



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

NEWS RELEASE

FOR RELEASE March 31, 2005

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released the State of Iowa's Single Audit Report for the year ended June 30, 2004. 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 \$4.6 billion of federal funds in fiscal year 2004, an increase of 3% from the prior year. Disbursements included approximately \$1.7 billion for medicaid, \$420 million for unemployment insurance, \$335 million for highway planning and construction, \$270 million for federal direct student loans, \$167 million for food stamps, and \$99 million for temporary assistance for needy families. Although the State of Iowa administered approximately 500 federal programs during the year ended June 30, 2004, these six programs accounted for over 64% 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, 2004

**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, 2004, 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 opinions on these financial statements based on our audit. We did not audit the financial statements of certain discretely presented component units, which statements reflect 98% of assets and 96% 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. 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 our audit and the reports of the other auditors provide a reasonable basis for our opinions.

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, 2004, 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.

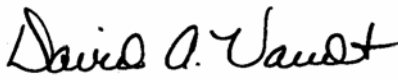
As described in note 19 to the financial statements, during the year ended June 30, 2004, the State of Iowa implemented Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations Are Component Units.


For the year ended June 30, 2004, appropriations of \$21,722,449 were made from the Rebuild Iowa Infrastructure Fund for items inconsistent with the fund's legislatively established purpose to be used for public vertical infrastructure-related expenditures. These items included, but were not limited to, transfers to the General Fund, support of various technology programs, routine maintenance of state buildings and the establishment of loan programs and a Housing Trust Fund. Expenditures for these items during the year ended June 30, 2004 totaled \$20,941,204 of which \$1,458,302 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 17 and 76 through 82 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 other supplementary information and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has 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 reports dated December 17, 2004 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. Those reports are 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 17, 2004

**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, 2004. 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

During the fiscal year 2004, the State reclassified the Tobacco Settlement Authority from a business type activity (enterprise fund) to a governmental activity (special revenue fund). In addition, the Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2004-1, *Tobacco Settlement Recognition and Financial Reporting Issues*, was retroactively adopted. This resulted in restatements to beginning balances in both the governmental (\$539.8 million decrease) and business type (\$560.9 million increase) activities (see Note 19). To facilitate and enhance comparability in this discussion and analysis, fiscal year 2003 amounts have been revised to reflect the changes as if they had been made in the prior year.

Government-wide Highlights

- The assets of the State of Iowa exceeded its liabilities at the close of fiscal year 2004 by \$10,346.0 million (net assets). Of this amount \$696.0 million (unrestricted net assets) is available to be used to meet the State's ongoing obligations to citizens and creditors.
- Total net assets increased by \$400.9 million in the fiscal year ended June 30, 2004. Net assets of governmental activities increased by \$307.1 million or 4.7 percent, while net assets of business-type activities increased by \$93.8 million or 2.7 percent.
- In the State's governmental activities, revenues increased slightly to \$10,034.5 million while expenses decreased 0.4 percent to \$9,951.8 million.
- For business-type activities, revenues increased 4.5 percent to \$3,560.3 million while expenses increased 5.8 percent to \$3,344.4 million.

Fund Highlights

- The State's governmental funds reported a combined ending fund balance of \$2,354.8 million, a \$146.0 increase from the prior year. Of this amount, \$546.4 million represents unreserved fund balance and the remaining \$1,808.4 million is reserved for specific purposes.
- The General Fund total fund balance increased \$217.8 million to \$1,876.7 million and the unreserved fund balance increased \$264.8 million to \$445.6 million at June 30, 2004.
- Tobacco Tax-Exempt Bond Proceeds Fund did not meet the criteria for major fund reporting and is no longer reported as a major fund.
- The proprietary funds reported net assets at year-end of \$3,551.3 million, an increase of \$93.8 million.

Long-term Debt

- The State's total long-term debt increased by \$27.3 million to \$1,730.3 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 and the Unemployment Insurance Fund 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)
 - Universities Foundations (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 is the State's major governmental fund. Nonmajor governmental funds are reported by fund type in the Combining Financial Statements – Nonmajor 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

Major Features of the State’s Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	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
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	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
Type of asset/liability information	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
Type of inflow/outflow information	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 \$10,346.0 million at the end of 2004, compared to \$9,945.1 million at the end of the previous year, as indicated in Table 2.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2003 - 2004
	2004	2003	2004	2003	2004	2003	
Current and other assets	\$ 3,407.1	\$ 3,153.9	\$ 2,798.2	\$ 2,756.5	\$ 6,205.3	\$ 5,910.4	5.0%
Capital assets	5,543.7	5,458.8	2,378.7	2,214.0	7,922.4	7,672.8	3.3%
Total assets	<u>8,950.8</u>	<u>8,612.7</u>	<u>5,176.9</u>	<u>4,970.5</u>	<u>14,127.7</u>	<u>13,583.2</u>	<u>4.0%</u>
Long-term liabilities	1,061.9	1,149.3	974.9	926.5	2,036.8	2,075.8	-1.9%
Other liabilities	1,094.2	975.7	650.7	586.5	1,744.9	1,562.2	11.7%
Total liabilities	<u>2,156.1</u>	<u>2,125.0</u>	<u>1,625.6</u>	<u>1,513.0</u>	<u>3,781.7</u>	<u>3,638.0</u>	<u>3.9%</u>
Net assets							
Invested in capital assets,							
Net of related debt	5,465.0	5,371.0	1,621.4	1,528.9	7,086.4	6,899.9	2.7%
Restricted	1,382.4	1,373.9	1,181.2	1,123.7	2,563.6	2,497.6	2.6%
Unrestricted	(52.7)	(257.3)	748.7	804.9	696.0	547.6	27.1%
Total net assets	<u>\$ 6,794.7</u>	<u>\$ 6,487.6</u>	<u>\$ 3,551.3</u>	<u>\$ 3,457.5</u>	<u>\$ 10,346.0</u>	<u>\$ 9,945.1</u>	<u>4.0%</u>

Net assets of the State's governmental activities increased 4.7 percent to \$6,794.7 million. The largest component (80.4%) 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 (20.3%). 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 (-0.7%) and may be used at the State's discretion, but often have limitations on use based on State statutes. The negative unrestricted net asset balance is primarily attributed to the State's issuance of debt for which the related offsetting assets are not the State's. The negative \$52.7 million unrestricted net asset balance is a increase of \$204.6 million or 79.5 percent from the prior year.

The net assets of business-type activities increased by 2.7 percent to \$3,551.3 million. The State generally can only use these net assets to finance the continuing operations of the universities, unemployment insurance and other business-type activities.

Changes in Net Assets

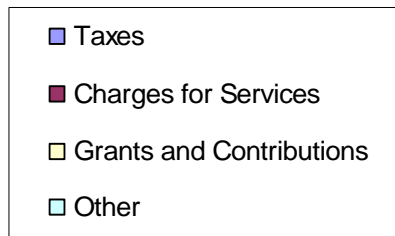
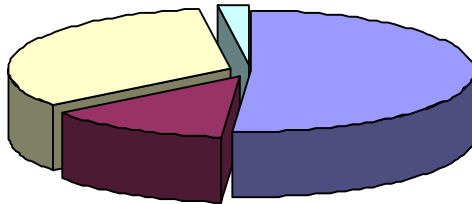
The State's total net assets increased by \$400.9 million during the year, as indicated in Table 3. The \$102.3 million special item, resulting from the gambling tax liability settlement, contributed significantly to the increase in Net Assets of both Government Activities and the Total Primary Government.

Table 3
Changes in Net Assets
(In Millions)

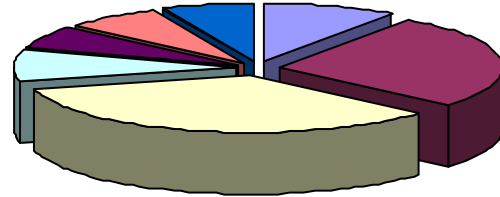
	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change 2003 - 2004
	2004	2003	2004	2003	2004	2003	
Program Revenues:							
Charges for Service	\$ 1,323.3	\$ 1,645.4	\$ 2,292.2	\$ 2,147.2	\$ 3,615.5	\$ 3,792.6	-4.7%
Operating Grants and Contributions	3,314.5	3,196.0	427.6	349.1	3,742.1	3,545.1	5.6%
Capital Grants and Contributions	4.3	6.5	58.0	57.8	62.3	64.3	-3.1%
General Revenues:							
Personal Income Tax	2,090.7	1,922.3	-	-	2,090.7	1,922.3	8.8%
Corporate Income Tax	97.8	148.2	-	-	97.8	148.2	-34.0%
Sales & Use Tax	1,688.9	1,635.6	-	-	1,688.9	1,635.6	3.3%
Other Taxes	598.2	563.8	-	10.2	598.2	574.0	4.2%
Restricted for Transportation Purposes:							
Motor Fuel Tax	435.4	464.1	-	-	435.4	464.1	-6.2%
Road Use Tax	252.3	246.2	-	-	252.3	246.2	2.5%
Unrestricted Investment Earnings	62.1	65.8	88.9	95.3	151.0	161.1	-6.3%
State Aid to Universities	-	-	635.5	681.3	635.5	681.3	-6.7%
Other	167.0	139.0	58.1	66.9	225.1	205.9	9.3%
Total Revenues	10,034.5	10,032.9	3,560.3	3,407.8	13,594.8	13,440.7	1.1%
Expenses							
Administration & Regulation	972.6	1,180.5	-	-	972.6	1,180.5	-17.6%
Education	2,650.6	2,628.7	-	-	2,650.6	2,628.7	0.8%
State Aid to Universities	635.5	681.3	-	-	635.5	681.3	-6.7%
Health & Human Rights	317.9	306.2	-	-	317.9	306.2	3.8%
Human Services	3,429.6	3,396.2	-	-	3,429.6	3,396.2	1.0%
Justice & Public Defense	663.1	631.2	-	-	663.1	631.2	5.1%
Economic Development	202.1	184.7	-	-	202.1	184.7	9.4%
Transportation	906.1	819.5	-	-	906.1	819.5	10.6%
Agriculture & Natural Resources	155.2	147.9	-	-	155.2	147.9	4.9%
Interest Expense	19.1	20.2	-	-	19.1	20.2	-5.4%
Universities	-	-	2,644.0	2,424.3	2,644.0	2,424.3	9.1%
Unemployment Insurance	-	-	389.9	445.1	389.9	445.1	-12.4%
Other Business-type	-	-	310.5	291.4	310.5	291.4	6.6%
Total Expenses	9,951.8	9,996.4	3,344.4	3,160.8	13,296.2	13,157.2	1.1%
Increase in Net Assets Before Transfers and Special Item	82.7	36.5	215.9	247.0	298.6	283.5	5.3%
Transfers	122.1	88.5	(122.1)	(88.5)	-	-	0.0%
Special Item	102.3	-	-	-	102.3	-	100.0%
Increase (Decrease) in Net Assets	307.1	125.0	93.8	158.5	400.9	283.5	41.4%
Net Assets July 1 (Restated)	6,487.6	6,362.6	3,457.5	3,299.0	9,945.1	9,661.6	2.9%
Net Assets June 30	\$ 6,794.7	\$ 6,487.6	\$ 3,551.3	\$ 3,457.5	\$ 10,346.0	\$ 9,945.1	4.0%

Governmental Activities

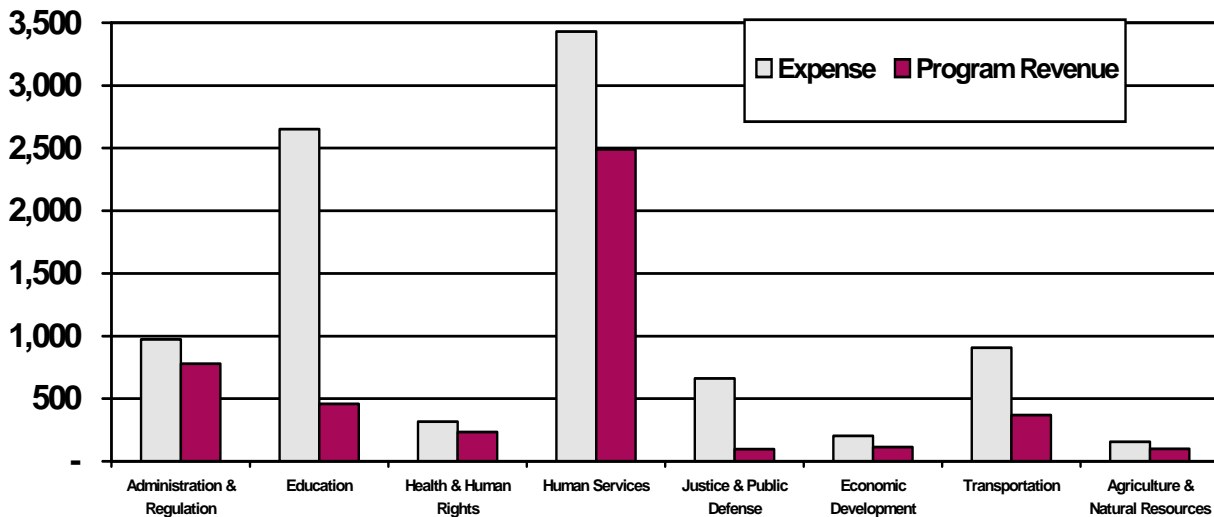
FY 04 Revenues - Governmental Activities



FY 04 Functional Expenditures - Governmental Activities



**Expenses and Program Revenues – Government Activities
(In Millions)**



The cost of all governmental activities this year was \$9,951.8 million.

- However, the amount that taxpayers paid for these activities through State taxes was \$5,163.2 million. Some of the cost was paid by:
 - Those who directly benefited from the programs (\$1,323.3 million), or
 - Other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$3,318.8 million).

Business-type Activities

- Universities had \$2,644.0 million in expenses and \$2,011.2 million in program revenues for net expenses of \$632.8 million.
- Unemployment Insurance had \$389.9 million in expenses and \$350.8 million in program revenues for net expenses of \$39.1 million.

In total, business-type activities had net expense of \$566.5 million with \$660.3 million in net general revenues and transfers, an increase of \$93.8 million, to end with net assets of \$3,551.3 million.

Expenses increased approximately \$183.6 million or 5.8 percent in fiscal year 2004. The Universities operating expenditures increased \$195.8 million or 8.2 percent due primarily to a \$174.5 million increase in personal services expenses.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

The governmental funds reported total fund balances of 2,354.8 million, with \$546.4 million in unreserved fund balance. Net revenues totaled \$10,075.8 million with expenditures of \$10,053.9 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 \$1,876.7 million and the unreserved fund balance was \$445.6 million. The unreserved fund balance included \$175.5 million of "rainy day" funds. The net change in fund balance was an increase of \$217.8 million. Expenditures exceeded revenues by \$6.3 million, while other financing sources exceeded uses by \$224.2 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 - \$969,142
- Spending reductions - \$74,297,962 in appropriation reductions
- Adjustments to standing appropriations - \$22,928,692

The originally enacted General Fund budget of \$4,573.1 million was predicated on 0.1% growth in General Fund revenues, as projected by the State's revenue estimating conference (REC) on December 6, 2002. While general fund revenue growth had been negative in both of the previous two fiscal years, the estimate reflected the expectation that revenue growth would return with the end of the recession; the National Bureau of Economic Research determined that the national economy returned to economic expansion in November 2001.

However, at their October 10, 2003 meeting, the REC lowered their General Fund revenue estimate, to \$4,497.5 million. With concerns that revenue trends had turned and expenditure pressures were growing, on October 14, 2003, Governor Vilsack signed Executive Order Number Thirty-one, which ordered all state agencies to implement at 2.5% across the board budget reduction for fiscal year 2004. This reduced General Fund appropriations by \$82,553,189.

During the 2003 legislative session, as part of a government reinvention bill (HF 453), certain departments and agencies in state government were given the opportunity to apply to be "Charter Agencies." In return for their pledge to reduce their General Fund appropriations or increase General Fund revenue, they were granted, by law, certain exemptions from statutes, rules and other requirements. One of these was to be exempt from across the board budget General Fund budget reductions in both fiscal years 2004 and 2005. As a consequence, the Departments of Corrections, Human Services, Natural Resources, Revenue, the Iowa Veterans Home, and the Alcoholic Beverages Division of the Department of Commerce were not subject to the 2.5% across the board budget reduction.

During the 2004 legislative session, Governor Vilsack did not recommend any supplemental General Fund appropriations. During the legislative session, the General Assembly approved three General Fund supplemental appropriations. The Office of the Secretary of State received an appropriation of \$765,000 for the state match for the federal Help America Vote Act, the Birth Defects Registry in the Department of Public Health was appropriated \$67,367, and Child Abuse Prevention programs in the Department of Human Services received \$136,775. All of these were signed into law by Governor Vilsack.

At its March 19, 2004 meeting, the REC revised upward its fiscal year 2004 General Fund revenue estimate, to \$4,513.4 million. Revenue growth in both April and May was much stronger than the REC projections, with annual growth at the end of May of 4.2%, more than double the REC estimate of 1.8%. As a consequence, on June 26, 2004, Governor Vilsack signed Executive Order Number Thirty-six, which modified the across the board budget reduction to 2.25% from the 2.5% order in Executive Order Number Thirty-one. This restored General Fund appropriations in the amount of \$8,255,227.

The State of Iowa has various statutory standing appropriations where a fixed amount is not appropriated. These are either formula-driven (in the case of the largest General Fund appropriation, for school foundation aid to local school districts), or for items like paying claims against the State through the State Appeal Board. For fiscal year 2004, these standing appropriations exceeded the original estimates by \$22,928,692. The largest variance was for paying Appeal Board claims, which were \$19,843,816 over the estimate. Payment to local school districts through the school aid formula exceeded the estimate by \$3,652,912. The budget for the General Assembly exceeded its estimate by \$867,734. A variety of other appropriations made up the balance of the changes to standing appropriations.

On June 16, 2004, the Iowa Supreme Court ruled that the legislation creating the Grow Iowa Values Fund during the 2003 session was invalid, which also invalidated appropriations to that fund of \$59 million in fiscal year 2004 and \$41 million in fiscal year 2005. These were made from the entirety of the State of Iowa's allocation of federal flexible spending grant money appropriated by Congress in June, 2003. The Legislature also made contingent appropriations of \$5.0 million in FY 2004, \$23.0 million in FY 2005, and \$75.0 million a year in FY 2006 through FY 2010. These appropriations were contingent on sales and use tax receipts growing by more than 2.0% in each of the respective fiscal years.

Because the State had already entered into contracts for several projects, the State Appeal Board on August 27, 2004, approved claims totaling \$10,749,754 to cover these contractual obligations. This made up the majority of the variance between Appeal Board claims and the estimate for fiscal year 2004.

On September 7, 2004, the general assembly met in special session and approved HF 2581 and SF 2311, which were signed by the Governor. Among other things, these bills created the Federal Economic Stimulus and Jobs Holding Fund and deposited the proceeds from the 2003 Federal Jobs and Growth Tax Relief Reconciliation Act into the Fund. SF 2311 also appropriated a total of \$100.0 million from the Fund to economic development programs previously funded by the Grow Iowa Values Fund. The original Grow Iowa Values Fund appropriations were repealed by SF 2311. These appropriations totaled \$277.5 million over a four-year period from fiscal year 2004 to fiscal year 2007.

During June and throughout the accrual period, actual General Fund revenue collections continued to exceed the official REC projections. At the close of the fiscal year, revenue collections totaled \$5,257.9 million which was 4.2% growth. As a consequence, the General Fund ending balance for fiscal year 2004 totaled \$166.0 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, the State had \$7,922.4 million invested in capital assets, net of accumulated depreciation of \$5,131.6 million. Depreciation charges totaled \$504.6 million in 2004. 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 - 2004
	2004	2003	2004	2003	2004	2003	
Land	\$565.1	\$595.3	\$27.3	\$26.7	\$592.4	\$622.0	-4.8%
Building and Improvements	466.6	431.0	1,319.7	1,162.9	1,786.3	1,593.9	12.1%
Equipment	140.9	140.1	296.6	321.1	437.5	461.2	-5.1%
Land Improvements	6.7	6.9	29.0	24.0	35.7	30.9	15.5%
Works of Art and Collections	0.9	0.9	238.5	227.3	239.4	228.2	4.9%
Infrastructure	4,286.4	4,203.2	222.4	221.8	4,508.8	4,425.0	1.9%
Construction in progress	77.1	81.4	245.2	230.2	322.3	311.6	3.4%
Total	\$5,543.7	\$5,458.8	\$2,378.7	\$2,214.0	\$7,922.4	\$7,672.8	3.3%

Long-term Debt

At year-end the State had \$1,730.3 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)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change 2003 - 2004
	2004	2003	2004	2003	2004	2003	
Revenue Bonds*	\$ 991.2	\$ 1,012.4	\$ 700.3	\$ 640.5	\$ 1,691.5	\$ 1,652.9	2.3%
Certificates of Participation	2.5	3.2	36.3	46.9	38.8	50.1	-22.6%
Total	\$ 993.7	\$ 1,015.6	\$ 736.6	\$687.4	\$1,730.3	\$1,703.0	1.6%

* - The revenue bonds have been restated to reflect the reclassification of the Tobacco Settlement Authority from a business-type activity to a governmental activity for FY 2004. See Note 19.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Along with most other states, Iowa enjoyed improved fiscal health in fiscal year 2004, with the second half of the fiscal year showing a strong rebound in revenue collections. Iowa's 4.2% General Fund revenue growth reversed a two year decline in General Fund revenue collections. This was the trend nationally as well, with revenue collections for all States increasing by 11.4% in the April-June 2004 quarter, the third straight quarter of positive revenue growth.

Given the negative revenue growth from the previous two fiscal years, it is understandable that the originally enacted General Fund appropriations for fiscal year 2004, \$4,562.5 million, were about the same level as the General Fund appropriations for the previous year. After the across the board budget reduction, the remaining General Fund appropriations were less than for fiscal year 2003.

The Governor and General Assembly continued to exhibit caution in fashioning the General Fund budget for 2005. Amounts available for appropriation in the General Fund budget was \$4,540.0 million. Budgeted expenditures totaled \$4,452.1 million, a reduction of \$65.3 million from the actual 2004 General Fund budget. There are no major new programs in the 2005 budget.

At REC meetings in August and October, the fiscal year 2005 revenue estimate was increased to \$5,374.7 million, largely as a result of adjusting the base to reflect actual revenue collections in fiscal year 2004. The revised estimate reflects projected revenue growth of 0.9% compared to actual revenues for the previous fiscal year. This revised revenue projection coupled with current General Fund appropriations would leave an ending balance of \$264.8 million at the close of fiscal year 2005.

While recent revenue performance is encouraging there are concerns that the national and state economies are slowing and may not match the performance of the end of fiscal year 2004. Iowa's unemployment rate grew to 4.8% in October 2004, which was the highest unemployment rate experienced during the calendar year. Iowa's unemployment rate is also trending closer to the national rate, which was 5.5%. Some of this may result from individuals returning to the workforce; total non-farm employment has grown for four straight months after a decline in June 2004, and is now 8,200 more than a year ago.

Nationally, actions to increase interest rates by the Federal Reserve Board have dampened the housing construction market and the economy in general. Growth in gross domestic product (GDP) has slowed to 3.9% and 3.3% in the second and third quarters of 2004, after growth of 4.5%, 4.2%, and 7.4% in the previous three quarters. Meanwhile, declines in the dollar and increases in commodity prices have heightened concerns about inflation, and global instability has had an impact on business and consumer confidence and spending. These factors will likely lead to continued caution on the State budget and revenue fronts.

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

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**BASIC
FINANCIAL
STATEMENTS**

STATE OF IOWA

Statement of Net Assets

June 30, 2004
(Expressed in Thousands)

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Current Assets:				
Cash & Investments	\$ 1,933,536	\$ 1,686,394	\$ 3,619,930	\$ 1,018,184
Cash & Investments - Restricted	-	26,033	26,033	3,553
Deposits With Trustees	5,202	28,494	33,696	-
Accounts Receivable (Net)	1,238,208	420,704	1,658,912	34,503
Interest Receivable	-	3,369	3,369	8,309
Loans Receivable (Net)	15,977	6,519	22,496	24,645
Benefit Overpayment Receivable	-	11,675	11,675	-
Internal Balances	15,816	(15,816)	-	-
Inventory	18,833	49,593	68,426	164
Prepaid Expenses	13,846	9,107	22,953	762
Other Assets	67	1,111	1,178	1,215
Investment In Prize Annuity	-	9,354	9,354	-
Total Current Assets	3,241,485	2,236,537	5,478,022	1,091,335
Noncurrent Assets:				
Cash & Investments	-	402,540	402,540	781,237
Cash & Investments - Restricted	-	-	-	297,231
Deposits With Trustees	-	936	936	-
Accounts Receivable (Net)	25,338	33,067	58,405	101,714
Interest Receivable	-	813	813	-
Loans Receivable (Net)	126,430	64,883	191,313	377,065
Benefit Overpayment Receivable	-	557	557	-
Capital Assets - nondepreciable	642,237	477,431	1,119,668	4,837
Capital Assets - depreciable (Net)	4,901,483	1,901,279	6,802,762	68,226
Prepaid Expenses	-	680	680	-
Deferred Charges	2,639	-	2,639	-
Other Assets	11,242	21,562	32,804	7,327
Investment In Prize Annuity	-	32,381	32,381	-
Prize Deposit	-	4,235	4,235	-
Total Noncurrent Assets	5,709,369	2,940,364	8,649,733	1,637,637
TOTAL ASSETS	8,950,854	5,176,901	14,127,755	2,728,972

The notes are an integral part of the financial statements.

(continued on next page)

STATE OF IOWA

(continued)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
LIABILITIES				
Current Liabilities:				
Accounts Payable & Accruals	866,330	266,080	1,132,410	11,663
Interest Payable	6,880	19,790	26,670	16,512
Deferred Revenue	72,806	64,702	137,508	684
Compensated Absences	125,969	69,090	195,059	-
Capital Leases	1,095	10,241	11,336	1,475
Bonds Payable	20,423	38,328	58,751	60,813
Other Financing				
Arrangements Payable	722	12,706	13,428	-
Annuities Payable	-	9,488	9,488	-
Lottery Prizes Payable	-	3,457	3,457	-
Funds Held In Custody	-	156,853	156,853	72,255
Other	-	-	-	2,234
Total Current Liabilities	1,094,225	650,735	1,744,960	165,636
Noncurrent Liabilities:				
Accounts Payable & Accruals	70,474	22,688	93,162	-
Interest Payable	-	4,732	4,732	-
Deferred Revenue	-	3,383	3,383	5,967
Compensated Absences	12,390	62,263	74,653	168
Capital Leases	3,403	98,404	101,807	9,315
Bonds Payable	970,733	661,929	1,632,662	759,303
Other Financing				
Arrangements Payable	4,918	32,235	37,153	-
Annuities Payable	-	32,381	32,381	-
Funds Held In Custody	-	52,629	52,629	5,222
Other	-	4,256	4,256	78,553
Total Noncurrent Liabilities	1,061,918	974,900	2,036,818	858,528
TOTAL LIABILITIES	2,156,143	1,625,635	3,781,778	1,024,164
NET ASSETS				
Invested in Capital Assets,				
Net of Related Debt	5,465,035	1,621,420	7,086,455	58,569
Restricted for:				
Transportation	613,713	-	613,713	-
Underground Storage Tank Program	103,527	-	103,527	-
Education	62,697	-	62,697	-
Health & Human Rights	297,810	-	297,810	-
Debt Service	191,360	-	191,360	-
Universities	-	402,758	402,758	-
Permanent Funds - Nonexpendable	9,529	-	9,529	-
Unemployment Benefits	-	778,406	778,406	-
Other	103,781	-	103,781	1,191,981
Unrestricted	(52,741)	748,682	695,941	454,258
TOTAL NET ASSETS	\$ 6,794,711	\$ 3,551,266	\$ 10,345,977	\$ 1,704,808

STATE OF IOWA

Statement of Activities

For the Year Ended June 30, 2004
(Expressed in Thousands)

Functions/Programs	Expenses	Program Revenue		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Administration & Regulation	\$ 972,615	\$ 749,752	\$ 27,975	\$ -
Education	2,650,631	26,038	433,347	735
State Aid to Universities	635,488	-	-	-
Health & Human Rights	317,842	32,242	201,838	292
Human Services	3,429,548	410,310	2,080,264	-
Justice & Public Defense	663,134	23,811	73,146	-
Economic Development	202,133	1,121	113,181	-
Transportation	906,054	19,279	349,636	-
Agriculture & Natural Resources	155,220	60,744	35,084	3,260
Interest Expense	19,123	-	-	-
Total Governmental Activities	9,951,788	1,323,297	3,314,471	4,287
Business-type Activities:				
Universities	2,643,969	1,583,183	381,204	46,830
Unemployment Insurance	389,858	304,396	46,412	-
Other	310,538	404,595	-	11,196
Total Business-type Activities	3,344,365	2,292,174	427,616	58,026
Total Primary Government	\$ 13,296,153	\$ 3,615,471	\$ 3,742,087	\$ 62,313
Component Units:				
Iowa Finance Authority	\$ 55,214	\$ 12,719	\$ 57,611	\$ -
Iowa Higher Education Loan Authority	995	1,211	-	-
Iowa Agricultural Development Authority	425	379	13	-
Iowa State Fair Authority	14,309	13,400	1,582	166
Universities Foundations	147,468	-	128,318	176
Total Component Units	\$ 218,411	\$ 27,709	\$ 187,524	\$ 342
General Revenues				
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 on Sale of Assets				
State Aid to Universities				
Other				
Transfers				
Special Item - Gambling Tax Liability Settlement				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets - July 1, Restated				
Net Assets - June 30				

The notes are an integral part of the financial statements.

STATE OF IOWA

Net (Expenses) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (194,888)	\$ -	\$ (194,888)	\$ -
(2,190,511)	-	(2,190,511)	-
(635,488)	-	(635,488)	-
(83,470)	-	(83,470)	-
(938,974)	-	(938,974)	-
(566,177)	-	(566,177)	-
(87,831)	-	(87,831)	-
(537,139)	-	(537,139)	-
(56,132)	-	(56,132)	-
(19,123)	-	(19,123)	-
(5,309,733)	-	(5,309,733)	-
-	(632,752)	(632,752)	-
-	(39,050)	(39,050)	-
-	105,253	105,253	-
-	(566,549)	(566,549)	-
(5,309,733)	(566,549)	(5,876,282)	-
			15,116
			216
			(33)
			839
			(18,974)
			(2,836)
2,090,712	-	2,090,712	-
97,769	-	97,769	-
1,688,943	-	1,688,943	-
598,165	-	598,165	-
435,358	-	435,358	-
252,269	-	252,269	-
62,086	88,881	150,967	162,411
12	-	12	-
671	7	678	-
-	635,488	635,488	-
166,328	58,061	224,389	550
122,096	(122,096)	-	-
102,366	-	102,366	-
5,616,775	660,341	6,277,116	162,961
307,042	93,792	400,834	160,125
6,487,669	3,457,474	9,945,143	1,544,683
\$ 6,794,711	\$ 3,551,266	\$ 10,345,977	\$ 1,704,808

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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.

Nonmajor Governmental Funds are presented, by fund type, beginning on page 84.

STATE OF IOWA

**Balance Sheet
Governmental Funds**

June 30, 2004
(Expressed in Thousands)

	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Current Assets:			
Cash & Investments	\$ 1,371,480	\$ 542,646	\$ 1,914,126
Deposits with Trustees	4,204	998	5,202
Accounts Receivable (Net)	1,207,941	29,561	1,237,502
Loans Receivable (Net)	15,977	-	15,977
Due From Other Funds	58,791	10,614	69,405
Inventory	10,456	75	10,531
Prepaid Expenditures	10,856	1,484	12,340
Total Current Assets	<u>2,679,705</u>	<u>585,378</u>	<u>3,265,083</u>
Noncurrent Assets:			
Accounts Receivable (Net)	21,209	4,129	25,338
Loans Receivable (Net)	126,340	-	126,340
Total Noncurrent Assets	<u>147,549</u>	<u>4,129</u>	<u>151,678</u>
TOTAL ASSETS	\$ 2,827,254	\$ 589,507	\$ 3,416,761
LIABILITIES			
Current Liabilities:			
Accounts Payable & Accruals	\$ 782,250	\$ 42,137	\$ 824,387
Due To Other Funds	65,793	47,418	113,211
Deferred Revenue	89,912	21,829	111,741
Total Current Liabilities	<u>937,955</u>	<u>111,384</u>	<u>1,049,339</u>
Noncurrent Liabilities:			
Due To Other Funds/Advances From Other Funds	3,673	-	3,673
Deferred Revenue	8,912	-	8,912
Total Noncurrent Liabilities	<u>12,585</u>	<u>-</u>	<u>12,585</u>
TOTAL LIABILITIES	950,540	111,384	1,061,924
FUND BALANCE			
Reserved for:			
Encumbrances & Contracts	20,788	-	20,788
Inventory & Prepaid Expenditures	21,310	1,559	22,869
Noncurrent Receivables	147,549	4,129	151,678
Specific Purposes	1,241,440	371,629	1,613,069
Unreserved Fund Equity	445,627	-	445,627
Unreserved, reported in:			
Nonmajor special revenue funds	-	97,916	97,916
Nonmajor capital projects funds	-	2,890	2,890
TOTAL FUND BALANCE	1,876,714	478,123	2,354,837
TOTAL LIABILITIES & FUND BALANCE	\$ 2,827,254	\$ 589,507	\$ 3,416,761

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, 2004
(Expressed in Thousands)

Total Fund Balances-Governmental funds \$ 2,354,837

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 assets, excluding internal service funds, is \$8,409,148,000 and the accumulated depreciation is (\$2,946,040,000). 5,463,108

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. 109,147

Certain revenues are earned but not available and therefore deferred in the funds. 55,200

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. 11,242

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. 2,706

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	(991,156)
Accrued Interest Payable	(6,880)
Compensated Absences	(137,667)
Capital Leases	(4,149)
Other Financing Arrangements Payable	(5,640)
Early Retirement Liability	(23,533)
Risk Management Liability	(11,500)
Other Long-term Liabilities	(21,004)
Total Long-term liabilities	<u>(1,201,529)</u>

Net assets of governmental activities \$ 6,794,711

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, 2004s
(Expressed in Thousands)

	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:			
Taxes	\$ 5,870,686	\$ 68,900	\$ 5,939,586
Receipts from Other Entities	3,513,397	78,401	3,591,798
Investment Income	46,728	15,507	62,235
Fees, Licenses & Permits	610,929	4,755	615,684
Refunds & Reimbursements	358,855	76,525	435,380
Sales, Rents & Services	25,483	5,471	30,954
Miscellaneous	184,960	8,211	193,171
Contributions	-	12	12
GROSS REVENUES	10,611,038	257,782	10,868,820
Less Revenue Refunds	791,673	1,397	793,070
NET REVENUES	9,819,365	256,385	10,075,750
EXPENDITURES:			
Current:			
Administration & Regulation	917,077	57,547	974,624
Education	2,608,383	41,622	2,650,005
State Aid To Universities	592,617	42,871	635,488
Health & Human Rights	311,305	437	311,742
Human Services	3,417,274	217	3,417,491
Justice & Public Defense	613,856	15,390	629,246
Economic Development	195,699	1,218	196,917
Transportation	346,948	1,546	348,494
Agriculture & Natural Resources	134,074	6,507	140,581
Capital Outlay:			
Administration & Regulation	11,187	31,558	42,745
Education	3,058	1,166	4,224
Health & Human Rights	3,806	1,926	5,732
Human Services	6,120	5,483	11,603
Justice & Public Defense	29,640	12,082	41,722
Economic Development	3,815	309	4,124
Transportation	617,023	815	617,838
Agriculture & Natural Resources	13,821	7,537	21,358
TOTAL EXPENDITURES	9,825,703	228,231	10,053,934
REVENUES OVER (UNDER) EXPENDITURES	(6,338)	28,154	21,816
OTHER FINANCING SOURCES (USES):			
Transfers In	249,559	39,450	289,009
Transfers Out	(26,401)	(139,417)	(165,818)
Leases, Installment Purchases, & Other	1,009	-	1,009
TOTAL OTHER FINANCING SOURCES (USES)	224,167	(99,967)	124,200
NET CHANGE IN FUND BALANCE	217,829	(71,813)	146,016
FUND BALANCE JULY 1, RESTATED	1,658,885	549,936	2,208,821
FUND BALANCE JUNE 30	\$ 1,876,714	\$ 478,123	\$ 2,354,837

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, 2004
(Expressed in Thousands)

Net change in fund balances-total governmental funds \$ 146,016

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	473,099	
Depreciation expense	326,847	
Excess of capital outlay over depreciation expense		146,252

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. (62,853)

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

Capital leases	(842)	
Other financing arrangements payable	(167)	
Total		(1,009)

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	21,227	
Capital lease payments	1,348	
Other financing arrangements payments	1,079	
Total long-term debt repayment		23,654

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. (1,324)

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. (35,546)

Special Item - Settlement of gambling liability expensed in prior years 102,366

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	(2,322)	
Tobacco legal fee liability	2,364	
Early retirement liability	(2,794)	
Pension Liability	(6,321)	
Other	(1,441)	
Total additional expenditures		(10,514)

Change in net assets of governmental activities \$ 307,042

The notes are an integral part of the financial statements.

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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.

Nonmajor Proprietary Funds are presented, by fund type, beginning on page 105.

STATE OF IOWA
Statement of Net Assets
Proprietary Funds
June 30, 2004s
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS	NONMAJOR ENTERPRISE FUNDS		
ASSETS					
Current Assets:					
Cash & Investments	\$ 955,239	\$ 672,724	\$ 57,649	\$ 1,685,612	\$ 20,192
Cash & Investments - Restricted	26,033	-	-	26,033	-
Deposits With Trustees	28,494	-	-	28,494	-
Accounts Receivable (Net)	308,641	102,311	9,750	420,702	709
Interest Receivable	3,300	-	69	3,369	-
Loans Receivable (Net)	6,519	-	-	6,519	-
Benefit Overpayment Receivable	-	11,675	-	11,675	-
Due From Other Funds/Advances	-	-	-	-	-
To Other Funds	-	516	2,056	2,572	55,876
Inventory	40,101	-	9,492	49,593	8,304
Prepaid Expenses	8,781	-	326	9,107	1,506
Other Assets	1,111	-	-	1,111	-
Investment In Prize Annuity	-	-	9,354	9,354	-
Total Current Assets	1,378,219	787,226	88,696	2,254,141	86,587
Noncurrent Assets:					
Cash & Investments	402,540	-	-	402,540	-
Deposits With Trustees	936	-	-	936	-
Accounts Receivable	33,067	-	-	33,067	-
Interest Receivable	813	-	-	813	-
Loans Receivable (Net)	64,883	-	-	64,883	90
Benefit Overpayment Receivable (Net)	-	557	-	557	-
Due From Other Funds/Advances	-	-	-	-	-
To Other Funds	-	3,366	-	3,366	307
Capital Assets - nondepreciable	475,177	-	2,254	477,431	-
Capital Assets - depreciable, net	1,842,972	-	58,307	1,901,279	80,611
Prepaid Expenses	6	-	674	680	-
Other Assets	21,125	-	437	21,562	-
Investment In Prize Annuity	-	-	32,381	32,381	-
Prize Deposit	-	-	4,235	4,235	-
Total Noncurrent Assets	2,841,519	3,923	98,288	2,943,730	81,008
TOTAL ASSETS	4,219,738	791,149	186,984	5,197,871	167,595
LIABILITIES					
Current Liabilities:					
Accounts Payable & Accruals	240,400	10,911	14,492	265,803	16,941
Due To Other Funds/Advances	-	-	-	-	-
From Other Funds	-	58	14,255	14,313	329
Interest Payable	18,638	-	1,152	19,790	-
Deferred Revenue	62,489	1,774	439	64,702	7,352
Compensated Absences	68,016	-	1,074	69,090	692
Capital Leases	10,241	-	-	10,241	60
Bonds Payable	38,328	-	-	38,328	-
Other Financing	-	-	-	-	-
Arrangements Payable	1,291	-	11,415	12,706	-
Annuities Payable	-	-	9,488	9,488	-
Lottery Prizes Payable	-	-	3,457	3,457	-
Funds Held In Custody	156,853	-	-	156,853	-
Total Current Liabilities	596,256	12,743	55,772	664,771	25,374
Noncurrent Liabilities:					
Accounts Payable & Accruals	22,688	-	-	22,688	39,717
Due To Other Funds/Advances	-	-	-	-	-
From Other Funds	-	-	-	-	-
Interest Payable	4,732	-	-	4,732	-
Deferred Revenue	3,383	-	-	3,383	-
Compensated Absences	61,528	-	735	62,263	-
Capital Leases	98,404	-	-	98,404	289
Bonds Payable	661,929	-	-	661,929	-
Other Financing	-	-	-	-	-
Arrangements Payable	7,373	-	24,862	32,235	-
Annuities Payable	-	-	32,381	32,381	-
Funds Held In Custody	52,629	-	-	52,629	-
Other	-	-	4,256	4,256	-
Total Noncurrent Liabilities	912,666	-	62,234	974,900	40,006
TOTAL LIABILITIES	1,508,922	12,743	118,006	1,639,671	65,380
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	1,602,174	-	19,246	1,621,420	80,262
Restricted For:	-	-	-	-	-
Expendable	337,214	-	-	337,214	-
Nonexpendable	65,544	-	-	65,544	-
Unemployment Benefits	-	778,406	-	778,406	-
Unrestricted	705,884	-	49,732	755,616	21,953
TOTAL NET ASSETS	\$ 2,710,816	\$ 778,406	\$ 68,978	3,558,200	\$ 102,215
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	-	-	-	(6,934)	-
Net assets of business-type activities	-	-	-	\$ 3,551,266	-

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, 2004
(Expressed in Thousands)

	BUSINESS- TYPE ACTIVITIES --				GOVERNMENTAL
	ENTERPRISE FUNDS				ACTIVITIES --
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
Employer Contributions	\$ -	\$ 304,396	\$ -	\$ 304,396	\$ -
Receipts from Other Entities	12,723	46,412	49	59,184	49,934
Fees, Licenses & Permits	983,241	-	9,305	992,546	171
Refunds & Reimbursements	-	-	92	92	37,018
Sales, Rents & Services	220,961	-	392,462	613,423	1,370
Grants & Contracts	483,106	-	-	483,106	-
Independent /Auxiliary Operations	181,831	-	-	181,831	-
Miscellaneous	44,644	-	2,687	47,331	3,528
TOTAL OPERATING REVENUES	1,926,506	350,808	404,595	2,681,909	92,021
OPERATING EXPENSES:					
General & Administrative	-	-	722	722	-
Scholarship & Fellowship	28,672	-	-	28,672	-
Depreciation	156,079	-	10,970	167,049	10,737
Direct Expense	-	-	37,429	37,429	-
Prize Expense	-	-	143,348	143,348	-
Personal Services	1,641,318	-	16,624	1,657,942	6,853
Travel & Subsistence	26,938	-	463	27,401	11,544
Supplies & Materials	319,447	-	300	319,747	29,537
Contractual Services	72,399	-	7,206	79,605	5,292
Equipment & Repairs	316,449	-	245	316,694	11,426
Claims & Miscellaneous	15,745	-	87,585	103,330	15,085
Licenses, Permits & Refunds	2,008	-	484	2,492	28
State Aids & Credits	-	389,858	2,593	392,451	-
TOTAL OPERATING EXPENSES	2,579,055	389,858	307,969	3,276,882	90,502
OPERATING INCOME (LOSS)	(652,549)	(39,050)	96,626	(594,973)	1,519
NONOPERATING REVENUES					
(EXPENSES)					
State Aid to Universities	635,488	-	-	635,488	-
Gifts	84,137	-	-	84,137	-
Taxes	-	-	9,704	9,704	186
Investment Income	46,999	40,511	1,371	88,881	40
Interest Expense	(33,970)	-	(2,391)	(36,361)	(2)
Miscellaneous Nonoperating Revenue	798	-	(219)	579	-
Miscellaneous Nonoperating Expense	(458)	-	-	(458)	-
Gain on Sale of Capital Assets	-	-	7	7	18
Loss on Sale of Capital Assets	(32,120)	-	(10)	(32,130)	(303)
NET NONOPERATING					
REVENUES (EXPENSES)	700,874	40,511	8,462	749,847	(61)
INCOME (LOSS) BEFORE					
CONTRIBUTIONS AND TRANSFERS	48,325	1,461	105,088	154,874	1,458
Capital Contributions and Grants	46,830	-	11,196	58,026	-
Transfers In	-	-	399	399	227
Transfers Out	-	(7,790)	(114,705)	(122,495)	(1,322)
Additions to Endowments	1,303	-	-	1,303	-
CHANGE IN NET ASSETS	96,458	(6,329)	1,978	92,107	363
TOTAL NET ASSETS -					
JULY 1, RESTATED	2,614,358	784,735	67,000		101,852
TOTAL NET ASSETS - JUNE 30	\$ 2,710,816	\$ 778,406	\$ 68,978		\$ 102,215

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds 1,685
Change in net assets of business-type activities \$ 93,792

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, 2004
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES --
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS	NONMAJOR ENTERPRISE FUNDS		INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received From Customers/Students	\$ 1,395,245	\$ -	\$ 400,186	\$ 1,795,431	\$ -
Cash Received from Miscellaneous	172,351	3,175	2,292	177,818	-
Cash Received From Employers	-	296,559	-	296,559	-
Cash Received From Other Entities	500,545	46,280	-	546,825	7,799
Cash Received From Reciprocal Interfund Activity	-	-	-	-	85,273
Cash Payments To Suppliers For Goods & Services	(842,052)	-	(162,444)	(1,004,496)	(64,621)
Cash Payments To Employees/Students For Services	(1,640,178)	-	(16,448)	(1,656,626)	(18,416)
Cash Payments For Prizes	-	-	(126,001)	(126,001)	-
Cash Payments For Unemployment Claims	-	(390,127)	-	(390,127)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(414,089)</u>	<u>(44,113)</u>	<u>97,585</u>	<u>(360,617)</u>	<u>10,035</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating Transfers In From Other Funds	-	-	395	395	295
Transfers Out To Other Funds	-	(7,790)	(103,318)	(111,108)	(1,332)
Receipts From Grants & Contributions	602,352	-	-	602,352	-
Receipts From Related Agencies	603,561	-	-	603,561	-
Payments To Related Agencies	(582,979)	-	-	(582,979)	-
Other Receipts	378,512	-	-	378,512	-
Other Payments	(337,703)	-	-	(337,703)	-
Interest Payments	-	-	-	-	(2)
Tax Receipts	-	-	32,327	32,327	188
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>663,743</u>	<u>(7,790)</u>	<u>(70,596)</u>	<u>585,357</u>	<u>(851)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition & Construction of Capital Assets	(307,673)	-	(6,483)	(314,156)	(14,331)
Interest Payments	(29,506)	-	(2,642)	(32,148)	-
Debt Payments	(61,931)	-	(10,745)	(72,676)	-
Capital Grants & Contributions	49,232	-	434	49,666	-
Debt Proceeds	111,458	-	-	111,458	-
Proceeds From Sale of Capital Assets	1,742	-	27	1,769	1,737
Other	(3,152)	-	-	(3,152)	-
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(239,830)</u>	<u>-</u>	<u>(19,409)</u>	<u>(259,239)</u>	<u>(12,594)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest & Dividends On Investments	38,500	40,511	1,341	80,352	39
Proceeds From Sale & Maturities Of Investments	578,937	-	-	578,937	-
Purchase Of Investments	(615,589)	-	-	(615,589)	-
Other	-	-	9,903	9,903	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,848</u>	<u>40,511</u>	<u>11,244</u>	<u>53,603</u>	<u>39</u>

STATE OF IOWA

(continued)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS	NONMAJOR ENTERPRISE FUNDS		
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	11,672	(11,392)	18,824	19,104	(3,371)
CASH & CASH EQUIVALENTS JULY 1, RESTATED	406,378	684,115	38,825	1,129,318	23,563
CASH & CASH EQUIVALENTS JUNE 30	418,050	672,723	57,649	1,148,422	20,192
INVESTMENTS	995,192	-	-	995,192	-
LESS DEPOSITS WITH TRUSTEES	(29,430)	-	-	(29,430)	-
CASH & INVESTMENTS PER STATEMENT OF NET ASSETS	\$ 1,383,812	\$ 672,723	\$ 57,649	\$ 2,114,184	\$ 20,192
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (652,549)	\$ (39,050)	\$ 96,626	\$ (594,973)	\$ 1,519
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities:					
Depreciation	156,079	-	10,970	167,049	10,737
Loss on Disposal of Assets	-	-	542	542	-
(Increase) Decrease In Accounts Receivable	22,605	(7,581)	(1,226)	13,798	(115)
(Increase) Decrease In Benefit Overpayment Receivable	-	8,054	-	8,054	-
(Increase) Decrease In Due From	(8,588)	4,387	(158)	(4,359)	(363)
(Increase) Decrease In Inventory	(337)	-	1,691	1,354	(263)
(Increase) Decrease In Prepaid Expenses	351	-	647	998	(506)
(Increase) Decrease In Loans Receivable	650	-	-	650	200
(Increase) Decrease In Other Assets	(66)	-	9,161	9,095	-
Increase (Decrease) In Accounts Payable	58,459	(8,323)	(1,366)	48,770	(2,484)
Increase (Decrease) In Due To	-	(1,468)	(8)	(1,476)	(224)
Increase (Decrease) In Deferred Revenue	(995)	(132)	(323)	(1,450)	1,536
Increase (Decrease) In Compensated Absences And Other Benefits	4,954	-	120	5,074	(2)
Increase (Decrease) In Prizes Payable	-	-	(1,644)	(1,644)	-
Increase (Decrease) In Prize Annuity	-	-	(9,903)	(9,903)	-
Increase (Decrease) In Other Liability	5,348	-	(7,544)	(2,196)	-
Net Cash Provided By Operating Activities	\$ (414,089)	\$ (44,113)	\$ 97,585	\$ (360,617)	\$ 10,035

Noncash capital financing activities:

Capital assets acquired through capital lease agreements were \$12,756,747 and gifts of capital assets of \$6,213,554 were received by the enterprise funds.

The notes are an integral part of the financial statements.

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FIDUCIARY FUND FINANCIAL STATEMENTS

Individual fund descriptions and financial statements begin on page 117.

STATE OF IOWA

Statement of Fiduciary Net Assets Fiduciary Funds

June 30, 2004
(Expressed in Thousands)

	PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
ASSETS			
Cash & Cash Equivalents	\$ 76,418	\$ 1,801	\$ 98,085
Receivables:			
Accounts (Net)	-	10	110,595
Contributions	33,777	-	-
Investments Sold	385,137	-	-
Foreign Exchange Contracts	22,746	-	-
Interest & Dividends	47,777	-	-
Miscellaneous	4,329	-	-
Total Receivables	<u>493,766</u>	<u>10</u>	<u>110,595</u>
Investments, at Fair Value:			
Fixed Income Securities	6,159,390	-	-
Equity Investments	8,270,487	829,041	-
Real Estate Partnerships	1,024,765	-	-
Investment in Private Equity/Debt	1,036,669	-	-
Securities Lending Collateral Pool	1,769,500	-	-
Securities on Loan with Brokers	1,730,841	-	-
Foreign Currency	(2,368)	-	-
Total Investments	<u>19,989,284</u>	<u>829,041</u>	<u>-</u>
Capital Assets:			
Land	500	-	-
Capital Assets (Net)	3,821	65	-
Total Capital Assets	<u>4,321</u>	<u>65</u>	<u>-</u>
Other Assets	-	21	-
Total Assets	<u>20,563,789</u>	<u>830,938</u>	<u>208,680</u>
LIABILITIES			
Accounts Payable & Accruals	28,402	129	208,680
Payable for Investments Purchased	1,193,229	-	-
Payable to Brokers For Rebate & Collateral	1,769,033	-	-
Capital Lease	-	15	-
Other Financing Arrangements Payable	-	204	-
Total Liabilities	<u>2,990,664</u>	<u>348</u>	<u>208,680</u>
NET ASSETS			
Held in Trust for:			
Employees' Benefits	17,573,125	-	-
Individuals, Organizations, and Other Governments	-	830,590	-
Total Net Assets	<u>\$ 17,573,125</u>	<u>\$ 830,590</u>	<u>\$ -</u>

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, 2004
(Expressed in Thousands)

	PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE PURPOSE TRUST FUNDS
ADDITIONS		
Contributions:		
Member/Participant Contributions	\$ 198,039	\$ 244,409
Employer Contributions	306,466	-
Buy-Back/Buy-In Contributions	14,903	-
Gifts, Bequests, & Endowments	-	128
	519,408	244,537
Investment Income:		
Net Increase in Fair Value of Investments	1,816,903	98,172
Interest	256,916	46
Dividends	104,771	-
Other	89,284	-
	2,267,874	98,218
Less Investment Expense	47,628	-
	2,220,246	98,218
Miscellaneous Non-Investment Income	72	-
	2,739,726	342,755
DEDUCTIONS:		
Pension and Annuity Benefits	812,489	-
Distributions to Participants	-	20,007
Payments in Accordance with Agreements	957	-
Administrative Expense	8,072	-
Refunds	36,437	-
Other	-	1,496
	857,955	21,503
Change in Net Assets held in Trust for:		
Employees' Benefits	1,881,771	-
Individuals, Organizations and Other Governments	-	321,252
	15,691,354	509,338
Net Assets - July 1	\$ 17,573,125	\$ 830,590
Net Assets - June 30	\$ 17,573,125	\$ 830,590

The notes are an integral part of the financial statements.

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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.

Universities Foundations acts primarily as fund-raising organizations to supplement the resources available to the state universities.

STATE OF IOWA

Statement of Net Assets Component Units

June 30, 2004
(Expressed in Thousands)

	IOWA FINANCE AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	IOWA STATE FAIR AUTHORITY	UNIVERSITIES FOUNDATIONS	TOTAL COMPONENT UNITS
ASSETS						
Current Assets:						
Cash & Investments	\$ 522,806	\$ 1,106	\$ 704	\$ 7,641	\$ 485,927	\$ 1,018,184
Cash & Investments - Restricted	-	3,553	-	-	-	3,553
Accounts Receivable	-	-	3	544	33,956	34,503
Interest Receivable Unrestricted	7,752	109	41	5	402	8,309
Loans Receivable (Net)	21,427	2,790	121	-	307	24,645
Inventory	-	-	-	164	-	164
Prepaid Expenses	-	98	-	-	664	762
Other	984	-	-	-	231	1,215
Total Current Assets	552,969	7,656	869	8,354	521,487	1,091,335
Noncurrent Assets:						
Cash & Investments	438,294	-	-	-	342,943	781,237
Cash & Investments - Restricted	-	17,123	3,521	-	276,587	297,231
Accounts Receivable	-	-	-	425	101,289	101,714
Loans Receivable (Net)	357,547	14,988	1,471	-	3,059	377,065
Capital Assets - nondepreciable	-	-	-	3,877	960	4,837
Capital Assets - depreciable, net	776	3	27	38,942	28,478	68,226
Other	-	-	-	-	7,327	7,327
Total Noncurrent Assets	796,617	32,114	5,019	43,244	760,643	1,637,637
TOTAL ASSETS	1,349,586	39,770	5,888	51,598	1,282,130	2,728,972
LIABILITIES						
Current Liabilities:						
Accounts Payable & Accruals	8,435	66	70	600	2,492	11,663
Interest Payable	16,257	87	-	-	168	16,512
Deferred Revenues	684	-	-	-	-	684
Capital Leases	-	-	-	-	1,475	1,475
Bonds Payable	59,552	1,155	-	-	106	60,813
Funds Held In Custody	-	-	-	-	72,255	72,255
Other Liabilities	-	-	-	-	2,234	2,234
Total Current Liabilities	84,928	1,308	70	600	78,730	165,636
Noncurrent Liabilities:						
Deferred Revenues	5,967	-	-	-	-	5,967
Compensated Absences	-	-	-	168	-	168
Capital Leases	-	-	-	-	9,315	9,315
Bonds Payable	719,796	35,909	-	-	3,598	759,303
Funds Held In Custody	-	-	-	-	5,222	5,222
Other Liabilities	7,384	140	-	37	70,992	78,553
Total Noncurrent Liabilities	733,147	36,049	-	205	89,127	858,528
TOTAL LIABILITIES	818,075	37,357	70	805	167,857	1,024,164
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	776	3	27	42,819	14,944	58,569
Restricted for Specific Purposes	490,532	1,303	5,111	1,477	693,558	1,191,981
Unrestricted	40,203	1,107	680	6,497	405,771	454,258
TOTAL NET ASSETS	531,511	2,413	5,818	50,793	1,114,273	1,704,808
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,349,586	\$ 39,770	\$ 5,888	\$ 51,598	\$ 1,282,130	\$ 2,728,972

The notes are an integral part of the financial statements

STATE OF IOWA

Statement of Activities Component Units

For the Year Ended June 30, 2004
(Expressed in Thousands)

	IOWA FINANCE AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	IOWA STATE FAIR AUTHORITY	UNIVERSITIES FOUNDATIONS	TOTAL COMPONENT UNITS
Expenses	\$ 55,214	\$ 995	\$ 425	\$ 14,309	\$ 147,468	\$ 218,411
Program Revenues:						
Charges for Service	12,719	1,211	379	13,400	-	27,709
Operating Grants						
and Contributions	57,611	-	13	1,582	128,318	187,524
Capital Grants	-	-	-	166	176	342
Grants and Contributions						
Total Program Revenues	<u>70,330</u>	<u>1,211</u>	<u>392</u>	<u>15,148</u>	<u>128,494</u>	<u>215,575</u>
Net Program (Expense) Revenue	<u>15,116</u>	<u>216</u>	<u>(33)</u>	<u>839</u>	<u>(18,974)</u>	<u>(2,836)</u>
General Revenues (Expenses):						
Investment Income	33,008	-	13	52	129,338	162,411
Other	50	-	-	500	-	550
Total General Revenue	<u>33,058</u>	<u>-</u>	<u>13</u>	<u>552</u>	<u>129,338</u>	<u>162,961</u>
Change in Net Assets	48,174	216	(20)	1,391	110,364	160,125
Net Assets - July 1, Restated	<u>483,337</u>	<u>2,197</u>	<u>5,838</u>	<u>49,402</u>	<u>1,003,909</u>	<u>1,544,683</u>
Net Assets - June 30	<u>\$ 531,511</u>	<u>\$ 2,413</u>	<u>\$ 5,818</u>	<u>\$ 50,793</u>	<u>\$ 1,114,273</u>	<u>\$ 1,704,808</u>

The notes are an integral part of the financial statements.

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, 3rd Floor, Hoover State Office Bldg., Des Moines, IA 50319.

Blended Component Units

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

- Iowa Public Television Foundation (Special Revenue 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 (Special Revenue 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.
- Iowa Lottery Authority (Enterprise fund) was created to operate the State Lottery. 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 on the Authority and its purpose is to produce the maximum amount of net revenues for the State in a dignified manner that maintains the general welfare of the people.

Discrete Component Units

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

NOTES TO THE FINANCIAL STATEMENTS

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.

- 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).
- Universities Foundations (foundations) are legally separate, tax-exempt entities. They act primarily as fund-raising organizations to supplement the resources available to the State Universities (universities) in support of their programs. Although the State does not control the timing or amount of receipts from the foundations, the majority of the resources or income thereon they hold and invest is restricted to the activities of the universities by the donors. Because the majority of these restricted resources can only be used by, or for the benefit of the universities, they are considered a component unit of the State and are discretely presented in the financial statements.

During the year ended June 30, 2004, the foundations distributed \$102,940,150 to the State Universities for academic and institutional support.

The foundations are private nonprofit organizations that report under FASB standards, including FASB Statement No. 117, (*Financial Reporting for Not-for-Profit Organizations*). As such, certain revenue recognition criteria and presentation

features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the foundations' financial information; however, the foundation's assets and liabilities and revenues and expenses were reformatted to correspond to the State's reporting format for the Statement of Net Assets and Statement of Activities.

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 State'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.

NOTES TO THE FINANCIAL STATEMENTS

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 fund:

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

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.

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 the activities for which fees are charged to external users for goods and services. This fund type is also used when the activity is financed with debt that is secured with fees and charges, as well as when the pricing policy of the activity is designated to recover its costs.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 of \$15,263,555 associated with certain funds has been assigned to other funds for fiscal year 2004.

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.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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.

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 \$135,212 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, 2004, the Systems had securities on loan, including accrued interest income, with a total value of \$1,730,840,116 against collateral with a total value of \$1,767,843,237.

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

NOTES TO THE FINANCIAL STATEMENTS

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.

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

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.

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

There are no material violations of finance – related legal and contractual provisions. Budgetary comparison schedules and related disclosures are reported as Required Supplementary Information (RSI).

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – CASH, INVESTMENTS AND SECURITIES LENDING**CASH****Primary Government and Fiduciary**

The carrying amount of cash at June 30 is \$1,158,558,710 and the bank balance is \$1,176,469,100. The bank balance at June 30 is insured or collateralized as follows: \$969,507,874 is covered by federal depository insurance or by collateral held by the State's agent in the State's name, \$1,620,362 is covered by collateral held in the pledging bank's trust department in the State's name, and \$205,340,864 is uninsured or uncollateralized.

Component Units

The carrying amount of cash at June 30 is \$29,160,424 and the bank balance is \$29,160,424. 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, 2004, 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.)

Primary Government

	1	Category 2	3	Fair Value
U.S. Government Securities	\$ 943,345	\$530,462	\$ 408	\$1,474,215
Equity Securities	26,911	65,500	858	93,269
Fixed Income Securities	<u>484,863</u>	<u>185,045</u>	<u>-</u>	<u>669,908</u>
	<u>\$1,455,119</u>	<u>\$781,007</u>	<u>\$1,266</u>	2,237,392
Unclaimed Property				22,598
Money Market & Mutual Funds				721,877
Investment Agreements				214,143
Investment Pools				1,335
Other				<u>5,575</u>
Total Investments				<u>\$ 3,202,920</u>

Fiduciary Funds

	Category 1	Fair Value
U.S. Government Securities	\$1,460,036	\$1,460,036
Domestic Equity Securities	1,327,997	1,327,997
Domestic Fixed Income Securities	1,076,724	1,076,724
International Securities	1,617,047	1,617,047
Foreign Currency	<u>(2,368)</u>	<u>(2,368)</u>
	<u>\$5,479,436</u>	5,479,436
Securities on Loan		1,730,841
Mutual and Commingled Funds		9,189,180
Short Term Investment Funds		587,940
Real Estate Partnerships		1,024,771
Investment in Private Equity		1,036,669
Securities Lending		
Short-Term Collateral Investment Pool		<u>1,769,500</u>
Total Investments		<u>\$20,818,337</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Cash & Investment Reconciliation

Investments Per Preceding Schedules:

Primary Government	\$ 3,202,920
Fiduciary Funds	<u>20,818,337</u>
Total	24,021,257
Cash	1,158,559
Outstanding Warrants	(136,402)
Other Reconciling Items	<u>(282)</u>
Total Cash & Investments	<u>\$ 25,043,132</u>

Component Units

	Category 1	Fair Value
U.S. Government Securities	<u>\$ 495,372</u>	<u>\$ 495,372</u>
	<u>\$ 495,372</u>	495,372
Money Market & Mutual Funds		144,882
Investment Agreements		324,523
Foundation Investments - Not subject to categorization		1,105,457
Other		<u>811</u>
Total Investments		<u>\$ 2,071,045</u>

Cash & Investment Reconciliation

Investments Per Above Schedule	\$ 2,071,045
Cash	<u>29,160</u>
Total Cash & Investments	<u>\$ 2,100,205</u>

NOTE 3 – TRANSFERS

Interfund transfers for the year ended June 30, 2004, consisted of the following (expressed in thousands):

Transferred Out	Transferred In				Total
	General	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service	
General	\$ -	\$ 25,861	\$ 399	\$ 141	\$ 26,401
Nonmajor Governmental Funds	125,828	13,589	-	-	139,417
Unemployment Benefits	7,790	-	-	-	7,790
Nonmajor Enterprise Funds	114,705	-	-	-	114,705
Internal Service	1,236	-	-	86	1,322
Total	<u>\$ 249,559</u>	<u>\$ 39,450</u>	<u>\$ 399</u>	<u>\$ 227</u>	<u>\$ 289,635</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.

DEPOSITS WITH TRUSTEES**Primary Government**

The carrying amount of cash at June 30 is \$23,643,776 and the bank balance is \$26,643,776. The bank balance at June 30 is insured or collateralized as follows: \$1,127,550 is covered by federal depository insurance or by collateral held by the State's agent in the State's name, and \$22,516,226 is uninsured or uncollateralized.

The investments at June 30, 2004, for Deposit With Trustees are as follows (expressed in thousands):

	Category 1	Category 2	Fair Value
U.S. Government Securities	\$ -	\$ 5,833	\$ 5,833
Repurchase Agreements	<u>1,334</u>	-	<u>1,334</u>
	<u>\$ 1,334</u>	<u>\$ 5,833</u>	7,167
Mutual Funds			220
Investment Agreements			<u>3,601</u>
Total Investments			<u>\$ 10,988</u>

Cash & Investment Reconciliation

Investments Per Above Schedule	\$ 10,988
Cash	<u>23,644</u>
Deposits With Trustees	<u>\$ 34,632</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – RECEIVABLES

Receivables at June 30, 2004, consisted of the following (expressed in thousands):

	Accounts Receivable	Taxes Receivable	Pledges Receivable	Interest Receivable	Loans Receivable	Benefit Over- payment	Subtotal	Less: allowance	Total Memo Only
General	\$ 802,221	\$430,768	\$ -	\$ -	\$ 16,343	\$ -	\$ 1,249,332	\$ 25,414	\$1,223,918
Nonmajor Governmental	28,282	-	-	1,279	-	-	29,561	-	29,561
University	546,403	-	-	3,300	7,371	-	557,074	238,614	318,460
Unemployment Benefits	102,311	-	-	-	-	11,675	113,986	-	113,986
Nonmajor Enterprise	9,750	-	-	69	-	-	9,819	-	9,819
Internal Service	709	-	-	-	-	-	709	-	709
Total Current	1,489,676	430,768	-	4,648	23,714	11,675	1,960,481	264,028	1,696,453
General	278,287	11,509	-	-	163,308	-	453,104	305,555	147,549
Nonmajor Governmental	4,129	-	-	-	-	-	4,129	-	4,129
University	33,067	-	-	813	67,272	-	101,152	2,389	98,763
Unemployment Benefits	-	-	-	-	-	557	557	-	557
Internal Service	-	-	-	-	90	-	90	-	90
Total Noncurrent	315,483	11,509	-	813	230,670	557	559,032	307,944	251,088
	1,805,159	442,277	-	5,461	254,384	12,232	2,519,513	571,972	1,947,541
Discrete Component Units	23,818	-	140,893	8,310	403,749	-	576,770	30,534	546,236
Total	\$1,828,977	\$442,277	\$ 140,893	\$ 13,771	\$ 658,133	\$12,232	\$ 3,096,283	\$ 602,506	\$2,493,777

NOTE 5 – INTERFUND BALANCES

Interfund balances for the year ended June 30, 2004, consisted of the following (expressed in thousands):

Due To Other Funds	Due From Other Funds					Total
	General	Nonmajor Governmental Funds	Unemployment Benefits	Nonmajor Enterprise Funds	Internal Service	
General	\$ -	\$ 7,881	\$ 516	\$ 1,817	\$ 55,579	\$ 65,793
Nonmajor Governmental Funds	44,461	2,733	-	202	22	47,418
Unemployment Benefits	58	-	-	-	-	58
Nonmajor Enterprise Funds	14,157	-	-	33	65	14,255
Internal Service	115	-	-	4	210	329
Total	\$ 58,791	\$ 10,614	\$ 516	\$ 2,056	\$ 55,876	\$ 127,853

\$50.1 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 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: \$.3 million due from the General Fund to the Innovation Fund (an Internal Service Fund) for amounts loaned for the purpose of stimulating and encouraging innovation in State government and \$3.4 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.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2004, was as follows (expressed in thousands):

	Balances July 1, 2003,	Reclassifications	Increases	Decreases	Balances June 30, 2004
Governmental Activities					
Capital Assets Not Being Depreciated:					
Land	\$ 595,292	\$ -	\$ 17,585	\$ 47,767	\$ 565,110
Construction in Progress	81,370	(37,809)	33,566	-	77,127
Total Capital Assets Not Being Depreciated	<u>676,662</u>	<u>(37,809)</u>	<u>51,151</u>	<u>47,767</u>	<u>642,237</u>
Capital Assets Being Depreciated:					
Infrastructure	6,802,372	-	383,667	493,352	6,692,687
Works of Art and Historical Treasures	928	-	-	-	928
Land Improvements	7,825	-	-	-	7,825
Building and Improvements	808,162	37,656	18,131	1,110	862,839
Machinery, Equipment and Vehicles	364,724	153	34,442	27,260	372,059
Total Capital Assets Being Depreciated	<u>7,984,011</u>	<u>37,809</u>	<u>436,240</u>	<u>521,722</u>	<u>7,936,338</u>
Less Accumulated Depreciation for:					
Infrastructure	2,599,140	-	287,522	480,427	2,406,235
Works of Art and Historical Treasures	64	-	9	-	73
Land Improvements	876	-	277	-	1,153
Buildings and Improvements	377,144	-	19,478	435	396,187
Machinery, Equipment and Vehicles	224,645	-	30,293	23,731	231,207
Total Accumulated Depreciation	<u>3,201,869</u>	<u>-</u>	<u>337,579</u>	<u>504,593</u>	<u>3,034,855</u>
Total Capital Assets Being Depreciated, Net	<u>4,782,142</u>	<u>37,809</u>	<u>98,661</u>	<u>17,129</u>	<u>4,901,483</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,458,804</u>	<u>\$ -</u>	<u>\$ 149,812</u>	<u>\$ 64,896</u>	<u>\$ 5,543,720</u>
Business-type Activities					
Capital Assets Not Being Depreciated:					
Land	\$ 26,715	\$ -	\$ 561	\$ -	27,276
Land Improvements	5,459	-	-	-	5,459
Construction in Progress	230,183	(223,749)	238,808	-	245,242
Works of Art	27,818	-	141	-	27,959
Library Collections	160,978	-	11,187	670	171,495
Total Capital Assets Not Being Depreciated	<u>451,153</u>	<u>(223,749)</u>	<u>250,697</u>	<u>670</u>	<u>477,431</u>
Capital Assets Being Depreciated:					
Infrastructure	488,119	15,882	12,980	-	516,981
Library Collections	159,751	-	8,507	572	167,686
Land Improvements	37,751	3,077	4,494	-	45,322
Buildings and Improvements	2,202,616	204,790	34,980	6,218	2,436,168
Machinery, Equipment and Vehicles	882,752	-	84,665	135,589	831,828
Total Capital Assets Being Depreciated	<u>3,770,989</u>	<u>223,749</u>	<u>145,626</u>	<u>142,379</u>	<u>3,997,985</u>
Less Accumulated Depreciation for:					
Infrastructure	266,277	3,977	24,377	-	294,631
Library Collections	121,219	-	8,002	572	128,649
Land Improvements	19,247	611	1,881	-	21,739
Buildings and Improvements	1,039,671	7,034	69,732	-	1,116,437
Machinery, Equipment and Vehicles	561,691	(11,622)	63,057	77,876	535,250
Total Accumulated Depreciation	<u>2,008,105</u>	<u>-</u>	<u>167,049</u>	<u>78,448</u>	<u>2,096,706</u>
Total Capital Assets Being Depreciated, Net	<u>1,762,884</u>	<u>223,749</u>	<u>(21,423)</u>	<u>63,931</u>	<u>1,901,279</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,214,037</u>	<u>\$ -</u>	<u>\$ 229,274</u>	<u>\$ 64,601</u>	<u>\$ 2,378,710</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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

Administration & Regulation	\$	5,793
Education		2,865
Health & Human Rights		2,389
Human Services		3,765
Justice & Public Defense		16,584
Economic Development		447
Transportation		289,494
Agriculture & Natural Resources		5,511
Subtotal		<u>326,848</u>
Depreciation on Capital Assets held by the Internal Service Funds is allocated to the functions based on their use of the assets		<u>10,731</u>
Total Depreciation Expense-Governmental	\$	<u>337,579</u>
Business-type Activities:		
Enterprise	\$	<u>167,049</u>
Discrete Component Units		
Land	\$	4,347
Construction in Progress		490
Total Capital Assets Not Being Depreciated		<u>4,837</u>
Infrastructure		4,807
Buildings and Improvements		78,066
Land Improvements		27
Machinery, Equipment and Vehicles		12,890
Total Capital Assets Being Depreciated		<u>95,790</u>
Less Accumulated Depreciation		<u>27,564</u>
Total Capital Assets Being Depreciated, Net		<u>68,226</u>
Discretely Presented Component Units	\$	<u>73,063</u>

NOTE 7 – INVESTMENT IN PRIZE ANNUITIES AND ANNUITY PRIZES PAYABLE

Assets totaling \$41,896,704 which includes \$161,895 of cash, are held by the Iowa Lottery Authority 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 \$27,395 to taxing authorities. The following is a schedule of future payments (expressed in thousands):

Year Ending June 30,	Current	Noncurrent	Total Payments
2005	\$ 9,901	\$ -	\$ 9,901
2006	-	9,356	9,356
2007	-	8,152	8,152
2008	-	6,340	6,340
2009	-	4,377	4,377
2010-2014	-	9,528	9,528
2015-2018	-	4,768	4,768
Total Future Value	<u>9,901</u>	<u>42,521</u>	<u>52,422</u>
Less: Unamortized Discount	<u>(413)</u>	<u>(10,140)</u>	<u>(10,553)</u>
Present Value of Payments	<u>\$ 9,488</u>	<u>\$ 32,381</u>	<u>\$ 41,869</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2004, are summarized as follows (expressed in thousands):

Governmental Activities	Restated Balances July 1, 2003	Additions	Deductions	Balances June 30, 2004	Amounts due within one year
Compensated Absences	\$ 135,346	\$ 118,001	\$ 115,680	\$ 137,667	\$125,277
Capital Leases	4,655	842	1,348	4,149	1,035
Other Financing Arrangements	6,552	167	1,079	5,640	722
Revenue Bonds	1,012,383	-	21,227	991,156	20,423
Early Retirement	20,739	8,720	5,926	23,533	8,541
Risk Management	11,500	24,243	24,243	11,500	4,225
Tobacco Legal Fee	2,364	-	2,364	-	-
Gaming Settlement Tax	102,366	-	102,366	-	-
Other Liabilities	21,859	7,114	8,243	20,730	12,485
Total	<u>1,317,764</u>	<u>159,087</u>	<u>282,476</u>	<u>1,194,375</u>	<u>172,708</u>
Allocation of Internal Service					
Funds Liability:					
Capital Leases	406	-	57	349	60
Compensated Absences	688	842	838	692	692
Early Retirement	114	37	33	118	44
Total	<u>1,208</u>	<u>879</u>	<u>928</u>	<u>1,159</u>	<u>796</u>
Total Primary Government - Governmental Activities	<u>\$ 1,318,972</u>	<u>\$ 159,966</u>	<u>\$ 283,404</u>	<u>\$ 1,195,534</u>	<u>\$173,504</u>
Business-type Activities					
Compensated Absences	\$ 126,331	\$ 73,468	\$ 68,446	\$ 131,353	\$ 69,090
Revenue Bonds	640,560	149,700	90,003	700,257	38,328
Capital Leases	101,424	13,945	6,724	108,645	10,241
Other Financing Arrangements	63,533	518	19,110	44,941	12,706
Total	<u>\$ 931,848</u>	<u>\$ 237,631</u>	<u>\$ 184,283</u>	<u>\$ 985,196</u>	<u>\$130,365</u>

NOTE 9 – CAPITAL LEASES

The State has entered into agreements to lease various equipment and property. The agreements have interest rates ranging from 2.00% to 14.25% and expire before June 30, 2024.

The State has also entered into a few installment purchase agreements. 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 June 30,	Principal	Interest
2005	\$ 1,095	\$ 211
2006	984	162
2007	808	116
2008	630	78
2009	210	51
2010-2014	<u>771</u>	<u>94</u>
Total	<u>\$ 4,498</u>	<u>\$ 712</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	\$ 787
Equipment	<u>3,656</u>
Total	4,443
Accumulated Depreciation	<u>(1,747)</u>
Net	<u>\$ 2,696</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Primary Government – Business-Type Activities

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

Year ending June 30,	Principal	Interest
2005	\$ 10,241	\$ 5,296
2006	5,118	4,863
2007	4,242	4,671
2008	4,808	4,461
2009	4,377	4,243
2010-2014	35,523	15,567
2015-2019	25,621	8,546
2020-2024	<u>18,715</u>	<u>3,873</u>
Total	<u>\$ 108,645</u>	<u>\$ 51,520</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):

Land	\$ 455
Construction in Progress	30,370
Buildings	107,726
Equipment	<u>9,797</u>
Total	148,348
Accumulated Depreciation	<u>(26,864)</u>
Net	<u>\$ 121,484</u>

Component Units

The State University of Iowa Foundation has entered into a lease agreement with the University for a leasehold interest in a building.

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

Year ending June 30,	Principal
2005	\$ 1,475
2006	510
2007	535
2008	560
2009	575
2010-2014	<u>7,135</u>
Total	<u>\$ 10,790</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 \$6,865,394 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 June 30,	Principal	Interest
2005	\$ 262	\$ 148
2006	276	134
2007	291	119
2008	308	102
2009	179	85
2010-2014	864	308
2015-2019	677	146
2020-2024	<u>288</u>	<u>24</u>
Total	<u>\$3,145</u>	<u>\$1,066</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 \$13,818,737. 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 June 30,	Principal	Interest
2005	\$ 1,291	\$ 438
2006	5,114	266
2007	772	109
2008	720	73
2009	153	43
2010-2014	<u>614</u>	<u>75</u>
Total	<u>\$ 8,664</u>	<u>\$1,004</u>

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%.

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

Year ending June 30,	Principal	Interest
2005	\$ 460	\$ 111
2006	475	92
2007	540	72
2008	440	49
2009	185	29
2010-2014	<u>395</u>	<u>30</u>
Total	<u>\$2,495</u>	<u>\$ 383</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Primary Government – Business-Type Activities

The former Department of General Services (currently DAS) has sold certificates of participation (COPS) for the Iowa Communications Network of \$114,530,000. These represent an ownership interest of the certificate holder in a lease purchase agreement. The certificates mature over the next 3 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 June 30,	Principal	Interest
2005	\$ 11,415	1,945
2006	12,135	1,201
2007	<u>12,900</u>	<u>409</u>
Total	36,450	<u>\$ 3,555</u>
Unamortized Discount	<u>(173)</u>	
Total COPS Payable	<u>\$ 36,277</u>	

NOTE 11 – BONDS PAYABLE

Revenue bonds payable at June 30, 2004, are as follows (expressed in thousands):

	ISSUE DATES	ORIGINAL ISSUANCE	INTEREST RATE	MATURITY DATE RANGE	OUTSTANDING PRINCIPAL
PRIMARY GOVERNMENT – Governmental Activities:					
Revenue Bonds					
<i>Term Bonds</i>					
Underground Storage Tank	1991 & 1994	\$13,155	Variable	2010-2015	\$ 13,155
Department of Corrections	1994-2002	33,510	Variable	2014-2016	1,515
Tobacco Settlement Authority	2002	582,935	5.30-6.79	2003-2027	<u>579,640</u>
Total					<u>\$ 594,310</u>
<i>Serial Bonds</i>					
Underground Storage Tank	1991 & 1994	\$99,130	Variable	1991-2012	\$ 51,105
Department of Corrections	1994-1996	64,530	Variable	2014-2016	67,385
Vision Iowa	2002	196,375	2.25-5.50	2002-2020	175,575
School Infrastructure	2002	48,585	4.0-5.0	2002-2021	39,495
Tobacco Settlement Authority	2002	61,310	5.50	2011-2014	<u>61,310</u>
Total					<u>\$ 394,870</u>
Unamortized Premium					\$ 14,379
Unamortized Discounts					<u>(12,403)</u>
Total Governmental Activities					<u>\$ 991,156</u>

PRIMARY GOVERNMENT – Business-Type Activities:

Revenue Bonds					
University of Northern Iowa	1964-2004	\$ 134,901	1.80-8.25	1993-2024	\$ 113,192
University of Iowa	1964-2004	468,630	2.00-9.00	1967-2029	315,594
Iowa State University	1964-2004	362,095	1.75-6.85	1975-2030	<u>271,695</u>
Total					700,481
Unamortized Discount					<u>(224)</u>
Total Business-type Activities					<u>\$ 700,257</u>

COMPONENT UNITS:

Revenue Bonds					
Iowa Finance Authority	1977-2003	\$ 1,221,870	Variable	1999-2032	\$ 783,671
Iowa Higher Education					
Loan Authority	1984-1996	50,630	Variable	1999-2016	37,065
Universities Foundations	2002	3,850	5.25	2003-2012	<u>3,704</u>
Total					824,440
Unamortized Issuance Costs and Discounts					<u>(4,324)</u>
Total Component Units					<u>\$ 820,116</u>

* Includes unamortized issuance costs and discounts of \$4,323,000 for the Iowa Finance Authority and \$832 for the Iowa Higher Education Loan Authority.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Bonds Payable

Primary Government – Governmental Activities **Underground Storage Tank**

The Iowa Finance Authority has issued term bonds and serial 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 have been removed from the Statement of Net Assets. As of June 30, 2004, 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 have been removed from the Statement of Net Assets. As of June 30, 2004 bonds totaling \$41,000,000 were considered defeased.

Vision Iowa

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.

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

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.

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%.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

The bonds were 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 of the Primary Government – Governmental Activities are as follows (expressed in thousands):

Year ending June 30,	Principal	Interest
2005	\$ 21,265	\$ 52,968
2006	22,670	51,961
2007	24,870	50,874
2008	39,995	49,721
2009	44,695	47,567
2010-2014	255,325	199,969
2015-2019	225,795	131,091
2020-2024	199,900	74,490
2025-2029	<u>154,665</u>	<u>19,067</u>
Total	<u>\$989,180</u>	<u>\$677,708</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 \$29,645,000 of Revenue Bonds, Series S.U.I. 2003, with an interest rate range of 2.00-4.65% and \$43,250,000 Series S.U.I. 2004 with an interest rate range of 2.00-5.00% to defray the cost of constructing various residence halls (\$25,000,000), constructing certain telecommunication facilities (\$4,645,000), to finance all or part of constructing and improving various parking facilities (\$18,250,000) and to provide funds for the construction and furnishings of the utility facilities (\$25,000,000).

During the current fiscal year, the University of Iowa issued \$9,415,000 of Telecommunications Facilities Revenue Refunding Bonds, Serious S.U.I. 2003, with an average interest rate of 2.0% to advance refund \$9,860,000 of outstanding Telecommunications Facilities Revenue bonds, Series S.U.I. 1995 with interest rates ranging between 4.55-5.10%.

Net bond proceeds of \$10,102,000 were placed in an irrevocable escrow account with the University as trustee.

The advance refunding resulted in the recognition of an accounting gain of \$445,000 for the year ended June 30, 2004, a decrease in aggregate debt service of \$683,000 over the next 8 years and an economic gain (difference between present value of the old and new debt service payments) of \$727,000.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

During the current fiscal year, the University of Iowa issued \$6,695,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 2004, with an average interest rate of 3.88% to advance refund \$5,775,000 of outstanding Academic Building Revenue Bonds, Series S.U.I. 1993 and \$920,000 of Academic Building Revenue Refunding Bond Series S.U.I. 1994 with interest rates ranging between of 3.50-5.50%.

Net bond proceeds of \$6,749,000 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, 2004, a decrease in aggregate debt service of \$255,000 over the next twelve years and an economic gain (difference between present values of the old and new debt service payments) of \$258,000.

As a result bonds totaling \$16,555,000 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, 2004, bonds totaling \$8,185,000 for the University of Iowa were considered defeased.

During the current fiscal year, the University of Northern Iowa issued \$18,100,000 of Revenue Bonds Series 2004 with an interest rate range of 2.00-4.4% to defray the cost for construction of academic buildings (\$4,225,000), to pay the costs of constructing and equipping a Field House (\$10,000,000) and pay the cost of constructing, furnishing an addition to the Student Health System Building, including remodeling and repairing the existing Student Health Center Building, and construct and furnish the dormitory facilities system (\$3,875,000).

During the current fiscal year, Iowa State University issued \$27,820,000 of Revenue Bonds with an interest rate range of 2.00-4.75% to construct, furnish and equip a Regulated Materials Facility (\$6,750,000), to equip and enhance the Utilities Facility (\$13,280,000) and construct, furnish and equip Academic Facilities (\$7,790,000).

During the current fiscal year, Iowa State University issued \$8,565,000 (Series 2004A, \$5,430,000 and

2004 Series B, \$3,135,000) of Academic Building Revenue Refunding Bonds with an interest rate range of 3.25-4.6% to advance refund \$5,385,000 of Academic Building Revenue Bonds Series 1994 and \$3,095,000 of Academic Building Refunding Series 1994 with interest rates ranging between 4.10-6.00%.

Net bond proceeds were placed in an irrevocable escrow account with the University as trustee.

The advance refunding resulted in the recognition of an accounting loss of \$85,000 for the year ended June 30, 2004, a decrease in aggregate debt service of \$349,971 over the next 16 years and an economic gain (difference between present value of the old and new debt service payments) of \$547,459.

During the current year, Iowa State University issued \$6,210,000 of Recreation Facility Refunding Revenue Bonds, Series 2003 with an interest rate range from 3.25-3.75% to advance refund \$6,790,000 of Recreation Facility Refunding Revenue Bonds, Series 1994 with an interest range of 4.2-4.6%.

Net bond proceeds were placed in an irrevocable escrow account with the University as trustee.

The advance refunding resulted in the recognition of an accounting gain of \$580,000 for the year ended June 30, 2004, a decrease in aggregate debt service of \$898,916 over the next 6 years and an economic gain (difference between present value of the old and new debt service payments) of \$167,579.

As a result bonds totaling \$15,270,000 are considered defeased and the liability has been excluded from the Statement of Net Assets.

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

Year ending June 30,	Principal	Interest
2005	\$ 38,328	\$ 34,784
2006	39,976	33,230
2007	41,920	31,805
2008	42,777	29,999
2009	41,603	28,559
2010-2014	204,964	97,649
2015-2019	136,438	55,366
2020-2024	106,800	23,490
2025-2029	46,240	5,008
2030-2034	<u>1,435</u>	<u>33</u>
Total	<u>\$ 700,481</u>	<u>\$ 339,923</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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.

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 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, 2004, bonds totaling \$99,360,000 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.

Universities Foundations

The Foundation of Iowa State University in prior years issued \$3,850,000 of bonds to purchase and remodel the Foundation Advancement Center building. The bonds are collateralized with a mortgage on the building and other real estate owned by the Foundation.

The Foundation 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 June 30,	Principal	Interest
2005	\$ 60,974	\$ 36,034
2006	27,627	34,994
2007	29,099	33,738
2008	29,656	32,390
2009	30,954	30,979
2010-2014	160,699	136,338
2015-2019	146,033	97,684
2020-2024	114,165	73,655
2025-2029	103,840	43,661
2030-2034	<u>121,393</u>	<u>17,087</u>
Total	<u>\$ 824,440</u>	<u>\$ 536,560</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – ACCOUNTS PAYABLE & ACCRUALS

Accounts Payable & Accruals at June 30, 2004, consisted of the following (expressed in thousands):

Primary Government

Government Activities

	Current	Noncurrent
Salaries and fringes	\$ 48,521	\$ -
Early retirement	8,541	14,992
General claims	1,101	-
Risk management	4,255	7,245
State aid	322,347	-
Trade and other payable	<u>481,565</u>	<u>48,237</u>
Total governmental activities	<u>\$ 866,330</u>	<u>\$70,474</u>

Business-type Activities

	Current	Noncurrent
Salaries and fringes	\$ 101,401	\$ -
Early retirement	11,457	19,878
General claims	23,994	-
Unemployment benefits	10,911	-
Trade and other payables	<u>118,317</u>	<u>2,810</u>
Total business-type activities	<u>\$ 266,080</u>	<u>\$22,688</u>

NOTE 13 – SPECIAL ITEM - GAMING TAX LIABILITY SETTLEMENT

In June 2003, the United States Supreme Court upheld a state tax statute that had been challenged on federal equal protection grounds for imposing a higher tax rate for slot machine revenue from race track casinos than for slot machine revenue from riverboat casinos. The case was remanded to the Iowa Supreme Court for further proceedings. In February 2004, the Iowa Supreme Court struck the statute as violating the Iowa Constitution. As a result of the February Iowa Supreme Court decision, the State of Iowa owed the racetracks refunds of state taxes totaling approximately \$102 million. In April 2004, the parties agreed to a compromise and settlement under which the racetracks waived the state tax refunds and paid additional retroactive taxes in exchange for terms including lower tax rates on the revenue from slot machines and issuance of table game licenses by the State.

NOTE 14 – DEFICIT RETAINED EARNINGS

Funds reporting a deficit fund position at June 30, 2004, are as follows (expressed in thousands):

Fund Type/Fund Name	Deficit Balances
Enterprise:	
Surplus Property	15
Internal Service:	
General Office Revolving	183
Centralized Printing	163

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, 2004, follows (expressed in thousands):

Major Funds

General Fund:

Primary Road	\$ 344,312
Senior Living Trust	281,738
Vision Iowa	112,907
Road Use Tax	74,829
Farm to Market Road Funds	68,351
Revitalize Iowa's Sound Economy	47,672
Iowa Infrastructure	38,529
Motor Vehicle Fuel Tax Unapportioned	37,342
UST Innocent Landowners	28,466
Unassigned Revenue	26,655
UST Remedial	19,049
Safety Improvement Program	18,620
Terminal Liability Health Insurance	16,288
Health Insurance Premium Operating	13,940
UST Capital Reserve	9,686
UST Marketability	9,631
Underground Storage Tank Revenue	8,931
School Infrastructure and Reserve	8,068
Hospital Trust Fund	7,608
Resource Enhancement & Protection	7,488
Value Added Products	3,929
Health Insurance Premium Reserve	3,897
Hawk I Trust	3,726
County Bridge Construction	3,142
Fish and Game Fund	2,876
ICSAC-Default Reduction Act	2,560
Healthy Iowans Tobacco Trust	2,318
DOT Clearing Account	2,178
Life Insurance Basic Premium Operating	2,163
Life Insurance Optional Premium Reserve	2,157
Gifts, Bequest, Program Income	2,025
Other	<u>30,359</u>
Total General Fund	<u>1,241,440</u>

Nonmajor Governmental Funds:

Tobacco Tax-Exempt Bond Proceeds	196,363
Tobacco Settlement Authority	77,726
Iowa Public Television Foundation	4,911
Permanent School Principal	7,595
Iowa Public Television	
Foundation Endowment	1,448
Other	<u>83,586</u>
Total Nonmajor Governmental Funds	<u>371,629</u>

Total	<u>\$ 1,613,069</u>
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STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 – OPERATING LEASES

The State has leased office space and equipment. These leases have been classified as operating leases and 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):

Primary Government – Governmental Activities:

Year ending June 30,

2005	\$ 11,920
2006	9,367
2007	6,428
2008	4,423
2009	3,006
2010-2014	6,434
2015-2019	212
2020-2024	210
2025-2029	224
2030-2034	247
2035-2039	271
2040-2044	<u>127</u>
 Total	 <u>\$ 42,869</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, 2004 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$14,562,192.

Primary Government – Business-Type Activities:

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

Year ending June 30,

2005	\$ 5,062
2006	2,684
2007	1,680
2008	1,167
2009	601
2010-2014	<u>654</u>
 Total	 <u>\$ 11,848</u>

Rental expense for the year ended June 30, 2004 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$9,275,557.

Component Units:

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

Year ending June 30,

2005	\$ 23
2006	<u>11</u>
 Total	 <u>\$ 34</u>

Rental expense for the year ended June 30, 2004 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 \$13,531,338 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 \$998,774 (net of accumulated depreciation of \$137,362.) Iowa State University leases building space valued at \$172,159 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 \$199,311 (net of accumulated depreciation of \$35,688) and tracts of land valued at \$519,862 have been leased for agricultural purposes. The following is a schedule by year of minimum future rentals on operating leases as of June 30, 2004 (expressed in thousands):

Year ending June 30,

2005	\$ 2,195
2006	1,662
2007	910
2008	597
2009	431
2010-2014	1,353
2015-2019	503
2020-2024	312
2025-2029	161
2030-2034	114
2035-2039	100
2040-2044	100
2045-2049	100
2050-2053	<u>80</u>

Total \$ 8,618

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18 – PENSION PLANS

Iowa Public Employees’ Retirement System

Plan Description

The Iowa Public Employees’ Retirement System (IPERS) was created in 1953 by the Iowa Legislature, to replace Iowa Old Age and Survivors’ Insurance System. Effective July 1, 2003, Chapter 97B of the Iowa Code established IPERS as an independent agency within the Executive Branch of State government.

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 Legislature. Excluded from membership are members of other retirement systems supported by Iowa public funds.

June 30, 2004

Employer members:

City	1,291
County	458
School	389
State	22
Other	<u>228</u>
Total	<u><u>2,388</u></u>

IPERS’ vesting requirements are four years of service or age 55. Effective July 1, 2005 members must be age 55 and terminate covered employment or have four years of service upon termination in order to be considered vested. 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 info@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 \$205,000.

	Contribution Rates as of June 30, 2004		
	Employee	Employer	Total
Regular	3.70%	5.75%	9.45%
Sheriffs/Deputy Sheriffs (County)/ Airport Firefighters	4.99%	7.48%	12.47%
Protection Occupations*	5.93%	8.90%	14.83%

* Protection Occupations: City Marshals/Police or Fire Fighters in towns under 8,000 population, State and County Conservation Peace Officers, State Correctional Officers, State 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 the statutory 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. 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 \$540,768,366. The total amount of contributions made during the fiscal year ended June 30, 2004, was \$491,731,645 with \$298,923,667 coming from employers and \$192,807,978 from employees. This resulted in a 90.9% 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, 2004, 2003, and 2002, were \$62,955,419, \$58,545,880, and \$57,921,132, respectively, equal to 100% of the statutorily required contributions for each year.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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, \$2,176,468,067 at June 30, 2004. 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 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/debt 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 benefits, ordinary death benefits, accidental death benefits, and line of duty 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 \$3,026,103, representing 9.35% of the current year covered payroll. The State contribution required by statute was \$5,502,718 and the amount actually contributed was \$5,502,718. Costs of administering the plan are financed through employer contributions and investment income.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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, where market value exceeds five percent of the net assets held in trust for pension benefits.

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 9,446,823
Interest on net pension obligation	(1,216,369)
Adjustment to annual required contribution	<u>1,234,931</u>
Annual pension cost	9,465,385
Contributions made	<u>5,502,718</u>
Increase in net pension obligation	3,962,667
(Assets in excess of) net pension obligation beginning of year	<u>(15,204,612)</u>
(Assets in excess of) net pension obligation end of year	<u><u>\$ (11,241,945)</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, 2003, 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, 2004 was 17 years.

Three-year trend information:

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	(Assets in Excess) of Net Pension Obligation
2002	\$5,298,340	103.17%	\$(17,495,537)
2003	7,831,041	70.75%	(15,204,612)
2004	9,465,385	58.13%	(11,241,945)

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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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.

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 \$1,043,672, 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 8.40% 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 5.87% 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 for the Iowa Judicial Retirement System for the current year were as follows:

Annual required contribution	\$4,401,516
Interest on net pension obligation	316,861
Adjustment to annual required contribution	<u>(320,467)</u>
Annual pension cost	4,397,910
Contributions made	<u>2,039,664</u>
Increase in net pension obligation	2,358,246
Net Pension obligation beginning of year	<u>1,602,515</u>
Net pension obligation end of year	<u>\$3,960,761</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 2004.

The annual required contribution for the current year was determined as part of the July 1, 2004, 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, 2004, was 30 years.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Three-year trend information:

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	(Assets in Excess) of Net Pension Obligation
2002	\$ 3,731,554	81.45%	\$ (382,886)
2003	4,025,065	50.67%	1,602,515
2004	4,397,910	46.38%	3,960,761

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 2004, the employers' contributions amounted to \$109,316,315. Employees' contributions amounted to \$54,900,687.

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

NOTE 19 – BEGINNING BALANCE ADJUSTMENTS

During fiscal year 2004, the State reclassified the Tobacco Settlement Authority from a business-type activity – Enterprise Fund to a Governmental Fund – Special Revenue Fund. In addition, Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2004-1, Tobacco Settlement Recognition and Financial Reporting Entity Issues was issued April 2004 and was retroactively adopted. These changes resulted in adjustments to beginning Net Assets and Cash & Cash Equivalents as follows (expressed in thousands):

	Fund Statements		Statement of Net Assets		Statement of Cash Flows
	Proprietary Funds	Governmental Funds	Business-Type Activities	Governmental Activities	Proprietary Funds Cash & Cash Equivalents
July 1, 2003	\$2,905,228	\$ 2,139,379	\$ 2,896,609	\$7,027,450	\$ 1,150,406
Reclassification	560,865	(560,865)	560,865	(560,865)	(21,088)
Adjustment to convert to Modified Accrual Basis	-	630,307	-	-	-
Adoption of GASB Technical Bulletin No. 2004-1	-	-	-	21,084	-
Balances restated	<u>\$ 3,466,093</u>	<u>\$ 2,208,821</u>	<u>\$ 3,457,474</u>	<u>\$ 6,487,669</u>	<u>\$ 1,129,318</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

For fiscal year 2004, a Special Revenue Fund, Tobacco Tax-Exempt Bond Proceeds, did not meet the criteria for major fund reporting and was reclassified to a nonmajor fund. For financial reporting purposes, it is no longer displayed as a separate column for major funds and the beginning fund balance of \$325,986 (expressed in thousands) has been appropriately included within the nonmajor fund information. For budgetary reporting, the fund's information has been removed from the RSI schedule and the beginning budgetary fund balance of \$337,036 (expressed in thousands) has been included in the Supplementary Information budgetary schedule for nonmajor Special Revenue Funds.

During fiscal year 2004, the State implemented GASB Statement 39, Determining Whether Certain Organizations are Component Units, an Amendment of GASB Statement No. 14. Implementation of this statement resulted in the following change to the Component Units' Net Asset balances.

Component Units

July 1, 2003	\$ 540,774
GASB 39 Adjustment	<u>1,003,909</u>
Balances restated	<u>\$ 1,544,683</u>

NOTE 20 – 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, 2002, equals or exceeds seventy-five. Employees were required to sign up before January 31, 2002 and leave State employment on or before February 1, 2002.

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 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, 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.

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.

On April 2, 2004, the Governor signed into law a sick leave and vacation incentive program for eligible executive branch employees. 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, 2004, equals or exceeds seventy-five. Employees were required to sign up by May 21, 2004 and to leave State employment no earlier than July 2, 2004, but no later than August 12, 2004.

The incentive is calculated as the total dollar of accrued vacation at the time of termination plus the lesser of 75 percent of the employee's accumulated and unused sick leave or 75 percent of the employee's annual salary. The vacation and sick leave will be paid out in five installments, with 30 percent paid with the employee's last regular payroll warrant, 20 percent paid August in 2005, 2006, 2007, and the remaining 10 percent in August 2008. In the event a program participant dies prior to receiving the total cash value of the incentive, the participant's designated beneficiary or beneficiaries shall receive the remaining payments on the schedule developed for such payments.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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

All incentives are financed on a pay-as-you-go basis by the department from which the employee terminated. Amounts due for all of the programs have been recorded as a liability in the government-wide financial statements. Early Out costs for fiscal year 2004 for 1,019 participants totaled \$5,925,076 for government funds and \$134,532 for other funds.

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.

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, 2004. The funded contributions during the fiscal year ended June 30, 2004 were \$924,847.

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, 2004, amounted to \$10,349,663 for 1,264 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, 2004, 199 SPOC retirees received benefits totaling \$723,905.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21 – 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 \$10.0 million, and Workforce Development assumes fire liability on buildings and contents in excess of \$16.7 million.

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, Residence Halls \$202.8 million, Residence Apartments \$48.8 million, Maucker Union \$15.2 million, General Buildings \$250.0 million, and Early Childhood Center \$2.4 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 \$750.0 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 \$110.0 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 \$2,214.8 million, damage to boilers and machinery in excess of \$292.7 million, damage to electronic data processing, telecommunications equipment in excess of \$33.1 million and business interruption in excess of \$27.5 million.

Glenwood Resource Center assumes liability for volunteers' accident and personal liability 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 \$29.4 million for catastrophic losses.

The First, Second, Third, Fourth, Fifth, Sixth, Seventh and Eighth Judicial Districts assume liability for physical damage to buildings and contents in excess of \$11.9 million, \$3.8 million, \$3.4 million,

\$3.2 million, \$13.9 million, \$9.2 million, \$2.3 million and \$2.0 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 \$6.0 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.

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 2003 and 2004 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 03	\$32,068	36,645	15,483	\$53,230
FY 04	53,230	14,616	17,231	50,615

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 2003 and 2004 were (expressed in thousands):

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

	Current Year			
	Balances At	Claims	Balances At	
	Beginning	And Changes	Claim	End Of
	Of Fiscal Year	In Estimates	Payments	Fiscal Year
FY 03	\$1,067	(430)	128	\$ 509
FY 04	509	34	276	267

The State is self-insured for various risks of loss related to the operation of the Board of Regents institutions' motor vehicle fleets. The Regent's Motor Vehicle Liability Self-Insurance Fund, an internal service fund, services liability and property damage claims. The liability for unpaid claims is estimated based on statistical techniques that reflect recent settlements, similar claim history, and other economic and social factors. Changes in the balances for estimated claims liabilities in fiscal years 2003 and 2004 were (expressed in thousands):

	Current Year			
	Balances At	Claims	Balances At	
	Beginning	And Changes	Claim	End Of
	Of Fiscal Year	In Estimates	Payments	Fiscal Year
FY 03	\$ 868	858	781	\$ 945
FY 04	945	(262)	409	274

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 2003 and 2004 were (expressed in thousands):

	Current Year			
	Balances At	Claims	Balances At	
	Beginning	And Changes	Claim	End Of
	Of Fiscal Year	In Estimates	Payments	Fiscal Year
FY 03	\$ 11,500	6,868	6,868	\$11,500
FY 04	11,500	24,243	24,243	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 2003 and 2004 were (expressed in thousands):

	Current Year			
	Balances At	Claims	Balances At	
	Beginning	And Changes	Claim	End Of
	Of Fiscal Year	In Estimates	Payments	Fiscal Year
FY 03	\$ 18,508	102,928	101,664	\$19,772
FY 04	19,772	119,187	114,965	23,994

**NOTE 22 – 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, 2004, 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 \$5.5 million.

The *Iowa Department of Transportation* has estimated the State's share of contractual obligations for construction contracts as \$201.6 million at June 30, 2004.

The *University of Iowa* has outstanding construction commitments of \$103.3 million at June 30, 2004.

Iowa State University has outstanding construction contract commitments of \$21.0 million at June 30, 2004.

The *Department of Natural Resources* has outstanding construction contract commitments of \$13.7 million at June 30, 2004.

The *University of Northern Iowa* has outstanding construction contract commitments of \$21.9 million at June 30, 2004.

The *Department of Administrative Services* has outstanding construction contract commitments of \$25.4 million at June 30, 2004.

The *Iowa Finance Authority* has signed loan agreements with municipalities and water systems totaling \$73.4 million as of June 30, 2004.

The *Iowa Department of Economic Development* has signed agreements for Iowa Values Fund projects totaling \$15.5 million at June 30, 2004.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 23 – REVENUE ANTICIPATION NOTES

Pursuant to the Code of Iowa, Section 12.26, the State of Iowa issued Primary Road Fund Revenue Anticipation Notes (RANS) and Tax and Revenue Anticipation Notes (TRANS).

The RANS were necessary to fund the anticipated cash flow deficits experienced by the Primary Road Fund and interim financing of certain highway projects. The RANS were issued on October 10, 2003, with an interest rate of 2.0%, and the notes and related interest were repaid on June 30, 2004.

The TRANS were issued for the purpose of meeting the State’s cash flow requirements. They were issued on December 19, 2003, with an interest rate of 2.0% and were repaid on June 30, 2004.

The following is a schedule of RANS/TRANS activity for the year ended June 30, 2004 (expressed in thousands):

	Beginning Balance	Issued	Redeemed	Ending Balance
RANS	\$ -	\$ 73,430	\$ 73,430	\$ -
TRANS	\$ -	\$ 575,000	\$ 575,000	\$ -

NOTE 24 – SUBSEQUENT EVENTS

In July of 2004, the Board of Regents approved the sale of \$9,595,000 in Center for University Advancement Revenue Refunding Bonds. The proceeds of the bonds will be used to call on July 1, 2005, in advance of maturity, \$9,845,000 of existing revenue bonds for the University of Iowa.

In August of 2004, the Board of Regents approved the terms of a capital lease with the University of Iowa Facilities Corporation (UIFC) that matched the terms of a \$25,000,000 Taxable Revenue Bond issue by UFC. The proceeds of bond issue are to be used to defray a portion of the costs associated with the ongoing construction of a building to house the administration and research functions of the Roy J.

and Lucille A. Carver College of Medicine Education of the University of Iowa.

In October of 2004, the Board of Regents approved the issuance of \$25,000,000 in Academic Building Revenue Bonds to finance the cost of the chemistry building renovation, Phase II of the art building renovation, and fire safety projects on the campus of the University of Iowa.

Subsequent to June 30, 2004, the Board of Regents authorized the sale of Memorial Union Revenue Refunding Bonds, Series I.S.U. 2004 for \$24,625,000 to be issued on December 1, 2004. These bonds will bear interest at varying rates between 2.5% and 4.625% and will mature in varying amounts from July 1, 2006 through July 1, 2030. The proceeds of these bonds will be used to finance the cost of improving, remodeling, repairing, and constructing additions to the Memorial Union Building and the Memorial Union Building and the Memorial Union Parking Facility, refund the outstanding first mortgage notes, Series 2000, fund a debt service reserve, and pay for costs of issuance. These bonds will be payable solely and only out of the net Revenues of the Memorial Union.

On November 9, 2004, the State of Iowa issued Tax and Revenue Anticipation Notes (TRANS) of \$375,000,000 at an interest rate of 3.0%, priced to yield 1.83%. The notes have a maturity date of June 30, 2005.

In October 2004, the Iowa Lottery Authority issued \$8,800,000 of Lottery Revenue Bonds for the purchase, financing and installation of approximately 300 instant ticket vending machines and 1,000 pull-tab vending machines. The proceeds will also be used to purchase, finance and renovate real property for use as the Authority’s Headquarters. The Iowa Lottery Authority has entered into purchase agreements for the instant pull-tab vending machines and a building to serve as Headquarters.

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S U P P L E M E N T A R Y
I N F O R M A T I O N**

STATE OF IOWA

**Budgetary Comparison Schedule
Required Supplementary Information**

For the Year Ended June 30, 2004
(Expressed in Thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE:				
SPECIAL TAXES:				
Personal Income Tax	\$ 2,541,400	\$ 2,538,500	\$ 2,606,505	\$ 68,005
Sales Tax	1,467,200	1,438,600	1,475,984	37,384
Use Tax	246,000	268,000	268,476	476
Corporation Income Tax	242,000	194,300	239,568	45,268
Inheritance Tax	74,100	73,500	82,431	8,931
Insurance Premium Tax	159,100	132,700	139,275	6,575
Cigarette Tax	85,000	86,300	87,090	790
Tobacco Tax	7,000	7,700	7,995	295
Beer & Liquor Tax	14,300	14,000	14,097	97
Franchise Tax	34,000	40,100	36,292	(3,808)
Miscellaneous Tax	1,500	1,500	916	(584)
TOTAL SPECIAL TAXES	4,871,600	4,795,200	4,958,629	163,429
REIMBURSEMENTS & FEES:				
Institutional Reimbursements	14,200	13,900	10,563	(3,337)
Liquor Transfers	49,000	54,000	58,000	4,000
Interest	18,200	9,800	7,757	(2,043)
Fees	68,900	66,400	78,646	12,246
Judicial Revenue	57,400	56,800	57,655	855
Miscellaneous Receipts	82,300	80,800	70,850	(9,950)
Racing & Gaming Receipts	60,000	60,000	60,000	-
TOTAL RECEIPTS	5,221,600	5,136,900	5,302,100	165,200
Transfers	81,500	102,000	96,300	(5,700)
TOTAL APPROPRIATED REVENUE	5,303,100	5,238,900	5,398,400	159,500
RECEIPTS CREDITED TO APPROPRIATIONS:				
Sales Tax Monthly	3	3	3	-
Multi Suspense	10,600	-	3,609	3,609
Federal Support	2,060,100	2,089,565	2,234,373	144,808
Local Governments	106,883	106,933	118,651	11,718
Other States	2	2	-	(2)
Internal Service Transfers	506,132	516,674	445,643	(71,031)
Internal Service Reimbursements	19,572	19,564	19,586	22
Interest	-	-	64	64
Fees, Licenses, & Permits	9,426	10,341	18,868	8,527
Refunds & Reimbursements	137,605	138,205	315,520	177,315
Sale of Equipment & Salvage	18	62	45	(17)
Rents & Leases	2,633	2,707	2,648	(59)
Agricultural Sales	3	3	7	4
Other Sales & Services	2,148	2,198	3,803	1,605
Unearned Receipts	2,640	2,646	155	(2,491)
Other	86,956	87,168	87,770	602
TOTAL APPROPRIATED RECEIPTS	2,944,721	2,976,071	3,250,745	274,674
TOTAL ALL REVENUE	8,247,821	8,214,971	8,649,145	434,174
REFUNDS OF TAXES COLLECTED	(649,900)	(725,500)	(714,974)	10,526
TOTAL REVENUES AVAILABLE	7,597,921	7,489,471	7,934,171	444,700

(continued on next page)

STATE OF IOWA

(continued)

GENERAL FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
EXPENDITURES:				
Administration & Regulation	391,222	403,677	409,437	(5,760)
Agriculture & Natural Resources	119,783	119,704	114,016	5,688
Economic Development	30,163	31,621	38,136	(6,515)
Education	2,965,318	2,901,359	2,906,069	(4,710)
Health & Human Rights	256,004	262,033	248,219	13,814
Human Services	3,179,089	3,198,591	3,475,145	(276,554)
Justice	530,817	539,515	543,054	(3,539)
Oversight	500	489	487	2
Transportation	15,399	19,075	25,092	(6,017)
TOTAL EXPENDITURES	7,488,295	7,476,064	7,759,655	(283,591)
Transfers	13,535	-	-	-
TOTAL EXPENDITURES AND TRANSFERS	7,501,830	7,476,064	7,759,655	(283,591)
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS	96,091	13,407	174,516	161,109
OTHER FINANCING SOURCES (USES):				
Balances Credited To Appropriations	7,266	10,912	12,092	1,180
Unexpended Appropriations	(188)	(323)	(20,633)	(20,310)
TOTAL OTHER FINANCING SOURCES (USES)	7,078	10,589	(8,541)	(19,130)
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & OTHER ITEMS	103,169	23,996	165,975	141,979
BEGINNING FUND BALANCE (BUDGETARY)	-	-	-	-
ENDING FUND BALANCE (BUDGETARY)	\$ 103,169	\$ 23,996	\$ 165,975	\$ 141,979
ENDING FUND BALANCE (BUDGETARY)			\$ 165,975	
AMOUNT STATUTORILY REQUIRED TO BE TRANSFERRED TO CASH RESERVE FUND			(165,975)	
ENDING FUND BALANCE AVAILABLE FOR APPROPRIATION			\$ -	

STATE OF IOWA

**Budgetary Comparison Schedule -
Budget to GAAP Reconciliation
General Fund
Required Supplementary Information**

June 30, 2004
(Expressed in Thousands)

	GENERAL FUND
Fund Balance - Budgetary/Legal	\$ 165,975
Basis Of Accounting Differences:	
Balance Sheet Accounts:	
Accounts Receivable	68,525
Loans Receivable	5,684
Due From Other Funds	8
Prepaid Expenditures	7,230
Accounts Payable & Accruals	(56,088)
Due To Other Funds	(63,516)
Deferred Revenue	(30,018)
Reserved Encumbrances	20,633
Timing Differences:	
Petty Cash & Inventory Expensed In Budgetary Accounting	37,190
Perspective Differences	1,721,091
Total Fund Balance - GAAP Basis	1,876,714
Less: Reserved Fund Balance - GAAP Basis	1,431,087
Fund Balance Unreserved - GAAP Basis	\$ 445,627

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Budgetary Reporting

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, for standing unlimited appropriations and increased federal funds for the Department of Public Defense, for Public Transit Assistance within the Department of Transportation, for increased interfund transfers within the Department of Economic Development, and as a result of legal expenditure over allocated reversions within the Department of Education.

Budgetary Presentation

The budget encompasses the General Fund of the State and some Special Revenue Funds, (Tobacco Tax-Exempt Bond Proceeds, Healthy Iowan's Tobacco 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). There is a perspective difference between budget and financial reporting due to the difference in fund structures. The budgetary presentation will vary from the financial presentation for funds displayed in the supplementary information due to this difference. The General Fund is displayed in the Required Supplementary Information (RSI) Budgetary Comparison Schedule. The Nonmajor Special Revenue Funds are displayed with the combining financial Statements and Schedules for nonmajor funds. The budgetary presentation for both RSI and supplementary information has been restated (see Note 19). In the current fiscal year, the Special Revenue Fund Tobacco Tax-Exempt Bond Proceeds did not meet the criteria to be reported as major fund. As such, it is no longer displayed in the budgetary schedule presented in the RSI section, but is reported with the nonmajor special revenue funds in the supplementary information section. Capital Project Funds are budgeted on a project-length basis. The budget is prepared on a modified accrual basis of accounting for both revenues and expenditures.

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

Departments may request revisions to quarterly allotments, appropriations transfers, or supplemental appropriations. The Department of Management approves revised allotments 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.

STATE OF IOWA

Required Supplementary Information

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 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 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 Revenue Estimating Conference. The Department of Management shall obtain concurrence from the Revenue Estimating Conference on the eligibility of transfers to the General Fund which are to be considered as new revenue in determining the 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 General Fund expenditure limitation amount shall be readjusted to include ninety-five percent of the estimated revenue from the new revenue source.

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

STATE OF IOWA

Required Supplementary Information

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

Schedules of Funding Progress Required Supplementary Information

For the Year Ended June 30, 2004
(Expressed in Thousands)

Iowa Judicial Retirement System

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
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%
July 1, 2004	78,023	99,124	21,101	78.71%	20,894	100.99%

The decrease in unfunded AAL for the July 1, 2004 valuation was primarily due to a higher than expected rate of return on investments and gains from demographic experience, primarily due to lower than expected salary increases.

Peace Officers' Retirement, Accident and Disability System

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY*	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
July 1, 2002	\$ 250,914	\$ 294,514	\$ 43,600	85.19%	\$ 32,154	135.60%
July 1, 2003	246,443	306,098	59,655	80.51%	33,019	180.67%
July 1, 2004	244,161	338,799	94,638	72.07%	32,520	291.01%

* 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.

The increase in unfunded AAL for the July 1, 2004 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.)

**S U P P L E M E N T A R Y
I N F O R M A T I O N**

STATE OF IOWA

Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2004
(Expressed in Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Current Assets:				
Cash & Investments	\$ 530,517	\$ 2,611	\$ 9,518	\$ 542,646
Deposit with Trustees	-	998	-	998
Accounts Receivable	29,406	143	12	29,561
Due From Other Funds	8,654	1,484	476	10,614
Inventory	75	-	-	75
Prepaid Expenditures	1,484	-	-	1,484
Total Current Assets	570,136	5,236	10,006	585,378
Noncurrent Assets:				
Accounts Receivable (net)	4,129	-	-	4,129
TOTAL ASSETS	\$ 574,265	\$ 5,236	\$ 10,006	\$ 589,507
LIABILITIES				
Current Liabilities:				
Accounts Payable & Accruals	\$ 39,833	\$ 2,304	\$ -	\$ 42,137
Due To Other Funds	46,900	42	476	47,418
Deferred Revenue	21,829	-	-	21,829
TOTAL LIABILITIES	108,562	2,346	476	111,384
FUND BALANCE				
Reserved for:				
Inventory & Prepaid Expenditures	1,559	-	-	1,559
Noncurrent Receivables	4,129	-	-	4,129
Specific Purposes	362,099	-	9,530	371,629
Unreserved Fund Equity	97,916	2,890	-	100,806
TOTAL FUND BALANCE	465,703	2,890	9,530	478,123
TOTAL LIABILITIES & FUND BALANCE	\$ 574,265	\$ 5,236	\$ 10,006	\$ 589,507

STATE OF IOWA

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

For the Year Ended June 30, 2004
(Expressed in Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 68,900	\$ -	\$ -	\$ 68,900
Receipts from Other Entities	74,797	3,604	-	78,401
Investment Income	14,705	614	188	15,507
Fees, Licenses & Permits	4,755	-	-	4,755
Refunds & Reimbursements	76,384	141	-	76,525
Sales, Rents & Services	5,471	-	-	5,471
Miscellaneous	8,211	-	-	8,211
Contributions	-	-	12	12
GROSS REVENUES	253,223	4,359	200	257,782
Less Revenue Refunds	1,397	-	-	1,397
NET REVENUES	251,826	4,359	200	256,385
EXPENDITURES:				
Current:				
Administration & Regulation	57,547	-	-	57,547
Education	41,622	-	-	41,622
State Aid To Universities	42,871	-	-	42,871
Health & Human Rights	437	-	-	437
Human Services	217	-	-	217
Justice & Public Defense	4,172	11,218	-	15,390
Economic Development	1,218	-	-	1,218
Transportation	1,546	-	-	1,546
Agriculture & Natural Resources	2,739	3,768	-	6,507
Capital Outlay:				
Administrator & Regulation	31,556	2	-	31,558
Education	1,166	-	-	1,166
Health & Human Rights	1,217	709	-	1,926
Human Services	5,483	-	-	5,483
Justice & Public Defense	8,076	4,006	-	12,082
Economic Development	309	-	-	309
Transportation	-	815	-	815
Agriculture & Natural Resources	3,667	3,870	-	7,537
TOTAL EXPENDITURES	203,843	24,388	-	228,231
REVENUES OVER (UNDER) EXPENDITURES	47,983	(20,029)	200	28,154
OTHER FINANCING SOURCES (USES):				
Transfers In	16,878	22,096	476	39,450
Transfers Out	(138,889)	(340)	(188)	(139,417)
TOTAL OTHER FINANCING SOURCES (USES)	(122,011)	21,756	288	(99,967)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(74,028)	1,727	488	(71,813)
FUND BALANCE JULY 1, RESTATED	539,731	1,163	9,042	549,936
FUND BALANCE JUNE 30	\$ 465,703	\$ 2,890	\$ 9,530	\$ 478,123

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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.

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

Grow Iowa Fund/Federal Economic Stimulus and Jobs Holding 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.

At June 30, 2003, the Grow Iowa Fund was reported. However, the creation of this fund was retroactively repealed by an Iowa Supreme Court decision on June 16, 2004. Subsequently, the Iowa Legislature, retroactive to July 1, 2003, created the Federal Economic Stimulus and Jobs Holding Fund. Accordingly, the Grow Iowa Fund has been replaced by the Federal Economic Stimulus and Jobs Holding Fund with the beginning balance and financial activity for 2004 reported in the latter fund.

Tobacco Settlement Authority 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.

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, 2004
(Expressed in Thousands)

	TOBACCO TAX-EXEMPT BOND PROCEEDS FUND	FEDERAL ECONOMIC STIMULUS & JOBS HOLDING FUND	TOBACCO SETTLEMENT AUTHORITY	IOWA PUBLIC TELEVISION FOUNDATION	OTHER	TOTAL
ASSETS						
Current Assets:						
Cash & Investments	\$ 243,227	\$ 94,525	\$ 77,551	\$ 5,203	\$ 110,011	\$ 530,517
Accounts Receivable (Net)	4,566	-	17,170	587	7,083	29,406
Due From Other Funds	459	5,861	-	338	1,996	8,654
Inventory	-	-	-	-	75	75
Prepaid Expenditures	1,077	-	-	59	348	1,484
Total Current Assets	249,329	100,386	94,721	6,187	119,513	570,136
Noncurrent Assets:						
Accounts Receivable (Net)	-	-	-	-	4,129	4,129
TOTAL ASSETS	\$ 249,329	\$ 100,386	\$ 94,721	\$ 6,187	\$ 123,642	\$ 574,265
LIABILITIES						
Current Liabilities:						
Accounts Payable & Accruals	\$ 37,641	\$ -	\$ 193	\$ 241	\$ 1,758	\$ 39,833
Due To Other Funds	14,248	10,749	-	749	21,154	46,900
Deferred Revenue	-	-	16,802	227	4,800	21,829
TOTAL LIABILITIES	51,889	10,749	16,995	1,217	27,712	108,562
FUND BALANCE						
Reserved for:						
Inventory & Prepaid Expenditures	1,077	-	-	59	423	1,559
Noncurrent Receivables	-	-	-	-	4,129	4,129
Specific Purposes	196,363	-	77,726	4,911	83,099	362,099
Unreserved Fund Equity	-	89,637	-	-	8,279	97,916
TOTAL FUND BALANCE	197,440	89,637	77,726	4,970	95,930	465,703
TOTAL LIABILITIES & FUND BALANCE	\$ 249,329	\$ 100,386	\$ 94,721	\$ 6,187	\$ 123,642	\$ 574,265

STATE OF IOWA

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

For the Year Ended June 30, 2004
(Expressed in Thousands)

	TOBACCO TAX-EXEMPT BOND PROCEEDS FUND	FEDERAL ECONOMIC STIMULUS & JOBS HOLDING FUND	TOBACCO SETTLEMENT AUTHORITY	IOWA PUBLIC TELEVISION FOUNDATION	OTHER	TOTAL
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 68,900	\$ 68,900
Receipts from Other Entities	3,510	49,755	-	-	21,532	74,797
Investment Income	8,137	877	2,838	600	2,253	14,705
Fees, Licenses & Permits	-	-	-	-	4,755	4,755
Refunds & Reimbursements	707	-	42,924	-	32,753	76,384
Sales, Rents & Services	-	-	-	-	5,471	5,471
Miscellaneous	-	-	-	6,907	1,304	8,211
GROSS REVENUES	12,354	50,632	45,762	7,507	136,968	253,223
Less Revenue Refunds	-	-	-	-	1,397	1,397
NET REVENUES	12,354	50,632	45,762	7,507	135,571	251,826
EXPENDITURES:						
Current:						
Administration & Regulation	18,115	-	37,478	-	1,954	57,547
Education	109	-	-	2,859	38,654	41,622
State Aid To Universities	42,871	-	-	-	-	42,871
Health & Human Rights	-	-	-	-	437	437
Human Services	-	-	-	-	217	217
Justice & Public Defense	243	-	-	-	3,929	4,172
Economic Development	-	35	-	-	1,183	1,218
Transportation	1,546	-	-	-	-	1,546
Agriculture & Natural Resources	1,622	-	-	-	1,117	2,739
Capital Outlay:						
Administration & Regulation	31,556	-	-	-	-	31,556
Education	1,087	-	-	-	79	1,166
Health & Human Rights	1,217	-	-	-	-	1,217
Human Services	5,483	-	-	-	-	5,483
Justice & Public Defense	8,032	-	-	-	44	8,076
Economic Development	309	-	-	-	-	309
Agriculture & Natural Resources	3,667	-	-	-	-	3,667
TOTAL EXPENDITURES	115,857	35	37,478	2,859	47,614	203,843
REVENUES OVER (UNDER) EXPENDITURES	(103,503)	50,597	8,284	4,648	87,957	47,983
OTHER FINANCING SOURCES (USES):						
Transfers In	1,817	4,912	-	-	10,149	16,878
Transfers Out	(26,860)	(15,627)	-	(3,798)	(92,604)	(138,889)
TOTAL OTHER FINANCING SOURCES (USES)	(25,043)	(10,715)	-	(3,798)	(82,455)	(122,011)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(128,546)	39,882	8,284	850	5,502	(74,028)
FUND BALANCE JULY 1, RESTATED	325,986	49,755	69,442	4,120	90,428	539,731
FUND BALANCE JUNE 30	\$ 197,440	\$ 89,637	\$ 77,726	\$ 4,970	\$ 95,930	\$ 465,703

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, 2004
(Expressed in Thousands)

	PRIMARY ROAD FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE:				
Transfers	\$ 507,253	\$ 507,253	\$ 517,250	\$ 9,997
TOTAL APPROPRIATED REVENUE	507,253	507,253	517,250	9,997
RECEIPTS CREDITED TO APPROPRIATIONS:				
Use Tax	-	-	-	-
Other Taxes	-	-	-	-
Wagering Tax Receipts	-	-	-	-
Individual Income Tax Quarterly	-	-	-	-
Sales Tax – DOT	5	5	5	-
Federal Support	183,800	183,800	233,468	49,668
Local Governments	4,600	4,600	3,572	(1,028)
Other States	74	74	5,387	5,313
Reimbursements From Other Agencies	161	161	153	(8)
Interest	1	1	1	-
Bonds & Loans	1	1	1,055	1,054
Fees, Licenses, & Permits	860	860	962	102
Refunds & Reimbursements	4,009	4,009	3,698	(311)
Sale of Real Estate	1,710	1,710	4,353	2,643
Sale of Equipment & Salvage	-	-	-	-
Rents & Leases	16	16	28	12
Agricultural Sales	-	-	-	-
Other Sales & Services	-	-	-	-
Unearned Receipts	-	-	-	-
Income Tax Checkoffs	-	-	-	-
Other	1,750	1,750	3,958	2,208
TOTAL APPROPRIATED RECEIPTS	196,987	196,987	256,640	59,653
TOTAL REVENUES AVAILABLE	704,240	704,240	773,890	69,650
EXPENDITURES:				
Administration & Regulation	-	-	-	-
Agriculture & Natural Resources	-	-	-	-
Economic Development	-	-	-	-
Education	-	-	-	-
Transportation	472,428	477,398	460,179	17,219
TOTAL EXPENDITURES	472,428	477,398	460,179	17,219
Transfers	244,161	244,413	230,664	13,749
TOTAL EXPENDITURES AND TRANSFERS	716,589	721,811	690,843	30,968
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS	(12,349)	(17,571)	83,047	100,618
FUND BALANCE JULY 1 (BUDGETARY), RESTATED	16,035	16,035	16,035	-
FUND BALANCE JUNE 30 (BUDGETARY)	\$ 3,686	\$ (1,536)	\$ 99,082	\$ 100,618

STATE OF IOWA

ENDOWMENT FOR IOWA'S HEALTH FUND

ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
70,000	70,000	68,900	(1,100)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
483	483	715	232
-	-	-	-
-	1,300	1,100	(200)
21,477	21,477	12,541	(8,936)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
91,960	93,260	83,256	(10,004)
91,960	93,260	83,256	(10,004)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
96,262	96,262	83,575	12,687
96,262	96,262	83,575	12,687
-	-	-	-
(4,302)	(3,002)	(319)	2,683
21,488	27,506	27,506	-
\$ 17,186	\$ 24,504	\$ 27,187	\$ 2,683

(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, 2004
(Expressed in Thousands)

(continued)

	TOBACCO TAX-EXEMPT BOND PROCEEDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE:				
Transfers	\$ -	\$ 101	\$ 188	\$ 87
TOTAL APPROPRIATED REVENUE	-	101	188	87
RECEIPTS CREDITED TO APPROPRIATIONS:				
Use Tax	-	-	-	-
Other Taxes	-	-	-	-
Wagering Tax Receipts	-	-	-	-
Individual Income Tax Quarterly	-	-	-	-
Sales Tax - DOT	-	-	-	-
Federal Support	9,933	9,333	680	(8,653)
Local Governments	-	-	-	-
Other States	-	-	-	-
Reimbursements From Other Agencies	-	335	4,270	3,935
Interest	7,476	7,476	11,263	3,787
Bonds & Loans	-	-	-	-
Fees, Licenses, & Permits	-	-	-	-
Refunds & Reimbursements	-	612	897	285
Sale of Real Estate	-	-	-	-
Sale of Equipment & Salvage	-	1	-	(1)
Rents & Leases	-	-	-	-
Agricultural Sales	-	-	-	-
Other Sales & Services	-	-	-	-
Unearned Receipts	-	500	-	(500)
Income Tax Checkoffs	-	-	-	-
Other	-	-	-	-
TOTAL APPROPRIATED RECEIPTS	17,409	18,257	17,110	(1,147)
TOTAL REVENUES AVAILABLE	17,409	18,358	17,298	(1,060)
EXPENDITURES:				
Administration & Regulation	128,010	131,884	61,427	70,457
Agriculture & Natural Resources	-	-	-	-
Economic Development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
TOTAL EXPENDITURES	128,010	131,884	61,427	70,457
Transfers	97,691	86,391	73,068	13,323
TOTAL EXPENDITURES AND TRANSFERS	225,701	218,275	134,495	83,780
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS	(208,292)	(199,917)	(117,197)	82,720
FUND BALANCE JULY 1 (BUDGETARY), RESTATED	477,721	337,036	337,036	-
FUND BALANCE JUNE 30 (BUDGETARY)	\$ 269,429	\$ 137,119	\$ 219,839	\$ 82,720

STATE OF IOWA

**UNDERGROUND STORAGE TANK
UNASSIGNED REVENUE**

ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
\$ 10,000	\$ 10,000	\$ 7,934	\$ (2,066)
10,000	10,000	7,934	(2,066)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,400	5,400	1,612	(3,788)
-	-	-	-
15	15	9	(6)
10	10	87	77
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
35	35	21	(14)
5,460	5,460	1,729	(3,731)
15,460	15,460	9,663	(5,797)
2,486	2,487	3,420	(933) *
-	-	-	-
-	-	-	-
-	-	-	-
2,486	2,487	3,420	(933)
16,200	16,200	200	16,000
18,686	18,687	3,620	15,067
(3,226)	(3,227)	6,043	9,270
19,614	19,614	19,614	-
\$ 16,388	\$ 16,387	\$ 25,657	\$ 9,270

(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, 2004
(Expressed in Thousands)

(continued)

	OTHER			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE:				
Transfers	\$ 129,432	\$ 141,498	\$ 126,914	\$ (14,584)
TOTAL APPROPRIATED REVENUE	129,432	141,498	126,914	(14,584)
RECEIPTS CREDITED TO APPROPRIATIONS:				
Use Tax	1,326	1,326	1,326	-
Other Taxes	7,225	6,775	7,558	783
Wagering Tax Receipts	7,900	7,900	8,177	277
Individual Income Tax Quarterly	4,000	4,000	4,000	-
Sales Tax - DOT	-	-	-	-
Federal Support	74,347	74,460	112,937	38,477
Local Governments	182	216	162	(54)
Other States	-	-	-	-
Reimbursements From Other Agencies	500	501	526	25
Interest	1,393	3,222	368	(2,854)
Bonds & Loans	-	-	-	-
Fees, Licenses, & Permits	24,012	24,112	25,849	1,737
Refunds & Reimbursements	24,923	25,364	35,894	10,530
Sale of Real Estate	-	-	-	-
Sale of Equipment & Salvage	45	45	-	(45)
Rents & Leases	5	5	10	5
Agricultural Sales	10	10	18	8
Other Sales & Services	1,111	1,087	874	(213)
Unearned Receipts	312	311	320	9
Income Tax Checkoffs	150	150	147	(3)
Other	901	1,122	962	(160)
TOTAL APPROPRIATED RECEIPTS	148,342	150,606	199,128	48,522
TOTAL REVENUES AVAILABLE	277,774	292,104	326,042	33,938
EXPENDITURES:				
Administration & Regulation	25,104	25,404	21,363	4,041
Agriculture & Natural Resources	15,422	15,421	9,865	5,556
Economic Development	25,832	22,129	17,399	4,730
Education	15,246	16,482	16,357	125
Transportation	-	1	-	1
TOTAL EXPENDITURES	81,604	79,437	64,984	14,453
Transfers	208,294	221,928	210,533	11,395
TOTAL EXPENDITURES AND TRANSFERS	289,898	301,365	275,517	25,848
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS	(12,124)	(9,261)	50,525	59,786
FUND BALANCE JULY 1 (BUDGETARY), RESTATED	35,285	46,757	46,757	-
FUND BALANCE JUNE 30 (BUDGETARY)	\$ 23,161	\$ 37,496	\$ 97,282	\$ 59,786

* 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

TOTAL			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
\$ 646,685	\$ 658,852	\$ 652,286	\$ (6,566)
646,685	658,852	652,286	(6,566)
1,326	1,326	1,326	-
7,225	6,775	7,558	783
77,900	77,900	77,077	(823)
4,000	4,000	4,000	-
5	5	5	-
268,080	267,593	347,085	79,492
4,782	4,816	3,734	(1,082)
74	74	5,387	5,313
661	997	4,949	3,952
14,753	16,582	13,959	(2,623)
1	1	1,055	1,054
24,887	26,287	27,920	1,633
50,419	51,472	53,117	1,645
1,710	1,710	4,353	2,643
45	46	-	(46)
21	21	38	17
10	10	18	8
1,111	1,087	874	(213)
312	811	320	(491)
150	150	147	(3)
2,686	2,907	4,941	2,034
460,158	464,570	557,863	93,293
1,106,843	1,123,422	1,210,149	86,727
155,600	159,775	86,210	73,565
15,422	15,421	9,865	5,556
25,832	22,129	17,399	4,730
15,246	16,482	16,357	125
472,428	477,399	460,179	17,220
684,528	691,206	590,010	101,196
662,608	665,194	598,040	67,154
1,347,136	1,356,400	1,188,050	168,350
(240,293)	(232,978)	22,099	255,077
570,143	446,948	446,948	-
\$ 329,850	\$ 213,970	\$ 469,047	\$ 255,077

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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.

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

Motor Vehicle Fuel Tax Capitals Fund is used to account for the acquisition of water access, development projects, 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, 2004
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS	CORRECTIONS CAPITALS	MOTOR VEHICLE FUEL TAX CAPITALS	FISH & GAME CAPITALS	OTHER	TOTAL
ASSETS						
Current Assets:						
Cash & Investments	\$ 708	\$ -	\$ 831	\$ 402	\$ 670	\$ 2,611
Deposits with Trustees	-	998	-	-	-	998
Accounts Receivable	-	-	143	-	-	143
Due From Other Funds	825	-	7	500	152	1,484
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,533	\$ 998	\$ 981	\$ 902	\$ 822	\$ 5,236
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES						
Current Liabilities:						
Accounts Payable & Accruals	\$ 928	\$ -	\$ 623	\$ 642	\$ 111	\$ 2,304
Due To Other Funds	2	-	24	16	-	42
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	930	-	647	658	111	2,346
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE						
Unreserved Fund Equity	603	998	334	244	711	2,890
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES & FUND BALANCE	\$ 1,533	\$ 998	\$ 981	\$ 902	\$ 822	\$ 5,236
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STATE OF IOWA

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

For the Year Ended June 30, 2004
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS	CORRECTIONS CAPITALS	MOTOR VEHICLE FUEL TAX CAPITALS	FISH & GAME CAPITALS	OTHER	TOTAL
REVENUES:						
Receipts from Other Entities	\$ -	\$ -	\$ 559	\$ -	\$ 3,045	\$ 3,604
Investment Income	-	613	-	-	1	614
Refunds & Reimbursements	-	-	-	-	141	141
TOTAL REVENUES	-	613	559	-	3,187	4,359
EXPENDITURES:						
Current:						
Justice & Public Defense	-	8,181	-	-	3,037	11,218
Agriculture & Natural Resources	-	-	141	3,627	-	3,768
Capital Outlay:						
Administration & Regulation	2	-	-	-	-	2
Health & Human Rights	709	-	-	-	-	709
Justice & Public Defense	3,851	-	-	-	155	4,006
Transportation	-	-	-	-	815	815
Agriculture & Natural Resources	-	-	2,163	1,707	-	3,870
TOTAL EXPENDITURES	4,562	8,181	2,304	5,334	4,007	24,388
REVENUES OVER (UNDER) EXPENDITURES	(4,562)	(7,568)	(1,745)	(5,334)	(820)	(20,029)
OTHER FINANCING SOURCES (USES):						
Transfers In	4,896	8,132	1,757	6,000	1,311	22,096
Transfers Out	-	(3)	(268)	-	(69)	(340)
TOTAL OTHER FINANCING SOURCES (USES)	4,896	8,129	1,489	6,000	1,242	21,756
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	334	561	(256)	666	422	1,727
FUND BALANCE JULY 1	269	437	590	(422)	289	1,163
FUND BALANCE JUNE 30	\$ 603	\$ 998	\$ 334	\$ 244	\$ 711	\$ 2,890

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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 Cultural Trust Fund accounts for assets held for the Iowa Cultural Trust. The principal is preserved and applicable interest is transferred to the Cultural Grant fund to be used for purposes consistent with the Trust.

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, 2004
(Expressed in Thousands)

	HENRY ALBERT TRUST	PERMANENT SCHOOL PRINCIPAL	PILOT GROVE TRUST	IOWA CULTURAL TRUST	IOWA PUBLIC TELEVISION FOUNDATION ENDOWMENT	TOTAL NONMAJOR PERMANENT FUNDS
ASSETS						
Current Assets:						
Cash & Investments	\$ 1	\$ 7,583	\$ 10	\$ 476	\$ 1,448	\$ 9,518
Accounts Receivable	-	12	-	-	-	12
Due From Other Funds	-	-	-	476	-	476
TOTAL ASSETS	<u>\$ 1</u>	<u>\$ 7,595</u>	<u>\$ 10</u>	<u>\$ 952</u>	<u>\$ 1,448</u>	<u>\$ 10,006</u>
LIABILITIES						
Due to Other Funds	\$ -	\$ -	\$ -	\$ 476	\$ -	\$ 476
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>476</u>	<u>-</u>	<u>476</u>
FUND BALANCE						
Reserved for: Specific Purposes	1	7,595	10	476	1,448	9,530
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 1</u>	<u>\$ 7,595</u>	<u>\$ 10</u>	<u>\$ 952</u>	<u>\$ 1,448</u>	<u>\$ 10,006</u>

STATE OF IOWA

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

For the Year Ended June 30, 2004
(Expressed in Thousands)

	HENRY ALBERT TRUST	PERMANENT SCHOOL PRINCIPAL	PILOT GROVE TRUST	IOWA CULTURAL TRUST	IOWA PUBLIC TELEVISION FOUNDATION ENDOWMENT	TOTAL NONMAJOR PERMANENT FUNDS
REVENUES:						
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ 188	\$ 188
Contributions	-	12	-	-	-	12
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
REVENUES OVER (UNDER) EXPENDITURES	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	12	-	-	188	200
OTHER FINANCING SOURCES (USES):						
Transfers In	-	-	-	476	-	\$ 476
Transfers Out	-	-	-	-	(188)	(188)
TOTAL OTHER FINANCING SOURCES (USES)	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	476	(188)	288
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	12	-	476	-	488
FUND BALANCE JULY 1	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1	7,583	10	-	1,448	9,042
FUND BALANCE JUNE 30	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 1	\$ 7,595	\$ 10	\$ 476	\$ 1,448	\$ 9,530

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COMBINING FINANCIAL STATEMENTS

Nonmajor Enterprise Funds

Enterprise funds account for activities for which fees are charged to external users for goods and services. This fund type is also used when the activity is financed with debt that is secured with fees and charges, as well as when the pricing policy of the activity is designated to recover its costs.

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

Iowa Lottery Authority is used to account for lottery revenues, administrative and operating expenses of the Lottery Authority, 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, 2004
(Expressed in Thousands)

	IOWA COMMUNI- ACTIONS NETWORK	IOWA LOTTERY AUTHORITY	IOWA STATE PRISON INDUSTRIES	LIQUOR CONTROL ACT	OTHER	TOTAL NONMAJOR ENTERPRISE FUNDS
ASSETS						
Current Assets:						
Cash & Investments	\$ 32,747	\$ 16,704	\$ 2,496	\$ 5,126	\$ 576	\$ 57,649
Accounts Receivable (Net)	1,512	3,121	1,683	3,405	29	9,750
Interest Receivable	3	66	-	-	-	69
Due From Other Funds	2,012	-	-	7	37	2,056
Inventory	1,339	1,101	5,602	943	507	9,492
Prepaid Expenses	-	109	45	57	115	326
Investment In Prize Annuity	-	9,354	-	-	-	9,354
Total Current Assets	37,613	30,455	9,826	9,538	1,264	88,696
Noncurrent Assets:						
Capital Assets - nondepreciable	1,507	-	107	210	430	2,254
Capital Assets - depreciable, net	52,269	291	4,931	-	816	58,307
Prepaid Expenses	674	-	-	-	-	674
Other Assets	437	-	-	-	-	437
Investment In Prize Annuity	-	32,381	-	-	-	32,381
Prize Deposit	-	4,235	-	-	-	4,235
Total Noncurrent Assets	54,887	36,907	5,038	210	1,246	98,288
TOTAL ASSETS	92,500	67,362	14,864	9,748	2,510	186,984
LIABILITIES						
Current Liabilities:						
Accounts Payable & Accruals	2,856	1,474	1,106	8,984	72	14,492
Due To Other Funds	87	14,063	-	96	9	14,255
Interest Payable	1,152	-	-	-	-	1,152
Deferred Revenue	255	126	-	1	57	439
Compensated Absences	538	471	-	4	61	1,074
Other Financing:						
Arrangements Payable	11,415	-	-	-	-	11,415
Annuities Payable	-	9,488	-	-	-	9,488
Lottery Prizes Payable	-	3,457	-	-	-	3,457
Total Current Liabilities	16,303	29,079	1,106	9,085	199	55,772
Noncurrent Liabilities:						
Compensated Absences	-	253	482	-	-	735
Other Financing:						
Arrangements Payable	24,862	-	-	-	-	24,862
Annuities Payable	-	32,381	-	-	-	32,381
Other	-	4,256	-	-	-	4,256
Total Noncurrent Liabilities	24,862	36,890	482	-	-	62,234
TOTAL LIABILITIES	41,165	65,969	1,588	9,085	199	118,006
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	17,499	291	-	210	1,246	19,246
Unrestricted	33,836	1,102	13,276	453	1,065	49,732
TOTAL NET ASSETS	\$ 51,335	\$ 1,393	\$ 13,276	\$ 663	\$ 2,311	\$ 68,978

STATE OF IOWA

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

For the Year Ended June 30, 2004
(Expressed in Thousands)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY AUTHORITY	IOWA STATE PRISON INDUSTRIES	LIQUOR CONTROL ACT	OTHER	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUES:						
Receipts from Other Entities	\$ -	\$ -	\$ -	\$ -	\$ 49	\$ 49
Fees, Licenses & Permits	-	18	-	9,287	-	9,305
Refunds & Reimbursements	-	-	-	92	-	92
Sales, Rents & Services	33,329	208,535	16,157	133,737	704	392,462
Miscellaneous	-	1,352	17	879	439	2,687
TOTAL OPERATING REVENUES	33,329	209,905	16,174	143,995	1,192	404,595
OPERATING EXPENSES:						
General & Administrative	377	315	30	-	-	722
Depreciation	10,111	116	616	-	127	10,970
Direct Expense	24,315	-	12,876	-	238	37,429
Prize Expense	-	143,348	-	-	-	143,348
Personal Services	7,200	7,332	1,180	398	514	16,624
Travel & Subsistence	127	321	9	-	6	463
Supplies & Materials	-	106	130	26	38	300
Contractual Services	141	3,392	550	2,981	142	7,206
Equipment & Repairs	-	134	19	87	5	245
Claims & Miscellaneous	-	-	505	86,889	191	87,585
Licenses, Permits & Refunds	-	-	-	484	-	484
State Aids & Credits	-	-	-	2,593	-	2,593
TOTAL OPERATING EXPENSES	42,271	155,064	15,915	93,458	1,261	307,969
OPERATING INCOME (LOSS)	(8,942)	54,841	259	50,537	(69)	96,626
NONOPERATING REVENUES						
(EXPENSES):						
Taxes	4,775	-	-	4,929	-	9,704
Investment Income	722	568	80	-	1	1,371
Interest Expense	(2,391)	-	-	-	-	(2,391)
Miscellaneous Nonoperating Expense	(219)	-	-	-	-	(219)
Gain on Sale of Fixed Assets	-	-	-	-	7	7
Loss on Sale of Fixed Assets	-	-	(10)	-	-	(10)
NET NONOPERATING REVENUES (EXPENSES)	2,887	568	70	4,929	8	8,462
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(6,055)	55,409	329	55,466	(61)	105,088
Capital Contributions and Grants	11,196	-	-	-	-	11,196
Transfers In	-	-	-	399	-	399
Transfers Out	-	(55,792)	-	(58,881)	(32)	(114,705)
CHANGE IN NET ASSETS	5,141	(383)	329	(3,016)	(93)	1,978
TOTAL NET ASSETS - JULY 1, RESTATED	46,194	1,776	12,947	3,679	2,404	67,000
TOTAL NET ASSETS - JUNE 30	\$ 51,335	\$ 1,393	\$ 13,276	\$ 663	\$ 2,311	\$ 68,978

STATE OF IOWA

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds**

For the Year Ended June 30, 2004
(Expressed in Thousands)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY AUTHORITY	IOWA STATE PRISON INDUSTRIES	LIQUOR CONTROL ACT	OTHER	TOTAL NONMAJOR ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received From Customers	\$ 32,756	\$ 208,086	\$ 15,851	\$ 142,303	\$ 1,190	\$ 400,186
Cash Received From Miscellaneous	-	1,364	-	879	49	2,292
Cash Payments To Suppliers For Goods & Services	(21,955)	(32,788)	(14,476)	(92,569)	(656)	(162,444)
Cash Payments To Employees for Services	(7,166)	(7,248)	(1,126)	(394)	(514)	(16,448)
Cash Payments for Prizes	-	(126,001)	-	-	-	(126,001)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,635	43,413	249	50,219	69	97,585
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating Transfers In From Other Funds	-	-	-	395	-	395
Operating Transfers Out To Other Funds	-	(44,455)	-	(58,863)	-	(103,318)
Tax Receipts	27,398	-	-	4,929	-	32,327
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	27,398	(44,455)	-	(53,539)	-	(70,596)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition & Construction of Capital Assets	(5,128)	(148)	(1,069)	-	(138)	(6,483)
Interest Payments	(2,642)	-	-	-	-	(2,642)
Debt Payments	(10,745)	-	-	-	-	(10,745)
Capital Grant & Contributions	434	-	-	-	-	434
Proceeds From Sale of Capital Assets	-	27	-	-	-	27
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(18,081)	(121)	(1,069)	-	(138)	(19,409)

(continued on next page)

STATE OF IOWA

(continued)

	COMMUNI- CATIONS NETWORK	IOWA LOTTERY AUTHORITY	STATE PRISON INDUSTRIES	LIQUOR CONTROL ACT	OTHER	NONMAJOR ENTERPRISE FUNDS
CASH FLOWS FROM INVESTING						
ACTIVITIES:						
Interest & Dividends On Investments	722	538	80	-	1	1,341
Other	-	9,903	-	-	-	9,903
NET CASH PROVIDED BY INVESTING	722	10,441	80	-	1	11,244
NET INCREASE (DECREASE) IN CASH & CASH						
EQUIVALENTS	13,674	9,278	(740)	(3,320)	(68)	18,824
CASH & CASH EQUIVALENTS JULY 1	19,073	7,426	3,236	8,446	644	38,825
CASH & CASH EQUIVALENTS JUNE 30	32,747	16,704	2,496	5,126	576	57,649
CASH & INVESTMENTS PER STATEMENT OF NET ASSETS	\$ 32,747	\$ 16,704	\$ 2,496	\$ 5,126	\$ 576	\$ 57,649
RECONCILIATION OF OPERATING INCOME TO						
NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (8,942)	\$ 54,841	\$ 259	\$ 50,537	\$ (69)	\$ 96,626
Adjustments To Reconcile Operating Income (Loss)						
To Net Cash Provided By Operating Activities						
Depreciation	10,111	116	616	-	127	10,970
Loss on Disposal Of Assets	542	-	-	-	-	542
(Increase) Decrease In Accounts Receivable	(358)	255	(316)	(814)	7	(1,226)
(Increase) Decrease In Due From	(198)	-	-	-	40	(158)
(Increase) Decrease In Inventory	2,044	429	(637)	(83)	(62)	1,691
(Increase) Decrease In Prepaid Expenses	216	412	75	(57)	1	647
(Increase) Decrease In Other Assets	-	9,161	-	-	-	9,161
Increase (Decrease) In Accounts Payable	221	(2,455)	201	658	9	(1,366)
Increase (Decrease) In Due To	(18)	-	-	-	10	(8)
Increase (Decrease) In Deferred Revenue	(16)	(306)	(8)	1	6	(323)
Increase (Decrease) In Compensated Absences	33	24	59	4	-	120
Increase (Decrease) In Prizes Payable	-	(1,644)	-	-	-	(1,644)
Increase (Decrease) In Prize Annuity	-	(9,903)	-	-	-	(9,903)
Increase (Decrease) In Other Liability	-	(7,517)	-	(27)	-	(7,544)
Net Cash Provided By Operating Activities	\$ 3,635	\$ 43,413	\$ 249	\$ 50,219	\$ 69	\$ 97,585

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COMBINING FINANCIAL STATEMENTS

Internal Service Funds

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

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, 2004
(Expressed in Thousands)

	WORKERS' COMPEN- SATION	MATERIALS & EQUIPMENT REVOLVING	DEPRECIATION REVOLVING	INNOVATIONS	OTHER	TOTAL
ASSETS						
Current Assets:						
Cash & Investments	\$ 905	\$ 8,020	\$ 4,353	\$ 4,180	\$ 2,734	\$ 20,192
Accounts Receivable (Net)	-	132	1	114	462	709
Due From Other Funds/Advances						
To Other Funds	50,134	1,283	1,630	67	2,762	55,876
Inventory	-	4,110	3,099	-	1,095	8,304
Prepaid Expenses	-	-	-	-	1,506	1,506
Total Current Assets	<u>51,039</u>	<u>13,545</u>	<u>9,083</u>	<u>4,361</u>	<u>8,559</u>	<u>86,587</u>
Noncurrent Assets:						
Loans Receivable	-	-	-	90	-	90
Due From Other Funds/Advances						
To Other Funds	-	-	-	307	-	307
Capital Assets - Depreciable (Net)	-	78,386	-	-	2,225	80,611
Total Noncurrent Assets	<u>-</u>	<u>78,386</u>	<u>-</u>	<u>397</u>	<u>2,225</u>	<u>81,008</u>
TOTAL ASSETS	<u>51,039</u>	<u>91,931</u>	<u>9,083</u>	<u>4,758</u>	<u>10,784</u>	<u>167,595</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable & Accruals	11,517	1,575	606	-	3,243	16,941
Due To Other Funds/Advances						
From Other Funds	24	13	29	-	263	329
Deferred Revenue	-	-	7,352	-	-	7,352
Compensated Absences	-	435	-	-	257	692
Capital Leases	-	-	-	-	60	60
Total Current Liabilities	<u>11,541</u>	<u>2,023</u>	<u>7,987</u>	<u>-</u>	<u>3,823</u>	<u>25,374</u>
Noncurrent Liabilities:						
Accounts Payable & Accruals	39,498	-	-	-	219	39,717
Capital Leases	-	-	-	-	289	289
Total Noncurrent Liabilities	<u>39,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>508</u>	<u>40,006</u>
TOTAL LIABILITIES	<u>51,039</u>	<u>2,023</u>	<u>7,987</u>	<u>-</u>	<u>4,331</u>	<u>65,380</u>
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	-	78,386	-	-	1,876	80,262
Unrestricted	-	11,522	1,096	4,758	4,577	21,953
TOTAL NET ASSETS	<u>\$ -</u>	<u>\$ 89,908</u>	<u>\$ 1,096</u>	<u>\$ 4,758</u>	<u>\$ 6,453</u>	<u>\$ 102,215</u>

STATE OF IOWA

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

For the Year Ended June 30, 2004
(Expressed in Thousands)

	WORKERS' COMPEN- SATION	MATERIALS & EQUIPMENT REVOLVING	DEPRECIATION REVOLVING	INNOVATIONS	OTHER	TOTAL
OPERATING REVENUES:						
Receipts from Other Entities	\$ 17,107	\$ 1,316	\$ 5,881	\$ 832	\$ 24,798	\$ 49,934
Fees, Licenses & Permits	-	-	-	83	88	171
Refunds & Reimbursements	214	36,338	205	-	261	37,018
Sales, Rents & Services	-	-	1,328	-	42	1,370
Miscellaneous	-	3,485	-	32	11	3,528
TOTAL OPERATING REVENUES	17,321	41,139	7,414	947	25,200	92,021
OPERATING EXPENSES:						
Depreciation	-	10,145	-	-	592	10,737
Personal Services	-	4,056	-	-	2,797	6,853
Travel & Subsistence	-	5,983	-	-	5,561	11,544
Supplies & Materials	-	16,222	2	-	13,313	29,537
Contractual Services	2,098	1,970	47	-	1,177	5,292
Equipment & Repairs	-	4,828	6,502	-	96	11,426
Claims & Miscellaneous	15,072	13	-	-	-	15,085
Licenses, Permits & Refunds	-	15	2	-	11	28
TOTAL OPERATING EXPENSES	17,170	43,232	6,553	-	23,547	90,502
OPERATING INCOME (LOSS)	151	(2,093)	861	947	1,653	1,519
NONOPERATING REVENUES (EXPENSES):						
Taxes	-	15	-	-	171	186
Investment Income	-	-	-	38	2	40
Interest Expense	-	-	-	-	(2)	(2)
Gain on Sale of Capital Assets	-	-	-	-	18	18
Loss on Sale of Capital Assets	-	(303)	-	-	-	(303)
NET NONOPERATING REVENUES (EXPENSES)	-	(288)	-	38	189	(61)
INCOME (LOSS) BEFORE TRANSFERS	151	(2,381)	861	985	1,842	1,458
Transfers In	-	11	-	204	12	227
Transfers Out	(151)	-	(3)	-	(1,168)	(1,322)
CHANGE IN NET ASSETS	-	(2,370)	858	1,189	686	363
TOTAL NET ASSETS - JULY 1	-	92,278	238	3,569	5,767	101,852
TOTAL NET ASSETS - JUNE 30	\$ -	\$ 89,908	\$ 1,096	\$ 4,758	\$ 6,453	\$ 102,215

STATE OF IOWA

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

For the Year Ended June 30, 200
(Expressed in Thousands)

	WORKERS' COMPEN- SATION	MATERIALS & EQUIPMENT REVOLVING	DEPRECIATION REVOLVING	INNOVATIONS	OTHER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received From Other Entities	\$ 230	\$ 4,814	\$ 1,547	\$ 852	\$ 356	\$ 7,799
Cash Received From Reciprocal Interfund Activity	19,385	35,024	6,178	201	24,485	85,273
Cash Payments To Suppliers For Goods & Services	(19,402)	(22,478)	(7,683)	-	(15,058)	(64,621)
Cash Payments To Employees For Services	-	(10,037)	-	-	(8,379)	(18,416)
NET CASH PROVIDED BY OPERATING ACTIVITIES	213	7,323	42	1,053	1,404	10,035
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers In From Other Funds	-	11	-	272	12	295
Transfers Out To Other Funds	(127)	-	(3)	-	(1,202)	(1,332)
Interest Payments	-	-	-	-	(2)	(2)
Tax Receipts	-	16	-	-	172	188
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	(127)	27	(3)	272	(1,020)	(851)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition & Construction of Capital Assets	-	(13,716)	-	-	(615)	(14,331)
Proceeds From Sale of Capital Assets	-	1,575	-	-	162	1,737
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(12,141)	-	-	(453)	(12,594)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest & Dividends On Investments	-	-	-	38	1	39
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	-	-	38	1	39
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	86	(4,791)	39	1,363	(68)	(3,371)
CASH & CASH EQUIVALENTS JULY 1	819	12,811	4,314	2,817	2,802	23,563
CASH & CASH EQUIVALENTS JUNE 30	905	8,020	4,353	4,180	2,734	20,192
CASH & INVESTMENTS PER STATEMENT OF NET ASSETS	\$ 905	\$ 8,020	\$ 4,353	\$ 4,180	\$ 2,734	\$ 20,192

(continued on next page)

STATE of IOWA

(continued)

	WORKERS' COMPEN- SATION	MATERIALS & EQUIPMENT REVOLVING	DEPRECIATION REVOLVING	INNOVATIONS	OTHER	TOTAL
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 151	\$ (2,093)	\$ 861	\$ 947	\$ 1,653	\$ 1,519
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities						
Depreciation	-	10,145	-	-	592	10,737
(Increase) Decrease In Accounts Receivable	16	16	14	(115)	(46)	(115)
(Increase) Decrease In Due From	2,278	(1,139)	(1,210)	21	(313)	(363)
(Increase) Decrease In Inventory	-	483	(1,329)	-	583	(263)
(Increase) Decrease In Prepaid Expenses	-	-	1	-	(507)	(506)
Increase (Decrease) in Loans Receivable	-	-	-	200	-	200
Increase (Decrease) In Accounts Payable	(2,232)	87	198	-	(537)	(2,484)
Increase (Decrease) In Due To	-	(174)	(50)	-	-	(224)
Increase (Decrease) In Deferred Revenue	-	-	1,557	-	(21)	1,536
Increase (Decrease) In Compensated Absences And Other Benefits	-	(2)	-	-	-	(2)
Net Cash Provided By Operating Activities	\$ 213	\$ 7,323	\$ 42	\$ 1,053	\$ 1,404	\$ 10,035

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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, 2004
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	INSURANCE TRUST	SPOC INSURANCE TRUST	TOTAL
ASSETS						
Cash & Cash Equivalents	\$ 68,069	\$ 3,633	\$ 2,032	\$ 1,112	\$ 1,572	\$ 76,418
Receivables:						
Contributions	33,233	291	36	217	-	33,777
Investments Sold	377,145	3,060	4,932	-	-	385,137
Foreign Exchange Contracts	22,746	-	-	-	-	22,746
Interest & Dividends	46,708	1,063	-	6	-	47,777
Miscellaneous	4,329	-	-	-	-	4,329
Total Receivables	<u>484,161</u>	<u>4,414</u>	<u>4,968</u>	<u>223</u>	<u>-</u>	<u>493,766</u>
Investments, at Fair Value:						
Fixed Income Securities	6,061,919	72,784	24,687	-	-	6,159,390
Equity Investments	8,086,796	132,306	51,385	-	-	8,270,487
Real Estate Partnerships	1,024,765	-	-	-	-	1,024,765
Investment in Private Equity/Debt	1,036,669	-	-	-	-	1,036,669
Securities Lending Collateral Pool	1,736,911	32,589	-	-	-	1,769,500
Securities on Loan with Brokers	1,698,821	32,020	-	-	-	1,730,841
Foreign Currency	(2,368)	-	-	-	-	(2,368)
Total Investments	<u>19,643,513</u>	<u>269,699</u>	<u>76,072</u>	<u>-</u>	<u>-</u>	<u>19,989,284</u>
Capital Assets:						
Land	500	-	-	-	-	500
Other Capital Assets (Net)	3,821	-	-	-	-	3,821
Total Capital Assets	<u>4,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,321</u>
Total Assets	<u>20,200,064</u>	<u>277,746</u>	<u>83,072</u>	<u>1,335</u>	<u>1,572</u>	<u>20,563,789</u>
LIABILITIES						
Accounts Payable & Accruals	27,999	254	147	2	-	28,402
Payable for Investments Purchased	1,185,704	2,623	4,902	-	-	1,193,229
Payable to Brokers For Rebate & Collateral	1,736,444	32,589	-	-	-	1,769,033
Total Liabilities	<u>2,950,147</u>	<u>35,466</u>	<u>5,049</u>	<u>2</u>	<u>-</u>	<u>2,990,664</u>
NET ASSETS HELD IN TRUST FOR EMPLOYEES' BENEFITS	<u>\$ 17,249,917</u>	<u>\$ 242,280</u>	<u>\$ 78,023</u>	<u>\$ 1,333</u>	<u>\$ 1,572</u>	<u>\$17,573,125</u>

STATE OF IOWA

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

For the Year Ended June 30, 2004
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	INSURANCE TRUST	SPOC INSURANCE TRUST	TOTAL
ADDITIONS						
Contributions:						
Member Contributions	\$ 192,808	\$ 3,026	\$ 1,044	\$ 233	\$ 928	\$ 198,039
Employer Contributions	298,924	5,503	2,039	-	-	306,466
Buy-Back/Buy-In Contributions	14,903	-	-	-	-	14,903
Total Contributions	<u>506,635</u>	<u>8,529</u>	<u>3,083</u>	<u>233</u>	<u>928</u>	<u>519,408</u>
Investment Income:						
Net Increase (Decrease) in Fair Value of Investments	1,780,903	27,492	8,516	(8)	-	1,816,903
Interest	249,802	5,743	1,343	28	-	256,916
Dividends	102,894	1,385	492	-	-	104,771
Other	89,284	-	-	-	-	89,284
Investment Income	<u>2,222,883</u>	<u>34,620</u>	<u>10,351</u>	<u>20</u>	<u>-</u>	<u>2,267,874</u>
Less Investment Expense	<u>45,618</u>	<u>1,466</u>	<u>544</u>	<u>-</u>	<u>-</u>	<u>47,628</u>
Net Investment Income	<u>2,177,265</u>	<u>33,154</u>	<u>9,807</u>	<u>20</u>	<u>-</u>	<u>2,220,246</u>
Miscellaneous Non-Investment Income	<u>72</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72</u>
Total Additions	<u>2,683,972</u>	<u>41,683</u>	<u>12,890</u>	<u>253</u>	<u>928</u>	<u>2,739,726</u>
DEDUCTIONS:						
Pension and Annuity Benefits	792,867	14,742	4,880	-	-	812,489
Payments In Accordance with Agreements	-	-	-	713	244	957
Administrative Expense	7,959	108	5	-	-	8,072
Refunds	36,430	7	-	-	-	36,437
Total Deductions	<u>837,256</u>	<u>14,857</u>	<u>4,885</u>	<u>713</u>	<u>244</u>	<u>857,955</u>
Change in Net Assets held in Trust for Employees' Pension Benefits	1,846,716	26,826	8,005	(460)	684	1,881,771
Fund Balance - Reserved for Employees' Benefits July 1	<u>15,403,201</u>	<u>215,454</u>	<u>70,018</u>	<u>1,793</u>	<u>888</u>	<u>15,691,354</u>
Fund Balance - Reserved for Employees' Benefits June 30	<u><u>\$ 17,249,917</u></u>	<u><u>\$ 242,280</u></u>	<u><u>\$ 78,023</u></u>	<u><u>\$ 1,333</u></u>	<u><u>\$ 1,572</u></u>	<u><u>\$ 17,573,125</u></u>

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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, 2004
(Expressed in Thousands)

	IOWA EDUCATIONAL SAVINGS PLAN TRUST	VETERANS AFFAIRS	HEALTH ORGANIZATION INSOLVENCY	WAGNER AWARD	BRAILLE & SIGHT SAVING SCHOOL	TOTAL
ASSETS						
Cash	\$ 1,249	\$ 316	\$ 220	\$ 11	\$ 5	\$ 1,801
Investments	829,041	-	-	-	-	829,041
Accounts Receivable (Net)	9	1	-	-	-	10
Capital Assets (Net)	20	45	-	-	-	65
Prepaid Expense	2	1	-	-	-	3
Inventory	-	18	-	-	-	18
Total Assets	<u>830,321</u>	<u>381</u>	<u>220</u>	<u>11</u>	<u>5</u>	<u>830,938</u>
LIABILITIES						
Accounts Payable & Accruals	127	2	-	-	-	129
Capital Lease	15	-	-	-	-	15
Other Financing Arrangements Payable	204	-	-	-	-	204
Total Liabilities	<u>346</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>348</u>
NET ASSETS						
Held for Individuals, Organizations and Other Governments	<u>\$ 829,975</u>	<u>\$ 379</u>	<u>\$ 220</u>	<u>\$ 11</u>	<u>\$ 5</u>	<u>\$ 830,590</u>

STATE OF IOWA

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

For the Year Ended June 30, 2004
(Expressed in Thousands)

	IOWA EDUCATIONAL SAVINGS PLAN TRUST	VETERANS AFFAIRS	HEALTH ORGANIZATION INSOLVENCY	WAGNER AWARD	BRAILLE & SIGHT SAVING SCHOOL	TOTAL
ADDITIONS						
Contributions:						
Participant Contributions	\$ 244,307	\$ 102	\$ -	\$ -	\$ -	\$ 244,409
Gifts, Bequests, & Endowments	-	128	-	-	-	128
Total Contributions	<u>244,307</u>	<u>230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,537</u>
Investment Income:						
Net Increase in Fair Value of Investments	98,169	-	-	-	3	98,172
Interest	34	5	-	-	7	46
Investment Income	<u>98,203</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>98,218</u>
Total Additions	<u>342,510</u>	<u>235</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>342,755</u>
DEDUCTIONS:						
Distributions to Participants	20,007	-	-	-	-	20,007
Other	1,182	304	-	-	10	1,496
Total Deductions	<u>21,189</u>	<u>304</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>21,503</u>
Change in Net Assets held in Trust for Individuals, Organizations and Other Governments	321,321	(69)	-	-	-	321,252
Net Assets - Beginning	<u>508,654</u>	<u>448</u>	<u>220</u>	<u>11</u>	<u>5</u>	<u>509,338</u>
Net Assets - Ending	<u><u>\$ 829,975</u></u>	<u><u>\$ 379</u></u>	<u><u>\$ 220</u></u>	<u><u>\$ 11</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ 830,590</u></u>

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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, 2004
(Expressed in Thousands)

	LOCAL SALES & SERVICE TAX	CENTRALIZED PAYROLL TRUSTEE	JUDICIAL - CLERKS OF DISTRICT COURT	SCHOOL DISTRICT SURTAX CLEARING	OTHER	TOTAL
ASSETS						
Cash	\$ 39	\$ 5,602	\$ 16,143	\$ 52,624	\$ 23,677	\$ 98,085
Accounts Receivable (Net)	59,631	5	-	3,812	47,147	110,595
Total Assets	<u>\$ 59,670</u>	<u>\$ 5,607</u>	<u>\$ 16,143</u>	<u>\$ 56,436</u>	<u>\$ 70,824</u>	<u>\$ 208,680</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 59,670	\$ 5,607	\$ 16,143	\$ 56,436	\$ 70,824	\$ 208,680
Total Liabilities	<u>\$ 59,670</u>	<u>\$ 5,607</u>	<u>\$ 16,143</u>	<u>\$ 56,436</u>	<u>\$ 70,824</u>	<u>\$ 208,680</u>

STATE OF IOWA

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

For the Year Ended June 30, 2004
(Expressed in Thousands)

	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>LOCAL SALES & SERVICE TAX</u>				
ASSETS				
Cash	\$ 36	\$ 378,316	\$ 378,313	\$ 39
Accounts Receivable	48,130	59,631	48,130	59,631
Total Assets	\$ 48,166	\$ 437,947	\$ 426,443	\$ 59,670
LIABILITIES				
Accounts Payable & Accruals	\$ 48,166	\$ 437,947	\$ 426,443	\$ 59,670
Total Liabilities	\$ 48,166	\$ 437,947	\$ 426,443	\$ 59,670
<u>CENTRALIZED PAYROLL TRUSTEE</u>				
ASSETS				
Cash	\$ 5,696	\$ 577,554	\$ 577,648	\$ 5,602
Accounts Receivable	6,754	5	6,754	5
Total Assets	\$ 12,450	\$ 577,559	\$ 584,402	\$ 5,607
LIABILITIES				
Accounts Payable & Accruals	\$ 12,450	\$ 577,559	\$ 584,402	\$ 5,607
Total Liabilities	\$ 12,450	\$ 577,559	\$ 584,402	\$ 5,607
<u>JUDICIAL-CLERKS OF DISTRICT COURT</u>				
ASSETS				
Cash	\$ 16,582	\$ 289,537	\$ 289,976	\$ 16,143
Accounts Receivable	-	-	-	-
Total Assets	\$ 16,582	\$ 289,537	\$ 289,976	\$ 16,143
LIABILITIES				
Accounts Payable & Accruals	\$ 16,582	\$ 289,537	\$ 289,976	\$ 16,143
Total Liabilities	\$ 16,582	\$ 289,537	\$ 289,976	\$ 16,143
<u>SCHOOL DISTRICT SURTAX CLEARING</u>				
ASSETS				
Cash	\$ 42,890	\$ 62,156	\$ 52,422	\$ 52,624
Accounts Receivable	6,572	3,812	6,572	3,812
Total Assets	\$ 49,462	\$ 65,968	\$ 58,994	\$ 56,436
LIABILITIES				
Accounts Payable & Accruals	\$ 49,462	\$ 65,968	\$ 58,994	\$ 56,436
Total Liabilities	\$ 49,462	\$ 65,968	\$ 58,994	\$ 56,436
<u>OTHER AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 21,154	\$1,075,167	\$1,072,644	\$ 23,677
Accounts Receivable	43,117	47,087	43,057	47,147
Total Assets	\$ 64,271	\$1,122,254	\$1,115,701	\$ 70,824
LIABILITIES				
Accounts Payable & Accruals	\$ 64,271	\$1,122,254	\$1,115,701	\$ 70,824
Total Liabilities	\$ 64,271	\$1,122,254	\$1,115,701	\$ 70,824
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 86,358	\$2,382,730	\$2,371,003	\$ 98,085
Accounts Receivable	104,573	110,535	104,513	110,595
Total Assets	\$ 190,931	\$2,493,265	\$2,475,516	\$ 208,680
LIABILITIES				
Accounts Payable & Accruals	\$ 190,931	\$2,493,265	\$2,475,516	\$ 208,680
Total Liabilities	\$ 190,931	\$2,493,265	\$2,475,516	\$ 208,680

STATE OF IOWA

**Schedule of Expenditures by Function
General Fund**

For the Year Ended June 30, 2004
(Expressed in Thousands)

	PERSONAL SERVICES	TRAVEL & SUBSISTENCE	SUPPLIES	CONTRACTUAL SERVICES
ADMINISTRATION & REGULATION	\$ 122,894	\$ 4,830	\$ 5,397	\$ 67,045
EDUCATION	68,441	1,396	5,975	24,017
STATE AID TO UNIVERSITIES	-	-	-	-
HEALTH & HUMAN RIGHTS	85,319	1,652	29,860	166,684
HUMAN SERVICES	284,292	2,623	15,941	101,774
JUSTICE & PUBLIC DEFENSE	461,557	7,181	30,973	88,816
ECONOMIC DEVELOPMENT	58,659	1,531	1,652	38,576
TRANSPORTATION	177,425	19,692	29,877	106,640
AGRICULTURE & NATURAL RESOURCES	82,637	3,445	5,548	28,157
TOTAL EXPENDITURES	\$ 1,341,224	\$ 42,350	\$ 125,223	\$ 621,709

STATE OF IOWA

EQUIPMENT & REPAIRS	CLAIMS & MISCELLANEOUS	LICENSES PERMITS & REFUNDS	STATE AID	PLANT IMPROVEMENTS	TOTAL
\$ 8,570	\$ 49,318	\$ 46	\$ 668,455	\$ 1,709	\$ 928,264
2,315	5,108	-	2,503,508	681	2,611,441
-	-	-	592,617	-	592,617
3,806	303	71	27,359	57	315,111
6,120	7,211	569	3,004,696	168	3,423,394
17,814	6,017	275	19,028	11,835	643,496
3,768	6,900	3,666	84,689	73	199,514
11,364	2,211	205	30,034	586,523	963,971
8,231	744	6	13,536	5,591	147,895
\$ 61,988	\$ 77,812	\$ 4,838	\$ 6,943,922	\$ 606,637	\$ 9,825,703

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, 2004

CFDA Number	Federal Department / Program name	State Agency (See pg 227)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Office of National Drug Control Policy</u>				
07.000	Other Federal Assistance:			
	HIDTA Award	595	\$ 1,491,242	
	Methamphetamine Enforcement (Passed through St. Louis Drug Enforcement Agency)	642	20,924	1,512,166
	Total U.S. Office of National Drug Control Policy		<u>1,512,166</u>	<u>1,512,166</u>
<u>U.S. Peace Corps</u>				
08.000	Other Federal Assistance:			
	Peace Corps Recruiting	620	13,883 **	13,883
	Total U.S. Peace Corps		<u>13,883</u>	<u>13,883</u>
<u>U.S. Department of Agriculture</u>				
10.001	Agricultural Research - Basic and Applied Research	619	80,702 **	
10.001	Agricultural Research - Basic and Applied Research	620	2,627,123 **	
10.001	Agricultural Research - Basic and Applied Research (Passed through University of Missouri; 021002511)	620	145,747 **	
10.001	Agricultural Research - Basic and Applied Research (Passed through Binational Agricultural Research and Development Corporation; 177551, 177559, 177568) (\$19,340 provided to subrecipients)	620	253,441 **	
10.001	Agricultural Research - Basic and Applied Research (Passed through National Center For Genome Resources; 5836252109)	620	62,609 **	3,169,622
10.025	Plant and Animal Disease, Pest Control, and Animal Care	009	1,083,098	
10.025	Plant and Animal Disease, Pest Control, and Animal Care	620	1,004,584 **	2,087,682
10.069	Conservation Reserve Program	621	647	647
10.156	Federal-State Marketing Improvement Program	009	8,481	8,481
10.163	Market Protection and Promotion	009	52,108	52,108
10.200	Grants for Agricultural Research, Special Research Grants (\$1,299,120 provided to subrecipients)	620	5,563,511 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through Cornell University; 399096617, 441567179)	620	69,563 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through University of Illinois; 03282)	620	8,353 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through University of Minnesota; H4096444101)	620	8,944 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through North Dakota State University; 4773, 4330)	620	99,947 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through Purdue University; 591042302, 591053101)	620	2,594 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through University of Nebraska; 2562050028028, 2562050030025, 2562050034036, 2562310070014, 2562050034022, 256205037031, 2562050037010, 256205037023, 2562050040038)	620	88,040 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through Kansas State University; S0305801, S03058)	620	491,163 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through Michigan State University; 614142A, 614075A, 614145A, 611412U, 614145J, 614145P, 614142K, 614104A, 614063A, 614142D, 614104K) (\$2,973 provided to subrecipients)	620	163,879 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through Resource Conservation and Development for North East Iowa; 2562050030020)	620	16,303 **	

State of Iowa
Schedule of Expenditures of Federal Awards
By Federal Department
For the Year Ended June 30, 2004

CFDA Number	Federal Department / Program name	State Agency (See pg 227)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Agriculture (continued)</u>				
10.200	Grants for Agricultural Research, Special Research Grants (Passed through Oregon State University; C0244AA-1, C0278AA)	620	50,238 **	
10.200	Grants for Agricultural Research, Special Research Grants	621	264,100 **	6,826,635
10.202	Cooperative Forestry Research	620	301,718 **	301,718
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act	620	4,586,607 **	4,586,607
10.206	Grants for Agricultural Research - Competitive Research Grants (\$21,304 provided to subrecipients)	619	160,936 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (\$204,079 provided to subrecipients)	620	3,971,130 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through North Dakota State University; 493150905296)	620	13,356 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through University of Maryland; S01353)	620	20,323 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through University of Arizona; Y712299, Y404121)	620	4,027 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through University of Nebraska; 2562240022001)	620	426 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through Purdue University; 591049401)	620	4,199 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through University of Minnesota; 06706382101)	620	19,349 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through South Dakota State University; 483011)	620	12,889 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through University of Missouri - Columbia)	621	9,990 **	4,216,625
10.207	Animal Health and Disease Research	620	286,142 **	
10.207	Animal Health and Disease Research (Passed through New Mexico State University; G06Q00867)	620	11,941 **	298,083
10.210	Food and Agricultural Sciences National Needs Graduate Fellowship Grants	620	151,616 **	151,616
10.212	Small Business Innovation Research (Passed through Fox Engineering Associates)	620	25,000 **	25,000
10.217	Higher Education Challenge Grants (\$32,800 provided to subrecipients)	620	197,397 **	
10.217	Higher Education Challenge Grants (Passed through Central Washington University; 20023841112133)	620	14,857 **	
10.217	Higher Education Challenge Grants (Passed through University of Florida; SC02020807)	620	37,091 **	
10.217	Higher Education Challenge Grants (Passed through University of Nebraska; 2561390087003)	620	9,808 **	259,153
10.219	Biotechnology Risk Assessment Research	620	123,073 **	123,073
10.220	Higher Education Multicultural Scholars Program	620	11,337 **	11,337
10.224	Fund for Rural America - Research, Education, and Extension Activities (\$36,264 provided to subrecipients)	620	132,065 **	
10.224	Fund for Rural America - Research, Education, and Extension Activities (Passed through Purdue University; 593034405)	620	10,000 **	
10.224	Fund for Rural America - Research, Education, and Extension Activities (Passed through North Carolina State University; 00132009W, 00132028C, 0013203YWP3, 00132026A, 00132023C, 0013203YRP7A)	620	67,171 **	
10.224	Fund for Rural America - Research, Education, and Extension Activities (Passed through University of Arizona; Y481442)	620	1,160 **	210,396
10.226	Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants (Passed through Boone Community School District; FFA Degree Advancement)	620	2,480 **	2,480

State of Iowa
Schedule of Expenditures of Federal Awards
By Federal Department
For the Year Ended June 30, 2004

CFDA Number	Federal Department / Program name	State Agency (See pg 227)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Agriculture (continued)</u>				
10.227	1994 Institutions Research Program (Passed through Fort Berthold Community College; 650)	620	4,389 **	4,389
10.250	Agricultural and Rural Economic Research	269	103,264	
10.250	Agricultural and Rural Economic Research (\$30,627 provided to subrecipients)	620	73,540 **	
10.250	Agricultural and Rural Economic Research (Passed through University of Arizona; Y410368)	620	2,105 **	
10.250	Agricultural and Rural Economic Research (Passed through Mathematica Policy Research; 882402001)	620	52,257 **	231,166
10.302	Initiative for Future Agriculture and Food Systems (\$619,990 provided to subrecipients)	620	1,428,119 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through South Dakota State University; 483906)	620	331,857 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through Ohio State University Research Foundation; 740050/864924)	620	82,659 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through University of Nebraska; 2563630006014, 2563630006020)	620	61,847 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through Purdue University; 591040001)	620	3,671 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through University of Wisconsin; P572191, 593A320, 453F423)	620	100,247 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through University of Kentucky; 46530802142)	620	31,280 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through University of Georgia; RD3211564183117)	620	44,400 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through University of Maine; UMS430)	620	104,686 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through University of Minnesota; H4086181401)	620	57,414 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through University of Delaware; B469650)	620	34,848 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through Washington State University; G001215)	620	177,512 **	2,458,540
10.303	Integrated Programs	619	83,642 **	
10.303	Integrated Programs (\$403,350 provided to subrecipients)	620	1,905,922 **	
10.303	Integrated Programs (Passed through Pennsylvania State University; 2427ISUUSDA1981)	620	63,357 **	
10.303	Integrated Programs (Passed through University of California; K00683302)	620	28,868 **	
10.303	Integrated Programs (Passed through Illinois Institute of Technology; SA2431002)	620	47,440 **	
10.303	Integrated Programs (Passed through Texas A&M University; 570122)	620	92,747 **	
10.303	Integrated Programs (Passed through Michigan State University; 614164F, 6141640)	620	29,308 **	2,251,284
10.304	Homeland Security - Agricultural	620	440,174 **	
10.304	Homeland Security - Agricultural (Passed through Michigan State University; 61-4110C)	620	28,646 **	468,820
10.306	Biodiesel (Passed through University of Idaho; BFK3224A)	620	24,554 **	24,554
10.352	Value-Added Producer Grants	620	41,306 **	
10.352	Value-Added Producer Grants (Passed through Practical Farmers of Iowa; Comparative Analysis)	620	4,750 **	46,056
10.450	Crop Insurance (\$4,329 provided to subrecipients)	620	48,669 **	48,669
10.453	Fund for Rural America - Farm Ownership Loans	620	190,593 **	190,593

State of Iowa
Schedule of Expenditures of Federal Awards
By Federal Department
For the Year Ended June 30, 2004

CFDA Number	Federal Department / Program name	State Agency (See pg 227)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Agriculture (continued)</u>				
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	009	1,271,172	1,271,172
10.500	Cooperative Extension Service (\$223,448 provided to subrecipients)	620	10,812,366 **	
10.500	Cooperative Extension Service (Passed through University of Nebraska; LWF6332707108, 2562050030027, 2563090022014, 2563210046003, 2563240025024, 2563240025035, 2563090017016, 2563090022006, 2563210083002, 2563090022028, 256309022027, 2563090027016) (\$32,634 provided to subrecipients)	620	155,295 **	
10.500	Cooperative Extension Service (Passed through NCRCD; NCRCD)	620	8,774 **	
10.500	Cooperative Extension Service (Passed through Auburn University; 04ACES539109, ACES/AYDPT204/05)	620	34,067 **	
10.500	Cooperative Extension Service (Passed through National 4-H Council; 20024520101528) (\$9,972 provided to subrecipients)	620	16,053 **	
10.500	Cooperative Extension Service (Passed through Kansas State University; S99018)	620	5,122 **	
10.500	Cooperative Extension Service (Passed through University of Minnesota; 42155058932)	620	24,566 **	
10.500	Cooperative Extension Service (Passed through University of Kentucky; Cyfernet Program, 46768204341)	620	27,055 **	11,083,298
10.550	Food Donation (\$12,070,918 provided to subrecipients) (note 2)	282	12,070,918	12,070,918
10.551	Food Stamps (note 2)	401	166,562,411	166,562,411
10.553	School Breakfast Program (\$11,032,557 provided to subrecipients)	282	11,032,557	11,032,557
10.555	National School Lunch Program (\$56,185,626 provided to subrecipients)	282	56,185,626	56,185,626
10.556	Special Milk Program for Children (\$101,981 provided to subrecipients)	282	101,981	101,981
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (\$10,550,930 provided to subrecipients)	588	37,834,284	37,834,284
10.558	Child and Adult Care Food Program (\$18,103,691 provided to subrecipients)	282	18,284,920	18,284,920
10.559	Summer Food Service Program for Children (\$943,481 provided to subrecipients)	282	990,983	990,983
10.560	State Administrative Expenses for Child Nutrition	282	1,494,965	1,494,965
10.561	State Administrative Matching Grants for Food Stamp Program (\$1,334,560 provided to subrecipients)	401	17,298,905	
10.561	State Administrative Matching Grants for Food Stamp Program (Passed through Black Hawk County Ag Extension; Iowa Nutrition Network)	620	14,847 **	17,313,752
10.565	Commodity Supplemental Food Program	401	233,419	233,419
10.568	Emergency Food Assistance Program (Administrative Costs)	401	414,287	414,287
10.569	Emergency Food Assistance Program (Food Commodities) (note 2)	401	2,662,201	2,662,201
10.570	Nutrition Services Incentive (note 2)	401	318,845	318,845
10.572	WIC Farmers' Market Nutrition Program (FMNP)	009	1,026,005	1,026,005
10.574	Team Nutrition Grants	282	149,835	149,835
10.652	Forestry Research	620	103,056 **	103,056
10.664	Cooperative Forestry Assistance (\$57,794 provided to subrecipients)	542	1,455,885	1,455,885
10.672	Rural Development, Forestry, and Communities	620	743 **	743
10.900	Great Plains Conservation	620	3,576 **	3,576
10.901	Resource Conservation and Development	269	14,742	
10.901	Resource Conservation and Development (Passed through Texas A&M University; 570104)	620	66,281 **	81,023
10.902	Soil and Water Conservation	620	79,292 **	79,292
10.904	Watershed Protection and Flood Prevention	542	38,097	38,097
10.912	Environmental Quality Incentives Program	620	17,541 **	17,541

State of Iowa
Schedule of Expenditures of Federal Awards
By Federal Department
For the Year Ended June 30, 2004

CFDA Number	Federal Department / Program name	State Agency (See pg 227)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Agriculture (continued)</u>				
10.914	Wildlife Habitat Incentive Program	620	21,487 **	21,487
10.950	Agricultural Statistics Reports (\$65,000 provided to subrecipients)	620	84,407 **	84,407
10.960	Technical Agricultural Assistance	620	51,074 **	51,074
10.961	Scientific Cooperation and Research	620	127,510 **	127,510
10.962	International Training - Foreign Participant (\$83,980 provided to subrecipients)	620	497,891 **	497,891
10.000	Other Federal Assistance:			
	Commodity Credit Corporation	009	21,879	
	Agricultural Marketing Service	009	73,627	
	National Agricultural Statistics Service	009	19,600	
	Unknown Title (\$694,596 provided to subrecipients)	620	4,618,398 **	
	Unknown Title (Passed through West Central Cooperative; 683A753146)	620	181,793 **	
	Unknown Title (Passed through University of Minnesota; 42155000211)	620	41,259 **	
	Unknown Title (Passed through Iowa Quality Agriculture Guild; VADG)	620	19,118 **	
	Unknown Title (Passed through Capstan Ag Systems, Inc.; Modulation of Anhydrous)	620	195 **	
	Unknown Title (Passed through Trees Forever; Tree Care Video)	620	276 **	
	Unknown Title (Passed through National Fish and Wildlife)	621	19,798 **	4,995,943
	Total U.S. Department of Agriculture		374,644,318	374,644,318
<u>U.S. Department of Commerce</u>				
11.113	ITA Special Projects (Passed through Clemson University; 64175572272003118)	620	17,323 **	17,323
11.114	Special American Business Internship Training Program	620	32,339 **	32,339
11.303	Economic Development - Technical Assistance	620	106,505 **	106,505
11.307	Economic Adjustment Assistance	620	38,841 **	38,841
11.400	Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	619	46,392 **	46,392
11.420	Coastal Zone Management Estuarine Research Reserves	620	1,083 **	1,083
11.431	Climate and Atmospheric Research (\$25,000 provided to subrecipients)	619	176,031 **	
11.431	Climate and Atmospheric Research	620	112,199 **	288,230
11.432	Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	619	63,685 **	63,685
11.460	Special Oceanic and Atmospheric Projects	621	385,239	385,239
11.467	Meteorologic and Hydrologic Modernization Development (Passed through University Corporation for Atmospheric Research)	621	3,816 **	3,816
11.550	Public Telecommunications Facilities Planning and Construction	285	734,646	
11.550	Public Telecommunications Facilities Planning and Construction	620	22,054 **	756,700
11.609	Measurement and Engineering Research and Standards	620	6,277 **	
11.609	Measurement and Engineering Research and Standards (Passed through Yale University; Y040013)	620	33,926 **	40,203
11.611	Manufacturing Extension Partnership (\$179,305 provided to subrecipients)	620	1,907,631 **	1,907,631
11.000	Other Federal Assistance:			
	Unknown Title	620	36,860 **	
	Unknown Title (Passed through Ion Optics, Inc.; IO199011)	620	19,626 **	
	Unknown Title (Passed through University Corporation for Atmospheric Research; S0132791, S0232808)	620	1,370 **	57,856
	Total U.S. Department of Commerce		3,745,843	3,745,843

State of Iowa
Schedule of Expenditures of Federal Awards
By Federal Department
For the Year Ended June 30, 2004

CFDA Number	Federal Department / Program name	State Agency (See pg 227)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Defense</u>				
12.002	Procurement Technical Assistance For Business Firms (Passed through Advanced Technology Institute; 20010454)	619	152,841 **	
12.002	Procurement Technical Assistance For Business Firms	620	227,619 **	380,460
12.100	Aquatic Plant Control	619	25,796 **	25,796
12.104	Flood Plain Management Services	619	69,916 **	69,916
12.112	Payments to States in Lieu of Real Estate Taxes	655	423,121	423,121
12.300	Basic and Applied Scientific Research (\$34,706 provided to subrecipients)	619	1,544,324 **	
12.300	Basic and Applied Scientific Research	620	365,628 **	
12.300	Basic and Applied Scientific Research (Passed through Drexel University; Remote Test and Measure)	620	11,736 **	
12.300	Basic and Applied Scientific Research (Passed through Michigan State University; 613489A)	620	118,772 **	
12.300	Basic and Applied Scientific Research (Passed through Massachusetts Institute of Technology; 5710001247)	620	42,448 **	2,082,908
12.400	Military Construction, National Guard	582	7,940,147	
12.400	Military Construction, National Guard (\$18,889 provided to subrecipients)	619	802,106 **	
12.400	Military Construction, National Guard (Passed through Giner Electrochemical Systems, Inc.; DAAD19-03-C-0093)	619	59,453 **	
12.400	Military Construction, National Guard (Passed through Ghiochel Predictive Technologies, Inc.; 200401)	619	6,272 **	
12.400	Military Construction, National Guard (Passed through Fuelcell Energy, Inc.; 20856)	619	67,280 **	8,875,258
12.401	National Guard Military Operations and Maintenance (O&M) Projects	582	25,407,204	25,407,204
12.402	National Guard Military Operations and Projects	582	49,654	49,654
12.404	National Guard Civilian Youth Opportunities	582	17,743	17,743
12.420	Military Medical Research and Development (\$37,268 provided to subrecipients)	619	702,298 **	
12.420	Military Medical Research and Development (Passed through Johns Hopkins University; 8309-88649-X)	619	25,109 **	
12.420	Military Medical Research and Development (Passed through Academy of Applied Science; 03-082)	619	1,806 **	
12.420	Military Medical Research and Development	620	222,453 **	951,666
12.431	Basic Scientific Research (\$12,711 provided to subrecipients)	619	554,393 **	
12.431	Basic Scientific Research (Passed through Academy of Applied Science)	619	17,285 **	
12.431	Basic Scientific Research (Passed through Cornell University; 39508-6585)	619	83,526 **	
12.431	Basic Scientific Research (Passed through University of Michigan; DAAE07-98-3-0022)	619	393,824 **	
12.431	Basic Scientific Research	620	92,958 **	1,141,986
12.630	Basic, Applied, and Advanced Research in Science and Engineering	620	223,002 **	
12.630	Basic, Applied, and Advanced Research in Science and Engineering (Passed through University of California; KK2110)	620	87,023 **	310,025
12.800	Air Force Defense Research Sciences Program	619	412,890 **	
12.800	Air Force Defense Research Sciences Program (Passed through Anteon Corporation; S1233)	619	78,623 **	
12.800	Air Force Defense Research Sciences Program (Passed through Rockwell Scientific Company, LLC; B2U437207)	619	12,537 **	
12.800	Air Force Defense Research Sciences Program (Passed through Rockwell Collins, Inc; 4501148291)	619	103,601 **	

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<u>U.S. Department of Defense (continued)</u>				
12.800	Air Force Defense Research Sciences Program (Passed through Terahertz Device Corporation)	619	40,469 **	
12.800	Air Force Defense Research Sciences Program (Passed through Massachusetts Institute of Technology; BX-8019)	619	11,634 **	
12.800	Air Force Defense Research Sciences Program	620	593,984 **	1,253,738
12.900	Language Grant Program	619	653,656 **	653,656
12.901	Mathematical Sciences Grants Program	619	31,857 **	31,857
12.910	Research and Technology Development (\$169,442 provided to subrecipients)	619	1,158,376 **	
12.910	Research and Technology Development (Passed through HRL Laboratories LLC; 100038)	619	231,692 **	
12.910	Research and Technology Development (Passed through UCLA; 1000-G-CG007)	620	13,701 **	
12.910	Research and Technology Development (Passed through NVE Corporation; PO03944)	620	111,899 **	
12.910	Research and Technology Development (Passed through Boeing; KG3524)	620	61,336 **	
12.910	Research and Technology Development (Passed through Concurrent Analytical Inc.; Improved Dog Nose Sensor)	620	3,785 **	1,580,789
12.000	Other Federal Assistance:			
	Department of the Army - Condition 5	542	508,069	
	Department of the Army (\$19,435 provided to subrecipients)	619	2,176,930 **	
	Department of the Army (Passed through Illumigen Biosciences, Inc.)	619	11,295 **	
	Department of the Army (Passed through ENSR Corporation; 2014182)	619	61,150 **	
	Department of the Army (Passed through Ohio State University; RF00904332)	619	62,163 **	
	Unknown Title	620	680,200 **	
	Department of the Navy (Passed through Space and Naval Warfare System; N6600198C8629) (\$58 provided to subrecipients)	620	58 **	
	Unknown Title (Passed through S&K Technologies; 5007IOWA001) (\$280,955 provided to subrecipients)	620	947,561 **	
	Unknown Title (Passed through NDE Technologies; 0327)	620	75,155 **	
	Unknown Title (Passed through Rolls Royce; 1840010483)	620	18,460 **	
	Unknown Title (Passed through Universal Technology Corporation; 03S43704401C1 Task 1, 03S43704401C1 Task 2)	620	42,449 **	
	Unknown Title (Passed through Academy of Applied Science; 03013)	620	2,500 **	
	Unknown Title (Passed through Agiltron, Inc.; National Institute of Standards and Technology Undergraduate Fellowship)	620	26,130 **	
	Unknown Title (Passed through Mechdyne Corporation; GE29533A36)	620	172,141 **	4,784,261
Total U.S. Department of Defense			48,040,038	48,040,038

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<u>U.S. Department of Housing and Urban Development</u>				
14.171	Manufactured Home Construction and Safety Standards	595	10,314	10,314
14.218	Community Development Block Grants/Entitlement Grants (Passed through City of Waterloo)	621	4,792	4,792
14.228	Community Development Block Grants/State's Program (\$29,575,807 provided to subrecipients)	269	30,282,528	30,282,528
14.231	Emergency Shelter Grants Program (\$1,114,472 provided to subrecipients)	269	1,114,472	1,114,472
14.239	HOME Investment Partnerships Program (\$10,762,323 provided to subrecipients)	269	70,453,015 ***	70,453,015
14.246	Community Development Block Grants/Brownfields Economic Development Initiative	269	261,918	261,918
14.401	Fair Housing Assistance Program - State and Local	167	355,621	355,621
14.506	General Research and Technology Activity	620	1 **	1
14.511	Community Outreach Partnership Center Program	621	114,101	114,101
Total U.S. Department of Housing and Urban Development			102,596,762	102,596,762
<u>U.S. Department of the Interior</u>				
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	009	127,150	127,150
15.252	Abandoned Mine Land Reclamation (AMLR) Program	009	1,621,566	1,621,566
15.504	Water Reclamation and Reuse Program	619	59,925 **	59,925
15.605	Sport Fish Restoration (\$22,865 provided to subrecipients)	542	3,267,320	3,267,320
15.608	Fish and Wildlife Management Assistance	620	2,701 **	2,701
15.611	Wildlife Restoration	542	5,017,604	5,017,604
15.615	Cooperative Endangered Species Conservation Fund	542	29,501	29,501
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	8,824 **	8,824
15.629	Great Apes Conservation	620	8,419 **	8,419
15.634	State Wildlife Grants (\$21,179 provided to subrecipients)	542	58,478	58,478
15.805	Assistance to State Water Resources Research Institutes (Passed through Washington State University; 21442G0014830)	619	27,306 **	
15.805	Assistance to State Water Resources Research Institutes (\$108,821 provided to subrecipients)	620	183,847 **	211,153
15.808	U.S. Geological Survey - Research and Data Collection	542	161	
15.808	U.S. Geological Survey - Research and Data Collection	619	34,983 **	
15.808	U.S. Geological Survey - Research and Data Collection	620	174,772 **	209,916
15.810	National Cooperative Geologic Mapping Program	542	171,705	171,705
15.811	Gap Analysis Program	620	2,003 **	2,003
15.904	Historic Preservation Fund Grants-In-Aid	259	680,758	680,758
15.912	National Historic Landmark	619	8,748 **	8,748
15.916	Outdoor Recreation - Acquisition, Development and Planning	542	939,835	939,835
15.978	Upper Mississippi River System Long Term Resource Monitoring Program	542	320,665	320,665
15.000	Other Federal Assistance:			
	Unknown Title	620	325,973 **	
	Unknown Title (Passed through Clemson University; 575755723520011601)	620	9,418 **	335,391
Total U.S. Department of the Interior			13,081,662	13,081,662

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<u>U.S. Department of Justice</u>				
16.202	Offender Reentry Program	238	370,615	370,615
16.203	Sex Offender Management Discretionary Grant	238	137,672	137,672
16.523	Juvenile Accountability Incentive Block Grants (\$2,328,085 provided to subrecipients)	379	2,341,401	2,341,401
16.525	Grants to Reduce Violent Crimes Against Women on Campus (\$12,667 provided to subrecipients)	621	146,754	146,754
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States (\$639,657 provided to subrecipients)	379	827,918	827,918
16.548	Title V - Delinquency Prevention Program (\$82,618 provided to subrecipients)	379	171,782	171,782
16.549	Part E - State Challenge Activities (\$50,626 provided to subrecipients)	379	99,403	99,403
16.550	State Justice Statistics Program for Statistical Analysis Centers	379	80,195	
16.550	State Justice Statistics Program for Statistical Analysis Centers	595	233,336	313,531
16.554	National Criminal History Improvement Program (NCHIP)	595	336,657	336,657
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	620	183,481 **	
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants (\$29,446 provided to subrecipients)	642	29,446	212,927
16.563	Corrections and Law Enforcement Family Support	246	74,747	74,747
16.564	Crime Laboratory Improvement - Combined Offender DNA Index System Backlog Reduction	595	26,961	26,961
16.575	Crime Victim Assistance (\$3,619,686 provided to subrecipients)	112	3,818,586	3,818,586
16.576	Crime Victim Compensation	112	1,238,000	1,238,000
16.579	Byrne Formula Grant Program (\$4,897,550 provided to subrecipients)	642	5,320,860	5,320,860
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program (\$143,162 provided to subrecipients)	112	220,714	
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program (\$649,466 provided to subrecipients)	588	708,442	
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program (\$620,818 provided to subrecipients)	642	697,366	1,626,522
16.582	Crime Victim Assistance/Discretionary Grants	619	86,729 **	86,729
16.585	Drug Court Discretionary Grant Program	444	47,513	47,513
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	238	513,627	513,627
16.588	Violence Against Women Formula Grants (\$1,469,077 provided to subrecipients)	112	1,578,532	1,578,532
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program (\$398,217 provided to subrecipients)	112	553,569	
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program (\$74,701 provided to subrecipients)	621	208,914 **	762,483
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders	444	284,061	284,061
16.592	Local Law Enforcement Block Grants Program (\$257,185 provided to subrecipients)	642	267,568	267,568
16.593	Residential Substance Abuse Treatment for State Prisoners (\$536,794 provided to subrecipients)	642	536,794	536,794
16.606	State Criminal Alien Assistance Program	238	265,144	265,144
16.607	Bulletproof Vest Partnership Program (\$13,453 provided to subrecipients)	642	13,453	13,453

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<u>U.S. Department of Justice (continued)</u>				
16.609	Community Prosecution and Project Safe Neighborhoods	379	157,808	
16.609	Community Prosecution and Project Safe Neighborhoods (\$125,379 provided to subrecipients)	642	250,324	408,132
16.710	Public Safety Partnership and Community Policing Grants	112	32,706	
16.710	Public Safety Partnership and Community Policing Grants (\$365,019 provided to subrecipients)	642	378,270	410,976
16.711	Troops to COPS	595	143,863	143,863
16.727	Enforcing Underage Drinking Laws Program (\$155,413 provided to subrecipients)	379	463,439	463,439
16.000	Other Federal Assistance: Federal Marijuana Eradication	595	75,938	75,938
	Total U.S. Department of Justice		22,922,588	22,922,588
<u>U.S. Department of Labor</u>				
17.002	Labor Force Statistics	309	2,016,897	
17.002	Labor Force Statistics	620	32,255 **	2,049,152
17.005	Compensation and Working Conditions	309	81,155	
17.005	Compensation and Working Conditions (Passed through West Virginia University)	619	120,741 **	
17.005	Compensation and Working Conditions (Passed through ServiceSource)	619	82,761 **	284,657
17.203	Labor Certification for Alien Workers	309	77,197	77,197
17.207	Employment Service (\$999,795 provided to subrecipients)	309	7,868,190	7,868,190
17.225	Unemployment Insurance (\$690,101 provided to subrecipients)	309	419,970,180	419,970,180
17.235	Senior Community Service Employment Program (\$1,065,945 provided to subrecipients)	297	1,184,512	1,184,512
17.245	Trade Adjustment Assistance - Workers	309	6,361,378	6,361,378
17.253	Welfare-to-Work Grants to States and Localities (\$863,135 provided to subrecipients)	309	1,097,083	1,097,083
17.257	One-Stop Career Center Initiative (\$40,993 provided to subrecipients)	309	480,541	480,541
17.258	WIA Adult Program (\$3,093,769 provided to subrecipients)	309	3,349,156	
17.258	WIA Adult Program (Passed through Hawkeye Community College)	620	7,909 **	3,357,065
17.259	WIA Youth Activities (\$3,797,080 provided to subrecipients)	309	3,432,264	3,432,264
17.260	WIA Dislocated Workers (\$6,624,091 provided to subrecipients)	309	12,560,266	
17.260	WIA Dislocated Workers (Passed through Iowa Western Community College; Student Financial Aid 13021026L)	620	2,056 **	12,562,322
17.261	Employment and Training Administration Pilots, Demonstrations, and Research Projects (\$3,500 provided to subrecipients)	619	496,095 **	
17.261	Employment and Training Administration Pilots, Demonstrations, and Research Projects (Passed through ServiceSource) (\$30,500 provided to subrecipients)	619	63,870 **	
17.261	Employment and Training Administration Pilots, Demonstrations, and Research Projects (Passed through Iowa Policy Project)	619	9,045 **	
17.261	Employment and Training Administration Pilots, Demonstrations, and Research Projects (\$10,000 provided to subrecipients)	621	319,141	888,151
17.266	Work Incentives Grant (\$95,636 provided to subrecipients)	309	313,410	313,410
17.502	Occupational Safety and Health - Susan Harwood Training Grants	619	60,164 **	60,164
17.504	Consultation Agreements	309	2,148,652	2,148,652
17.600	Mine Health and Safety Grants (\$107,911 provided to subrecipients)	282	108,006	108,006
17.720	Employment Programs for People with Disabilities	283	142,781	
17.720	Employment Programs for People with Disabilities (Passed through University of Massachusetts)	619	109,634 **	252,415

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<u>U.S. Department of Labor (continued)</u>				
17.801	Disabled Veterans' Outreach Program (DVOP) (\$48,739 provided to subrecipients)	309	1,102,728	1,102,728
17.804	Local Veterans' Employment Representative Program (\$55,465 provided to subrecipients)	309	1,035,629	1,035,629
17.000	Other Federal Assistance: National Crosswalk Service Center	282	235,926	235,926
Total U.S. Department of Labor			464,869,622	464,869,622
<u>U.S. Department of State</u>				
19.401	Educational Exchange - University Lecturers (Professors) and Research Scholars	619	26,473 **	26,473
19.402	International Visitors Program	619	3,495 **	3,495
19.405	Educational Partnerships Program	619	146,769 **	
19.405	Educational Partnerships Program	620	101,048 **	247,817
19.407	Teacher Exchange - New Independent States (NIS)	619	28,871 **	28,871
19.408	Educational Exchange - Teachers from Secondary and Postsecondary Levels and School Administrators	620	176,894 **	176,894
19.415	Professional Exchanges - Annual Open Grant	619	44 **	44
19.424	Educational Partnerships Program	619	84,437 **	
19.424	Educational Partnerships Program	620	33,129 **	117,566
19.000	Other Federal Assistance: Unknown Title (\$12,632 provided to subrecipients)	619	163,596 **	
	Unknown Title (Passed through Association Liaison Office for University Cooperation in Development)	619	4,403 **	
	Unknown Title (Passed through NAFSA: Association of International Educators)	619	7,600 **	
	Unknown Title (\$1,500 provided to subrecipients)	620	23,754 **	
	Unknown Title (Passed through National Academy of Sciences; ICSECA2002, 3208)	620	2,586 **	
	Supporting Integration of Technology and Educational Services	621	29,973	
	Marketing of Overseas Opportunities in America	621	5,000	236,912
Total U.S. Department of State			838,072	838,072
<u>U.S. Department of Transportation</u>				
20.106	Airport Improvement Program	645	308,498	308,498
20.109	Air Transportation Centers of Excellence (\$2,566,670 provided to subrecipients)	620	4,175,209 **	4,175,209
20.205	Highway Planning and Construction	542	913,447	
20.205	Highway Planning and Construction (Passed through HR Green; 178660J)	620	14,303 **	
20.205	Highway Planning and Construction (\$60,326,120 provided to subrecipients)	645	334,301,791	335,229,541
20.215	Highway Training and Education	619	62,338 **	
20.215	Highway Training and Education	620	59,069 **	121,407
20.218	National Motor Carrier Safety (Passed through National Academy of Sciences; HR 24-20, 5-18) (\$37,881 provided to subrecipients)	619	318,900 **	
20.218	National Motor Carrier Safety	620	34,970 **	
20.218	National Motor Carrier Safety (Passed through Wapello County; Evaluation of Concrete Bridge)	620	21,711 **	
20.218	National Motor Carrier Safety (Passed through City of Bettendorf; Evaluation of a Three-Span Bridge)	620	19,631 **	
20.218	National Motor Carrier Safety (\$901,103 provided to subrecipients)	645	2,056,865	2,452,077

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<u>U.S. Department of Transportation (continued)</u>				
20.308	Local Rail Freight Assistance	645	700,492	700,492
20.500	Federal Transit - Capital Investment Grants (\$6,257,263 provided to subrecipients)	645	6,257,263	6,257,263
20.505	Federal Transit - Metropolitan Planning Grants (\$78,888 provided to subrecipients)	645	78,888	78,888
20.509	Formula Grants for Other Than Urbanized Areas (\$4,807,997 provided to subrecipients)	645	4,807,997	4,807,997
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities (\$1,034,088 provided to subrecipients)	645	1,034,088	1,034,088
20.514	Transit Planning and Research (\$145,506 provided to subrecipients)	645	145,506	145,506
20.516	Job Access - Reverse Commute (\$1,580,670 provided to subrecipients)	645	1,580,670	1,580,670
20.600	State and Community Highway Safety	112	27,446	
20.600	State and Community Highway Safety	595	2,539,502	
20.600	State and Community Highway Safety (\$66,929 provided to subrecipients)	619	1,987,914	
20.600	State and Community Highway Safety (Passed through Virginia Polytechnic Institute; CR 19235-425479)	619	94,184	
20.600	State and Community Highway Safety (Passed through National Research Council - National Cooperative Highway Research Program; HR 4-29) (\$32,347 provided to subrecipients)	619	45,612	
20.600	State and Community Highway Safety (Passed through URS Corporation; 757731)	619	4,955	
20.600	State and Community Highway Safety (Passed through Westat, Inc.; Task 4, 5)	619	264,709	
20.600	State and Community Highway Safety	645	66,011	5,030,333
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	595	416,477	416,477
20.602	Occupant Protection	595	274,051	274,051
20.603	Federal Highway Safety Data Improvements Incentive Grants	595	119,489	
20.603	Federal Highway Safety Data Improvements Incentive Grants (Passed through Crash Avoidance Metrics Partnership; FCW01-002)	619	97,008	216,497
20.604	Safety Incentive Grants for Use of Seatbelts	595	839,870	839,870
20.700	Pipeline Safety	219	233,447	233,447
20.701	University Transportation Centers Program (\$531,797 provided to subrecipients)	620	1,297,078 **	
20.701	University Transportation Centers Program (Passed through University of California; KK022 Year 3)	620	15,668 **	1,312,746
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants (\$171,140 provided to subrecipients)	583	243,301	243,301
20.900	Transportation - Consumer Affairs (Passed through Delphi Delco Electronics)	619	207,332 **	207,332
20.000	Other Federal Assistance:			
	Unknown Title (Passed through Crash Avoidance Metrics Partnership; DWM03-060)	619	96,592 **	
	Unknown Title (Passed through Mainway Services)	619	6,499 **	
	Unknown Title (\$247,667 provided to subrecipients)	620	848,122 **	
	Unknown Title (Passed through Wisconsin Highway Research; 00920414)	620	9,082 **	
	Unknown Title (Passed through Tama County; Tama County)	620	4,929 **	
	Unknown Title (Passed through National Academy of Sciences; HR2058(1)) (\$1,914 provided to subrecipients)	620	17,090 **	982,314
Total U.S. Department of Transportation			366,648,004	366,648,004

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<u>U.S. Department of the Treasury</u>				
21.000	Other Federal Assistance: Temporary State Fiscal Relief (Jobs and Growth Tax Reconciliation Act of 2003)	269	11,772,361	11,772,361
	Total U.S. Department of the Treasury		11,772,361	11,772,361
<u>U. S. Equal Employment Opportunity Commission</u>				
30.002	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	167	836,600	836,600
	Total U.S. Equal Employment Opportunity Commission		836,600	836,600
<u>Federal Mediation and Conciliation Service</u>				
34.002	Labor Management Cooperation (\$121,418 provided to subrecipients)	309	438,534	438,534
	Total Federal Mediation and Conciliation Service		438,534	438,534
<u>U.S. General Services Administration</u>				
39.003	Donation of Federal Surplus Personal Property	005	799,134	799,134
39.011	Election Reform Payments	635	268,900	268,900
	Total U.S. General Services Administration		1,068,034	1,068,034
<u>U.S. Library of Congress</u>				
42.006	Library of Congress - Library Services	282	500	500
	Total U.S. Library of Congress		500	500
<u>National Aeronautics and Space Administration</u>				
43.001	Aerospace Education Services Program (\$249,482 provided to subrecipients)	619	3,753,324 **	
43.001	Aerospace Education Services Program (Passed through University of New Hampshire; 01-509, 04-854)	619	118,919 **	
43.001	Aerospace Education Services Program (Passed through MCP Hahnemann University; NAGS-1840)	619	125,371 **	
43.001	Aerospace Education Services Program (Passed through Johns Hopkins University; 871970)	619	19,803 **	
43.001	Aerospace Education Services Program (Passed through Rockwell Collins, Inc; 4501151521)	619	85,803 **	
43.001	Aerospace Education Services Program (Passed through Southwest Research Institute; 1510160)	619	8,966 **	
43.001	Aerospace Education Services Program (Passed through University of California San Diego; 10233661)	619	11,438 **	
43.001	Aerospace Education Services Program (Passed through University of Northern Colorado; GKA030160)	620	1,043 **	4,124,667
43.002	Technology Transfer	620	118,392 **	
43.002	Technology Transfer (Passed through Jet Propulsion Lab; 1250174)	620	58,913 **	177,305

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<u>National Aeronautics and Space Administration (continued)</u>				
43.000	Other Federal Assistance:			
	NASA Resident Office - Jet Propulsion Lab (\$2,900 provided to subrecipients)	619	1,676,040 **	
	Goddard Space Flight Center	619	474,398 **	
	Glenn Research Center	619	7,671 **	
	George C. Marshall Space Flight Center	619	44,550 **	
	Unknown Title (\$309,327 provided to subrecipients)	620	4,200,185 **	
	Unknown Title (Passed through Ohio University; UT11430)	620	42,964 **	
	Unknown Title (Passed through Pratt & Whitney; 21058)	620	211,720 **	
	Unknown Title (Passed through Smithsonian Astrophysical Observatory; G045103C)	620	2,722 **	
	Unknown Title (Passed through Lockheed Martin; GH3216068)	620	19,362 **	
	Unknown Title (Passed through Heritage Fare; 182060)	620	4,000 **	
	Unknown Title (Passed through Southern University; OGPSP21010200165ISU)	620	30,278 **	6,713,890
	Total National Aeronautics and Space Administration		11,015,862	11,015,862
<u>National Foundation on the Arts and the Humanities</u>				
45.024	Promotion of the Arts - Grants to Organizations and Individuals	619	23,000 **	23,000
45.025	Promotion of the Arts - Partnership Agreements	259	669,598	
45.025	Promotion of the Arts - Partnership Agreements (Passed through Arts Midwest)	619	2,500 **	
45.025	Promotion of the Arts - Partnership Agreements (Passed through Iowa Arts Council; FY04-0056)	619	9,200 **	
45.025	Promotion of the Arts - Partnership Agreements (Passed through Chamber Music America)	619	4,475 **	685,773
45.026	Promotion of the Arts - Leadership Initiatives	259	9,004	9,004
45.129	Promotion of the Humanities - Federal/State Partnership	619	22,772 **	
45.129	Promotion of the Humanities - Federal/State Partnership (Passed through Humanities Iowa; 261014, 263003)	620	11,000 **	
45.129	Promotion of the Humanities - Federal/State Partnership (Passed through Humanities Iowa)	621	4,212	37,984
45.149	Promotion of the Humanities - Division of Preservation and Access	619	1,795 **	
45.149	Promotion of the Humanities - Division of Preservation and Access (Passed through University of Nebraska; 25-0512-0003-002)	619	34,861 **	
45.149	Promotion of the Humanities - Division of Preservation and Access (Passed through National Film Preservation Foundation; FEB03-042)	619	2,588 **	
45.149	Promotion of the Humanities - Division of Preservation and Access (Passed through Cornell University; 369386308)	620	74,017 **	113,261
45.160	Promotion of the Humanities - Fellowships and Stipends	619	130,000 **	130,000
45.161	Promotion of the Humanities - Research (\$1,251 provided to subrecipients)	619	9,223 **	9,223
45.301	Institute of Museum and Library Services	619	5,042 **	5,042
45.302	Museum Assessment Program	621	1,251	1,251
45.310	State Library Program (\$7,916 provided to subrecipients)	282	1,864,816	1,864,816
45.313	Institute of Museum and Library Services - Recruiting and Educating Librarians for the 21st Century	619	21,932 **	21,932
	Total National Foundation on the Arts and the Humanities		2,901,286	2,901,286

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<u>National Science Foundation</u>				
47.041	Engineering Grants (\$121,138 provided to subrecipients)	619	1,090,904 **	
47.041	Engineering Grants (\$58,191 provided to subrecipients)	620	3,357,438 **	
47.041	Engineering Grants (Passed through University of Texas; UTA03134)	620	34,622 **	
47.041	Engineering Grants (Passed through Virginia Polytechnic Institute; CR19223427152)	620	41,038 **	
47.041	Engineering Grants (Passed through Lynntech, Inc.; NSF446)	620	31,625 **	
47.041	Engineering Grants (Passed through MSTRS Technologies; 0402)	620	10,881 **	
47.041	Engineering Grants (Passed through University of Nebraska; 2511090055002)	620	24,486 **	
47.041	Engineering Grants (Passed through Kansas State University; S01017)	620	55,669 **	4,646,663
47.049	Mathematical and Physical Sciences (\$235,177 provided to subrecipients)	619	3,113,756 **	
47.049	Mathematical and Physical Sciences (Passed through University of Kentucky Research Foundation; 4-65997-03-369)	619	82,863 **	
47.049	Mathematical and Physical Sciences (Passed through University of Florida; 520618)	619	25,000 **	
47.049	Mathematical and Physical Sciences (Passed through Fermi National Accelerator Laboratory; 545365)	619	12,136 **	
47.049	Mathematical and Physical Sciences (\$40,138 provided to subrecipients)	620	2,633,635 **	
47.049	Mathematical and Physical Sciences (Passed through University of Minnesota; V5286054201)	620	33,166 **	
47.049	Mathematical and Physical Sciences (Passed through University of Central Florida; 15357)	620	21,293 **	
47.049	Mathematical and Physical Sciences	621	2,382 **	5,924,231
47.050	Geosciences (\$322,487 provided to subrecipients)	619	1,001,162 **	
47.050	Geosciences (Passed through Consortium of Universities for the Advancement of Hydrologic Science, Inc.; 326064)	619	24,871 **	
47.050	Geosciences (Passed through Idaho State University; 02-0232E)	619	25,562 **	
47.050	Geosciences (Passed through University of Oklahoma; 2000-10)	619	247 **	
47.050	Geosciences	620	1,053,070 **	
47.050	Geosciences (Passed through University of Buffalo; R244380)	620	9,019 **	
47.050	Geosciences	621	15,880 **	
47.050	Geosciences (Passed through University Corporation for Atmospheric Research)	621	7,291 **	2,137,102
47.070	Computer and Information Science and Engineering	619	964,634 **	
47.070	Computer and Information Science and Engineering (\$230,635 provided to subrecipients)	620	2,050,515 **	
47.070	Computer and Information Science and Engineering (Passed through University of Illinois; SUBK2001, 2528199)	620	75,005 **	
47.070	Computer and Information Science and Engineering (Passed through Drake University; 00113718)	620	78,922 **	
47.070	Computer and Information Science and Engineering (Passed through Cornell University; 357796217)	620	9,439 **	
47.070	Computer and Information Science and Engineering (Passed through Clemson University; 56970342062002611)	620	39,652 **	
47.070	Computer and Information Science and Engineering (Passed through University of Maine; UMS426)	620	126,999 **	
47.070	Computer and Information Science and Engineering (Passed through ADEC; Internet Satellite-NCRCD)	620	68,348 **	3,413,514
47.074	Biological Sciences (\$25,256 provided to subrecipients)	619	2,358,227 **	
47.074	Biological Sciences (Passed through University of Kansas Center for Research, Inc.; NSF35020)	619	385,828 **	

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<u>National Science Foundation (continued)</u>				
47.074	Biological Sciences (Passed through Cleveland Clinic Foundation)	619	3,600 **	
47.074	Biological Sciences (\$1,698,096 provided to subrecipients)	620	6,997,479 **	
47.074	Biological Sciences (Passed through University of California; OORA1127, SA3372PG, K00881501)	620	251,795 **	
47.074	Biological Sciences (Passed through University of Connecticut; 3557)	620	363 **	
47.074	Biological Sciences (Passed through University of Florida; SC00011511)	620	111,487 **	
47.074	Biological Sciences (Passed through University of Georgia; DBI0321595)	620	412,474 **	
47.074	Biological Sciences (Passed through University of Illinois; 99157)	620	42,216 **	
47.074	Biological Sciences (Passed through Stanford University; PR0826, PR0826/REU Supplement)	620	123,118 **	
47.074	Biological Sciences (Passed through North Carolina State University; 2002166403)	620	4,376 **	
47.074	Biological Sciences (Passed through Massachusetts General Hospital; Plant Mapk Cascades)	620	100,080 **	
47.074	Biological Sciences (Passed through Louisiana State University)	621	5,391	10,796,434
47.075	Social, Behavioral, and Economic Sciences	619	640,416 **	
47.075	Social, Behavioral, and Economic Sciences (Passed through Civilian Research and Development Foundation; RU-P2-2593-TO-04)	619	435 **	
47.075	Social, Behavioral, and Economic Sciences	620	258,585 **	
47.075	Social, Behavioral, and Economic Sciences	621	9,565 **	909,001
47.076	Education and Human Resources (\$124,348 provided to subrecipients)	619	1,013,345 **	
47.076	Education and Human Resources (Passed through Clemson University; 765-7558-206-200)	619	40,132 **	
47.076	Education and Human Resources (Passed through Western Michigan University; 22-2252990, 25-7002520)	619	94,624 **	
47.076	Education and Human Resources (\$164,569 provided to subrecipients)	620	2,343,099 **	
47.076	Education and Human Resources (Passed through Indian Hills Community College; DUE01017113)	620	30,873 **	
47.076	Education and Human Resources (Passed through Kirkwood Community College; 0101507)	620	39,994 **	
47.076	Education and Human Resources	621	116,862	
47.076	Education and Human Resources (Passed through Hazardous Materials Institute)	621	72,090	3,751,019
47.078	Polar Programs	620	90,680 **	90,680
47.000	Other Federal Assistance:			
	Unknown Title	620	120 **	
	Unknown Title (Passed through Cornell University; Market Interactions, Control Large Scale Power)	620	14,407 **	
	Unknown Title (Passed through American Association Advancement Science; Geochemistry)	620	93 **	
	Unknown Title (Passed through University of Missouri; S53417664606560)	620	145,628 **	
	Unknown Title (Passed through Ohio State University Research Foundation; Replacement Funds)	620	11,972 **	
	Unknown Title (Passed through RJ Lee Group; H22032)	620	4 **	172,224
Total National Science Foundation			31,840,868	31,840,868

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<u>U.S. Small Business Administration</u>				
59.005	Business Development Assistance to Small Business	620	1,534 **	1,534
59.037	Small Business Development Center (\$1,614,788 provided to subrecipients)	620	1,872,869 **	1,872,869
59.000	Other Federal Assistance:			
	Unknown Title	620	25,288 **	
	Unknown Title	621	50,916	76,204
	Total U.S. Small Business Administration		1,950,607	1,950,607
<u>U.S. Department of Veterans Affairs</u>				
64.005	Grants to States for Construction of State Home Facilities	672	292,530	292,530
64.014	Veterans State Domiciliary Care	671	916,476	916,476
64.015	Veterans State Nursing Home Care	671	10,805,340	10,805,340
64.016	Veterans State Hospital Care	671	329,795	329,795
64.000	Other Federal Assistance:			
	Unknown Title	620	81,284 **	81,284
	Total U.S. Department of Veterans Affairs		12,425,425	12,425,425
<u>Environmental Protection Agency</u>				
66.001	Air Pollution Control Program Support	542	1,020,231	1,020,231
66.032	State Indoor Radon Grants (\$295,353 provided to subrecipients)	588	403,801	403,801
66.419	Water Pollution Control State and Interstate Program Support	542	2,968,728	2,968,728
66.432	State Public Water System Supervision	542	1,552,727	1,552,727
66.454	Water Quality Management Planning	542	144,471	144,471
66.458	Capitalization Grants for Clean Water State Revolving Funds (\$338,695 provided to subrecipients)	542	34,074,129	34,074,129
66.460	Nonpoint Source Implementation Grants	542	3,880,862	3,880,862
66.461	Wetlands Program Grants	009	64,658	64,658
66.463	Water Quality Cooperative Agreements	542	31,347	
66.463	Water Quality Cooperative Agreements	619	1,070 **	
66.463	Water Quality Cooperative Agreements	620	84,972 **	117,389
66.468	Capitalization Grants for Drinking Water State Revolving Funds	542	22,394,000	22,394,000
66.470	Hardship Grants Program for Rural Communities	542	3,350	3,350
66.474	Water Protection Grants to the States	542	137,837	137,837
66.500	Environmental Protection - Consolidated Research (\$85,780 provided to subrecipients)	619	504,595 **	
66.500	Environmental Protection - Consolidated Research (Passed through New York University; 02-230)	619	13,624 **	
66.500	Environmental Protection - Consolidated Research (Passed through University of Missouri; 02102041-3)	619	158,270 **	
66.500	Environmental Protection - Consolidated Research (Passed through Battelle Memorial Institute; 155174-1)	619	12,839 **	
66.500	Environmental Protection - Consolidated Research (Passed through Cadmus Group, Inc.; 025-Iowa-1)	619	17,360 **	
66.500	Environmental Protection - Consolidated Research	620	9,119 **	
66.500	Environmental Protection - Consolidated Research (Passed through Consortium Plant Biotechnology and Research; EPA82947901146, EPA82947901147)	620	14,919 **	
66.500	Environmental Protection - Consolidated Research (Passed through University of Maryland; Z957801)	620	10,128 **	

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<u>Environmental Protection Agency (continued)</u>				
66.500	Environmental Protection - Consolidated Research (Passed through Oregon State University; E0101AB)	620	5,080 **	
66.500	Environmental Protection - Consolidated Research (Passed through University of Missouri; C532201, 001187918, 001187919)	620	47,273 **	793,207
66.509	Science To Achieve Results (STAR) Program	619	1,625 **	
66.509	Science To Achieve Results (STAR) Program	620	196,495 **	198,120
66.512	Regional Environmental Monitoring and Assessment Program (REMAP)	542	18,356	18,356
66.605	Performance Partnership Grants	009	933,508	
66.605	Performance Partnership Grants	542	489,044	1,422,552
66.606	Surveys, Studies, Investigations and Special Purpose Grants	542	1,456,509	
66.606	Surveys, Studies, Investigations and Special Purpose Grants (\$12,279 provided to subrecipients)	620	847,085 **	
66.606	Surveys, Studies, Investigations and Special Purpose Grants	621	954,418	3,258,012
66.607	Training and Fellowships for the Environmental Protection Agency	620	21,657 **	21,657
66.608	Environmental Information Exchange Network Grant Program	542	25,128	25,128
66.651	Innovative Community Partnership	542	138	138
66.700	Consolidated Pesticide Enforcement Cooperative Agreements (Passed through Nebraska Department of Agriculture; 18-04-009)	619	48,084 **	
66.700	Consolidated Pesticide Enforcement Cooperative Agreements (Passed through Missouri Department of Agriculture; AOC40000466)	619	53,179 **	101,263
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	588	174,456	174,456
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals (\$11,075 provided to subrecipients)	588	352,467	352,467
66.708	Pollution Prevention Grants Program	542	92,600	
66.708	Pollution Prevention Grants Program (\$20,093 provided to subrecipients)	621	158,608	251,208
66.714	Pesticide Environmental Stewardship - Regional Grants	009	21,055	21,055
66.802	Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements	542	150,895	150,895
66.804	State and Tribal Underground Storage Tanks Program	542	232,008	232,008
66.805	Leaking Underground Storage Tank Trust Fund Program	542	1,285,514	1,285,514
66.808	Solid Waste Management Assistance	620	8,390 **	8,390
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	542	170,922	170,922
66.810	Chemical Emergency Preparedness and Prevention (CEPP) Technical Assistance Grants Program	542	17,322	
66.810	Chemical Emergency Preparedness and Prevention (CEPP) Technical Assistance Grants Program	583	9,493	26,815
66.951	Environmental Education Grants	542	10,047	
66.951	Environmental Education Grants	620	43 **	10,090
66.000	Other Federal Assistance:			
	Unknown Title	542	287,017	
	Unknown Title	620	11,449 **	298,466
Total Environmental Protection Agency			75,582,902	75,582,902
<u>Nuclear Regulatory Commission</u>				
77.000	Other Federal Assistance:			
	Unknown Title (Passed through Battelle Memorial Institute; 180682)	619	80,000 **	80,000
Total Nuclear Regulatory Commission			80,000	80,000

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<u>U.S. Department of Energy</u>				
81.041	State Energy Program	542	760,405	760,405
81.042	Weatherization Assistance for Low-Income Persons (\$4,214,501 provided to subrecipients)	379	4,835,722	4,835,722
81.049	Office of Science Financial Assistance Program	619	1,546,912 **	
81.049	Office of Science Financial Assistance Program (Passed through Argonne National Laboratory)	619	27,524 **	
81.049	Office of Science Financial Assistance Program (Passed through Chariton Valley Resource Conservation and Development; DEFC36-96GO10148)	619	41,975 **	
81.049	Office of Science Financial Assistance Program (Passed through University of Medicine and Dentistry of New Jersey; DEFG02-02ER63447)	619	77,813 **	
81.049	Office of Science Financial Assistance Program (Passed through Ohio State University; RF00904756)	619	43,034 **	
81.049	Office of Science Financial Assistance Program (Passed through Universities Research Association, Inc.; 510438, 553270)	619	280,178 **	
81.049	Office of Science Financial Assistance Program (Passed through Georgia Institute of Technology; G-32-659-G2)	619	16,881 **	
81.049	Office of Science Financial Assistance Program (Passed through City of Hope National Medical Center; 0142)	619	25,404 **	
81.049	Office of Science Financial Assistance Program (\$3,255 provided to subrecipients)	620	2,362,876 **	
81.049	Office of Science Financial Assistance Program (Passed through University of California; 372432241)	620	39,496 **	
81.049	Office of Science Financial Assistance Program (Passed through University of Illinois; 03264)	620	86,451 **	
81.049	Office of Science Financial Assistance Program (Passed through Value Recovery; Computational Fluid)	620	3,385 **	
81.049	Office of Science Financial Assistance Program (Passed through St. Louis University; EASP01903)	620	51,675 **	
81.049	Office of Science Financial Assistance Program (Passed through Smithsonian Astrophysical Observatory; DEFG0291ER40635/SV171002)	620	57,212 **	4,660,816
81.057	University Coal Research (\$7,209 provided to subrecipients)	620	72,624 **	72,624
81.079	Regional Biomass Energy Programs	542	8,855	
81.079	Regional Biomass Energy Programs	619	95,103 **	
81.079	Regional Biomass Energy Programs (Passed through National Renewable Energy Lab; AC023105601) (\$2,252 provided to subrecipients)	620	2,252 **	
81.079	Regional Biomass Energy Programs (Passed through Chariton Valley Resource Conservation and Development; Biomass Project)	620	21,035 **	127,245
81.086	Conservation Research and Development	619	224,142 **	
81.086	Conservation Research and Development (\$27,440 provided to subrecipients)	620	656,365 **	
81.086	Conservation Research and Development (Passed through Cargill Dow; DEFC0703ID14216, DEFC0703ID14216KUO)	620	173,858 **	
81.086	Conservation Research and Development (Passed through Virginia Tech; CR19223429164)	620	21,997 **	
81.086	Conservation Research and Development (Passed through University of Alabama; DEFC0702ID14229)	620	59,788 **	1,136,150
81.087	Renewable Energy Research and Development (\$30,000 provided to subrecipients)	620	748,447 **	
81.087	Renewable Energy Research and Development (Passed through National Renewable Energy Lab; XDJ23063032)	620	142,970 **	
81.087	Renewable Energy Research and Development (Passed through Consortium Plant Biotechnology and Research; G012026158)	620	84,663 **	
81.087	Renewable Energy Research and Development	621	537,733	1,513,813

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<u>U.S. Department of Energy (continued)</u>				
81.089	Fossil Energy Research and Development	620	144,143 **	
81.089	Fossil Energy Research and Development (Passed through Michigan Technology University; 010331Z2)	620	25,212 **	169,355
81.108	Epidemiology and Other Health Studies Financial Assistance Program	619	553,087 **	553,087
81.114	University Reactor Infrastructure and Education Support	619	3,256 **	3,256
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	542	74,264	
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	620	46,881 **	121,145
81.119	State Energy Program Special Projects	542	343,646	343,646
81.000	Other Federal Assistance:			
	Petroleum Violation Escrow Funds	542	124,884	
	Unknown Title (\$70,642 provided to subrecipients)	620	356,974 **	
	Unknown Title (Passed through University of Florida; SC01057112, UFIFAS031125521)	620	34,212 **	
	Unknown Title (Passed through Community Power Corporation; Small Business Innovation Research)	620	9,723 **	
	Unknown Title (Passed through Pacific Northwest National Lab; 5864)	620	65,528 **	
	Unknown Title (Passed through Molecular Express Inc.; 0232)	620	6,179 **	
	Unknown Title (Passed through Air Conditioning and Refrigeration Technical Institute; 61020060) (\$140,916 provided to subrecipients)	620	163,246 **	
	Unknown Title (Passed through Westinghouse; AB86159N)	620	4,221 **	
	Unknown Title (Passed through Argonne National Lab (DOE); 1B00041)	620	34,318 **	
	Unknown Title (Passed through Brookhaven National Lab; 72456, 76048)	620	87,345 **	
	Unknown Title (Passed through Knolls Atomic Power Lab; PL00102848)	620	6,914 **	
	Unknown Title (Passed through Krell Institute; DOE Computational Science)	620	36,984 **	
	Unknown Title (Passed through National Renewable Energy Lab; ACQ13061902, AAA13146201, ACQ23260601, ACQ13061908)	620	127,523 **	
	Unknown Title (Passed through University of Nebraska; 2662237230007)	620	25,546 **	
	Unknown Title (Passed through Lawrence Livermore National Laboratory; B536085)	620	16,605 **	
	Unknown Title (Passed through Oli Systems; Optimization Tools)	620	53,007 **	
	Unknown Title (Passed through Honeywell; 0000031557)	620	126 **	
	Unknown Title (Passed through Idaho National Engineering Environmental Lab; 00008454)	620	59,007 **	
	Unknown Title (Passed through Chariton Valley Resource Conservation and Development; Biomass, Ottumwa Generating Station, Gasification Technologies in Support of Biomass Power, Cool Season Grasslands, Switchgrass Disease Management, Site Specific Management Biomass, Switchgrass Production, Grundy and Clarinda Units)	620	159,816 **	
	Unknown Title (Passed through Cray, Inc.; HPC Projects)	620	12,555 **	
	Unknown Title (Passed through Fermi National Accelerator Laboratory; 524463)	620	59,925 **	1,444,638
	Total U.S. Department of Energy		15,741,902	15,741,902

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<u>U.S. Department of Education</u>				
84.002	Adult Education - State Grant Program (\$3,982,971 provided to subrecipients)	282	4,359,215	4,359,215
84.007	Federal Supplemental Educational Opportunity Grants	619	603,101 *	
84.007	Federal Supplemental Educational Opportunity Grants	620	728,871 *	
84.007	Federal Supplemental Educational Opportunity Grants	621	415,578 *	1,747,550
84.010	Title I Grants to Local Educational Agencies (\$63,318,802 provided to subrecipients)	282	64,159,639	64,159,639
84.011	Migrant Education - State Grant Program (\$1,805,556 provided to subrecipients)	282	1,842,911	1,842,911
84.013	Title I Program for Neglected and Delinquent Children (\$467,986 provided to subrecipients)	282	467,986	467,986
84.015	National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	619	402,241 **	402,241
84.016	Undergraduate International Studies and Foreign Language Programs (\$20,325 provided to subrecipients)	619	65,711 **	
84.016	Undergraduate International Studies and Foreign Language Programs	620	3,222 **	68,933
84.017	International Research and Studies	620	73,506 **	73,506
84.021	Overseas - Group Projects Abroad	619	29,231 **	
84.021	Overseas - Group Projects Abroad	621	5,415	34,646
84.022	Overseas - Doctoral Dissertation	619	24,295 **	24,295
84.027	Special Education - Grants to States (\$89,470,113 provided to subrecipients)	282	94,884,343	
84.027	Special Education - Grants to States (Passed through Drake University; 56003, 33704)	620	132,207 **	95,016,550
84.032	Federal Family Education Loans	284	21,251,214 *	21,251,214
84.033	Federal Work - Study Program	619	1,544,151 *	
84.033	Federal Work - Study Program	620	1,391,460 *	
84.033	Federal Work - Study Program	621	683,530 *	3,619,141
84.038	Federal Perkins Loan Program - Federal Capital Contributions	619	4,009,929 *	
84.038	Federal Perkins Loan Program - Federal Capital Contributions	620	4,042,128 *	
84.038	Federal Perkins Loan Program - Federal Capital Contributions	621	237,917 *	8,289,974
84.042	TRIO - Student Support Services	619	338,852	
84.042	TRIO - Student Support Services	620	355,362	
84.042	TRIO - Student Support Services	621	405,835	1,100,049
84.044	TRIO - Talent Search	620	275,162	
84.044	TRIO - Talent Search	621	378,415	653,577
84.047	TRIO - Upward Bound	619	381,671	
84.047	TRIO - Upward Bound	620	268,011	
84.047	TRIO - Upward Bound	621	732,678	1,382,360
84.048	Vocational Education - Basic Grants to States (\$11,750,425 provided to subrecipients)	282	13,564,421	
84.048	Vocational Education - Basic Grants to States	618	401	13,564,822
84.063	Federal Pell Grant Program	619	8,222,492 *	
84.063	Federal Pell Grant Program	620	13,503,967 *	
84.063	Federal Pell Grant Program	621	7,504,622 *	29,231,081
84.066	TRIO - Educational Opportunity Centers	621	375,390	375,390
84.116	Fund for the Improvement of Postsecondary Education	284	750,487	
84.116	Fund for the Improvement of Postsecondary Education	619	25,541 **	
84.116	Fund for the Improvement of Postsecondary Education (\$80,508 provided to subrecipients)	620	231,580 **	
84.116	Fund for the Improvement of Postsecondary Education (Passed through University of Nebraska; 2463260131003)	620	17,328 **	
84.116	Fund for the Improvement of Postsecondary Education (Passed through Ohio University; UT10386)	620	4,229 **	
84.116	Fund for the Improvement of Postsecondary Education (Passed through University of Kentucky; UKRF46722304106)	620	517 **	

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<u>U.S. Department of Education (continued)</u>				
84.116	Fund for the Improvement of Postsecondary Education (Passed through University of Georgia; RH709005/3582667, RH212071/5812077)	620	16,469 **	
84.116	Fund for the Improvement of Postsecondary Education (\$4,100 provided to subrecipients)	621	327,520	1,373,671
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	131	6,018,754	
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States (\$1,192,222 provided to subrecipients)	283	24,174,050	
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States (Passed through Missouri Department of Education, Division of Vocational Rehabilitation; Benshoof-Sponsored Student)	620	5,713	30,198,517
84.129	Rehabilitation Long-Term Training	619	204,883 **	204,883
84.133	National Institute on Disability and Rehabilitation Research	131	481,387	
84.133	National Institute on Disability and Rehabilitation Research (\$375,171 provided to subrecipients)	619	976,468 **	
84.133	National Institute on Disability and Rehabilitation Research (Passed through University of Missouri; CG005119, C00003324-9)	619	84,780 **	
84.133	National Institute on Disability and Rehabilitation Research (Passed through Georgia Institute of Technology; K-10-826-G6)	619	92,558 **	1,635,193
84.153	Business and International Education Projects	619	54,368 **	
84.153	Business and International Education Projects	621	43,205	97,573
84.161	Rehabilitation Services - Client Assistance Program	379	101,093	101,093
84.169	Independent Living - State Grants	131	77,437	
84.169	Independent Living - State Grants	283	260,173	337,610
84.173	Special Education - Preschool Grants (\$3,673,516 provided to subrecipients)	282	4,125,038	4,125,038
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	131	289,818	289,818
84.181	Special Education - Grants for Infants and Families with Disabilities (\$2,626,854 provided to subrecipients)	282	3,811,769	3,811,769
84.184	Safe and Drug-Free Schools and Communities - National Programs (\$183,029 provided to subrecipients)	282	195,889	
84.184	Safe and Drug-Free Schools and Communities - National Programs (Passed through Des Moines Public Schools; Middle School Prevention)	620	2,093 **	
84.184	Safe and Drug-Free Schools and Communities - National Programs (Passed through Washington Community School District; Reconnecting Families)	620	93,139 **	
84.184	Safe and Drug-Free Schools and Communities - National Programs (Passed through Sioux Central Community School; Healthy Choices)	620	1,078 **	292,199
84.185	Byrd Honors Scholarships (\$409,500 provided to subrecipients)	282	409,500	409,500
84.186	Safe and Drug-Free Schools and Communities - State Grants (\$1,784,098 provided to subrecipients)	282	1,947,297	
84.186	Safe and Drug-Free Schools and Communities - State Grants (\$466,653 provided to subrecipients)	588	524,750	2,472,047
84.187	Supported Employment Services for Individuals with Severe Disabilities	131	27,022	
84.187	Supported Employment Services for Individuals with Severe Disabilities	283	324,354	351,376
84.195	Bilingual Education - Professional Development	621	109,606 **	109,606
84.196	Education for Homeless Children and Youth (\$149,347 provided to subrecipients)	282	226,812	226,812
84.200	Graduate Assistance in Areas of National Need	619	356,933 **	356,933
84.203	Star Schools	285	232,619	232,619
84.206	Javits Gifted and Talented Students Education Grant Program (\$98,796 provided to subrecipients)	282	101,794	101,794

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<u>U.S. Department of Education (continued)</u>				
84.213	Even Start - State Educational Agencies (\$1,027,000 provided to subrecipients)	282	1,102,409	1,102,409
84.215	Fund for the Improvement of Education (\$25,282,370 provided to subrecipients)	282	25,736,854	
84.215	Fund for the Improvement of Education	284	187,622	
84.215	Fund for the Improvement of Education	285	1,586,751	
84.215	Fund for the Improvement of Education (\$172,700 provided to subrecipients)	619	842,003 **	
84.215	Fund for the Improvement of Education (Passed through Area Education Agency 267, U215X030353)	619	62,614 **	
84.215	Fund for the Improvement of Education (Passed through Washington Community School District; 608613)	619	88,505 **	
84.215	Fund for the Improvement of Education	620	4,593 **	
84.215	Fund for the Improvement of Education (Passed through Des Moines Public Schools; Physical Education Program)	620	30,475 **	
84.215	Fund for the Improvement of Education (Passed through Polk County Agricultural Extension; Project Best Fit)	620	38,298 **	
84.215	Fund for the Improvement of Education (Passed through Iowa Association of School Boards; Evaluation of Lighthouse)	620	15,355 **	
84.215	Fund for the Improvement of Education	621	1,017,907 **	
84.215	Fund for the Improvement of Education (Passed through SW Texas State University)	621	238	29,611,215
84.217	TRIO - McNair Post-Baccalaureate Achievement	620	236,872	
84.217	TRIO - McNair Post-Baccalaureate Achievement	621	129,529	366,401
84.220	Centers for International Business Education (Passed through University of Kansas; FY2003081)	620	12,528 **	12,528
84.224	Assistive Technology (\$148,878 provided to subrecipients)	619	300,315 **	300,315
84.229	Language Resource Centers (\$108,052 provided to subrecipients)	620	349,581 **	
84.229	Language Resource Centers (Passed through Natrona County School District in Casper, Wyoming; Wyoming Foreign Language in the Elementary Schools Project)	620	4,782 **	354,363
84.235	Rehabilitation Services Demonstration and Training Programs	131	91,244	
84.235	Rehabilitation Services Demonstration and Training Programs	283	354,821	446,065
84.243	Tech-Prep Education (\$1,252,395 provided to subrecipients)	282	1,311,430	1,311,430
84.264	Rehabilitation Training - Continuing Education (Passed through University of Missouri; CG005052-1)	619	40,461 **	40,461
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	131	16,671	
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	283	68,004	84,675
84.268	Federal Direct Student Loans	619	129,110,467 *	
84.268	Federal Direct Student Loans	620	86,647,254 *	
84.268	Federal Direct Student Loans	621	54,350,312 *	270,108,033
84.276	Goals 2000 - State and Local Education Systemic Improvement Grants (\$210,000 provided to subrecipients)	282	210,000	210,000
84.281	Eisenhower Professional Development State Grants	282	153,143	
84.281	Eisenhower Professional Development State Grants	615	168,134	321,277
84.282	Charter Schools (\$450,000 provided to subrecipients)	282	482,407	482,407
84.286	Ready to Teach (Passed through Public Broadcasting Service)	285	21,530	21,530
84.287	Twenty-First Century Community Learning Centers (\$2,612,440 provided to subrecipients)	282	2,718,019	
84.287	Twenty-First Century Community Learning Centers (Passed through Waterloo Community Schools)	621	24,086	2,742,105
84.295	Ready-To-Learn Television (Passed through Public Broadcasting Service)	285	48,950	48,950
84.298	Innovative Education Program Strategies (\$3,131,106 provided to subrecipients)	282	3,507,629	3,507,629

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<u>U.S. Department of Education (continued)</u>				
84.302	Regional Technology in Education Consortia	285	18,538	18,538
84.303	Technology Innovation Challenge Grant	282	247,223	247,223
84.305	Education Research, Development and Dissemination (Passed through University of Wisconsin; 255G824)	619	16,459 **	16,459
84.318	Education Technology State Grants (\$3,204,091 provided to subrecipients)	282	3,371,384	3,371,384
84.323	Special Education - State Program Improvement Grants for Children with Disabilities (\$310,160 provided to subrecipients)	282	723,419	723,419
84.324	Special Education - Research and Innovation to Improve Services and Results for Children with Disabilities	620	23,911 **	
84.324	Special Education - Research and Innovation to Improve Services and Results for Children with Disabilities (Passed through University of Minnesota; 61824)	620	40,773 **	
84.324	Special Education - Research and Innovation to Improve Services and Results for Children with Disabilities (Passed through University of Missouri; GC0050863)	620	50,379 **	
84.324	Special Education - Research and Innovation to Improve Services and Results for Children with Disabilities	621	223,740 **	
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	12,202 **	351,005
84.325	Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities	619	112,531 **	
84.325	Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities	621	194,760	
84.325	Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities (Passed through Xavier University)	621	34,103	341,394
84.326	Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities (\$3,240 provided to subrecipients)	282	178,229	178,229
84.329	Special Education - Studies and Evaluations (Passed through Colorado State University; P310619)	620	5,883 **	5,883
84.330	Advanced Placement Program (\$11,336 provided to subrecipients)	282	329,837	329,837
84.331	Grants to States for Incarcerated Youth Offenders	252	138,451	138,451
84.332	Comprehensive School Reform Demonstration (\$2,814,911 provided to subrecipients)	282	2,961,378	2,961,378
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	621	286,774 **	286,774
84.335	Child Care Access Means Parents in School (\$31,454 provided to subrecipients)	619	36,401 **	
84.335	Child Care Access Means Parents in School (\$84,557 provided to subrecipients)	620	88,150 **	
84.335	Child Care Access Means Parents in School	621	49,761	174,312
84.336	Teacher Quality Enhancement Grants (Passed through Western Kentucky University)	621	102,963	102,963
84.338	Reading Excellence (\$228,132 provided to subrecipients)	282	240,298	240,298
84.339	Learning Anytime Anywhere Partnerships (\$27,869 provided to subrecipients)	619	184,657 **	
84.339	Learning Anytime Anywhere Partnerships	620	169,770 **	
84.339	Learning Anytime Anywhere Partnerships (Passed through Kansas State University; S01022)	620	14,328 **	368,755
84.341	Community Technology Centers	621	41,257	41,257
84.342	Preparing Tomorrow's Teachers to Use Technology	620	140,206 **	
84.342	Preparing Tomorrow's Teachers to Use Technology (Passed through University of Virginia; Digital Resource Teams)	620	6,788 **	

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84.342	Preparing Tomorrow's Teachers to Use Technology (Passed through McSquared Inc.; MC20018)	620	1 **	
84.342	Preparing Tomorrow's Teachers to Use Technology (Passed through University of Florida; UF01037)	620	52,174 **	
84.342	Preparing Tomorrow's Teachers to Use Technology (Passed through University of Cincinnati; OSP01113)	620	27,224 **	226,393
84.343	Assistive Technology - State Grants for Protection and Advocacy (\$4,000 provided to subrecipients)	619	54,000 **	54,000
84.346	Vocational Education - Occupational and Employment Information State Grants	282	171,450	171,450
84.348	Title I Accountability Grants (\$210,000 provided to subrecipients)	282	1,008,461	1,008,461
84.352	School Renovation Grants (\$2,131,897 provided to subrecipients)	282	2,131,897	2,131,897
84.357	Reading First State Grants (\$218,475 provided to subrecipients)	282	943,605	943,605
84.365	English Language Acquisition Grants (\$1,600,118 provided to subrecipients)	282	1,758,606	1,758,606
84.366	Mathematics and Science Partnerships (\$207,500 provided to subrecipients)	282	215,566	215,566
84.367	Improving Teacher Quality State Grants (\$20,702,787 provided to subrecipients)	282	21,205,575	
84.367	Improving Teacher Quality State Grants	615	424,269	21,629,844
84.369	Grants for State Assessments and Related Activities (\$2,736,458 provided to subrecipients)	282	3,748,576	3,748,576
84.902	National Assessment of Educational Programs	620	66,273 **	66,273
84.928	National Writing Project (Passed through National Writing Project Corporation)	621	65,449	65,449
84.000	Other Federal Assistance:			
	American Printing House for the Blind Federal Quota Grant Unknown Title (Passed through School Administrators of Iowa; 37803)	617	10,792	
	Unknown Title (Passed through Heartland Area Education Agency; Iowa Professional Development)	620	7,893 **	
		620	91,891 **	110,576
	Total U.S. Department of Education		647,493,179	647,493,179
<u>National Archives and Records Administration</u>				
89.003	National Historical Publications and Records Grants	259	56,595	56,595
	Total National Archives and Records Administration		56,595	56,595
<u>U.S. Institute of Peace</u>				
91.001	Unsolicited Grant Program	619	18,072 **	18,072
	Total U.S. Institute of Peace		18,072	18,072
<u>U.S. Department of Health and Human Services</u>				
93.003	Public Health and Social Services Emergency Fund (\$2,928,977 provided to subrecipients)	588	3,458,628	3,458,628
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program (\$24,820 provided to subrecipients)	620	51,455 **	51,455
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	297	59,956	59,956

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	297	127,602	127,602
93.043	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services (\$246,574 provided to subrecipients)	297	260,042	260,042
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers (\$4,191,620 provided to subrecipients)	297	4,478,864	4,478,864
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services (\$6,687,538 provided to subrecipients)	297	7,071,996	7,071,996
93.048	Special Programs for the Aging - Title IV - and Title II - Discretionary Projects (\$170,026 provided to subrecipients)	297	1,256,034	
93.048	Special Programs for the Aging - Title IV - and Title II - Discretionary Projects (\$9,686 provided to subrecipients)	620	286,336 **	1,542,370
93.051	Alzheimer's Disease Demonstration Grants to States (\$290,077 provided to subrecipients)	297	313,225	313,225
93.052	National Family Caregiver Support (\$1,699,030 provided to subrecipients)	297	1,796,142	1,796,142
93.053	Nutrition Services Incentive Program (\$2,009,330 provided to subrecipients) (note 2)	297	2,009,330	2,009,330
93.103	Food and Drug Administration - Research	427	1,601	
93.103	Food and Drug Administration - Research	619	204,519 **	206,120
93.110	Maternal and Child Health Federal Consolidated Programs (\$344,317 provided to subrecipients)	588	886,751	
93.110	Maternal and Child Health Federal Consolidated Programs (\$38,297 provided to subrecipients)	619	1,167,785 **	
93.110	Maternal and Child Health Federal Consolidated Programs (Passed through Children's Mercy Hospitals and Clinics; 02-0048, 03-0009, 04-0006)	619	127,874 **	2,182,410
93.113	Biological Response to Environmental Health Hazards (\$100,973 provided to subrecipients)	619	609,447 **	
93.113	Biological Response to Environmental Health Hazards (\$308,204 provided to subrecipients)	620	1,456,683 **	2,066,130
93.114	Applied Toxicological Research and Testing	619	29,749 **	29,749
93.115	Biometry and Risk Estimation - Health Risks from Environmental Exposures (\$31,364 provided to subrecipients)	619	1,328,396 **	
93.115	Biometry and Risk Estimation - Health Risks from Environmental Exposures (Passed through University of California San Francisco; UCSF-9000004558)	619	30,500 **	1,358,896
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs (\$532,766 provided to subrecipients)	588	940,327	940,327
93.121	Oral Diseases and Disorders Research (\$1,734,070 provided to subrecipients)	619	8,897,289 **	
93.121	Oral Diseases and Disorders Research (Passed through University of Kentucky; UKRF-4-67374-04-223)	619	16,689 **	
93.121	Oral Diseases and Disorders Research (Passed through University of Michigan; UMICH-3000312524, UMICH-3000315336)	619	10,000 **	8,923,978
93.124	Nurse Anesthetist Traineeships	619	3,511 **	3,511
93.127	Emergency Medical Services for Children (\$2,000 provided to subrecipients)	588	67,459	
93.127	Emergency Medical Services for Children (\$46,791 provided to subrecipients)	619	216,255 **	
93.127	Emergency Medical Services for Children (Passed through University of Southern Denmark)	619	197,773 **	481,487

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.130	Primary Care Services - Resource Coordination and Development (\$64,341 provided to subrecipients)	588	206,914	206,914
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention (\$9,347 provided to subrecipients)	619	736,236 **	736,236
93.136	Injury Prevention and Control Research and State and Community Based Programs (\$367,224 provided to subrecipients)	588	438,261	
93.136	Injury Prevention and Control Research and State and Community Based Programs	619	1,363,356 **	
93.136	Injury Prevention and Control Research and State and Community Based Programs	621	529,342 **	2,330,959
93.143	NIEHS Superfund Hazardous Substances - Basic Research and Education (Passed through University of Kentucky; 4-63692-03-414)	619	95,265 **	
93.143	NIEHS Superfund Hazardous Substances - Basic Research and Education (Passed through University of Illinois at Chicago; 2-5-34361)	619	2,707 **	97,972
93.145	AIDS Education and Training Centers (Passed through University of Illinois at Chicago; 2-5-20728-5611, 2-5-23011-5612)	619	102,589 **	102,589
93.150	Projects for Assistance in Transition from Homelessness (PATH) (\$291,892 provided to subrecipients)	401	297,545	297,545
93.161	Health Program for Toxic Substances and Disease Registry	588	269,973	
93.161	Health Program for Toxic Substances and Disease Registry (Passed through Association of Occupational and Environmental Clinics; U50/ATU300014)	619	54,473 **	324,446
93.165	Grants for State Loan Repayment (\$150,000 provided to subrecipients)	588	150,000	150,000
93.172	Human Genome Research	619	46,857 **	
93.172	Human Genome Research (Passed through Dana-Farber Cancer Institute; 1R33HG002708-1A1)	619	64,993 **	
93.172	Human Genome Research	620	115,043 **	
93.172	Human Genome Research (Passed through Washington University in St. Louis; PO29969M/WU0403)	620	25,566 **	252,459
93.173	Research Related to Deafness and Communication Disorders (\$802,109 provided to subrecipients)	619	7,579,246 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through University of Illinois; 02-332) (\$25,656 provided to subrecipients)	619	131,710 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through American Academy of Otolaryngology; 1U1DC03209)	619	948 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through Temple University; 36-0915-196)	619	29,220 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through Creighton University; 5R01DC005009)	619	100,275 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through University of Southern California; H27996)	619	88,259 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through University of Texas; UTA01-511)	619	77,846 **	8,007,504
93.184	Disabilities Prevention (\$85,841 provided to subrecipients)	588	119,300	
93.184	Disabilities Prevention	619	816,707 **	936,007
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children (\$444,870 provided to subrecipients)	588	713,485	713,485
93.212	Chiropractic Demonstration Project Grants (Passed through Palmer Chiropractic University; 6 R18HP01423-01)	619	25,873 **	25,873

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.213	Research and Training in Complementary and Alternative Medicine (\$13,733 provided to subrecipients)	619	107,454 **	
93.213	Research and Training in Complementary and Alternative Medicine (Passed through University of Connecticut; 02-0729)	619	143,344 **	
93.213	Research and Training in Complementary and Alternative Medicine (Passed through Maharishi University of Management)	619	39,546 **	290,344
93.217	Family Planning - Services (\$889,578 provided to subrecipients)	588	1,000,118	
93.217	Family Planning - Services (Passed through Family Planning Council of Iowa; 383-FY2004)	619	114,127 **	1,114,245
93.222	Centers for Medical Education Research (\$751,044 provided to subrecipients)	588	1,108,821	1,108,821
93.226	Research on Healthcare Costs, Quality and Outcomes	619	433,575 **	
93.226	Research on Healthcare Costs, Quality and Outcomes (Passed through Saint Louis University; 5 R01 HH10234-04)	619	92,004 **	
93.226	Research on Healthcare Costs, Quality and Outcomes (Passed through University of Chicago)	619	63,769 **	
93.226	Research on Healthcare Costs, Quality and Outcomes (Passed through University of Pittsburgh)	619	142,958 **	732,306
93.230	Consolidated Knowledge Development and Application (KD&A) Program	401	1,087	
93.230	Consolidated Knowledge Development and Application (KD&A) Program (\$3,071,387 provided to subrecipients)	588	3,309,818	
93.230	Consolidated Knowledge Development and Application (KD&A) Program (\$221,294 provided to subrecipients)	619	1,042,810 **	
93.230	Consolidated Knowledge Development and Application (KD&A) Program (Passed through Foundation of California State University Monterey Bay; 020601-A)	619	27,740 **	
93.230	Consolidated Knowledge Development and Application (KD&A) Program (Passed through Employee and Family Resources; KD1TI13708)	619	4,592 **	
93.230	Consolidated Knowledge Development and Application (KD&A) Program (\$125,189 provided to subrecipients)	620	153,544 **	
93.230	Consolidated Knowledge Development and Application (KD&A) Program (Passed through Henry County; Incentive Grant, State Incentive)	620	40,570 **	
93.230	Consolidated Knowledge Development and Application (KD&A) Program (Passed through University of Wisconsin; 524G230)	620	6,347 **	4,586,508
93.234	Traumatic Brain Injury - State Demonstration Grant Program (\$16,593 provided to subrecipients)	588	23,647	23,647
93.235	Abstinence Education (\$197,258 provided to subrecipients)	588	265,319	265,319
93.236	Grants for Dental Public Health Residency Training	619	54,824 **	54,824
93.238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement (\$3,487 provided to subrecipients)	588	33,991	33,991
93.239	Policy Research and Evaluation Grants	401	36,951	36,951
93.241	State Rural Hospital Flexibility Program (\$290,646 provided to subrecipients)	588	451,531	451,531
93.242	Mental Health Research Grants (\$371,600 provided to subrecipients)	619	10,717,355 **	
93.242	Mental Health Research Grants (Passed through Fred Hutchinson Cancer Research Center; 2003-2863-499210)	619	7,176 **	
93.242	Mental Health Research Grants (Passed through Northwestern University; 0600 520 S310)	619	167,317 **	
93.242	Mental Health Research Grants (Passed through Southern Methodist University; G000423)	619	8,875 **	

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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)	619	83,237 **	
93.242	Mental Health Research Grants (Passed through University of North Carolina; 5-51997, 5-52396, 5-38158, 5-51891, 5-33484)	619	562,006 **	
93.242	Mental Health Research Grants (Passed through University of Michigan; F007704)	619	74,135 **	
93.242	Mental Health Research Grants (\$453,193 provided to subrecipients)	620	2,308,380 **	
93.242	Mental Health Research Grants (Passed through University of Georgia; RR274216/6330317)	620	148,552 **	
93.242	Mental Health Research Grants (Passed through University of Tennessee; OR5700101)	620	14,345 **	
93.242	Mental Health Research Grants (\$5,314 provided to subrecipients)	621	7,178 **	14,098,556
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	401	12,902	
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance (\$148,540 provided to subrecipients)	588	157,969	
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	620	218,879 **	389,750
93.247	Advanced Education Nursing Grant Program	619	68,515 **	68,515
93.249	Public Health Training Centers Grant Program (\$17,143 provided to subrecipients)	619	612,834 **	
93.249	Public Health Training Centers Grant Program (Passed through Association of Schools of Public Health; H175-05/05, H3317-07/07)	619	807 **	613,641
93.250	Geriatric Academic Career Awards	619	66,836 **	66,836
93.251	Universal Newborn Hearing Screening	619	106,436 **	106,436
93.256	State Planning Grant - Health Care Access for the Uninsured (\$38,200 provided to subrecipients)	588	38,627	38,627
93.259	Rural Access to Emergency Devices Grant (\$261,336 provided to subrecipients)	588	267,431	267,431
93.260	Family Planning - Personnel Training (Passed through Development Systems, Inc.)	619	3,332 **	3,332
93.262	Occupational Safety and Health Research Grants (\$205,365 provided to subrecipients)	619	885,463 **	
93.262	Occupational Safety and Health Research Grants (Passed through Center to Protect Workers' Rights; 1020-04) (\$112,063 provided to subrecipients)	619	228,077 **	
93.262	Occupational Safety and Health Research Grants (Passed through Emory University)	619	36,856 **	1,150,396
93.263	Occupational Safety and Health - Training Grants	619	1,180,246 **	1,180,246
93.264	Nurse Faculty Loan Program (NFLP)	619	65,000 **	65,000
93.268	Immunization Grants (\$8,776,527 provided to subrecipients) (note 2)	588	10,657,991	10,657,991
93.271	Alcohol Research Career Development Awards for Scientists and Clinicians	619	103,901 **	103,901
93.272	Alcohol National Research Service Awards for Research Training	619	41,113 **	41,113
93.273	Alcohol Research Programs	619	1,378,281 **	
93.273	Alcohol Research Programs (Passed through State University of New York; 26271, 1009189)	619	458,774 **	
93.273	Alcohol Research Programs (\$39,953 provided to subrecipients)	620	451,337 **	
93.273	Alcohol Research Programs (Passed through University of Georgia; RR2741812264297)	620	140,879 **	2,429,271

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.279	Drug Abuse Research Programs	619	1,539,315 **	
93.279	Drug Abuse Research Programs (\$1,952,510 provided to subrecipients)	620	5,169,663 **	
93.279	Drug Abuse Research Programs (Passed through Duke University; 3037033)	620	3,019 **	6,711,997
93.281	Mental Health Research Career/Scientist Development Awards	619	963,289 **	963,289
93.282	Mental Health National Research Service Awards for Research Training	619	420,308 **	420,308
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	583	43,194	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (\$9,667,207 provided to subrecipients)	588	15,085,623	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (\$66,759 provided to subrecipients)	619	2,362,191 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Association of Schools of Public Health; A1012-21/22, D3309-23/23, S1689-21/23, S3111-23/23)(\$93,822 provided to subrecipients)	619	1,440,151 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Association of American Medical Colleges; MM-0822-04/04)	619	102,997 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Association of Teachers of Preventative Medicine; TS-0652)	619	74,989 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Center to Protect Workers' Rights; 02-4-PS)	619	12,687 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Children's Mercy Hospitals and Clinics; U6/CCU717552-04, 03-0026)	619	63,656 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through University of Alabama at Birmingham; 040)	619	10,550 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	620	873,457 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through University of Maryland; SO1642)	620	37,718 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	621	417,182	20,524,395
93.286	Discovery and Applied Research (\$367,092 provided to subrecipients)	619	1,459,322 **	1,459,322
93.287	Bioengineering Research	619	167,390 **	167,390
93.301	Small Rural Hospital Improvement Grants (\$92,582 provided to subrecipients)	588	604,044	604,044
93.333	Clinical Research	619	44,760 **	44,760
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	619	1,624,336 *	
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	620	573,749 *	2,198,085
93.358	Advanced Education Nursing Traineeships	619	50,768 **	50,768
93.361	Nursing Research (\$180,900 provided to subrecipients)	619	2,634,007 **	
93.361	Nursing Research (Passed through University of Colorado; FY02.058.001)	619	5,744 **	2,639,751
93.364	Nursing Student Loans	619	497,907 *	497,907

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.389	National Center for Research Resources	619	5,503,802	**
93.389	National Center for Research Resources (Passed through University of California San Diego; 2003-1250)	619	350,507	**
93.389	National Center for Research Resources (\$5,784 provided to subrecipients)	620	139,892	**
93.393	Cancer Cause and Prevention Research (\$189,532 provided to subrecipients)	619	6,889,318	**
93.393	Cancer Cause and Prevention Research (Passed through University of Wisconsin; 336F361)	619	11,622	**
93.393	Cancer Cause and Prevention Research (Passed through Mt. Sinai Medical Center; 0255-6155-4609, 0255-6154-4609, SM9138584)	619	90,956	**
93.393	Cancer Cause and Prevention Research (Passed through University of Minnesota; H6636193119, S6636193120)	619	27,360	**
93.393	Cancer Cause and Prevention Research (Passed through Yeshiva University; 9-526-3878)	619	11,920	**
93.393	Cancer Cause and Prevention Research	620	139,677	**
93.393	Cancer Cause and Prevention Research (Passed through University of Florida; UF02005)	620	34,400	**
93.394	Cancer Detection and Diagnosis Research	619	590,696	**
93.394	Cancer Detection and Diagnosis Research (Passed through American College of Radiology; CA80098, 6652)	619	899,458	**
93.394	Cancer Detection and Diagnosis Research (Passed through Pennsylvania State University; 2605-UI-DHHS-4325)	619	47,821	**
93.394	Cancer Detection and Diagnosis Research (Passed through University of Oklahoma; 2004-23)	619	10,873	**
93.394	Cancer Detection and Diagnosis Research (Passed through Community Medical Center Foundation, Inc.; 1 R33 CA88337-01)	619	33,018	**
93.394	Cancer Detection and Diagnosis Research (Passed through University of Southern California; H22808)	619	4,647	**
93.394	Cancer Detection and Diagnosis Research	620	188,931	**
93.394	Cancer Detection and Diagnosis Research (Passed through University of California; 10225622)	620	84,263	**
93.394	Cancer Detection and Diagnosis Research (Passed through Molecular Express, Inc.; 0321)	620	24,095	**
93.395	Cancer Treatment Research (\$50,983 provided to subrecipients)	619	4,110,076	**
93.395	Cancer Treatment Research (Passed through Dana-Farber Cancer Institute)	619	2,000	**
93.395	Cancer Treatment Research (Passed through University of Pittsburgh)	619	3,141	**
93.395	Cancer Treatment Research (Passed through NSABP Foundation, Inc.; PIND-IOW-01, TFED34-013) (\$28,200 provided to subrecipients)	619	147,690	**
93.395	Cancer Treatment Research (Passed through Children's Mercy Hospitals and Clinics; 03-0017)	619	119,870	**
93.395	Cancer Treatment Research (Passed through Clemson University; 627-7558-209-2003052)	619	4,616	**
93.395	Cancer Treatment Research (Passed through Duke Clinical Research Institute; Site 209)	619	2,708	**
93.395	Cancer Treatment Research (Passed through University of Southern California; H21987)	619	1,882	**
93.395	Cancer Treatment Research (Passed through American College of Obstetricians and Gynecologists; GOG-27469-35)	619	209,788	**
93.395	Cancer Treatment Research (Passed through Washington University; WU-03-18)	619	45,225	**

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93.395	Cancer Treatment Research (Passed through Institute for Cancer Prevention)	619	20,817 **	
93.395	Cancer Treatment Research (Passed through National Childhood Cancer Foundation; 3027, 6164, 9611, 11219, 98543-1211)	619	151,628 **	
93.395	Cancer Treatment Research (Passed through Pennsylvania State University; DHHS-TPSU-UI-74325-1340 A)	619	1,048 **	
93.395	Cancer Treatment Research (Passed through University of Chicago; 401-CALGE)	619	40,890 **	
93.395	Cancer Treatment Research (Passed through Wake Forest University; R01 CA82722)	619	11,217 **	
93.395	Cancer Treatment Research (Passed through Molecular Express, Inc.; IPRT-0405)	620	18,097 **	4,890,693
93.396	Cancer Biology Research (\$62,317 provided to subrecipients)	619	2,237,638 **	
93.396	Cancer Biology Research (Passed through SAIC Frederick; 99XS131A, 22XS131A)	619	461,427 **	
93.396	Cancer Biology Research (Passed through University of Southern California; H28307)	619	64,445 **	2,763,510
93.397	Cancer Centers Support Grants (\$939,564 provided to subrecipients)	619	3,939,726 **	
93.397	Cancer Centers Support Grants (Passed through Fred Hutchinson Cancer Research Center; 04-102863-05-S0838)	619	11,597 **	3,951,323
93.398	Cancer Research Manpower	619	509,636 **	
93.398	Cancer Research Manpower (Passed through Boston University; MC-45532-D-JW)	619	512 **	510,148
93.399	Cancer Control	619	1,093,427 **	
93.399	Cancer Control (Passed through Mayo Clinic; CA 96704-02)	619	84,344 **	
93.399	Cancer Control (Passed through NSABP Foundation, Inc.; PFED18-IOW-01) (\$30,900 provided to subrecipients)	619	136,775 **	
93.399	Cancer Control (Passed through Dartmouth College; 5-30164, 5-30621, 5-30625)	619	162,177 **	
93.399	Cancer Control (Passed through Cancer Therapy and Research Center Foundation; CA37429, PCPT-9320)	619	106,004 **	1,582,727
93.556	Promoting Safe and Stable Families	401	2,454,865	2,454,865
93.558	Temporary Assistance for Needy Families (\$17,400,395 provided to subrecipients)	401	99,039,373	99,039,373
93.560	Family Support Payments to States - Assistance Payments	401	403,956	403,956
93.563	Child Support Enforcement	401	42,268,141	42,268,141
93.564	Child Support Enforcement Research	401	24,327	24,327
93.566	Refugee and Entrant Assistance - State Administered Programs (\$5,869 provided to subrecipients)	401	2,018,397	2,018,397
93.568	Low-Income Home Energy Assistance (\$29,857,722 provided to subrecipients)	379	33,629,071	33,629,071
93.569	Community Services Block Grant (\$2,932,843 provided to subrecipients)	379	6,924,305	6,924,305
93.570	Community Services Block Grant - Discretionary Awards	379	15,167	
93.570	Community Services Block Grant - Discretionary Awards (Passed through Iowa Community Action Association; 90ET0176/01)	619	33,419 **	48,586
93.571	Community Services Block Grant Discretionary Awards - Community Food and Nutrition (\$68,895 provided to subrecipients)	379	68,895	68,895
93.575	Child Care and Development Block Grant (\$4,460,189 provided to subrecipients)	401	40,533,671	
93.575	Child Care and Development Block Grant (Passed through Henry County Empowerment Board; Project Reach)	620	50,283 **	
93.575	Child Care and Development Block Grant (Passed through Iowa Childcare and Early Education Network; 101)	620	44,446 **	40,628,400

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93.576	Refugee and Entrant Assistance - Discretionary Grants (\$193,331 provided to subrecipients)	282	195,872	
93.576	Refugee and Entrant Assistance - Discretionary Grants	401	1,184,845	
93.576	Refugee and Entrant Assistance - Discretionary Grants	588		1,455,622
93.585	Empowerment Zones Program	401	93,817	93,817
93.586	State Court Improvement Program	444	104,084	104,084
93.590	Community-Based Family Resource and Support Grants	401	831,670	831,670
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund (\$317,399 provided to subrecipients)	401	26,662,549	26,662,549
93.597	Grants to States for Access and Visitation Programs	401	99,998	99,998
93.599	Chafee Education and Training Vouchers Program (ETV)	401	403,118	403,118
93.600	Head Start	282	124,155	
93.600	Head Start	620	183,874 **	
93.600	Head Start (Passed through Tri-County Child and Family Development)	621	68,643	376,672
93.601	Child Support Enforcement Demonstrations and Special Projects	401	77,560	77,560
93.603	Adoption Incentive Payments	401	25,661	25,661
93.623	Basic Center Grant (\$64,299 provided to subrecipients)	379	108,179	108,179
93.630	Developmental Disabilities Basic Support and Advocacy Grants	401	733,059	733,059
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	619	397,133 **	397,133
93.643	Children's Justice Grants to States	401	81,640	81,640
93.645	Child Welfare Services - State Grants	401	3,112,376	3,112,376
93.647	Social Services Research and Demonstration (Passed through University of Nebraska; 2405200005004)	620	23,852 **	
93.647	Social Services Research and Demonstration (Passed through University of North Carolina; 552413)	620	11,156 **	35,008
93.648	Child Welfare Services Training Grants	619	71,978 **	71,978
93.652	Adoption Opportunities	444	115,659	115,659
93.658	Foster Care - Title IV-E (\$793,650 provided to subrecipients)	401	23,252,627	23,252,627
93.659	Adoption Assistance (\$210,779 provided to subrecipients)	401	26,337,226	26,337,226
93.667	Social Services Block Grant (\$1,139,030 provided to subrecipients)	401	29,144,348	29,144,348
93.669	Child Abuse and Neglect State Grants	401	186,676	186,676
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes (\$1,119,056 provided to subrecipients)	112	1,177,809	1,177,809
93.674	Chafee Foster Care Independent Living	401	1,429,422	1,429,422
93.767	State Children's Insurance Program	401	37,451,846	37,451,846
93.768	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	401	428,821	428,821
93.775	State Medicaid Fraud Control Units	427	595,435	595,435
93.777	State Survey and Certification of Health Care Providers and Suppliers	401	3,907,326	
93.777	State Survey and Certification of Health Care Providers and Suppliers	427	2,277,297	6,184,623
93.778	Medical Assistance Program (\$1,741,856 provided to subrecipients)	401	1,658,645,633	1,658,645,633
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	216	281,189	
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	401	543,947	
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	427	156,925	

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93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations (\$1,064,050 provided to subrecipients)	588	1,079,318	
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations (Passed through Iowa Foundation for Medical Care; 500-96-P513)	619	24,469 **	2,085,848
93.837	Heart and Vascular Diseases Research (\$243,408 provided to subrecipients)	619	19,327,064 **	
93.837	Heart and Vascular Diseases Research (Passed through University of Illinois at Chicago; 04-1-594-1)	619	28,047 **	
93.837	Heart and Vascular Diseases Research (Passed through Mayo Clinic)	619	2,786 **	
93.837	Heart and Vascular Diseases Research (Passed through Texas Tech University; 03LM000013FS)	619	31,563 **	
93.837	Heart and Vascular Diseases Research (Passed through Duke University; 218)	619	30,174 **	
93.837	Heart and Vascular Diseases Research (Passed through University of Tennessee; HL63886-03, HL63886-04)	619	54,028 **	
93.837	Heart and Vascular Diseases Research (Passed through University of Wisconsin-Madison; 453G460)	619	37,354 **	
93.837	Heart and Vascular Diseases Research	620	48,305 **	19,559,321
93.838	Lung Diseases Research (\$319,447 provided to subrecipients)	619	11,547,839 **	
93.838	Lung Diseases Research (Passed through National Jewish Medical and Research Center; 22067703)	619	47,413 **	
93.838	Lung Diseases Research (Passed through Association of Schools of Public Health; A1012-21/21) (\$14,629 provided to subrecipients)	619	145,530 **	
93.838	Lung Diseases Research (Passed through University of Colorado; FY03.102.012, FY04.102.103)	619	27,133 **	
93.838	Lung Diseases Research (Passed through Johns Hopkins University; N01HR76119)	619	323,824 **	12,091,739
93.839	Blood Diseases and Resources Research (\$344,410 provided to subrecipients)	619	2,259,989 **	
93.839	Blood Diseases and Resources Research (Passed through Case Western Reserve University; 1R01HL-076810-01)	619	5,642 **	
93.839	Blood Diseases and Resources Research (Passed through Mayo Clinic)	619	2,047 **	
93.839	Blood Diseases and Resources Research (Passed through University of Pennsylvania; 534832)	619	45,361 **	2,313,039
93.846	Arthritis, Musculoskeletal and Skin Diseases Research (\$230,468 provided to subrecipients)	619	3,697,193 **	
93.846	Arthritis, Musculoskeletal and Skin Diseases Research (Passed through Rush-Presbyterian-St. Luke's Medical Center)	619	15,240 **	
93.846	Arthritis, Musculoskeletal and Skin Diseases Research (Passed through Palmer Chiropractic University)	619	114,485 **	
93.846	Arthritis, Musculoskeletal and Skin Diseases Research (\$334,265 provided to subrecipients)	620	633,423 **	4,460,341
93.847	Diabetes, Endocrinology and Metabolism Research (\$203,019 provided to subrecipients)	619	3,701,875 **	
93.847	Diabetes, Endocrinology and Metabolism Research (Passed through Case Western Reserve University; ZZ2566H)	619	61,004 **	
93.847	Diabetes, Endocrinology and Metabolism Research (Passed through Joslin Diabetes Center; R01 DK062218)	619	9,410 **	
93.847	Diabetes, Endocrinology and Metabolism Research (Passed through Intronn, Inc.)	619	22,417 **	

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93.847	Diabetes, Endocrinology and Metabolism Research (Passed through State University of New York; 27760, 28036)	619	139,439	**
93.847	Diabetes, Endocrinology and Metabolism Research (Passed through University of Maryland; S01010) (\$18,889 provided to subrecipients)	620	66,317	**
93.848	Digestive Diseases and Nutrition Research	619	1,658,899	**
93.848	Digestive Diseases and Nutrition Research	620	286,126	**
93.849	Kidney Diseases, Urology and Hematology Research (\$112,112 provided to subrecipients)	619	2,121,451	**
93.849	Kidney Diseases, Urology and Hematology Research (Passed through University of Virginia; GC10841-120116)	619	190,460	**
93.849	Kidney Diseases, Urology and Hematology Research (Passed through Wake Forest University; WFUHS17414)	619	14,454	**
93.849	Kidney Diseases, Urology and Hematology Research (Passed through Rhode Island Hospital; 701-7515)	619	86,025	**
93.849	Kidney Diseases, Urology and Hematology Research (Passed through Tufts University; 0043519)	619	1,622	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (\$1,045,621 provided to subrecipients)	619	14,652,100	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Baylor College of Medicine; 4600455496)	619	21,207	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Indiana University; R01 AG010436)	619	12,454	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Mayo Clinic; 3R01NS28492)	619	14,348	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of Michigan; F008219, F010399)	619	137,401	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through New England Medical Center; 5R01NS042165-02)	619	133,216	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Ohio State University; RF00972640)	619	59,569	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Stanford Medical Center)	619	89,472	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Washington University in St. Louis; WU-03-208)	619	111,065	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of Cincinnati; P021-040-L772-1109)	619	7,671	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Wayne State University; WSU01195)	619	37,255	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of South Dakota; 401506)	619	19,000	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (\$22,810 provided to subrecipients)	620	2,089,419	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Wayne State University; 0091)	620	6,228	**

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of Pennsylvania; 538167)	620	104,155 **	
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Georgetown University)	621	70,550 **	17,565,110
93.855	Allergy, Immunology and Transplantation Research (\$806,840 provided to subrecipients)	619	4,773,598 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through University of Kentucky; UKRF-4-67181-04-089)	619	9,210 **	
93.855	Allergy, Immunology and Transplantation Research	620	189,424 **	4,972,232
93.856	Microbiology and Infectious Diseases Research (\$442,914 provided to subrecipients)	619	7,892,956 **	
93.856	Microbiology and Infectious Diseases Research (Passed through Baylor College of Medicine; 4600460797)	619	14,799 **	
93.856	Microbiology and Infectious Diseases Research (Passed through Boston University; 0194601)	619	75,354 **	
93.856	Microbiology and Infectious Diseases Research (Passed through Indiana University; 39402-0025, 39301-0081)	619	239,208 **	
93.856	Microbiology and Infectious Diseases Research (Passed through University of Minnesota; KS635659748, M6356597419)	619	160,017 **	
93.856	Microbiology and Infectious Diseases Research (Passed through Ohio State University; 744300)	619	51,215 **	
93.856	Microbiology and Infectious Diseases Research (Passed through Stanford University; 25176-B, PY-2580)	619	56,095 **	
93.856	Microbiology and Infectious Diseases Research (Passed through University of Hawaii; Z617663)	619	10,778 **	
93.856	Microbiology and Infectious Diseases Research (Passed through University of Notre Dame; 46236)	619	75,249 **	
93.856	Microbiology and Infectious Diseases Research (Passed through University of Wisconsin-Madison; P265801)	619	21,031 **	
93.856	Microbiology and Infectious Diseases Research (\$117,865 provided to subrecipients)	620	1,512,526 **	
93.856	Microbiology and Infectious Diseases Research (Passed through Pace University; 8C09019924267)	620	112,556 **	10,221,784
93.859	Biomedical Research and Research Training (\$905,720 provided to subrecipients)	619	10,965,884 **	
93.859	Biomedical Research and Research Training (Passed through Northwestern University; 0600 350 H377 757)	619	153,641 **	
93.859	Biomedical Research and Research Training (Passed through Harvard Medical School; R01GM61936)	619	138,527 **	
93.859	Biomedical Research and Research Training (Passed through Wake Forest University; R01GM61936)	619	68,646 **	
93.859	Biomedical Research and Research Training (\$89,874 provided to subrecipients)	620	2,558,556 **	
93.859	Biomedical Research and Research Training (Passed through University of Kansas; FY2004020)	620	84,321 **	
93.859	Biomedical Research and Research Training (Passed through University of Washington; 746589)	620	7,851 **	
93.859	Biomedical Research and Research Training (Passed through Meharry Medical College; 021002HKR167S210)	620	12,392 **	
93.859	Biomedical Research and Research Training	621	187,134	14,176,952
93.865	Center for Research for Mothers and Children (\$482,581 provided to subrecipients)	619	8,735,584 **	
93.865	Center for Research for Mothers and Children (Passed through Emory University; 1R01HD38979)	619	139,352 **	

State of Iowa
Schedule of Expenditures of Federal Awards
By Federal Department
For the Year Ended June 30, 2004

CFDA Number	Federal Department / Program name	State Agency (See pg 227)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Health and Human Services (continued)</u>				
93.865	Center for Research for Mothers and Children (Passed through Foundation for Blood Research)	619	59,492 **	
93.865	Center for Research for Mothers and Children (Passed through University of Auckland; 1R01HD37924)	619	6,716 **	
93.865	Center for Research for Mothers and Children (\$96,753 provided to subrecipients)	620	289,535 **	
93.865	Center for Research for Mothers and Children (Passed through University of Laval; HD38463)	620	76,107 **	
93.865	Center for Research for Mothers and Children (Passed through University of Georgia; RR580323/7514917)	620	828 **	
93.865	Center for Research for Mothers and Children (Passed through Custom Kynetics, Inc.; Biomechanical)	620	8,910 **	
93.865	Center for Research for Mothers and Children (Passed through Northwestern University; 0980520W297976)	620	14,071 **	9,330,595
93.866	Aging Research (\$113,826 provided to subrecipients)	619	2,300,498 **	
93.866	Aging Research (Passed through Research Foundation for Mental Hygiene; 1003745/1/23532)	619	52,310 **	
93.866	Aging Research (Passed through University of Pittsburgh; 107002-1)	619	65,562 **	
93.866	Aging Research (Passed through Saint Louis University; 5 R01 AG10436-09)	619	49,327 **	
93.866	Aging Research (Passed through University of Michigan; F010654)	619	119,372 **	
93.866	Aging Research (Passed through Washington University in St. Louis; WU-02-12)	619	36,137 **	
93.866	Aging Research (Passed through Interactive Medical Developments, L.C.)	619	22,027 **	
93.866	Aging Research (Passed through Wake Forest University; N01-AG-92115)	619	6,227 **	
93.866	Aging Research (Passed through University of Alabama)	619	494 **	
93.866	Aging Research	620	33,369 **	
93.866	Aging Research (Passed through Metabolic Technologies; MTI0302)	620	50,025 **	2,735,348
93.867	Vision Research (\$213,993 provided to subrecipients)	619	4,072,037 **	
93.867	Vision Research (Passed through Jaeb Center for Health Research; U10 EY 09435)	619	2,438 **	
93.867	Vision Research (Passed through Johns Hopkins University; 8210-26269-X)	619	1,778 **	
93.867	Vision Research (Passed through Kestrel Corporation; 0111B)	619	70,792 **	
93.867	Vision Research (Passed through Ohio State University; RF00965093)	619	201,945 **	
93.867	Vision Research (Passed through University of Pennsylvania; 5-39491-E, 5-40026, 5-41275-E, 5-41791)	619	148,562 **	
93.867	Vision Research (Passed through University of Wisconsin; P056873, P057724)	619	56,985 **	
93.867	Vision Research (Passed through University of Florida; UF03080, UF02077)	619	154,102 **	
93.867	Vision Research	620	101,246 **	4,809,885
93.879	Medical Library Assistance (\$16,760 provided to subrecipients)	619	319,397 **	
93.879	Medical Library Assistance (Passed through University of Illinois at Chicago; 030158)	619	27,163 **	346,560
93.884	Grants for Residency Training in General Internal Medicine and/or General Pediatrics	619	662,440 **	662,440

State of Iowa
Schedule of Expenditures of Federal Awards
By Federal Department
For the Year Ended June 30, 2004

CFDA Number	Federal Department / Program name	State Agency (See pg 227)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Health and Human Services (continued)</u>				
93.887	Health Care and Other Facilities (Passed through Rhode Island Hospital; 701-7285)	619	19,356 **	19,356
93.894	Resource and Manpower Development in the Environmental Health Sciences	619	1,279,494 **	1,279,494
93.913	Grants to States for Operation of Offices of Rural Health (\$2,025 provided to subrecipients)	588	94,548	94,548
93.917	HIV Care Formula Grants (\$740,458 provided to subrecipients)	588	2,221,290	
93.917	HIV Care Formula Grants (Passed through Johnson County Public Health Department)	619	5,049 **	2,226,339
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	619	665,412 **	665,412
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs (\$2,159,208 provided to subrecipients)	588	2,880,020	2,880,020
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds	619	247,842 *	247,842
93.926	Healthy Start Initiative (Passed through Visiting Nurse Services)	619	27,042 **	27,042
93.934	Fogarty International Research Collaboration Award	619	39,482 **	39,482
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	282	209,468	209,468
93.940	HIV Prevention Activities - Health Department Based (\$1,229,306 provided to subrecipients)	588	2,033,048	2,033,048
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	588	190,012	
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance (Passed through University of Wisconsin-Madison; 922N482, 922N493)	619	17,989 **	208,001
93.945	Assistance Programs for Chronic Disease Prevention and Control (\$140,671 provided to subrecipients)	588	303,731	303,731
93.952	Improving EMS/Trauma Care in Rural Areas (\$15,914 provided to subrecipients)	588	38,232	38,232
93.956	Agricultural Health and Safety Programs (\$79,544 provided to subrecipients)	619	1,486,495 **	
93.956	Agricultural Health and Safety Programs	620	87,422 **	1,573,917
93.957	Occupational Health and Surveillance Fatality Assessment and Control Evaluation	619	7,516 **	7,516
93.958	Block Grants for Community Mental Health Services (\$2,561,663 provided to subrecipients)	401	2,727,285	
93.958	Block Grants for Community Mental Health Services (Passed through Northwest Iowa Mental Health Center)	619	2,877 **	2,730,162
93.959	Block Grants for Prevention and Treatment of Substance Abuse (\$11,513,343 provided to subrecipients)	588	12,150,702	12,150,702
93.969	Geriatric Education Centers (\$26,483 provided to subrecipients)	619	295,777 **	295,777
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants (\$581,935 provided to subrecipients)	588	844,893	844,893
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems (\$5,100 provided to subrecipients)	588	196,311	196,311
93.989	Senior International Fellowships	619	459,707 **	459,707
93.991	Preventive Health and Health Services Block Grant (\$316,565 provided to subrecipients)	588	1,347,493	1,347,493
93.994	Maternal and Child Health Services Block Grant to the States (\$6,165,894 provided to subrecipients)	588	7,287,963	7,287,963

State of Iowa
Schedule of Expenditures of Federal Awards
By Federal Department
For the Year Ended June 30, 2004

CFDA Number	Federal Department / Program name	State Agency (See pg 227)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Health and Human Services (continued)</u>				
93.000	Other Federal Assistance:			
	Unknown Title	619	24,157 **	
	Unknown Title (Passed through Westat, Inc.)	619	4,209 **	
	Unknown Title (\$146,630 provided to subrecipients)	620	974,974 **	
	Unknown Title (Passed through Methodist and Lutheran Health Systems; Geriatric Innovation)	620	3,659 **	
	Unknown Title (Passed through Mayo Clinic; NS33978)	620	11,157 **	
	Unknown Title (Passed through Molecular Express, Inc.; 0412, Targeted Revealed Aptamer Probes)	620	16,559 **	
	Unknown Title (Passed through State University of New York; 9819)	620	100,720 **	
	Unknown Title (Passed through University of Nebraska; NIH2P01CA49210-12A1)	620	87,141 **	1,222,576
	Total U.S. Department of Health and Human Services		2,355,795,699	2,355,795,699
<u>Corporation for National and Community Service</u>				
94.003	State Commissions	269	135,605	135,605
94.004	Learn and Serve America - School and Community Based Programs (\$124,517 provided to subrecipients)	282	153,645	153,645
94.005	Learn and Serve America - Higher Education (Passed through National Council for the Social Studies)	619	31,751 **	
94.005	Learn and Serve America - Higher Education (Passed through Purdue University; 64208371)	620	24,120 **	55,871
94.006	AmeriCorps (\$1,081,512 provided to subrecipients)	269	1,082,789	
94.006	AmeriCorps	542	171,466	
94.006	AmeriCorps	619	63,372 **	
94.006	AmeriCorps (Passed through Iowa Commission on Volunteer Service; 02G103C, 03G103C)	620	162,716 **	
94.006	AmeriCorps	621	26,829	1,507,172
94.009	Training and Technical Assistance	269	78,582	78,582
94.011	Foster Grandparent Program	411	242,605	242,605
	Total Corporation for National and Community Service		2,173,480	2,173,480
<u>Social Security Administration</u>				
96.001	Social Security - Disability Insurance	131	185,961	
96.001	Social Security - Disability Insurance	283	15,870,648	16,056,609
96.007	Social Security - Research and Demonstration	401	180,319	
96.007	Social Security - Research and Demonstration	619	235,306 **	415,625
	Total Social Security Administration		16,472,234	16,472,234
<u>U.S. Department of Homeland Security</u>				
97.004	State Domestic Preparedness Equipment Support Program (\$668,982 provided to subrecipients)	583	7,141,464	7,141,464
97.012	Boating Safety Financial Assistance	542	678,341	678,341
97.020	Hazardous Materials Training Program (\$4,535 provided to subrecipients)	583	4,535	4,535
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	542	129,378	129,378
97.029	Flood Mitigation Assistance (\$186,520 provided to subrecipients)	583	193,662	193,662
97.032	Crisis Counseling	401	4,054	4,054

State of Iowa
Schedule of Expenditures of Federal Awards
By Federal Department
For the Year Ended June 30, 2004

CFDA Number	Federal Department / Program name	State Agency (See pg 227)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Homeland Security (continued)</u>				
97.034	Disaster Unemployment Assistance	309	8,345	8,345
97.035	Individual and Family Grants	401	653,479	653,479
97.036	Public Assistance Grants	542	68,079	
97.036	Public Assistance Grants (\$1,696,587 provided to subrecipients)	583	2,395,828	2,463,907
97.038	First Responder Counter-Terrorism Training Assistance	595	75,373	75,373
97.039	Hazard Mitigation Grant (\$2,493,135 provided to subrecipients)	583	3,052,699	3,052,699
97.041	National Dam Safety Program	542	116,222	116,222
97.042	Emergency Management Performance Grants (\$1,248,065 provided to subrecipients)	583	2,819,530	2,819,530
97.047	Pre-Disaster Mitigation (\$136,372 provided to subrecipients)	583	156,069	156,069
97.051	State and Local All Hazards Emergency Operations Planning (\$429,073 provided to subrecipients)	583	440,691	440,691
97.052	Emergency Operations Centers	583	270,068	270,068
97.053	Citizens Corps (\$124,720 provided to subrecipients)	583	163,350	163,350
	Total U.S. Department of Homeland Security		18,371,167	18,371,167
<u>U.S. Agency for International Development</u>				
98.001	USAID Foreign Assistance for Programs Overseas (Passed through Catholic Relief Services; Well Being of Children)	620	25,800 **	25,800
98.011	Global Development Alliance (Passed through University of California; 1332525)	620	49,997 **	49,997
98.000	Other Federal Assistance:			
	Unknown Title (Passed through Academy for Educational Development)	619	72,163 **	
	Unknown Title (Passed through Alabama A&M; ISU484442292)	620	24,684 **	
	Unknown Title (Passed through Association Liaison Office For University Cooperation In Development; La Molina Partnership, University Cooperation)	620	28,197 **	
	Unknown Title (Passed through International Center for Tropical Agriculture; Carotene Maize, High B-Carotene Maize)	620	210,928 **	
	Unknown Title (Passed through Development Alternatives, Inc.; 408000P001, 410511102S01)	620	7 **	
	Unknown Title (Passed through Florida A&M; C9754)	620	4,099 **	
	Unknown Title (Passed through University of Georgia; RR27416459118984)	620	56,948 **	
	Unknown Title (Passed through University of Wisconsin; P619916)	620	12,625 **	
	Unknown Title (Passed through American Council on Education) (\$28,173 provided to subrecipients)	621	63,292	472,943
	Total U.S. Agency for International Development		548,740	548,740
	Total Federal Financial Assistance		\$ 4,605,497,005	4,605,497,005

* 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 \$59,690,692 for which the federal government imposes continuing compliance requirements.

Notes to Schedule of Expenditures of Federal Awards

June 30, 2004

(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 \$11,000,000 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 Year ended June 30, 2004	Inventory June 30, 2004
Food stamps	\$ 166,562,411	-
Commodities	17,061,294	1,896,326
Vaccines	10,657,991	7,948,814

Donated federal 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 U.S. 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, 2004 were as follows:

CFDA No.	Program	Outstanding Loans June 30, 2004
14.228	Community Development Block Grants/ State's Program	\$ 510,118
14.239	HOME Investment Partnerships Program	66,542,190
20.308	Local Rail Freight Assistance	497,312
66.458	Capitalization Grants for Clean Water State Revolving Funds	241,590,000 *
66.468	Capitalization Grants for Drinking Water State Revolving Funds	108,547,000 *
84.038	Federal Perkins Loan Program – Federal Capital Contributions	45,165,359
93.264	Nurse Faculty Loan Program (NFLP)	65,000
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	10,563,013
93.364	Nursing Student Loans	1,322,726

* The outstanding loans consist of federal and state funds.

(4) Unemployment Insurance

Unemployment Insurance expenditures for the year ended June 30, 2004, reported as CFDA 17.225, included the following:

Federal funds	\$ 76,462,595
State funds	<u>343,507,585</u>
Total	<u>\$ 419,970,180</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

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

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, 2004, and have issued our report thereon dated December 17, 2004. 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.

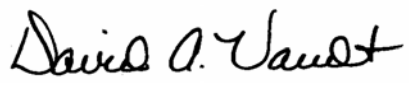
Compliance

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.

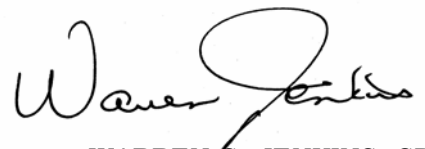
Internal Control Over Financial Reporting

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 17, 2004



**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, 2004. 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. 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 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.

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 major federal programs for the year ended June 30, 2004.

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.

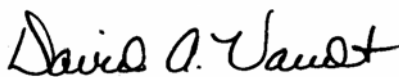
We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance 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 item 04-III-USDA-401-1 on page 184 to be a material weakness.

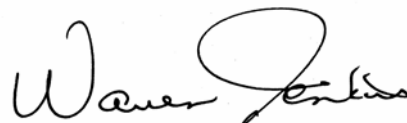
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the State of Iowa as of and for the year ended June 30, 2004, and have issued our report thereon dated December 17, 2004. We did not audit the financial statements of certain discretely presented component units, which statements reflect 98% of assets and 96% 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 16, 2005, except for the paragraph regarding the Schedule of Expenditures of Federal Awards, as to which the date is December 17, 2004

State of Iowa
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

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

- (a) Unqualified opinions were 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, one of which was considered to be a material weakness.
- (e) The independent auditor's report on compliance for major programs expressed an unqualified opinion for all major programs.
- (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 14.228 – Community Development Block Grants/State's Program
 - CFDA Number 14.239 – HOME Investment Partnerships Program
 - CFDA Number 16.579 – Byrne Formula Grant 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 21.000 – Temporary State Fiscal Relief (Jobs and Growth Tax Reconciliation Act of 2003)
 - CFDA Number 64.015 – Veterans State Nursing Home Care
 - CFDA Number 66.468 – Capitalization Grants for Drinking Water State Revolving Fund
 - CFDA Number 84.010 – Title I Grants to Local Educational Agencies

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

- CFDA Number 84.126 – Rehabilitation Services - Vocational Rehabilitation Grants to States
- CFDA Number 84.181 – Special Education – Grants for Infants and Families with Disabilities
- CFDA Number 84.367 – Improving Teacher Quality State Grants
- CFDA Number 84.369 – Grants for State Assessments and Related Activities
- CFDA Number 93.283 – Centers for Disease Control and Prevention – Investigations and Technical Assistance
- 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 93.767 – State Children’s Insurance Program
- CFDA Number 93.959 – Block Grants for Prevention and Treatment of Substance Abuse
- CFDA Number 93.994 – Maternal and Child Health Services Block Grant to the States
- CFDA Number 96.001 – Social Security – Disability Insurance
- CFDA Number 97.004 – State Domestic Preparedness Equipment Support Program
- Clustered Programs:
 - Food Stamp Cluster:
 - CFDA Number 10.551 – Food Stamps
 - CFDA Number 10.561 – State Administrative Matching Grants for Food Stamp Program
 - Nutrition Cluster:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 10.556 – Special Milk Program for Children
 - CFDA Number 10.559 – Summer Food Service Program for Children

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

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

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 \$11,000,000.
- (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, 2004

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

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

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

Key to Numbering of Findings in Part III:

Part III Example: 04-III-USDA-401-1

- 04 – Fiscal Year Finding reported in (i.e. Fiscal Year Ended June 30, 2004)
- III – Part Number of the Schedule of Findings and Questioned Costs
- USDA – Federal Agency identification. In this case, the U.S. Department of Agriculture. See table of Federal Agency by Agency Identification on page 226.
- 401 – State Agency identification number. In this case, the Iowa Department of Human Services. See table of Iowa State Agencies by Agency Number on page 227.
- 1 – Comment Number for the Federal Agency

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

Part III: Findings and Questioned Costs For Federal Awards:

U.S. Department of Agriculture

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

CFDA Number: 10.551 – Food Stamps

Agency Number: 008016199S6008

Federal Award Year: 2004

Iowa Department of Human Services

04-III-USDA-401-1

Electronic Benefit Transfer (EBT) Processing – Under the electronic benefits transfer system, food stamp clients are issued magnetic cards that allow clients to access their benefits at point-of-sale terminals. The Department has contracted with an outside service organization, Affiliated Computer Services – State and Local Solutions, Inc. (ACS), to administer this system. During a required Statement on Auditing Standards (SAS) 70 Service Organizations review of ACS performed by other auditors, control deficiencies were reported for the time period May 1, 2003 to April 30, 2004.

As stated in the Independent Service Auditor's Report, ACS controls did not restrict a developer's access to the production environment for the settlement application Electronic Payment Processing and Information Control (EPPIC™). Such access was granted to allow the developer to resolve production problems. This deficiency resulted in the controls not being suitably designed to achieve the following control objectives: controls provide reasonable assurance changes to applications are authorized, tested, approved, properly implemented and documented and controls provide reasonable assurance logical access to production programs and data is granted to appropriately authorized individuals.

Recommendation – The Department should ensure corrective action is taken by ACS for the control deficiencies identified during the SAS 70 Service Organizations review.

Response and Corrective Action Planned – Per management response provided by ACS, the developer's access was removed on May 15, 2004. This corrective action has been verified by the Department.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

CFDA Number: 10.555 – National School Lunch Program
Agency Number: 2003IN109943, 2004IN109943
Federal Award Year: 2003, 2004
Iowa Department of Education

04-III-USDA-282-2

Timely Submission – Federal requirements state the Department must submit the Food and Nutrition Service (FNS) 10 report within 30 and 90 days following the month of the sponsor's claim. The 90 day reports for May and June 2004 were submitted late.

Recommendation – The Department should ensure the reports are submitted timely.

Response and Corrective Action Planned – Late submission of the May and June 90 day reports was due to a change in the web-based system. The new web-based system is fully operational and submission of the FNS 10 will be completed within the required timeframe. Due dates for the reports are kept by the Accounting Technician III and a computerized reminder has been implemented to ensure timely submission of the reports.

Conclusion – Response accepted.

CFDA Number: 10.559 – Summer Food Service Program for Children
Agency Number: 2003IN109943, 2004IN109943
Federal Award Year: 2003, 2004
Iowa Department of Education

04-III-USDA-282-3

Timely Submission/Evidence of Review – Federal requirements state the Department must submit the Food and Nutrition Service (FNS) 418 report within 30 and 90 days following the month of the sponsor's claim. The 30 day report for August 2004 and the 90 day reports for the months of June through August 2004, which cover the expenditure of fiscal year 2004 funds, were not submitted timely.

The FNS 418 reports should have evidence of review. The reviewer did not sign the FNS 418 reports filed in fiscal year 2004.

Recommendation – The Department should ensure the reports are submitted timely and Departmental review is evidenced on the report.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

Response and Corrective Action Planned – Late submission of the 30 day report for August was due to selected School Food Summer Program audits not being completed in a timely manner. Audits must be completed prior to the August reimbursement being paid for selected sponsors. The FNS 418 was held until all sponsors were reimbursed. All School Food Summer Program sponsors are on the Simplified Summer Food Program for 2005 so the Bureau will no longer be required to conduct audits of the expenditures incurred for selected School Food Summer Program sponsors. The Bureau also agrees the 90 day reports for the months of June through August were not submitted timely. Due dates are posted in the Accountant II office and a computerized reminder has been implemented to ensure timely submission of the reports. The lead consultant will review and initial all FNS 418 reports.

Conclusion – Response accepted.

CFDA Number: 10.561 – State Administrative Matching Grants for Food Stamp Program

Agency Number: 2002IS251443/2003IS251443

Federal Award Year: 2002, 2003

Iowa Department of Human Services

04-III-USDA-401-4

Subrecipient Audit Report Review – OMB Circular A-133 requires a pass-through entity to be responsible for monitoring the activities of its subrecipients, as necessary, to ensure federal awards are used for authorized purposes in compliance with laws, regulations and provisions of the contract and grant. The Department monitors subrecipients through the review of subrecipient audit reports from subrecipients required to have an audit in accordance with OMB Circular A-133.

County governments receive federal funding from the program noted above. Of these ninety-nine subrecipients, 18 were required to have an audit in accordance with OMB Circular A-133 for the fiscal year ended June 30, 2003. The Department did not review an audit report for three of these 18 subrecipients during the year ended June 30, 2004. For one of these three subrecipients, the Department also did not review an audit report for the fiscal year ended June 30, 2002.

Recommendation – The Department should ensure audit reports are reviewed for all subrecipients required to have an audit in accordance with OMB Circular A-133.

Response and Corrective Action Planned – The Department will revise its subrecipient monitoring process to include preparation of a list of the audit reports needed, completion of an inventory of reports received and follow-up with those subrecipients that have not submitted reports through a formal notification process.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

U.S. Department of Defense

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

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

Master Cooperative Agreement: DAHA13-04-2-1000

Federal Award Year: 2004

Iowa Department of Public Defense – Military Division

04-III-DOD-582-1

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

Recommendation – The Department should ensure state funds are 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 (USPFO) to begin receiving federal funds on an advance basis.

Response and Corrective Action Planned – Discussions are in process with USPFO to work out the details of switching to an advance method for payment. Accounting processes must be changed on both sides. We are striving to have an advance method in place for federal fiscal year 2006.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

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

Master Cooperative Agreement: DAHA13-04-2-1000

Federal Award Year: 2004

Iowa Department of Public Defense – Military Division

04-III-DOD-582-2

Construction Contracts – Chapter 8A.311 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 seven 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 Division is making every effort to adhere to the Code of Iowa by publishing the required solicitations for bids. Funding that comes at the end of the federal fiscal year requires construction projects to be put on a fast track. At times the projects must be bid and awarded in less than thirty days. The Division will try to develop procedures where anticipated projects are announced in a publication in anticipation of the receipt of federal funds to ensure Chapter 8A.311 requirements are met.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

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

Master Cooperative Agreement: DAHA13-04-2-1000

Federal Award Year: 2004

Iowa Department of Public Defense – Military Division

04-III-DOD-582-3

Purchasing – Chapter 29A.57 of the Code of Iowa establishes and grants the Armory Board responsibility for contracting armory and other facility construction, repair of an act of God damages, alterations and additions to real property, facilities operation and maintenance and grounds maintenance. Armory Board procedures require the Purchasing Officer to obtain three telephone, fax or written quotes for purchases greater than \$500 but less than \$2,500. For four items tested, only one or two telephone, fax or written quotes were obtained.

Recommendation – The Department should develop procedures to ensure three telephone, fax or written quotes are obtained for all purchases greater than \$500 but less than \$2,500.

Response and Corrective Action Planned – The “Purchasing and Contracting Policies and Procedures” of the Armory Board were updated in August 2004. Section 4.b now states all purchases totaling \$5,000 or more will be subject to a competitive bid process, which shall consist of obtaining a minimum of three bids/quotes. For items under \$5,000 only one bid/quote need be obtained unless purchasing personnel believe the original quote does not appear to be reasonable.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

U.S. Department of Housing and Urban Development

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

CFDA Number: 14.228 – Community Development Block Grants/State’s Program
Agency Number: B-02-DC-19-0001, B-03-DC-19-0001, B-04-DC-19-0001
Federal Award Year: 2002, 2003, 2004
Iowa Department of Economic Development

CFDA Number: 14.239 – HOME Investment Partnerships Program
Agency Number: M-02-SG-19-0001, M-03-SG-19-0001, M-04-SG-19-0001
Federal Award Year: 2002, 2003, 2004
Iowa Department of Economic Development

04-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 eight instances, the Department drew CDBG funds, but the corresponding disbursements were not made until four to thirteen working days later. The draw amounts ranged from \$24,450 to \$882,416.
- (b) In ten instances, the Department drew HOME funds, but the deposits were not expended within three days. The corresponding disbursements were not made until four to eleven working days later. The draw amounts ranged from \$21,877 to \$694,204.
- (c) Two of fourteen payroll draws for HOME and two of fourteen 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 Department will intensify its efforts to eliminate this finding from future audit reports. We have also implemented a more rigid draw schedule to further refine this process. However, staff illnesses and a new accounting system hindered this process somewhat. Accounting will more closely monitor draw frequency when received from program staff.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

U.S. Department of Labor

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

CFDA Number: 17.225 – Unemployment Insurance

Agency Number: UI10935FM, UI11819HY, UI12638KS, UI12638KR, UI13547NE

Federal Award Year: 2001, 2002, 2003, 2004

Iowa Department of Workforce Development

04-III-DOL-309-1

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, 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 Administrative Services which documents payroll expenditures and related federal drawdowns by pay period. The spreadsheet for fiscal year 2004 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 seven pay periods throughout the year.

In addition, indirect cost recovery rates were applied to the payroll to more accurately reflect the expenditures related to the federal drawdowns. However, in several instances, the amounts reported for indirect cost recovery could not be recalculated or supported.

Recommendation – The Department should ensure the payroll spreadsheet submitted to the Iowa Department of Administrative Services is accurate.

Response and Corrective Action Planned – The State of Iowa implemented a new accounting system June 1, 2004. Iowa Workforce Development (IWD) is the only state agency utilizing the cost allocation module that is part of the new system. During the first few months after implementation, the cost allocation system was not working at one point and not working accurately at another. IWD and the vendor were forced to make an extraordinary amount of adjusting entries to allocate and reallocate postings to the system.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

This made it very difficult to follow the audit trail on many transactions as there were many instances of adjustments to adjustments. Not only did this make it difficult to analyze daily cash balances, but also to verify accuracy of each individual posting for indirect costs. However, IWD has verified in total for the fiscal year, no program or project was charged in excess of the approved indirect cost rate. In fact, all programs within IWD paid less than the full indirect rate. IWD actually ended the year with under-recoveries of indirect costs.

Conclusion – Response acknowledged. The spreadsheet submitted to the Iowa Department of Administrative Services is utilized to determine the State’s liability under CMIA. The spreadsheet should include accurate information that reflects activity as it occurred in the state’s accounting system.

CFDA Number: 17.225 – Unemployment Insurance

Agency Number: UI10935FM, UI11819HY, UI12638KS, UI12638KR, UI13547NE

Federal Award Year: 2001, 2002, 2003, 2004

Iowa Department of Workforce Development

CFDA Number: 17.245 – Trade Adjustment Assistance - Workers

**Agency Number: TA11128FX, TA11893IJ, TA11893IL, UI12638LC, UI12638LE,
TA12691LD, TA12691LF, UI13547NP, UI13547NR, UI13547NY,
TA13494NQ**

Federal Award Year: 2001, 2002, 2003, 2004

Iowa Department of Workforce Development

04-III-DOL-309-2

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 and other federal funds used to supplant programs until federal funds are received.

For the Unemployment Insurance program, four instances were noted where the cash balance was excessive for a period of five to twenty-seven days.

For the Trade Adjustment Assistance program, one instance was noted where the cash balance was excessive for a period of seven days. In addition, five instances were noted where the cash deficit exceeded (\$100,000) for periods ranging from five to ten 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 positive or negative daily balances.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

Response and Corrective Action Planned – This issue was caused by the same problem identified in the response to 04-III-DOL-309-1. With so many transactions waiting processing in the cost allocation module, it was impossible to determine the accurate amount of funds to be drawn on any one program. Once we were able to do so, it was determined we had under-drawn on multiple federal programs and were actually using state resources to pay for federal expenditures. This has been corrected, but IWD had no alternative at the time, as data from the new state accounting system was not accurate for several months.

Conclusion – Response acknowledged. While many of the instances of excessive positive and negative cash balances occurred after the June 1, 2004 implementation of the new accounting system, several occurred prior. The Department should continue to improve its cash management monitoring system.

CFDA Number: 17.225 – Unemployment Insurance

Agency Number: UI10935FM, UI11819HY, UI12638KS, UI12638KR, UI13547NE

Federal Award Year: 2001, 2002, 2003, 2004

Iowa Department of Workforce Development

CFDA Number: 17.258 – WIA Adult Program

Agency Number: AA12011KC, AA12925LU, AA12925MO

Federal Award Year: 2003, 2004

Iowa Department of Workforce Development

CFDA Number: 17.259 – WIA Youth Activities

Agency Number: AA12925LO

Federal Award Year: 2003

Iowa Department of Workforce Development

CFDA Number: 17.260 – WIA Dislocated Workers

**Agency Number: EM10882IT, AA12011JG, AA12011KD, EM10882JJ,
EM10882LY, EM10882KF, EM10882LM, EM10885MR,
AA12925LV**

Federal Award Year: 2002, 2003, 2004

Iowa Department of Workforce Development

04-III-DOL-309-3

Payroll Allocation – The Department performs a time study on a monthly 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 on a monthly basis and a quarterly average is calculated. Utilizing the quarterly averages, total costs are distributed to the federal programs within the cost pool.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

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, four employees charged time to the cost pool for a portion of the fiscal year and were either not included in the time study or included for incorrect time periods.

In addition, the quarterly average calculated and utilized for the third quarter of state fiscal year 2004 was not supported by the monthly time studies conducted for January and February 2004.

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 properly included in the time study. In addition, the Department should ensure the quarterly averages are properly supported and calculated.

Response and Corrective Action Planned – The state's automated payroll system has two separate and distinct programs for entering time allocations. Variances are always found between the one updated by the IWD personnel department and the one used by IWD staff. The two systems are not linked and continuously cause this type of problem. In addition, neither of the two systems has the flexibility to allow the volume of allocations that one staff member may need to accurately allocate their time to all the programs they work on.

This has caused IWD to use a manual cost pool methodology to allocate time for those that have more than five programs they charge time to. With three different programs being used to allocate time, variances are always a concern. It is our understanding the new payroll system to be implemented during the next state fiscal year will eliminate many of the problems we currently face in payroll allocations. Although the variances are immaterial in total, IWD understands they are variances nonetheless.

Conclusion – Response acknowledged. The Department should ensure employee monthly certifications agree with the average time spent on the cost pool as documented in the state's payroll system. In addition, the Department should ensure the quarterly averages utilized to distribute costs are supported by the monthly time studies.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

CFDA Number: 17.245 – Trade Adjustment Assistance – Workers
**Agency Number: TA11128FX, TA11893IJ, TA11893IL, UI12638LC, UI12638LE,
TA12691LD, TA12691LF, UI13547NP, UI13547NR, UI13547NY,
TA13494NQ**
Federal Award Year: 2001, 2002, 2003, 2004
Iowa Department of Workforce Development

04-III-DOL-309-4

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 funds are available per the negotiated contract. A second level of approval is made by Financial Management and payment is processed.

During fiscal year 2004, two vendors submitted an invoice for payment twice for the same service and warrants were issued to the vendors for a total overpayment of \$5,531. In addition, a payment was made to a vendor for \$7,176 in excess of the invoice.

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

Response and Corrective Action Planned – These overpayments were the result of instances where established procedures were not followed. Proper procedures and the use of established internal controls have been re-emphasized to all staff.

Conclusion – Response acknowledged. The Department should take action to recover the overpayments from the vendors.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

CFDA Number: 17.258 – WIA Adult Program
Agency Number: AA12011KC, AA12925LU, AA12925MO
Federal Award Year: 2003, 2004
Iowa Department of Workforce Development

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

CFDA Number: 17.260 – WIA Dislocated Workers
Agency Number: EM10882IT, AA12011JG, AA12011KD, EM10882JJ,
EM10882LY, EM10882KF, EM10882LM, EM10885MR
AA12925LV
Federal Award Year: 2002, 2003, 2004
Iowa Department of Workforce Development

04-III-DOL-309-5

Subrecipient Monitoring – OMB Circular A-133 Compliance Supplement states, in part, 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 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. The Circular also states each state must ensure required audit reports of subrecipients are completed within nine months of the end of the subrecipient's audit period, issue a management decision on audit findings within six months of receipt of the subrecipient's audit report and ensure the subrecipient takes timely and appropriate corrective action on all audit findings.

The Department has established policies and procedures to be followed in the performance of subrecipient monitoring. These policies state a final determination will be issued to a subrecipient after receipt of a response from the subrecipient after initial determination.

During our review of program monitoring files, we noted final determinations had not been sent to two of sixteen subrecipients after resolution. In addition final determinations were not sent timely to two subrecipients after resolution of audit report monitoring and one subrecipient after resolution of the prior year audit report monitoring.

Recommendation – The Department should ensure policies and procedures are followed to provide subrecipients with final determinations on a timely basis.

Response and Corrective Action Planned – Staff responsible for both program and financial monitoring have been made aware of these findings. We will ensure established policies and proper procedures will be followed in the future.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

U.S. Department of State

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

CFDA Number: 19.405 – Educational 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

04-III-DOS-620-1

Grant Management – The Office of Auditor of State, in conjunction with representatives of Iowa State University, has conducted an 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. Awards for the Educational Partnerships Program for the grant period August 15, 2000 through August 31, 2003 totaled \$299,597, of which \$194,600 was disbursed. Awards 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, of which \$346,192 was disbursed. A report dated February 11, 2005 issued by the Office of Auditor of State included \$138,891 of unallowable disbursements and undeposited conference proceeds. The disbursements were not in compliance with the terms of the grants or University policies. ISU officials are consulting with the U.S. Department of State to determine the feasibility of reclassifying and rebudgeting a portion of the disbursements identified.

Recommendation – The University should continue to 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, 2004

National Aeronautics and Space Administration

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

CFDA Number: 43.001 – Aerospace Education Services Program
Agency Number: NAG5-9974, NAG5-11942, NNG04GB98G
Federal Award Year: 2004
State University of Iowa

04-III-NASA-619-1

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

The University sent letters to subrecipients for the fiscal year ended June 30, 2003 requesting a copy of the single audit report or documentation stating the subrecipient was not subject to the single audit requirement. Subrecipients have nine months after the fiscal year end to issue the single audit report. However, as of February 28, 2005, the University had not followed up on the status of single audit reports not received or determined audits were not applicable for twenty-nine of the subrecipients. The University had not completed documentation of monitoring procedures performed for the single audit reports received.

Recommendation – The University's written procedures should address monitoring procedures to be performed for subrecipients who submit a single audit report or notification letter and for those who are not subject to the single audit requirement. The procedures should address the time frame for following up on subrecipients who do not respond to the request for a copy of their single audit and for documenting the University's monitoring procedures performed.

Response and Corrective Action Planned – Grant Accounting's written procedures for monitoring subrecipients will be modified to include procedures to be performed for subrecipients who are not subject to the single audit requirement versus those who are subject to the single audit requirement. The procedure will also be modified to include a time frame in which Grant Accounting staff will follow up with subrecipients who do not respond to the initial request as well as the procedures that will be performed by Grant Accounting staff to review the documentation and record the results in a timely manner once the single audits are received. This will be done by March 31, 2005.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

National Science Foundation

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

CFDA Number: 47.049 – Mathematical and Physical Sciences

Agency Number: DMS 02-19737

Federal Award Year: 2004

State University of Iowa

CFDA Number: 47.050 – Geosciences

Agency Number: ATM 02-05198

Federal Award Year: 2004

State University of Iowa

CFDA Number: 47.074 – Biological Sciences

Agency Number: MCB 01-10252

Federal Award Year: 2004

State University of Iowa

04-III-NSF-619-1

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

The University sent letters to subrecipients for the fiscal year ended June 30, 2003 requesting a copy of the single audit report or documentation stating the subrecipient was not subject to the single audit requirement. Subrecipients have nine months after the fiscal year end to issue the single audit report. However, as of February 28, 2005, the University had not followed up on the status of single audit reports not received or determined audits were not applicable for twenty-nine of the subrecipients. The University had not completed documentation of monitoring procedures performed for the single audit reports received.

See audit finding 04-III-NASA-619-1 on page 198 for additional information, including the recommendation, response and corrective action plan, and conclusion.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

U.S. Department of Education

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

CFDA Number: 84.010 – Title I Grants to Local Educational Agencies
Agency Number: S013A030015
Federal Award Year: 2003
Iowa Department of Education

04-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 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 – Beginning with the 2004 Federal Award year (state fiscal year ended June 30, 2005), the Title I Administrative Consultant will be responsible for the review of the allocation calculations for each community school district. The review will be documented with a signature and date.

Conclusion – Response accepted.

CFDA Number: 84.038 – Federal Perkins Loan Program – Federal Capital Contributions

Agency Number: P038A031479
Federal Award Year: 2004
State University of Iowa

04-III-USDE-619-2

Due Diligence – The University is required to exercise due care and diligence in the collection of student loans. These procedures involve notifying borrowers of overdue payments, demanding overdue amounts and specific collection procedures to recover amounts from defaulted borrowers who do not respond satisfactorily to demands routinely made as part of the University's billing procedures.

The University implemented a new billing system during the fiscal year ended June 30, 2004. The new system lacked programming to include the carryover of the aging of accounts from the previous system, the separate identification of the aging of loan accounts from other receivable accounts and the automatic printing of overdue and final demand notices. As a result, many borrowers did not receive the required notices, nor were the overdue loans sent to collections in accordance with due diligence requirements.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

Recommendation – The University should take steps to ensure compliance with due diligence requirements in the collection of student loans.

Response and Corrective Action Planned – In the following fiscal year 2004-2005 the University implemented procedures and programming in the new system to identify those loan borrowers who are currently aging in delinquency. These borrowers are receiving the proper past due notifications and due diligence efforts as required.

Planning and programming is now being performed to identify before the end of the current fiscal year those borrowers who have not received proper collection due diligence since the new system's inception. These borrowers' accounts will be "re-aged" to ensure the required collection steps are taken on these loans including referral to collection agencies.

Conclusion – Response accepted.

CFDA Number: 84.133 – National Institute on Disability and Rehabilitation Research

Agency Number: H133B010102

Federal Award Year: 2004

State University of Iowa

CFDA Number: 84.335 – Child Care Access Means Parents in School

Agency Number: P335A010174

Federal Award Year: 2004

State University of Iowa

04-III-USDE-619-3

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

The University sent letters to subrecipients for the fiscal year ended June 30, 2003 requesting a copy of the single audit report or documentation stating the subrecipient was not subject to the single audit requirement. Subrecipients have nine months after the fiscal year end to issue the single audit report. However, as of February 28, 2005, the University had not followed up on the status of single audit reports not received or determined audits were not applicable for twenty-nine of the subrecipients. The University had not completed documentation of monitoring procedures performed for the single audit reports received.

See audit finding 04-III-NASA-619-1 on page 198 for additional information, including the recommendation, response and corrective action plan, and conclusion.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

CFDA Number: 84.334 – Gaining Early Awareness and Readiness for Undergraduate Programs

Agency Number: P334A000219

Federal Award Year: 2003

University of Northern Iowa

04-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.

The following were identified during testing:

1. Three cordless phones and two extended warranties totaling \$220 were purchased using a University procurement card. The University's procurement card guidelines specifically disallow the purchase of telephones and technical service with a procurement card. The extended warranties also are not in compliance with the University's general purchasing guidelines.
2. Expenditures of \$1,043 for out-of-state travel to a conference by the personal assistant of the director of Educational Opportunities Program and Special Community Services (EOP/SCS) were charged to the GEAR-UP program. This person is not assigned to work on the GEAR-UP program, so the program should not be charged.

Recommendation – The University should review expenditures to ensure they comply with various University policies and reimbursements are for employees assigned to the program.

Response and Corrective Action Planned –

1. The Regent's Institutions contracted with US Bank and Elan Financial Services to issue new procurement cards to University of Northern Iowa employees during the fall of 2004. Employees authorized to receive the cards are now required to sign the new "University of Northern Iowa Procurement Card Application and Agreement" form. Departmental approval and dean/director approval signatures are also required. The document lists prohibited transactions, which specifically includes telephone and related equipment.

On a monthly basis, accounts payable staff audits each procurement card journal entry submitted by the cardholder. Post audit, accounts payable staff now notifies cardholders if any prohibited transaction was recorded and requires corrective action. The University believes it has established appropriate procedures, controls and training to ensure purchases made on procurement cards will be appropriate.

2. A journal entry was processed to move the travel expenditures out of the GEAR-UP program fund. The Grants and Contracts Administrator will issue a memorandum to all deans, directors and department heads describing departmental oversight duties and obligations relative to grant expenditures.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

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 – Passed through University of Virginia

04-III-USDE-620-5

Grant Management – The Office of Auditor of State, in conjunction with representatives of Iowa State University, has conducted an investigation related to a contract with the University of Virginia for the program identified above. The contract is administered by the College of Education, Center for Technology in Learning and Teaching. The amount awarded and disbursed for the grant period September 1, 1999 through August 31, 2002 totaled \$142,900. A report dated February 11, 2005 issued by the Office of Auditor of State included \$2,414 of disbursements that did not comply with the agreement or were not properly supported by documentation. A copy has been provided to the pass-through entity, University of Virginia.

Recommendation – The University should continue to work with the University of Virginia to resolve any questioned costs and concerns identified.

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: S367A030014

Federal Award Year: 2003

Iowa Department of Education

04-III-USDE-282-6

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

Recommendation – The Department should perform on-site visits. In addition, the Department should establish written procedures on how findings will be documented and how the Department will follow-up to determine if corrective action was taken.

Response and Corrective Action Planned – The Department agrees with the auditor’s recommendation. Written procedures have been established to address the procedures for application program communication, compliance monitoring, and site visits. The procedures include the process for documenting findings and follow-up on corrective action plans.

Conclusion – Response accepted.

State of Iowa
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

U.S. Department of Health and Human Services

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

**CFDA Number: 93.115 – Biometry and Risk Estimation - Health Risks from
Environmental Exposures**

Agency Number: 5 R01 ES010876

Federal Award Year: 2004

State University of Iowa

CFDA Number: 93.121 – Oral Diseases and Disorders Research

Agency Number: 5 R01 DE008559, 5 R01 DE014667, 5 P60 DE013076

Federal Award Year: 2004

State University of Iowa

**CFDA Number: 93.230 – Consolidated Knowledge Development and Application
(KD&A) Program**

Agency Number: 5 UD1 TI12632, 5 UD1 TI13596

Federal Award Year: 2004

State University of Iowa

CFDA Number: 93.242 – Mental Health Research Grants

Agency Number: 5 R01 MH065134

Federal Award Year: 2004

State University of Iowa

CFDA Number: 93.837 – Heart and Vascular Diseases Research

Agency Number: 1 R01 HL070740, 1 R01 HL071814, 5 P01 HL14388

Federal Award Year: 2004

State University of Iowa

**CFDA Number: 93.853 – Extramural Research Programs in the Neurosciences and
Neurological Disorders**

Agency Number: 5 R01 NS040068, 5 R01 NS038554

Federal Award Year: 2004

State University of Iowa

CFDA Number: 93.865 – Center for Research for Mothers and Children

Agency Number: 5 R01 HD032579

Federal Award Year: 2004

State University of Iowa

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

CFDA Number: 93.867 – Vision Research

Agency Number: 5 U79 TI13354

Federal Award Year: 2004

State University of Iowa

04-III-HHS-619-1

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

The University sent letters to subrecipients for the fiscal year ended June 30, 2003 requesting a copy of the single audit report or documentation stating the subrecipient was not subject to the single audit requirement. Subrecipients have nine months after the fiscal year end to issue the single audit report. However, as of February 28, 2005, the University had not followed up on the status of single audit reports not received or determined audits were not applicable for twenty-nine of the subrecipients. The University had not completed documentation of monitoring procedures performed for the single audit reports received.

See audit finding 04-III-NASA-619-1 on page 198 for additional information, including the recommendation, response and corrective action plan, and conclusion.

CFDA Number: 93.242 – Mental Health Research Grants

Agency Number: 5 R01 MH062661

Federal Award Year: 2004

State University of Iowa

CFDA Number: 93.273 – Alcohol Research Programs

Agency Number: 1009189

Federal Award Year: 2004

State University of Iowa – Passed through State University of New York

CFDA Number: 93.838 – Lung Diseases Research

Agency Number: 5 K08 HL067992

Federal Award Year: 2004

State University of Iowa

CFDA Number: 93.848 – Digestive Diseases and Nutrition Research

Agency Number: 5 K08 DK063135

Federal Award Year: 2004

State University of Iowa

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

CFDA Number: 93.994 – Maternal and Child Health Services Block Grant to the States

Agency Number: 5884SP01, 4882MH03

Federal Award Year: 2004

State University of Iowa – Passed through Iowa Department of Public Health

04-III-HHS-619-2

Effort Reports – OMB Circular A-21 requires the method of payroll distribution among more than one sponsored agreement or other cost objective “must recognize the principle of after-the-fact confirmation or determination so costs distributed represent actual cost.” Payroll may be charged to sponsored agreements on the basis of estimates, but significant changes in the corresponding work activity must be identified and entered onto the payroll distribution system.

The University requires faculty and staff who have payroll charges to federal awards to submit an effort report confirming the percentage of time spent on each sponsored agreement or other cost objective for the fiscal year. The University implemented an online effort reporting system during the fiscal year ended June 30, 2004, and allowed an extended deadline for employee submission of the effort report. Effort reports for four of nine employees selected for testing had not been submitted or entered into the effort reporting system as of February 16, 2005. The University is still in the process of collecting effort reports from an additional number of employees required to submit effort reports. The delay in the submission deadline and the University’s collection of effort reports could result in the University’s inability to make timely adjustments for significant changes to payroll charges based upon actual work activity.

Recommendation – The University should take steps necessary to ensure effort reports are submitted on a timely basis and follow up on employees who do not return the effort reports as instructed.

Response and Corrective Action Planned – The University has now received effort reports on all employees selected for testing, and this information has been reviewed by the state auditors. We acknowledge our roll-out of the new web-based effort reporting system resulted in delays in receiving completed effort reports. As a result, we have already designed several new features into the web-based effort reporting system that will significantly improve timely completion of the surveys. The web application itself combined with an e-mail notification system greatly streamlines the distribution and collection of effort data. Effort reports can no longer be lost or misplaced, one of the most common reasons for late certification. Collegiate and departmental administrative staff will have instant access to real-time lists of incomplete effort reports. Collegiate administrators have been very cooperative with scheduling training for the new system and facilitating the completion of the surveys. We will be distributing the next faculty survey on August 7, 2005, and will require the surveys be completed by September 30, 2005. Central administration follow-up on incomplete surveys will begin on September 12, 2005, and will continue until 100% of the surveys are submitted.

Conclusion – Response acknowledged. The University should continue to collect and review the remaining effort reports.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

CFDA Number: 93.342 – Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students

Agency Number: 6438301-03

Federal Award Year: 2004

State University of Iowa

CFDA Number: 93.364 – Nursing Student Loans

Agency Number: 6438301-03

Federal Award Year: 2004

State University of Iowa

04-III-HHS-619-3

Due Diligence – The University is required to exercise due care and diligence in the collection of student loans. These procedures involve notifying borrowers of overdue payments, demanding overdue amounts and specific collection procedures to recover amounts from defaulted borrowers who do not respond satisfactorily to demands routinely made as part of the University's billing procedures.

The University implemented a new billing system during the fiscal year ended June 30, 2004. The new system lacked programming to include the carryover of the aging of accounts from the previous system, the separate identification of the aging of loan accounts from other receivable accounts and the automatic printing of overdue and final demand notices. As a result, many borrowers did not receive the required notices, nor were the overdue loans sent to collections in accordance with due diligence requirements.

See audit finding 04-III-USDE-619-2 on page 200 for additional information, including the recommendation, response, and corrective action plan and conclusion.

CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: PJ2004

Federal Award Year: 2004

Iowa Department of Workforce Development

04-III-HHS-309-4

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, 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.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

The Department is required to submit a spreadsheet to the Iowa Department of Administrative Services which documents payroll expenditures and related federal drawdowns by pay period. The spreadsheet for fiscal year 2004 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 seven pay periods throughout the year.

In addition, indirect costs recovery rates were applied to the payroll to more accurately reflect the expenditures related to the federal drawdowns. However, in several instances, the amounts reported for indirect cost recovery could not be recalculated or supported.

See audit finding 04-III-DOL-309-1 on page 191 for additional information, including the recommendation, response and corrective action plan and conclusion.

CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: PJ2004

Federal Award Year: 2004

Iowa Department of Workforce Development

04-III-HHS-309-5

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, eight instances were noted where the cash balance was excessive for a period of five to thirty 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 – This issue was caused by the same problem identified in the response to 04-III-DOL-309-1. With so many transactions waiting processing in the cost allocation module, it was impossible to determine the accurate amount of funds to be drawn on any one program. Once we were able to do so, it was determined we had under-drawn on multiple federal programs and were actually using state resources to pay for federal expenditures. This has been corrected, but IWD had no alternative at the time, as data from the new state accounting system was not accurate for several months.

Conclusion – Response acknowledged. While many of the instances of excessive positive and negative cash balances occurred after the June 1, 2004 implementation of the new accounting system, several occurred prior. 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, 2004

CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: PJ2004

Federal Award Year: 2004

Iowa Department of Workforce Development

04-III-HHS-309-6

Payroll Allocation – The Department performs a time study on a monthly 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, four employees charged time to the cost pool for a portion of the fiscal year and were either not included in the time study or included for incorrect time periods.

In addition, the quarterly average calculated and utilized for the third quarter of state fiscal year 2004 was not supported by the monthly time studies conducted for January and February 2004.

See audit finding 04-III-DOL-309-3 on page 193 for additional information, including the recommendation, response and corrective action plan and conclusion.

CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: G-03011ATANF/G-04011ATANF

Federal Award Year: 2003, 2004

Iowa Department of Human Services

04-III-HHS-401-7

Temporary Assistance for Needy Families (TANF) – The TANF program provides assistance payments to individuals based upon an application of need.

The following conditions were identified during the fiscal year 2004 case file testing:

- (a) Title 4-G-32 and 4-G-33 of the Employees' Manual states, in part, when State Income and Eligibility Verifications System (IEVS) information is received, the worker should determine if the information was previously reported, verify new and previously unverified information, note and date information on the IEVS report and file it in the case record. For sixteen of the 37 cases reviewed, the IEVS review was not documented in the case file.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

- (b) The TANF State Plan includes family centered services as allowable TANF expenditures. Title 18-A-55 of the Employees' Manual states when a child is in foster care placement, a case review of the status of the child must be conducted no less frequently than once every six months. Five of the 37 cases reviewed were for family centered services. For four of these five cases, the periodic review was not completed within the six month time frame.
- (c) Title 4-C-8 of the Employee's Manual states, in part, the parent/caretaker must assign all rights to support from any other person to DHS. For two of the 37 cases reviewed, the form assigning all rights to support could not be located.
- (d) 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. During foster care case file testing, for one of 32 cases reviewed, TANF/FIP benefits were paid to the family while the child was in foster care.

Recommendation – The Department should implement procedures to ensure compliance with the Employees' Manual.

Response and Corrective Action Planned –

- (a) This issue is being referred to the Income Maintenance Business Team (IMBT) for a discussion and a plan of action. Response from IMBT is due April 28, 2005.
- (b) It is agreed a case plan review should have been completed within the six month time frame under review. Service Help Desk staff will review this policy with staff during the bi-monthly field teleconference call scheduled for April 28, 2005.
- (c) On these two cases the error has been discussed with the income maintenance worker and the supervisor will ensure compliance.
- (d) On this individual case, the error has been discussed with the social worker and the supervisor will ensure compliance.

Conclusion – Response accepted.

CFDA Number: 93.558 – Temporary Assistance for Needy Families
Agency Number: G-0301IATANF/G-0401IATANF
Federal Award Year: 2003, 2004
Iowa Department of Human Services

CFDA Number: 93.575 – Child Care and Development Block Grant
Agency Number: G-0201IACCDF/G-0301IACCDF/G-0401IACCDF
Federal Award Year: 2002, 2003, 2004
Iowa Department of Human Services

State of Iowa

Schedule of Findings and Questioned Costs

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**CFDA Number: 93.596 – Child Care Mandatory and Matching Funds of the
Child Care and Development Fund**

Agency Number: G-0201IACCDF/G-0301IACCDF/G-0401IACCDF

Federal Award Year: 2002, 2003, 2004

Iowa Department of Human Services

CFDA Number: 93.658 – Foster Care – Title IV-E

Agency Number: G-0301IA1401/G-0401IA1401

Federal Award Year: 2003, 2004

Iowa Department of Human Services

CFDA Number: 93.659 – Adoption Assistance

Agency Number: G-0301IA1407/G-0401IA1407

Federal Award Year: 2003, 2004

Iowa Department of Human Services

CFDA Number: 93.778 – Medical Assistance Program

**Agency Number: 5-0205IA5028/5-0305IA5028/5-0305IA5048/
5-0405IA5028/5-0405IA5048**

Federal Award Year: 2002, 2003, 2004

Iowa Department of Human Services

04-III-HHS-401-8

DHS Field Office Internal Controls – For fiscal year 2004, twelve county offices and three Child Support Recovery Unit (CSRU) offices were visited. In conjunction with this limited review, the following conditions were noted.

In five 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 four of these five county offices, the person can also prepare the receipt.

In three county offices, the person who enters invoices for payment onto the Purchase of Service Data System (POSS) is also able to receive and review the transaction report from central office. For two of these three county offices, the person can also enter provider agreements onto POSS. In addition, for one of these two county offices, the person can approve the payment to the provider.

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 Managers for the five counties who are out of compliance will write and implement a corrective plan for each county to ensure the counties comply with Employees' Manual 23-B by April 4, 2005. The corrective action plans implemented will ensure a segregation of duties between the person who prepares the receipt, the person who sends the receipt to central office and the person who compares the validated receipt from central office to the receipt in the receipt log or receipt book.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

The Service Area Managers for the three counties who are out of compliance will write and implement a corrective action plan by April 4, 2005 for each county to ensure one person enters provider agreements onto POSS, a separate person enters invoices for payment onto POSS and a separate person receives and reviews the transaction report from central office.

Conclusion – Response accepted.

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: 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Agency Number: G-0101IACCDF/G-0201IACCDF/G-0301IACCDF

Federal Award Year: 2001, 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: 5-0105IA5028/5-0205IA5028/5-0205IA5048/
5-0305IA5028/5-0305IA5048**

Federal Award Year: 2001, 2002, 2003

Iowa Department of Human Services

04-III-HHS-401-9

Subrecipient Audit Report Review – OMB Circular A-133 requires a pass-through entity to be responsible for monitoring the activities of its subrecipients, as necessary, to ensure federal awards are used for authorized purposes in compliance with laws, regulations and provisions of the contract and grant. The Department monitors subrecipients through the review of subrecipient audit reports from subrecipients required to have an audit in accordance with OMB Circular A-133.

County governments receive federal funding from the programs noted above. Of these ninety-nine subrecipients, 18 were required to have an audit in accordance with OMB Circular A-133 for the fiscal year ended June 30, 2003. The Department did not review an audit report for three of these 18 subrecipients during the year ended June 30, 2004. For one of these three subrecipients, the Department also did not review an audit report for the fiscal year ended June 30, 2002.

See audit finding 04-III-USDA-401-4 on page 186 for additional information, including the recommendation, response and corrective action plan and conclusion.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

CFDA Number: 93.563 – Child Support Enforcement

Agency Number: G-0304IA4004, G-0404IA4004

Federal Award Year: 2003, 2004

Iowa Department of Human Rights

04-III-HHS-401-10

Child Support Enforcement Referral – Title 45 Code of Federal Regulations (CFR) 303.7(b)(2) states, in part, the IV-D agency must, within 20 calendar days of determining 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 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. Automated system flags direct the caseworkers through the interstate process. In this case, the caseworker was waiting for receipt of information from the custodial parent before making the interstate referral. The caseworker did not work the calendar flag timely regarding receipt of the information and made the interstate referral after the 20 day timeframe had lapsed. Procedures have been discussed with this caseworker regarding the need to process system flags timely to ensure compliance with federal timelines.

Conclusion – Response accepted.

CFDA Number: 93.568 – Low-Income Home Energy Assistance

Agency Number: G04B1IALIEA

Federal Award Year: 2004

Iowa Department of Human Rights

04-III-HHS-379-11

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 December 5, 2003 to December 18, 2003, a balance ranging from \$79,072 to \$231,752 was carried, and during the period January 16, 2004 to January 22, 2004, a balance ranging from \$248,303 to \$257,744 was carried.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

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 draw-downs adjusted appropriately.

The Department met with the state auditors in February and March, 2004 to discuss this same finding in the year ended June 30, 2003 Single Audit report. The two incidences cited above occurred before this meeting. The Department believes the actions taken as a result of the meetings in February and March corrected the excessive daily balance problems for the months remaining in the year ended June 30, 2004.

Conclusion – Response accepted.

CFDA Number: 93.568 – Low-Income Home Energy Assistance

Agency Number: G04B1IALIEA

Federal Award Year: 2004

Iowa Department of Human Rights

04-III-HHS-379-12

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.

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.

For nine of forty-two cash reports reviewed for the Low-Income Home Energy Assistance Program (LIHEAP), 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. 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.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

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 also met with the state auditors twice to review subrecipient cash advance procedures. Recommendations for strengthening procedures were implemented. The instances cited above occurred before these meetings. The Department is confident that during review of cash advances for the year ended June 30, 2005, few if any, instances of excessive funds on hand at the subrecipient level will be found.

The Department will continue to closely monitor cash management procedures to ensure compliance with federal guidelines.

Conclusion – Response accepted.

CFDA Number: 93.568 – Low-Income Home Energy Assistance

Agency Number: G04B1IALIEA

Federal Award Year: 2004

Iowa Department of Human Rights

04-III-HHS-379-13

Monitoring of Subrecipient Audit Reports – OMB Circular A-133 Subpart C.300(e) and Subpart D.400(d)(4) require the Department to ensure subrecipients expending \$500,000 or more in federal awards submit audit reports to it within nine months of the subrecipient's fiscal year end. The Department has established a policy to perform timely reviews of the audit reports within six months of receipt and send out letters of findings as appropriate.

Five of nineteen subrecipient audit reports received had been reviewed. Of the five reviewed, four were not reviewed in a timely manner.

Recommendation – The Department should follow established policy to ensure subrecipient audit reports are reviewed in a timely manner.

Response and Corrective Action Planned – The State of Iowa installed an entirely new budget and financial system in the later months of the year ended June 30, 2004. The new I-3 system bore no similarities to the previous Iowa Financial Accounting System which had been used for two decades. Because of the numerous training sessions that all financial staff were required to attend, the learning process that took place from June, 2004 through the fall after the system went live, and the various bugs and problems encountered with I-3, the Department fell behind, not completing all its normal work duties on time. These projects are now being completed. All subrecipient audits should be reviewed and resolved by March 31, 2005.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

CFDA Number 93.575 – Child Care and Development Block Grant
Agency Number: G-0201IACCDF, G-0301IACCDF, G-0401IACCDF
Federal Award Year: 2002, 2003, 2004
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, G-0401IACCDF
Federal Award Year: 2002, 2003, 2004
Iowa Department of Human Services

04-III-HHS-401-14

Child Care Assistance – The Child Care Assistance program provides assistance payments for child care services.

The following conditions were identified during the fiscal year 2004 case file testing:

- (a) Title 14-L-6 of the Employees' Manual states, in part, that before an invoice is processed an authorized person at the local office level is to approve the invoice for payment. This person should be different from the individual on-lining the invoice onto the Purchase of Service Data System (POSS). For five of 33 cases reviewed, the person approving the paper invoice was the same as the individual on-lining the invoice onto POSS.
- (b) Title 13-G-73 of the Employees' Manual states, in part, provider invoices are to be reviewed to verify the units billed are within the units authorized by the Notice of Decision. For one of the 33 cases reviewed, the number of units charged exceeded the number of units authorized per the Notice of Decision.
- (c) Title 13-G-25 of the Employees' Manual sets a monthly gross income limit for child care assistance eligibility. For one of the 33 cases reviewed, the individual applied for benefits in August 2003, at which time the individual's income was over the limit. Child care services were paid August 2003 through mid-October 2003 when a Notice of Decision was issued canceling the benefits due to exceeding the income limit.
- (d) Title 13-G-61 of the Employees' Manual requires a fee to be assessed for each half-day unit of service for families above 100% of the federal poverty guidelines. For one of the 33 cases reviewed, the Notice of Decision established a fee to be assessed. However, fees were not assessed to the individual.

Recommendation – The Department should implement procedures to ensure compliance with the Employees' Manual.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

Response and Corrective Action Planned –

- (a) The Service Area Manager for the county involved will write and implement a corrective action plan by April 4, 2005 to ensure one person approves the child care invoice and another person on-lines the invoice onto POSS.
- (b) On this individual case, the error has been discussed with the income maintenance worker and the supervisor will ensure compliance.
- (c) On this individual case, the error has been discussed with the income maintenance worker and the supervisor will ensure compliance.
- (d) On this individual case, the error has been discussed with the income maintenance worker and the supervisor will ensure compliance.

Conclusion – Response accepted.

CFDA 93.658 – Foster Care – Title IV-E
Agency Number: G-0301IA1401/G-0401IA1401
Federal Award Year: 2003, 2004
Iowa Department of Human Services

04-III-HHS-401-15

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 2004 case file testing:

- (a) Title 18-A-82 of the Employees' Manual states, in part, 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 four of 32 cases reviewed, an initial case plan was not developed within the prescribed limits.
- (b) Title 18-A-55 of the Employees' Manual states, in part, 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 nine of 32 cases reviewed, case plans were not re-evaluated within six months. One of the nine case files selected for review was a case in which the Department had payment responsibility while the file maintenance responsibility of the child was assigned to a Juvenile Court Officer. In three of the remaining nine cases tested, no documentation existed in the case file to verify cases were being re-evaluated every six months.
- (c) Title 18-A-83 of the Employees' Manual states, in part, the case plan shall be re-evaluated within 60 days from the date a child enters foster care. For one of 32 cases reviewed, a case plan was not re-evaluated within 60 days.

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.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

Response and Corrective Action Planned –

- (a) Service Help Desk staff will review this policy with field staff during the bi-monthly teleconference call scheduled to be held on April 28, 2005. Supervisors will ensure staff have tracking methods to know when plans are to be completed.
- (b) Service Help Desk staff will review this policy with field staff during the bi-monthly teleconference call scheduled to be held on April 28, 2005. Supervisors will ensure staff have tracking methods to know when plans are to be reviewed.
- (c) On this individual case, the error has been discussed with the social worker and the supervisor will ensure compliance.

Conclusion – Response accepted.

CFDA Number: 93.659 – Adoption Assistance
Agency Number: G-0301IA1407/G-0401IA1407
Federal Award Year: 2003, 2004
Iowa Department of Human Services

04-III-HHS-401-16

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 2004 case file testing:

- (a) Title 18-J(1)-41 of the Employees' Manual, effective through June 30, 2004, states, in part, the re-evaluation of the subsidy agreement plan shall not exceed two years. For 19 of 43 cases reviewed, the subsidy agreement was not re-evaluated within the two year time limit.
- (b) For one of 43 cases reviewed, the amount paid by the Department was \$286 more 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) Rule changes went into effect in March 2004 eliminating the requirement for two year reviews of subsidy agreements.
- (b) On this individual case, the error has been discussed with the social worker and the supervisor will ensure compliance.

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) Response acknowledged. In addition, the Department should implement recoupment procedures for any payments made in excess of the amount approved.

State of Iowa
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

U.S. Department of Homeland Security

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

CFDA Number: 97.004 – State Domestic Preparedness Equipment Support Program
Agency Number: 58924/65555/66591/66898
Federal Award Year: 2003
Iowa Department of Public Defense – Homeland Security and Emergency
Management Division

04-III-DHS-583-1

Program Progress Reports – Program progress reports are due within 30 days after the end of the reporting periods, which are June 30 and December 31. The Department submitted the program progress report nine days late for the reporting period ended December 31, 2003.

Recommendation – The Department should develop procedures to ensure program progress reports are submitted timely.

Response – The Department has implemented a grant matrix and tracking system which will help ensure program progress reports are submitted in a timely manner.

Conclusion – Response accepted.

CFDA Number: 97.004 – State Domestic Preparedness Equipment Support Program
Agency Number: 58924/65555/66591/66898
Federal Award Year: 2003
Iowa Department of Public Defense – Homeland Security and Emergency
Management Division

04-III-DHS-583-2

Financial Status Reports (Standard Form 269A) – Quarterly financial status reports are due within 45 days after the end of each quarter. The quarterly financial status reports are used to report the recipient and federal share of expenditures. For the quarter ended December 31, 2003, the Department reported revenues received from the U.S. Department of Homeland Security in December 2003, January 2004 and February 2004 rather than the Iowa Department of Public Defense – Homeland Security and Emergency Management Division expenditures for October, November, and December 2003.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

Recommendation – The Department should implement procedures to ensure the expenditures for the applicable period are reported on the quarterly financial status reports.

Response – These reports are part of the new grant matrix and tracking procedures that were implemented. The Department is also in the process of implementing a new financial management system which will ensure the timely submission of accurate quarterly financial status reports.

Conclusion – Response accepted.

CFDA Number: 97.004 – State Domestic Preparedness Equipment Support Program
Agency Number: 58924/65555/66591/66898
Federal Award Year: 2003
Iowa Department of Public Defense – Homeland Security and Emergency Management Division

04-III-DHS-583-3

Cash Management – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. As stated in the Cash Management Improvement Act (CMIA) Agreement, the State Domestic Preparedness Equipment Support program 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.

In addition, effective cash management procedures also minimize the amount of state funds that must be used to operate the program until the federal funds are received.

As part of its cash management procedures, the Homeland Security and Emergency Management Division accumulates reimbursable costs for each federal program on a spreadsheet. These spreadsheets are to support requests for reimbursement for federal programs and are attached to a summary spreadsheet or cash receipt.

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

- a) In eight instances, the Department drew funds, but the corresponding disbursements were not made until five to thirteen working days later. The draw amounts ranged from \$2,680 to \$403,692.
- b) In two instances, funds were inadvertently drawn twice and, as of June 30, 2004, had not been returned. The draw amounts ranged from \$454 to \$17,400.
- c) In three instances, the Department drew more funds than were documented on the spreadsheets used to support requests for reimbursement for federal programs.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

- d) In thirteen instances, the Department could not locate a summary spreadsheet or cash receipt with supporting spreadsheets attached. Therefore, the Department did not have supporting documentation for these federal draws. The draw amounts ranged from \$2,475 to \$1,623,494.
- e) Three instances were noted where the cash balance was in excess of \$100,000 for a period of five to ninety-six days.

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 – The Department, through the use of a new financial management system, will have automated draw request ability. This will ensure funds are drawn for accumulated expenses and will have proper support generated by the system, instead of handwritten records used in the past. These steps will help ensure proper cash management in relation to the CMIA agreement.

Conclusion – Response accepted.

CFDA Number: 97.004 – State Domestic Preparedness Equipment Support Program
Agency Number: 58924/65555/66591/66898
Federal Award Year: 2003
Iowa Department of Public Defense – Homeland Security and Emergency
Management Division

04-III-DHS-583-4

Award Allocation – The Department allocates State Domestic Preparedness Equipment Support Program funds to Counties based on a formula. Department procedures 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 – The Department has instituted procedures to ensure the allocation calculations will be verified. Supervisory review will be documented on the original copy which will be kept in a permanent grant file.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

CFDA Number: 97.004 – State Domestic Preparedness Equipment Support Program

Agency Number: 58924/65555/66591/66898

Federal Award Year: 2003

**Iowa Department of Public Defense – Homeland Security and Emergency
Management Division**

04-III-DHS-583-5

Applications – The Department required an application for each phase of State Domestic Preparedness Equipment Support Program funding from each participating County. To be eligible for the second phase of funding, County applications were to be postmarked no later than August 1, 2003. For three of fifteen Counties tested, the Department was unable to provide documentation of the application postmark date.

Recommendation – The Department should implement procedures to ensure all application documentation is maintained for each participating County.

Response – The Department has implemented procedures to ensure all documents received in the Department are properly noted to accurately reflect the date of receipt or the postmark date. All documentation received will be kept with the application.

Conclusion – Response accepted.

State of Iowa

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Federal Agency
By Agency Identification

Identification

<u>Initials</u>	<u>Agency</u>
USDA	U.S. Department of Agriculture
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
NASA	National Aeronautics and Space Administration
NSF	National Science Foundation
USDE	U.S. Department of Education
HHS	U.S. Department of Health and Human Services
DHS	U.S. Department of Homeland Security

Iowa State Agencies
By Agency Number

<u>Agency No.</u>	<u>Agency</u>
005	Department of Administrative Services
009	Department of Agriculture and Land Stewardship
112	Department of Justice
131	Department for the Blind
167	Civil Rights Commission
216	Department of Commerce – Insurance Division
219	Department of Commerce – Utilities Division
238	Department of Corrections
246	Mt. Pleasant Correctional Facility
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259	Department of Cultural Affairs
269	Department of Economic Development
282	Department of Education
283	Department of Education – Division of Vocational Rehabilitation Services
284	College Student Aid Commission
285	Iowa Public Television
297	Department of Elder Affairs
309	Department of Workforce Development
379	Department of Human Rights
401	Department of Human Services
411	Glenwood Resource Center
427	Department of Inspections and Appeals
444	Judicial Department
542	Department of Natural Resources
582	Department of Public Defense – Military Division
583	Department of Public Defense - Homeland Security and 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
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620	Iowa State University
621	University of Northern Iowa
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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