. The contract should have been amended to pay other Waterloo CSD program costs as well. Instead other Waterloo CSD program costs were charged to the GEAR-UP grant and reimbursed at a later date.
  - d. Indirect costs on the program costs identified in the preceding comment were promptly reversed at the time the unallowable expenditures were moved to the correct account.

The University will review its grant related policies and procedures for properly managing sponsored projects and allocating allowable costs to federal grant and contract accounts. The Grants and Contracts Administrator will coordinate resolution of the above findings with the U.S. Department of Education by June 30, 2004.

Conclusion - Response acknowledged. The University did provide additional documentation after the completion of audit fieldwork. The University should include supporting documentation with the claim to support the public purpose served and how the expenditures relate to the grant objectives. The University should work with the U.S. Department of Education to resolve this matter, including the return of questioned costs, as necessary.

State of Iowa

Schedule of Findings and Questioned Costs

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**CFDA Number: 84.342 - Preparing Tomorrow's Teachers to Use Technology**  
**Agency Number: GM10021-113055, 5-34322**  
**Federal Award Year: 1999, 2000, 2001, 2002**  
**Iowa State University**

**03-III-USDE-620-5**

Grant Management - The Office of Auditor of State, in conjunction with representatives of Iowa State University, is conducting an on-going investigation related to a grant awarded by the program identified above. The grant is administered by the College of Education, Center for Technology in Learning and Teaching. Disbursements for the grant period September 1, 1999 through August 31, 2002 totaled \$142,900. A report will be issued by the Office of Auditor of State when the investigation is completed and will be provided to the pass-through entity, University of Virginia. The report will include any questioned costs and other concerns identified. In addition, the results will be disclosed within the subsequent year's schedule of findings and questioned costs.

Recommendation - The University should work with the University of Virginia to resolve these issues.

Response and Corrective Action Planned - The University will work with the University of Virginia to resolve any questioned costs and concerns identified.

Conclusion - Response accepted.

**CFDA Number: 84.367 - Improving Teacher Quality State Grants**  
**Agency Number: S367A020014**  
**Federal Award Year: 2002**  
**Iowa Department of Education**

**03-III-USDE-282-6**

Application Approval - Department procedures require the applications submitted by each Community School District (CSD) be reviewed and approved. Evidence of the review and approval by Department staff was not documented on the application.

Recommendation - The Department should ensure the review and approval process of applications is performed and documented.

Response and Corrective Action Planned - The documentation procedure necessary for this program was implemented in 2003 and will be continued. All applications received from school districts in the department have always been reviewed for approval. This practice will continue, as well. As of this past year (2003), each application was stamped with a date stamp upon receipt and identified as approved. The corrective action taken for this item was implemented October 1, 2003 and will be continued. It includes not only the date stamp, but the initials of the reviewer signifying approval.

Conclusion - Response acknowledged. Based on discussion with program personnel and observation of the applications, the date stamp was present, but documentation of the approval after the application was reviewed was not found. The Department should ensure the review and approval is documented.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

**CFDA Number: 84.367 - Improving Teacher Quality State Grants**

**Agency Number: S367A020014**

**Federal Award Year: 2002**

**Iowa Department of Education**

**03-III-USDE-282-7**

Subrecipient Monitoring - OMB Circular A-133 requires the pass-through entity to be responsible for monitoring the activities of the subrecipients, as necessary, to ensure federal awards are used for authorized purposes in compliance with laws, regulations, and provisions of the contract or grant. The Department has not established written procedures for monitoring subrecipients.

Recommendation - The Department should establish written procedures for monitoring subrecipient compliance with applicable federal requirements so it is clearly and consistently documented.

Response and Corrective Action Planned - The corrective action for this item is the implementation of written procedures for monitoring the Title II, Part A program. Written procedures for monitoring this program are currently in development and will be fully implemented by October 1, 2004.

- Issues of concern for this program are communicated to the Iowa Department of Education School Improvement Consultant. These concerns or questions are then communicated to the Department Title II, Part A coordinator for monitoring and resolution with the district.
- Applications for Title II, Part A funds reflect the requirements for the program. It is clear to the districts applying for funds that the process necessary to access those funds includes filing an application with the Iowa Department of Education for approval.
- All districts are required to sign off on assurances with the Iowa Department of Education. These assurances guarantee districts will comply with the program requirements in order to receive funds.
- The auditors at the local school district level verify that Local Education Agencies are meeting requirements. These requirements can be accessed by the districts and auditors at [www.ed.gov/policy/elsec/leg/esea02/pg20.html](http://www.ed.gov/policy/elsec/leg/esea02/pg20.html). The information on this federal web site, including the program guidance, has been distributed to school districts statewide. It is also identified on the Iowa Department of Education web site under Title II, Part A program information.

Conclusion - Response acknowledged. The Department should establish written procedures for monitoring compliance. The items identified as currently in place are a good start to monitoring. However, they can not be substituted for monitoring throughout the year. In addition, audits performed on the community school districts (CSD's) can not solely be relied upon since less than ten CSD's received more than \$300,000 in program funds. Monitoring should be done throughout the program, not only at the beginning of the program year.

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**U.S. Department of Health and Human Services**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

**CFDA Number: 93.268 - Immunization Grants**

**Agency Number: H23/CCH400210-01**

**Federal Award Year: 2003**

**Iowa Department of Public Health**

**03-III-HHS-588-1**

Segregation of Duties - During our review of internal control, the existing control activities are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore, maximizes the accuracy of the Department's financial statements. Generally, one employee has access to the inventory and inventory records and is responsible for recording inventory activity.

Recommendation - Adequate segregation of duties should be established so the same person is not responsible for the inventory and recording of inventory.

Response and Corrective Action Planned - The Immunization Program will implement the following activities to address the concerns as outlined above regarding the segregation of duties.

Bulk vaccine shipments from vaccine manufacturers will be received by two Immunization Program employees. Documentation of the doses received, lot number, expiration date, date and time received and both employees initials shall be recorded on the products packing slip.

Receipt of bulk vaccine shipments will be entered in the Vaccine Management (VACMAN) software program by an individual other than the person responsible for generating shipping invoices and filling vaccine orders.

When filling vaccine orders the shipping invoice and product selected will be reviewed by an individual other than the person responsible for generating shipping invoices and filling vaccine orders. This review will involve verifying the products selected are on the shipping invoice and are the correct quantity and lot number. The person reviewing the vaccine order shall initial and date the shipping invoice verifying the vaccine order is correct.

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Quarterly, an individual other than the person responsible for generating shipping invoices and filling vaccine orders will select a random week within the quarter and generate a comprehensive provider distribution report including any stock adjustments. The report will be cross-referenced with individual shipping invoices to verify vaccine orders by product, number of doses, and lot number. The individual completing the report shall date and initial the document and record any discrepancies. Reports and documentation should be maintained and made available upon request.

Hand counts of inventory will continue to be conducted monthly and compared to VACMAN generated inventory reports.

Conclusion – Response accepted.

**CFDA Number: 93.268 - Immunization Grants**

**Agency Number: H23/CCH400210-01**

**Federal Award Year: 2003**

**Iowa Department of Public Health**

**03-III-HHS-588-2**

Subrecipient Monitoring – OMB Circular A-133 and 45 CFR 92.20 b(3) require the pass-through entity to be responsible for monitoring the activities of the subrecipients, as necessary, to ensure federal awards are used for authorized purposes in compliance with laws, regulations, and provisions of the contract or grant, including adequately safeguarding property against theft. The Department performs quality assurance visits to all recipients, which include reviewing the facility for the proper storage temperature of vaccines. However, these visits do not address if proper safeguard measures have been established to avoid the risk of loss from theft.

Recommendation – The Department should ensure all applicable federal requirements are monitored during quality assurance visits.

Response and Corrective Action Planned – A question regarding proper safeguard measures is not included as part of the Vaccines for Children (VFC) Provider Site Visit Questionnaire. The questionnaire and database where the information is entered is a product of the Centers for Disease Control and Prevention (CDC). Documentation regarding vaccine storage and handling from the CDC does not address safeguard measures to prevent the risk of loss from theft.

Generally, provider storage units are in areas that are secure from access by the general public. Storage units are kept in locked rooms, have locks on the units and are maintained in buildings that have a variety of security measures.

A question addressing this situation can be added to the VFC Provider Site Visit Questionnaire. The Immunization Program will develop minimum standards to address proper safeguards to avoid the risk of loss from theft. The question will be added to the Quality Assurance Training Manual and staff will be trained appropriately.

Conclusion – Response accepted.

State of Iowa

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For the Year Ended June 30, 2003

**CFDA Number: 93.558 - Temporary Assistance for Needy Families**

**Agency Number: PJ2003**

**Federal Award Year: 2003**

**Iowa Department of Workforce Development**

**03-III-HHS-309-3**

CMIA Agreement - Payroll – As stated in the Cash Management Improvement Act (CMIA) Agreement, the state utilizes a bi-weekly payroll system with a payday every other Friday. Consistent with the state's cash advance requirements, the departments must have funds on hand by Tuesday preceding the payday to cover net pay, employer contributions, and employee deductions. Due to these administrative constraints, the state is required to pay interest on direct payroll costs for 4.60 days, which is the dollar weighted average clearance of payroll related costs for mandatory and discretionary deductions held by the Centralized Payroll Trustee.

The Department is required to submit a spreadsheet to the Iowa Department of Revenue and Finance which documents payroll expenditures and related federal drawdowns by pay period. The spreadsheet for fiscal year 2003 for the cost pool included allocation percentages to distribute the costs to various cost centers. The percentages used did not correspond with the percentages actually used in the Iowa Financial Accounting System (IFAS) for the first twenty pay periods of the year. See audit finding 03-III-DOL-309-2 on page 188 for additional information, including the recommendation, response and corrective action plan and conclusion.

**CFDA Number: 93.558 - Temporary Assistance for Needy Families**

**Agency Number: PJ2003**

**Federal Award Year: 2003**

**Iowa Department of Workforce Development**

**03-III-HHS-309-4**

Cash Management – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of these funds. They also minimize the amount of state funds that must be used to operate the program until the federal funds are received.

For the Temporary Assistance for Needy Families (TANF) program, four instances were noted where the cash balance was excessive for a period of sixteen to thirty-one days.

Recommendation – The Department should monitor cash balances to ensure balances on hand are sufficient to cover current needs and are disbursed in a timely manner without carrying excessive daily balances.

Response and Corrective Action Planned – The TANF program receives advances from the Iowa Department of Human Services on a monthly basis. This system has resulted in the Department occasionally having less funds available than necessary and sometimes more than is necessary. Every effort is made to minimize the discrepancies through analysis of past experience and refinement of our forecasting of future expenditures.

Conclusion – Response acknowledged. The Department should continue to improve its cash management monitoring system.



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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

**CFDA Number: 93.558 - Temporary Assistance for Needy Families**

**Agency Number: PJ2003**

**Federal Award Year: 2003**

**Iowa Department of Workforce Development**

**03-III-HHS-309-5**

Cost Allocation - The Department utilizes a cost allocation system to distribute certain costs among federal and state programs. Allocations are made on a daily basis and may change at various times throughout the year. Several methods are used to allocate costs including, but not limited to, square footage, full-time equivalent (FTE's) positions and hours charged to various programs. See audit finding 03-III-DOL-309-4 on page 190 for additional information, including the recommendation, response and corrective action plan and conclusion.

**CFDA Number: 93.558 - Temporary Assistance for Needy Families**

**Agency Number: PJ2003**

**Federal Award Year: 2003**

**Iowa Department of Workforce Development**

**03-III-HHS-309-6**

Payroll Allocation - The Department performs a time study on a quarterly basis to determine percentages of time spent on various federal programs within a designated cost pool. The percentages are based upon certifications submitted by the employees working within the cost pool. The percentages are compiled and total costs are distributed to the federal programs within the cost pool.

Review of work report information provided by employees on the state payroll system indicated several instances where the total time charged to the cost pool did not agree with the percentage of time certified. Also, three employees who charged time to the cost pool for a portion of the fiscal year were not included in the time study. See audit finding 03-III-DOL-309-5 on page 191 for additional information, including the recommendation, response and corrective action plan and conclusion.

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**CFDA Number: 93.558 - Temporary Assistance for Needy Families**  
**Agency Number: G-0201IATANF/G-0301IATANF**  
**Federal Award Year: 2002, 2003**  
**Iowa Department of Human Services**

**CFDA Number: 93.575 - Child Care and Development Block Grant**  
**Agency Number: G-0201IACCDF/G-0301IACCDF**  
**Federal Award Year: 2002, 2003**  
**Iowa Department of Human Services**

**CFDA Number: 93.596 - Child Care Mandatory and Matching Funds of the  
Child Care and Development Fund**  
**Agency Number: G-0201IACCDF/G-0301IACCDF**  
**Federal Award Year: 2002, 2003**  
**Iowa Department of Human Services**

**CFDA Number: 93.658 - Foster Care - Title IV-E**  
**Agency Number: G-0201IA1401/G-0301IA1401**  
**Federal Award Year: 2002, 2003**  
**Iowa Department of Human Services**

**CFDA Number: 93.659 - Adoption Assistance**  
**Agency Number: G-0201IA1407/G-0301IA1407**  
**Federal Award Year: 2002, 2003**  
**Iowa Department of Human Services**

**CFDA Number: 93.778 - Medical Assistance Program**  
**Agency Number: 05-0105IA5028/05-0205IA5028/05-0205IA5048/  
05-0305IA5028/05-0305IA5048**  
**Federal Award Year: 2001, 2002, 2003**  
**Iowa Department of Human Services**

**03-III-HHS-401-7**

DHS Field Office Internal Controls - For fiscal year 2003, twelve county offices and three Child Support Recovery Unit (CSRU) offices were visited. In conjunction with this limited review, the following reportable conditions were noted.

In four county offices, the person who sends the receipt to central office also compares the validated transmittal from central office to the receipt in the receipt log or receipt book. For three of these four county offices, the person can also prepare the receipt.

Recommendation - The Department should implement changes to strengthen internal control and develop policies and procedures to ensure compliance with the Employees' Manual.

Response and Corrective Action Planned - The Service Area Manager for each of the four counties will write and implement a corrective plan to ensure that the manual requirements found in Employees' Manual 23-B Collections are correctly followed. One individual will send in the receipt and monies to Central Office (CO) and log them. A second individual will check the validated receipt from CO. Neither person will be able to write receipts. The corrective action plans are to be written and implemented no later than April 1, 2004.

Conclusion - Response accepted.

State of Iowa

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**CFDA Number: 93.558 - Temporary Assistance for Needy Families**  
**Agency Number: G-0201IATANF/G-0301IATANF**  
**Federal Award Year: 2002, 2003**  
**Iowa Department of Human Services**

**CFDA Number: 93.659 - Adoption Assistance**  
**Agency Number: G-0201IA1407/G-0301IA1407**  
**Federal Award Year: 2002, 2003**  
**Iowa Department of Human Services**

**03-III-HHS-401-8**

Eldora Training School/Toledo Juvenile Home Duplicate Assistance - The Department paid Temporary Assistance for Needy Families (TANF) benefits and Adoption Assistance benefits during fiscal year 2003 to families of children under the guardianship of Eldora Training School (Eldora) and Toledo Juvenile Home (Toledo).

Title 4-C-1 of the Employees' Manual states, in part, the fundamental qualification for Family Investment Program (FIP) benefits (the State's TANF program) is there is a dependent child who is living with a specified relative. In addition, Title 18-J(1)-20 of the Employees' Manual states, in part, that when a child enters foster care temporarily with the goal to return to the adoptive family, the adoptive family may receive a partial monthly maintenance subsidy each month to cover such areas as mileage to attend therapy sessions, meals, and overnights, as necessary. Discussions with Department employees have indicated that children adjudicated to Eldora and Toledo are treated as if they are in foster care.

The following is a summary of duplicate benefits paid:

- (a) Eldora Training School - For nine of 14 cases tested, a total of \$29,093 in TANF and Adoption Assistance payments were made to children's families while the children were residing at Eldora. For one of the nine cases, \$847 was for TANF benefits. For the remaining eight cases, \$28,246 was for Adoption Assistance benefits. The Department has initiated recoupment of the TANF benefits. The Adoption Assistance payments were not reduced as required by Title 18-J(1)-20 of the Employees' Manual.
- (b) Toledo Juvenile Home - For one of 16 cases tested, a total of \$1,146 in Adoption Assistance payments were made to a child's family while the child was residing at Toledo. The Adoption Assistance payments were not reduced as required by Title 18-J(1)-20 of the Employees' Manual.

Recommendation - The Department should enforce the provisions of the Employees' Manual. In addition, the Department should implement recoupment procedures for the remainder of the overpayments.

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For the Year Ended June 30, 2003

Response and Corrective Action Planned –

The Division of Behavior, Development and Protective Services (BDPS) will provide policy clarification by April 1, 2004 as to reductions required by Title 18-J(1)-20 of the Employees' Manual. A policy clarification or reminder will be issued.

A Family and Children Services (FACS) system entry for Eldora and Toldeo placements will be developed and field staff trained on this entry by July 1, 2004.

A service request to generate an alert to the worker will be submitted by April 1, 2004 and acted on based on existing priorities.

Conclusion – Response acknowledged. In addition, the Department should implement recoupment procedures for the remainder of the overpayments.

**CFDA Number: 93.563 – Child Support Enforcement**

**Agency Number: G-0204IA4004/G-0304IA4004**

**Federal Award Year: 2002, 2003**

**Iowa Department of Human Services**

**03-III-HHS-401-9**

Child Support Enforcement Referral – Title 45 Code of Federal Regulations (CFR) 303.7(b)(2) states in part that the IV-D agency must, within 20 calendar days of determining that the non-custodial parent is in another state, refer any interstate IV-D case to the responding state's interstate central registry for action, including requests for location, document verification, administrative reviews in federal income tax refund offset cases, wage withholding, and state income tax refund offset. For one of the five cases reviewed, the case was not referred within 20 calendar days.

Recommendation – The Department should implement procedures to ensure compliance with 45 CFR 303.7(b)2.

Response and Corrective Action Planned – In one of the five cases reviewed, the Child Support Recovery Unit did not refer this case to the responding interstate central registry within the required 20 calendar day timeframe. This case has been reviewed with the local child support office. Procedures are already in place so that an additional staff member helps process these referrals and serves as back-up so that time sensitive work is completed within the required timeframes. These staff members have also been directed to reprioritize their work so these timeframes are met.

Conclusion – Response accepted.

State of Iowa

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For the Year Ended June 30, 2003

**CFDA Number: 93.568 – Low-Income Home Energy Assistance**

**Agency Number: G03B1IALIEA**

**Federal Award Year: 2003**

**Iowa Department of Human Rights**

**03-III-HHS-379-10**

Cash Management – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. As stated in the Cash Management Improvement Act (CMIA) Agreement, the Low-Income Home Energy Assistance Program (LIHEAP) is funded on a cash advance basis. This means federal draws are not to be deposited more than three days prior to the date of disbursement.

From August 5, 2002 to June 30, 2003, a balance ranging from \$28,271 to \$1,743,669 was carried.

Recommendation – The Department should develop and implement procedures to ensure federal funds are drawn in amounts sufficient to cover current needs and are disbursed in a timely manner without carrying excessive daily balances.

Response and Corrective Action Planned – The Department will continue to closely monitor its cash management procedures to ensure compliance with federal guidelines. Cash balances will be monitored one to two times weekly and drawdowns adjusted appropriately.

The Department will ask the state auditors to review the Department's cash balances for the first two months of calendar year 2004 to ascertain the progress that has been made minimizing cash on hand. Further corrective actions can be taken sooner by the Department if the state auditors feel the situation warrants it. The Department would also welcome suggestions/best practices or recommendations from the state auditors who could direct the Department to other state departments whose procedures could be observed and copied.

Conclusion – Response accepted.

**CFDA Number: 93.568 – Low-Income Home Energy Assistance**

**Agency Number: G03B1IALIEA**

**Federal Award Year: 2003**

**Iowa Department of Human Rights**

**03-III-HHS-379-11**

Subrecipient Cash Management – The Common Rule requires grantees to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by the grantee whenever advance payment procedures are used. Grantees are to monitor the cash drawdowns by their subgrantees to assure they conform to the same standards.

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The Department's procedures require subrecipient community action agencies (CAAs) to submit monthly cash reports based on their actual and estimated expenditures. The Department monitors advances and payment requests to the 18 CAAs.

In twenty-three of ninety-five cash reports reviewed for the LIHEAP program, the month end cash balances were not expended within the next month.

Recommendation - The Department should closely monitor cash balances to ensure compliance with federal guidelines.

Response and Corrective Action Planned - Subrecipient agencies are required to submit monthly cash reports based on actual and estimated expenditures and the Department monitors all advances and payment requests to determine excess funds. Historically, it has been difficult to project costs for November through January. Climatic conditions and the price of fuel impact the estimated and actual numbers significantly.

Staff will review feasibility of using interim reports during those months or other payment options to be compliant with cash management requirements. LIHEAP staff will conduct on-site monitoring visits of each agency annually and specifically address the issue of excess funds. LIHEAP has implemented a policy that requires agencies to return excess funds when identified.

The Department will continue to closely monitor cash management procedures to ensure compliance with federal guidelines.

Conclusion - Response accepted.

**CFDA 93.658 - Foster Care - Title IV-E**  
**Agency Number: G-0201IA1401/G-0301IA1401**  
**Federal Award Year: 2002, 2003**  
**Iowa Department of Human Services**

**03-III-HHS-401-12**

Foster Care (Title IV-E) - The Title IV-E program provides assistance payments for maintenance, adoption assistance, and voluntary foster care.

The following conditions were identified during the fiscal year 2003 case file testing:

- (a) Title 18-A-83 of the Employees' Manual states in part that the case plan shall be developed within 45 days from the date the judicial notice (court order) is received or within 60 days from the date the state assumed responsibility for providing services, whichever is later. For 12 of 41 cases reviewed, an initial case plan was not developed within the prescribed limits.

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- (b) Title 18-A-83 of the Employees' Manual states in part that the case plan shall be re-evaluated every six months. The case plan covering the payment selected was reviewed, as well as the prior and subsequent case plans, when available. For 12 of 41 cases reviewed, case plans were not re-evaluated within six months. Six of the 41 case files selected for review were cases in which the Department has payment responsibility while the file maintenance responsibility of the child was assigned to a Juvenile Court Officer. In two of the six cases tested, no documentation existed in the case file to verify cases were being re-evaluated every six months.

Recommendation – The Department should enforce the provisions of the Employees' Manual. In addition, the Department should coordinate with the Court to ensure documentation of six month evaluations are provided to the Department.

Response and Corrective Action Planned –

- (a) Supervisor will review timeframes with staff in staff meetings by April 1, 2004. Supervisors will ensure staff maintains tracking methods to know when family plans are to be done.
- (b) Service Area Supervisor 3's and the Division of Behavior, Development and Protective Services (BDPS) will work with Court Improvement Project (CIP) to align court review dates and Department case plan review due dates.

BDPS will share policy clarification with all staff by April 1, 2004 regarding case plan evaluation requirements, specifically, when a revised plan needs to be written and signed and when a narrative entry of a review will suffice.

Juvenile Court Services (JCS) case plan requirements for timeliness will be an agenda item for Service Area Manager/Chief Juvenile Court Officer (JCO) meeting in March, 2004.

BDPS will ensure that JCS responsibilities for providing timely case plans for Department payment only files are included in 28E agreements with JCS.

Conclusion – Response accepted.

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For the Year Ended June 30, 2003

**CFDA Number: 93.659 – Adoption Assistance**  
**Agency Number: G-0201IA1407/G-0301IA1407**

**Federal Award Year: 2002, 2003**  
**Iowa Department of Human Services**

**03-III-HHS-401-13**

Foster Care (Title IV-E) Adoption Assistance – The Adoption Assistance program provides assistance payments for maintenance and adoption assistance.

The following conditions were identified during the fiscal year 2003 case file testing:

- (a) Title 18-J(1)-41 of the Employees' Manual states in part that the re-evaluation of the subsidy agreement plan shall be completed within two years. For 18 of 43 cases, the subsidy agreement was not re-evaluated within the two year time limit.
- (b) Title 18-J(1)-23 of the Employees' Manual documents applicable adoption subsidy rates based on the age group of the child. For two of 43 cases, the subsidy rate paid did not increase when the child reached the next age group.
- (c) Title 18-B-33 of the Employees' Manual states that the adoption subsidy agreement should be in effect before finalization of the adoption. For two of 43 cases, the subsidy agreement was not in effect at the appropriate time.
- (d) For two of 43 cases, the amount paid by the Department was less than the amount approved on the adoption subsidy agreement.

Recommendation – The Department should implement procedures to ensure compliance with the Employees' Manual.

Response and Corrective Action Planned –

- (a) For the 18 cases involved, the individual workers reviewed the appropriate policy when they reviewed the auditor's preliminary case findings and responded as to whether they agreed or disagreed. Staff took appropriate corrective action at that time, if necessary.

A policy to eliminate the mandatory two year review of subsidy agreements will be effective March 10, 2004. A system service request will be developed upon implementation to change the Family and Children Services (FACS) system to eliminate alerts for two year review. As the Employees' Manual states, the family is responsible for reporting changes that might affect subsidy amounts and most of the time, changes are not made based on the review. A review of adoption subsidy agreements is not required by Federal law. It was determined that the staff time and form processing for two year reviews are not cost effective for adoption subsidy cases specifically.



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For the Year Ended June 30, 2003

- (b) For the two cases involved, the individual workers reviewed the appropriate policy when they reviewed the auditor's preliminary case findings and responded as to whether they agreed or disagreed with the findings. Staff took appropriate corrective action at that time, if necessary.

A service request for a system alert to be generated to a worker 45 days prior to a child reaching a new age group will be made by April 1, 2004. If this system change cannot be accomplished by July 1, 2004, the development of an alternative hand or database tracking system will be verified via e-mail by October 1, 2004.

- (c) For the two cases involved, the individual workers reviewed the appropriate policy when they received the auditor's preliminary case findings and responded as to whether they agreed or disagreed with the findings. Staff took appropriate corrective action at that time, if necessary.

A policy clarification or reminder will be issued to all adoption subsidy workers and supervisors by April 1, 2004 reminding staff that adoption subsidy agreements should be in effect prior to adoption finalization.

- (d) For the two cases involved, the individual workers reviewed the appropriate policy when they reviewed the auditor's preliminary case findings and responded as to whether they agreed or disagreed with the findings. Staff took appropriate corrective action at that time, if necessary.

A policy clarification or reminder will be issued to all adoption subsidy workers and supervisors by April 1, 2004 reminding staff to assure actual subsidy payment amounts are reflected in the subsidy agreement.

Conclusion -

- (a) Response acknowledged. Although Federal law may not require two year reviews of adoption subsidy agreements, the Department should establish and maintain procedures which ensure cases are current and accurate.
- (b) - (d) Response accepted. To clarify, preliminary results of our testing were presented to the Department. The Department concurred with all findings identified above. The corrective action noted by the Department will be reviewed during the subsequent audit period.

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For the Year Ended June 30, 2003

**CFDA Number: 93.778 – Medical Assistance Program**  
**Agency Number: 05-0305IA5028/05-0305IA5048**  
**Federal Award Year: 2003**  
**Glenwood Resource Center**

**03-III-HHS-411-14**

Client Participation Reconciliation – The Resource Center submits estimates of client participation to the Iowa Department of Human Services each month for medical billing calculation. The amounts estimated and reported are not being reconciled to the actual amounts of client participation so that adjustments, if necessary, can be properly processed.

Recommendation – The estimated amounts should be reconciled monthly to the actual client participation to ensure medical billings are properly calculated and billed.

Response and Corrective Action Planned – Before each month's billing cycle, the previous month's actual client participation amounts, as calculated by our Income Maintenance worker, will be entered into the Consultec Medicaid billing system. We will develop a standardized way of maintaining a reconciliation between the two reporting systems.

Conclusion – Response accepted.

**CFDA Number: 93.959 – Block Grants for Prevention and Treatment of Substance Abuse**  
**Agency Number: 01-B1-IA-SAPT-02**  
**Federal Award Year: 2002**  
**Iowa Department of Public Health**

**03-III-HHS-588-15**

Level of Effort – OMB Circular A-133 Compliance Supplement for the above program states, in part, the state shall for each fiscal year maintain aggregate state expenditures for authorized activities by the Department at a level that is not less than the average level of such expenditures maintained by the state for the two state fiscal years preceding the fiscal year for which the state is applying for the grant. The minimum level of effort as required by the grant was not maintained.

Recommendation – The Department should closely monitor the level of effort to ensure compliance with the federal award.

Response and Corrective Action Planned – The Department closely monitors the expenditures and has informed the appropriate state authorities (i.e. Governor, Legislators and the Iowa Department of Management) of the potential loss of federal funds due to state budget cuts. In addition, a waiver has been requested and received for a subsequent year grant.

Conclusion – Response accepted.

**State of Iowa**

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| DOD             | U.S. Department of Defense                       |
| HUD             | U.S. Department of Housing and Urban Development |
| DOL             | U.S. Department of Labor                         |
| DOS             | U.S. Department of State                         |
| DOT             | U.S. Department of Transportation                |
| EPA             | U.S. Environmental Protection Agency             |
| USDE            | U.S. Department of Education                     |
| HHS             | U.S. Department of Health and Human Services     |

Iowa State Agencies  
By Agency Number

| <u>Agency<br/>No.</u> | <u>Agency</u>  |
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| 542                   | Department of Natural Resources  |
| 572                   | Public Employment Relations  |
| 582                   | Department of Public Defense - Military Division                         |
| 583                   | Department of Public Defense - Emergency Management Division             |
| 588                   | Department of Public Health  |
| 595                   | Department of Public Safety  |
| 615                   | Board of Regents   |
| 617                   | Braille and Sight Saving School  |
| 618                   | School for the Deaf  |
| 619                   | State University of Iowa   |
| 620                   | Iowa State University  |
| 621                   | University of Northern Iowa  |
| 642                   | Governor's Office on Drug Control Policy                                 |
| 645                   | Department of Transportation   |
| 655                   | Treasurer of State   |
| 671                   | Commission of Veterans Affairs   |
| 672                   | Veterans Affairs Capital   |