



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

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**NEWS RELEASE**

Contact: Andy Nielsen

FOR RELEASE April 3, 2007

Auditor of State David A. Vaudt today released the State of Iowa's Single Audit Report for the year ended June 30, 2006. 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 \$4.9 billion of federal funds in fiscal year 2006, an increase of 5.6% over the prior year. Disbursements included approximately \$1.7 billion for medicaid, \$369 million for highway planning and construction, \$336 million for unemployment insurance, \$298 million for federal direct student loans, \$239 million for food stamps, \$113 million for special education and \$99 million for temporary assistance for needy families. Although the State of Iowa administered approximately 581 federal programs during the year ended June 30, 2006, these seven programs accounted for over 64.6% 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 report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/index.html>.

**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, 2006**

**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, 2006, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Iowa Higher Education Loan Authority and the Universities Foundations were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit and the reports of the other auditors provide a reasonable basis for our opinions.

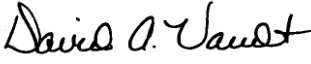
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Iowa as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

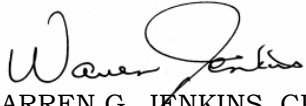
For the year ended June 30, 2006, appropriations of \$27,462,051 were made from the Rebuild Iowa Infrastructure Fund for items inconsistent with the fund's legislatively established purpose to be used for public vertical infrastructure-related expenditures. These items included, but were not limited to, support of various technology programs, routine maintenance of state buildings, relocation and facility lease costs and the establishment of loan programs. Expenditures for these items during the year ended June 30, 2006 totaled \$18,926,952, of which \$6,046,031 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 82 through 88 are not required parts 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. 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 is presented for purposes of additional analysis and is 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, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2006 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing 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 20, 2006

**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, 2006. Readers are encouraged to consider this information in conjunction with the letter of transmittal located at the front of the CAFR, and the State's financial statements, which follow this part of the CAFR.

### FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

#### Government-wide Highlights

- The assets of the State of Iowa exceeded its liabilities at the close of fiscal year 2006 by \$11,364.1 million (net assets). Of this amount \$1,067.6 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 \$573.7 million in the fiscal year ended June 30, 2006. Net assets of governmental activities increased by \$327.3 million or 4.66 percent, while net assets of business-type activities increased by \$246.4 million or 6.5 percent.
- In the State's governmental activities, revenues increased by 6.7 percent to \$11,144.6 million while expenses increased 6.4 percent to \$10,336.6 million.
- For business-type activities, revenues increased 11.9 percent to \$3,352.2 million while expenses increased 9.3 percent to \$3,586.5 million.

#### Fund Highlights

- The State's governmental funds reported a combined ending fund balance of \$2,583.4 million, a \$265.6 million increase from the prior year. Of this amount, \$962.0 million represents unreserved fund balance and the remaining \$1,621.4 million is reserved for specific purposes.
- The General Fund total fund balance increased \$175.3 million to \$2,099.7 million and the unreserved fund balance increased \$337.8 million to \$897.7 million at June 30, 2006.
- The proprietary funds reported net assets at year-end of \$4,018.8 million, an increase of \$246.0 million.

#### Long-term Debt

- The State's total long-term debt increased by \$216.9 million to \$2,078.3 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 *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**

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

### **Supplementary Information**

The 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 \$11,364.1 million at the end of 2006, compared to \$10,790.4 million at the end of the previous year, as indicated in Table 2.

<b>Table 2</b> <b>Net Assets</b> <b>(In Millions)</b>							
	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2005 - 2006
	2006	2005	2006	2005	2006	2005	
Current and other assets	\$ 3,838.5	\$ 3,520.5	\$ 3,083.3	\$ 2,860.8	\$ 6,921.8	\$ 6,381.3	8.5%
Capital assets	5,948.2	5,727.4	2,718.8	2,561.3	8,667.0	8,288.7	4.6%
Total assets	9,786.7	9,247.9	5,802.1	5,422.1	15,588.8	14,670.0	6.3%
Long-term liabilities	1,152.5	1,060.6	1,083.8	992.1	2,236.3	2,052.7	8.9%
Other liabilities	1,282.5	1,162.9	705.9	664.0	1,988.4	1,826.9	8.8%
Total liabilities	2,435.0	2,223.5	1,789.7	1,656.1	4,224.7	3,879.6	8.9%
Net assets							
Invested in capital assets,							
net of related debt	5,878.6	5,681.4	1,874.0	1,783.5	7,752.6	7,464.9	3.9%
Restricted	1,190.8	1,209.1	1,353.1	1,221.3	2,543.9	2,430.4	4.7%
Unrestricted	282.3	133.9	785.3	761.2	1,067.6	895.1	19.3%
Total net assets	\$ 7,351.7	\$ 7,024.4	\$ 4,012.4	\$ 3,766.0	\$ 11,364.1	\$ 10,790.4	5.3%

Net assets of the State's governmental activities increased 4.7 percent to \$7,351.7 million. The largest component (80.0%) 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 (16.2%). 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 (3.8%) and may be used at the State's discretion, but often have limitations on use based on State statutes.

The net assets of business-type activities increased 6.5 percent to \$4,012.4 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.

Capital assets of the State increased 4.6 percent to \$8,667.0 million. This is the result of on-going construction activity on Interstate 235 by the Department of Transportation as well as renovations to the University of Iowa's Kinnick Stadium and other facilities at the State Universities. Also, the Department of Natural Resources acquired additional land during the year in an effort to expand existing State parks and to create new wildlife management areas and destination parks.

Long-term liabilities of the State increased 8.9 percent to \$2,236.3 million. The increase is due to the issuance of debt by the Tobacco Settlement Authority which was used, in part, to advance refund outstanding debt and the issuance of new debt by the State Universities to finance the cost of constructing, equipping and furnishing certain University facilities.

Other liabilities of the State increased \$161.5 million or 8.8 percent. The increase is due, in part, to a \$14 million classification error between current and noncurrent liabilities in the prior year for compensated absences pertaining to the Department of Transportation, timing differences for claims paid as well as an increase in the current liability amounts for capital leases and bonds payable.

## Changes in Net Assets

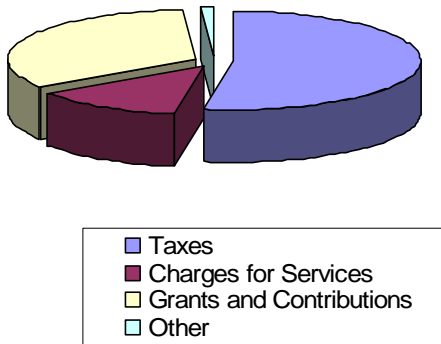
The State's total net assets increased by \$573.7 million during the year, as indicated in Table 3.

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

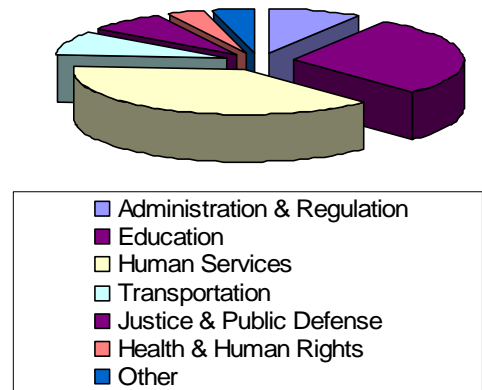
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>Total Percentage Change 2005 - 2006</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	
Program Revenues:							
Charges for Service	\$ 1,451.1	\$ 1,308.8	\$ 2,702.6	\$ 2,386.3	\$ 4,153.7	\$ 3,695.1	12.4%
Operating Grants and Contributions	3,699.3	3,391.7	458.3	448.5	4,157.6	3,840.2	8.3%
Capital Grants and Contributions	4.2	5.3	18.0	28.9	22.2	34.2	-35.1%
General Revenues:							
Personal Income Tax	2,431.0	2,263.6	-	-	2,431.0	2,263.6	7.4%
Corporate Income Tax	283.1	177.0	-	-	283.1	177.0	59.9%
Sales & Use Tax	1,866.9	1,761.2	-	-	1,866.9	1,761.2	6.0%
Other Taxes	592.9	596.7	7.3	-	600.2	596.7	0.6%
Restricted for Transportation Purposes:							
Motor Fuel Tax	440.6	482.2	-	-	440.6	482.2	-8.6%
Road Use Tax	247.1	252.6	-	-	247.1	252.6	-2.2%
Unrestricted Investment Earnings	98.3	72.2	93.6	88.0	191.9	160.2	19.8%
Other	30.1	130.4	72.4	43.1	102.5	173.5	-40.9%
<b>Total Revenues</b>	<b>11,144.6</b>	<b>10,441.7</b>	<b>3,352.2</b>	<b>2,994.8</b>	<b>14,496.8</b>	<b>13,436.5</b>	<b>7.9%</b>
Expenses							
Administration & Regulation	924.2	903.4			924.2	903.4	2.3%
Education	2,948.6	2,796.2	-	-	2,948.6	2,796.2	5.5%
Health & Human Rights	367.5	337.5	-	-	367.5	337.5	8.9%
Human Services	3,927.9	3,633.3	-	-	3,927.9	3,633.3	8.1%
Justice & Public Defense	757.0	693.6	-	-	757.0	693.6	9.1%
Economic Development	223.2	208.7	-	-	223.2	208.7	6.9%
Transportation	930.3	918.6	-	-	930.3	918.6	1.3%
Agriculture & Natural Resources	180.5	167.1	-	-	180.5	167.1	8.0%
Interest Expense	77.4	52.2	-	-	77.4	52.2	48.3%
Universities	-	-	2,850.3	2,656.3	2,850.3	2,656.3	7.3%
Unemployment Insurance	-	-	304.2	299.1	304.2	299.1	1.7%
Other Business-type	-	-	432.0	326.1	432.0	326.1	32.5%
<b>Total Expenses</b>	<b>10,336.6</b>	<b>9,710.6</b>	<b>3,586.5</b>	<b>3,281.5</b>	<b>13,923.1</b>	<b>12,992.1</b>	<b>7.2%</b>
Increase in Net Assets Before Transfers	808.0	731.1	(234.3)	(286.7)	573.7	444.4	29.1%
Transfers	(480.7)	(501.4)	480.7	501.4	-	-	0.0%
<b>Increase (Decrease) in Net Assets</b>	<b>327.3</b>	<b>229.7</b>	<b>246.4</b>	<b>214.7</b>	<b>573.7</b>	<b>444.4</b>	<b>29.1%</b>
<b>Net Assets July 1</b>	<b>7,024.4</b>	<b>6,794.7</b>	<b>3,766.0</b>	<b>3,551.3</b>	<b>10,790.4</b>	<b>10,346.0</b>	<b>4.3%</b>
<b>Net Assets June 30</b>	<b>\$ 7,351.7</b>	<b>\$ 7,024.4</b>	<b>\$ 4,012.4</b>	<b>\$ 3,766.0</b>	<b>\$ 11,364.1</b>	<b>10,790.4</b>	<b>5.3%</b>

## Governmental Activities

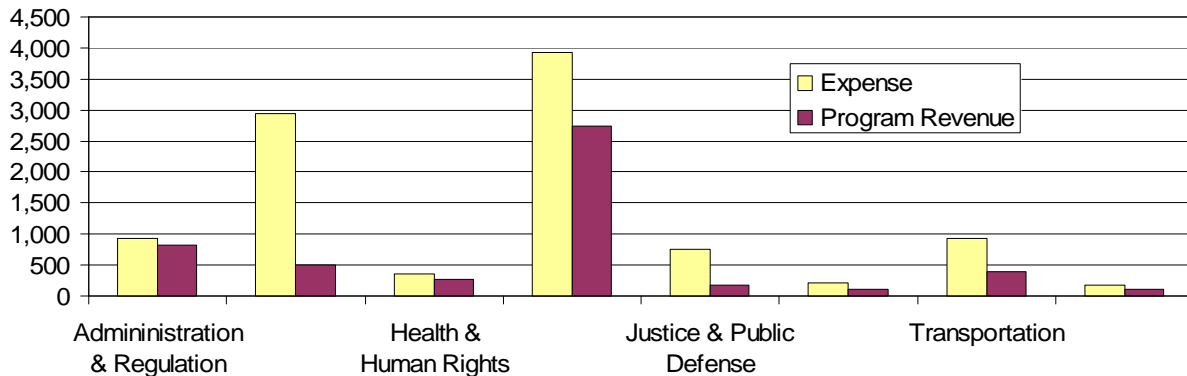
**FY06 Revenues -  
Governmental Activities**



**FY06 Functional Expenditures -  
Governmental Activities**



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



The cost of all governmental activities this year was \$10,336.6 million. However, the amount that taxpayers paid for these activities through State taxes was \$5,861.6 million. Some of the cost was paid by:

- Those who directly benefited from the programs (\$1,451.1 million), or
- Other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$3,703.5 million).

Corporate income tax increased 59.9 percent to \$283.1 million. The increase is due, in part, to an increase in corporate profits realized by the State's improving economy. Also, as the result of certain initiatives implemented, the Department of Revenue identified and collected taxes from corporations that were not paying taxes in previous years.

Interest rates have increased over the prior year which resulted in an increase in the unrestricted investment earnings received by the State.

Other general revenues decreased \$100.3 million, or 76.9 percent, due to a reclassification of certain receipts received by the Department of Human Services. These receipts were classified as other general revenues in the prior year but were appropriately reclassified as charges for services during the current fiscal year.

### **Business-type Activities**

- Universities had \$2,850.3 million in expenses and \$2,262.5 million in program revenues for net expenses of \$587.8 million.
- Unemployment Insurance had \$304.2 million in expenses and \$348.3 million in program revenues for net revenues of \$44.1 million.

In total, business-type activities had net expenses of \$407.6 million with \$654.0 million in net general revenues and transfers, an increase of \$246.4 million, to end with net assets of \$4,012.4 million.

Capital grants and contributions decreased 37.7 percent to \$18.0 million. In the prior year, the Iowa Communications Network received state funding to payoff an existing debt. No such funding was required in the current year.

Other business-type expenses increased \$105.9 million or 32.5 percent. The increase is primarily due to retailer compensation payments made by the Iowa Lottery for the Touchplay game. The number of Touchplay machines increased from approximately 650 in March 2005 to approximately 6,400 in March 2006. The increase in the number of machines resulted in an increase in Touchplay sales with a corresponding increase in retailer compensation payments.

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

The governmental funds reported total fund balances of \$2,583.4 million, with \$962.0 million in unreserved fund balance. Net revenues totaled \$11,152.6 million with expenditures of \$10,548.4 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 \$2,099.7 million and the unreserved fund balance was \$897.7 million. The unreserved fund balance included \$392.0 million of "rainy day" funds. The net change in fund balance was an increase of \$175.3 million. Revenues exceeded expenditures by \$571.4 million, while other financing uses exceeded sources by \$396.1 million.

### **General Fund Budgetary Highlights**

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

- Supplemental appropriations - \$87,468,654
- Adjustments to standing appropriations - \$5,324,254

The originally enacted General Fund budget of \$4,988.8 million was predicated on 3.4% growth in General Fund revenues, as projected by the State's Revenue Estimating Conference (REC) on April 8, 2005. This estimate reflected the expectation that revenue growth would continue at a moderate pace given the economic outlook.

At its October 14, 2005 meeting, the REC revised its fiscal year 2006 General Fund revenue estimate upward to \$5,024.1 million. This was based upon the revised base of FY 2005 actual revenue growth of 5.2% and continued expectation that revenue growth would continue at a normal pattern. On December 12, 2005, the REC again increased the revenue estimate to \$5,075.8 million. The increase from the October 2005 meeting reflected an acknowledgement that year-to-date revenues were growing faster than expected. An additional revision was made at the March 24, 2006 meeting to increase the

General Fund revenue estimate to \$5.219.7 million, again acknowledging that year-to-date revenues were growing faster than expected.

During the 2006 legislative session, the General Assembly approved \$87.5 million in General Fund supplemental appropriations. The largest supplemental appropriation was to the Medical Assistance Program (Medicaid) in the Department of Human Services for \$38.4 million. \$35.3 million was appropriated to the Health Care Transformation Account in the Department of Human Services and is related to the final intergovernmental transfer the State of Iowa received from the Federal Government as a negotiated settlement to end the intergovernmental transfers. Most of the other supplemental appropriations were to help in general operations of various departments. All of these were signed into law by Governor Vilsack.

Also during this legislative session, the General Assembly approved the transfer of \$159.9 million of the ending General Fund balance to the Property Tax Credit Fund for FY07 expenditures, prior to the transfer to the Cash Reserve Fund and a transfer of \$2.8 million to the Board of Regents to be used for FY07 expenditures at the Regent Institutions. These were signed into law by Governor Vilsack.

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. These are either increases or decreases to the estimates made at the beginning of the year. For FY 2006, these standing appropriations exceeded the original estimates by \$5.3 million. The largest variance was for Appeal Board claims, which were \$6.7 million over the estimate. A variety of other appropriations made up the balance of the changes to standing appropriations.

During April, May and 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 \$5,382.7 million which was 9.2% growth. As a consequence, after the transfers to the Property Tax Credit Fund and the Board of Regents discussed earlier, and also taking into account the statutory transfer to the Senior Living Trust fund of \$49.9 million, the General Fund ending balance for fiscal year 2006 totaled \$149.4 million.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2006, the State had \$8,667.0 million invested in capital assets, net of accumulated depreciation of \$5,929.6 million. Depreciation charges totaled \$554.2 million in 2006. 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 2005 - 2006
	2006	2005	2006	2005	2006	2005	
Land	\$590.0	\$572.5	\$35.1	\$28.8	\$625.1	\$601.3	4.0%
Building and Improvements	551.7	534.3	1,501.3	1,394.2	2,053.0	1,928.5	6.5%
Equipment	154.0	146.0	304.4	322.7	458.4	468.7	-2.2%
Land Improvements	7.2	6.3	29.4	30.2	36.6	36.5	0.3%
Works of Art and Collections	0.8	0.8	264.8	251.8	265.6	252.6	5.1%
Infrastructure	4,579.5	4,426.9	246.5	215.6	4,826.0	4,642.5	4.0%
Construction in progress	65.0	40.6	337.3	318.0	402.3	358.6	12.2%
Total	<u>\$5,948.2</u>	<u>\$5,727.4</u>	<u>\$2,718.8</u>	<u>\$2,561.3</u>	<u>\$8,667.0</u>	<u>\$8,288.7</u>	<u>4.6%</u>



## Long-term Debt

At year-end the State had \$2,078.3 million in bonds, certificates of participation, and leases and other financing arrangements 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
	2006	2005	2006	2005	2006	2005	2005 - 2006
Revenue Bonds	\$ 1,091.8	\$ 965.7	\$ 837.4	\$ 757.8	\$ 1,929.2	\$ 1,723.5	11.9%
Certificates of Participation	1.6	2.0	-	-	1.6	2.0	-20.0%
Leases and Other Financing Arrangements*	6.2	7.2	141.3	128.7	147.5	135.9	8.5%
<b>Total</b>	<b>\$ 1,099.6</b>	<b>\$ 974.9</b>	<b>\$ 978.7</b>	<b>\$ 886.5</b>	<b>\$2,078.3</b>	<b>\$1,861.4</b>	<b>11.7%</b>

The Constitution of the State of Iowa prohibits the State from exceeding a maximum of \$250 thousand in general obligation debt without voter approval. However, State law authorizes the issuance of Tax and Revenue Anticipation Notes (TRANS), provided that the total issuance does not exceed anticipated revenue receipts for the fiscal year and that the total issuance matures during the fiscal year. The State issued and repaid Tax and Revenue Anticipation Notes of \$450.0 million during fiscal year 2006.

Revenue bonds issued by various authorities of the State totaled \$2,975.4 million outstanding at fiscal year-end. This amount consisted of \$1,046.2 million of component unit – proprietary funds revenue bonds (housing and higher education), \$837.4 million in revenue bonds issued by the three State universities and Iowa Lottery Authority (for equipment & facilities), \$775.8 million in revenue bonds issued by the Tobacco Settlement Authority and \$316.0 million in various bonds issued by the Iowa Finance Authority for the Vision Iowa Program, the School Infrastructure Loan Program, the Underground Storage Tank Program, and the Department of Corrections. These bonds are backed by the revenues of the issuing program or authority.

Certificates of Participation (COPS), issued by the State and outstanding at fiscal year-end, amounted to \$1.6 million. COPS represent an ownership interest of the certificate holder in a lease purchase agreement

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

Along with most other states, Iowa enjoyed improved fiscal health in fiscal year 2006, with strong growth revenue collections during the year. Iowa's 9.2 % General Fund revenue growth was one of the strongest years the state has ever had. However the growth was inflated by two large one-time revenue sources. \$54.6 million deposited into the general fund was for the final intergovernmental transfer that the state received from the Federal government in a negotiated agreement to end these transfers. Another \$27.3 million of lottery transfers was received due to Touch Play machines licensed by the Lottery Authority. These machines were banned by the Legislature in May 2006.

The Governor and General Assembly worked beyond the 100 day session in 2006, fashioning the General Fund budget for FY 2007. Amounts available for appropriation in the General Fund budget were \$5,350.9 million. General Fund appropriations totaled \$5,296.3 million, an increase of \$276.3 million from the actual 2006 General Fund budget.

At the REC meeting in October, the FY 2007 revenue estimate was increased to \$5,540.2 million, largely as a result of adjusting the base to reflect actual revenue collections in fiscal year 2006. The revised estimate reflects projected revenue growth of 2.9% compared to actual revenues for the previous fiscal year. This revised revenue projection coupled with current General Fund appropriations would leave a balance of \$256.4 million at the close of FY 2007, of which \$53.5 million is statutorily required to be transferred to the Senior Living Trust Fund leaving an ending balance of \$202.9 million.

Recent revenue performance is encouraging. Iowa's unemployment rate was at 3.6% in October 2006, which tied the second lowest monthly unemployment rate during the calendar year. Iowa's seasonally adjusted employment was estimated at 1,640,000,

Nationally, the weaker housing market and manufacturing base is a concern despite the boost expected by an improving trade balance at least through the second quarter of next year. Supporting the trade balance are strong global growth and the depreciated dollar, both of which should continue in the next year. Growth in the gross domestic product (GDP) for the third quarter of 2006 is now estimated at 2.2%, four tenths of a percent behind the second quarter growth for 2006. Moody's Economy.com, a national economic forecasting company, expects that growth will remain below the economy's 3% real GDP growth potential for the rest of the year, with some rebound in the first quarter of 2007 to 2.8% growth and in the second quarter of 2007 to 3.1% growth in GDP.

## **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, 2006  
(Expressed in Thousands)

	PRIMARY GOVERNMENT			COMPONENT
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	UNITS
	ACTIVITIES	ACTIVITIES		
<b>ASSETS</b>				
Current Assets:				
Cash & Investments	\$ 1,966,239	\$ 1,892,103	\$ 3,858,342	\$ 1,019,791
Cash & Investments - Restricted	-	59,831	59,831	1,181
Deposits With Trustees	4,697	38,446	43,143	-
Accounts Receivable (Net)	1,548,274	439,613	1,987,887	54,194
Interest Receivable	2	4,687	4,689	9,000
Loans Receivable (Net)	10,403	5,633	16,036	29,661
Internal Balances	17,335	(17,335)	-	-
Inventory	22,571	57,103	79,674	216
Prepaid Expenses	19,500	11,798	31,298	109
Deferred Charges	1,223	-	1,223	-
Other Assets	-	1,342	1,342	1,990
Investment In Prize Annuity	-	7,695	7,695	-
Total Current Assets	<u>3,590,244</u>	<u>2,500,916</u>	<u>6,091,160</u>	<u>1,116,142</u>
Noncurrent Assets:				
Cash & Investments	-	461,384	461,384	685,305
Cash & Investments - Restricted	78,118	-	78,118	780,996
Deposits With Trustees	-	20	20	-
Accounts Receivable (Net)	24,441	14,464	38,905	136,708
Interest Receivable	-	612	612	-
Loans Receivable (Net)	142,190	59,200	201,390	457,235
Capital Assets - nondepreciable	654,959	601,617	1,256,576	5,370
Capital Assets - depreciable (Net)	5,293,213	2,117,210	7,410,423	67,749
Prepaid Expenses	-	812	812	-
Deferred Charges	3,518	-	3,518	-
Other Assets	-	23,843	23,843	10,082
Investment In Prize Annuity	-	18,899	18,899	-
Prize Deposit	-	3,173	3,173	-
Total Noncurrent Assets	<u>6,196,439</u>	<u>3,301,234</u>	<u>9,497,673</u>	<u>2,143,445</u>
<b>TOTAL ASSETS</b>	<u><b>9,786,683</b></u>	<u><b>5,802,150</b></u>	<u><b>15,588,833</b></u>	<u><b>3,259,587</b></u>

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	1,001,521	291,148	1,292,669	15,079
Interest Payable	3,752	20,624	24,376	19,845
Unearned Revenue	110,452	85,792	196,244	645
Compensated Absences	129,033	74,737	203,770	453
Capital Leases	1,121	6,753	7,874	535
Bonds Payable	35,806	44,151	79,957	38,632
Other Financing				
Arrangements Payable	808	1,207	2,015	-
Annuities Payable	-	7,826	7,826	-
Lottery Prizes Payable	-	2,998	2,998	-
Funds Held In Custody	-	170,687	170,687	71,144
Total Current Liabilities	1,282,493	705,923	1,988,416	146,333
Noncurrent Liabilities:				
Accounts Payable & Accruals	65,869	12,334	78,203	68,699
Interest Payable	-	2,444	2,444	-
Unearned Revenue	906	2,479	3,385	7,050
Compensated Absences	23,857	66,817	90,674	182
Capital Leases	2,466	130,416	132,882	8,020
Bonds Payable	1,056,035	793,217	1,849,252	1,007,533
Other Financing				
Arrangements Payable	3,321	2,951	6,272	-
Annuities Payable	-	18,899	18,899	-
Lottery Prizes Payable	-	3,173	3,173	-
Funds Held In Custody	-	51,107	51,107	5,297
Other	-	3	3	-
Total Noncurrent Liabilities	1,152,454	1,083,840	2,236,294	1,096,781
TOTAL LIABILITIES	2,434,947	1,789,763	4,224,710	1,243,114
NET ASSETS				
Invested in Capital Assets,				
Net of Related Debt	5,878,568	1,874,011	7,752,579	60,652
Restricted for:				
Transportation	630,709	-	630,709	-
Underground Storage Tank Program	70,051	-	70,051	-
Education	66,273	-	66,273	-
Health & Human Rights	64,277	-	64,277	-
Debt Service	254,529	-	254,529	-
Universities	-	453,795	453,795	-
Permanent Funds - Nonexpendable	11,592	-	11,592	-
Unemployment Benefits	-	899,268	899,268	-
Other	93,420	-	93,420	1,343,651
Unrestricted	282,317	785,313	1,067,630	612,170
TOTAL NET ASSETS	\$ 7,351,736	\$ 4,012,387	\$ 11,364,123	\$ 2,016,473

# STATE OF IOWA

## Statement of Activities

For the Year Ended June 30, 2006  
(Expressed in Thousands)

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>		
		<b>Charges for Service</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
Governmental Activities:				
Administration & Regulation	\$ 924,171	\$ 804,217	\$ 24,156	\$ -
Education	2,948,579	23,117	480,009	-
Health & Human Rights	367,579	45,324	227,771	556
Human Services	3,927,888	418,391	2,327,674	-
Justice & Public Defense	756,968	83,256	97,438	-
Economic Development	223,153	2,715	110,821	-
Transportation	930,333	13,922	389,425	-
Agriculture & Natural Resources	180,539	60,128	42,019	3,689
Interest Expense	77,392	-	-	-
<b>Total Governmental Activities</b>	<b>10,336,602</b>	<b>1,451,070</b>	<b>3,699,313</b>	<b>4,245</b>
Business-type Activities:				
Universities	2,850,291	1,786,355	458,271	17,914
Unemployment Insurance	304,143	348,246	-	-
Other	432,037	567,966	-	125
<b>Total Business-type Activities</b>	<b>3,586,471</b>	<b>2,702,567</b>	<b>458,271</b>	<b>18,039</b>
<b>Total Primary Government</b>	<b>\$ 13,923,073</b>	<b>\$ 4,153,637</b>	<b>\$ 4,157,584</b>	<b>\$ 22,284</b>
<b>Component Units:</b>				
Iowa Finance Authority	\$ 68,446	\$ 13,226	\$ 49,780	\$ -
Iowa Higher Education Loan Authority	1,586	1,652	-	-
Iowa Agricultural Development Authority	452	424	13	-
Iowa State Fair Authority	14,888	13,961	1,716	100
Universities Foundations	127,950	-	187,586	201
<b>Total Component Units</b>	<b>\$ 213,322</b>	<b>\$ 29,263</b>	<b>\$ 239,095</b>	<b>\$ 301</b>
<b>General Revenues</b>				
Taxes:				
Personal Income				
Corporate Income				
Sales and Use				
Other				
Restricted for Transportation Purposes:				
Motor Fuel Tax				
Road Use Tax				
Unrestricted Investment Earnings				
Other				
Gain on Sale of Assets				
Contribution to Permanent Fund Principal				
Transfers				
<b>Total General Revenues and Transfers</b>				
<b>Change in Net Assets</b>				
<b>Net Assets - July 1</b>				
<b>Net Assets - June 30</b>				

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
\$ (95,798)	\$ -	\$ (95,798)	\$ -
(2,445,453)	-	(2,445,453)	-
(93,928)	-	(93,928)	-
(1,181,823)	-	(1,181,823)	-
(576,274)	-	(576,274)	-
(109,617)	-	(109,617)	-
(526,986)	-	(526,986)	-
(74,703)	-	(74,703)	-
(77,392)	-	(77,392)	-
<b>(5,181,974)</b>	<b>-</b>	<b>(5,181,974)</b>	<b>-</b>
-	(587,751)	(587,751)	-
-	44,103	44,103	-
-	136,054	136,054	-
<b>-</b>	<b>(407,594)</b>	<b>(407,594)</b>	<b>-</b>
<b>(5,181,974)</b>	<b>(407,594)</b>	<b>(5,589,568)</b>	<b>-</b>
			(5,440)
			66
			(15)
			889
			59,837
			<b>55,337</b>
2,430,981	-	2,430,981	-
283,112	-	283,112	-
1,866,864	-	1,866,864	-
592,888	7,300	600,188	-
440,652	-	440,652	-
247,125	-	247,125	-
98,269	93,651	191,920	107,878
29,810	68,209	98,019	752
-	4,169	4,169	-
262	-	262	-
(480,654)	480,654	-	-
<b>5,509,309</b>	<b>653,983</b>	<b>6,163,292</b>	<b>108,630</b>
<b>327,335</b>	<b>246,389</b>	<b>573,724</b>	<b>163,967</b>
<b>7,024,401</b>	<b>3,765,998</b>	<b>10,790,399</b>	<b>1,852,506</b>
<b>\$ 7,351,736</b>	<b>\$ 4,012,387</b>	<b>\$ 11,364,123</b>	<b>\$ 2,016,473</b>



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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 90.

# STATE OF IOWA

## Balance Sheet Governmental Funds

June 30, 2006  
(Expressed in Thousands)

	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Current Assets:			
Cash & Investments	\$ 1,518,314	\$ 495,941	\$ 2,014,255
Deposits with Trustees	4,201	496	4,697
Accounts Receivable (Net)	1,510,531	33,452	1,543,983
Loans Receivable (Net)	10,403	-	10,403
Due From Other Funds	27,792	8,524	36,316
Inventory	11,565	67	11,632
Prepaid Expenditures	17,710	86	17,796
Total Current Assets	<u>3,100,516</u>	<u>538,566</u>	<u>3,639,082</u>
Noncurrent Assets:			
Accounts Receivable (Net)	19,501	4,940	24,441
Loans Receivable (Net)	142,190	-	142,190
Total Noncurrent Assets	<u>161,691</u>	<u>4,940</u>	<u>166,631</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,262,207</u></b>	<b><u>\$ 543,506</u></b>	<b><u>\$ 3,805,713</u></b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable & Accruals	\$ 943,270	\$ 20,702	\$ 963,972
Due To Other Funds	66,949	14,058	81,007
Deferred Revenue	136,676	25,062	161,738
Total Current Liabilities	<u>1,146,895</u>	<u>59,822</u>	<u>1,206,717</u>
Noncurrent Liabilities:			
Accounts Payable & Accruals	741	-	741
Due To Other Funds/Advances From Other Funds	4,103	-	4,103
Deferred Revenue	10,737	-	10,737
Total Noncurrent Liabilities	<u>15,581</u>	<u>-</u>	<u>15,581</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,162,476</u></b>	<b><u>59,822</u></b>	<b><u>1,222,298</u></b>
<b>FUND BALANCE</b>			
Reserved for:			
Encumbrances & Contracts	31,671	-	31,671
Inventory & Prepaid Expenditures	29,275	153	29,428
Noncurrent Receivables	161,691	4,940	166,631
Specific Purposes	979,386	414,311	1,393,697
Unreserved Fund Equity	897,708	-	897,708
Unreserved, reported in:			
Nonmajor special revenue funds	-	62,224	62,224
Nonmajor capital projects funds	-	2,056	2,056
<b>TOTAL FUND BALANCE</b>	<b><u>2,099,731</u></b>	<b><u>483,684</u></b>	<b><u>2,583,415</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 3,262,207</u></b>	<b><u>\$ 543,506</u></b>	<b><u>\$ 3,805,713</u></b>

The notes are an integral part of the financial statements.

# STATE OF IOWA

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

June 30, 2006  
(Expressed in Thousands)

**Total Fund Balances-Governmental funds** \$ 2,583,415

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 \$9,407,781,000 and the accumulated depreciation is (\$3,542,962,000). 5,864,819

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. 122,648

Certain revenues are earned but not available and therefore deferred in the funds. 69,748

Deferred issue costs are reported as 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. 4,741

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	(1,091,841)
Accrued Interest Payable	(3,752)
Compensated Absences	(150,145)
Capital Leases	(3,360)
Other Financing Arrangements Payable	(4,129)
Early Retirement Liability	(5,416)
Risk Management Liability	(11,500)
Net Pension Liability	(9,876)
Other Long-term Liabilities	(13,616)
Total Long-term Liabilities	(1,293,635)

**Net assets of governmental activities** \$ 7,351,736

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, 2006  
(Expressed in Thousands)

	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>			
Taxes	\$ 6,422,323	\$ 68,936	\$ 6,491,259
Receipts from Other Entities	3,938,003	35,155	3,973,158
Investment Income	76,214	21,204	97,418
Fees, Licenses & Permits	646,609	5,117	651,726
Refunds & Reimbursements	396,950	69,950	466,900
Sales, Rents & Services	23,189	4,525	27,714
Miscellaneous	110,484	9,422	119,906
Contributions	-	265	265
<b>GROSS REVENUES</b>	<b>11,613,772</b>	<b>214,574</b>	<b>11,828,346</b>
Less Revenue Refunds	675,029	680	675,709
<b>NET REVENUES</b>	<b>10,938,743</b>	<b>213,894</b>	<b>11,152,637</b>
<b>EXPENDITURES:</b>			
Current:			
Administration & Regulation	895,177	14,144	909,321
Education	2,887,691	53,035	2,940,726
Health & Human Rights	359,688	492	360,180
Human Services	3,919,330	501	3,919,831
Justice & Public Defense	695,188	5,174	700,362
Economic Development	209,665	8,036	217,701
Transportation	382,175	401	382,576
Agriculture & Natural Resources	151,237	9,935	161,172
Capital Outlay	838,313	39,872	878,185
Debt Service:			
Bond Principal Retirement	15,995	7,440	23,435
Bond Interest & Fiscal Charges	12,880	41,987	54,867
<b>TOTAL EXPENDITURES</b>	<b>10,367,339</b>	<b>181,017</b>	<b>10,548,356</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>571,404</b>	<b>32,877</b>	<b>604,281</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	254,788	199,027	453,815
Transfers Out	(651,443)	(284,630)	(936,073)
Leases, Installment Purchases, & Other	530	-	530
Debt Refunding Bonds Issued	-	1,365,435	1,365,435
Discount on Capital Appreciation Bonds	-	(533,473)	(533,473)
Discount on Term Bonds	-	(22,081)	(22,081)
Payment to Bond Escrow Agent	-	(666,845)	(666,845)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(396,125)</b>	<b>57,433</b>	<b>(338,692)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>175,279</b>	<b>90,310</b>	<b>265,589</b>
<b>FUND BALANCE JULY 1</b>	<b>1,924,452</b>	<b>393,374</b>	<b>2,317,826</b>
<b>FUND BALANCE JUNE 30</b>	<b>\$ 2,099,731</b>	<b>\$ 483,684</b>	<b>\$ 2,583,415</b>

The notes are an integral part of the financial statements.

# STATE OF IOWA

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

For the Year Ended June 30, 2006  
(Expressed in Thousands)

**Net change in fund balances-total governmental funds** \$ 265,589

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	581,279	
Depreciation expense	(355,215)	
Excess of capital outlay over depreciation expense		226,064

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. (3,614)

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

Revenue bonds	(809,881)	
Capital leases	(530)	
Total		(810,411)

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	690,280	
Capital lease payments	1,270	
Other financing arrangements payments	726	
Total long-term debt repayment		692,276

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. 1,881

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. (14,097)

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	(10,126)	
Early retirement liability	9,564	
Pension Liability	(8,664)	
Other	(21,127)	
Total additional expenditures		(30,353)

**Change in net assets of governmental activities** **\$ 327,335**

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, beginning on page 112.



**STATE OF IOWA**  
**Statement of Net Assets**  
**Proprietary Funds**  
June 30, 2006  
(Expressed in Thousands)

	BUSINESS- TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS	NONMAJOR ENTERPRISE FUNDS	TOTAL	
ASSETS					
Current Assets:					
Cash & Investments	\$ 1,061,031	\$ 786,238	\$ 43,494	\$ 1,890,763	\$ 31,442
Cash & Investments - Restricted	59,831	-	-	59,831	-
Deposits With Trustees	38,446	-	-	38,446	-
Accounts Receivable (Net)	309,045	119,390	11,169	439,604	4,081
Interest Receivable	4,426	-	261	4,687	2
Loans Receivable (Net)	5,633	-	-	5,633	-
Due From Other Funds/Advances					
To Other Funds	-	1,306	2,990	4,296	68,527
Inventory	46,947	-	10,156	57,103	10,936
Prepaid Expenses	11,614	-	184	11,798	1,703
Other Assets	1,342	-	-	1,342	-
Investment In Prize Annuity	-	-	7,695	7,695	-
Total Current Assets	1,538,315	906,934	75,949	2,521,198	116,691
Noncurrent Assets:					
Cash & Investments	461,384	-	-	461,384	-
Deposits With Trustees	20	-	-	20	-
Accounts Receivable	12,078	2,386	-	14,464	-
Interest Receivable	612	-	-	612	-
Loans Receivable (Net)	59,200	-	-	59,200	-
Due From Other Funds/Advances					
To Other Funds	-	3,298	-	3,298	3,104
Capital Assets - nondepreciable	600,361	-	1,256	601,617	-
Capital Assets - depreciable, net	2,064,359	-	52,851	2,117,210	83,353
Prepaid Expenses	39	-	773	812	-
Other Assets	23,843	-	-	23,843	-
Investment In Prize Annuity	-	-	18,899	18,899	-
Prize Deposit	-	-	3,173	3,173	-
Total Noncurrent Assets	3,221,896	5,684	76,952	3,304,532	86,457
TOTAL ASSETS	4,760,211	912,618	152,901	5,825,730	203,148
LIABILITIES					
Current Liabilities:					
Accounts Payable & Accruals	259,456	10,408	21,284	291,148	28,255
Due To Other Funds/Advances					
From Other Funds	-	884	17,139	18,023	10,109
Interest Payable	20,609	-	15	20,624	-
Unearned Revenue	83,094	2,058	640	85,792	8,630
Compensated Absences	73,381	-	1,356	74,737	2,560
Capital Leases	6,753	-	-	6,753	66
Bonds Payable	42,151	-	2,000	44,151	-
Other Financing					
Arrangements Payable	1,207	-	-	1,207	-
Annuities Payable	-	-	7,826	7,826	-
Lottery Prizes Payable	-	-	2,998	2,998	-
Funds Held In Custody	170,687	-	-	170,687	-
Total Current Liabilities	657,338	13,350	53,258	723,946	49,620
Noncurrent Liabilities:					
Accounts Payable & Accruals	11,524	-	-	11,524	34,602
Due To Other Funds/Advances					
From Other Funds	-	-	-	-	2,299
Interest Payable	2,444	-	-	2,444	-
Unearned Revenue	2,479	-	-	2,479	-
Compensated Absences	66,002	-	815	66,817	185
Capital Leases	130,416	-	-	130,416	161
Bonds Payable	789,717	-	3,500	793,217	-
Other Financing					
Arrangements Payable	2,951	-	-	2,951	-
Annuities Payable	-	-	18,899	18,899	-
Lottery Prizes Payable	-	-	3,173	3,173	-
Funds Held In Custody	51,107	-	-	51,107	-
Other	-	-	3	3	-
Total Noncurrent Liabilities	1,056,640	-	26,390	1,083,030	37,247
TOTAL LIABILITIES	1,713,978	13,350	79,648	1,806,976	86,867
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	1,825,404	-	48,607	1,874,011	83,126
Restricted For:					
Expendable	389,109	-	-	389,109	-
Nonexpendable	64,686	-	-	64,686	-
Unemployment Benefits	-	899,268	-	899,268	-
Unrestricted	767,034	-	24,646	791,680	33,155
TOTAL NET ASSETS	\$ 3,046,233	\$ 899,268	\$ 73,253	4,018,754	\$ 116,281

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

Net assets of business-type activities

(6,367)  
\$ 4,012,387

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, 2006  
(Expressed in Thousands)

	BUSINESS- TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS	NONMAJOR ENTERPRISE FUNDS	TOTAL	
<b>OPERATING REVENUES:</b>					
Employer Contributions	\$ -	\$ 342,411	\$ -	\$ 342,411	\$ -
Receipts from Other Entities	100	5,835	-	5,935	99,567
Fees, Licenses & Permits	1,175,811	-	11,660	1,187,471	164
Refunds & Reimbursements	-	-	1,380	1,380	42,839
Sales, Rents & Services	238,734	-	553,424	792,158	1,833
Grants & Contracts	526,573	-	-	526,573	-
Independent /Auxiliary Operations	195,116	-	-	195,116	-
Miscellaneous	74,359	-	1,502	75,861	4,900
<b>TOTAL OPERATING REVENUES</b>	<b>2,210,693</b>	<b>348,246</b>	<b>567,966</b>	<b>3,126,905</b>	<b>149,303</b>
<b>OPERATING EXPENSES:</b>					
General & Administrative	-	-	8,387	8,387	-
Scholarship & Fellowship	32,302	-	-	32,302	-
Depreciation	177,014	-	10,331	187,345	11,634
Direct Expense	-	-	37,707	37,707	-
Prize Expense	-	-	122,259	122,259	-
Personal Services	1,752,033	-	3,606	1,755,639	27,835
Travel & Subsistence	31,154	-	454	31,608	17,742
Supplies & Materials	340,565	-	3,225	343,790	33,356
Contractual Services	79,880	-	125,720	205,600	19,856
Equipment & Repairs	375,741	-	96	375,837	20,305
Claims & Miscellaneous	17,003	-	116,747	133,750	18,491
Licenses, Permits & Refunds	1,906	-	523	2,429	29
State Aids & Credits	-	304,143	2,689	306,832	-
<b>TOTAL OPERATING EXPENSES</b>	<b>2,807,598</b>	<b>304,143</b>	<b>431,744</b>	<b>3,543,485</b>	<b>149,248</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(596,905)</b>	<b>44,103</b>	<b>136,222</b>	<b>(416,580)</b>	<b>55</b>
<b>NONOPERATING REVENUES</b>					
<b>(EXPENSES):</b>					
Gifts	98,184	-	-	98,184	-
Taxes	-	-	7,300	7,300	318
Investment Income	58,213	34,383	1,055	93,651	300
Interest Expense	(41,747)	-	(241)	(41,988)	(2)
Miscellaneous Nonoperating Revenue	3,561	-	-	3,561	-
Miscellaneous Nonoperating Expense	(1,447)	-	-	(1,447)	-
Gain on Sale of Capital Assets	27,393	-	20	27,413	214
Loss on Sale of Capital Assets	(23,244)	-	-	(23,244)	(155)
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b>120,913</b>	<b>34,383</b>	<b>8,134</b>	<b>163,430</b>	<b>675</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(475,992)</b>	<b>78,486</b>	<b>144,356</b>	<b>(253,150)</b>	<b>730</b>
Capital Contributions and Grants	17,914	-	125	18,039	-
Transfers In	636,539	-	648	637,187	2,010
Transfers Out	-	(9,844)	(146,689)	(156,533)	(406)
Additions to Endowments	396	-	-	396	-
<b>CHANGE IN NET ASSETS</b>	<b>178,857</b>	<b>68,642</b>	<b>(1,560)</b>	<b>245,939</b>	<b>2,334</b>
<b>TOTAL NET ASSETS - JULY 1</b>	<b>2,867,376</b>	<b>830,626</b>	<b>74,813</b>		<b>113,947</b>
<b>TOTAL NET ASSETS - JUNE 30</b>	<b>\$ 3,046,233</b>	<b>\$ 899,268</b>	<b>\$ 73,253</b>		<b>\$ 116,281</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				450	
Change in net assets of business-type activities				<b>\$ 246,389</b>	

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, 2006  
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS	NONMAJOR ENTERPRISE FUNDS	TOTAL	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received From Customers/Students	\$ 1,522,222	\$ -	\$ 567,825	\$ 2,090,047	\$ -
Cash Received from Miscellaneous	238,870	-	2,780	241,650	-
Cash Received From Employers	-	336,209	-	336,209	-
Cash Received From Other Entities	520,541	5,835	-	526,376	43,616
Cash Received From Reciprocal Interfund Activity	-	-	-	-	102,476
Cash Payments To Suppliers For Goods & Services	(990,828)	-	(276,847)	(1,267,675)	(90,111)
Cash Payments To Employees/Students For Services	(1,719,838)	-	(19,480)	(1,739,318)	(45,479)
Cash Payments For Prizes	-	-	(131,445)	(131,445)	-
Cash Payments For Unemployment Claims	-	(304,588)	-	(304,588)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(429,033)</b>	<b>37,456</b>	<b>142,833</b>	<b>(248,744)</b>	<b>10,502</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers In From Other Funds	623,580	-	607	624,187	2,010
Transfers Out To Other Funds	-	(9,178)	(145,998)	(155,176)	(406)
Receipts From Related Agencies	857,625	-	-	857,625	-
Payments To Related Agencies	(862,749)	-	-	(862,749)	-
Other Receipts	81,593	-	-	81,593	-
Other Payments	(11,922)	-	-	(11,922)	-
Proceeds From Noncapital Gifts	41,700	-	-	41,700	-
Interest Paid	-	-	-	-	(2)
Tax Receipts	-	-	7,300	7,300	318
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>729,827</b>	<b>(9,178)</b>	<b>(138,091)</b>	<b>582,558</b>	<b>1,920</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition & Construction of Capital Assets	(335,493)	-	(3,832)	(339,325)	(10,130)
Interest Payments	(54,963)	-	(246)	(55,209)	-
Debt Payments	(76,200)	-	(2,000)	(78,200)	-
Capital Grants & Contributions	42,747	-	125	42,872	-
Debt Proceeds	124,425	-	-	124,425	-
Proceeds From Sale of Capital Assets	28,843	-	88	28,931	214
Other	2,891	-	-	2,891	-
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(267,750)</b>	<b>-</b>	<b>(5,865)</b>	<b>(273,615)</b>	<b>(9,916)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest & Dividends On Investments	59,552	34,384	919	94,855	266
Proceeds From Sale & Maturities Of Investments	459,718	-	-	459,718	-
Purchase Of Investments	(519,835)	-	-	(519,835)	-
Other	-	-	9,356	9,356	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>(565)</b>	<b>34,384</b>	<b>10,275</b>	<b>44,094</b>	<b>266</b>

# STATE OF IOWA

(continued)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS	NONMAJOR ENTERPRISE FUNDS		
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	32,479	62,662	9,152	104,293	2,772
<b>CASH &amp; CASH EQUIVALENTS JULY 1, RESTATED</b>	<u>333,280</u>	<u>723,576</u>	<u>34,342</u>	<u>1,091,198</u>	<u>28,670</u>
<b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>	365,759	786,238	43,494	1,195,491	31,442
<b>INVESTMENTS</b>	1,254,953	-	-	1,254,953	-
<b>LESS DEPOSITS WITH TRUSTEES</b>	<u>(38,466)</u>	<u>-</u>	<u>-</u>	<u>(38,466)</u>	<u>-</u>
<b>CASH &amp; INVESTMENTS PER STATEMENT OF NET ASSETS</b>	<u>\$ 1,582,246</u>	<u>\$ 786,238</u>	<u>\$ 43,494</u>	<u>\$ 2,411,978</u>	<u>\$ 31,442</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
<b>Operating Income (Loss)</b>	\$ (596,905)	\$ 44,103	\$ 136,222	\$ (416,580)	\$ 55
<b>Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities:</b>					
Depreciation	177,014	-	10,331	187,345	11,634
(Increase) Decrease In Accounts Receivable	(20,811)	(6,119)	2,272	(24,658)	(3,258)
(Increase) Decrease In Due From	(5,779)	(515)	297	(5,997)	(11,254)
(Increase) Decrease In Inventory	(4,304)	-	(1,286)	(5,590)	(813)
(Increase) Decrease In Prepaid Expenses	(3,920)	-	347	(3,573)	(271)
(Increase) Decrease In Loans Receivable	5,629	-	-	5,629	-
(Increase) Decrease In Other Assets	(120)	-	-	(120)	-
Increase (Decrease) In Accounts Payable	2,192	127	4,977	7,296	2,811
Increase (Decrease) In Due To	-	-	(1,457)	(1,457)	10,486
Increase (Decrease) In Unearned Revenue	9,739	(140)	56	9,655	906
Increase (Decrease) In Compensated Absences And Other Benefits	8,442	-	270	8,712	206
Increase (Decrease) In Prizes Payable	-	-	160	160	-
Increase (Decrease) In Prize Annuity	-	-	(9,356)	(9,356)	-
Increase (Decrease) In Other Liability	<u>(210)</u>	<u>-</u>	<u>-</u>	<u>(210)</u>	<u>-</u>
<b>Net Cash Provided By Operating Activities</b>	<u>\$ (429,033)</u>	<u>\$ 37,456</u>	<u>\$ 142,833</u>	<u>\$ (248,744)</u>	<u>\$ 10,502</u>

## Noncash capital financing activities:

Capital assets acquired through capital lease and notes were \$23,745,000 and gifts of capital assets of \$369,500 were received by the enterprise funds.

The notes are an integral part of the financial statements.

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## FIDUCIARY FUND FINANCIAL STATEMENTS

**Fiduciary Funds** are presented by fund, beginning on page 124

# STATE OF IOWA

## Statement of Fiduciary Net Assets Fiduciary Funds

June 30, 2006  
(Expressed in Thousands)

	<b>PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS</b>	<b>PRIVATE PURPOSE TRUST FUNDS</b>	<b>AGENCY FUNDS</b>
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 126,628	\$ 2,129	\$ 118,644
Receivables:			
Accounts (Net)	-	2	187,585
Contributions	38,855	-	-
Investments Sold	316,560	-	-
Foreign Exchange Contracts	60,184	-	-
Interest & Dividends	67,987	-	-
Total Receivables	483,586	2	187,585
Investments, at Fair Value:			
Fixed Income Securities	7,451,489	-	-
Equity Investments	9,232,065	1,465,787	-
Real Estate Partnerships	1,738,653	-	-
Investment in Private Equity/Debt	1,549,804	-	-
Securities Lending Collateral Pool	1,546,777	-	-
Securities on Loan with Brokers	1,512,310	-	-
Total Investments	23,031,098	1,465,787	-
Capital Assets:			
Land	500	-	-
Capital Assets (Net)	3,924	27	-
Total Capital Assets	4,424	27	-
Other Assets	-	19	-
<b>Total Assets</b>	<b>23,645,736</b>	<b>1,467,964</b>	<b>306,229</b>
<b>LIABILITIES</b>			
Accounts Payable & Accruals	92,756	28	306,229
Payable for Investments Purchased	1,234,344	-	-
Payable to Brokers For Rebate & Collateral	1,546,341	-	-
<b>Total Liabilities</b>	<b>2,873,441</b>	<b>28</b>	<b>306,229</b>
<b>NET ASSETS</b>			
Held in Trust for:			
Employees' Benefits	20,772,295	-	-
Individuals, Organizations, and Other Governments	-	1,467,936	-
<b>Total Net Assets</b>	<b>\$ 20,772,295</b>	<b>\$ 1,467,936</b>	<b>\$ -</b>

The notes are an integral part of the financial statements.

# STATE OF IOWA

## Statement of Changes in Fiduciary Net Assets Fiduciary Funds

For the Year Ended June 30, 2006  
(Expressed in Thousands)

	<b>PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS</b>	<b>PRIVATE PURPOSE TRUST FUNDS</b>
<b>ADDITIONS:</b>		
Contributions:		
Member/Participant Contributions	\$ 216,363	\$ 280,008
Employer Contributions	332,535	-
Buy-Back/Buy-In Contributions	11,275	-
Gifts, Bequests, & Endowments	-	75
	<hr/>	<hr/>
Contributions	560,173	280,083
	<hr/>	<hr/>
Investment Income:		
Net Increase in Fair Value of Investments	1,682,588	109,394
Interest	300,768	69
Dividends	75,023	-
Other	155,404	-
	<hr/>	<hr/>
Investment Income	2,213,783	109,463
Less Investment Expense	115,554	-
	<hr/>	<hr/>
Net Investment Income	2,098,229	109,463
	<hr/>	<hr/>
Total Additions	2,658,402	389,546
	<hr/>	<hr/>
<b>DEDUCTIONS:</b>		
Pension and Annuity Benefits	945,691	-
Distributions to Participants	-	45,623
Payments in Accordance with Agreements	955	-
Administrative Expense	9,437	-
Refunds	41,683	-
Other	-	646
	<hr/>	<hr/>
Total Deductions	997,766	46,269
	<hr/>	<hr/>
<b>Change in Net Assets held in Trust for:</b>		
Employees' Benefits	1,660,636	-
Individuals, Organizations and Other Governments	-	343,277
	<hr/>	<hr/>
<b>Net Assets - July 1</b>	<b>19,111,659</b>	<b>1,124,659</b>
	<hr/>	<hr/>
<b>Net Assets - June 30</b>	<b>\$ 20,772,295</b>	<b>\$ 1,467,936</b>
	<hr/>	<hr/>

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** act 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, 2006  
(Expressed in Thousands)

	IOWA FINANCE AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	IOWA STATE FAIR AUTHORITY	UNIVERSITIES FOUNDATIONS	TOTAL COMPONENT UNITS
<b>ASSETS</b>						
Current Assets:						
Cash & Investments	\$ 488,741	\$ 1,196	\$ 683	\$ 11,607	\$ 517,564	\$ 1,019,791
Cash & Investments - Restricted	-	1,181	-	-	-	1,181
Accounts Receivable	-	4	10	388	53,792	54,194
Interest Receivable Unrestricted	8,711	173	52	10	54	9,000
Loans Receivable (Net)	27,995	1,397	269	-	-	29,661
Inventory	-	-	-	216	-	216
Prepaid Expenses	-	94	-	-	15	109
Other	1,500	-	-	-	490	1,990
Total Current Assets	<u>526,947</u>	<u>4,045</u>	<u>1,014</u>	<u>12,221</u>	<u>571,915</u>	<u>1,116,142</u>
Noncurrent Assets:						
Cash & Investments	668,963	-	-	-	16,342	685,305
Cash & Investments - Restricted	-	19,231	3,626	-	758,139	780,996
Accounts Receivable	-	-	-	102	136,606	136,708
Loans Receivable (Net)	443,258	12,759	1,218	-	-	457,235
Capital Assets - nondepreciable	-	-	-	4,410	960	5,370
Capital Assets - depreciable, net	2,247	2	16	38,823	26,661	67,749
Other	4,699	-	-	-	5,383	10,082
Total Noncurrent Assets	<u>1,119,167</u>	<u>31,992</u>	<u>4,860</u>	<u>43,335</u>	<u>944,091</u>	<u>2,143,445</u>
<b>TOTAL ASSETS</b>	<b><u>1,646,114</u></b>	<b><u>36,037</u></b>	<b><u>5,874</u></b>	<b><u>55,556</u></b>	<b><u>1,516,006</u></b>	<b><u>3,259,587</u></b>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts Payable & Accruals	8,057	16	68	866	6,072	15,079
Interest Payable	19,568	127	-	-	150	19,845
Unearned Revenues	609	36	-	-	-	645
Compensated Absences	-	-	-	-	453	453
Capital Leases	-	-	-	-	535	535
Bonds Payable	37,906	520	-	-	206	38,632
Funds Held in Custody	-	-	-	-	71,144	71,144
Total Current Liabilities	<u>66,140</u>	<u>699</u>	<u>68</u>	<u>866</u>	<u>78,560</u>	<u>146,333</u>
<b>Noncurrent Liabilities:</b>						
Accounts Payable and Accruals	254	-	-	64	68,381	68,699
Unearned Revenues	6,918	132	-	-	-	7,050
Compensated Absences	-	-	-	182	-	182
Capital Leases	-	-	-	-	8,020	8,020
Bonds Payable	971,151	33,180	-	-	3,202	1,007,533
Funds Held In Custody	5,297	-	-	-	-	5,297
Total Noncurrent Liabilities	<u>983,620</u>	<u>33,312</u>	<u>-</u>	<u>246</u>	<u>79,603</u>	<u>1,096,781</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,049,760</u></b>	<b><u>34,011</u></b>	<b><u>68</u></b>	<b><u>1,112</u></b>	<b><u>158,163</u></b>	<b><u>1,243,114</u></b>
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	2,247	2	16	43,233	15,154	60,652
Restricted for Specific Purposes	578,594	813	5,131	974	758,139	1,343,651
Unrestricted	<u>15,513</u>	<u>1,211</u>	<u>659</u>	<u>10,237</u>	<u>584,550</u>	<u>612,170</u>
<b>TOTAL NET ASSETS</b>	<b><u>596,354</u></b>	<b><u>2,026</u></b>	<b><u>5,806</u></b>	<b><u>54,444</u></b>	<b><u>1,357,843</u></b>	<b><u>2,016,473</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 1,646,114</u></b>	<b><u>\$ 36,037</u></b>	<b><u>\$ 5,874</u></b>	<b><u>\$ 55,556</u></b>	<b><u>\$ 1,516,006</u></b>	<b><u>\$ 3,259,587</u></b>

The notes are an integral part of the financial statements

# STATE OF IOWA

## Statement of Activities Component Units

For the Year Ended June 30, 2006  
(Expressed in Thousands)

	<b>IOWA FINANCE AUTHORITY</b>	<b>IOWA HIGHER EDUCATION LOAN AUTHORITY</b>	<b>IOWA AGRICULTURAL DEVELOPMENT AUTHORITY</b>	<b>IOWA STATE FAIR AUTHORITY</b>	<b>UNIVERSITIES FOUNDATIONS</b>	<b>TOTAL COMPONENT UNITS</b>
Expenses	\$ 68,446	\$ 1,586	\$ 452	\$ 14,888	\$ 127,950	\$ 213,322
Program Revenues:						
Charges for Service	13,226	1,652	424	13,961	-	29,263
Operating Grants and Contributions	49,780	-	13	1,716	187,586	239,095
Capital Grants and Contributions	-	-	-	100	201	301
Total Program Revenues	63,006	1,652	437	15,777	187,787	268,659
Net Program (Expense) Revenue	(5,440)	66	(15)	889	59,837	55,337
General Revenues:						
Investment Income	29,673	-	21	159	78,025	107,878
Other	-	-	-	752	-	752
Total General Revenue	29,673	-	21	911	78,025	108,630
Change in Net Assets	24,233	66	6	1,800	137,862	163,967
<b>NET ASSETS - JULY 1</b>	<b>572,121</b>	<b>1,960</b>	<b>5,800</b>	<b>52,644</b>	<b>1,219,981</b>	<b>1,852,506</b>
<b>NET ASSETS - JUNE 30</b>	<b>\$ 596,354</b>	<b>\$ 2,026</b>	<b>\$ 5,806</b>	<b>\$ 54,444</b>	<b>\$ 1,357,843</b>	<b>\$ 2,016,473</b>

The notes are an integral part of the financial statements.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Presentation

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

#### B. Financial Reporting Entity

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

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

#### Blended Component Units

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

- Iowa Public Television Foundation (Special Revenue and Permanent funds) serves as a funding medium for Iowa Public Television. It solicits and manages gifts of money or property, for the exclusive purpose of granting gifts of money or property to Iowa Public Television. Iowa Public Television has sole discretion as to the use of the money or property. The State appoints a voting

majority of the Foundation's board and has the ability to impose its will on the organization, as it can make personnel decisions regarding the management of the Foundation.

- Tobacco Settlement Authority (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 and financing for the acquisition,

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

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, 2006, the foundations distributed \$96,970,552 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.

## STATE OF IOWA

### 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. The activities accounted for in internal service funds include information technology, fleet operations, printing and mail services, and property management.

#### **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.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

*Private Purpose Trust Funds* account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Examples include Iowa Educational Savings Plan Trust, Veterans Affairs donations, Health Organization Insolvency fund, and Braille and Sight Savings School donations.

*Agency Funds* account for resources held by the State in a purely custodial capacity. These funds include tax collections, fines, fees, and payroll deductions.

#### **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 (except for agency funds which have no 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.

In fiscal year 2006, the State of Iowa implemented GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section, an amendment of NCGA Statement 1*. The Statement establishes and modifies requirements related to the supplementary information presented in the statistical section and has no impact on the statement of net assets.

#### **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.



## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

Investment earnings of the investment pool are allocated to the individual funds as provided by statute. Income of \$34,839,344 associated with certain funds has been assigned to other funds for fiscal year 2006.

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

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

Investments are valued at fair value in accordance with GASB Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Fair value is calculated at market price at the close of business on June 30 by independent pricing services utilized by the Treasurer's custodian bank. However, certain cash equivalent investments such as commercial paper, bankers acceptances, certificates of deposit, guaranteed investment contracts, and discount notes issued by government agencies are valued using purchase price. The Iowa Public Employees Retirement System (IPERS) has derivatives that are reported on the Statement of Fiduciary Net Assets at fair value. (For Pension plans, See NOTE 16).

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.

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.

At year-end IPERS had \$365,613 in credit risk exposure to borrowers because the amounts they owed IPERS exceeded the amounts IPERS owed them on 18 separate loans. At year-end PORS had \$103,264 in credit risk exposure to borrowers because the amounts they owed PORS exceeded the amount owed them on 16 separate loans. Additional collateral was provided the next business day, eliminating this exposure. The contracts with the custodian bank requires it to indemnify the Systems if a borrower fails to return the securities or fails to return all of the income attributable to securities on loan. As of June 30, 2006, the Systems had securities on loan, including accrued interest income, with a total value of \$1,512,310,248 against collateral with a total value of \$1,546,341,831.

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.)

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

The effective duration of the cash collateral pool at June 30, 2006 for IPERS was 26 days. Credit Quality and Years to Maturity statistics for the cash collateral pool at June 30, 2006 for IPERS are as follows (expressed in thousands):

### Securities Lending Collateral Pool Years to Maturity

Investment Type	Fair Value	Investment Maturities (years)	
		Less Than 1	1 to 5
Corporate Bonds	\$ 277,343	\$ 40,055	\$ 237,288
Corporate Asset Backed	521,427	158,316	363,111
Corporate	798,770	198,371	600,399
Repurchase Agreements	253,896	253,896	-
Certificate of Deposit	210,047	-	210,047
Bank Note	224,819	-	224,819
Total	\$ 1,487,532	\$ 452,267	\$ 1,035,265

### Securities Lending Collateral Pool Credit Risk - S & P Quality Ratings

Investment Type	Total	AAA	AA	A	NR
Corporate Bonds	\$ 277,343	\$ 30,365	\$ 110,997	\$ 135,981	\$ -
Corporate Asset Backed	521,427	521,427	-	-	-
Corporate	798,770	551,792	110,997	135,981	-
Repurchase Agreements	253,896	-	-	-	253,896
Certificate of Deposit	210,047	-	180,893	29,154	-
Bank Note	224,819	-	186,517	38,302	-
Total	\$ 1,487,532	\$ 551,792	\$ 478,407	\$ 203,437	\$ 253,896

### G. Accounts Receivable

Accounts receivable have been established and offset with proper provisions for estimated uncollectible accounts where applicable. Practically all receivables of governmental funds are due from other governmental entities, primarily the federal government, and are considered collectible. Receivables in other funds have arisen in the ordinary course of business.

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

### H. Inventories

Inventories are valued at cost, which approximates market. The first-in/first-out (FIFO) cost flow method is used for the majority of inventories. Throughout the year costs of inventories are recorded as expenditures when purchased. For financial reporting purposes, expenditures are adjusted at fiscal year end for material inventory amounts to correlate with the consumption method. Inventory asset amounts are not available for budgetary appropriation as they have been charged to expenditures when purchased rather than when used.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### 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	\$ 5,000
Equipment (Regents – Hospitals)	\$ 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

#### *Primary Government and Fiduciary*

Investments of the primary government and fiduciary funds at June 30, 2006, are scheduled as follows (expressed in thousands):

#### **Primary Government**

<b>Investment Type</b>	<b>Fair Value</b>
<b>Fixed:</b>	
U.S. Government Treasuries,	
Notes, Bonds	\$ 249,828
U.S. Government Agency	1,449,516
Mortgage Backed	
Government Pass-Through	40,941
Corporate Pass –Through	27,238
Corporate CMO's	60,356
Corporate Bonds	220,935
Corporate Asset Backed	87,503
Private Placement	13,549
Guaranteed Investment Contracts	79,817
Municipals	2,008
Non-U.S. Fixed Income	
Developed Markets	
Government/Sovereign	1,235
Corporate	4,939
Commercial Paper	340,491
Certificate of Deposit	10,416
Other Short Term	133,574
<b>Equity:</b>	
U.S.	198,426
Non-U.S.	2,806
Real Estate	21,841
Commingled Funds	
U.S. Equity	40,106
Non-U.S. Equity	58,676
U.S. Fixed Income	399,918
Money Market Funds	138,237
Investment Pools	2,137
Other Investments	<u>106,610</u>
<b>Total Invested Assets</b>	<b><u>\$3,691,103</u></b>

#### **Fiduciary Funds**

<b>Investment Type</b>	<b>Fair Value</b>
<b>Fixed:</b>	
U.S. Government Treasuries,	
Notes, Bonds	\$ 823,268
U.S. Government TIPS	78,745
U.S. Government Agency	234,862
Mortgage Backed	
Government Pass-Through	1,140,785
Corporate Pass-Through	254,780
Government CMO's	70,211
Corporate CMO's	209,204
Corporate Bonds	1,705,012
Corporate Asset Backed	623,770
Private Placements	323,834
Yankee Bonds	57,181
Supernationals	2,963
Non-U.S. Fixed Income	
Developed Markets	
Government/Sovereign	29,935
Corporate	215,058
Emerging Markets	
Government/Sovereign	150,455
Corporate	31,337
Commercial Paper	248,835
Other Short Term	2,532
<b>Equity:</b>	
U.S.	1,977,095
Non-U.S.	1,600,274
Private Equity	1,546,969
Real Estate	1,460,945
Commingled Funds	
U.S. Equity	4,602,290
Non-U.S. Equity	1,647,568
U.S. Fixed Income	2,305,166
Money Market Funds	1,733,972
Investment Pools	<u>43</u>
<b>Total Invested Assets</b>	<b><u>\$23,077,089</u></b>

**STATE OF IOWA**  
**NOTES TO THE FINANCIAL STATEMENTS**

***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the State.

State law limits the Treasurer's investment pool's investments in domestic commercial paper, maturing within 270 days from the date of purchase, to the highest rating of either Standard & Poor's or Moody's' on the date of purchase, provided that no investment has a split rating. Investments in short term corporate debt, other than commercial paper, maturing within 270 days from the date of purchase, are limited to one of the two highest ratings of either Standard & Poor's or Moody's on the date of purchase, provided that at the time of purchase no more than 5% of amounts invested in short term corporate debt or commercial paper are rated in the second highest rating. Investments in obligations or guaranteed investment contracts of domestic corporations with maturities greater than 270 days from the date of purchase, are limited to long-term ratings of not less than A2 by Moody's and not less than A by Standard & Poor's. Investments in asset-backed securities are limited to those rated AAA by Standard & Poor's or Aaa by Moody's.

The State Board of Regents establishes policy and sets objectives for the Universities' investments. Credit quality limitations for investments of operating funds are: the weighted average credit quality of each institution's operating portfolio shall be AA or Aa as rated by Standard & Poor's or Moody's, respectively; up to 20 percent of each institution's operating portfolio may be invested in bonds rated A and BBB in order to enhance portfolio yield; commercial paper or other short-term corporate debt that matures within two hundred seventy days that is rated within the two highest classifications, as established by at least one of the standard rating services, provided that at the time of purchase no more than five percent of all amounts invested in commercial paper and other short-term corporate debt shall be invested in paper and debt rated in the second highest classification; corporate debt with a maturity of greater than 270 days that is rated investment grade by Standards & Poor's or Moody's (at least BBB- or Baa3, respectively), or by another Nationally Recognized Statistical Rating Organization (NRSRO), including Rule 144A Securities that are deemed to be of investment grade credit quality by the external or internal investment manager, at the time of purchase.

Credit quality limitations for the Universities endowment funds are: the weighted average credit quality of each institution's endowment fixed income portfolio shall be AA or Aa as rated by Standard & Poor's or Moody's respectively; up to 20 percent of each institution's operating portfolio may be invested in bonds rated A and BBB in order to enhance portfolio yield.

There are no policy limitations for credit risk exposures within the investment portfolios of the retirement systems. Each IPERS portfolio is managed in accordance with an investment contract that is specific as to permissible quality ranges and the average credit quality of the overall portfolios. Policies related to credit risk pertaining to IPERS' and PORS' securities lending program is found under the securities lending disclosures found in Note 1 F of these notes.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

The State's exposure to credit risk for the fixed income investments of the primary government and fiduciary funds at June 30, 2006, is summarized by credit quality ratings, as follows (expressed in thousands):

### Credit Risk - S&P Quality Ratings

#### Primary Government

Investment Type	TSY	AGY	AAA	AA	A	BBB	BB	A-1	NR
U.S. Government Treasuries, Notes, Bonds	\$ 249,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Government Agency	113	945,182	496,771	-	423	793	-	-	6,234
Mortgage Backed									
Government Pass-Through	-	38,682	-	-	-	-	-	-	2,259
Corporate Pass-Through	-	242	21,252	390	-	-	-	-	5,354
Corporate CMO's	-	22,733	29,383	-	260	-	-	-	7,980
Corporate Bonds	-	-	35,498	88,048	72,856	22,323	1,286	-	924
Corporate Asset Backed	-	-	72,183	2,637	7,292	719	-	-	4,672
Private Placements	-	-	442	-	10,100	-	-	-	3,007
Guaranteed Investment Contracts	-	-	4,948	15,670	-	-	-	-	59,199
Municipals	-	-	443	-	-	-	-	-	1,565
Non-U.S. Fixed Income									
Developed Markets									
Government/Sovereign				1,235					
Corporate	-	-	-	4,939	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	340,491	-
Certificate of Deposit	-	-	-	-	-	-	-	9,160	1,256
Other Short Term	2,246	4,950	118,918	2,195	2,951	175	87	-	2,052
<b>Total</b>	<b>\$ 252,187</b>	<b>\$ 1,011,789</b>	<b>\$ 779,838</b>	<b>\$ 115,114</b>	<b>\$ 93,882</b>	<b>\$ 24,010</b>	<b>\$ 1,373</b>	<b>\$ 349,651</b>	<b>\$ 94,502</b>

#### Fiduciary

Investment Type	TSY	AGY	AAA	AA	A	BBB	BB	B	CCC & Below	NR
U.S. Government Treasuries, Notes, Bonds	\$ 417,329	\$ -	\$ 405,939	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Government TIPS	59,436	-	19,309	-	-	-	-	-	-	-
U.S. Government Agency	-	122,975	107,193	2,302	-	-	-	-	-	2,392
Mortgage Backed										
Government Pass-Through	-	1,105,516	34,682	-	-	-	-	-	-	587
Corporate Pass-Through	-	-	185,756	3,697	1,288	384	195	-	-	63,460
Government CMO's	-	62,535	7,676	-	-	-	-	-	-	-
Corporate CMO's	-	-	191,345	7,242	3,399	-	-	-	220	6,998
Corporate Bonds	-	-	92,570	102,940	235,187	267,840	350,442	573,519	51,741	30,773
Corporate Asset Backed	-	-	560,030	8,761	19,651	5,245	2,639	404	7,037	20,003
Private Placements	-	-	9,626	52,011	26,436	33,201	76,868	113,762	7,937	3,993
Yankee Bonds	-	-	-	-	13,449	33,025	4,731	5,976	-	-
Supernationals	-	-	-	-	2,963	-	-	-	-	-
Non-U.S. Fixed Income:										
Developed Markets										
Government/Sovereign	-	-	10,756	-	-	-	-	-	-	19,179
Corporate	-	-	36,258	39,510	29,380	30,235	45,209	21,596	-	12,870
Emerging Markets										
Government/Sovereign	-	-	-	-	17,709	58,907	57,541	13,765	2,205	328
Corporate	-	-	4,017	-	5,054	9,367	3,564	7,942	-	1,393
Commercial Paper	-	-	-	-	-	-	-	-	-	248,835
Certificate of Deposit	-	-	-	-	-	-	-	-	-	-
Other Short Term	-	-	-	-	-	-	-	-	-	2,532
Commingled Funds - U.S. Fixed Income	563,763	270,386	1,144,349	79,992	104,458	112,662	-	-	-	23,587
<b>Total</b>	<b>\$ 1,040,528</b>	<b>\$ 1,561,412</b>	<b>\$ 2,809,506</b>	<b>\$ 296,455</b>	<b>\$ 458,974</b>	<b>\$ 550,866</b>	<b>\$ 541,189</b>	<b>\$ 736,964</b>	<b>\$ 69,140</b>	<b>\$ 436,930</b>

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The Treasurer manages interest rate risk by utilizing a buy-and-hold strategy, maturity limitations, and diversification parameters and liquidity requirements set by the Investment Committee.

**Maturity Limitations:** No investment shall be made in a U.S. Treasury note or bond with a maturity that exceeds 10 years, a U.S. government agency note or bond, or a U.S. government instrumentality note or bond with a maturity that exceeds sixty-one months at the time of purchase. No investment shall be made in a U.S. government agency or instrumentality mortgage-backed security that has an expected average life greater than four years at the time of purchase. (The 61-month maturity limitation for U.S. Treasury, government agency or instrumentality securities does not apply to such securities if accepted as collateral under a repurchase agreement.) No investment shall be made in an asset-based security that has an expected average life greater than two years at the time of purchase. The maturities of commercial paper and bankers acceptances shall not exceed 270 days at the time of purchase. The maturities of all other investments shall not exceed twenty-five months at the time of purchase.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

**Maturity Diversification:** The Investment Committee shall set permitted maximum dollar amounts that can be invested in specific maturity sectors that are consistent with the overall portfolio strategy and this investment policy.

**Liquidity Reserve:** The Investment Committee shall specify how much liquidity shall be reserved to ensure that adequate cash is available to meet any unexpected expenditures that may occur. The liquidity reserve should be continuously invested in money market mutual funds money market accounts with Iowa financial institutions or short-term money market accounts.

The Universities policy for the operating portfolio prohibits investment in securities that at the time of purchase have effective maturities exceeding sixty-three month and that the maximum duration of each portfolio shall not exceed the duration of the Merrill 1-3 Government/Corporate Index by more than 20%. There is no explicit limit on the average maturity of fixed income securities in the endowment portfolio.

IPERS manages interest rate risk within the portfolio using the effective duration or option-adjusted methodology. It is widely used in the management of fixed income portfolios in that it quantifies to a much a greater degree the risk of interest rate changes. The methodology takes into account optionality on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All the system's fixed income portfolios are managed in accordance with investment contracts that require that the effective duration of the portfolio shall always remain between 80% and 120% of the effective duration measure of the Index.

The State's exposure to interest rate risk for the fixed income investments of the primary government and the fiduciary funds at June 30, 2006, is summarized using the effective duration method, as follows (expressed in thousands):

### Primary Government

Investment Type	Fair Value	Effective Duration (Years)
U.S. Government Treasuries, Notes, Bonds	\$ 249,828	2.53
U.S. Government Agency Mortgage Backed	1,449,516	0.96
Government Pass-Through	40,941	3.03
Corporate Pass-Through	27,238	2.06
Corporate CMO's	60,356	2.47
Corporate Bonds	220,935	1.21
Corporate Asset Backed	87,503	1.08
Private Placements	13,549	1.71
Guaranteed Investment Contracts	79,817	33.35
Municipals	2,008	0.48
Non-U.S. Fixed Income		
Developed Market		
Government/Sovereign	1,235	1.15
Corporate	4,939	0.48
Commercial Paper	340,491	0.04
Certificate of Deposit	10,416	0.33
Other Short Term	133,574	1.47
<b>Total</b>	<b>\$ 2,722,346</b>	<b>0.48</b>

### Fiduciary Funds

Investment Type	Fair Value	Effective Duration (Years)
U.S. Government Treasuries, Notes, Bonds	\$ 823,268	5.19
U.S. Government TIPS	78,745	12.84
U.S. Government Agency Mortgage Backed	234,862	2.71
Government Pass-Through	1,140,785	4.59
Corporate Pass-Through	254,780	4.57
Government CMO's	70,211	2.82
Corporate CMO's	209,204	1.96
Corporate Bonds	1,705,012	3.87
Corporate Asset Backed	623,770	1.23
Private Placements	323,834	4.69
Yankee Bonds	57,181	4.32
Supernationals	2,963	4.51
Non-U.S. Fixed Income		
Developed Markets		
Government/Sovereign	29,935	3.08
Corporate	215,058	3.60
Emerging Markets		
Government/Sovereign	150,455	7.59
Corporate	31,337	4.71
Commercial Paper	248,835	0.00
Other Short Term	2,532	0.00
Commingled Funds		
U.S. Fixed Income	2,299,197	4.80
<b>Total</b>	<b>\$ 8,501,964</b>	<b>4.15</b>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. From time to time, IPERS' external managers may or may not hedge the portfolio's foreign currency exposures with currency forward contracts depending upon their views on a specific foreign currency relative to the U.S. dollar. IPERS' currency policy is to manage the non-dollar portion of the global fixed income allocation against a 100 percent hedged benchmark and may allow its non-dollar equity managers to hedge on a selective basis for the protection of the asset values. IPERS will not manage currency as a separate asset class or enter into speculative currency positions (i.e., currency positions greater than 100 percent or less than 0 percent of the underlying asset exposure) in its portfolio, except as it related to specific cross-hedging activity, which may be permitted in certain investment guidelines. Foreign Currency Risk by Investment type for the pension system fiduciary funds, at June 30, 2006 follows (expressed in thousands):

	<b>Total</b>	<b>Fixed Income</b>	<b>Equity</b>	<b>Alternative Investments</b>	<b>Cash</b>
Argentine Peso	\$ 399	\$ -	\$ 399	\$ -	\$ -
Australian Dollar	101,016	13	101,003	-	-
Brazilian Real	18,201	-	17,935	-	266
British Pound Sterling	199,692	390	170,376	24,578	4,348
Canadian Dollar	18,958	535	18,407	-	16
Chilean Peso	3,071	-	3,068	-	3
Colombian Peso	1,228	-	1,228	-	-
Czech Koruna	1,096	-	1,096	-	-
Danish Krone	4,326	-	4,326	-	-
Euro Currency	682,329	20,737	474,688	186,846	58
Hong Kong Dollar	45,016	-	45,016	-	-
Hungarian Forint	806	-	806	-	-
Indonesian Rupiah	3,919	-	3,919	-	-
Israeli Shekel	2,768	-	2,768	-	-
Japanese Yen	438,158	233	421,444	-	16,481
Malaysian Ringgit	7,140	-	7,140	-	-
Mexican Nuevo Peso	7,415	2,940	7,445	-	(2,970)
New Turkish Lira	3,323	-	3,344	-	(21)
New Taiwan Dollar	47,080	-	46,284	-	796
New Zealand Dollar	1,893	118	1,772	-	3
Pakistani Rupee	158	-	158	-	-
Peruvian Nuevo Sol	319	-	319	-	-
Philippine Peso	674	-	674	-	-
Polish Zloty	146	18,501	1,008	-	(19,363)
Russian New Ruble	11,397	-	11,397	-	-
Singapore Dollar	20,163	-	20,163	-	-
South African Rand	26,257	-	26,183	-	74
South Korean Won	55,129	-	55,693	-	(564)
Swedish Krona	13,327	129	13,193	-	5
Swiss Franc	67,745	90	67,585	-	70
Thai Baht	2,982	-	2,960	-	22
<b>TOTAL</b>	<b>\$ 1,786,131</b>	<b>\$ 43,686</b>	<b>\$ 1,531,797</b>	<b>\$ 211,424</b>	<b>\$ (776)</b>



# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. Policies of the Treasurer, Universities and pension systems limit investment in any single issuer or corporate entity to no more than 5% of the market value of the portfolio or account. The policy does not apply to investments in U.S. Treasuries, government agencies or instrumentalities.

### Custodial Credit Risk

#### Deposits

Custodial credit risk is the risk that in the event of a bank failure, the State's deposit may not be returned to it. Protection from custodial credit risk exists for the State's deposits in excess of FDIC insurance coverage. Banks in Iowa which accept public fund deposits are required to pledge collateral in an amount equal to, or in excess of, the total amount by which the public funds deposits in the bank exceeds the total capital of the bank. If a bank fails, the Treasurer of State would liquidate any collateral that the bank had pledged and use the proceeds to repay public units. If the proceeds from the sale of the collateral were not sufficient to reimburse the public units, the Treasurer would use money from the sinking fund to make the public units whole. If there is not enough money in the sinking fund to cover the uninsured public deposits, the treasurer's office would assess a proportional share of the loss against all remaining banks whose public funds deposits exceeded FDIC insurance to satisfy the remaining loss. The Universities and the pension systems have no formal policy for custodial credit risk. The \$1,089,367,721 total combined bank deposits of the primary government and fiduciary funds at June 30, 2006, was exposed to custodial credit risk for \$323,161 of uninsured and uncollateralized bank deposits.

#### Investments

Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the State will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The State Treasurer, the Universities and the pension systems have no formal policy for investment custodial credit risk. Of the \$26,768,193,484 total combined investments of the primary government and fiduciary funds at June 30, 2006, \$1,505,046 was exposed to custodial credit risk as uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent but not in the State's name.

### Component Units

Investments of the component units at June 30, 2006 are scheduled as follows (expressed in thousands):

Investment Type	Fair Value
<b>Fixed:</b>	
U.S. Government Treasuries, Notes, Bonds	\$ 5,570
U.S. Government TIPS	10,845
U.S. Government Agency	92,976
Mortgage Backed-Government Pass Through	644,082
Guaranteed Investment Contracts	253,440
Investment Agreements	19,231
<b>Equity:</b>	
Money Market Funds - Commingled	<u>131,553</u>
<b>Total Invested Assets</b>	<u><u>\$ 1,157,697</u></u>

The Universities Foundations' Cash and Investments of \$1,292,045,000 are not subject to GASB disclosure requirements.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the component units. The component units have no formal policy to manage credit risk. The exposure to credit risk for the component units fixed income investments at June 30, 2006, is summarized by credit quality ratings, as follows (expressed in thousands):

<b>Investment Type</b>	<b>TSY</b>	<b>AGY</b>	<b>AAA</b>	<b>AA</b>
<b>Fixed:</b>				
U.S. Government Treasuries, Notes, Bonds	\$ 5,570	\$ -	\$ -	\$ -
U.S. Government TIPS	10,845	-	-	-
U.S. Government Agency	-	92,976	-	-
Mortgage Backed- Government Pass-through	-	-	644,082	-
Guaranteed Investment Contracts	-	-	42,136	211,304
Investment Agreements	-	-	19,231	-
<b>Total</b>	<b>\$ 16,415</b>	<b>\$ 92,976</b>	<b>\$ 705,449</b>	<b>\$ 211,304</b>

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The component units do not have formal policies that limit investment maturities as a means of managing exposure to credit risk. The component units exposure to interest rate risk for the fixed income investments at June 30, 2006 is summarized using the weighted average maturity method, as follows (expressed in thousands):

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Years)</b>
<b>Fixed:</b>		
U.S. Government Treasuries, Notes, Bonds	\$ 5,570	10.81
U.S. Government TIPS	10,845	6.20
U.S. Government Agency	92,976	1.30
Mortgage Backed-Government Pass Through	644,082	26.36
Guaranteed Investment Contracts	253,440	0.50
Investment Agreements	19,231	0.62
<b>Total</b>	<b>\$ 1,026,144</b>	<b>16.92</b>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3 – TRANSFERS

Interfund transfers for the year ended June 30, 2006, consisted of the following (expressed in thousands):

Transferred Out	Transferred In					Total
	General	Nonmajor Governmental Funds	University Funds	Nonmajor Enterprise Funds	Internal Service	
General	\$ -	\$ 23,059	\$ 625,759	\$ 648	\$ 1,977	\$ 651,443
Nonmajor Governmental Funds	97,882	175,968	10,780	-	-	284,630
Unemployment Benefits	9,844	-	-	-	-	9,844
Nonmajor Enterprise Funds	146,689	-	-	-	-	146,689
Internal Service	373	-	-	-	33	406
Total	<u>\$ 254,788</u>	<u>\$ 199,027</u>	<u>\$ 636,539</u>	<u>\$ 648</u>	<u>\$ 2,010</u>	<u>\$ 1,093,012</u>

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

### NOTE 4 – RECEIVABLES

Receivables at June 30, 2006, consisted of the following (expressed in thousands):

	Governmental Funds	Proprietary Funds		Component Units
		Business Type Activities Enterprise Funds	Governmental Activities Internal Service Funds	
<b>Accounts Receivable</b>				
Taxes	\$ 449,706	\$ 431	\$ -	\$ -
Pledges	2,242	-	-	188,170
Interest	8,542	-	-	-
Benefit Overpayment	-	32,157	-	-
Employer Contributions	-	112,035	-	-
Grants & Contracts	579,578	64,523	-	-
Other	999,446	270,698	4,081	33,544
Less Allowance For Doubtful Accounts	471,090	25,776	-	6,153
Less Discount To Present Value	-	-	-	24,659
Accounts Receivable Net	<u>\$ 1,568,424</u>	<u>\$ 454,068</u>	<u>\$ 4,081</u>	<u>\$ 190,902</u>
Current	\$ 1,543,983	\$ 439,604	\$ 4,081	\$ 54,194
Non-Current	24,441	14,464	-	136,708
Total	<u>\$ 1,568,424</u>	<u>\$ 454,068</u>	<u>\$ 4,081</u>	<u>\$ 190,902</u>
<b>Loans Receivable</b>				
Loans Receivable	\$ 210,882	\$ 67,576	\$ -	\$ 489,219
Less Allowance For Doubtful Accounts	58,289	2,743	-	2,323
Loans Receivable Net	<u>\$ 152,593</u>	<u>\$ 64,833</u>	<u>\$ -</u>	<u>\$ 486,896</u>
Current	\$ 10,403	\$ 5,633	-	29,661
Non-Current	142,190	59,200	-	457,235
Total	<u>\$ 152,593</u>	<u>\$ 64,833</u>	<u>\$ -</u>	<u>\$ 486,896</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5 – INTERFUND BALANCES

Interfund balances for the year ended June 30, 2006, consisted of the following (expressed in thousands):

Due To Other Funds	Due From Other Funds					Total
	General	Nonmajor Governmental Funds	Unemployment Trust Fund	Nonmajor Enterprise Funds	Internal Service	
General	\$ -	\$ 4,555	\$ 1,306	\$ 2,076	\$ 59,012	\$ 66,949
Nonmajor Governmental Funds	9,369	3,969	-	685	35	14,058
Unemployment Trust Fund	884	-	-	-	-	884
Nonmajor Enterprise Funds	17,016	-	-	46	77	17,139
Internal Service	523	-	-	183	9,403	10,109
Total	<u>\$ 27,792</u>	<u>\$ 8,524</u>	<u>\$ 1,306</u>	<u>\$ 2,990</u>	<u>\$ 68,527</u>	<u>\$ 109,139</u>

\$48.9 million is due from the General Fund to the Workers Compensation Fund (an Internal Service Fund) to fund the cost of claims incurred, \$14.6 million is due from the Iowa Lottery Authority (an Enterprise Fund) to the General Fund to transfer lottery profits as required by law. Remaining interfund balances result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) 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: \$.80 million due from the General Fund and \$2.3 million from an internal service fund to the Innovation Fund (an Internal Service Fund) for amounts loaned for the purpose of stimulating and encouraging innovation in State government and \$3.3 million due from the General Fund to the Unemployment Benefits Fund (an Enterprise Fund) for amounts loaned for various projects per the Reed Act distribution under Section 903 of the Social Security Act.

### NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2006 was as follows (expressed in thousands):

	Balances July 1, 2005	Reclassification	Increases	Decreases	Balances June 30, 2006
<b>Governmental Activities</b>					
Capital Assets Not Being Depreciated:					
Land	\$ 572,512	\$ -	\$ 19,972	\$ 2,546	\$ 589,938
Construction in Progress	40,604	(23,020)	47,437	-	65,021
Total Capital Assets Not Being Depreciated	<u>613,116</u>	<u>(23,020)</u>	<u>67,409</u>	<u>2,546</u>	<u>654,959</u>
Capital Assets Being Depreciated:					
Infrastructure	7,083,646	128	472,778	-	7,556,552
Works of Art and Historical Treasures	928	-	-	-	928
Land Improvements	7,825	1,056	-	-	8,881
Building and Improvements	949,336	21,583	14,986	316	985,589
Machinery, Equipment and Vehicles	378,716	253	37,576	26,702	389,843
Total Capital Assets Being Depreciated	<u>8,420,451</u>	<u>23,020</u>	<u>525,340</u>	<u>27,018</u>	<u>8,941,793</u>
Less Accumulated Depreciation for:					
Infrastructure	2,656,647	-	320,402	-	2,977,049
Works of Art and Historical Treasures	83	-	10	-	93
Land Improvements	1,437	-	308	-	1,745
Buildings and Improvements	415,358	-	18,779	259	433,878
Machinery, Equipment and Vehicles	232,634	-	27,350	24,169	235,815
Total Accumulated Depreciation	<u>3,306,159</u>	<u>-</u>	<u>366,849</u>	<u>24,428</u>	<u>3,648,580</u>
Total Capital Assets Being Depreciated, Net	<u>5,114,292</u>	<u>23,020</u>	<u>158,491</u>	<u>2,590</u>	<u>5,293,213</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,727,408</u>	<u>\$ -</u>	<u>\$ 225,900</u>	<u>\$ 5,136</u>	<u>\$ 5,948,172</u>

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

<b>Business-type Activities</b>	Balances July 1, 2005	Reclassification	Increases	Decreases	Balances June 30, 2006
Capital Assets Not Being Depreciated:					
Land	\$ 28,838	\$ -	\$ 6,322	\$ 89	\$ 35,071
Land Improvements	5,316	-	-	-	5,316
Construction in Progress	317,978	(248,047)	267,418	-	337,349
Works of Art	28,632	-	1,242	112	29,762
Library Collections	183,107	-	12,652	1,640	194,119
Total Capital Assets Not Being Depreciated	<u>563,871</u>	<u>(248,047)</u>	<u>287,634</u>	<u>1,841</u>	<u>601,617</u>
Capital Assets Being Depreciated:					
Infrastructure	530,021	55,043	-	-	585,064
Library Collections	176,383	-	9,346	583	185,146
Land Improvements	47,624	1,086	65	10	48,765
Buildings and Improvements	2,585,386	191,539	1,999	5,903	2,773,021
Machinery, Equipment and Vehicles	842,588	379	73,854	110,614	806,207
Total Capital Assets Being Depreciated	<u>4,182,002</u>	<u>248,047</u>	<u>85,264</u>	<u>117,110</u>	<u>4,398,203</u>
Less Accumulated Depreciation for:					
Infrastructure	314,375	-	24,193	-	338,568
Library Collections	136,330	-	8,502	583	144,249
Land Improvements	22,648	-	2,018	-	24,666
Buildings and Improvements	1,191,312	-	85,597	5,175	1,271,734
Machinery, Equipment and Vehicles	519,898	-	67,035	85,157	501,776
Total Accumulated Depreciation	<u>2,184,563</u>	<u>-</u>	<u>187,345</u>	<u>90,915</u>	<u>2,280,993</u>
Total Capital Assets Being Depreciated, Net	<u>1,997,439</u>	<u>248,047</u>	<u>(102,081)</u>	<u>26,195</u>	<u>2,117,210</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,561,310</u>	<u>\$ -</u>	<u>\$ 185,553</u>	<u>\$ 28,036</u>	<u>\$ 2,718,827</u>

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

Administration & Regulation	\$ 5,062
Education	2,840
Health & Human Rights	2,517
Human Services	3,334
Justice & Public Defense	14,812
Economic Development	458
Transportation	320,504
Agriculture & Natural Resources	5,688
Subtotal	<u>355,215</u>
Depreciation on Capital Assets held by the State's Internal Service Funds is allocated to the various functions based on their use of the assets	<u>11,634</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 366,849</u>
Business-type Activities: Enterprise	<u>\$ 187,345</u>
<b>Discrete Component Units</b>	
Land	\$ 4,804
Construction in Progress	566
Total Capital Assets Not Being Depreciated	<u>5,370</u>
Infrastructure	5,759
Buildings and Improvements	81,560
Land Improvements	27
Machinery, Equipment and Vehicles	15,967
Total Capital Assets Being Depreciated	<u>103,313</u>
Less Accumulated Depreciation	<u>35,564</u>
Total Capital Assets Being Depreciated, Net	<u>67,749</u>
Discretely Presented Component Units Capital Assets, Net	<u>\$ 73,119</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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

Assets totaling \$26,751,394 which includes \$157,350 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 \$26,850 to taxing authorities. The following is a schedule of future payments (expressed in thousands):

Year Ending June 30,	Current	Noncurrent	Total Payments
2007	\$ 8,152	\$ -	\$ 8,152
2008	-	6,340	6,340
2009	-	4,377	4,377
2010	-	2,895	2,895
2011	-	2,167	2,167
2012-2016	-	7,350	7,350
2017-2018	-	1,884	1,884
Total Future Value	8,152	25,013	33,165
Less: Unamortized Discount	326	6,114	6,440
Present Value of Payments	<u>\$ 7,826</u>	<u>\$ 18,899</u>	<u>\$ 26,725</u>

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

Changes in long-term liabilities for the year ended June 30, 2006, are summarized as follows (expressed in thousands):

	Balances July 1, 2005	Additions	Deductions	Balances June 30, 2006	Amounts due within one year
<b>Governmental Activities</b>					
Compensated Absences	\$ 140,019	\$ 131,365	\$ 121,239	\$ 150,145	\$ 126,473
Capital Leases	4,100	530	1,270	3,360	1,055
Other Financing Arrangements	4,855	-	726	4,129	808
Revenue Bonds	965,724	1,365,435	1,239,318	1,091,841	35,806
Early Retirement	14,980	-	9,564	5,416	2,653
Risk Management	11,500	11,088	11,088	11,500	4,255
Other Liabilities	18,990	5,826	1,105	23,711	3,191
Total	<u>1,160,168</u>	<u>1,514,244</u>	<u>1,384,310</u>	<u>1,290,102</u>	<u>174,241</u>

\* The General Fund has been typically used to liquidate most long-term liabilities, except for \$775.8 million of Revenue Bonds to be liquidated by the Tobacco Settlement Authority, a Special Revenue fund.

#### Allocation of Internal Service

##### Funds Liability:

Capital Leases	290	-	63	227	66
Compensated Absences	2,539	4,510	4,304	2,745	2,560
Early Retirement	74	-	17	57	17
Total	<u>2,903</u>	<u>4,510</u>	<u>4,384</u>	<u>3,029</u>	<u>2,643</u>
Total Primary Government - Governmental Activities	<u>\$ 1,163,071</u>	<u>\$ 1,518,754</u>	<u>\$ 1,388,694</u>	<u>\$ 1,293,131</u>	<u>\$ 176,884</u>

##### Business-type Activities

Compensated Absences	\$ 132,735	\$ 81,775	\$ 72,956	\$ 141,554	\$ 74,737
Revenue Bonds	757,800	150,060	70,492	837,368	44,151
Capital Leases	123,861	26,130	12,822	137,169	6,753
Other Financing Arrangements	4,838	550	1,230	4,158	1,207
Total	<u>\$ 1,019,234</u>	<u>\$ 258,515</u>	<u>\$ 157,500</u>	<u>\$ 1,120,249</u>	<u>\$ 126,848</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 9 – CAPITAL LEASES

The State has entered into agreements to lease various equipment and property. The agreements have interest rates ranging from 1.00% to 14.25% and expire before June 30, 2030.

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
2007	\$ 1,121	\$ 170
2008	831	118
2009	425	82
2010	264	62
2011	192	50
2012-2016	548	111
2017-2021	<u>206</u>	<u>30</u>
Total	<u>\$ 3,587</u>	<u>\$ 623</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):

Equipment	\$ 2,645
Accumulated Depreciation	<u>(756)</u>
Net	<u>\$ 1,889</u>

#### **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
2007	\$ 6,753	\$ 6,655
2008	6,244	6,418
2009	5,849	6,153
2010	17,191	5,895
2011	6,096	5,063
2012-2016	32,725	20,846
2017-2021	34,381	12,315
2022-2026	17,810	5,544
2027-2030	<u>10,120</u>	<u>1,286</u>
Total	<u>\$ 137,169</u>	<u>\$ 70,175</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	1,118
Buildings	161,845
Equipment	<u>10,122</u>
Total	173,540
Accumulated Depreciation	<u>(18,933)</u>
Net	<u>\$ 154,607</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
2007	\$ 535
2008	560
2009	575
2010	590
2011	610
2012-2016	<u>5,685</u>
Total	<u>\$ 8,555</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 \$6,763,823 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
2007	\$ 268	\$ 119
2008	286	102
2009	179	85
2010	187	77
2011	194	70
2012-2016	764	239
2017-2021	613	90
2022-2026	<u>78</u>	<u>3</u>
Total	<u>\$ 2,569</u>	<u>\$ 785</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### Primary Government – Business-Type Activities

Iowa State University, University of Northern Iowa and the University of Iowa have entered into agreements for buildings and equipment for a total of \$10,370,393. The agreements are for periods of 11 to 25 years with interest rates ranging from 2.24% to 6.50%.

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

Year ending June 30,	Principal	Interest
2007	\$ 1,207	\$ 179
2008	1,108	122
2009	376	75
2010	297	55
2011	315	37
2012-2016	489	22
2017-2021	75	–
2022-2026	75	–
2027-2031	<u>216</u>	<u>–</u>
Total	<u>\$ 4,158</u>	<u>\$ 490</u>

### Certificates of Participation

#### Primary Government – Governmental Activities

The Third, Fifth and Sixth Judicial Districts have sold certificates of participation for land and facilities for \$4,535,000. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. The certificates mature over periods from 7 to 20 years with interest rates ranging from 3.00% to 4.87%.

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

Year ending June 30,	Principal	Interest
2007	\$ 540	\$ 72
2008	440	49
2009	185	29
2010	195	20
2011	<u>200</u>	<u>10</u>
Total	<u>\$ 1,560</u>	<u>\$ 180</u>

## NOTE 11 – BONDS PAYABLE

Revenue bonds payable at June 30, 2006, are as follows (expressed in thousands):

	ISSUE DATES	ORIGINAL ISSUANCE	INTEREST RATE	MATURITY DATE RANGE	OUTSTANDING PRINCIPAL
<b>PRIMARY GOVERNMENT – Governmental Activities:</b>					
<b>Revenue Bonds</b>					
<i>Term Bonds</i>					
Department of Corrections	1994-2002	\$ 33,510	Variable	2008-2014	\$ 1,515
Tobacco Settlement Authority	2006	635,635	5.38-6.50	2007-2041	<u>633,080</u>
Total					<u>634,595</u>
<i>Serial Bonds</i>					
Underground Storage Tank	1997 & 2004	\$ 62,375	Variable	1998-2014	46,680
Department of Corrections	1994-2002	118,770	Variable	2007-2016	57,870
Vision Iowa	2002	196,375	2.25-5.50	2002-2020	161,605
School Infrastructure	2002	48,585	3.50-5.50	2002-2021	<u>36,190</u>
Total					<u>302,345</u>
<i>Capital Appreciation Bonds</i>					
Tobacco Settlement Authority	2006	\$ 729,800	5.60-7.13	2007-2046	<u>729,800</u>
Unamortized Premium					12,670
Unamortized Discounts/Issue Costs					<u>(587,569)</u>
Total Governmental Activities					<u>\$1,091,841</u>



# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

	ISSUE DATES	ORIGINAL ISSUANCE	INTEREST RATE	MATURITY DATE RANGE	OUTSTANDING PRINCIPAL
<b>PRIMARY GOVERNMENT – Business-Type Activities:</b>					
<b>Revenue Bonds</b>					
University of Northern Iowa	1994-2006	\$ 133,976	1.80-8.25	1995-2027	\$ 115,193
University of Iowa	1967-2006	557,240	2.00-9.00	1970-2032	422,650
Iowa State University	1968-2006	349,705	2.00-6.85	1975-2031	294,905
Iowa Lottery	2004	8,800	3.28	2005-2019	<u>5,500</u>
Total					838,248
Unamortized Discount					<u>(880)</u>
Total Business-type Activities					<u>\$ 837,368</u>

### COMPONENT UNITS:

<b>Revenue Bonds</b>					
Iowa Finance Authority	1977-2006	\$1,418,720	Variable	2002-2037	\$1,006,756
Iowa Higher Education Loan Authority	1984-1996	50,630	Variable	1999-2016	33,700
Universities Foundations	2002	3,850	5.25	2003-2012	<u>3,408</u>
Total					1,043,864
Unamortized Premium					<u>2,301</u>
Total Component Units					<u>\$1,046,165</u>

### Bonds Payable

#### Primary Government – Governmental Activities

##### Underground Storage Tank

The Iowa Finance Authority has issued 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.

##### 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.

### 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 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.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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**

During the current fiscal year, the Tobacco Settlement Authority issued Tobacco Settlement Asset-Backed Bonds in five series: the Series 2005 A Bonds in the par amount of \$222,910,000, which are federally taxable turbo term bonds, the Series 2005 B Bonds in the par amount of \$178,010,000 which are federally tax-exempt turbo convertible capital appreciation bonds, the Series 2005 C Bonds in the par amount of \$412,725,000, which are federally tax-exempt turbo term bonds, the Series 2005 D Bonds in the par amount of \$190,800,000, which are federally tax-exempt turbo convertible capital appreciation bonds payable only when no current interest bond or convertible capital appreciation bond remains outstanding, and the Series 2005 E Bonds, which are federally tax-exempt turbo convertible capital appreciation bonds, in the par amount of \$360,990,000, which are federally tax-exempt turbo convertible capital appreciation bonds payable only when no current interest bond, convertible capital appreciation bond, or Series D bond remains outstanding. The bonds bear interest at rates of 5.375–7.125%.

The bonds were issued in part to advance refund \$639,460,000 of outstanding Tobacco Settlement Asset-Backed Bonds, Series 2001 A and 2001 B, with interest rates ranging from 5.30–6.79%.

Net proceeds of \$666,844,892, consisting of bond proceeds of \$594,662,216 combined with other resources of \$72,182,676, were deposited in an irrevocable escrow account with the Bank of New York as trustee.

The advance refunding resulted in the recognition of an accounting gain of \$38,525,615 for the year ended June 30, 2006, an increase in aggregate debt service of \$94,938,174 over the next twenty-two years and an economic loss (difference between present value of the old and new debt service payments) of \$13,779,395 based on projections of turbo bond redemptions.

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 sold 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, (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
2007	\$ 37,870	\$ 52,084
2008	43,220	55,272
2009	46,530	57,958
2010	49,995	55,321
2011	53,725	52,441
2012-2016	209,165	216,738
2017-2021	83,710	177,158
2022-2026	–	163,784
2027-2031	–	163,784
2032-2036	178,010	143,016
2037-2041	103,475	96,792
2042-2046	<u>861,040</u>	<u>54,970</u>
Total	<u>\$1,666,740</u>	<u>\$1,289,318</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.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

During the current fiscal year, the University of Iowa issued \$25,000,000 of Utility System Revenue Bonds, Series S.U.I. 2006 with an interest rate range of 4.00-4.375%, to provide funds to pay the cost of constructing, equipping and furnishing the Utility Facility on the campus of the University of Iowa.

During the current fiscal year, the University of Iowa issued \$68,000,000 of Athletic Facilities Revenue Bonds, Series S.U.I. 2005 and 2006, with interest rates ranging from 3.70-5.30% to defray part of the cost of improving, equipping, furnishing, remodeling, repairing and building additions to Kinnick Stadium and related facilities located on the campus of the University of Iowa.

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, 2006, bonds totaling \$10,050,000 for the University of Iowa were considered defeased.

During the current fiscal year, the University of Northern Iowa issued \$12,800,000 of Academic Building Revenue Bonds, Series 2005, with an interest rate range of 2.90-4.25% to defray the cost of academic buildings, facilities and equipment.

During the current fiscal year, Iowa State University issued \$20,000,000 of Academic Building Revenue Bonds, Series 2005, with an interest rate range of 4.00-4.50% to construct, furnish and equip academic facilities.

During the current fiscal year, Iowa State University issued \$7,475,000 of Utility System Revenue Bonds, Series 2006, with an interest rate range of 4.00-4.375% for equipment and facility enhancement to the utilities of the University.

Also, during the current fiscal year, Iowa State University issued \$16,785,000 of Dormitory Refunding Revenue Bonds, Series 2006, with an interest rate range of 4.00-4.375% to advance refund \$16,375,000 of outstanding Dormitory Revenue Bonds, Series 1999 B, with an interest rate of 6.25%.

Net bond proceeds of \$17,352,885 were placed in an irrevocable escrow account with the University as trustee.

The advance refunding resulted in the recognition of an accounting loss \$410,000 for the year ended June 30, 2006, a decrease in aggregate debt service of \$2,414,199 over the next twenty-two years and an economic gain (difference between present value of the old and new debt service payments) of \$1,053,922.

#### Iowa Lottery Authority

The Iowa Lottery Authority has issued Iowa Lottery Authority Bonds to finance the purchase and installation of instant ticket and pull-tab vending machines and the purchase and renovation of a building to be used as the lottery headquarters.

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
2007	\$ 44,151	\$ 39,663
2008	47,737	38,060
2009	45,982	36,477
2010	45,443	31,942
2011	46,103	30,538
2012-2016	218,927	113,721
2017-2021	178,395	68,819
2022-2026	141,650	31,289
2027-2031	<u>69,860</u>	<u>7,242</u>
Total	<u>\$ 838,248</u>	<u>\$ 397,751</u>

#### Component Units

##### Iowa Finance Authority

The Iowa Finance Authority is authorized and has issued bonds, the proceeds of which are used to provide authorized mortgage financing. The bonds are payable principally from repayments of such mortgage loans. The obligations do not constitute a debt of the State of Iowa and the State is not liable for any repayments.

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

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.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

During the current fiscal year, the Finance Authority issued Single Family Mortgage Bonds, 2005 Series D E, F, G and H in the par amount of \$120,000,000 with interest rates of 3.0–5.0% and Single Family Mortgage Bonds, 2006 Series A, B, C, D, E and F in the par amount of \$120,000,000 with interest rates of 3.4–5.5%

Also, during the current fiscal year, the Finance Authority issued Clean Water Program Revenue Bonds, Series 2005 in the par amount of \$11,090,000 with interest rates of 3.25–5.0% and Drinking Water Program Revenue Bonds, Series 2005 in the par amount of \$6,685,000 with interest rates of 3.25–5.0%

During the current fiscal year, the Finance Authority drew \$1,725,000 under a line of credit with an interest rate of 5.495%.

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 Housing Agency Defeased Bonds Series 1997, 1998, 1999 and 2000A of Iowa Revolving Fund Revenue bonds. As of June 30, 2006, bonds totaling \$53,610,000 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
2007	\$ 39,432	\$ 47,073
2008	35,296	46,848
2009	37,779	45,180
2010	37,451	43,541
2011	38,810	41,829
2012-2016	204,976	180,178
2017-2021	140,355	140,559
2022-2026	154,305	104,574
2027-2031	175,225	65,274
2032-2036	172,165	21,120
2037-2041	<u>8,070</u>	<u>256</u>
Total	<u>\$1,043,864</u>	<u>\$ 736,432</u>

## NOTE 12 – ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable & accruals at June 30, 2006, consisted of the following (expressed in thousands):

### Primary Government

#### Government Activities

	Current	Noncurrent
Salaries and fringes	\$ 68,667	–
Early retirement	2,670	2,803
Pension	–	9,877
Risk management	4,255	7,245
State aid	342,833	–
Trade and other payable	<u>583,096</u>	<u>45,944</u>
Total	<u>\$1,001,521</u>	<u>\$ 65,869</u>

#### Business-type Activities

	Current	Noncurrent
Salaries and fringes	\$ 112,238	\$ –
Early retirement	6,716	7,098
General claims	22,096	–
Unemployment benefits	10,408	–
Trade and other payables	<u>139,690</u>	<u>5,236</u>
Total	<u>\$ 291,148</u>	<u>\$ 12,334</u>

### Component Units

	Current	Noncurrent
Annuity and Life Income Obligations	\$ –	\$ 56,385
Pledges Due to University	3,517	2,914
Other	<u>11,562</u>	<u>9,400</u>
Total	<u>\$ 15,079</u>	<u>\$ 68,699</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 13 – 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, 2006, follows (expressed in thousands):

#### Major Funds

##### General Fund:

Primary Road	\$ 366,227
Road Use Tax	90,047
Iowa Infrastructure	76,763
Vision Iowa	66,083
Senior Living Trust	57,966
Revitalize Iowa's Sound Economy	40,103
Motor Vehicle Fuel Tax Unapportioned	37,839
Farm to Market Road	35,671
UST Innocent Landowners	23,766
Unassigned Revenue	22,591
Health Insurance Premium Operating	22,426
Safety Improvement Program	19,966
School Infrastructure and Reserve	11,927
Resource Enhancement & Protection	10,392
Vertical Infrastructure	9,973
UST Revenue	8,912
UST Capital Reserve	6,250
UST Remedial	5,840
Fish and Game	5,510
County Bridge Construction	5,358
Value Added Agricultural Products	3,616
Hawk-I Trust	3,481
Dental Insurance Premium Operating	3,342
DOT Clearing Account	2,631
Second Injury	2,410
Health Insurance Premium Reserve	2,332
ICSAC-Default Reduction Act	2,261
DOT State Infrastructure Bank	2,249
Life Insurance Basic Premium Reserve	2,087
Terminal Liability Health Insurance	2,025
Other	<u>29,342</u>
Total General Fund	<u>979,386</u>

##### Nonmajor Governmental Funds:

Endowment for Iowa Health	109,248
Endowment for Iowa Health Restricted Capitals	102,848
Tobacco Settlement Authority	78,130
Permanent School Principal	7,919
Iowa Public Television Foundation	2,120
Iowa Cultural Trust	1,476
Iowa Public Television Foundation Endowment	1,448
Iowa Veterans Trust	738
Other	<u>110,384</u>
Total Nonmajor Governmental Funds	<u>414,311</u>
Total	<u>\$ 1,393,697</u>

### NOTE 14 – 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,	
2007	\$ 10,481
2008	8,284
2009	6,329
2010	5,113
2011	3,691
2012-2016	4,406
2017-2021	262
2022-2026	277
2027-2031	247
2032-2036	256
2037-2041	<u>296</u>
Total	<u>\$ 39,642</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, 2006 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$13,543,699.

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

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

Year ending June 30,	
2007	\$ 5,935
2008	4,435
2009	2,434
2010	1,341
2011	937
2012-2016	<u>172</u>
Total	<u>\$ 15,254</u>

Rental expense for the year ended June 30, 2006 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$7,891,512.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### Component Units:

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

Year ending June 30,

2007	\$	67
2008		21
2009		21
2010		<u>11</u>
Total	\$	<u>120</u>

Rental expense for the year ended June 30, 2006 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$431,107.

### NOTE 15 – LESSOR OPERATING LEASES

The Iowa Department of Natural Resources leases tracts of land valued at \$11,926,758 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 \$2,831,857. Iowa State University leases building space valued at \$172,159, equipment valued at \$1,373,609, and tracts of land for agriculture purposes, for which no value has been assigned to the leased portion. The University of Northern Iowa leases buildings valued at \$412,490 (net of accumulated depreciation of \$125,475) and tracts of land valued at \$523,155 have been leased for agricultural purposes. The following is a schedule by year of minimum future rentals on operating leases as of June 30, 2006 (expressed in thousands):

Year ending June 30,

2007	\$	2,364
2008		1,776
2009		1,140
2010		660
2011		468
2012-2016		1,160
2017-2021		288
2022-2026		144
2027-2031		<u>44</u>
Total	\$	<u>8,044</u>

### NOTE 16 – 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 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, 2006

Employer members:

City	1,252
County	443
School	401
State	26
Other	<u>241</u>
Total	<u>2,363</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 anytime after reaching age 62 with 20 or more years of covered employment) or when the member's age plus years of service equals or exceeds 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](mailto:info@ipers.org), or by calling 515-281-0020.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### ***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 actuarially determined rates as shown in the following table. Wages are covered up to the federal limit of \$220,000 for calendar year 2006.

	Contribution Rates as of June 30, 2006		
	Employee	Employer	Total
Regular	3.70%	5.75%	9.45%
Special Services Group #1 *	8.20%	8.20%	16.40%
Special Services Group #2 **	6.16%	9.23%	15.39%

\* Includes sheriffs and deputies

\*\* Includes all other public safety members

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 \$639,529,824. The total amount of contributions made during the fiscal year ended June 30, 2006, was \$536,212,740 with \$324,676,814 coming from employers and \$211,535,926 from employees. This resulted in a 83.8% 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, 2006, 2005, and 2004, were \$67,071,140, \$65,233,569, and \$62,955,419, respectively, equal to 100% of the statutorily required contributions for each year.

Beginning with the June 30, 1996 actuarial valuation, the annual valuation of liabilities is calculated using the entry age normal cost method. The entry age normal cost method requires the calculation of an Unfunded Actuarial Accrued Liability, \$2,507,085,900 at June 30, 2006. 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.

During fiscal year 2006, IPER' unfunded actuarial liability increased to \$2,507,085,900 and the amortization period continued to exceed the 30-year maximum. To address IPERS' long-term funding needs, the Iowa Legislature passed and the Governor signed a bill increasing the contribution rate for regular members, the first rate increase since 1979. Regular members make up 96 percent of IPERS' active membership. The increase of two percent points is phased in over four years beginning July 1, 2007. The increase does not affect members in public safety positions, who contribute at an actuarially required rate that may change every year.

#### **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 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. Private equities are valued based on March 31 net assets values plus or minus purchasing sales, and cash flows from April 1 through June 30 of the reporting year.

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.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### **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 employer 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 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 \$3,146,469, representing 9.35% of the current year covered payroll. The State contribution required by statute was \$5,817,819 and the amount actually

contributed was \$5,817,819. Costs of administering the plan are financed through employer contributions and investment income.

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

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

Investments are recorded at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments without an established market are reported at estimated fair value.

Investments in governmental bonds and treasury notes constitute approximately 7.78% of net assets held in trust for pension benefits. 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	\$ 11,914,592
Interest on net pension obligation	(407,525)
Adjustment to annual required contribution	<u>413,744</u>
Annual pension cost	11,920,811
Contributions made	<u>5,817,819</u>
Increase in net pension obligation	6,102,992
(Assets in excess of) net pension obligation beginning of year	<u>(5,094,068)</u>
Net pension obligation end of year	<u>\$ 1,008,924</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 2006.



## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

The annual required contribution for the current year was determined as part of the July 1, 2005, 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 10.00% for the first year, 5.00% for each of the next 4 years and 5.50% thereafter, (c) payroll growth of 4.00%, and (d) post retirement benefits 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, 2006 was 15 years.

Three-year trend information:

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	(Assets in Excess of) Net Pension Obligation
2004	\$ 9,465,385	58.13%	\$ (11,241,945)
2005	11,590,745	46.96%	(5,094,068)
2006	11,920,811	48.80%	1,008,924

#### Judicial Retirement System

##### *Plan Description*

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

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

Pursuant to Chapter 602 of the Code of Iowa, a member who has had a total of at least six years of service as a judge of one or more of the above courts and is at least sixty-five years of age or who has served twenty-five years of consecutive service as a judge of one or more of the above courts shall qualify for an annuity. The annual annuity of a judge under this system is an amount equal to three percent of the judge's average annual basic salary for the judge's highest three years as a judge multiplied by the judge's years of service, or, for a member who meets the definition of a senior judge under Chapter 602.9202 of the Code of Iowa, three percent of the basic senior judge salary multiplied by the judge's years of service, limited to a specified

percentage of the highest basic annual salary or basic senior judge salary, as applicable, which the judge is receiving or had received as of the time 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 retired and received an annuity on or after July 1, 1998 but before July 1, 2000; (3) fifty-six percent for judges who retired and received 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 \$1,103,844, representing 5.00% of the current year covered payroll. The State contribution required by statute and the amount contributed was \$2,039,664. The State share is to be based on 9.70% of the current year covered payroll. Costs of administering the plan are financed through State appropriation, member contributions and investment income.

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

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

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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 .89% 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	\$ 4,614,846
Interest on net pension obligation	709,406
Adjustment to annual required contribution	<u>(723,598)</u>
Annual pension cost	4,600,654
Contributions made	<u>2,039,664</u>
Increase in net pension obligation	2,560,990
Net Pension obligation beginning of year	<u>6,306,584</u>
Net pension obligation end of year	<u>\$ 8,867,574</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 2006.

The annual required contribution for the current year was determined as part of the July 1, 2006, 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, 2006, was 30 years.

Three-year trend information:

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2004	\$ 4,397,910	46.38%	\$3,960,761
2005	4,385,487	46.51%	6,306,584
2006	4,600,654	43.76%	8,867,574

### 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 2006, the employers' contributions amounted to \$116,850,529. Employees' contributions amounted to \$58,551,913.

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

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 17 – BEGINNING BALANCE ADJUSTMENTS

The cash and cash equivalents of the University funds statement of cash flows were overstated and the investments were understated resulting in the following adjustment to the beginning cash & cash equivalents (expressed in thousands):

July 1, 2005	\$ 380,766
Adjustment	<u>(47,486)</u>
Balances restated	<u>\$ 333,280</u>

#### NOTE 18 – 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.

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 2006 for 1,102 participants totaled \$9,564,125 for government funds and \$55,267 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, 2002 may have two years after expiration of the program to request participation. This program expired June 30, 2004.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

Those eligible for participation were faculty, professional-scientific employees, institutional officials, staff of the Board Office, and all merit system employees employed by the Board of Regents for a period of at least fifteen years and who have attained the age of 57 by June 30, 2002. The employee's department head and the appropriate administrative officers approved the employee's participation.

All incentive payments are financed on a pay-as-you-go basis, except at the University of Northern Iowa. At the University of Northern Iowa, the policy requires departments to fully fund the ERIP liability upon signing new ERIP contracts, and the policy requires previously executed contracts be funded by June 30, 2003. No contributions were funded during the fiscal year ended June 30, 2006.

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; 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 employee may elect lump sum payment.

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 approved for fiscal year 2004 was 1.00%. There are no future rates since the program ended June 30, 2004.

The Board of Regents Institutions' contributions for the fiscal year ended June 30, 2006, amounted to \$9,087,645 for 897 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 Department of Public Safety retirees and fully funded for Department of Natural Resources retirees.

For the year ended June 30, 2006, 209 SPOC retirees received benefits totaling \$1,037,506.

A voluntary retirement benefit has been established through collective bargaining for Judicial Branch and Community Based Corrections AFSCME and PPME covered employees. This is also offered to non-contract Judicial Branch and Community Based Corrections Employees except for judicial officers.

The program is an opportunity for employees who are eligible upon a bona fide retirement to use the value of their sick leave to pay the employer share of the monthly premium of the State's group health insurance plan after their retirement.

Upon retirement, employees shall first receive cash payment for accumulated, unused sick leave converted at the employee's current hourly rate of pay up to \$2,000, payable with the final payroll warrant that includes the employee's retirement date. The value of the remaining balance of the accrued sick leave will be converted based upon the original balance (before the cash payment).

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

The employer will continue to pay the employer's share of the health insurance premium each month until the converted value of the employee's sick leave balance is exhausted, until the employee is eligible for Medicare, or until the employee dies, whichever comes first. The retired employees may stay with the same health insurance program as when employed or switch down at any time without underwriting. The converted value of the sick leave can only be applied to the employer's share of health insurance premium payments. It has no cash value and it is not transferable to another use or to an heir.

If a retired employee who has utilized this benefit returns to permanent state employment, all remaining balances in the sick leave insurance program will be forfeited.

For the year ended June 30, 2006, Judicial Branch and Community Based Correction retirees received benefits totaling \$552,951.

#### NOTE 19 – RISK MANAGEMENT

##### *INSURANCE/TRANSFER OF RISK*

State employee benefits for health, dental, long-term disability and life insurance coverage are fully insured through commercial insurers. The State also insures with outside parties for certain liabilities. The State assumes liability for any deductibles and claims in excess of coverage limitations. Iowa State University and the University of Iowa assume responsibility for aircraft liability claims in excess of \$10.0 million and \$2.0 million, respectively, and Workforce Development assumes fire liability on buildings and contents in excess of \$15.4 million.

The University of Northern Iowa assumes liability in excess of \$500.0 million for the Residence System Buildings, Maucker Union, General Fund Buildings, Early Childhood Center, UNI-Dome and boiler and machinery per event. Each building has individual limits of coverage and a \$2.0 million deductible, Residence Halls \$226.6 million, Residence Apartments \$54.5 million, Maucker Union \$25.9 million, General Buildings \$250.0 million, UNI-Dome \$50.1 million, and Early Childhood Center \$2.7 million. The University also assumes liability for 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 \$1.0 billion, 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, dental student professional liability in

excess of \$3.0 million, losses at the Museum of Art in excess of \$100.0 million, criminal fidelity liability for the first \$100,000 and in excess of \$10.0 million; and construction job site liability for the first \$250,000 and in excess of \$50.0 million.

The University also assumes liability for athletic trainers professional liability excess of \$3.0 million, liability for gymnastics camps, youth camps, outreach clinics and special events in excess of \$2.0 million. It also assumes liability for property damage to the Hawkeye Express in excess of \$2.9 million, liability in excess of \$1.0 million and liability for the Hawkeye Express Railroad in excess of \$25.0 million.

Iowa State University assumes liability for damage to buildings and contents in excess of \$2,755.6 million, damage to boilers and machinery in excess of \$327.3 million, damage to electronic data processing, telecommunications equipment in excess of \$37.7 million and business interruption in excess of \$39.9 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 \$32.0 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 \$12.5 million, \$4.2 million, 4.1 million, \$3.2 million, \$15.1 million, \$8.3 million, \$2.3 million and \$2.5 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.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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 2005 and 2006 were (expressed in thousands):

	Current Year		
	Balances At	Claims	Balances At
	Beginning	And Changes	End Of
	Of Fiscal Year	In Estimates	Payments Fiscal Year
FY 05	\$ 50,615	16,422	16,120
FY 06	50,917	15,689	16,656

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 2005 and 2006 were (expressed in thousands):

	Current Year		
	Balances At	Claims	Balances At
	Beginning	And Changes	End Of
	Of Fiscal Year	In Estimates	Payments Fiscal Year
FY 05	\$ 267	157	74
FY 06	350	88	94

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 2005 and 2006 were (expressed in thousands):

	Current Year		
	Balances At	Claims	Balances At
	Beginning	And Changes	End Of
	Of Fiscal Year	In Estimates	Payments Fiscal Year
FY 05	\$ 274	721	241
FY 06	754	369	317

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 2005 and 2006 were (expressed in thousands):

	Current Year		
	Balances At	Claims	Balances At
	Beginning	And Changes	End Of
	Of Fiscal Year	In Estimates	Payments Fiscal Year
FY 05	\$ 11,500	11,604	11,604
FY 06	11,500	11,088	11,088

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 2005 and 2006 were (expressed in thousands):

	Current Year		
	Balances At	Claims	Balances At
	Beginning	And Changes	End Of
	Of Fiscal Year	In Estimates	Payments Fiscal Year
FY 05	\$ 23,994	123,012	128,126
FY 06	18,880	138,168	133,324

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### **NOTE 20 – LITIGATION, CONTINGENCIES, AND COMMITMENTS**

The Iowa *Department of Revenue* has pending litigation regarding income tax cases. The cases *could* possibly result in refunds estimated at \$6.3 million.

The Iowa *Department of Transportation* has contractual obligations for construction and other contracts at \$430.0 million at June 30, 2006.

The *University of Iowa* has outstanding construction contract commitments of 80.6 million at June 30, 2006.

*Iowa State University* has outstanding construction contract commitments of \$27.5 million at June 30, 2006.

The *Department of Natural Resources* has outstanding construction contract commitments of \$2.3 million at June 30, 2006.

The *University of Northern Iowa* has outstanding construction contract commitments of \$19.7 million at June 30, 2006.

The *Department of Administrative Services* has outstanding construction contract commitments of \$25.4 million at June 30, 2006.

The Iowa *Finance Authority* has signed loan agreements with municipalities and water systems totaling \$70.2 million as of June 30, 2006.

The Iowa *Department of Economic Development* has commitments of \$281.2 million at June 30, 2006.

The Iowa *Underground Storage Tank Financial Responsibility Program* provides payment for remediation claims of contamination of ground water sites due to leakage, spill or release of petroleum products by owner/operators. Potential claims for clean-up charges are estimated to total \$84.1 million. The payment of claims is limited to funds made available by charges to owner/operators and from the collection of environmental protection charges, underground storage tanks fees, recoveries, Federal assistance and earnings of the General Fund.

The Iowa *State Fair Authority* has outstanding construction contracts of \$1.1 million at June 30, 2006.

There is litigation pending against the State, the Iowa Lottery Authority and certain State officials, arising out of the legislature's 2006 ban on the Iowa Lottery Authority's TouchPlay monitor vending machine product. There are currently three lawsuits pending in Polk County and one lawsuit each in Linn and Scott Counties. These lawsuits currently involve approximately 70 individual and corporate plaintiffs. It is possible that additional litigation will be instituted by others claiming financial harm from the TouchPlay ban. The pending litigation asserts claims for money damages based on various constitutional, legal and equitable theories. An estimate of the State's potential exposure at this time would be speculative. There are currently pending motions filed by the State in each of the lawsuits asserting legal challenges to certain of plaintiff's claims. The State believes it has meritorious defenses to all of the claims asserted by the various plaintiffs. Two of the lawsuits are currently set for trial; one in November 2007, one in January 2008.

There is litigation pending against the State, the Department of Human Services and its Director Kevin Concannon by NevadaCare, Inc., d/b/a Iowa Health Solutions, Inc. The lawsuit alleges errors were made in calculating the capitation rate paid to Iowa Health Solutions, one of the managed care companies for the Iowa Medicaid program. Outside counsel has been retained to represent the State. The case is scheduled to go to trial in April of 2007. The State believes that it will prevail on the merits of the lawsuit. However, the potential exposure, should there be a judgment against the state is substantially in excess of \$1,000,000.

There is litigation pending against the State arising out of a 1939 University of Iowa experiment conducted at a state run orphanage. There are allegations contained in the Plaintiff's Petition at Law that the state engaged in Intentional Infliction of Emotional Distress, Fraudulent Misrepresentation, Breach of Fiduciary Duty, Invasion of Privacy and Civil Conspiracy. It is Plaintiff's contention that the study has caused them emotional harm. On September 30, 2005, the Iowa Supreme Court ruled in favor of the Plaintiffs allowing the action for personal injury to proceed toward trial. The plaintiff's initially claimed damages in the amount of \$11,000,000.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 21 – TAX AND REVENUE ANTICIPATION NOTES

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

The TRANS were issued for the purpose of meeting the State's cash flow requirements. They were issued in December of 2005, with an interest rate of 4.50% and were repaid on June 30, 2006.

The following is a schedule of TRANS activity for the year ended June 30, 2006 (expressed in thousands):

Beginning Balance	Issued	Redeemed	Ending Balance
\$ -	\$ 450,000	\$ 450,000	\$ -

#### NOTE 22 – SUBSEQUENT EVENTS

In September of 2006, the Board of Regents, State of Iowa, issued Academic Building Revenue Refunding Bonds, Series I.S.U. 2006 for \$5,510,000. These bonds bear interest at varying rates between 4.0% and 5.0% and will mature in varying amounts from July 1, 2007 through July 1, 2015. The proceeds of these bonds will be used to refund in advance of maturity the July 1, 2007 through July 1, 2015 maturities of the Board's \$7,100,000 Academic Building Revenue Bonds, Series I.S.U. 1995 and to pay for costs of issuance. These bonds will be payable only from the gross student fees and charges levied against students attending Iowa State University.

In September of 2006, the Board of Regents, State of Iowa, issued Dormitory Revenue Refunding Bonds, Series I.S.U. 2006A for \$9,200,000. These bonds will bear interest at varying rates between 4.0% and 4.375% and will mature in varying amounts from July 1, 2007 through July 1, 2027. The proceeds of these bonds will be used to refund in advance of maturity the July 1, 2007 through July 1, 2027 maturities of the Bond's \$9,525,000 Dormitory Revenue Bonds, Series I.S.U. 2000A and to pay for costs of issuance. These bonds will be payable only from the net rent, profits and income of the Residence System of Iowa State University.

In December of 2006, the Board of Regents, State of Iowa, issued Utility System Revenue Bond Series 2006A in the amount of \$25,000,000 for the purpose of constructing, equipping and extending certain facilities and improvements to the Utility System of The State University of Iowa, to provide a deposit in the Debt Service Reserve Fund, and to pay for costs of issuance.

In July of 2006, the Board of Regents, State of Iowa, issued Athletic Facilities Revenue Bonds, Series S.U.I 2006A in the amount of \$25,000,000 to defray a portion of the costs of the renovations to Kinnick Stadium on the University's campus.

In August of 2006, 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 \$23,800,000 Revenue Bond issued by UIFC. The proceeds of the bonds will be used to purchase, renovate and equip commercial condominium space in the Old Capitol Town Center in Iowa City which will provide space for several departments of the University of Iowa.

On August 9, 2006, an agreement was signed between the Board of Regents, State of Iowa and the University of Northern Iowa Foundation. In the agreement, the Foundation agreed to transfer \$250,000 of gift income to the University of Northern Iowa to assist with the construction of the McLeod Center. This Amendment #4 is in addition to the initial \$17,000,000 gift funding agreement that was signed on February 27, 2004. Amendment #1 in the amount of \$2,660,000 that was signed on October 29, 2004. Amendment #2 in the amount of \$1,165,000 that was signed on September 15, 2005, and the Amendment #3 in the amount of \$500,000 that was signed on May 5, 2006.

On July 31, 2006, the University of Northern Iowa entered into a capital lease in the amount of \$875,849 with Banc of America Leasing and Capital to finance the acquisition of scoreboards and a video board for the McLeod Center, an integral part of the Field House Enterprise. The lease payments are due semi-annually through fiscal year 2011 and bear an interest rate of 6.08 percent.

On September 18, 2006, the University of Northern Iowa entered into a capital lease in the amount of \$2,150,000 with Wells Fargo Brokerage Services to assist with financing the construction of the Human Performance Complex. The lease payments are due semi-annually through fiscal year 2016 and bear an interest rate of 6.6 percent.

As of October 6, 2006, an agreement was entered into between the Board of Regents, State of Iowa and the University of Northern Iowa Foundation. In the agreement, the Foundation agreed to make gifts to the University of Northern Iowa of at least \$2,500,000, to be used solely and only to pay costs of constructing and equipping the Human Performance Complex on the University campus. These costs could include principal and interest payments on a \$2,150,000 capital lease for the Human Performance Complex, which the Board of Regents has issued.



## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

The Iowa Finance Authority issued Single Family Mortgage Revenue Bonds, Series 2006 G and H, in the amount of \$70 million on July 13, 2006.

The Iowa Finance Authority's Board of Directors has authorized the issuance of Single Family Mortgage Revenue Bonds, Series 2006 I and J, in the amount of \$80 million and the issuance of multi-family bonds in an amount not to exceed \$6.8 million.

The Iowa Finance Authority's Board of Directors has authorized the issuance of a note for long-term financing of the building purchase in an amount not to exceed \$2.8 million.

House File 875 authorized the creation of the Honey Creek Premier Destination Park Authority. The Authority is to assist in the establishment of the Honey Creek Premier Destination Park in the state.

In October of 2006, the Honey Creek Premier Destination Park Authority issued Destination Park Revenue Bonds, Series 2006 in the amount of \$33,370,000 to assist in the establishment of the honey creek premier destination park including lodges, campgrounds, and golf courses.

In December of 2006, the State of Iowa issued Tax and Revenue Anticipation Notes (TRANS) of \$500,000,000 at an interest rate of 4.25%, priced to yield 3.53%. The notes have a maturity date of June 30, 2007.

Effective July 1, 2006, a new voluntary retirement benefit has been established through collective bargaining for Executive Branch AFSCME and UE/IUP covered employees and Executive Branch non-contract employees. This program is the Sick Leave Insurance Program (SLIP). The program is an opportunity for State employees who are eligible upon a bona fide retirement to use the value of their unused sick leave to pay the employer share of the monthly premium of the State's group health insurance plan after their retirement.

Upon retirement, employees shall first receive cash payment for accumulated, unused sick leave converted at the employee's current hourly rate of pay up to \$2,000, payable with the final payroll warrant that includes the employees retirement date. The value of the remaining balance of the accrued sick leave will be converted based upon the original balance (before the cash payment), as follows:

Sick Leave Balance	Conversion Rate
0 to 750 hours	60% of value
Over 750 to 1500 hours	80% of value
Over 1500 hours	100% of value

The employer will continue to pay the employer's share of the health insurance premium each month until the converted value of the employee's sick leave balance is exhausted, until the employee is eligible for Medicare, or until the employee dies, whichever comes first. The retired employees may stay with the same health insurance program as when employed or switch down at any time without underwriting. The converted value of the sick leave can only be applied to the employer's share of health insurance premium payments. It has no cash value and it is not transferable to another use or to an heir.

If a retired employee who has utilized this benefit returns to permanent state employment, all remaining balances in the sick leave insurance program will be forfeited.

Sick leave conversion rates (sick accrual converted to vacation hours) for employees covered under this program will change effective July 1, 2006 and are dependent upon the employee's actual balance each pay period. Sick leave conversion rates for part-time permanent employees are prorated.

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

# **Budgetary Comparison Schedule** **Required Supplementary Information**

For the Year Ended June 30, 2006  
(Expressed in Thousands)

GENERAL FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
<b>APPROPRIATED REVENUE:</b>				
<b>SPECIAL TAXES:</b>				
Personal Income Tax	\$ 2,797,900	\$ 2,817,500	\$ 2,869,721	\$ 52,221
Sales/Use Tax	1,852,100	1,891,800	1,893,798	1,998
Corporation Income Tax	297,700	312,100	370,333	58,233
Inheritance Tax	69,900	70,800	71,640	840
Insurance Premium Tax	129,800	128,300	121,428	(6,872)
Cigarette Tax	86,000	89,100	89,484	384
Tobacco Tax	8,500	9,000	9,452	452
Beer & Liquor Tax	14,100	14,200	14,269	69
Franchise Tax	37,200	32,800	35,006	2,206
Miscellaneous Tax	1,000	600	711	111
<b>TOTAL SPECIAL TAXES</b>	<b>5,294,200</b>	<b>5,366,200</b>	<b>5,475,842</b>	<b>109,642</b>
<b>REIMBURSEMENTS &amp; FEES:</b>				
Institutional Reimbursements	12,800	12,500	13,750	1,250
Liquor Transfers	58,700	61,800	64,762	2,962
Interest	7,500	13,600	19,428	5,828
Fees	72,900	73,000	78,765	5,765
Judicial Revenue	60,700	60,800	64,817	4,017
Miscellaneous Receipts	27,700	51,200	45,961	(5,239)
Racing & Gaming Receipts	60,000	60,000	60,000	-
<b>TOTAL RECEIPTS</b>	<b>5,594,500</b>	<b>5,699,100</b>	<b>5,823,325</b>	<b>124,225</b>
Transfers	68,200	144,200	145,305	1,105
<b>TOTAL APPROPRIATED REVENUE</b>	<b>5,662,700</b>	<b>5,843,300</b>	<b>5,968,630</b>	<b>125,330</b>
<b>RECEIPTS CREDITED TO APPROPRIATIONS:</b>				
Sales Tax Quarterly	-	2	3	1
Sales Tax Monthly	3	-	-	-
Multi Suspense	15,528	3,461	3,206	(255)
Federal Support	2,185,229	2,251,404	2,193,000	(58,404)
Local Governments	165,895	149,863	169,052	19,189
Other States	1	1	-	(1)
Internal Service Transfers	468,089	448,747	389,178	(59,569)
Internal Service Reimbursements	20,430	19,522	19,862	340
Interest	-	178	35	(143)
Fees, Licenses, & Permits	9,561	24,401	27,588	3,187
Refunds & Reimbursements	183,060	299,388	310,447	11,059
Sale of Equipment & Salvage	15	15	-	(15)
Rents & Leases	2,944	2,943	2,833	(110)
Agricultural Sales	3	3	2	(1)
Other Sales & Services	2,480	2,570	4,618	2,048
Inventory Sales	-	-	127	127
Unearned Receipts	347	401	351	(50)
Other	70,311	77,306	117,144	39,838
<b>TOTAL APPROPRIATED RECEIPTS</b>	<b>3,123,896</b>	<b>3,280,205</b>	<b>3,237,446</b>	<b>(42,759)</b>
<b>TOTAL ALL REVENUE</b>	<b>8,786,596</b>	<b>9,123,505</b>	<b>9,206,076</b>	<b>82,571</b>
<b>REFUNDS OF TAXES COLLECTED</b>	<b>(672,500)</b>	<b>(623,800)</b>	<b>(586,162)</b>	<b>37,638</b>
<b>TOTAL REVENUES AVAILABLE</b>	<b>8,114,096</b>	<b>8,499,705</b>	<b>8,619,914</b>	<b>120,209</b>

(continued on next page)

# STATE OF IOWA

(continued)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
<b>EXPENDITURES:</b>				
Administration & Regulation	221,305	232,246	231,005	1,241
Agriculture & Natural Resources	129,080	129,681	129,713	(32)
Economic Development	45,738	97,305	71,926	25,379
Education	3,178,968	3,155,443	3,170,540	(15,097)
Health & Human Services	3,813,402	4,075,722	4,010,124	65,598
Justice	598,820	609,860	611,547	(1,687)
Transportation	6,789	9,034	1,139	7,895
<b>TOTAL EXPENDITURES</b>	<b>7,994,102</b>	<b>8,309,291</b>	<b>8,225,994</b>	<b>83,297</b>
<b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS</b>	<b>119,994</b>	<b>190,414</b>	<b>393,920</b>	<b>203,506</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Balances Credited To Appropriations	7,187	18,789	20,395	1,606
Unexpended Appropriations	(63,043)	(4,783)	(52,275)	(47,492)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(55,856)</b>	<b>14,006</b>	<b>(31,880)</b>	<b>(45,886)</b>
<b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES &amp; OTHER ITEMS</b>	<b>64,138</b>	<b>204,420</b>	<b>362,040</b>	<b>157,620</b>
<b>BEGINNING FUND BALANCE (BUDGETARY)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REMAINING FUND BALANCE (BUDGETARY)</b>	<b>\$ 64,138</b>	<b>\$ 204,420</b>	<b>\$ 362,040</b>	<b>\$ 157,620</b>
<b>ENDING FUND BALANCE (BUDGETARY)</b>		<b>\$ 204,417</b>	<b>\$ 362,040</b>	
<b>AUTHORIZED TRANSFER TO THE PROPERTY TAX CREDIT FUND</b>		<b>(159,900)</b>	<b>(159,900)</b>	
<b>SENIOR LIVING TRUST FUND</b>		<b>(21,100)</b>	<b>(49,900)</b>	
<b>BOARD OF REGENTS</b>		<b>(2,800)</b>	<b>(2,800)</b>	
<b>REMAINING FUND BALANCE (BUDGETARY)</b>		<b>\$ 20,617</b>	<b>\$ 149,440</b>	
<b>AMOUNT STATUTORILY REQUIRED TO BE TRANSFERRED TO CASH RESERVE FUND</b>			<b>(149,440)</b>	
<b>ENDING FUND BALANCE AVAILABLE FOR APPROPRIATION</b>			<b>\$ -</b>	

# STATE OF IOWA

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

June 30, 2006  
(Expressed in Thousands)

	<b>GENERAL FUND</b>
Fund Balance - Budgetary/Legal	\$ 362,040
Basis Of Accounting Differences:	
Balance Sheet Accounts:	
Accounts Receivable	119,072
Loans Receivable	1,919
Due From Other Funds	10,923
Prepaid Expenditures	8,019
Accounts Payable & Accruals	(146,578)
Due To Other Funds	(64,609)
Deferred Revenue	(36,381)
Reserved Encumbrances	31,529
Timing Differences:	
Petty Cash & Inventory Expensed In Budgetary Accounting	88,656
Perspective Differences	<u>1,725,141</u>
Total Fund Balance - GAAP Basis	2,099,731
Less: Reserved Fund Balance - GAAP Basis	<u>1,202,023</u>
Fund Balance Unreserved - GAAP Basis	<u><u>\$ 897,708</u></u>

## **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 Agriculture and Land Stewardship for various federal grants, the Department of Education for various federal grants, increased inter-appropriation transfers within the Board of Regents, and in the Department of Public Defense for various federal grants.

##### **Budgetary Presentation**

The budget encompasses the General Fund of the State and some Special Revenue Funds, (Real Estate Education, Inspection and Appeals Use Tax Clearing, Unclaimed Winnings, Vertical Infrastructure Fund, Federal Economic Stimulus and Jobs Holding Fund, Environment First, Property Tax Credit Fund, Healthy Iowan's Tobacco Trust Fund, Underground Storage Tank Unassigned Revenue, Tobacco Tax-Exempt Bond Proceeds, Endowment For Iowa's Health Account, Resources Enhancement and Protection, Land Recycling Fund, Fish and Game Trust Fund, Conservation Administration Fund, Forestry Management Enhancement Fund, Water Quality Protection Fund, Workforce Development Withholding, Local Housing Assistance, Grow Iowa Values Fund, Special Contingency Fund, Administrative Contribution Surcharge, School Infrastructure Fund, Stafford Loan Program, Gambling Treatment Program, Health Care Transformation Fund, Hospital Trust Fund, IowaCARE Fund, 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 nonmajor special revenue funds are reported in the supplementary information section. Capital Project Funds are budgeted on a project-length basis.

The original budget and related estimated revenues and expenditures represent the spending authority enacted into law by the appropriations bills as of July 1, 2005 and includes estimated approved budgetary carry-forwards from the prior fiscal year.

The final appropriations budget represents original and supplemental appropriations, actual budgetary carry-forwards, approved transfers, executive order reductions and timing differences.

The State's budget is prepared annually by the Governor on a modified cash basis, except for the accrual of county receivables, 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 2.5 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 7.5 percent of 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**

(Expressed in Thousands)

**Iowa Judicial Retirement System**

<b>ACTUARIAL VALUATION DATE</b>	<b>ACTUARIAL VALUE OF ASSETS</b>	<b>ACTUARIAL ACCRUED LIABILITY</b>	<b>UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)</b>	<b>FUNDED RATIO</b>	<b>COVERED PAYROLL</b>	<b>UAAL AS A PERCENTAGE OF COVERED PAYROLL</b>
July 1, 2004	\$ 78,023	99,124	\$ 21,101	78.71%	\$ 20,894	100.99%
July 1, 2005	81,605	105,472	23,867	77.37%	20,684	115.39%
July 1, 2006	86,110	123,670	37,560	69.63%	24,094	155.89%

The increase in unfunded AAL for the July 1, 2006 valuation was primarily due to a change in the eligibility requirements for retirement, which be effective for qualifying employees retiring after July 1, 2006.

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

<b>ACTUARIAL VALUATION DATE</b>	<b>ACTUARIAL VALUE OF ASSETS</b>	<b>ACTUARIAL ACCRUED LIABILITY*</b>	<b>UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)</b>	<b>FUNDED RATIO</b>	<b>COVERED PAYROLL</b>	<b>UAAL AS A PERCENTAGE OF COVERED PAYROLL</b>
July 1, 2004	\$ 244,161	\$ 338,799	\$ 94,638	72.07%	\$ 32,520	291.01%
July 1, 2005	251,829	343,117	91,288	73.39%	33,337	273.83%
July 1, 2006	267,813	358,845	91,031	74.63%	36,232	251.04%

\* 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 decrease in unfunded AAL for the July 1, 2006 valuation was primarily due to a higher than expected rate of return on investments.

Pension Trust funds are discussed in detail in the Notes to the Financial Statements (NOTE 16 – 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 – By Fund Type

June 30, 2006  
(Expressed in Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Current Assets:				
Cash & Investments	\$ 482,463	\$ 1,897	\$ 11,581	\$ 495,941
Deposits with Trustees	-	496	-	496
Accounts Receivable (net)	33,076	376	-	33,452
Due From Other Funds	4,401	4,112	11	8,524
Inventory	67	-	-	67
Prepaid Expenditures	86	-	-	86
Total Current Assets	520,093	6,881	11,592	538,566
Noncurrent Assets:				
Accounts Receivable (net)	4,940	-	-	4,940
<b>TOTAL ASSETS</b>	<b>\$ 525,033</b>	<b>\$ 6,881</b>	<b>\$ 11,592</b>	<b>\$ 543,506</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable & Accruals	\$ 15,906	\$ 4,796	\$ -	\$ 20,702
Due To Other Funds	14,029	29	-	14,058
Deferred Revenue	25,062	-	-	25,062
<b>TOTAL LIABILITIES</b>	<b>54,997</b>	<b>4,825</b>	<b>-</b>	<b>59,822</b>
<b>FUND BALANCE</b>				
Reserved for:				
Inventory & Prepaid Expenditures	153	-	-	153
Noncurrent Receivables	4,940	-	-	4,940
Specific Purposes	402,719	-	11,592	414,311
Unreserved Fund Equity	62,224	2,056	-	64,280
<b>TOTAL FUND BALANCE</b>	<b>470,036</b>	<b>2,056</b>	<b>11,592</b>	<b>483,684</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>\$ 525,033</b>	<b>\$ 6,881</b>	<b>\$ 11,592</b>	<b>\$ 543,506</b>

# STATE OF IOWA

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – By Fund Type

For the Year Ended June 30, 2006  
(Expressed in Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
Taxes	\$ 68,936	\$ -	\$ -	\$ 68,936
Receipts from Other Entities	33,628	1,527	-	35,155
Investment Income	20,605	391	208	21,204
Fees, Licenses & Permits	5,117	-	-	5,117
Refunds & Reimbursements	69,740	210	-	69,950
Sales, Rents & Services	4,525	-	-	4,525
Miscellaneous	9,422	-	-	9,422
Contributions	-	-	265	265
<b>GROSS REVENUES</b>	<b>211,973</b>	<b>2,128</b>	<b>473</b>	<b>214,574</b>
Less Revenue Refunds	680	-	-	680
<b>NET REVENUES</b>	<b>211,293</b>	<b>2,128</b>	<b>473</b>	<b>213,894</b>
<b>EXPENDITURES:</b>				
Current:				
Administration & Regulation	14,144	-	-	14,144
Education	53,035	-	-	53,035
Health & Human Rights	492	-	-	492
Human Services	501	-	-	501
Justice & Public Defense	5,172	2	-	5,174
Economic Development	8,036	-	-	8,036
Transportation	401	-	-	401
Agriculture & Natural Resources	4,054	5,881	-	9,935
Capital Outlay:				
Administration & Regulation	7,839	749	-	8,588
Education	4,211	-	-	4,211
Health & Human Rights	347	276	-	623
Human Services	1,169	-	-	1,169
Justice & Public Defense	3,052	15,837	-	18,889
Transportation	-	54	-	54
Agriculture & Natural Resources	137	6,201	-	6,338
Debt Service:				
Principal	2,555	4,885	-	7,440
Interest	38,681	3,306	-	41,987
<b>TOTAL EXPENDITURES</b>	<b>143,826</b>	<b>37,191</b>	<b>-</b>	<b>181,017</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>67,467</b>	<b>(35,063)</b>	<b>473</b>	<b>32,877</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	164,358	33,669	1,000	199,027
Transfers Out	(283,593)	(560)	(477)	(284,630)
Debt Refunding Bonds Issued	1,365,435	-	-	1,365,435
Discount on Capital Appreciation Bonds	(533,473)	-	-	(533,473)
Discount on Term Bonds	(22,081)	-	-	(22,081)
Payment To Bond Escrow Agent	(666,845)	-	-	(666,845)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>23,801</b>	<b>33,109</b>	<b>523</b>	<b>57,433</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>91,268</b>	<b>(1,954)</b>	<b>996</b>	<b>90,310</b>
<b>FUND BALANCE JULY 1</b>	<b>378,768</b>	<b>4,010</b>	<b>10,596</b>	<b>393,374</b>
<b>FUND BALANCE JUNE 30</b>	<b>\$ 470,036</b>	<b>\$ 2,056</b>	<b>\$ 11,592</b>	<b>\$ 483,684</b>

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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.

**Endowment for Iowa's Health** receives tobacco settlement money to be used for health related expenses.

**Endowment for Iowa's Health Restricted Capitals** receives the tax-exempt portion of the Tobacco Settlement Authority's refunding of the tobacco bonds for capital project expenditures as allowed in the tax certificate of the refinancing.

**Tobacco Settlement Authority** 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, 2006  
(Expressed in Thousands)

	ENDOWMENT FOR IOWA'S HEALTH FUND	ENDOWMENT FOR IOWA'S HEALTH RESTRICTED CAPITALS FUND	TOBACCO SETTLEMENT AUTHORITY	IOWA PUBLIC TELEVISION FOUNDATION	OTHER	TOTAL
<b>ASSETS</b>						
Current Assets:						
Cash & Investments	\$ 107,539	\$ 101,636	\$ 81,500	\$ 6,073	\$ 185,715	\$ 482,463
Accounts Receivable (Net)	5,593	1,212	18,070	2,019	6,182	33,076
Due From Other Funds	1,153	-	-	226	3,022	4,401
Inventory	-	-	-	-	67	67
Prepaid Expenditures	-	-	-	22	64	86
Total Current Assets	114,285	102,848	99,570	8,340	195,050	520,093
Noncurrent Assets:						
Accounts Receivable (Net)	-	-	-	-	4,940	4,940
<b>TOTAL ASSETS</b>	<b>\$ 114,285</b>	<b>\$ 102,848</b>	<b>\$ 99,570</b>	<b>\$ 8,340</b>	<b>\$ 199,990</b>	<b>\$ 525,033</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable & Accruals	\$ -	\$ -	\$ 3,237	\$ 177	\$ 12,492	\$ 15,906
Due To Other Funds	-	-	-	641	13,388	14,029
Deferred Revenue	5,037	-	18,203	1,811	11	25,062
<b>TOTAL LIABILITIES</b>	<b>5,037</b>	<b>-</b>	<b>21,440</b>	<b>2,629</b>	<b>25,891</b>	<b>54,997</b>
<b>FUND BALANCE</b>						
Reserved for:						
Inventory & Prepaid						
Expenditures	-	-	-	22	131	153
Noncurrent Receivables	-	-	-	-	4,940	4,940
Specific Purposes	109,248	102,848	78,130	2,120	110,373	402,719
Unreserved Fund Equity	-	-	-	3,569	58,655	62,224
<b>TOTAL FUND BALANCE</b>	<b>109,248</b>	<b>102,848</b>	<b>78,130</b>	<b>5,711</b>	<b>174,099</b>	<b>470,036</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>\$ 114,285</b>	<b>\$ 102,848</b>	<b>\$ 99,570</b>	<b>\$ 8,340</b>	<b>\$ 199,990</b>	<b>\$ 525,033</b>

# STATE OF IOWA

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

For the Year Ended June 30, 2006  
(Expressed in Thousands)

	ENDOWMENT FOR IOWA'S HEALTH FUND	ENDOWMENT FOR IOWA'S HEALTH RESTRICTED CAPITALS FUND	TOBACCO SETTLEMENT AUTHORITY	IOWA PUBLIC TELEVISION FOUNDATION	OTHER	TOTAL
<b>REVENUES:</b>						
Taxes	\$ 68,936	\$ -	\$ -	\$ -	\$ -	\$ 68,936
Receipts from Other Entities	-	-	-	-	33,628	33,628
Investment Income	2,718	2,354	3,221	438	11,874	20,605
Fees, Licenses & Permits	1,064	-	-	-	4,053	5,117
Refunds & Reimbursements	14,273	-	39,687	-	15,780	69,740
Sales, Rents & Services	-	-	-	-	4,525	4,525
Miscellaneous	-	-	281	7,788	1,353	9,422
<b>GROSS REVENUES</b>	<b>86,991</b>	<b>2,354</b>	<b>43,189</b>	<b>8,226</b>	<b>71,213</b>	<b>211,973</b>
Less Revenue Refunds	-	-	-	-	680	680
<b>NET REVENUES</b>	<b>86,991</b>	<b>2,354</b>	<b>43,189</b>	<b>8,226</b>	<b>70,533</b>	<b>211,293</b>
<b>EXPENDITURES:</b>						
Current:						
Administration & Regulation	-	-	2,929	-	11,215	14,144
Education	-	-	-	3,107	49,928	53,035
Health & Human Rights	-	-	-	-	492	492
Human Services	-	-	-	-	501	501
Justice & Public Defense	-	-	-	-	5,172	5,172
Economic Development	-	-	-	-	8,036	8,036
Transportation	-	-	-	-	401	401
Agriculture & Natural Resources	-	-	-	-	4,054	4,054
Capital Outlay:						
Administration & Regulation	-	-	-	-	7,839	7,839
Education	-	-	-	-	4,211	4,211
Health & Human Rights	-	-	-	-	347	347
Human Services	-	-	-	-	1,169	1,169
Justice & Public Defense	-	-	-	-	3,052	3,052
Agriculture & Natural Resources	-	-	-	-	137	137
Debt Service:						
Principal	-	-	2,555	-	-	2,555
Interest	-	-	38,681	-	-	38,681
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>44,165</b>	<b>3,107</b>	<b>96,554</b>	<b>143,826</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>86,991</b>	<b>2,354</b>	<b>(976)</b>	<b>5,119</b>	<b>(26,021)</b>	<b>67,467</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	50,249	100,494	-	-	13,615	164,358
Transfers Out	(65,975)	-	(150,743)	(4,410)	(62,465)	(283,593)
Debt Refunding Bonds Issued	-	-	1,365,435	-	-	1,365,435
Discount on Capital	-	-	-	-	-	-
Appreciation Bonds	-	-	(533,473)	-	-	(533,473)
Discount on Term Bonds	-	-	(22,081)	-	-	(22,081)
Payment To Bond Escrow Agent	-	-	(666,845)	-	-	(666,845)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(15,726)</b>	<b>100,494</b>	<b>(7,707)</b>	<b>(4,410)</b>	<b>(48,850)</b>	<b>23,801</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>71,265</b>	<b>102,848</b>	<b>(8,683)</b>	<b>709</b>	<b>(74,871)</b>	<b>91,268</b>
<b>FUND BALANCE JULY 1</b>	<b>37,983</b>	<b>-</b>	<b>86,813</b>	<b>5,002</b>	<b>248,970</b>	<b>378,768</b>
<b>FUND BALANCE JUNE 30</b>	<b>\$ 109,248</b>	<b>\$ 102,848</b>	<b>\$ 78,130</b>	<b>\$ 5,711</b>	<b>\$ 174,099</b>	<b>\$ 470,036</b>



# STATE OF IOWA

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

For the Year Ended June 30, 2006  
(Expressed in Thousands)

	<b>PRIMARY ROAD FUND</b>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE:				
Transfers	\$ 517,254	\$ 517,254	\$ 522,863	\$ 5,609
TOTAL APPROPRIATED REVENUE	517,254	517,254	522,863	5,609
RECEIPTS CREDITED TO				
APPROPRIATIONS:				
Use Tax	-	-	-	-
Other Taxes	-	-	-	-
Wagering Tax Receipts	-	-	-	-
Individual Income Tax Quarterly	-	-	-	-
Sales Tax - DOT	5	5	5	-
Federal Support	197,800	197,800	158,074	(39,726)
Local Governments	4,600	4,600	4,410	(190)
Other States	75	74	3,106	3,032
Reimbursements From Other Agencies	160	160	401	241
Interest	1	1	-	(1)
Bonds & Loans	-	-	1,063	1,063
Fees, Licenses, & Permits	860	860	1,393	533
Refunds & Reimbursements	4,010	4,010	83	(3,927)
Sale of Real Estate	1,710	1,710	3,272	1,562
Sale of Equipment & Salvage	-	-	-	-
Rents & Leases	16	16	22	6
Agricultural Sales	-	-	-	-
Other Sales & Services	-	-	-	-
Unearned Receipts	-	-	-	-
Income Tax Checkoffs	-	-	-	-
Other	2,750	2,750	2,875	125
TOTAL APPROPRIATED RECEIPTS	211,987	211,986	174,704	(37,282)
TOTAL REVENUES AVAILABLE	729,241	729,240	697,567	(31,673)
EXPENDITURES:				
Administration & Regulation	-	-	-	-
Agriculture & Natural Resources	-	-	-	-
Economic Development	-	-	-	-
Education	-	-	-	-
Health & Human Services	-	-	-	-
Transportation	509,524	512,184	536,068	(23,884) *
TOTAL EXPENDITURES	509,524	512,184	536,068	(23,884)
Transfers	247,646	245,909	249,242	(3,333)
TOTAL EXPENDITURES AND TRANSFERS	757,170	758,093	785,310	(27,217)
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS	(27,929)	(28,853)	(87,743)	(58,890)
FUND BALANCE JULY 1 (BUDGETARY)	82,672	153,503	153,503	-
FUND BALANCE JUNE 30 (BUDGETARY)	\$ 54,743	\$ 124,650	\$ 65,760	\$ (58,890)

# STATE OF IOWA

## ENDOWMENT FOR IOWA'S HEALTH FUND

ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
\$	\$	\$	\$
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
70,000	70,000	68,936	(1,064)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
750	1,000	2,776	1,776
-	50,177	50,177	-
-	-	1,064	1,064
15,396	15,396	14,446	(950)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
86,146	136,573	137,399	826
86,146	136,573	137,399	826
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
65,975	65,975	65,975	-
65,975	65,975	65,975	-
20,171	70,598	71,424	826
38,846	38,301	38,301	-
\$ 59,017	\$ 108,899	\$ 109,725	\$ 826

(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, 2006  
(Expressed in Thousands)

(continued)

	<b>TOBACCO TAX-EXEMPT BOND PROCEEDS</b>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE:				
Transfers	\$ -	\$ -	\$ -	\$ -
TOTAL APPROPRIATED REVENUE	-	-	-	-
RECEIPTS CREDITED TO APPROPRIATIONS:				
Use Tax	-	-	-	-
Other Taxes	-	-	-	-
Wagering Tax Receipts	-	-	-	-
Individual Income Tax Quarterly	-	-	-	-
Sales Tax - DOT	-	-	-	-
Federal Support	-	-	22	22
Local Governments	-	-	-	-
Other States	-	-	-	-
Reimbursements From Other Agencies	-	-	2,989	2,989
Interest	1,800	3,600	4,487	887
Bonds & Loans	-	-	-	-
Fees, Licenses, & Permits	-	-	-	-
Refunds & Reimbursements	-	510	148	(362)
Sale of Real Estate	-	-	-	-
Sale of Equipment & Salvage	-	-	-	-
Rents & Leases	-	-	-	-
Agricultural Sales	-	-	-	-
Other Sales & Services	-	-	-	-
Unearned Receipts	-	-	-	-
Income Tax Checkoffs	-	-	-	-
Other	-	-	-	-
TOTAL APPROPRIATED RECEIPTS	1,800	4,110	7,646	3,536
TOTAL REVENUES AVAILABLE	1,800	4,110	7,646	3,536
EXPENDITURES:				
Administration & Regulation	40,100	75,201	27,332	47,869
Agriculture & Natural Resources	-	-	-	-
Economic Development	-	-	-	-
Education	-	-	-	-
Health & Human Services	-	-	-	-
Transportation	-	-	-	-
TOTAL EXPENDITURES	40,100	75,201	27,332	47,869
Transfers	38,036	39,439	50,291	(10,852)
TOTAL EXPENDITURES AND TRANSFERS	78,136	114,640	77,623	37,017
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS	(76,336)	(110,530)	(69,977)	40,553
FUND BALANCE JULY 1 (BUDGETARY)	57,205	124,269	124,269	-
FUND BALANCE JUNE 30 (BUDGETARY)	\$ (19,131)	\$ 13,739	\$ 54,292	\$ 40,553

# STATE OF IOWA

<b>UNDERGROUND STORAGE TANK UNASSIGNED REVENUE</b>			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
\$ 10,000	\$ 10,000	\$ 7,844	\$ (2,156)
10,000	10,000	7,844	(2,156)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,400	5,400	1,980	(3,420)
-	-	-	-
15	15	7	(8)
-	100	(32)	(132)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	100	26	(74)
5,415	5,615	1,981	(3,634)
15,415	15,615	9,825	(5,790)
2,376	2,587	2,013	574
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,376	2,587	2,013	574
21,200	21,200	18,941	2,259
23,576	23,787	20,954	2,833
(8,161)	(8,172)	(11,129)	(2,957)
16,388	33,770	33,770	-
\$ 8,227	\$ 25,598	\$ 22,641	\$ (2,957)

(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, 2006  
(Expressed in Thousands)  
(continued)

	OTHER			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE:				
Transfers	\$ 371,731	\$ 454,482	\$ 374,922	(79,560)
TOTAL APPROPRIATED REVENUE	371,731	454,482	374,922	(79,560)
RECEIPTS CREDITED TO APPROPRIATIONS:				
Use Tax	1,482	1,482	1,482	-
Other Taxes	-	436	1,100	664
Wagering Tax Receipts	8,100	11,635	9,148	(2,487)
Individual Income Tax Quarterly	4,000	4,000	4,000	-
Sales Tax - DOT	-	-	-	-
Federal Support	14,984	72,325	76,048	3,723
Local Governments	200	34,071	34,192	121
Other States	-	-	-	-
Reimbursements From Other Agencies	526	526	2,006	1,480
Interest	2,075	5,655	6,975	1,320
Bonds & Loans	-	-	11	11
Fees, Licenses, & Permits	27,327	27,328	28,489	1,161
Refunds & Reimbursements	28,843	6,769	5,463	(1,306)
Sale of Real Estate	-	-	-	-
Sale of Equipment & Salvage	45	45	2	(43)
Rents & Leases	5	5	6	1
Agricultural Sales	10	10	24	14
Other Sales & Services	926	926	1,790	864
Unearned Receipts	265	311	342	31
Income Tax Checkoffs	150	150	118	(32)
Other	561	670	715	45
TOTAL APPROPRIATED RECEIPTS	89,499	166,344	171,911	5,567
TOTAL REVENUES AVAILABLE	461,230	620,826	546,833	(73,993)
EXPENDITURES:				
Administration & Regulation	215,924	289,460	206,934	82,526
Agriculture & Natural Resources	22,381	22,381	13,140	9,241
Economic Development	30,455	28,543	25,177	3,366
Education	18,920	23,966	11,434	12,532
Health & Human Services	5,050	112,502	102,707	9,795
Transportation	-	-	-	-
TOTAL EXPENDITURES	292,730	476,852	359,392	117,460
Transfers	190,534	216,598	141,660	74,938
TOTAL EXPENDITURES AND TRANSFERS	483,264	693,450	501,052	192,398
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS	(22,034)	(72,624)	45,781	118,405
FUND BALANCE JULY 1 (BUDGETARY)	33,145	124,342	124,342	-
FUND BALANCE JUNE 30 (BUDGETARY)	\$ 11,111	\$ 51,718	\$ 170,123	\$ 118,405

\* 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 Primary Road Fund in the Department of Transportation.

# STATE OF IOWA

<b>TOTAL</b>			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
\$ 898,985	\$ 981,736	\$ 905,629	\$ (76,107)
898,985	981,736	905,629	(76,107)
1,482	1,482	1,482	-
-	436	1,100	664
78,100	81,635	78,084	(3,551)
4,000	4,000	4,000	-
5	5	5	-
212,784	270,125	234,144	(35,981)
4,800	38,671	38,602	(69)
75	74	3,106	3,032
686	686	5,396	4,710
10,026	15,656	16,218	562
-	50,177	51,251	1,074
28,202	28,203	30,953	2,750
48,249	26,785	20,108	(6,677)
1,710	1,710	3,272	1,562
45	45	2	(43)
21	21	28	7
10	10	24	14
926	926	1,790	864
265	311	342	31
150	150	118	(32)
3,311	3,520	3,616	96
394,847	524,628	493,641	(30,987)
1,293,832	1,506,364	1,399,270	(107,094)
258,400	367,248	236,279	130,969
22,381	22,381	13,140	9,241
30,455	28,543	25,177	3,366
18,920	23,966	11,434	12,532
5,050	112,502	102,707	9,795
509,524	512,184	536,068	(23,884)
844,730	1,066,824	924,805	142,019
563,391	589,121	526,109	63,012
1,408,121	1,655,945	1,450,914	205,031
(114,289)	(149,581)	(51,644)	97,937
228,256	474,185	474,185	-
\$ 113,967	\$ 324,604	\$ 422,541	\$ 97,937

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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 Capitals 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 and 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, 2006  
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS FUND	CORRECTIONS CAPITALS FUND	MOTOR VEHICLE FUEL TAX CAPITALS FUND	FISH & GAME CAPITALS FUND	OTHER	TOTAL
<b>ASSETS</b>						
Current Assets:						
Cash & Investments	\$ 868	\$ -	\$ 31	\$ 428	\$ 570	\$ 1,897
Deposits with Trustees	-	496	-	-	-	496
Accounts Receivable	-	-	375	-	1	376
Due From Other Funds	2,876	-	500	703	33	4,112
<b>TOTAL ASSETS</b>	<b>\$ 3,744</b>	<b>\$ 496</b>	<b>\$ 906</b>	<b>\$ 1,131</b>	<b>\$ 604</b>	<b>\$ 6,881</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable & Accruals	\$ 3,277	\$ -	\$ 360	\$ 1,125	\$ 34	\$ 4,796
Due To Other Funds	7	-	16	6	-	29
<b>TOTAL LIABILITIES</b>	<b>3,284</b>	<b>-</b>	<b>376</b>	<b>1,131</b>	<b>34</b>	<b>4,825</b>
<b>FUND BALANCE</b>						
Unreserved Fund Equity	460	496	530	-	570	2,056
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>\$ 3,744</b>	<b>\$ 496</b>	<b>\$ 906</b>	<b>\$ 1,131</b>	<b>\$ 604</b>	<b>\$ 6,881</b>

# STATE OF IOWA

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

For the Year Ended June 30, 2006  
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS FUND	CORRECTIONS CAPITALS FUND	MOTOR VEHICLE FUEL TAX CAPITALS FUND	FISH & GAME CAPITALS FUND	OTHER	TOTAL
<b>REVENUES:</b>						
Receipts from Other Entities	\$ 1,038	\$ -	\$ 439	\$ -	\$ 50	\$ 1,527
Investment Income	-	387	-	-	4	391
Refunds & Reimbursements	-	-	210	-	-	210
<b>TOTAL REVENUES</b>	<b>1,038</b>	<b>387</b>	<b>649</b>	<b>-</b>	<b>54</b>	<b>2,128</b>
<b>EXPENDITURES:</b>						
Current:						
Justice & Public Defense	-	-	-	-	2	2
Agriculture & Natural Resources	-	-	454	5,427	-	5,881
Capital Outlay:						
Administration & Regulation	749	-	-	-	-	749
Health & Human Rights	276	-	-	-	-	276
Justice & Public Defense	15,519	-	-	-	318	15,837
Transportation	-	-	-	-	54	54
Agriculture & Natural Resources	-	-	2,409	3,792	-	6,201
Debt Service:						
Principal	-	4,885	-	-	-	4,885
Interest	-	3,306	-	-	-	3,306
<b>TOTAL EXPENDITURES</b>	<b>16,544</b>	<b>8,191</b>	<b>2,863</b>	<b>9,219</b>	<b>374</b>	<b>37,191</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(15,506)</b>	<b>(7,804)</b>	<b>(2,214)</b>	<b>(9,219)</b>	<b>(320)</b>	<b>(35,063)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	14,485	7,714	2,200	9,002	268	33,669
Transfers Out	-	-	(548)	(3)	(9)	(560)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>14,485</b>	<b>7,714</b>	<b>1,652</b>	<b>8,999</b>	<b>259</b>	<b>33,109</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(1,021)</b>	<b>(90)</b>	<b>(562)</b>	<b>(220)</b>	<b>(61)</b>	<b>(1,954)</b>
<b>FUND BALANCE JULY 1</b>	<b>1,481</b>	<b>586</b>	<b>1,092</b>	<b>220</b>	<b>631</b>	<b>4,010</b>
<b>FUND BALANCE JUNE 30</b>	<b>\$ 460</b>	<b>\$ 496</b>	<b>\$ 530</b>	<b>\$ -</b>	<b>\$ 570</b>	<b>\$ 2,056</b>

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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.

**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 Veterans Trust Fund** accounts for assets held for the benefit of veterans. The principal is maintained and the applicable interest is transferred to the Veterans Affairs Commission to be used for purposes consistent with the trust. New legislation amended the fund to allow a portion of the principal to be transferred out of the fund to establish a veteran's cemetery.

**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.

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

**Other Permanent Funds** aggregates the Henry Albert Trust Fund which accounts for trust money for the Department of Public Health, and the Pilot Grove Trust Fund which accounts for a \$10,000 donation in support and maintenance of the Pilot Grove area.

# STATE OF IOWA

## Combining Balance Sheet Nonmajor Permanent Funds

June 30, 2006  
(Expressed in Thousands)

	IOWA CULTURAL TRUST FUND	IOWA VETERANS TRUST FUND	IOWA PUBLIC TELEVISION FOUNDATION ENDOWMENT	PERMANENT SCHOOL PRINCIPAL FUND	OTHER	TOTAL NONMAJOR PERMANENT FUNDS
<b>ASSETS</b>						
Current Assets:						
Cash & Investments	\$ 1,476	\$ 727	\$ 1,448	\$ 7,919	\$ 11	\$ 11,581
Due From Other Funds	-	11	-	-	-	11
<b>TOTAL ASSETS</b>	<b>\$ 1,476</b>	<b>\$ 738</b>	<b>\$ 1,448</b>	<b>\$ 7,919</b>	<b>\$ 11</b>	<b>\$ 11,592</b>
<b>FUND BALANCE</b>						
Reserved for:						
Specific Purposes	1,476	738	1,448	7,919	11	11,592
<b>TOTAL FUND BALANCE</b>	<b>\$ 1,476</b>	<b>\$ 738</b>	<b>\$ 1,448</b>	<b>\$ 7,919</b>	<b>\$ 11</b>	<b>\$ 11,592</b>

# STATE OF IOWA

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

For the Year Ended June 30, 2006  
(Expressed in Thousands)

	IOWA CULTURAL TRUST FUND	IOWA VETERANS TRUST FUND	IOWA PUBLIC TELEVISION FOUNDATION ENDOWMENT	PERMANENT SCHOOL PRINCIPAL FUND	OTHER	TOTAL NONMAJOR PERMANENT FUNDS
<b>REVENUES:</b>						
Investment Income	\$ -	\$ 31	\$ 177	\$ -	\$ -	\$ 208
Contributions	-	3	-	262	-	265
	<u>-</u>	<u>3</u>	<u>-</u>	<u>262</u>	<u>-</u>	<u>265</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>34</u>	<u>177</u>	<u>262</u>	<u>-</u>	<u>473</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	1,000	-	-	-	-	1,000
Transfers Out	-	(300)	(177)	-	-	(477)
	<u>-</u>	<u>(300)</u>	<u>(177)</u>	<u>-</u>	<u>-</u>	<u>(477)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,000</u>	<u>(300)</u>	<u>(177)</u>	<u>-</u>	<u>-</u>	<u>523</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>1,000</u>	<u>(266)</u>	<u>-</u>	<u>262</u>	<u>-</u>	<u>996</u>
<b>FUND BALANCE JULY 1</b>	<u>476</u>	<u>1,004</u>	<u>1,448</u>	<u>7,657</u>	<u>11</u>	<u>10,596</u>
<b>FUND BALANCE JUNE 30</b>	<u>\$ 1,476</u>	<u>\$ 738</u>	<u>\$ 1,448</u>	<u>\$ 7,919</u>	<u>\$ 11</u>	<u>\$ 11,592</u>

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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** accounts for the revenues and expenses related to the sale of products made by the various prison industries.

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

**Other Enterprise Funds** are aggregated for reporting purposes and 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, 2006  
(Expressed in Thousands)

	IOWA COMMUNI- ACTIONS NETWORK	IOWA LOTTERY AUTHORITY	IOWA STATE PRISON INDUSTRIES	LIQUOR CONTROL ACT	OTHER	TOTAL NONMAJOR ENTERPRISE FUNDS
<b>ASSETS</b>						
Current Assets:						
Cash & Investments	\$ 9,529	\$ 18,779	\$ 2,732	\$ 11,260	\$ 1,194	\$ 43,494
Accounts Receivable (Net)	1,546	2,188	2,544	4,722	169	11,169
Interest Receivable	-	261	-	-	-	261
Due From Other Funds	2,936	-	-	32	22	2,990
Inventory	1,013	941	6,513	1,117	572	10,156
Prepaid Expenses	-	58	6	18	102	184
Investment In Prize Annuity	-	7,695	-	-	-	7,695
Total Current Assets	15,024	29,922	11,795	17,149	2,059	75,949
Noncurrent Assets:						
Capital Assets - nondepreciable	117	392	107	210	430	1,256
Capital Assets - depreciable, net	40,053	7,499	4,435	-	864	52,851
Prepaid Expenses	773	-	-	-	-	773
Investment In Prize Annuity	-	18,899	-	-	-	18,899
Prize Deposit	-	3,173	-	-	-	3,173
Total Noncurrent Assets	40,943	29,963	4,542	210	1,294	76,952
<b>TOTAL ASSETS</b>	<b>55,967</b>	<b>59,885</b>	<b>16,337</b>	<b>17,359</b>	<b>3,353</b>	<b>152,901</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable & Accruals	3,671	1,887	1,167	14,475	84	21,284
Due To Other Funds	79	14,588	-	2,328	144	17,139
Interest Payable	-	15	-	-	-	15
Unearned Revenue	189	385	12	-	54	640
Compensated Absences	590	607	-	29	130	1,356
Bonds Payable	-	2,000	-	-	-	2,000
Annuities Payable	-	7,826	-	-	-	7,826
Lottery Prizes Payable	-	2,998	-	-	-	2,998
Total Current Liabilities	4,529	30,306	1,179	16,832	412	53,258
Noncurrent Liabilities:						
Compensated Absences	-	239	576	-	-	815
Bonds Payable	-	3,500	-	-	-	3,500
Annuities Payable	-	18,899	-	-	-	18,899
Lottery Prizes Payable	-	3,173	-	-	-	3,173
Other	-	3	-	-	-	3
Total Noncurrent Liabilities	-	25,814	576	-	-	26,390
<b>TOTAL LIABILITIES</b>	<b>4,529</b>	<b>56,120</b>	<b>1,755</b>	<b>16,832</b>	<b>412</b>	<b>79,648</b>
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	40,170	2,391	4,542	210	1,294	48,607
Unrestricted	11,268	1,374	10,040	317	1,647	24,646
<b>TOTAL NET ASSETS</b>	<b>\$ 51,438</b>	<b>\$ 3,765</b>	<b>\$ 14,582</b>	<b>\$ 527</b>	<b>\$ 2,941</b>	<b>\$ 73,253</b>

# STATE OF IOWA

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

For the Year Ended June 30, 2006  
(Expressed in Thousands)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY AUTHORITY	IOWA STATE PRISON INDUSTRIES	LIQUOR CONTROL ACT	OTHER	TOTAL NONMAJOR ENTERPRISE FUNDS
<b>OPERATING REVENUES:</b>						
Fees, Licenses & Permits	\$ -	\$ 61	\$ -	\$ 10,358	\$ 1,241	\$ 11,660
Refunds & Reimbursements	-	1,269	-	111	-	1,380
Sales, Rents & Services	33,936	339,520	18,652	160,858	458	553,424
Miscellaneous	-	58	53	995	396	1,502
<b>TOTAL OPERATING REVENUES</b>	<b>33,936</b>	<b>340,908</b>	<b>18,705</b>	<b>172,322</b>	<b>2,095</b>	<b>567,966</b>
<b>OPERATING EXPENSES:</b>						
General & Administrative	8,370	-	17	-	-	8,387
Depreciation	8,235	1,418	545	-	133	10,331
Direct Expense	13,327	10,725	13,528	-	127	37,707
Prize Expense	-	122,259	-	-	-	122,259
Personal Services	-	-	1,169	1,262	1,175	3,606
Travel & Subsistence	-	-	20	361	73	454
Supplies & Materials	-	2,897	67	198	63	3,225
Contractual Services	-	121,998	1,781	1,720	221	125,720
Equipment & Repairs	-	-	4	38	54	96
Claims & Miscellaneous	9,728	-	799	106,199	21	116,747
Licenses, Permits & Refunds	-	-	-	523	-	523
State Aids & Credits	-	-	-	2,689	-	2,689
<b>TOTAL OPERATING EXPENSES</b>	<b>39,660</b>	<b>259,297</b>	<b>17,930</b>	<b>112,990</b>	<b>1,867</b>	<b>431,744</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(5,724)</b>	<b>81,611</b>	<b>775</b>	<b>59,332</b>	<b>228</b>	<b>136,222</b>
<b>NONOPERATING REVENUES</b>						
<b>(EXPENSES):</b>						
Taxes	1,704	-	-	5,596	-	7,300
Investment Income	-	938	107	-	10	1,055
Interest Expense	-	(241)	-	-	-	(241)
Gain on Sale of Capital Assets	-	-	-	-	20	20
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b>1,704</b>	<b>697</b>	<b>107</b>	<b>5,596</b>	<b>30</b>	<b>8,134</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(4,020)</b>	<b>82,308</b>	<b>882</b>	<b>64,928</b>	<b>258</b>	<b>144,356</b>
Capital Contributions and Grants	125	-	-	-	-	125
Transfers In	-	-	-	423	225	648
Transfers Out	-	(80,876)	-	(65,813)	-	(146,689)
<b>CHANGE IN NET ASSETS</b>	<b>(3,895)</b>	<b>1,432</b>	<b>882</b>	<b>(462)</b>	<b>483</b>	<b>(1,560)</b>
<b>TOTAL NET ASSETS - JULY 1</b>	<b>55,333</b>	<b>2,333</b>	<b>13,700</b>	<b>989</b>	<b>2,458</b>	<b>74,813</b>
<b>TOTAL NET ASSETS - JUNE 30</b>	<b>\$ 51,438</b>	<b>\$ 3,765</b>	<b>\$ 14,582</b>	<b>\$ 527</b>	<b>\$ 2,941</b>	<b>\$ 73,253</b>

# STATE OF IOWA

## Combining Statement of Cash Flows Nonmajor Enterprise Funds

For the Year Ended June 30, 2006  
(Expressed in Thousands)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY AUTHORITY	IOWA STATE PRISON INDUSTRIES	LIQUOR CONTROL ACT	OTHER	TOTAL NONMAJOR ENTERPRISE FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash Received From Customers	\$ 35,301	\$ 341,474	\$ 18,886	\$ 170,615	\$ 1,549	\$ 567,825
Cash Received From Miscellaneous	-	1,389	-	995	396	2,780
Cash Payments To Suppliers For Goods & Services	(25,380)	(127,372)	(17,415)	(106,395)	(285)	(276,847)
Cash Payments To Employees for Services	(7,575)	(7,997)	(1,140)	(1,619)	(1,149)	(19,480)
Cash Payments for Prizes	-	(131,445)	-	-	-	(131,445)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>2,346</u>	<u>76,049</u>	<u>331</u>	<u>63,596</u>	<u>511</u>	<u>142,833</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers In From Other Funds	-	-	-	404	203	607
Transfers Out To Other Funds	-	(81,210)	-	(64,788)	-	(145,998)
Tax Receipts	1,704	-	-	5,596	-	7,300
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>1,704</u>	<u>(81,210)</u>	<u>-</u>	<u>(58,788)</u>	<u>203</u>	<u>(138,091)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition & Construction of Capital Assets	(2,513)	(950)	(176)	-	(193)	(3,832)
Interest Payments	-	(246)	-	-	-	(246)
Debt Payments	-	(2,000)	-	-	-	(2,000)
Capital Contributions and Grants	125	-	-	-	-	125
Proceeds From Sale of Capital Assets	-	68	-	-	20	88
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(2,388)</u>	<u>(3,128)</u>	<u>(176)</u>	<u>-</u>	<u>(173)</u>	<u>(5,865)</u>

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# STATE OF IOWA

(continued)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY AUTHORITY	IOWA STATE PRISON INDUSTRIES	LIQUOR CONTROL ACT	OTHER	TOTAL NONMAJOR ENTERPRISE FUNDS
<b>CASH FLOWS FROM INVESTING</b>						
<b>ACTIVITIES:</b>						
Interest & Dividends On Investments	-	802	107	-	10	919
Other	-	9,356	-	-	-	9,356
<b>NET CASH PROVIDED BY INVESTING</b>						
<b>ACTIVITIES</b>	-	10,158	107	-	10	10,275
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH</b>						
<b>EQUIVALENTS</b>	1,662	1,869	262	4,808	551	9,152
<b>CASH &amp; CASH EQUIVALENTS JULY 1</b>	7,867	16,910	2,470	6,452	643	34,342
<b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>	9,529	18,779	2,732	11,260	1,194	43,494
<b>CASH &amp; INVESTMENTS PER STATEMENT OF NET ASSETS</b>	<u>\$ 9,529</u>	<u>\$ 18,779</u>	<u>\$ 2,732</u>	<u>\$ 11,260</u>	<u>\$ 1,194</u>	<u>\$ 43,494</u>
<b>RECONCILIATION OF OPERATING INCOME TO</b>						
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
<b>Operating Income (Loss)</b>	\$ (5,724)	\$ 81,611	\$ 775	\$ 59,332	\$ 228	\$ 136,222
<b>Adjustments To Reconcile Operating Income (Loss)</b>						
<b>To Net Cash Provided By Operating Activities</b>						
Depreciation	8,235	1,418	545	-	133	10,331
(Increase) Decrease In Accounts Receivable	1,202	1,762	169	(712)	(149)	2,272
(Increase) Decrease In Due From	297	-	-	-	-	297
(Increase) Decrease In Inventory	(538)	155	(724)	(158)	(21)	(1,286)
(Increase) Decrease In Prepaid Expenses	(189)	26	4	477	29	347
Increase (Decrease) In Accounts Payable	763	29	(516)	4,653	48	4,977
Increase (Decrease) In Due To	(1,618)	16	-	-	145	(1,457)
Increase (Decrease) In Unearned Revenue	(136)	182	12	-	(2)	56
Increase (Decrease) In Compensated Absences	54	46	66	4	100	270
Increase (Decrease) In Prizes Payable	-	160	-	-	-	160
Increase (Decrease) In Prize Annuity	-	(9,356)	-	-	-	(9,356)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 2,346</u>	<u>\$ 76,049</u>	<u>\$ 331</u>	<u>\$ 63,596</u>	<u>\$ 511</u>	<u>\$ 142,833</u>

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## COMBINING FINANCIAL STATEMENTS

### **Internal Service Funds**

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

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

**Information Technology Revolving Fund** provides data processing services to other State departments or agencies.

**Other Internal Service Funds** are aggregated for reporting purposes and 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, 2006  
(Expressed in Thousands)

	WORKERS' COMPEN- SATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	INFORMATION TECHNOLOGY REVOLVING FUND	OTHER	TOTAL
<b>ASSETS</b>						
Current Assets:						
Cash & Investments	\$ 802	\$ 6,339	\$ 5,674	\$ 5,906	\$ 12,721	\$ 31,442
Accounts Receivable (Net)	1,825	78	86	19	2,073	4,081
Interest Receivable	-	-	-	-	2	2
Due From Other Funds/Advances						
To Other Funds	49,911	384	1,645	3,957	12,630	68,527
Inventory	-	5,780	3,928	64	1,164	10,936
Prepaid Expenses	-	56	-	1,123	524	1,703
Total Current Assets	<u>52,538</u>	<u>12,637</u>	<u>11,333</u>	<u>11,069</u>	<u>29,114</u>	<u>116,691</u>
Noncurrent Assets:						
Due From Other Funds/Advances						
To Other Funds	-	-	-	-	3,104	3,104
Capital Assets - depreciable (Net)	-	77,039	-	3,179	3,135	83,353
Total Noncurrent Assets	<u>-</u>	<u>77,039</u>	<u>-</u>	<u>3,179</u>	<u>6,239</u>	<u>86,457</u>
<b>TOTAL ASSETS</b>	<b><u>52,538</u></b>	<b><u>89,676</u></b>	<b><u>11,333</u></b>	<b><u>14,248</u></b>	<b><u>35,353</u></b>	<b><u>203,148</u></b>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable & Accruals	18,260	1,748	1,519	1,966	4,762	28,255
Due To Other Funds/Advances						
From Other Funds	18	212	335	384	9,160	10,109
Unearned Revenue	-	-	8,630	-	-	8,630
Compensated Absences	-	298	-	1,023	1,239	2,560
Capital Leases	-	-	-	-	66	66
Total Current Liabilities	<u>18,278</u>	<u>2,258</u>	<u>10,484</u>	<u>3,373</u>	<u>15,227</u>	<u>49,620</u>
Noncurrent Liabilities:						
Accounts Payable & Accruals	34,260	-	-	-	342	34,602
Due To Other Funds/Advances						
From Other Funds	-	-	-	-	2,299	2,299
Compensated Absences	-	185	-	-	-	185
Capital Leases	-	-	-	-	161	161
Total Noncurrent Liabilities	<u>34,260</u>	<u>185</u>	<u>-</u>	<u>-</u>	<u>2,802</u>	<u>37,247</u>
<b>TOTAL LIABILITIES</b>	<b><u>52,538</u></b>	<b><u>2,443</u></b>	<b><u>10,484</u></b>	<b><u>3,373</u></b>	<b><u>18,029</u></b>	<b><u>86,867</u></b>
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	-	77,039	-	3,179	2,908	83,126
Unrestricted	-	10,194	849	7,696	14,416	33,155
<b>TOTAL NET ASSETS</b>	<b><u>\$ -</u></b>	<b><u>\$ 87,233</u></b>	<b><u>\$ 849</u></b>	<b><u>\$ 10,875</u></b>	<b><u>\$ 17,324</u></b>	<b><u>\$ 116,281</u></b>

# STATE OF IOWA

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

For the Year Ended June 30, 2006  
(Expressed in Thousands)

	WORKERS' COMPEN- SATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	INFORMATION TECHNOLOGY REVOLVING FUND	OTHER	TOTAL
<b>OPERATING REVENUES:</b>						
Receipts from Other Entities	\$ 19,737	\$ 1,181	\$ 7,734	\$ 22,992	\$ 47,923	\$ 99,567
Fees, Licenses & Permits	-	-	-	10	154	164
Refunds & Reimbursements	414	41,233	-	1	1,191	42,839
Sales, Rents & Services	-	-	1,821	-	12	1,833
Miscellaneous	-	4,849	-	9	42	4,900
<b>TOTAL OPERATING REVENUES</b>	<b>20,151</b>	<b>47,263</b>	<b>9,555</b>	<b>23,012</b>	<b>49,322</b>	<b>149,303</b>
<b>OPERATING EXPENSES:</b>						
Depreciation	-	11,058	-	341	235	11,634
Personal Services	-	4,692	6	10,240	12,897	27,835
Travel & Subsistence	-	8,843	-	38	8,861	17,742
Supplies & Materials	-	17,928	11	711	14,706	33,356
Contractual Services	2,218	2,352	598	5,584	9,104	19,856
Equipment & Repairs	-	3,127	9,269	6,620	1,289	20,305
Claims & Miscellaneous	17,933	8	-	12	538	18,491
Licenses, Permits & Refunds	-	13	3	-	13	29
<b>TOTAL OPERATING EXPENSES</b>	<b>20,151</b>	<b>48,021</b>	<b>9,887</b>	<b>23,546</b>	<b>47,643</b>	<b>149,248</b>
<b>OPERATING INCOME (LOSS)</b>	<b>-</b>	<b>(758)</b>	<b>(332)</b>	<b>(534)</b>	<b>1,679</b>	<b>55</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Taxes	-	23	-	-	295	318
Investment Income	-	-	-	248	52	300
Interest Expense	-	-	-	-	(2)	(2)
Gain on Sale of Capital Assets	-	-	-	211	3	214
Loss on Sale of Capital Assets	-	(96)	-	-	(59)	(155)
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b>-</b>	<b>(73)</b>	<b>-</b>	<b>459</b>	<b>289</b>	<b>675</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>-</b>	<b>(831)</b>	<b>(332)</b>	<b>(75)</b>	<b>1,968</b>	<b>730</b>
Transfers In	-	-	-	-	2,010	2,010
Transfers Out	-	-	(51)	-	(355)	(406)
<b>CHANGE IN NET ASSETS</b>	<b>-</b>	<b>(831)</b>	<b>(383)</b>	<b>(75)</b>	<b>3,623</b>	<b>2,334</b>
<b>TOTAL NET ASSETS - JULY 1</b>	<b>-</b>	<b>88,064</b>	<b>1,232</b>	<b>10,950</b>	<b>13,701</b>	<b>113,947</b>
<b>TOTAL NET ASSETS - JUNE 30</b>	<b>\$ -</b>	<b>\$ 87,233</b>	<b>\$ 849</b>	<b>\$ 10,875</b>	<b>\$ 17,324</b>	<b>\$ 116,281</b>



# STATE OF IOWA

## Combining Statement of Cash Flows Internal Service Funds

For the Year Ended June 30, 2006  
(Expressed in Thousands)

	WORKERS' COMPEN- SATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	INFORMATION TECHNOLOGY REVOLVING FUND	OTHER	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash Received From Other Entities	\$ 414	\$ 41,324	\$ 1,785	\$ 51	\$ 42	\$ 43,616
Cash Received From Reciprocal Interfund Activity	17,864	5,952	8,659	21,932	48,069	102,476
Cash Payments To Suppliers For Goods & Services	(18,551)	(24,165)	(9,856)	(13,062)	(24,477)	(90,111)
Cash Payments To Employees For Services	-	(13,525)	(6)	(10,190)	(21,758)	(45,479)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>(273)</u>	<u>9,586</u>	<u>582</u>	<u>(1,269)</u>	<u>1,876</u>	<u>10,502</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers In From Other Funds	-	-	-	-	2,010	2,010
Transfers Out To Other Funds	-	-	(51)	-	(355)	(406)
Interest Paid	-	-	-	-	(2)	(2)
Tax Receipts	-	23	-	-	295	318
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>23</u>	<u>(51)</u>	<u>-</u>	<u>1,948</u>	<u>1,920</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition & Construction of Capital Assets	-	(8,818)	-	(493)	(819)	(10,130)
Proceeds From Sale of Capital Assets	-	-	-	211	3	214
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>(8,818)</u>	<u>-</u>	<u>(282)</u>	<u>(816)</u>	<u>(9,916)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest & Dividends On Investments	-	-	-	216	50	266
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216</u>	<u>50</u>	<u>266</u>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	(273)	791	531	(1,335)	3,058	2,772
<b>CASH &amp; CASH EQUIVALENTS JULY 1</b>	<u>1,075</u>	<u>5,548</u>	<u>5,143</u>	<u>7,241</u>	<u>9,663</u>	<u>28,670</u>
<b>CASH &amp; CASH EQUIVALENTS JUNE 30</b>	<u>802</u>	<u>6,339</u>	<u>5,674</u>	<u>5,906</u>	<u>12,721</u>	<u>31,442</u>
<b>CASH &amp; INVESTMENTS PER STATEMENT OF NET ASSETS</b>	<u>\$ 802</u>	<u>\$ 6,339</u>	<u>\$ 5,674</u>	<u>\$ 5,906</u>	<u>\$ 12,721</u>	<u>\$ 31,442</u>

(continued on next page)

# STATE of IOWA

(continued)

	WORKERS' COMPEN- SATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	INFORMATION TECHNOLOGY REVOLVING FUND	OTHER	TOTAL
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
<b>Operating Income (Loss)</b>	\$ -	\$ (758)	\$ (332)	\$ (534)	\$ 1,679	\$ 55
<b>Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities</b>						
Depreciation	-	11,058	-	341	235	11,634
(Increase) Decrease In Accounts Receivable	(1,818)	(78)	(36)	31	(1,357)	(3,258)
(Increase) Decrease In Due From	(67)	87	19	(716)	(10,577)	(11,254)
(Increase) Decrease In Inventory	-	(527)	(362)	(9)	85	(813)
(Increase) Decrease In Prepaid Expenses	-	(4)	-	(590)	323	(271)
Increase (Decrease) In Accounts Payable	1,600	(206)	125	464	828	2,811
Increase (Decrease) In Due To	12	4	262	(344)	10,552	10,486
Increase (Decrease) In Unearned Revenue	-	-	906	-	-	906
Increase (Decrease) In Compensated Absences And Other Benefits	-	10	-	88	108	206
<b>Net Cash Provided By Operating Activities</b>	<u>\$ (273)</u>	<u>\$ 9,586</u>	<u>\$ 582</u>	<u>\$ (1,269)</u>	<u>\$ 1,876</u>	<u>\$ 10,502</u>

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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 16 - 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, 2006  
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	INSURANCE TRUST FUND	SPOC INSURANCE TRUST FUND	TOTAL
<b>ASSETS</b>						
Cash & Cash Equivalents	\$ 101,666	\$ 10,710	\$ 11,884	\$ 654	\$ 1,714	\$ 126,628
Receivables:						
Contributions	38,414	396	45	-	-	38,855
Investments Sold	311,976	4,437	147	-	-	316,560
Foreign Exchange Contracts	60,184	-	-	-	-	60,184
Interest & Dividends	66,924	1,053	-	10	-	67,987
Total Receivables	477,498	5,886	192	10	-	483,586
Investments, at Fair Value:						
Fixed Income Securities	7,359,551	70,433	21,505	-	-	7,451,489
Equity Investments	9,043,025	132,453	56,587	-	-	9,232,065
Real Estate Partnerships	1,728,601	10,052	-	-	-	1,738,653
Investment in Private Equity/Debt	1,549,804	-	-	-	-	1,549,804
Securities Lending Collateral Pool	1,488,100	58,677	-	-	-	1,546,777
Securities on Loan with Brokers	1,454,822	57,488	-	-	-	1,512,310
Total Investments	22,623,903	329,103	78,092	-	-	23,031,098
Capital Assets:						
Land	500	-	-	-	-	500
Other Capital Assets (Net)	3,924	-	-	-	-	3,924
Total Capital Assets	4,424	-	-	-	-	4,424
<b>Total Assets</b>	<b>23,207,491</b>	<b>345,699</b>	<b>90,168</b>	<b>664</b>	<b>1,714</b>	<b>23,645,736</b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	92,283	336	132	-	5	92,756
Payable for Investments Purchased	1,222,673	7,745	3,926	-	-	1,234,344
Payable to Brokers For Rebate & Collateral	1,487,664	58,677	-	-	-	1,546,341
<b>Total Liabilities</b>	<b>2,802,620</b>	<b>66,758</b>	<b>4,058</b>	<b>-</b>	<b>5</b>	<b>2,873,441</b>
<b>NET ASSETS HELD IN TRUST FOR EMPLOYEES' BENEFITS</b>	<b>\$ 20,404,871</b>	<b>\$ 278,941</b>	<b>\$ 86,110</b>	<b>\$ 664</b>	<b>\$ 1,709</b>	<b>\$ 20,772,295</b>

# STATE OF IOWA

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

For the Year Ended June 30, 2006  
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	INSURANCE TRUST FUND	SPOC INSURANCE TRUST FUND	TOTAL
<b>ADDITIONS:</b>						
Contributions:						
Member Contributions	\$ 211,536	\$ 3,146	\$ 1,104	\$ 337	\$ 240	\$ 216,363
Employer Contributions	324,677	5,818	2,040	-	-	332,535
Buy-Back/Buy-In Contributions	11,275	-	-	-	-	11,275
	<u>547,488</u>	<u>8,964</u>	<u>3,144</u>	<u>337</u>	<u>240</u>	<u>560,173</u>
Contributions						
Investment Income:						
Net Increase (Decrease) in Fair Value of Investments	1,657,759	20,097	4,735	(3)	-	1,682,588
Interest	291,225	8,049	1,460	34	-	300,768
Dividends	72,660	1,740	623	-	-	75,023
Other	155,404	-	-	-	-	155,404
	<u>2,177,048</u>	<u>29,886</u>	<u>6,818</u>	<u>31</u>	<u>-</u>	<u>2,213,783</u>
Investment Income						
Less Investment Expense	<u>111,527</u>	<u>3,658</u>	<u>369</u>	<u>-</u>	<u>-</u>	<u>115,554</u>
Net Investment Income	<u>2,065,521</u>	<u>26,228</u>	<u>6,449</u>	<u>31</u>	<u>-</u>	<u>2,098,229</u>
Total Additions	<u>2,613,009</u>	<u>35,192</u>	<u>9,593</u>	<u>368</u>	<u>240</u>	<u>2,658,402</u>
<b>DEDUCTIONS:</b>						
Pension and Annuity Benefits	924,378	16,230	5,083	-	-	945,691
Payments In Accordance with Agreements	-	-	-	811	144	955
Administrative Expense	9,321	111	5	-	-	9,437
Refunds	41,668	15	-	-	-	41,683
	<u>975,367</u>	<u>16,356</u>	<u>5,088</u>	<u>811</u>	<u>144</u>	<u>997,766</u>
Total Deductions						
<b>Change in Net Assets held in Trust for Employees' Pension Benefits</b>	<u>1,637,642</u>	<u>18,836</u>	<u>4,505</u>	<u>(443)</u>	<u>96</u>	<u>1,660,636</u>
<b>Fund Balance - Reserved for Employees' Benefits - July 1</b>	<u>18,767,229</u>	<u>260,105</u>	<u>81,605</u>	<u>1,107</u>	<u>1,613</u>	<u>19,111,659</u>
<b>Fund Balance - Reserved for Employees' Benefits - June 30</b>	<u><u>\$ 20,404,871</u></u>	<u><u>\$ 278,941</u></u>	<u><u>\$ 86,110</u></u>	<u><u>\$ 664</u></u>	<u><u>\$ 1,709</u></u>	<u><u>\$ 20,772,295</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** receives donations and fund raising receipts to be spent for the benefit of the Veteran residents.

**Health Organization Insolvency Fund** 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 Fund** 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, 2006  
(Expressed in Thousands)

	IOWA EDUCATIONAL SAVINGS PLAN TRUST	VETERANS AFFAIRS	HEALTH ORGANIZATION INSOLVENCY FUND	WAGNER AWARD FUND	BRAILLE & SIGHT SAVING SCHOOL	TOTAL
<b>ASSETS</b>						
Cash	\$ 1,456	\$ 388	\$ 230	\$ 12	\$ 43	\$ 2,129
Investments	1,465,787	-	-	-	-	1,465,787
Accounts Receivable (Net)	-	2	-	-	-	2
Capital Assets (Net)	3	24	-	-	-	27
Prepaid Expense	4	2	-	-	-	6
Inventory	-	13	-	-	-	13
<b>Total Assets</b>	<u>1,467,250</u>	<u>429</u>	<u>230</u>	<u>12</u>	<u>43</u>	<u>1,467,964</u>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	<u>21</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28</u>
<b>Total Liabilities</b>	<u>21</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28</u>
<b>NET ASSETS</b>						
Held in Trust for Individuals, Organizations and Other Governments	<u>\$ 1,467,229</u>	<u>\$ 422</u>	<u>\$ 230</u>	<u>\$ 12</u>	<u>\$ 43</u>	<u>\$ 1,467,936</u>

# STATE OF IOWA

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

For the Year Ended June 30, 2006  
(Expressed in Thousands)

	IOWA EDUCATIONAL SAVINGS PLAN TRUST	VETERANS AFFAIRS	HEALTH ORGANIZATION INSOLVENCY FUND	WAGNER AWARD FUND	BRAILLE & SIGHT SAVING SCHOOL	TOTAL
<b>ADDITIONS:</b>						
Contributions:						
Participant Contributions	\$ 279,708	\$ 300	\$ -	\$ -	\$ -	\$ 280,008
Gifts, Bequests, & Endowments	-	75	-	-	-	75
Contributions	279,708	375	-	-	-	280,083
Investment Income:						
Net Increase (decrease) in Fair Value of Investments	109,393	-	-	-	1	109,394
Interest	57	10	-	-	2	69
Investment Income	109,450	10	-	-	3	109,463
Total Additions	389,158	385	-	-	3	389,546
<b>DEDUCTIONS:</b>						
Distributions to Participants	45,623	-	-	-	-	45,623
Other	278	365	-	-	3	646
Total Deductions	45,901	365	-	-	3	46,269
<b>Change in Net Assets held in Trust for Individuals, Organizations and Other Governments</b>	343,257	20	-	-	-	343,277
<b>Net Assets - July 1</b>	1,123,972	402	230	12	43	1,124,659
<b>Net Assets - June 30</b>	<u>\$ 1,467,229</u>	<u>\$ 422</u>	<u>\$ 230</u>	<u>\$ 12</u>	<u>\$ 43</u>	<u>\$ 1,467,936</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 Fund** 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 Fund** 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 and 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, 2006  
(Expressed in Thousands)

	LOCAL SALES & SERVICES TAX FUND	CENTRALIZED PAYROLL TRUSTEE FUND	JUDICIAL - CLERKS OF DISTRICT COURT	SCHOOL DISTRICT SURTAX CLEARING FUND	OTHER	TOTAL
<b>ASSETS</b>						
Cash	\$ 403	\$ 1,124	\$ 21,939	\$ 65,886	\$ 29,292	\$ 118,644
Accounts Receivable (Net)	96,240	33,735	-	6,328	51,282	187,585
<b>Total Assets</b>	<b>\$ 96,643</b>	<b>\$ 34,859</b>	<b>\$ 21,939</b>	<b>\$ 72,214</b>	<b>\$ 80,574</b>	<b>\$ 306,229</b>
<b>LIABILITIES</b>						
Accounts Payable & Accruals	\$ 96,643	\$ 34,859	\$ 21,939	\$ 72,214	\$ 80,574	\$ 306,229
<b>Total Liabilities</b>	<b>\$ 96,643</b>	<b>\$ 34,859</b>	<b>\$ 21,939</b>	<b>\$ 72,214</b>	<b>\$ 80,574</b>	<b>\$ 306,229</b>

# STATE OF IOWA

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

For the Year Ended June 30, 2006  
(Expressed in Thousands)

	BALANCE JULY 1, 2005	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2006
<b><u>LOCAL SALES &amp; SERVICES TAX FUND</u></b>				
<b>ASSETS</b>				
Cash	\$ 273	\$ 496,215	\$ 496,085	\$ 403
Accounts Receivable	77,711	96,240	77,711	96,240
<b>Total Assets</b>	<b>\$ 77,984</b>	<b>\$ 592,455</b>	<b>\$ 573,796</b>	<b>\$ 96,643</b>
<b>LIABILITIES</b>				
Accounts Payable & Accruals	\$ 77,984	\$ 592,455	\$ 573,796	\$ 96,643
<b>Total Liabilities</b>	<b>\$ 77,984</b>	<b>\$ 592,455</b>	<b>\$ 573,796</b>	<b>\$ 96,643</b>
<b><u>CENTRALIZED PAYROLL TRUSTEE FUND</u></b>				
<b>ASSETS</b>				
Cash	\$ 6,809	\$ 653,872	\$ 659,557	\$ 1,124
Accounts Receivable	31,338	33,735	31,338	33,735
<b>Total Assets</b>	<b>\$ 38,147</b>	<b>\$ 687,607</b>	<b>\$ 690,895</b>	<b>\$ 34,859</b>
<b>LIABILITIES</b>				
Accounts Payable & Accruals	\$ 38,147	\$ 687,607	\$ 690,895	\$ 34,859
<b>Total Liabilities</b>	<b>\$ 38,147</b>	<b>\$ 687,607</b>	<b>\$ 690,895</b>	<b>\$ 34,859</b>
<b><u>JUDICIAL-CLERKS OF DISTRICT COURT</u></b>				
<b>ASSETS</b>				
Cash	\$ 17,207	\$ 296,583	\$ 291,851	\$ 21,939
<b>Total Assets</b>	<b>\$ 17,207</b>	<b>\$ 296,583</b>	<b>\$ 291,851</b>	<b>\$ 21,939</b>
<b>LIABILITIES</b>				
Accounts Payable & Accruals	\$ 17,207	\$ 296,583	\$ 291,851	\$ 21,939
<b>Total Liabilities</b>	<b>\$ 17,207</b>	<b>\$ 296,583</b>	<b>\$ 291,851</b>	<b>\$ 21,939</b>
<b><u>SCHOOL DISTRICT SURTAX CLEARING</u></b>				
<b>ASSETS</b>				
Cash	\$ 62,498	\$ 72,753	\$ 69,365	\$ 65,886
Accounts Receivable	3,424	6,328	3,424	6,328
<b>Total Assets</b>	<b>\$ 65,922</b>	<b>\$ 79,081</b>	<b>\$ 72,789</b>	<b>\$ 72,214</b>
<b>LIABILITIES</b>				
Accounts Payable & Accruals	\$ 65,922	\$ 79,081	\$ 72,789	\$ 72,214
<b>Total Liabilities</b>	<b>\$ 65,922</b>	<b>\$ 79,081</b>	<b>\$ 72,789</b>	<b>\$ 72,214</b>
<b><u>OTHER AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash	\$ 30,513	\$ 1,135,081	\$ 1,136,302	\$ 29,292
Accounts Receivable	51,637	51,207	51,562	51,282
<b>Total Assets</b>	<b>\$ 82,150</b>	<b>\$ 1,186,288</b>	<b>\$ 1,187,864</b>	<b>\$ 80,574</b>
<b>LIABILITIES</b>				
Accounts Payable & Accruals	\$ 82,150	\$ 1,186,288	\$ 1,187,864	\$ 80,574
<b>Total Liabilities</b>	<b>\$ 82,150</b>	<b>\$ 1,186,288</b>	<b>\$ 1,187,864</b>	<b>\$ 80,574</b>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash	\$ 117,300	\$ 2,654,504	\$ 2,653,160	\$ 118,644
Accounts Receivable	164,110	187,510	164,035	187,585
<b>Total Assets</b>	<b>\$ 281,410</b>	<b>\$ 2,842,014</b>	<b>\$ 2,817,195</b>	<b>\$ 306,229</b>
<b>LIABILITIES</b>				
Accounts Payable & Accruals	\$ 281,410	\$ 2,842,014	\$ 2,817,195	\$ 306,229
<b>Total Liabilities</b>	<b>\$ 281,410</b>	<b>\$ 2,842,014</b>	<b>\$ 2,817,195</b>	<b>\$ 306,229</b>

**State of Iowa**

**Schedule of Expenditures of Federal Awards**



State of Iowa  
Schedule of Expenditures of Federal Awards  
By Federal Department  
For the Year Ended June 30, 2006

CFDA Number	Federal Department / Program name	State Agency (See pg 239)	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	\$ 1,822,571	
	Unknown Title	642	2,567	1,825,138
	Total U.S. Office of National Drug Control Policy		1,825,138	1,825,138
<u>U.S. Peace Corps</u>				
08.000	Other Federal Assistance:			
	Peace Corps Recruiting	620	15,614 **	15,614
	Total U.S. Peace Corps		15,614	15,614
<u>U.S. Department of Agriculture</u>				
10.001	Agricultural Research - Basic and Applied Research	619	65,649 **	
10.001	Agricultural Research - Basic and Applied Research (\$20,513 provided to subrecipients)	620	2,867,705 **	
10.001	Agricultural Research - Basic and Applied Research (Passed through Biotechnology Research and Development; 177573)	620	48,492 **	
10.001	Agricultural Research - Basic and Applied Research (Passed through Binational Agricultural Research and Development Corporation; 177568)	620	139,354 **	
10.001	Agricultural Research - Basic and Applied Research (Passed through National Center for Genome Resources; Legume Information)	620	7,345 **	
10.001	Agricultural Research - Basic and Applied Research (Passed through University of Missouri; 021002511, C000096683)	620	209,895 **	
10.001	Agricultural Research - Basic and Applied Research (Passed through University of Georgia; RC294283, 9823447)	620	1,290 **	
10.001	Agricultural Research - Basic and Applied Research	621	6,460 **	3,346,190
10.025	Plant and Animal Disease, Pest Control, and Animal Care	009	2,160,257	
10.025	Plant and Animal Disease, Pest Control, and Animal Care	620	1,216,462 **	3,376,719
10.066	Livestock Assistance Program	619	10,850 **	10,850
10.156	Federal-State Marketing Improvement Program	009	28,869	28,869
10.163	Market Protection and Promotion	009	55,613	55,613
10.200	Grants for Agricultural Research, Special Research Grants (\$1,751,916 provided to subrecipients)	620	6,882,527 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through University of California; 01604701)	620	4,630 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through Cornell University; 441567179, 467477594, 488397979)	620	76,229 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through Dordt College; 2562050040022)	620	470 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through University of Illinois; 200513148, 20050512604, 03282)	620	113,659 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through North Dakota State University; 4773)	620	59,893 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through University of Nebraska; 2562310102005 FSHN, 2562310102005, 2562050042015, 2562050034022, 2562050037010, 2562050042032, 2562310109004, 2562050042038, 256205037023, 2562050040038, 2562310102007, 2562310102006, 2562050042013, 2562050042024, 2562050042017) (\$7,740 provided to subrecipients)	620	123,572 **	

See page 176 for explanation of asterisks.

State of Iowa  
Schedule of Expenditures of Federal Awards  
By Federal Department  
For the Year Ended June 30, 2006

CFDA Number	Federal Department / Program name	State Agency (See pg 239)	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 University of Minnesota; H4096444101)	620	11,762 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through Michigan State University; 614109A, 614138A)	620	116,835 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through Resource Conservation and Development for North East Iowa; Dairy and Beef Food)	620	64,231 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through Purdue University; 591053101)	620	4,202 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through Kansas State University; S0305801, S03058)	620	55,703 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through University of Wisconsin; P622414)	620	459 **	
10.200	Grants for Agricultural Research, Special Research Grants	621	255,804 **	7,769,976
10.202	Cooperative Forestry Research	620	299,154 **	299,154
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act (\$9,790 provided to subrecipients)	620	6,309,131 **	6,309,131
10.206	Grants for Agricultural Research - Competitive Research Grants (\$20,439 provided to subrecipients)	619	344,231 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (\$769,564 provided to subrecipients)	620	4,843,101 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through University of California; 01654002)	620	26,437 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through University of Arizona; Y404121)	620	6,164 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through University of Missouri; C000052791)	620	56,257 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through University of Kentucky; 46495805320)	620	24,483 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through North Carolina State University; 2004157808)	620	67,895 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through Purdue University; 591049401)	620	62,271 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through University of Minnesota; Q6706382101, Q6706392201, Q6706392131, Q6706392172, Q6706392182)	620	182,027 **	
10.206	Grants for Agricultural Research - Competitive Research Grants (Passed through University of Missouri-Columbia)	621	12,268 **	5,625,134
10.207	Animal Health and Disease Research	620	180,749 **	
10.207	Animal Health and Disease Research (Passed through New Mexico State University; G06Q00867)	620	200 **	180,949
10.210	Food and Agricultural Sciences National Needs Graduate Fellowship Grants	620	102,525 **	102,525
10.216	1890 Institution Capacity Building Grants (Passed through Tuskegee University; 362209005362112)	620	15,000 **	15,000
10.217	Higher Education Challenge Grants (\$22,158 provided to subrecipients)	620	174,149 **	
10.217	Higher Education Challenge Grants (Passed through Kansas State University; S06025)	620	2,378 **	
10.217	Higher Education Challenge Grants (Passed through University of Nebraska; 2561390087003)	620	27,281 **	
10.217	Higher Education Challenge Grants (Passed through Penn State University; 3033ISUUSDA5854)	620	19,798 **	
10.217	Higher Education Challenge Grants (Passed through Central Washington University; 20023841112133)	620	7,336 **	

See page 176 for explanation of asterisks.

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CFDA Number	Federal Department / Program name	State Agency (See pg 239)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Agriculture (continued)</u>				
10.217	Higher Education Challenge Grants (Passed through University of Minnesota; S4098010101)	620	9,088 **	240,030
10.219	Biotechnology Risk Assessment Research	620	155,394 **	155,394
10.220	Higher Education Multicultural Scholars Program	620	9,000 **	9,000
10.224	Fund for Rural America - Research, Education, and Extension Activities (\$12,513 provided to subrecipients)	620	56,721 **	56,721
10.227	1994 Institutions Research Program (Passed through Sinte Gleska University; Analysis of Sage)	620	16,171 **	16,171
10.250	Agricultural and Rural Economic Research	620	107,867 **	
10.250	Agricultural and Rural Economic Research (Passed through University of Arizona; Y410368)	620	27,122 **	
10.250	Agricultural and Rural Economic Research (Passed through University of California; K98183420)	620	16,559 **	
10.250	Agricultural and Rural Economic Research (Passed through University of Chicago; 433AEM280038)	620	21,102 **	172,650
10.302	Initiative for Future Agriculture and Food Systems (\$749,473 provided to subrecipients)	620	1,553,897 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through South Dakota State University; 483919)	620	7,633 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through University of Wisconsin; P572191)	620	13,034 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through University of Missouri; CG0033611)	620	24,240 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through University of Georgia; RD3211564183117)	620	33,346 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through University of Maine; UMS430) (\$9,231 provided to subrecipients)	620	48,338 **	
10.302	Initiative for Future Agriculture and Food Systems (Passed through Washington State University; G001215)	620	1,554 **	1,682,042
10.303	Integrated Programs	619	55,708 **	
10.303	Integrated Programs (\$573,266 provided to subrecipients)	620	2,185,179 **	
10.303	Integrated Programs (Passed through Penn State University; 2427ISUUSDA1981)	620	52,593 **	
10.303	Integrated Programs (Passed through University of Maryland; S01852)	620	19,108 **	
10.303	Integrated Programs (Passed through Texas A&M University; 570122)	620	47,999 **	
10.303	Integrated Programs (Passed through Michigan State University; 614256S, 614256D, 514256M, 614275C) (\$5,000 provided to subrecipients)	620	105,591 **	2,466,178
10.304	Homeland Security - Agricultural	620	305,510 **	
10.304	Homeland Security - Agricultural (Passed through Michigan State University; 61-4110C)	620	14,608 **	320,118
10.305	International Science and Education Grants	620	37,641 **	37,641
10.307	Organic Agriculture Research and Extension Initiative	620	32,662 **	32,662
10.352	Value-Added Producer Grants (\$160,838 provided to subrecipients)	620	871,268 **	
10.352	Value-Added Producer Grants (Passed through West Central Cooperative; VADG2003IA0019)	620	31,280 **	902,548
10.446	Rural Community Development Initiative	542	50,771 **	50,771
10.450	Crop Insurance (\$32,543 provided to subrecipients)	620	198,723 **	198,723
10.456	Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)	620	285,452 **	285,452
10.457	Commodity Partnerships for Risk Management Education	620	56,940 **	56,940
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	009	1,337,138	

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<u>U.S. Department of Agriculture (continued)</u>				
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	620	9,072 **	1,346,210
10.500	Cooperative Extension Service (\$200,903 provided to subrecipients)	620	10,652,761 **	
10.500	Cooperative Extension Service (Passed through University of Nebraska; 2563240025307, 2563210083002, 2563240025308, 2563090027016, 2563240053013, 2563240053009, 2563240053017, 2563090030019)	620	129,466 **	
10.500	Cooperative Extension Service (Passed through Mississippi State University; 01800034022605, 01800034027801)	620	14,022 **	
10.500	Cooperative Extension Service (Passed through Auburn University; 04ACES539109, ACES/AYDPT204/05, ACES/AYDPT206)	620	136,318 **	
10.500	Cooperative Extension Service (Passed through Mitchell County Agricultural Extension; Engaging Youth)	620	5,807 **	
10.500	Cooperative Extension Service (Passed through University of Minnesota; 42155058932, Q4299055101, Answerline Services)	620	42,722 **	
10.500	Cooperative Extension Service (Passed through University of Kentucky; 46768204341)	620	25,866 **	
10.500	Cooperative Extension Service (Passed through North Central Extension Directors; Memorandum of Understanding)	620	28,851 **	11,035,813
10.550	Food Donation (Commodities) (\$12,294,795 provided to subrecipients) (note 2)	282	12,294,795	12,294,795
10.551	Food Stamps	401	238,561,291	238,561,291
10.553	School Breakfast Program (\$13,536,631 provided to subrecipients)	282	13,536,631	13,536,631
10.555	National School Lunch Program (\$63,061,526 provided to subrecipients)	282	63,061,526	63,061,526
10.556	Special Milk Program for Children (\$97,323 provided to subrecipients)	282	97,323	97,323
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (\$10,118,089 provided to subrecipients)	588	40,050,786	40,050,786
10.558	Child and Adult Care Food Program (\$20,755,985 provided to subrecipients)	282	20,893,777	20,893,777
10.559	Summer Food Service Program for Children (\$1,236,782 provided to subrecipients)	282	1,269,155	1,269,155
10.560	State Administrative Expenses for Child Nutrition (\$1,056,648 provided to subrecipients)	282	2,621,449	2,621,449
10.561	State Administrative Matching Grants for Food Stamp Program (\$1,435,002 provided to subrecipients)	401	17,486,799	
10.561	State Administrative Matching Grants for Food Stamp Program (Passed through Black Hawk County Agricultural Extension; Nutrition Network Basics)	620	2,712 **	
10.561	State Administrative Matching Grants for Food Stamp Program (Passed through Wapello County Agricultural Extension; Growing in the Garden)	620	2,041 **	
10.561	State Administrative Matching Grants for Food Stamp Program (Passed through Woodbury County Agricultural Extension; County Basics)	620	32,443 **	17,523,995
10.565	Commodity Supplemental Food Program	401	223,936	223,936
10.568	Emergency Food Assistance Program (Administrative Costs)	401	485,576	485,576
10.569	Emergency Food Assistance Program (Food Commodities) (note 2)	401	1,862,531	1,862,531
10.572	WIC Farmers' Market Nutrition Program (FMNP)	009	560,461	560,461
10.574	Team Nutrition Grants	282	237,746	237,746
10.575	National Food Service Management Institute (Passed through University of Mississippi; 06-01-038)	620	4,630 **	4,630

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CFDA Number	Federal Department / Program name	State Agency (See pg 239)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Agriculture (continued)</u>				
10.576	Senior Farmers Market Nutrition Program	009	484,196	484,196
10.652	Forestry Research	620	175,799 **	
10.652	Forestry Research (Passed through University of Wisconsin; P593972)	620	5,764 **	181,563
10.664	Cooperative Forestry Assistance	542	2,303,001	
10.664	Cooperative Forestry Assistance	620	15,400 **	2,318,401
10.675	Urban and Community Forestry Program	620	27,362 **	27,362
10.678	Forest Stewardship Program	542	2,430	2,430
10.771	Rural Cooperative Development Grants	620	197,997 **	197,997
10.855	Distance Learning and Telemedicine Loans and Grants	619	159,153 **	159,153
10.902	Soil and Water Conservation	619	18,555 **	
10.902	Soil and Water Conservation	620	92,991 **	
10.902	Soil and Water Conservation	621	405,839	517,385
10.904	Watershed Protection and Flood Prevention	542	190,228	190,228
10.912	Environmental Quality Incentives Program (Passed through The Rodale Institute; RI100219IOWA)	620	240 **	240
10.914	Wildlife Habitat Incentive Program	542	1,752	
10.914	Wildlife Habitat Incentive Program (Passed through Mississippi State University; 33054408030012)	620	10,625 **	12,377
10.960	Technical Agricultural Assistance (\$20,430 provided to subrecipients)	620	515,267 **	515,267
10.961	Scientific Cooperation and Research	620	287,091 **	287,091
10.962	International Training-Foreign Participant	620	83,616 **	83,616
10.000	Other Federal Assistance:			
	Unknown Title	009	64,749	
	Unknown Title (\$793,597 provided to subrecipients)	620	5,097,529 **	
	Unknown Title (Passed through Metabolix; Biorefinery Feedstock)	620	186,735 **	
	Unknown Title (Passed through Agren, Inc.; Enhance Economic Opportunity)	620	14,900 **	
	Unknown Title (Passed through University of Illinois; 20030155701)	620	29,192 **	
	Unknown Title (Passed through Microanalytics; Identification of Principle)	620	13,000 **	
	Unknown Title (Passed through Polk County Agricultural Extension; Women in Agriculture)	620	5,000 **	
	Unknown Title (Passed through U.S. Meat Export Federation; Iowa 80 Beef)	620	6,300 **	
	Unknown Title (Passed through Shivers Manufacturing, Inc.; Preheat Grain with Exhaust)	620	2,456 **	
	Unknown Title (Passed through Practical Farmers of Iowa; Farming Systems and Projects, Sustainable Farming Systems)	620	27,441 **	
	Unknown Title (Passed through Capstan Ag Systems, Inc.; Modulation of Anhydrous)	620	835 **	
	Unknown Title (Passed through West Central Cooperative; 683A753146)	620	88,724 **	
	Unknown Title	621	1,733 **	5,538,594
	Total U.S. Department of Agriculture		469,986,682	469,986,682
<u>U.S. Department of Commerce</u>				
11.302	Economic Development - Support for Planning Organizations	621	30,363	30,363
11.303	Economic Development - Technical Assistance	620	90,618 **	90,618
11.400	Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	619	10,433 **	10,433

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<u>U.S. Department of Commerce (continued)</u>				
11.417	Sea Grant Support (Passed through University of North Carolina; 200550708ISU)	620	2,110 **	2,110
11.420	Coastal Zone Management Estuarine Research Reserves	620	20,007 **	20,007
11.431	Climate and Atmospheric Research (\$90,214 provided to subrecipients)	619	200,515 **	
11.431	Climate and Atmospheric Research	620	25,134 **	225,649
11.432	Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes (Passed through University of California, San Diego; 10230345-004)	619	10,774 **	10,774
11.460	Special Oceanic and Atmospheric Projects	620	1,252 **	
11.460	Special Oceanic and Atmospheric Projects	621	270,501	271,753
11.462	Hydrologic Research	619	69,725 **	69,725
11.550	Public Telecommunications Facilities Planning and Construction	285	555,449	
11.550	Public Telecommunications Facilities Planning and Construction	620	5,394 **	
11.550	Public Telecommunications Facilities Planning and Construction	621	39,490	600,333
11.609	Measurement and Engineering Research and Standards	620	33,253 **	33,253
11.611	Manufacturing Extension Partnership (\$130,897 provided to subrecipients)	620	1,968,780 **	1,968,780
11.612	Advanced Technology Program (Passed through Branson Ultrasonics; 163752)	620	58,750 **	58,750
11.000	Other Federal Assistance: Unknown Title	620	18,185 **	18,185
	Total U.S. Department of Commerce		3,410,733	3,410,733
<u>U.S. Department of Defense</u>				
12.002	Procurement Technical Assistance For Business Firms	620	277,674 **	277,674
12.104	Flood Plain Management Services	619	57,685 **	57,685
12.112	Payments to States in Lieu of Real Estate Taxes	655	463,479	463,479
12.300	Basic and Applied Scientific Research (\$322,636 provided to subrecipients)	619	1,581,228 **	
12.300	Basic and Applied Scientific Research (Passed through Massachusetts Institute of Technology; 3056011)	619	25,968 **	
12.300	Basic and Applied Scientific Research (Passed through University of California, Santa Barbara; KK6137)	619	91,515 **	
12.300	Basic and Applied Scientific Research (Passed through Aptima, Inc.; 0304-1236)	619	24,879 **	
12.300	Basic and Applied Scientific Research	620	434,682 **	
12.300	Basic and Applied Scientific Research (Passed through Drexel University; Remote Test and Measure)	620	77,412 **	
12.300	Basic and Applied Scientific Research (Passed through Michigan State University; 613489A)	620	52,624 **	
12.300	Basic and Applied Scientific Research (Passed through Massachusetts Institute of Technology; 5710001247)	620	30,080 **	
12.300	Basic and Applied Scientific Research (Passed through University of California; KK5154)	620	111,091 **	
12.300	Basic and Applied Scientific Research (Passed through University of Maryland; Z878002)	620	4,611 **	
12.300	Basic and Applied Scientific Research (Passed through VM Products; Position Indicator)	620	36,218 **	2,470,308
12.400	Military Construction, National Guard	582	9,097,094	
12.400	Military Construction, National Guard (\$42,714 provided to subrecipients)	619	3,089,664 **	
12.400	Military Construction, National Guard (Passed through Advanced Devices Technology, Inc.)	619	25,000 **	

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CFDA Number	Federal Department / Program name	State Agency (See pg 239)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Defense (continued)</u>				
12.400	Military Construction, National Guard (Passed through Giner Electrochemical Systems, LLC; DAAD19-03-C-0093)	619	52,083 **	
12.400	Military Construction, National Guard (Passed through University of Michigan; F011657)	619	362,335 **	
12.400	Military Construction, National Guard (Passed through Fuelcell Energy, Inc.; 20856)	619	92,291 **	12,718,467
12.401	National Guard Military Operations and Maintenance (O&M) Projects	582	23,980,643	23,980,643
12.402	National Guard Special Military Operations and Projects	582	27,826	27,826
12.405	National Guard Drug Interdiction and Counter Drug Activities	582	573,372	573,372
12.420	Military Medical Research and Development	619	572,449 **	
12.420	Military Medical Research and Development (Passed through Children's Hospital of Pittsburgh; W81XWH-05-0334)	619	326,687 **	
12.420	Military Medical Research and Development (Passed through Johns Hopkins University; 8309-88649-0)	619	151,514 **	
12.420	Military Medical Research and Development (Passed through Academy of Applied Science; 06-76)	619	2,598 **	
12.420	Military Medical Research and Development	620	100,466 **	
12.420	Military Medical Research and Development (Passed through Vanderbilt University; VUMC32111R)	620	1,180 **	1,154,894
12.431	Basic Scientific Research	619	308,068 **	
12.431	Basic Scientific Research (Passed through Academy of Applied Science)	619	16,028 **	
12.431	Basic Scientific Research (Passed through Cornell University; 39508-6585)	619	13,112 **	
12.431	Basic Scientific Research	620	237,611 **	574,819
12.630	Basic, Applied, and Advanced Research in Science and Engineering (Passed through Princeton Lightwave, Inc.)	619	33,000 **	
12.630	Basic, Applied, and Advanced Research in Science and Engineering	620	82,271 **	
12.630	Basic, Applied, and Advanced Research in Science and Engineering (Passed through University of California; KK2110)	620	107,262 **	
12.630	Basic, Applied, and Advanced Research in Science and Engineering (Passed through Academy of Applied Science; Internship for Minority)	620	2,748 **	
12.630	Basic, Applied, and Advanced Research in Science and Engineering (Passed through University of Illinois; 20030396901)	620	32,269 **	257,550
12.800	Air Force Defense Research Sciences Program	619	109,175 **	
12.800	Air Force Defense Research Sciences Program (Passed through Rockwell Scientific Company, LLC; B2U437207)	619	5,366 **	
12.800	Air Force Defense Research Sciences Program (Passed through Rockwell Collins, Inc.; 4501148291)	619	151,304 **	
12.800	Air Force Defense Research Sciences Program (Passed through University of North Carolina; 5-35814)	619	5,231 **	
12.800	Air Force Defense Research Sciences Program (Passed through Terahertz Device Corporation)	619	65,471 **	
12.800	Air Force Defense Research Sciences Program	620	2,933,492 **	
12.800	Air Force Defense Research Sciences Program (Passed through Chew Consulting; STTR)	620	40,009 **	
12.800	Air Force Defense Research Sciences Program (Passed through Stanford University; 1737502032814A)	620	7,710 **	3,317,758
12.900	Language Grant Program	619	25,147 **	25,147
12.901	Mathematical Sciences Grants Program	619	76,586 **	
12.901	Mathematical Sciences Grants Program	620	66,761 **	143,347
12.910	Research and Technology Development (\$97,932 provided to subrecipients)	619	338,254 **	

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<u>U.S. Department of Defense (continued)</u>				
12.910	Research and Technology Development (Passed through Ohio State University; RF880999)	619	28,962 **	
12.910	Research and Technology Development (Passed through NVE Corporation; PO03944)	620	59,884 **	
12.910	Research and Technology Development (Passed through Concurrent Analytical Inc.; 53414)	620	128,469 **	
12.910	Research and Technology Development (Passed through University of Illinois; 20050289902)	620	246,908 **	
12.910	Research and Technology Development (Passed through Boeing; KG3524, KT8079)	620	55,015 **	857,492
12.000	Other Federal Assistance:			
	Department of the Army - Condition 5	542	445,496	
	Department of the Army (\$84,675 provided to subrecipients)	619	426,938 **	
	Department of the Army (Passed through Advanced Technology Institute; 2005-610)	619	167,452 **	
	Unknown Title (\$445,096 provided to subrecipients)	620	2,311,672 **	
	Unknown Title (Passed through Energetics, Inc.; 05-0781)	620	114,321 **	
	Unknown Title (Passed through Fakespace Systems; User Interface Paradigms)	620	133,892 **	
	Unknown Title (Passed through Concurrent Analytical Inc.; Detect Weapons of Mass Destruction)	620	17,843 **	
	Unknown Title (Passed through Desert Research Institute.; 69352020002)	620	42,035 **	
	Unknown Title (Passed through Direct Vapor Technologies; Novel Bonda Coat)	620	367 **	
	Department of the Navy (Passed through UES, Inc.; S777000001)	620	35,851 **	
	Unknown Title (Passed through Architecture Technology Corporation; F0401202)	620	109,173 **	
	Unknown Title (Passed through Agiltron, Inc.; F49620-03-C-0069, Bioinspired Efficient, Bio Chemo Sensors)	620	178,600 **	
	Unknown Title (Passed through Ewing Technology Associates; Micro-Discharge Micro-Thrusters Phase II)	620	34,680 **	
	Unknown Title (Passed through Rockwell Scientific Company; 0259, B5U526728)	620	101,302 **	
	Unknown Title (Passed through Rolls Royce; 1830012666, 1830014070)	620	49,932 **	
	Unknown Title (Passed through S&K Technologies; 5007IOWA001) (\$178,395 provided to subrecipients)	620	392,504 **	
	Unknown Title (Passed through Solid State Scientific; Decision Analysis)	620	17,076 **	4,579,134
	Total U.S. Department of Defense		51,479,595	51,479,595
<u>U.S. Department of Housing and Urban Development</u>				
14.171	Manufactured Home Construction and Safety Standards	595	7,749	7,749
14.228	Community Development Block Grants/State's Program (\$31,386,183 provided to subrecipients)	269	31,984,958	31,984,958
14.231	Emergency Shelter Grants Program (\$2,209 provided to subrecipients)	269	2,209	2,209
14.239	HOME Investment Partnerships Program (\$11,501,752 provided to subrecipients)	269	83,416,030 ***	83,416,030
14.246	Community Development Block Grants/Brownfields Economic Development Initiative (\$100,671 provided to subrecipients)	269	303,606	303,606

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<u>U.S. Department of Housing and Urban Development (continued)</u>				
14.401	Fair Housing Assistance Program - State and Local	167	169,998	169,998
14.511	Community Outreach Partnership Center Program	621	51,712	51,712
14.512	Community Development Work-Study Program	620	8,886 **	8,886
Total U.S. Department of Housing and Urban Development			115,945,148	115,945,148
<u>U.S. Department of the Interior</u>				
15.224	Cultural Resource Management (Passed through Silos and Smokestacks National Heritage Area)	619	1,821 **	1,821
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	009	114,040	114,040
15.252	Abandoned Mine Land Reclamation (AMLR) Program	009	1,808,492	1,808,492
15.605	Sport Fish Restoration	542	4,631,264	4,631,264
15.608	Fish and Wildlife Management Assistance	619	1,250 **	
15.608	Fish and Wildlife Management Assistance	620	13,475 **	14,725
15.611	Wildlife Restoration	542	5,948,068	5,948,068
15.615	Cooperative Endangered Species Conservation Fund	542	146,011	146,011
15.632	Conservation Grants Private Stewardship for Imperiled Species	620	16,229 **	16,229
15.634	State Wildlife Grants	542	227,670	
15.634	State Wildlife Grants (Passed through Minnesota Department of Natural Resources)	621	848 **	228,518
15.635	Neotropical Migratory Bird Conservation	620	4,862 **	4,862
15.637	Migratory Bird Joint Ventures	542	50,000	50,000
15.805	Assistance to State Water Resources Research Institutes (\$91,447 provided to subrecipients)	620	195,862 **	195,862
15.808	U.S. Geological Survey - Research and Data Collection (\$69,195 provided to subrecipients)	619	127,232 **	
15.808	U.S. Geological Survey - Research and Data Collection	620	57,496 **	184,728
15.810	National Cooperative Geologic Mapping Program	542	187,167	187,167
15.811	Gap Analysis Program	620	25,598 **	25,598
15.812	Cooperative Research Units Program	620	61,224 **	61,224
15.904	Historic Preservation Fund Grants-In-Aid	259	691,164	691,164
15.916	Outdoor Recreation - Acquisition, Development and Planning	542	1,097,363	1,097,363
15.922	Native American Graves Protection and Repatriation Act	619	11,518 **	11,518
15.929	Save America's Treasures	259	158,140	158,140
15.978	Upper Mississippi River System Long Term Resource Monitoring Program	542	350,634	350,634
15.000	Other Federal Assistance:			
	Unknown Title	620	241,901 **	
	Unknown Title (Passed through University of Wyoming; Global Climate)	620	1,212 **	
	Unknown Title (Passed through Oklahoma State University; AB566370ISU)	620	60,633 **	
	Unknown Title (Passed through Silos and Smokestacks National Heritage Area)	621	682	304,428
Total U.S. Department of the Interior			16,231,856	16,231,856
<u>U.S. Department of Justice</u>				
16.202	Offender Reentry Program	238	741,754	741,754
16.523	Juvenile Accountability Incentive Block Grants (\$762,491 provided to subrecipients)	379	927,942	927,942
16.528	Training Grants to Stop Abuse and Sexual Assault of Older Individuals or Individuals with Disabilities	297	21,562	21,562

See page 176 for explanation of asterisks.

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<u>U.S. Department of Justice (continued)</u>				
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States (\$67,011 provided to subrecipients)	112	80,934	
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States (\$379,537 provided to subrecipients)	379	948,942	1,029,876
16.541	Developing, Testing and Demonstrating Promising New Programs	642	10,000	10,000
16.548	Title V - Delinquency Prevention Program (\$77,307 provided to subrecipients)	379	143,520	143,520
16.549	Part E - State Challenge Activities	379	426	426
16.550	State Justice Statistics Program for Statistical Analysis Centers	379	50,570	
16.550	State Justice Statistics Program for Statistical Analysis Centers	595	127,343	177,913
16.554	National Criminal History Improvement Program (NCHIP)	595	460,999	460,999
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	620	124,624 **	
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants (\$71,639 provided to subrecipients)	642	77,471	202,095
16.564	Crime Laboratory Improvement - Combined Offender DNA Index System Backlog Reduction	595	64,581	64,581
16.575	Crime Victim Assistance (\$3,704,292 provided to subrecipients)	112	3,930,961	3,930,961
16.576	Crime Victim Compensation	112	2,241,000	2,241,000
16.579	Byrne Formula Grant Program (\$311,751 provided to subrecipients)	642	572,969	572,969
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program (\$1,052,299 provided to subrecipients)	588	1,170,360	
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program (\$263,838 provided to subrecipients)	642	263,838	1,434,198
16.582	Crime Victim Assistance/Discretionary Grants	619	67,480 **	67,480
16.585	Drug Court Discretionary Grant Program	221	107,987	
16.585	Drug Court Discretionary Grant Program	379	25,208	
16.585	Drug Court Discretionary Grant Program	444	35,022	168,217
16.588	Violence Against Women Formula Grants (\$1,359,684 provided to subrecipients)	112	1,504,984	1,504,984
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders	444	258,058	258,058
16.592	Local Law Enforcement Block Grants Program (\$588 provided to subrecipients)	642	1,321	1,321
16.593	Residential Substance Abuse Treatment for State Prisoners (\$267,411 provided to subrecipients)	642	297,133	297,133
16.606	State Criminal Alien Assistance Program	238	344,266	344,266
16.609	Community Prosecution and Project Safe Neighborhoods (\$269,930 provided to subrecipients)	379	412,768	
16.609	Community Prosecution and Project Safe Neighborhoods (\$305,405 provided to subrecipients)	642	354,165	766,933
16.710	Public Safety Partnership and Community Policing Grants	112	194,410	
16.710	Public Safety Partnership and Community Policing Grants	595	21,578	
16.710	Public Safety Partnership and Community Policing Grants (\$49,202 provided to subrecipients)	620	623,735 **	
16.710	Public Safety Partnership and Community Policing Grants (Passed through Henry County Agricultural Extension; Henry County Ag Ext)	620	8,785 **	
16.710	Public Safety Partnership and Community Policing Grants (\$1,398,493 provided to subrecipients)	642	2,054,196	2,902,704
16.711	Troops to COPS	595	112,348	112,348

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<u>U.S. Department of Justice (continued)</u>				
16.727	Enforcing Underage Drinking Laws Program (\$309,240 provided to subrecipients)	379	327,051	327,051
16.735	Protecting Inmates and Safeguarding Communities Discretionary Grant Program	238	615,749	615,749
16.738	Edward Byrne Memorial Justice Assistance Grant Program (\$2,607,042 provided to subrecipients)	642	2,611,476	2,611,476
16.741	Forensic DNA Capacity Enhancement Program	595	142,893	142,893
	Total U.S. Department of Justice		22,080,409	22,080,409
<u>U.S. Department of Labor</u>				
17.002	Labor Force Statistics	309	2,092,787	
17.002	Labor Force Statistics	620	8,820 **	2,101,607
17.005	Compensation and Working Conditions	309	96,699	
17.005	Compensation and Working Conditions (Passed through West Virginia University; 03-022-UI)	619	121,544 **	
17.005	Compensation and Working Conditions (Passed through ServiceSource)	619	1,608 **	219,851
17.203	Labor Certification for Alien Workers	309	118,073	118,073
17.207	Employment Service (\$1,078,975 provided to subrecipients)	309	7,660,258	7,660,258
17.225	Unemployment Insurance (\$566,731 provided to subrecipients)	309	335,989,210	335,989,210
17.235	Senior Community Service Employment Program (\$949,652 provided to subrecipients)	297	1,087,703	1,087,703
17.245	Trade Adjustment Assistance - Workers (\$26,382 provided to subrecipients)	309	10,059,963	10,059,963
17.258	WIA Adult Program (\$2,870,560 provided to subrecipients)	309	3,973,152	3,973,152
17.259	WIA Youth Activities (\$3,865,151 provided to subrecipients)	309	5,303,873	5,303,873
17.260	WIA Dislocated Workers (\$5,628,867 provided to subrecipients)	309	6,721,417	6,721,417
17.261	Employment and Training Administration Pilots, Demonstrations, and Research Projects (\$30,882 provided to subrecipients)	619	710,760 **	
17.261	Employment and Training Administration Pilots, Demonstrations, and Research Projects (Passed through ServiceSource) (\$24,000 provided to subrecipients)	619	70,557 **	
17.261	Employment and Training Administration Pilots, Demonstrations, and Research Projects (\$26,070 provided to subrecipients)	621	162,128	943,445
17.266	Work Incentives Grant (\$1,067,621 provided to subrecipients)	309	1,196,443	1,196,443
17.267	WIA Incentive Grants - Section 503 Grants to States	282	534,686	
17.267	WIA Incentive Grants - Section 503 Grants to States (\$572,767 provided to subrecipients)	309	616,629	1,151,315
17.504	Consultation Agreements	309	2,509,807	2,509,807
17.600	Mine Health and Safety Grants (\$87,225 provided to subrecipients)	282	98,635	98,635
17.720	Disability Employment Policy Development (\$226,067 provided to subrecipients)	283	486,251	
17.720	Disability Employment Policy Development (Passed through University of Massachusetts)	619	74,025 **	560,276
17.801	Disabled Veterans' Outreach Program (DVOP) (\$61,594 provided to subrecipients)	309	1,278,706	1,278,706
17.804	Local Veterans' Employment Representative Program (\$11,610 provided to subrecipients)	309	281,059	281,059
17.000	Other Federal Assistance: National Crosswalk Service Center	282	228,013	228,013
	Total U.S. Department of Labor		381,482,806	381,482,806

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CFDA Number	Federal Department / Program name	State Agency (See pg 239)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of State</u>				
19.402	International Visitors Program	619	11,197 **	11,197
19.408	Educational Exchange - Teachers from Secondary and Postsecondary Levels and School Administrators	620	301,212 **	301,212
19.424	Educational Partnerships Program	619	8,722 **	
19.424	Educational Partnerships Program	620	188,615 **	
19.424	Educational Partnerships Program (Passed through NAFSA: Association of International Educators; Global Agriculture Students)	620	2,821 **	200,158
19.431	Educational Exchange-Scholar-in-Residence (U.S. Institutions of Higher Education Host Lecturing Faculty From Abroad)	619	6,231 **	6,231
19.000	Other Federal Assistance: Unknown Title	620	1,995 **	1,995
	Total U.S. Department of State		520,793	520,793
<u>U.S. Department of Transportation</u>				
20.106	Airport Improvement Program	645	360,112	360,112
20.108	Aviation Research Grants	619	995 **	995
20.109	Air Transportation Centers of Excellence (\$1,825,991 provided to subrecipients)	620	3,164,967 **	3,164,967
20.205	Highway Planning and Construction	542	579,923	
20.205	Highway Planning and Construction (Passed through Kansas Department of Transportation; RE036001)	620	3,684 **	
20.205	Highway Planning and Construction (Passed through University of Minnesota; L5206562401)	620	15,343 **	
20.205	Highway Planning and Construction (Passed through Wisconsin Department of Transportation; 00920407)	620	18,136 **	
20.205	Highway Planning and Construction (\$67,590,742 provided to subrecipients)	645	368,383,767	369,000,853
20.215	Highway Training and Education	619	11,500 **	
20.215	Highway Training and Education	620	70,131 **	81,631
20.218	National Motor Carrier Safety (Passed through National Academy of Sciences; HR 24-20, HR 5-18) (\$87,470 provided to subrecipients)	619	140,212 **	
20.218	National Motor Carrier Safety (Passed through City of Bettendorf; Evaluation of a Three-Span Bridge)	620	17,566 **	
20.218	National Motor Carrier Safety (\$784,483 provided to subrecipients)	645	2,589,314	2,747,092
20.219	Recreational Trails Program	645	474,640	474,640
20.308	Local Rail Freight Assistance	645	229,495	229,495
20.500	Federal Transit - Capital Investment Grants (Passed through Waterloo Metropolitan Transit Authority)	621	199,020	
20.500	Federal Transit - Capital Investment Grants (\$8,125,488 provided to subrecipients)	645	8,125,488	8,324,508
20.505	Federal Transit - Metropolitan Planning Grants (Passed through Howard R. Green Company; 178660J02)	620	7,533 **	7,533
20.509	Formula Grants for Other Than Urbanized Areas (\$6,195,488 provided to subrecipients)	645	6,195,488	6,195,488
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities (\$1,270,986 provided to subrecipients)	645	1,270,986	1,270,986
20.514	Transit Planning and Research (\$62,976 provided to subrecipients)	645	62,976	62,976
20.515	State Planning and Research (\$779,104 provided to subrecipients)	645	779,104	779,104
20.516	Job Access - Reverse Commute (\$1,367,212 provided to subrecipients)	645	1,367,212	1,367,212

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<u>U.S. Department of Transportation (continued)</u>				
20.600	State and Community Highway Safety	588	47,514	
20.600	State and Community Highway Safety	595	2,455,266	
20.600	State and Community Highway Safety (\$52,669 provided to subrecipients)	619	1,898,190	
20.600	State and Community Highway Safety (Passed through National Academy of Sciences; HR 4-29)	619	4,106	
20.600	State and Community Highway Safety (Passed through Virginia Polytechnic Institute; CR 19235-425479)	619	268,095	
20.600	State and Community Highway Safety (Passed through Westat, Inc.; Task Order 4)	619	5,226	
20.600	State and Community Highway Safety	645	78,543	4,756,940
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	595	413,699	413,699
20.602	Occupant Protection	595	623,463	623,463
20.603	Federal Highway Safety Data Improvements Incentive Grants	595	63,148	63,148
20.604	Safety Incentive Grants for Use of Seatbelts	595	713,055	713,055
20.700	Pipeline Safety	219	298,803	298,803
20.701	University Transportation Centers Program (\$459,704 provided to subrecipients)	620	1,116,741 **	1,116,741
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants (\$154,256 provided to subrecipients)	583	168,132	168,132
20.900	Transportation - Consumer Affairs (Passed through Delphi Delco Electronics)	619	407,570 **	407,570
20.000	Other Federal Assistance:			
	Unknown Title (\$561,766 provided to subrecipients)	620	1,302,405 **	
	Unknown Title (Passed through Board of Regents of the University of Wisconsin System; 913G975)	620	53,451 **	
	Unknown Title (Passed through Tama County; Tama County)	620	20,875 **	
	Unknown Title (Passed through Michigan Technology University; 030608Z)	620	99,263 **	
	Unknown Title (Passed through Boone County; Evaluate a Bridge)	620	5,463 **	
	Unknown Title (Passed through County of Anoka; 20050592)	620	4,172 **	
	Unknown Title (Passed through Science Applications International; 4400117874, 46000076144400129951)	620	21,652 **	
	Unknown Title (Passed through National Academy of Sciences; HR0617, HR1530, HR205801A) (\$38,196 provided to subrecipients)	620	171,200 **	
	Unknown Title (Passed through Applied Research Association; 17214)	620	1,693 **	1,680,174
	Total U.S. Department of Transportation		404,309,317	404,309,317
<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) (\$19,869,446 provided to subrecipients)	269	22,802,132	22,802,132
	Total U.S. Department of the Treasury		22,802,132	22,802,132
<u>U.S. Equal Employment Opportunity Commission</u>				
30.002	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	167	658,080	658,080
	Total U.S. Equal Employment Opportunity Commission		658,080	658,080

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<u>Federal Mediation and Conciliation Service</u>				
34.002	Labor Management Cooperation (\$68,127 provided to subrecipients)	309	681,219	
34.002	Labor Management Cooperation	572	3,095	684,314
	Total Federal Mediation and Conciliation Service		684,314	684,314
<u>U.S. General Services Administration</u>				
39.003	Donation of Federal Surplus Personal Property	250	29,906	29,906
39.000	Other Federal Assistance:			
	Unknown Title (Passed through American Institute of Architects; Effectiveness of Work Space)	620	19,045 **	19,045
	Total U.S. General Services Administration		48,951	48,951
<u>U.S. Library of Congress</u>				
42.006	Library of Congress - Library Services	282	1,550	
42.006	Library of Congress - Library Services	619	10,500 **	12,050
	Total U.S. Library of Congress		12,050	12,050
<u>National Aeronautics and Space Administration</u>				
43.001	Aerospace Education Services Program (\$403,675 provided to subrecipients)	619	5,000,241 **	
43.001	Aerospace Education Services Program (Passed through Johns Hopkins University; 884718)	619	17,387 **	
43.001	Aerospace Education Services Program (Passed through University of New Hampshire; 04-854, 06-002)	619	89,231 **	
43.001	Aerospace Education Services Program (Passed through Smithsonian Institution; GO4-5035A, GO4-5039A, GO4-5086A, GO4-5038X, GO5-6087X)	619	76,172 **	
43.001	Aerospace Education Services Program (Passed through Southwest Research Institute; 699041X)	619	7,896 **	
43.001	Aerospace Education Services Program (Passed through University of California, San Diego; 10233661)	619	45,730 **	
43.001	Aerospace Education Services Program (\$320,277 provided to subrecipients)	620	825,068 **	
43.001	Aerospace Education Services Program (Passed through University of Northern Colorado; GKA030160, GKA040158)	620	2,842 **	
43.001	Aerospace Education Services Program	621	27,117	6,091,684
43.002	Technology Transfer	620	97,630 **	
43.002	Technology Transfer (Passed through Jet Propulsion Laboratory - California Institute of Technology; 1250174)	620	717 **	98,347
43.000	Other Federal Assistance:			
	NASA Resident Office - Jet Propulsion Lab	619	1,451,549 **	
	Unknown Title (\$143,606 provided to subrecipients)	620	2,775,575 **	
	Unknown Title (Passed through Jet Propulsion Laboratory - California Institute of Technology; 1263961, 1282459)	620	74,873 **	
	Unknown Title (Passed through Pratt & Whitney; 21058)	620	41,680 **	
	Unknown Title (Passed through Ohio State University; 60002122)	620	17,893 **	
	Unknown Title (Passed through Lockheed Martin; GH3216068, RH5115829)	620	63,946 **	
	Unknown Title	621	305,169	4,730,685
	Total National Aeronautics and Space Administration		10,920,716	10,920,716

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<u>National Foundation on the Arts and the Humanities</u>				
45.024	Promotion of the Arts - Grants to Organizations and Individuals	259	12,915	
45.024	Promotion of the Arts - Grants to Organizations and Individuals	619	40,950 **	
45.024	Promotion of the Arts - Grants to Organizations and Individuals	621	10,000	63,865
45.025	Promotion of the Arts - Partnership Agreements	259	531,609	
45.025	Promotion of the Arts - Partnership Agreements (Passed through Arts Midwest)	619	3,300 **	
45.025	Promotion of the Arts - Partnership Agreements (Passed through Iowa Arts Council)	621	2,056	536,965
45.129	Promotion of the Humanities - Federal/State Partnership	285	13,500	
45.129	Promotion of the Humanities - Federal/State Partnership (Passed through Humanities Iowa; 27-2-008)	619	14,684 **	28,184
45.149	Promotion of the Humanities - Division of Preservation and Access	259	9,953	
45.149	Promotion of the Humanities - Division of Preservation and Access (Passed through Center for Institutional Cooperation)	619	43,514 **	
45.149	Promotion of the Humanities - Division of Preservation and Access (Passed through University of Nebraska; 25-0512-0003-002)	619	5,378 **	58,845
45.160	Promotion of the Humanities - Fellowships and Stipends	619	65,132 **	
45.160	Promotion of the Humanities - Fellowships and Stipends	620	17,797 **	82,929
45.161	Promotion of the Humanities - Research	620	2,716 **	2,716
45.310	State Library Program (\$3,643 provided to subrecipients)	282	1,869,906	1,869,906
45.313	Librarians for the 21st Century	619	106,841 **	106,841
Total National Foundation on the Arts and the Humanities			2,750,251	2,750,251
<u>National Science Foundation</u>				
47.041	Engineering Grants (\$34,535 provided to subrecipients)	619	1,316,732 **	
47.041	Engineering Grants (Passed through University of Florida; UF-EIES-0506031-UW)	619	8,188 **	
47.041	Engineering Grants (Passed through University of Illinois at Urbana-Champaign; 2005-05652-07)	619	65,558 **	
47.041	Engineering Grants (\$740,038 provided to subrecipients)	620	4,157,552 **	
47.041	Engineering Grants (Passed through University of Texas; UTA03134)	620	63,121 **	
47.041	Engineering Grants (Passed through Exa Corporation; Lattice Boltzmann Method)	620	30,000 **	
47.041	Engineering Grants (Passed through Ion Optics Inc.; IOI0502)	620	15,430 **	
47.041	Engineering Grants (Passed through ITN Energy Systems; 05I0416)	620	714 **	
47.041	Engineering Grants (Passed through Virginia Polytechnic Institute and State University; CR19223427152)	620	738 **	
47.041	Engineering Grants (Passed through Princeton University; 00001147)	620	29,019 **	
47.041	Engineering Grants (Passed through University of Southern Mississippi; USMGR01577A10)	620	17,947 **	
47.041	Engineering Grants (Passed through Washington State University; 102533G0019980)	620	267 **	
47.041	Engineering Grants (Passed through Rice University; R39921, R39831)	620	42,061 **	
47.041	Engineering Grants (Passed through University of Nebraska; 2511090055002)	620	8,709 **	5,756,036
47.049	Mathematical and Physical Sciences (\$345,933 provided to subrecipients)	619	2,831,633 **	
47.049	Mathematical and Physical Sciences (Passed through University of Kentucky Research Foundation; 4-65997-03-369)	619	80,494 **	

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<u>National Science Foundation (continued)</u>				
47.049	Mathematical and Physical Sciences (Passed through University of Notre Dame)	619	14,948 **	
47.049	Mathematical and Physical Sciences (\$341,746 provided to subrecipients)	620	3,768,201 **	
47.049	Mathematical and Physical Sciences (Passed through University of Central Florida; 15357)	620	65,065 **	
47.049	Mathematical and Physical Sciences (Passed through California Institute of Technology; 7E1072240, 25771)	620	52,640 **	
47.049	Mathematical and Physical Sciences (Passed through Clemson University; 101675582062005242)	620	49,449 **	
47.049	Mathematical and Physical Sciences (Passed through University of Illinois; 20050598701) (\$5,486 provided to subrecipients)	620	67,411 **	
47.049	Mathematical and Physical Sciences (Passed through John Hopkins University; 860106855)	620	12,838 **	
47.049	Mathematical and Physical Sciences (Passed through Ohio State University; RF00986186)	620	12,000 **	
47.049	Mathematical and Physical Sciences (Passed through University of Notre Dame; Quarknet Program)	620	10,400 **	
47.049	Mathematical and Physical Sciences	621	17,701 **	
47.049	Mathematical and Physical Sciences	621	11,399	
47.049	Mathematical and Physical Sciences (Passed through Nebraska Board of Regents)	621	7,500	7,001,679
47.050	Geosciences (\$355,832 provided to subrecipients)	619	2,214,935 **	
47.050	Geosciences (Passed through University of Kansas; FY2004-085)	619	642 **	
47.050	Geosciences (\$217,521 provided to subrecipients)	620	1,389,448 **	
47.050	Geosciences (Passed through Florida International University; 20260155206)	620	29,457 **	
47.050	Geosciences (Passed through University Corporation for Atmospheric Research; S0447919)	620	11,661 **	
47.050	Geosciences (Passed through University of Buffalo; R244380)	620	6,340 **	
47.050	Geosciences	621	28,573 **	3,681,056
47.070	Computer and Information Science and Engineering	619	829,366 **	
47.070	Computer and information Science and Engineering (Passed through University of California, Santa Barbara; KK6111)	619	20,198 **	
47.070	Computer and Information Science and Engineering	620	2,414,552 **	
47.070	Computer and Information Science and Engineering (Passed through Clemson University; 56970342062002611)	620	5,189 **	
47.070	Computer and Information Science and Engineering (Passed through Purdue University; 50114101)	620	42,159 **	
47.070	Computer and Information Science and Engineering (Passed through Mississippi State University; 19100030047002)	620	21,867 **	
47.070	Computer and Information Science and Engineering (Passed through University of Maine; UMS426)	620	30,706 **	
47.070	Computer and Information Science and Engineering (Passed through American Distance Education Consortium; Internet Satellite-NCRCD)	620	17,060 **	
47.070	Computer and Information Science and Engineering (Passed through National Institute of Statistical Sciences; 0403)	620	12,722 **	
47.070	Computer and Information Science and Engineering (Passed through University of Washington; 989115)	620	1,393 **	3,395,212
47.074	Biological Sciences (\$70,245 provided to subrecipients)	619	2,174,734 **	
47.074	Biological Sciences (Passed through University of Kansas Center for Research, Inc.; NSF35020)	619	647,558 **	
47.074	Biological Sciences (\$1,153,106 provided to subrecipients)	620	8,748,798 **	

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<u>National Science Foundation (continued)</u>				
47.074	Biological Sciences (Passed through University of California; SA3372PG, K00881501)	620	797,679 **	
47.074	Biological Sciences (Passed through Boyce Thompson Institute; Genetic Analysis, 0501BTI)	620	245,572 **	
47.074	Biological Sciences (Passed through University of Georgia; DBI0321595)	620	131,382 **	
47.074	Biological Sciences (Passed through Purdue University; 501122701, 501159601)	620	160,698 **	
47.074	Biological Sciences (Passed through Cornell University; 517958270)	620	61,232 **	
47.074	Biological Sciences (Passed through North Carolina State University; 2002166403)	620	56,002 **	
47.074	Biological Sciences (Passed through Massachusetts General Hospital; Plant MAPK Cascades)	620	173,319 **	
47.074	Biological Sciences (Passed through Louisiana State University)	621	8,180	13,205,154
47.075	Social, Behavioral, and Economic Sciences (\$124,182 provided to subrecipients)	619	623,204 **	
47.075	Social, Behavioral, and Economic Sciences (Passed through Association for Institutional Research; 05-248)	619	20,081 **	
47.075	Social, Behavioral, and Economic Sciences (Passed through University of North Carolina; 5-37328)	619	44,910 **	
47.075	Social, Behavioral, and Economic Sciences (Passed through Civilian Research and Development Foundation; RU-P2-2593-TO-04)	619	1,275 **	
47.075	Social, Behavioral, and Economic Sciences (Passed through Southern Illinois University; SUIC 05-14)	619	50,475 **	
47.075	Social, Behavioral, and Economic Sciences (Passed through National Institute of Statistical Sciences; 04-02)	619	7,153 **	
47.075	Social, Behavioral, and Economic Sciences	620	605,621 **	
47.075	Social, Behavioral, and Economic Sciences (Passed through Association for Institutional Research; 529)	620	105 **	
47.075	Social, Behavioral, and Economic Sciences	621	381 **	1,353,205
47.076	Education and Human Resources (\$219,363 provided to subrecipients)	619	1,412,190 **	
47.076	Education and Human Resources (Passed through Clemson University; 765-7558-206-2002944)	619	32,880 **	
47.076	Education and Human Resources (Passed through Western Michigan University; 25-7002520)	619	109,297 **	
47.076	Education and Human Resources (Passed through Syracuse University; 21827-561402-01075-001-S0)	619	90,327 **	
47.076	Education and Human Resources (\$138,778 provided to subrecipients)	620	1,444,442 **	
47.076	Education and Human Resources (Passed through Kirkwood Community College; Evaluate Agrowknowledge)	620	39,999 **	
47.076	Education and Human Resources (Passed through Kent State University; 442197P060508)	620	1,107 **	
47.076	Education and Human Resources (Passed through National Center for Science and Civic Engagement; 0455586)	620	2,126 **	
47.076	Education and Human Resources (Passed through New Mexico State University; Q00940)	620	45,618 **	
47.076	Education and Human Resources (Passed through Hazardous Materials Institute)	621	59,090	
47.076	Education and Human Resources (Passed through Mathematical Association of America)	621	726	
47.076	Education and Human Resources (Passed through Education Development Center Inc.)	621	32,269 **	
47.076	Education and Human Resources (Passed through American Psychological Association)	621	16,488	3,286,559

See page 176 for explanation of asterisks.

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CFDA Number	Federal Department / Program name	State Agency (See pg 239)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>National Science Foundation (continued)</u>				
47.078	Polar Programs	620	30,784 **	30,784
47.079	International Science and Engineering (OISE)	620	29,435 **	29,435
47.000	Other Federal Assistance:			
	Unknown Title (Passed through American Educational Research Association)	619	14,029 **	
	Unknown Title (Passed through RJ Lee Group; H22032)	620	1,567 **	15,596
	Total National Science Foundation		37,754,716	37,754,716
<u>U.S. Small Business Administration</u>				
59.005	Internet-Based Technical Assistance	620	1,500 **	1,500
59.007	7(j) Technical Assistance	621	194,708	194,708
59.037	Small Business Development Center (\$1,268,124 provided to subrecipients)	620	1,828,349 **	1,828,349
59.000	Other Federal Assistance:			
	Unknown Title	621	62,528	62,528
	Total U.S. Small Business Administration		2,087,085	2,087,085
<u>U.S. Department of Veterans Affairs</u>				
64.005	Grants to States for Construction of State Home Facilities	672	315	315
64.014	Veterans State Domiciliary Care	671	1,021,966	1,021,966
64.015	Veterans State Nursing Home Care	671	11,524,755	11,524,755
64.016	Veterans State Hospital Care	671	241,725	241,725
64.000	Other Federal Assistance:			
	Unknown Title	620	57,679 **	57,679
	Total U.S. Department of Veterans Affairs		12,846,440	12,846,440
<u>Environmental Protection Agency</u>				
66.001	Air Pollution Control Program Support	542	1,067,966	1,067,966
66.032	State Indoor Radon Grants (\$269,621 provided to subrecipients)	588	349,259	349,259
66.202	Congressionally Mandated Projects	542	1,029,281	1,029,281
66.419	Water Pollution Control State and Interstate Program Support	542	3,207,961	3,207,961
66.432	State Public Water System Supervision	542	374,425	374,425
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	542	134,687	
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	620	19,040 **	
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act (Passed through Michigan State University; 613375B)	620	14,855 **	168,582
66.439	Targeted Watershed Grants	009	150,117	150,117
66.454	Water Quality Management Planning	542	153,405	
66.454	Water Quality Management Planning	619	46,061 **	199,466
66.458	Capitalization Grants for Clean Water State Revolving Funds (\$27,206,899 provided to subrecipients)	542	28,417,354	28,417,354
66.460	Nonpoint Source Implementation Grants	542	5,031,950	5,031,950
66.461	Regional Wetland Program Development Grants	009	26,989	
66.461	Regional Wetland Program Development Grants (Passed through Earth Tech, Inc.; EPA-WETP(2)--3C-00)	620	44,449	71,438

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CFDA Number	Federal Department / Program name	State Agency (See pg 239)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>Environmental Protection Agency (continued)</u>				
66.463	Water Quality Cooperative Agreements	009	94,705	
66.463	Water Quality Cooperative Agreements	542	67,260	
66.463	Water Quality Cooperative Agreements	620	56,406 **	218,371
66.468	Capitalization Grants for Drinking Water State Revolving Funds (\$11,805,576 provided to subrecipients)	542	14,589,042	14,589,042
66.474	Water Protection Grants to the States	542	146,142	146,142
66.500	Environmental Protection - Consolidated Research	542	20,643	
66.500	Environmental Protection - Consolidated Research	619	72,758 **	
66.500	Environmental Protection - Consolidated Research (Passed through HDR Engineering, Inc.)	619	20,010 **	
66.500	Environmental Protection: Consolidated Research (Passed through University of Rochester; 413244-G, 413307-G)	619	33,261 **	
66.500	Environmental Protection: Consolidated Research (Passed through Nebraska Department of Agriculture; 18-04-009)	619	37,393 **	
66.500	Environmental Protection: Consolidated Research (Passed through University of Missouri, Columbia; 02102041-3)	619	24 **	
66.500	Environmental Protection - Consolidated Research	620	331,707 **	
66.500	Environmental Protection - Consolidated Research (Passed through Oregon State University; E0101AB)	620	13,230 **	529,026
66.509	Science To Achieve Results (STAR) Research Program (\$3,655 provided to subrecipients)	619	213,052 **	
66.509	Science To Achieve Results (STAR) Research Program	620	107,814 **	320,866
66.511	Office of Research and Development Consolidated Research/Training	620	53,914 **	53,914
66.512	Regional Environmental Monitoring and Assessment Program (REMAP) Research Projects	542	102,317	102,317
66.514	Science To Achieve Results (STAR) Fellowship Program	620	22,199 **	22,199
66.516	P3 Award: National Student Design Competition for Sustainability	619	11,391 **	
66.516	P3 Award: National Student Design Competition for Sustainability	620	14,916 **	26,307
66.605	Performance Partnership Grants	009	883,755	
66.605	Performance Partnership Grants	542	978,247	1,862,002
66.606	Surveys, Studies, Investigations and Special Purpose Grants	620	42,026 **	
66.606	Surveys, Studies, Investigations and Special Purpose Grants	621	961,222	1,003,248
66.608	Environmental Information Exchange Network Grant Program	542	19,561	19,561
66.609	Protection of Children and Older Adults (Elderly) from Environmental Health Risks (Passed through Keokuk County Agricultural Extension; Making a Difference)	620	7,207 **	7,207
66.611	Environmental Policy and Innovation Grants	620	17,797 **	17,797
66.700	Consolidated Pesticide Enforcement Cooperative Agreements (Passed through Missouri Department of Agriculture; AOC40000466)	619	102,067 **	102,067
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	588	558,426	558,426
66.708	Pollution Prevention Grants Program	542	81,480	81,480
66.709	Multi-Media Capacity Building Grants for States and Tribes	542	116,353	116,353
66.714	Pesticide Environmental Stewardship Regional Grants	009	18,963	18,963
66.802	Superfund State, Political Subdivision, and Indian Tribe Site- Specific Cooperative Agreements	542	159,746	159,746
66.804	State and Tribal Underground Storage Tanks Program	542	186,850	186,850
66.805	Leaking Underground Storage Tank Trust Fund Program	542	1,044,489	1,044,489
66.808	Solid Waste Management Assistance Grants	542	29,851	29,851
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	542	198,139	198,139
66.810	Chemical Emergency Preparedness and Prevention (CEPP) Technical Assistance Grants Program	583	3,856	3,856
66.817	State and Tribal Response Program Grants	542	666,805	666,805

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CFDA Number	Federal Department / Program name	State Agency (See pg 239)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>Environmental Protection Agency (continued)</u>				
66.951	Environmental Education Grants	542	25,134	
66.951	Environmental Education Grants (Passed through Dickinson County Soil and Water Conservation; Performance Monitoring)	620	615 **	25,749
66.000	Other Federal Assistance:			
	Unknown Title	620	30,602 **	
	Unknown Title (Passed through Iowa Cattleman's Association; Open Feedlot Runoff)	620	90,896 **	121,498
	Total Environmental Protection Agency		62,300,070	62,300,070
<u>U.S. Department of Energy</u>				
81.041	State Energy Program	542	720,856	720,856
81.042	Weatherization Assistance for Low-Income Persons (\$4,815,858 provided to subrecipients)	379	5,431,292	5,431,292
81.049	Office of Science Financial Assistance Program (\$37,892 provided to subrecipients)	619	1,384,799 **	
81.049	Office of Science Financial Assistance Program (Passed through Purdue University; 541-0368-01)	619	67,192 **	
81.049	Office of Science Financial Assistance Program (Passed through Advanced Technology Institute; 2005-306)	619	245,030 **	
81.049	Office of Science Financial Assistance Program (Passed through University of California, Berkeley; SA4168-32401PG, SA4326- 32397PG)	619	42,884 **	
81.049	Office of Science Financial Assistance Program (Passed through University of Medicine and Dentistry of New Jersey; DEFG02- 02ER63447)	619	3,043 **	
81.049	Office of Science Financial Assistance Program (Passed through Universities Research Association, Inc.; 510438, 553270)	619	333,142 **	
81.049	Office of Science Financial Assistance Program (Passed through University of Nevada; 280208-DB)	619	40,744 **	
81.049	Office of Science Financial Assistance Program (Passed through University of Oregon; 234151N)	619	24,392 **	
81.049	Office of Science Financial Assistance Program (Passed through University of Chicago; 4F-00941)	619	36,996 **	
81.049	Office of Science Financial Assistance Program (\$17,711 provided to subrecipients)	620	2,464,870 **	
81.049	Office of Science Financial Assistance Program (Passed through University of Oregon; 234151R)	620	7,588 **	
81.049	Office of Science Financial Assistance Program (Passed through Value Recovery; Computational Fluid)	620	125 **	
81.049	Office of Science Financial Assistance Program (Passed through Smithsonian Astrophysical Observatory; DEFG0291ER40635/SV171002)	620	140,749 **	4,791,554
81.057	University Coal Research	619	10,823 **	
81.057	University Coal Research	620	49,873 **	60,696
81.079	Regional Biomass Energy Programs	542	15,573	
81.079	Regional Biomass Energy Programs	619	21,572 **	37,145
81.086	Conservation Research and Development (\$15,446 provided to subrecipients)	620	290,849 **	
81.086	Conservation Research and Development (Passed through Cargill; DEFC0703ID14216, DEFC0703ID14216KUO, DEF0703ID14216)	620	29,573 **	320,422
81.087	Renewable Energy Research and Development	620	287,874 **	
81.087	Renewable Energy Research and Development (Passed through National Renewable Energy Laboratory; XDJ23063032)	620	26,143 **	

See page 176 for explanation of asterisks.

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CFDA Number	Federal Department / Program name	State Agency (See pg 239)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Energy (continued)</u>				
81.087	Renewable Energy Research and Development (Passed through The Consortium For Plant Biotechnology and Research Inc.; GO12026197)	620	20,379 **	
81.087	Renewable Energy Research and Development (Passed through Purdue University; 541033803)	620	98,488 **	
81.087	Renewable Energy Research and Development	621	470,884	
81.087	Renewable Energy Research and Development	621	1,442 **	905,210
81.089	Fossil Energy Research and Development (Passed through University of Pittsburgh; 4021401)	620	44,043 **	44,043
81.108	Epidemiology and Other Health Studies Financial Assistance Program	619	454,009 **	454,009
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	542	55,629	55,629
81.119	State Energy Program Special Projects	542	187,728	187,728
81.121	Nuclear Energy Research, Development and Demonstration	620	160,177 **	160,177
81.000	Other Federal Assistance:			
	Petroleum Violation Escrow Funds	542	129,134	
	Unknown Title (Passed through Mind Institute)	619	55,697 **	
	Unknown Title (\$90,087 provided to subrecipients)	620	1,015,659 **	
	Unknown Title (Passed through University of Tennessee; 95037)	620	2,238 **	
	Unknown Title (Passed through Community Power Corporation; SBIR from US DOE)	620	277 **	
	Unknown Title (Passed through Pacific Northwest National Laboratory; 5864)	620	15,504 **	
	Unknown Title (Passed through Westinghouse; AB86159N)	620	1,315 **	
	Unknown Title (Passed through Argonne National Laboratory (DOE); 5F00538)	620	29,028 **	
	Unknown Title (Passed through Brookhaven National Laboratory; 76048)	620	7,779 **	
	Unknown Title (Passed through Air Condition & Refrigeration Technology Institute; 61020060)	620	23,017 **	
	Unknown Title (Passed through National Renewable Energy Laboratory; AAA13146201)	620	13,536 **	
	Unknown Title (Passed through Lawrence Livermore National Laboratory; B551568)	620	111,007 **	
	Unknown Title (Passed through Oli Systems; Optimization Tools)	620	19,142 **	
	Unknown Title (Passed through Honeywell; EP9538)	620	49,440 **	
	Unknown Title (Passed through Idaho National Engineering Environmental Laboratory; 00008454)	620	41,728 **	
	Unknown Title (Passed through Air Products & Chemicals, Inc.; 81347P)	620	8,557 **	
	Unknown Title (Passed through Cray Research; HPC Projects)	620	35,430 **	
	Unknown Title (Passed through REB Research & Consulting; High Flux Membranes)	620	35,036 **	
	Unknown Title (Passed through Fermi National Accelerator Laboratory; 524463)	620	19,008 **	
	Unknown Title (Passed through Advanced Technology Institute; 2005303, 2005303/SUBTASK4.1)	620	164,980 **	
	Unknown Title (Passed through Battelle Energy Alliance, LLC; 00040527)	620	50,512 **	
	Unknown Title (Passed through University of California; 6721846)	620	96,000 **	
	Unknown Title (Passed through Caterpillar; UBJQ72615) (\$15,657 provided to subrecipients)	620	41,867 **	
	Unknown Title	621	1,940,105	3,905,996
	Total U.S. Department of Energy		17,074,757	17,074,757

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CFDA Number	Federal Department / Program name	State Agency (See pg 239)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Education</u>				
84.002	Adult Education - State Grant Program (\$4,358,884 provided to subrecipients)	282	4,684,998	4,684,998
84.007	Federal Supplemental Educational Opportunity Grants	619	641,365 *	
84.007	Federal Supplemental Educational Opportunity Grants	620	1,317,423 *	
84.007	Federal Supplemental Educational Opportunity Grants	621	488,253 *	2,447,041
84.010	Title 1 Grants to Local Educational Agencies (\$62,288,401 provided to subrecipients)	282	63,191,677	63,191,677
84.011	Migrant Education - State Grant Program (\$1,370,831 provided to subrecipients)	282	1,492,980	1,492,980
84.013	Title 1 Program for Neglected and Delinquent Children (\$527,583 provided to subrecipients)	282	527,583	527,583
84.015	National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	619	512,678 **	512,678
84.016	Undergraduate International Studies and Foreign Language Programs	619	22,616 **	
84.016	Undergraduate International Studies and Foreign Language Programs	620	52,390 **	75,006
84.017	International Research and Studies	619	7,555 **	
84.017	International Research and Studies (Passed through Center for Applied Linguistics; Student Oral Proficiency)	620	15,642 **	23,197
84.019	Overseas - Faculty Research Abroad	619	30,869 **	30,869
84.027	Special Education - Grants to States (\$106,446,546 provided to subrecipients)	282	113,179,125	
84.027	Special Education - Grants to States (Passed through Drake University; 43605, Positive Behavior Support, Behavioral Supports)	620	138,193 **	113,317,318
84.032	Federal Family Education Loans	284	32,240,877 *	32,240,877
84.033	Federal Work-Study Program	619	1,240,865 *	
84.033	Federal Work-Study Program	620	1,437,779 *	
84.033	Federal Work-Study Program	621	508,144 *	3,186,788
84.038	Federal Perkins Loan Program - Federal Capital Contributions	619	4,259,022 *	
84.038	Federal Perkins Loan Program - Federal Capital Contributions	620	5,843,153 *	
84.038	Federal Perkins Loan Program - Federal Capital Contributions	621	2,528,609 *	12,630,784
84.042	TRIO - Student Support Services	619	327,773	
84.042	TRIO - Student Support Services	620	304,510	
84.042	TRIO - Student Support Services	621	337,343	969,626
84.044	TRIO - Talent Search	620	336,251	
84.044	TRIO - Talent Search	621	417,905	754,156
84.047	TRIO - Upward Bound	619	383,342	
84.047	TRIO - Upward Bound	620	222,564	
84.047	TRIO - Upward Bound	621	620,475	1,226,381
84.048	Vocational Education - Basic Grants to States (\$11,407,660 provided to subrecipients)	282	13,483,200	
84.048	Vocational Education - Basic Grants to States (Passed through Iowa Western Community College)	618	383	13,483,583
84.063	Federal Pell Grant Program	619	7,900,923 *	
84.063	Federal Pell Grant Program	620	11,043,401 *	
84.063	Federal Pell Grant Program	621	6,232,465 *	25,176,789
84.066	TRIO - Educational Opportunity Centers	621	382,749	382,749
84.069	Leveraging Education Assistance Partnership	284	323,256	323,256
84.116	Fund for the Improvement of Postsecondary Education	284	911,870	
84.116	Fund for the Improvement of Postsecondary Education	619	177,233 **	
84.116	Fund for the Improvement of Postsecondary Education (\$81,159 provided to subrecipients)	620	262,920 **	
84.116	Fund for the Improvement of Postsecondary Education (Passed through University of Nebraska; 2463260131003)	620	23,869 **	

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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 Arkansas; SA0509156, SA0509156/STIPENDS)	620	6,326 **	
84.116	Fund for the Improvement of Postsecondary Education (Passed through University of Kentucky; UKRF46722304106)	620	12,026 **	
84.116	Fund for the Improvement of Postsecondary Education (Passed through University of Georgia; RH709005/3582667, RH212071/5812077)	620	28,139 **	
84.116	Fund for the Improvement of Postsecondary Education (Passed through University of Missouri; C000057345, C000069822)	620	31,904 **	
84.116	Fund for the Improvement of Postsecondary Education (Passed through Virginia Tech; CR19223322255)	620	2,814 **	
84.116	Fund for the Improvement of Postsecondary Education	621	114,481	
84.116	Fund for the Improvement of Postsecondary Education (Passed through Des Moines Higher Education Collaborative)	621	9,776	1,581,358
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	131	5,864,800	
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States (\$1,039,708 provided to subrecipients)	283	27,392,500	33,257,300
84.129	Rehabilitation Long-Term Training	619	174,916 **	174,916
84.133	National Institute on Disability and Rehabilitation Research	131	421,576	
84.133	National Institute on Disability and Rehabilitation Research (\$454,018 provided to subrecipients)	619	734,736 **	
84.133	National Institute on Disability and Rehabilitation Research (Passed through Georgia Institute of Technology; K-10-826-G6)	619	6,975 **	1,163,287
84.153	Business and International Education Projects	619	62,106 **	
84.153	Business and International Education Projects	621	25,638	87,744
84.161	Rehabilitation Services - Client Assistance Program	379	131,489	131,489
84.169	Independent Living - State Grants	131	83,482	
84.169	Independent Living - State Grants	283	234,730	318,212
84.170	Javits Fellowships	619	6,209 **	6,209
84.173	Special Education - Preschool Grants (\$3,744,624 provided to subrecipients)	282	4,008,247	4,008,247
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who Are Blind	131	346,891	346,891
84.181	Special Education - Grants for Infants and Families with Disabilities (\$2,913,948 provided to subrecipients)	282	4,062,278	4,062,278
84.184	Safe and Drug-Free Schools and Communities - National Programs (\$244,450 provided to subrecipients)	282	657,849	
84.184	Safe and Drug-Free Schools and Communities - National Programs (Passed through Anamosa Community School District)	619	61,890 **	
84.184	Safe and Drug-Free Schools and Communities - National Programs (Passed through Washington Community School District; Reconnecting Families)	620	128,444 **	
84.184	Safe and Drug-Free Schools and Communities - National Programs (Passed through Sioux Central Community School District; Healthy Choices)	620	18,989 **	867,172
84.185	Byrd Honors Scholarships (\$382,500 provided to subrecipients)	282	382,500	382,500
84.186	Safe and Drug-Free Schools and Communities - State Grants (\$3,014,221 provided to subrecipients)	282	3,145,878	
84.186	Safe and Drug-Free Schools and Communities - State Grants (\$448,192 provided to subrecipients)	588	513,927	3,659,805
84.187	Supported Employment Services for Individuals with Severe Disabilities	131	42,542	
84.187	Supported Employment Services for Individuals with Severe Disabilities	283	215,930	258,472

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<u>U.S. Department of Education (continued)</u>				
84.196	Education for Homeless Children and Youth	282	65,671	65,671
84.200	Graduate Assistance in Areas of National Need	619	543,037 **	543,037
84.206	Javits Gifted and Talented Students Education Grant Program (\$179,528 provided to subrecipients)	282	421,325	421,325
84.213	Even Start - State Educational Agencies (\$913,592 provided to subrecipients)	282	967,041	967,041
84.215	Fund for the Improvement of Education (\$15,813,975 provided to subrecipients)	282	16,727,507	
84.215	Fund for the Improvement of Education	285	201,263	
84.215	Fund for the Improvement of Education (\$727,440 provided to subrecipients)	619	1,602,819 **	
84.215	Fund for the Improvement of Education (Passed through Area Education Agency 267)	619	112,445 **	
84.215	Fund for the Improvement of Education (Passed through Clinton Community School District)	619	1,785 **	
84.215	Fund for the Improvement of Education (Passed through Washington Community School District)	619	95,608 **	
84.215	Fund for the Improvement of Education (Passed through Polk County Agricultural Extension; Local Motion)	620	95,827 **	
84.215	Fund for the Improvement of Education (Passed through Iowa Association of School Boards; Evaluation of Lighthouse)	620	15,184 **	
84.215	Fund for the Improvement of Education	621	803,188	19,655,626
84.217	TRIO - McNair Post-Baccalaureate Achievement	620	247,689 **	
84.217	TRIO - McNair Post-Baccalaureate Achievement	621	217,216	464,905
84.224	Assistive Technology (\$106,496 provided to subrecipients)	619	352,005 **	352,005
84.229	Language Resource Centers (\$141,697 provided to subrecipients)	620	404,216 **	404,216
84.235	Rehabilitation Services Demonstration and Training Programs	131	205,209	205,209
84.243	Tech-Prep Education (\$1,085,428 provided to subrecipients)	282	1,187,605	1,187,605
84.264	Rehabilitation Training - Continuing Education (Passed through University of Missouri; CG005052-1)	619	5,859 **	5,859
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In- Service Training	131	15,246	
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In- Service Training	283	65,751	80,997
84.268	Federal Direct Student Loans	619	142,370,306 *	
84.268	Federal Direct Student Loans	620	99,130,544 *	
84.268	Federal Direct Student Loans	621	56,246,296 *	297,747,146
84.282	Charter Schools (\$1,375,000 provided to subrecipients)	282	1,406,930	1,406,930
84.286	Ready to Teach (Passed through Public Broadcasting Service)	285	28,173	28,173
84.287	Twenty-First Century Community Learning Centers (\$5,108,993 provided to subrecipients)	282	5,213,203	5,213,203
84.295	Ready-To-Learn Television (Passed through Public Broadcasting Service)	285	6,500	6,500
84.298	State Grants for Innovative Programs (\$1,508,883 provided to subrecipients)	282	2,052,639	2,052,639
84.305	Education Research, Development and Dissemination (\$1,598,592 provided to subrecipients)	619	2,098,651 **	2,098,651
84.310	Parental Assistance Centers (Passed through School Administrators of Iowa; Info and Resource Center)	620	6,014 **	6,014
84.318	Education Technology State Grants	282	919,027	919,027
84.323	Special Education - State Personnel Development (\$307,954 provided to subrecipients)	282	883,136	883,136
84.324	Research in Special Education	620	149,564 **	
84.324	Research in Special Education (Passed through University of Minnesota; Q3036028101)	620	60,761 **	

See page 176 for explanation of asterisks.



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<u>U.S. Department of Education (continued)</u>				
84.324	Research in Special Education (\$18,037 provided to subrecipients)	621	114,036 **	
84.324	Research in Special Education	621	290,606	614,967
84.325	Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities	619	186,747 **	
84.325	Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities	621	350,075	
84.325	Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities (Passed through Xavier University)	621	34,957	571,779
84.326	Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	282	110,386	110,386
84.329	Special Education - Studies and Evaluations (Passed through Colorado State University; P310619)	620	1,217 **	1,217
84.330	Advanced Placement Program (\$13,416 provided to subrecipients)	282	408,975	408,975
84.331	Grants to States for Incarcerated Youth Offenders	252	145,986	145,986
84.332	Comprehensive School Reform Demonstration (\$1,025,000 provided to subrecipients)	282	1,071,448	1,071,448
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	621	220,738	220,738
84.335	Child Care Access Means Parents in School	619	12,164 **	
84.335	Child Care Access Means Parents in School (\$55,948 provided to subrecipients)	620	76,925 **	
84.335	Child Care Access Means Parents in School	621	72,703	161,792
84.336	Teacher Quality Enhancement Grants	282	569,170	569,170
84.339	Learning Anytime Anywhere Partnerships (\$31,618 provided to subrecipients)	619	57,843 **	
84.339	Learning Anytime Anywhere Partnerships	620	152,934 **	210,777
84.341	Community Technology Centers	621	85,663	85,663
84.343	Assistive Technology - State Grants for Protection and Advocacy (\$13,212 provided to subrecipients)	619	13,216 **	13,216
84.346	Vocational Education - Occupational and Employment Information State Grants	282	145,934	145,934
84.352	School Renovation Grants (\$3,666 provided to subrecipients)	282	3,666	3,666
84.357	Reading First State Grants (\$5,528,083 provided to subrecipients)	282	6,502,997	6,502,997
84.359	Early Reading First (Passed through Des Moines Independent Community School District; 06-159, 06-0743)	620	10,636 **	10,636
84.365	English Language Acquisition Grants (\$2,614,619 provided to subrecipients)	282	2,821,393	2,821,393
84.366	Mathematics and Science Partnerships (\$547,495 provided to subrecipients)	282	567,760	567,760
84.367	Improving Teacher Quality State Grants (\$20,507,932 provided to subrecipients)	282	21,639,095	
84.367	Improving Teacher Quality State Grants	615	648,921	22,288,016
84.369	Grants for State Assessments and Related Activities (\$2,778,670 provided to subrecipients)	282	3,930,047	3,930,047
84.928	National Writing Project (Passed through National Writing Project Corporation)	621	53,705	53,705
84.938	Hurricane Education Recovery (\$1,276,875 provided to subrecipients)	282	1,276,875	
84.938	Hurricane Education Recovery	619	15,584 **	1,292,459
84.000	Other Federal Assistance:			
	American Printing House for the Blind Federal Quota Grant	617	11,927	
	Unknown Title (Passed through Heartland Area Education Agency 11; E2T2 Consortium Evaluation, E2T2 Year 1)	620	241,714 **	253,641
	Total U.S. Department of Education		703,755,499	703,755,499

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<u>National Archives and Records Administration</u>				
89.003	National Historical Publications and Records Grants	259	105,105	105,105
	Total National Archives and Records Administration		105,105	105,105
<u>U.S. Elections Assistance Commission</u>				
90.401	Help America Vote Act Requirements Payments	635	19,922,158	19,922,158
	Total U.S. Elections Assistance Commission		19,922,158	19,922,158
<u>U.S. Institute of Peace</u>				
91.001	Unsolicited Grant Program	619	20,230 **	20,230
	Total U.S. Institute of Peace		20,230	20,230
<u>U.S. Department of Health and Human Services</u>				
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program (\$139,218 provided to subrecipients)	620	271,343 **	271,343
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	297	51,974	51,974
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	297	138,325	138,325
93.043	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services (\$231,541 provided to subrecipients)	297	242,663	242,663
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers (\$3,866,691 provided to subrecipients)	297	4,150,973	4,150,973
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services (\$6,838,716 provided to subrecipients)	297	7,133,334	7,133,334
93.048	Special Programs for the Aging - Title IV - and Title II - Discretionary Projects (\$291,597 provided to subrecipients)	297	1,086,487	1,086,487
93.051	Alzheimer's Disease Demonstration Grants to States (\$296,258 provided to subrecipients)	297	319,749	319,749
93.052	National Family Caregiver Support (\$1,701,527 provided to subrecipients)	297	1,778,343	1,778,343
93.053	Nutrition Services Incentive Program (\$1,878,154 provided to subrecipients)	297	1,878,154	
93.053	Nutrition Services Incentive Program (note 2)	401	120,670	1,998,824
93.103	Food and Drug Administration - Research	427	4,363	
93.103	Food and Drug Administration - Research (\$7,222 provided to subrecipients)	619	223,715 **	228,078
93.110	Maternal and Child Health Federal Consolidated Programs (\$90,925 provided to subrecipients)	588	356,397	
93.110	Maternal and Child Health Federal Consolidated Programs (\$4,000 provided to subrecipients)	619	1,095,294 **	
93.110	Maternal and Child Health Federal Consolidated Programs (Passed through University of Oklahoma; RS20051349-02)	619	30,000 **	
93.110	Maternal and Child Health Federal Consolidated Programs (Passed through Children's Mercy Hospitals and Clinic, 02-0004, 05/0005)	619	86,330 **	
93.110	Maternal and Child Health Federal Consolidated Programs (Passed through Family Voices; 2005-102)	619	39,255 **	1,607,276
93.113	Biological Response to Environmental Health Hazards	619	516,152 **	

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.113	Biological Response to Environmental Health Hazards (Passed through University of Kentucky; 3047280900-06-118, 4-72645-05-545)	619	181,384 **	
93.113	Biological Response to Environmental Health Hazards (\$213,548 provided to subrecipients)	620	1,565,859 **	2,263,395
93.114	Applied Toxicological Research and Testing	619	10,305 **	10,305
93.115	Biometry and Risk Estimation - Health Risks from Environmental Exposures (\$14,415 provided to subrecipients)	619	971,555 **	
93.115	Biometry and Risk Estimation - Health Risks from Environmental Exposures (\$7,213 provided to subrecipients)	621	39,800 **	1,011,355
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs (\$214,453 provided to subrecipients)	588	433,392	433,392
93.121	Oral Diseases and Disorders Research (\$1,803,901 provided to subrecipients)	619	8,893,751 **	
93.121	Oral Diseases and Disorders Research (Passed through Mattek Corporation)	619	18,329 **	8,912,080
93.124	Nurse Anesthetist Traineeships	619	8,707 **	8,707
93.127	Emergency Medical Services for Children	588	158,683	
93.127	Emergency Medical Services for Children	619	158,654 **	317,337
93.130	Primary Care Services Resource Coordination and Development (\$9,408 provided to subrecipients)	588	189,632	189,632
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention	619	569,881 **	569,881
93.136	Injury Prevention and Control Research and State and Community Based Programs (\$381,409 provided to subrecipients)	588	551,093	
93.136	Injury Prevention and Control Research and State and Community Based Programs (\$12,081 provided to subrecipients)	619	1,021,854 **	
93.136	Injury Prevention and Control Research and State and Community Based Programs (Passed through Iowa CASA)	619	20,012 **	
93.136	Injury Prevention and Control Research and State and Community Based Programs	620	119,180 **	
93.136	Injury Prevention and Control Research and State and Community Based Programs (Passed through University of Georgia; RR274-269/9037587)	620	142,426 **	
93.136	Injury Prevention and Control Research and State and Community Based Programs	621	294,164	2,148,729
93.143	NIEHS Superfund Hazardous Substances - Basic Research and Education (Passed through University of Illinois at Chicago; 2-5-34361)	619	1,381 **	1,381
93.145	AIDS Education and Training Centers (Passed through University of Illinois at Chicago; E6801, E9129)	619	165,667 **	165,667
93.150	Projects for Assistance in Transition from Homelessness (PATH) (\$275,369 provided to subrecipients)	401	284,103	284,103
93.155	Rural Health Research Centers (Passed through University of Arkansas; 13760)	619	8,417 **	8,417
93.156	Geriatric Training for Physicians, Dentists and Behavioral/Mental Health Professionals	619	327,759 **	327,759
93.165	Grants To States for Loan Repayment Program (\$150,000 provided to subrecipients)	588	150,000	150,000
93.172	Human Genome Research	619	50,806 **	
93.172	Human Genome Research (Passed through University of Washington; 05-201006-01-S1402)	619	38,070 **	
93.172	Human Genome Research (Passed through Washington University; WU06199, WU0530)	620	86,578 **	175,454

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.173	Research Related to Deafness and Communication Disorders (\$690,525 provided to subrecipients)	619	9,008,256 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through Denver Center for the Performing Arts; 65-0794-1-5)	619	97,197 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through Duke University; 06-SC-NIH-1002)	619	69,081 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through Massachusetts Eye and Ear Infirmary; U01DC006296-01A1)	619	107,647 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through Purdue University; 511-1543-01, 511-1653-01)	619	46,152 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through Salk Institute for Biological Studies; 502053)	619	1,080 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through Temple University; 36-0915-197)	619	6,413 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through University of Illinois; 2003-03433-02)	619	129,839 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through Washington University; WU-04-08)	619	295 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through Johns Hopkins University; 840753681)	620	55,819 **	9,521,779
93.184	Disabilities Prevention (\$239,512 provided to subrecipients)	588	452,575	
93.184	Disabilities Prevention	619	724,253 **	1,176,828
93.191	Allied Health Special Projects (Passed through Palmer Chiropractic University)	619	16,218 **	16,218
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children (\$356,224 provided to subrecipients)	588	733,840	733,840
93.204	Surveillance of Hazardous Substance Emergency Events	588	105,067	105,067
93.213	Research and Training in Complementary and Alternative Medicine	619	2,489 **	
93.213	Research and Training in Complementary and Alternative Medicine (Passed through Palmer Chiropractic University)	619	4,222 **	
93.213	Research and Training in Complementary and Alternative Medicine (Passed through University of Connecticut; 02-0729, 456904)	619	121,425 **	128,136
93.217	Family Planning - Services (\$859,568 provided to subrecipients)	588	985,794	
93.217	Family Planning - Services (Passed through Family Planning Council of Iowa; 424-FY2006)	619	2,000 **	987,794
93.226	Research on Healthcare Costs, Quality and Outcomes	619	953,070 **	
93.226	Research on Healthcare Costs, Quality and Outcomes (Passed through Trinity Health; 1UC1HS015196) (\$19,495 provided to subrecipients)	619	123,744 **	
93.226	Research on Healthcare Costs, Quality and Outcomes (Passed through University of Pittsburgh; 106524-2)	619	181,465 **	
93.226	Research on Healthcare Costs, Quality and Outcomes (Passed through University of Minnesota; S6656634101)	620	14,633 **	1,272,912
93.230	Consolidated Knowledge Development and Application (KD&A) Program (\$2,122,728 provided to subrecipients)	588	2,258,291	
93.230	Consolidated Knowledge Development and Application (KD&A) Program (\$313,615 provided to subrecipients)	619	1,477,718 **	
93.230	Consolidated Knowledge Development and Application (KD&A) Program (\$27,460 provided to subrecipients)	620	39,525 **	
93.230	Consolidated Knowledge Development and Application (KD&A) Program (Passed through University of Wisconsin; J207513)	620	48,814 **	
93.230	Consolidated Knowledge Development and Application (KD&A) Program (Passed through Henry County Agricultural Extension; State Incentive Grant)	620	8,459 **	3,832,807

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.234	Traumatic Brain Injury State Demonstration Grant Program (\$31,887 provided to subrecipients)	588	66,532	66,532
93.235	Abstinence Education Program (\$303,278 provided to subrecipients)	588	381,794	381,794
93.236	Grants for Dental Public Health Residency Training	619	32,963 **	32,963
93.238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement (\$105,228 provided to subrecipients)	588	118,669	118,669
93.240	State Capacity Building	588	234,854	234,854
93.241	State Rural Hospital Flexibility Program (\$222,655 provided to subrecipients)	588	432,493	432,493
93.242	Mental Health Research Grants	401	11,762	
93.242	Mental Health Research Grants (\$769,644 provided to subrecipients)	619	9,369,492 **	
93.242	Mental Health Research Grants (Passed through Northwestern University; 0600 520 S310)	619	105,805 **	
93.242	Mental Health Research Grants (Passed through University of Cincinnati; G100121-6263400-1-1003, PC05A-01104)	619	51,751 **	
93.242	Mental Health Research Grants (Passed through University of Maryland; 5R01MH65034-05)	619	123,976 **	
93.242	Mental Health Research Grants (Passed through University of North Carolina; 5-32168, 5-50155)	619	326,603 **	
93.242	Mental Health Research Grants (\$485,797 provided to subrecipients)	620	1,668,207 **	
93.242	Mental Health Research Grants (Passed through University of Georgia; RR274216/6330317)	620	135,631 **	11,793,227
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	401	68,209	
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance (\$435,222 provided to subrecipients)	588	464,824	
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance (Passed through Montclair State University; 0602)	619	18,296 **	
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance (\$137,882 provided to subrecipients)	642	139,709	691,038
93.245	Innovative Food Safety Projects (\$346,183 provided to subrecipients)	282	346,183	346,183
93.247	Advanced Education Nursing Grant Program	619	137,564 **	
93.247	Advanced Education Nursing Grant Program (Passed through Illinois State University; 05B138.01)	619	11,295 **	148,859
93.249	Public Health Training Centers Grant Program	619	594,379 **	594,379
93.256	State Planning Grants Health Care Access for the Uninsured	588	65,674	65,674
93.259	Rural Access to Emergency Devices Grant (\$162,247 provided to subrecipients)	588	163,801	163,801
93.262	Occupational Safety and Health Program (\$119,287 provided to subrecipients)	588	132,573	
93.262	Occupational Safety and Health Program (\$163,060 provided to subrecipients)	619	2,270,202 **	
93.262	Occupational Safety and Health Program (Passed through Colorado State University; G-4607-8)	619	10,544 **	
93.262	Occupational Safety and Health Program	620	99,300 **	2,512,619
93.263	Occupational Safety and Health - Training Grants (\$8,875 provided to subrecipients)	619	56,312 **	56,312
93.264	Nurse Faculty Loan Program (NFLP)	619	84,000	84,000
93.268	Immunization Grants (\$10,268,245 provided to subrecipients) (note 2)	588	12,896,377	12,896,377
93.271	Alcohol Research Career Development Awards for Scientists and Clinicians	619	116,753 **	116,753

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.273	Alcohol Research Programs	619	2,219,063 **	
93.273	Alcohol Research Programs (Passed through State University of New York; 34462, 37316)	619	530,033 **	
93.273	Alcohol Research Programs (\$170,996 provided to subrecipients)	620	555,244 **	
93.273	Alcohol Research Programs (Passed through Calvin College; CC251)	620	26,795 **	
93.273	Alcohol Research Programs	621	98,702 **	3,429,837
93.276	Drug-Free Communities Support Program Grants (\$37,783 provided to subrecipients)	620	51,543 **	
93.276	Drug-Free Communities Support Program Grants (Passed through Boone County Agricultural Extension; Boone County Ag Extension)	620	4,356 **	55,899
93.279	Drug Abuse and Addiction Research Programs (\$37,746 provided to subrecipients)	619	4,481,675 **	
93.279	Drug Abuse and Addiction Research Programs (\$1,314,981 provided to subrecipients)	620	5,209,547 **	
93.279	Drug Abuse and Addiction Research Programs (Passed through Duke University; 3037033)	620	2,473 **	9,693,695
93.281	Mental Health Research Career/Scientist Development Awards	619	502,136 **	
93.281	Mental Health Research Career/Scientist Development Awards (Passed through Indiana University; K08 MH001932)	619	43,818 **	545,954
93.282	Mental Health National Research Service Awards for Research Training	619	250,071 **	250,071
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (\$15,133,196 provided to subrecipients)	588	22,179,518	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (\$16,961 provided to subrecipients)	619	2,803,961 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Association of Schools of Public Health; A1012-21/22, S3111-23/24, D3309-23/23)	619	357,038 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Association of American Medical Colleges; MM-0822-04/04)	619	112,031 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Association of Teachers of Preventative Medicine; TS-1329)	619	20,926 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Children's Mercy Hospitals and Clinics; 03-0026, 04-0019)	619	96,929 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Health Research, Inc.; 2433-01, 2433-02, 2620-1)	619	290,531 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Infectious Diseases Society of America; CCU112346)	619	60,372 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through National Foundation for Facial Reconstruction; CCR224375-02)	619	197,185 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through University of Alabama at Birmingham)	619	1,019 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through University of Arizona; Y432844)	619	9,238 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through University of Minnesota; B6367576101)	619	13,487 **	

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	620	287,175 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Mary Greeley Medical Center Foundation; Active Schools)	620	20,474 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Taylor County Agricultural Extension; Healthy Communities)	620	7,510 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Winnebago County Agricultural Extension; Building Healthy Communities)	620	18,781 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Woodbury County Agricultural Extension; Healthy Communities)	620	6,965 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance (Passed through Iowa Health Systems; Geriatric Innovations)	620	26,914 **	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	621	219,770	26,729,824
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health (\$279,038 provided to subrecipients)	619	2,916,978 **	
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health (Passed through University of North Carolina; 5-32107)	619	36,235 **	
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health (Passed through Brigham and Women's Hospital; 143611)	619	14,851 **	
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health	620	281,479 **	3,249,543
93.301	Small Rural Hospital Improvement Grant Program	588	829,192	829,192
93.307	Minority Health and Health Disparities Research	619	111,815 **	
93.307	Minority Health and Health Disparities Research (Passed through Aberdeen Area Tribal Chairmen's Health Board; 1R24MD001658-01)	619	56,967 **	
93.307	Minority Health and Health Disparities Research	621	313,000	481,782
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	619	1,156,825 *	
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	620	639,897 *	1,796,722
93.358	Advanced Education Nursing Traineeships	619	38,378 **	38,378
93.361	Nursing Research (\$145,212 provided to subrecipients)	619	2,468,204 **	
93.361	Nursing Research (Passed through Saint Louis University; 1R01NR0877701A2)	619	10,971 **	
93.361	Nursing Research (Passed through Swedish Medical Center; 0525-IA-1)	619	22,824 **	2,501,999
93.364	Nursing Student Loans	619	486,234 *	486,234
93.389	National Center for Research Resources	619	7,051,580 **	
93.389	National Center for Research Resources (Passed through University of California, Irvine; 2006-1726)	619	450,129 **	
93.389	National Center for Research Resources (Passed through University of Wisconsin-Madison; P268402)	619	8,220 **	
93.389	National Center for Research Resources (Passed through University of Texas Medical Branch; 05-028, 06-032)	619	15,269 **	
93.389	National Center for Research Resources (\$6,719 provided to subrecipients)	620	249,630 **	7,774,828

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.393	Cancer Cause and Prevention Research (\$305,640 provided to subrecipients)	619	7,327,252 **	
93.393	Cancer Cause and Prevention Research (Passed through Booz-Allen and Hamilton, Inc.; 79718CBS10)	619	67,814 **	
93.393	Cancer Cause and Prevention Research (Passed through Harvard Medical School; 150014.0003)	619	94,665 **	
93.393	Cancer Cause and Prevention Research (Passed through University of Wisconsin-Madison; 336F361)	619	19,467 **	
93.393	Cancer Cause and Prevention Research (Passed through University of North Carolina; W504037)	619	5,409 **	
93.393	Cancer Cause and Prevention Research (Passed through University of Texas, MD Anderson Cancer Center; 1R01CA10929801A1)	619	12,167 **	
93.393	Cancer Cause and Prevention Research (Passed through Yeshiva University; 9-526-1660)	619	14,266 **	
93.393	Cancer Cause and Prevention Research (Passed through University of Florida; UF02005)	620	5,593 **	7,546,633
93.394	Cancer Detection and Diagnosis Research	619	622,559 **	
93.394	Cancer Detection and Diagnosis Research (Passed through American College of Radiology; CA80098, 6652, 6660)	619	821,805 **	
93.394	Cancer Detection and Diagnosis Research (Passed through Pennsylvania State University; 2605-UI-DHHS-4325)	619	21,651 **	
93.394	Cancer Detection and Diagnosis Research (Passed through University of Oklahoma; 2004-23)	619	26,270 **	
93.394	Cancer Detection and Diagnosis Research	620	208,351 **	
93.394	Cancer Detection and Diagnosis Research (Passed through University of California; 10225622)	620	140,173 **	
93.394	Cancer Detection and Diagnosis Research (Passed through Molecular Express, Inc.; 0321, Aptamers for Imaging)	620	18,966 **	1,859,775
93.395	Cancer Treatment Research	619	3,182,801 **	
93.395	Cancer Treatment Research (Passed through American College of Surgeons Oncology Group; 543)	619	1,500 **	
93.395	Cancer Treatment Research (Passed through University of Chicago Cancer and Leukemia Group B Foundation)	619	46,652 **	
93.395	Cancer Treatment Research (Passed through Duke University; Site 209)	619	9,579 **	
93.395	Cancer Treatment Research (Passed through Eastern Cooperative Oncology Group)	619	733 **	
93.395	Cancer Treatment Research (Passed through Federal University of Bahia; H21987)	619	4,138 **	
93.395	Cancer Treatment Research (Passed through University of Minnesota)	619	240 **	
93.395	Cancer Treatment Research (Passed through University of Missouri-Columbia; C000005198-1)	619	23,863 **	
93.395	Cancer Treatment Research (Passed through University of North Carolina; 5-32601)	619	118,995 **	
93.395	Cancer Treatment Research (Passed through University of Texas Health Science Center; 122090-89)	619	14,108 **	
93.395	Cancer Treatment Research (Passed through University of Texas, MD Anderson Cancer Center; 12378-0-2000)	619	295 **	
93.395	Cancer Treatment Research (Passed through Washington University in St. Louis; WU-03-18)	619	33,415 **	
93.395	Cancer Treatment Research (Passed through National Childhood Cancer Foundation; 12858, 14077, 14259)	619	92,748 **	
93.395	Cancer Treatment Research (Passed through Molecular Express, Inc.; IPRT-0405)	620	29,291 **	3,558,358

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.396	Cancer Biology Research (\$53,890 provided to subrecipients)	619	1,248,543 **	
93.396	Cancer Biology Research (Passed through University of Southern California; H28307)	619	93,792 **	1,342,335
93.397	Cancer Centers Support Grants (\$1,757,832 provided to subrecipients)	619	6,196,821 **	
93.397	Cancer Centers Support Grants (Passed through Fred Hutchinson Cancer Research Center; 06-200949-02S1335)	619	13,234 **	6,210,055
93.398	Cancer Research Manpower	619	654,707 **	654,707
93.399	Cancer Control (\$115,319 provided to subrecipients)	619	1,134,934 **	
93.399	Cancer Control (Passed through Fox Chase Cancer Center; 15012-01)	619	51,650 **	
93.399	Cancer Control (Passed through Mayo Clinic; CA 96704-04)	619	125,640 **	
93.399	Cancer Control (Passed through University of Texas Health Science Center; 120486/116267)	619	18,490 **	
93.399	Cancer Control (Passed through University of Texas, MD Anderson Cancer Center; 1R01CA110793-01)	619	26,561 **	
93.399	Cancer Control (Passed through Dartmouth College; 537082.5705, 530547.5730, 530190.5725, 530244.573)	619	301,758 **	
93.399	Cancer Control (Passed through Cancer Therapy and Research Center Foundation; CA37429)	619	22,431 **	1,681,464
93.448	Food Safety and Security Monitoring Project	619	142,021 **	142,021
93.556	Promoting Safe and Stable Families	401	2,101,700	
93.556	Promoting Safe and Stable Families	619	55,102 **	2,156,802
93.558	Temporary Assistance for Needy Families (\$1,732,617 provided to subrecipients)	401	98,517,488	98,517,488
93.563	Child Support Enforcement	401	40,645,478	40,645,478
93.566	Refugee and Entrant Assistance - State Administered Programs	401	1,280,528	1,280,528
93.568	Low-Income Home Energy Assistance (\$54,017,152 provided to subrecipients)	379	54,815,046	54,815,046
93.569	Community Services Block Grant (\$2,315,078 provided to subrecipients)	379	6,114,390	6,114,390
93.575	Child Care and Development Block Grant (\$12,831,505 provided to subrecipients)	401	46,950,726	46,950,726
93.576	Refugee and Entrant Assistance - Discretionary Grants	282	5,000	
93.576	Refugee and Entrant Assistance - Discretionary Grants	401	661,475	
93.576	Refugee and Entrant Assistance - Discretionary Grants	588	104,880	771,355
93.584	Refugee and Entrant Assistance - Targeted Assistance Grants	401	346,832	346,832
93.586	State Court Improvement Program	444	185,608	185,608
93.590	Community-Based Child Abuse Prevention Grants	401	620,075	620,075
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund (\$412,357 provided to subrecipients)	401	27,393,514	27,393,514
93.597	Grants to States for Access and Visitation Programs	401	72,639	72,639
93.599	Chafee Education and Training Vouchers Program (ETV)	401	65,000	65,000
93.600	Head Start	282	215,552	
93.600	Head Start	620	45,020 **	
93.600	Head Start (Passed through Tri-County Child and Family Development)	621	273,265	533,837
93.601	Child Support Enforcement Demonstrations and Special Projects	401	48,846	48,846
93.603	Adoption Incentive Payments	401	751,129	751,129
93.617	Voting Access for Individuals with Disabilities - Grants to States	635	236,934	236,934
93.623	Basic Center Grant (\$64,382 provided to subrecipients)	379	212,944	212,944
93.630	Developmental Disabilities Basic Support and Advocacy Grants	401	683,429	
93.630	Developmental Disabilities Basic Support and Advocacy Grants (Passed through People First of Iowa)	619	242 **	683,671

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.631	Developmental Disabilities Projects of National Significance	401	178,024	178,024
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	619	464,894 **	464,894
93.643	Children's Justice Grants to States	401	84,723	84,723
93.645	Child Welfare Services - State Grants	401	2,977,297	2,977,297
93.647	Social Services Research and Demonstration (Passed through University of Nebraska; 2405200014003, 2405200013003 HDFS)	620	123,970 **	
93.647	Social Services Research and Demonstration (Passed through University of North Carolina; 552413) (\$67,793 provided to subrecipients)	620	245,455 **	369,425
93.648	Child Welfare Services Training Grants (\$4,061 provided to subrecipients)	619	283,705 **	283,705
93.658	Foster Care - Title IV-E (\$892,351 provided to subrecipients)	401	25,337,142	25,337,142
93.659	Adoption Assistance (\$219,502 provided to subrecipients)	401	29,566,785	29,566,785
93.667	Social Services Block Grant (\$1,138,972 provided to subrecipients)	401	29,923,041	29,923,041
93.669	Child Abuse and Neglect State Grants	401	172,088	172,088
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes (\$1,106,833 provided to subrecipients)	112	1,164,753	1,164,753
93.674	Chafee Foster Care Independence Program	401	1,424,813	1,424,813
93.767	State Children's Insurance Program (\$17,189 provided to subrecipients)	401	46,968,518	46,968,518
93.768	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	401	121,950	121,950
93.775	State Medicaid Fraud Control Units	427	719,583	719,583
93.777	State Survey and Certification of Health Care Providers and Suppliers	401	4,890,163	
93.777	State Survey and Certification of Health Care Providers and Suppliers	427	2,380,684	7,270,847
93.778	Medical Assistance Program (\$2,288,555 provided to subrecipients)	401	1,700,924,595	1,700,924,595
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	216	568,591	
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	401	327,599	
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	427	159,576	
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations (Passed through Magellan Behavioral Care of Iowa, Inc.) (\$79,891 provided to subrecipients)	619	201,127 **	1,256,893
93.837	Heart and Vascular Diseases Research (\$438,851 provided to subrecipients)	619	19,331,725 **	
93.837	Heart and Vascular Diseases Research (Passed through Axio Research Corporation)	619	1,181 **	
93.837	Heart and Vascular Diseases Research (Passed through Medical College of Ohio; NS 2005-063)	619	207 **	
93.837	Heart and Vascular Diseases Research (Passed through Vanderbilt University; VUMC 32103-R, VUMC 32140-R)	619	197,653 **	
93.837	Heart and Vascular Diseases Research (Passed through Duke Clinical Research Institute; 213)	619	473 **	
93.837	Heart and Vascular Diseases Research (Passed through Living Systems; R43HL07970201)	620	12,426 **	19,543,665
93.838	Lung Diseases Research (\$246,169 provided to subrecipients)	619	10,836,456 **	
93.838	Lung Diseases Research (Passed through National Jewish Medical and Research Center; 22067704, 22067705)	619	42,241 **	
93.838	Lung Diseases Research (Passed through Trustees of Columbia University)	619	242,168 **	

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.838	Lung Diseases Research (Passed through University of Colorado; FY05.102.020)	619	5,862 **	
93.838	Lung Diseases Research (Passed through Johns Hopkins University; N01HR76119)	619	10,013 **	11,136,740
93.839	Blood Diseases and Resources Research (\$26,491 provided to subrecipients)	619	1,487,784 **	
93.839	Blood Diseases and Resources Research (Passed through Case Western Reserve University; 1R01HL-076810-01)	619	77,312 **	
93.839	Blood Diseases and Resources Research (Passed through Medical College of Wisconsin; 1P0HL081588-01)	619	22,595 **	
93.839	Blood Diseases and Resources Research (Passed through Virogenics, Inc.; 1R43HL081976-01)	619	33,000 **	1,620,691
93.846	Arthritis, Musculoskeletal and Skin Diseases Research (\$399,653 provided to subrecipients)	619	3,202,439 **	
93.846	Arthritis, Musculoskeletal and Skin Diseases Research (Passed through Palmer Chiropractic University; 5 U19 AT002006)	619	27,589 **	
93.846	Arthritis, Musculoskeletal and Skin Diseases Research (\$510,925 provided to subrecipients)	620	800,547 **	4,030,575
93.847	Diabetes, Endocrinology and Metabolism Research (\$374,577 provided to subrecipients)	619	6,481,474 **	
93.847	Diabetes, Endocrinology and Metabolism Research (Passed through University of Florida; K15032)	619	728 **	
93.847	Diabetes, Endocrinology and Metabolism Research (Passed through George Washington University; Site #198)	619	6,161 **	
93.847	Diabetes, Endocrinology and Metabolism Research	620	9,638 **	6,498,001
93.848	Digestive Diseases and Nutrition Research	619	1,355,449 **	
93.848	Digestive Diseases and Nutrition Research (\$150,086 provided to subrecipients)	620	459,269 **	1,814,718
93.849	Kidney Diseases, Urology and Hematology Research	619	2,294,045 **	
93.849	Kidney Diseases, Urology and Hematology Research (Passed through University of Minnesota)	619	1,500 **	
93.849	Kidney Diseases, Urology and Hematology Research (Passed through Rhode Island Hospital; 701-7515)	619	24,083 **	
93.849	Kidney Diseases, Urology and Hematology Research (Passed through University of Virginia; GC10841-122157, GC10841-124075) (\$61,848 provided to subrecipients)	619	199,218 **	
93.849	Kidney Diseases, Urology and Hematology Research (Passed through Wake Forest University; WFUHS 17416)	619	82,419 **	
93.849	Kidney Diseases, Urology and Hematology Research (Passed through Tufts University; 0043519)	619	3,962 **	
93.849	Kidney Diseases, Urology and Hematology Research (Passed through Vanderbilt University; VUMC10385)	620	17,759 **	2,622,986
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (\$2,441,329 provided to subrecipients)	619	15,458,125 **	
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Trustees of Columbia University; 1R01NS048212-01, Subaward 1)	619	83,580 **	
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Massachusetts General Hospital; 5 P01 NS045242)	619	14,088 **	
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Mayo Clinic; R01NS28492)	619	28,511 **	
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Stanford University; 13496970-32115-A)	619	193,495 **	

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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 Cincinnati; 18464)	619	24,302 **	
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of Michigan; F010399)	619	13,857 **	
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of South Dakota; 401506)	619	68,880 **	
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Washington University in St. Louis; WU-06-131)	619	100,961 **	
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (\$27,320 provided to subrecipients)	620	1,616,722 **	
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of Maryland; S01666)	620	41,687 **	17,644,208
93.855	Allergy, Immunology and Transplantation Research (\$364,275 provided to subrecipients)	619	7,117,678 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through Trustees of Columbia University; Subaward 2)	619	219,021 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through University of Minnesota; S6476775112)	619	167,316 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through University of Kentucky; UKRF-4-67181-04-089)	619	7,881 **	
93.855	Allergy, Immunology and Transplantation Research (\$8,105 provided to subrecipients)	620	553,934 **	8,065,830
93.856	Microbiology and Infectious Diseases Research (\$2,329,735 provided to subrecipients)	619	9,529,856 **	
93.856	Microbiology and Infectious Diseases Research (Passed through Inbios International, Inc.; R44AI052683-02)	619	24,499 **	
93.856	Microbiology and Infectious Diseases Research (Passed through Social and Scientific Systems, Inc., CPC2.18.IA.01)	619	34 **	
93.856	Microbiology and Infectious Diseases Research (Passed through Stanford University; PY02580-25176-B)	619	32,906 **	
93.856	Microbiology and Infectious Diseases Research (Passed through University of Minnesota; M6356597419, M6356597492)	619	106,383 **	
93.856	Microbiology and Infectious Diseases Research (Passed through University of Cincinnati; P021-040-N683-1073)	619	2,634 **	
93.856	Microbiology and Infectious Diseases Research (Passed through University of Virginia; GO10560-124761)	619	3,677 **	
93.856	Microbiology and Infectious Diseases Research (Passed through Wake Forest University; PA-03-047)	619	43,855 **	
93.856	Microbiology and Infectious Diseases Research (Passed through Washington University in St. Louis; WU-06-204, WU-06-212, WU-06-213, WU-06-216) (\$38,993 provided to subrecipients)	619	661,644 **	
93.856	Microbiology and Infectious Diseases Research (Passed through University of Wisconsin-Madison; P265801)	619	31,397 **	
93.856	Microbiology and Infectious Diseases Research (\$140,932 provided to subrecipients)	620	1,564,949 **	
93.856	Microbiology and Infectious Diseases Research (Passed through Pace University; 8C09019924267)	620	11,557 **	
93.856	Microbiology and Infectious Diseases Research (Passed through Concurrent Analytical; Automated Wind Detection)	620	362,226 **	12,375,617

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.859	Biomedical Research and Research Training (\$324,225 provided to subrecipients)	619	8,309,772 **	
93.859	Biomedical Research and Research Training (Passed through Brown University; 978742, 1449-27458)	619	53,678 **	
93.859	Biomedical Research and Research Training (Passed through Northwestern University; 0600 350 H377 757)	619	50,488 **	
93.859	Biomedical Research and Research Training (Passed through Regents of the University of Michigan; F014407, F013884)	619	182,008 **	
93.859	Biomedical Research and Research Training (Passed through Medical College of Wisconsin; R01GM068746)	619	112,916 **	
93.859	Biomedical Research and Research Training (\$171,337 provided to subrecipients)	620	3,325,406 **	
93.859	Biomedical Research and Research Training (Passed through Meharry Medical College; 02100HKR16751S202)	620	2,266 **	
93.859	Biomedical Research and Research Training (Passed through Fluorous Technologies Inc.; Phase Synthesis of Peptid)	620	75,753 **	
93.859	Biomedical Research and Research Training (Passed through University of Kansas; FY2004020)	620	64,198 **	
93.859	Biomedical Research and Research Training (Passed through University of Washington; 142379)	620	8,329 **	
93.859	Biomedical Research and Research Training (Passed through Virginia Commonwealth University; 520829/POP655698)	620	100,733 **	12,285,547
93.865	Child Health and Human Development Extramural Research (\$586,942 provided to subrecipients)	619	6,347,316 **	
93.865	Child Health and Human Development Extramural Research (Passed through University of Utah; 10000459)	619	63,607 **	
93.865	Child Health and Human Development Extramural Research (Passed through Albert Einstein Healthcare Network; 5K12HD001097)	619	104,239 **	
93.865	Child Health and Human Development Extramural Research (Passed through Indiana University; 27608 0046)	619	105,474 **	
93.865	Child Health and Human Development Extramural Research (Passed through Foundation for Blood Research)	619	14,665 **	
93.865	Child Health and Human Development Extramural Research (\$315,769 provided to subrecipients)	620	1,534,327 **	
93.865	Child Health and Human Development Extramural Research (Passed through Penn State University; 2913ISUDHH0045)	620	56,876 **	
93.865	Child Health and Human Development Extramural Research (Passed through University of Michigan; HD04983701A2)	620	73,555 **	
93.865	Child Health and Human Development Extramural Research (Passed through Purdue University; 511167601)	620	15,671 **	
93.865	Child Health and Human Development Extramural Research (Passed through University of Georgia; RR580323/7514917)	620	66,255 **	
93.865	Child Health and Human Development Extramural Research (Passed through Northwestern University; 0980520W297976)	620	41,016 **	
93.865	Child Health and Human Development Extramural Research (Passed through Custom Kynetics, Inc.; Biomechanical Analysis)	620	1,455 **	8,424,456
93.866	Aging Research (\$52,065 provided to subrecipients)	619	2,501,268 **	
93.866	Aging Research (Passed through Indiana University; R01 AG010436)	619	68,914 **	
93.866	Aging Research (Passed through University of Pittsburgh; 110366-4)	619	65,189 **	
93.866	Aging Research (Passed through University of Michigan; F010654, F012545)	619	101,911 **	
93.866	Aging Research (Passed through Wake Forest University; N01-AG-9-2115)	619	40,903 **	

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.866	Aging Research (Passed through University of California, San Diego; 135-00-ADCS)	619	4,700 **	
93.866	Aging Research (Passed through Research Foundation for Mental Hygiene, Inc.; 1003756/1/23532)	619	220,756 **	
93.866	Aging Research (Passed through University of Georgia; RR546023/7605474)	620	82,392 **	
93.866	Aging Research (Passed through Metabolic Technologies; MTI0303 FSHN)	620	156,431 **	3,242,464
93.867	Vision Research (\$129,470 provided to subrecipients)	619	2,564,651 **	
93.867	Vision Research (Passed through Jaeb Center for Health Research)	619	976 **	
93.867	Vision Research (Passed through University of Rochester; 413163-G)	619	7,581 **	
93.867	Vision Research (Passed through Kestrel Corporation; 0111B, 0145B)	619	16,269 **	
93.867	Vision Research (Passed through Medical College of Wisconsin; 752278)	619	89,972 **	
93.867	Vision Research (Passed through Ohio State University Research Foundation; RF00101094)	619	209,404 **	
93.867	Vision Research (Passed through Spelman College; R33 EY013688-03)	619	159,767 **	
93.867	Vision Research (Passed through University of Pennsylvania; 5-40026, 5-43507, 5-42833-E, 5-45507)	619	49,075 **	
93.867	Vision Research (Passed through University of Florida; UF05029, UF05137)	619	203,810 **	
93.867	Vision Research	620	158,366 **	3,459,871
93.879	Medical Library Assistance (\$9,728 provided to subrecipients)	619	158,319 **	
93.879	Medical Library Assistance (Passed through National Network of Libraries of Medicine)	619	154 **	
93.879	Medical Library Assistance (Passed through University of Illinois at Chicago; 2-5-20494)	619	4,235 **	162,708
93.884	Grants for Residency Training in Primary Care Medicine and Dentistry	619	344,155 **	344,155
93.887	Health Care and Other Facilities	619	49,993 **	
93.887	Health Care and Other Facilities	621	175,420	225,413
93.888	Specially Selected Health Projects (\$801,972 provided to subrecipients)	588	1,161,529	1,161,529
93.889	National Bioterrorism Hospital Preparedness Program (\$4,340,769 provided to subrecipients)	588	5,013,499	5,013,499
93.894	Resource and Manpower Development in the Environmental Health Sciences	619	1,127,829 **	1,127,829
93.912	Rural Health Care Services Outreach and Rural Health Network Development Program (Passed through Seasons Center for Community Mental Health; D04RH02573 01 00)	619	21,147 **	
93.912	Rural Health Care Services Outreach and Rural Health Network Development Program (Passed through Sioux Central Community School District; Tri-County Health Network Rise)	620	1,983 **	23,130
93.913	Grants to States for Operation of Offices of Rural Health	588	130,863	130,863
93.917	HIV Care Formula Grants (\$669,102 provided to subrecipients)	588	2,187,324	2,187,324
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	619	657,021 **	657,021
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds	619	203,921 *	203,921
93.928	Special Projects of National Significance	619	7,152 **	7,152
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	282	241,690	241,690

See page 176 for explanation of asterisks.

State of Iowa  
Schedule of Expenditures of Federal Awards  
By Federal Department  
For the Year Ended June 30, 2006

CFDA Number	Federal Department / Program name	State Agency (See pg 239)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Health and Human Services (continued)</u>				
93.940	HIV Prevention Activities - Health Department Based (\$910,302 provided to subrecipients)	588	1,643,690	1,643,690
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	588	177,359	
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance (Passed through University of Wisconsin-Madison; 922N493)	619	8,758 **	186,117
93.952	Trauma Care Systems Planning and Development (\$13,974 provided to subrecipients)	588	28,207	28,207
93.955	Health and Safety Programs for Construction Work (Passed through Center to Protect Worker's Rights; 1030-30, 1030-40)	619	128,779 **	128,779
93.956	Agricultural Health and Safety Programs (\$40,400 provided to subrecipients)	619	819,167 **	
93.956	Agricultural Health and Safety Programs	620	117,617 **	936,784
93.958	Block Grants for Community Mental Health Services (\$4,053,544 provided to subrecipients)	401	4,350,208	
93.958	Block Grants for Community Mental Health Services (Passed through Northwest Iowa Mental Health Center)	619	253 **	4,350,461
93.959	Block Grants for Prevention and Treatment of Substance Abuse (\$11,747,014 provided to subrecipients)	588	12,529,651	
93.959	Block Grants for Prevention and Treatment of Substance Abuse (Passed through Community Corrections Improvement Association; 2000-JN-FX-0052)	619	27,114 **	12,556,765
93.964	Public Health Traineeships	619	18,418 **	18,418
93.969	Geriatric Education Centers (\$38,024 provided to subrecipients)	619	253,490 **	253,490
93.977	Preventative Health Services - Sexually Transmitted Diseases Control Grants (\$594,279 provided to subrecipients)	588	914,245	914,245
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems (\$3,978 provided to subrecipients)	588	203,404	203,404
93.989	International Research and Research Training	619	541,615 **	541,615
93.991	Preventive Health and Health Services Block Grant (\$182,233 provided to subrecipients)	588	1,216,762	1,216,762
93.994	Maternal and Child Health Services Block Grant to the States (\$5,409,856 provided to subrecipients)	588	6,546,098	6,546,098
93.000	Other Federal Assistance:			
	Unknown Title (\$236,791 provided to subrecipients)	620	306,463 **	
	Unknown Title (Passed through Alliance for the Prudent Use of Antibiotics; IOWAROAR01)	620	40,115 **	
	Unknown Title (Passed through Henry County Empowerment Board; Project Reach)	620	54,362 **	
	Unknown Title (Passed through Molecular Express, Inc.; 0412)	620	1,256 **	
	Unknown Title (Passed through the State University of New York; 9819)	620	14,475 **	
	Unknown Title (Passed through University of Nebraska; NIH2P01CA49210-12A1)	620	15,166 **	
	Unknown Title (Passed through Westat, Inc.; S716713-1, S716713, S0806801)	620	80,720 **	512,557
	Total U.S. Department of Health and Human Services		2,451,257,090	2,451,257,090
<u>Corporation for National and Community Service</u>				
94.003	State Commissions	269	178,443	178,443
94.004	Learn and Serve America - School and Community Based Programs (\$149,665 provided to subrecipients)	282	177,687	

See page 176 for explanation of asterisks.

State of Iowa  
Schedule of Expenditures of Federal Awards  
By Federal Department  
For the Year Ended June 30, 2006

CFDA Number	Federal Department / Program name	State Agency (See pg 239)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>Corporation for National and Community Service (continued)</u>				
94.004	Learn and Serve America - School and Community Based Programs (Passed through Area Education Agency 267)	621	1,125	178,812
94.005	Learn and Serve America - Higher Education (Passed through National Council for the Social Studies)	619	40,137 **	40,137
94.006	AmeriCorps (\$2,000,764 provided to subrecipients)	269	2,030,106	
94.006	AmeriCorps	542	283,905	
94.006	AmeriCorps	619	71,640 **	
94.006	AmeriCorps (Passed through Iowa Commission on Volunteer Service; 04AP01, 03G103C, 05AF01)	620	99,012 **	
94.006	AmeriCorps (Passed through Corporation for National and Community Service; 04GI03)	620	111,762 **	
94.006	AmeriCorps (Passed through Clay County Agricultural Extension; AmeriCorps Planning Grant, AmeriCorps Program)	620	10,439 **	
94.006	AmeriCorps	621	28,003	2,634,867
94.009	Training and Technical Assistance	269	99,845	99,845
94.011	Foster Grandparent Program	411	211,469	211,469
	Total Corporation for National and Community Service		3,343,573	3,343,573
<u>Social Security Administration</u>				
96.001	Social Security - Disability Insurance	131	603,559	
96.001	Social Security - Disability Insurance	283	18,219,313	18,822,872
96.007	Social Security - Research and Demonstration (\$179,189 provided to subrecipients)	619	824,745 **	
96.007	Social Security - Research and Demonstration (Passed through Association of University Centers on Disabilities)	619	41,503 **	866,248
	Total Social Security Administration		19,689,120	19,689,120
<u>U.S. Department of Homeland Security</u>				
97.004	State Domestic Preparedness Equipment Support Program (\$5,999,427 provided to subrecipients)	583	29,702,806	29,702,806
97.008	Urban Areas Security Initiative	583	855,268	855,268
97.012	Boating Safety Financial Assistance	542	1,152,294	1,152,294
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants (\$78,826 provided to subrecipients)	583	145,528	145,528
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	542	39,648	39,648
97.029	Flood Mitigation Assistance (\$129,437 provided to subrecipients)	583	136,404	136,404
97.032	Crisis Counseling	401	329,728	329,728
97.036	Public Assistance Grants (\$2,199,827 provided to subrecipients)	583	2,315,069	2,315,069
97.038	First Responder Counter-Terrorism Training Assistance	595	14,200	14,200
97.039	Hazard Mitigation Grant (\$1,681,051 provided to subrecipients)	583	1,824,457	1,824,457
97.041	National Dam Safety Program	542	128,234	128,234
97.042	Emergency Management Performance Grants (\$920,447 provided to subrecipients)	583	1,312,891	1,312,891
97.044	Assistance to Firefighters Grant	595	63,261	
97.044	Assistance to Firefighters Grant	620	46,782 **	110,043
97.047	Pre-Disaster Mitigation (\$21,287 provided to subrecipients)	583	31,179	31,179
97.067	Homeland Security Grant Program (\$1,547,721 provided to subrecipients)	583	5,224,997	5,224,997
97.070	Map Modernization Management Support	542	79,456	79,456

See page 176 for explanation of asterisks.



State of Iowa  
Schedule of Expenditures of Federal Awards  
By Federal Department  
For the Year Ended June 30, 2006

CFDA Number	Federal Department / Program name	State Agency (See pg 239)	Federal Expenditures/ Disbursements/ Issuances	Total By CFDA Number
<u>U.S. Department of Homeland Security (continued)</u>				
97.078	Buffer Zone Protection Plan (BZPP) (\$481,719 provided to subrecipients)	583	484,016	484,016
97.081	Law Enforcement Training and Technical Assistance	595	232,015	232,015
	Total U.S. Department of Homeland Security		44,118,233	44,118,233
<u>U.S. Agency for International Development</u>				
98.000	Other Federal Assistance:			
	Unknown Title (Passed through Academy for Educational Development)	619	4,227 **	
	Unknown Title (Passed through University of California; 1332528) (\$119,776 provided to subrecipient)	620	282,140 **	
	Unknown Title (Passed through Association Liaison Office For University Cooperation In Development; La Molina Partnership, University Cooperation, HNEA00970005900, Policy Harmonization Project) (\$592,904 provided to subrecipients)	620	730,590 **	
	Unknown Title (Passed through International Center for Tropical Agriculture; Alleviate Vitamin A Deficiency, Carotene Maize, High B-Carotene Maize, Provitamin A Content)	620	212,902 **	
	Unknown Title (Passed through Development Alternatives, Inc.; 408000P001)	620	184 **	
	Unknown Title (Passed through International Crops Research Institute; Seed Commercialization, 690A00050018500)	620	123,587 **	
	Unknown Title (Passed through Virginia Tech; 19223425631, 19223425632)	620	56,877 **	1,410,507
	Total U.S. Agency for International Development		1,410,507	1,410,507
	Total Federal Financial Assistance		\$ 4,880,849,168	4,880,849,168

\* 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 \$72,023,495 for which the federal government imposes continuing compliance requirements.

**State of Iowa**

## Notes to Schedule of Expenditures of Federal Awards

June 30, 2006

### (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 which non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

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

#### C. Basis of Accounting

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

#### D. Grantees

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

### (2) Non-Cash Assistance

Non-cash assistance was as follows:

	Issuances Year ended June 30, 2006	Inventory June 30, 2006
Commodities	\$ 14,277,996	884,969
Vaccines	12,896,377	10,444,726

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 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, 2006 were as follows:

CFDA No.	Program	Outstanding Loans June 30, 2006
14.228	Community Development Block Grants/ State's Program	\$ 153,750
14.239	HOME Investment Partnerships Program	78,668,202
20.308	Local Rail Freight Assistance	347,366
66.458	Capitalization Grants for Clean Water State Revolving Funds	288,806,968 *
66.468	Capitalization Grants for Drinking Water State Revolving Funds	159,027,245 *
84.038	Federal Perkins Loan Program – Federal Capital Contributions	48,990,523
93.264	Nurse Faculty Loan Program (NFLP)	196,950
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	10,257,562
93.364	Nursing Student Loans	1,883,856

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

**(4) Unemployment Insurance**

Unemployment Insurance expenditures for the year ended June 30, 2006, reported as CFDA 17.225, included the following:

Federal funds	\$ 37,902,930
State funds	<u>298,086,280</u>
Total	<u>\$ 335,989,210</u>

**State of Iowa**



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

David A. Vaudt, CPA  
Auditor of State

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Independent Auditor's Report on  
Internal Control over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

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, 2006, which collectively comprise the State's basic financial statements listed in the table of contents, and have issued our report thereon dated December 20, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

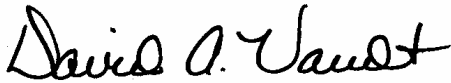
Internal Control Over Financial Reporting

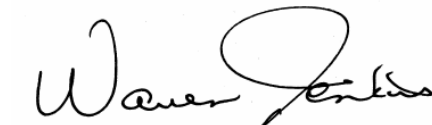
In planning and performing our audit, we considered the State of Iowa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 caused by error or fraud 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.

Compliance and Other Matters

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 or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters 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, 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

December 20, 2006



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

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Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program, on Internal Control over Compliance  
in Accordance with OMB Circular A-133  
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, 2006. 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 grant agreements 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, 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 OMB Circular A-133 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, 2006. However, the results of our auditing procedures disclosed instances of non-compliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

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 grant agreements 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 grant agreements. Reportable conditions are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a reportable 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 grant agreements caused by error or fraud 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, we do not believe any of the reportable conditions described above is a material weakness.

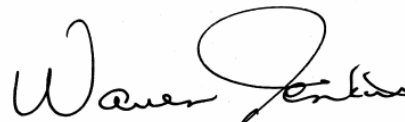
#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the State of Iowa as of and for the year ended June 30, 2006, and have issued our report thereon dated December 20, 2006. 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. Our audit and the audits of the other auditors were performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Iowa's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 basic 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 13, 2007, except for the paragraph regarding the Schedule of Expenditures of Federal Awards, as to which the date is December 20, 2006

State of Iowa  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2006

**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, none of which were considered to be material weaknesses.
- (e) The independent auditor's report on compliance for major programs expressed an unqualified opinion for all major programs.
- (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 10.550 – Food Donation
  - CFDA Number 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children
  - CFDA Number 10.558 – Child and Adult Care Food Program
  - CFDA Number 12.400 – Military Construction, National Guard
  - CFDA Number 14.228 – Community Development Block Grants/State's Program
  - CFDA Number 14.239 – HOME Investment Partnerships Program
  - CFDA Number 17.225 – Unemployment Insurance
  - CFDA Number 20.205 – Highway Planning and Construction
  - CFDA Number 20.500 – Federal Transit – Capital Investment Grants
  - CFDA Number 20.509 – Formula Grants for Other Than Urbanized Areas
  - CFDA Number 64.015 – Veterans State Nursing Home Care
  - CFDA Number 66.458 – Capitalization Grants for Clean Water State Revolving Funds
  - CFDA Number 66.468 – Capitalization Grants for Drinking Water State Revolving Funds

State of Iowa  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2006

- CFDA Number 84.002 – Adult Education - State Grant Program
- CFDA Number 84.048 – Vocational Education – Basic Grants to States
- CFDA Number 84.287 – Twenty-First Century Community Learning Centers
- CFDA Number 84.357 – Reading First State Grants
- CFDA Number 90.401 – Help America Vote Act Requirements Payments
- 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 93.569 – Community Service Block Grant
- CFDA Number 93.645 – Child Welfare Services - State Grants
- CFDA Number 93.658 – Foster Care – Title IV-E
- CFDA Number 93.659 – Adoption Assistance
- CFDA Number 93.667 – Social Services Block Grant
- CFDA Number 93.767 – State Children’s Insurance Program
- CFDA Number 93.917 – HIV Care Formula Grants
- CFDA Number 93.958 – Block Grants for Community Mental Health Services
- 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, 2006

Employment Service Cluster:

- CFDA Number 17.207 – Employment Service
- CFDA Number 17.801 – Disabled Veterans’ Outreach Program
- CFDA Number 17.804 – Local Veterans’ Employment Representative Program

WIA Cluster:

- CFDA Number 17.258 – WIA Adult Program
- CFDA Number 17.259 – WIA Youth Activities
- CFDA Number 17.260 – WIA Dislocated Workers

Aging Cluster:

- CFDA Number 93.044 – Special Programs for the Aging – Title III, Part B – Grants  
for Supportive Services and Senior Centers
- CFDA Number 93.045 – Special Programs for the Aging – Title III, Part C –  
Nutritional Services
- CFDA Number 93.053 – Nutrition Services Incentive Program

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

Homeland Security Cluster:

- CFDA Number 97.004 – State Domestic Preparedness Equipment Support Program
- CFDA Number 97.067 – Homeland Security Grant Program

Student Financial Assistance Cluster:

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

Research and Development Cluster:

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

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

State of Iowa  
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**Part II: Findings Related to the Financial Statements:**

**REPORTABLE CONDITIONS:**

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

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

Part III Example: 06-III-USDA-401-1

- 06 – Fiscal Year Finding reported in (i.e. Fiscal Year Ended June 30, 2006)
- 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 238.
- 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 239.
- 1 – Comment Number for the Federal Agency

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**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: 00801619956008**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**06-III-USDA-401-1**

DHS Field Office Supervisor Case Readings – For fiscal year 2006, ten county offices were visited. In conjunction with this limited review, the following condition was noted.

Title 24-A-11 of the Employees' Manual states, in part, Income maintenance supervisors shall read cases for accuracy and thoroughness. The Department's quality assurance review process requires a minimum of twenty-four cases to be read per month. In three county offices, the minimum number of required cases per month were not read by a supervisor.

Recommendation – The Department should ensure compliance with the provisions of the Employees' Manual and the quality assurance review process.

Response and Corrective Action Planned – For the Income Maintenance (IM) Supervisor out of compliance regarding case readings, an individual corrective action plan will be requested by April 16, 2007.

Conclusion – Response accepted.

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For the Year Ended June 30, 2006

**CFDA Number: 10.553 – School Breakfast Program**

**Agency Number: 2005IN109943, 2006IN109943**

**Federal Award Year: 2005, 2006**

**Iowa Department of Education**

**CFDA Number: 10.555 – National School Lunch Program**

**Agency Number: 2005IN109943, 2006IN109943**

**Federal Award Year: 2005, 2006**

**Iowa Department of Education**

**CFDA Number: 10.556 – Special Milk Program for Children**

**Agency Number: 2005IN109943, 2006IN109943**

**Federal Award Year: 2005, 2006**

**Iowa Department of Education**

**CFDA Number: 10.558 – Child and Adult Care Food Program**

**Agency Number: 2006IN202043**

**Federal Award Year: 2006**

**Iowa Department of Education**

**CFDA Number: 10.559 – Summer Food Service Program for Children**

**Agency Number: 2005IN109943, 2006IN109943**

**Federal Award Year: 2005, 2006**

**Iowa Department of Education**

**06-III-USDA-282-2**

Timely Submission – Federal requirements state the Department must submit the Summer Food (SF) 269 reports by dates specified in Title 7 of the Code of Federal Regulations (CFR) 277.11(c)(4). Two of the five required reports were not submitted timely.

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

Response and Corrective Action Planned – The second quarter 269 was late due to a system functionality issue. The Regional Office was contacted concerning the error that was occurring with the system. The issue was resolved and the second quarter 269 was submitted on May 12, 2006. The fourth quarter 269 was submitted on October 31 and was due on October 30. The responsibility for the submission of the 269 reports has been reassigned to the Bureau of Internal Operations and will be added to their calendar to ensure timely future submission.

Conclusion – Response accepted.



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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**CFDA Number: 10.553 – School Breakfast Program**

**Agency Number: 2005IN109943, 2006IN109943**

**Federal Award Year: 2005, 2006**

**Iowa Department of Education**

**CFDA Number: 10.555 – National School Lunch Program**

**Agency Number: 2005IN109943, 2006IN109943**

**Federal Award Year: 2005, 2006**

**Iowa Department of Education**

**CFDA Number: 10.556 – Special Milk Program for Children**

**Agency Number: 2005IN109943, 2006IN109943**

**Federal Award Year: 2005, 2006**

**Iowa Department of Education**

**CFDA Number: 10.558 – Child and Adult Care Food Program**

**Agency Number: 2006IN202043**

**Federal Award Year: 2006**

**Iowa Department of Education**

**CFDA Number: 10.559 – Summer Food Service Program for Children**

**Agency Number: 2005IN109943, 2006IN109943**

**Federal Award Year: 2005, 2006**

**Iowa Department of Education**

**06-III-USDA-282-3**

Evidence of Review – Federal requirements state the Department must submit the Food and Nutrition Service (FNS) 10 report. The report should have evidence of review. The reviewer did not sign the FNS 10 report filed for December 2005 and June 2006.

Recommendation – The Department should ensure the Departmental review is evidenced on the report.

Response and Corrective Action Planned – The Department is reviewing its procedures for the verification of the FNS 10 reports. The responsibility for the review of these submissions has been assigned to the Bureau of Internal Operations and will be added to their calendar to ensure timely future submissions.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**CFDA Number: 10.558 – Child and Adult Care Food Program**

**Agency Number: 2006IN202043**

**Federal Award Year: 2006**

**Iowa Department of Education**

**06-III-USDA-282-4**

Administrative Reviews – Title 7 Code of Federal Regulations (CFR) 226.6(m) (4) states the Department is to review sponsoring organizations every three years for sponsors having 1-100 facilities and every two years for those having greater than 100 facilities. One center on a three year cycle had no supporting documentation for the on-site monitoring visit and one center was reviewed after the three year cycle.

Recommendation – The Department should ensure sponsoring facilities are reviewed within the proper three year cycle and adequate supporting documentation of the review is maintained.

Response and Corrective Action Planned – The Department is in the final stages of moving to a new web-based review and tracking system for CACFP that will be integrated with the current web-based CACFP application and claiming system. This new system, because of the linkages, reporting capabilities, web-based review forms and easier access for Lead Consultant monitoring, should prevent problems associated with a review accidentally not getting completed in accordance with the required timeframe or misplaced documents. We anticipate implementing the web-based review and tracking system by July 2007.

Conclusion – Response accepted.

**CFDA Number: 10.558 – Child and Adult Care Food Program**

**Agency Number: 2006IN202043**

**Federal Award Year: 2006**

**Iowa Department of Education**

**06-III-USDA-282-5**

Eligibility Reporting – Title 7 Code of Federal Regulations (CFR) 226.6(f)(9) states the Department must provide sponsoring organizations a list of elementary schools in the state which have at least half of their students eligible for free or reduced price meals by February 15<sup>th</sup> of each year. For fiscal year 2006, this listing was submitted March 17<sup>th</sup>.

Recommendation – The Department should ensure this listing is submitted timely.

Response and Corrective Action Planned – A final accurate list of 50% eligible schools based on October 2005 school lunch data cannot be determined with full confidence until all October claims are final 90 days after October 31, 2005 (January 29, 2006). This leaves little time to develop and transmit the final, accurate list on or before February 15, 2006. The final list was completed and transmitted on March 17, 2006. Please note, the tentative list (subject to revision) for fiscal year 2007 based on non-final October 2006 school lunch data has been transmitted as required, on February 5, 2007. The revised final list has subsequently been sent.

Conclusion – Response accepted.

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**CFDA Number: 10.558 – Child and Adult Care Food Program**

**Agency Number: 2006IN202043**

**Federal Award Year: 2006**

**Iowa Department of Education**

**06-III-USDA-282-6**

Eligibility – Title 7 Code of Federal Regulations (CFR) 226.6 and 226.23 state sponsoring organizations must submit, with their application, a copy of their valid center license, a policy statement, a media release and a non-school food service contract if using outside food service providers. In addition, Department of Education consultants review and approve these applications, which involve signing and dating an approval checklist. For twenty-five application files reviewed, two applications did not contain a copy of the center's policy statement.

Recommendation – The Department should ensure all required parts of the application are submitted before approving a sponsor to participate in the Child and Adult Care Food Program.

Response and Corrective Action Planned – The Department, to the best of its knowledge, had policy statements on file for all CACFP agreements. Policy statements are collected one-time as a standard procedure and maintained in an historical file when approving every first-time application for CACFP participation. Any missing policy statement is an inadvertent oversight. The two identified missing statements were recollected during the State audit and are now on file.

Conclusion – Response accepted.

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For the Year Ended June 30, 2006

**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-04-DC-19-0001, B-05-DC-19-0001, B-06-DC-19-0001**  
**Federal Award Year: 2004, 2005, 2006**  
**Iowa Department of Economic Development**

**CFDA Number: 14.239 – HOME Investment Partnerships Program**  
**Agency Number: M-04-SG-19-0001, M-05-SG-19-0001, M-06-SG-19-0001**  
**Federal Award Year: 2004, 2005, 2006**  
**Iowa Department of Economic Development**

**06-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 five instances, the Department drew CDBG funds, but the corresponding disbursements were not made until five to seven working days later. The draw amounts ranged from \$164 to \$130,233.
- (b) In two instances, the Department drew HOME funds, but the corresponding disbursements were not made until five to eight working days later. The draw amounts ranged from \$23,413 to \$553,953.
- (c) Two of fifteen payroll draws for CDBG and four of twenty-six payroll draws for HOME 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 – While this represents a significant improvement over past fiscal years, the Department will continue to step up its efforts to eliminate this finding. The Department will continue to work with program staff to improve the scheduling of drawdown requests and ensure there is adequate back-up and coverage of workflow during absences.

Conclusion – Response accepted.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**U.S. Department of Labor**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

**CFDA Number: 17.207 – Employment Service**

**Agency Number: ES13996ON, ES13996PL, ES14864SJ, ES14864SL, ES13996QN,  
ES14821PL, ES14864TY**

**Federal Award Year: 2004, 2005, 2006**

**Iowa Department of Workforce Development**

**CFDA Number: 17.225 – Unemployment Insurance**

**Agency Number: UI12638KS, UI13547NE, UI14434QD, UI15121TM**

**Federal Award Year: 2003, 2004, 2005, 2006**

**Iowa Department of Workforce Development**

**06-III-DOL-309-1**

Program Income – OMB Circular A-133 requires program income be used in accordance with program requirements. The Iowa Department of Workforce Development (IWD) administers a WorkKeys system, which is a workplace skills and assessment system developed by American College Testing (ACT) to help business and industry match workers with appropriate jobs and manage human resources more effectively. The staff who administer WorkKeys are funded out of the Unemployment Insurance (UI) and Employment Service (ES) federal programs. IWD charges fees to employers who use the system, as well as prospective employees who take one of the tests. The fees collected are used to pay ACT charges to develop testing profiles and for grading of tests. Over a period of time, the fees collected have exceeded the ACT charges. However, the program income has not been used to offset salary expenses of UI and ES federal programs attributable to those staff who administer WorkKeys.

In addition, there is a lack of segregation of duties over the accounts receivable and cash receipts cycles for these fees as one individual handles responsibilities of both cycles. An independent reconciliation of billings to accounts receivable and accounts receivable to receipts is not performed.

Recommendation – The Department should develop procedures to ensure there is proper segregation of duties over the WorkKeys accounts receivable and cash receipts cycles. Also, the Department should properly allocate program income to the UI and ES programs to offset the applicable salary expenses.

Response and Corrective Action Planned – In state fiscal year 2007 (July 1, 2006 to June 30, 2007), IWD began the process of reducing the Wagner Peyser salary costs by the amount of funds collected but not needed to offset the testing fees. The balance mentioned in the finding was an accumulation of fees over the course of more than 6 fiscal years and far less than the actual cost of providing this service to employers. It should also be mentioned that this service is not provided by any private entities in Iowa and therefore, IWD is the only source for this type of testing requested by

State of Iowa

Schedule of Findings and Questioned Costs

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employers. The intent was to try and recover some of the costs involved, knowing that in the end it would cost IWD twice what was collected in fees. The only balances that will be maintained from this point forward is sufficient funds to pay the testing fees. The balance of the fees will be used to reduce the salary costs of the Wagner Peyser program.

Corrective action has been taken to segregate the responsibilities of tracking and reporting billings and fees versus the receipt and deposit of those funds. Steps will be taken to have those funds reconciled

Conclusion – Response accepted.

**CFDA Number: 17.207 – Employment Service**

**Agency Number: ES13996ON, ES13996PL, ES14864SJ, ES14864SL, ES13996QN, ES14821PL, ES14864TY**

**Federal Award Year: 2004, 2005, 2006**

**Iowa Department of Workforce Development**

**CFDA Number: 17.225 – Unemployment Insurance**

**Agency Number: UI12638KS, UI13547NE, UI14434QD, UI1512TM**

**Federal Award Year: 2003, 2004, 2005, 2006**

**Iowa Department of Workforce Development**

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

**Agency Number: AA13798PQ, AA14675RI, AA14675SS**

**Federal Award Year: 2005, 2006**

**Iowa Department of Workforce Development**

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

**Agency Number: AA13798NZ, AA14675QY**

**Federal Award Year: 2004, 2005**

**Iowa Department of Workforce Development**

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

**Agency Number: EM10885MR, EM15064RM, EM10882PU, EM14966PU, EM15014PU, EM15366SW, AA13798PS, AA14675RK, AA14675SU**

**Federal Award Year: 2004, 2005, 2006**

**Iowa Department of Workforce Development**

**06-III-DOL-309-2**

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.

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Review of work report information provided by employees on the state payroll system indicated one employee's total time charged to the cost pool did not agree with the percentage of time certified for one quarter. Also, three employees charged time to the cost pool for a portion of the fiscal year but were not included in the time study.

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

Response and Corrective Action Planned – There was one individual that certified his time differently on the monthly affidavit then he did on the biweekly payroll report. The discrepancy was between how much time that individual charged to the USDOL Veterans program versus the USDOL Wagner Peyser grant. The discrepancy was noticed at that time and determined to be immaterial as the actual work performed by that person was allowable under either USDOL Wagner Peyser or USDOL Veterans. The overall impact to the allocation of the cost pool was not significant.

The individuals that were left off of one time study were staff that terminated employment prior to the completion of their time studies. IWD will attempt to obtain signatures on the certifications before those individuals leave employment. However, that is always difficult to do as we have no authority to force those individuals to sign the certifications and sometimes it is not known by our Budget Analysts those staff who have left employment until after their last day. Better coordination and communication between payroll staff and Budget Analyst staff should limit those occurrences.

Conclusion – Response acknowledged. The Department should ensure payroll certifications are supported by actual time charged through the state payroll system.

**CFDA Number: 17.225 – Unemployment Insurance**

**Agency Number: UI12638KS, UI13547NE, UI14434QD, UI1512TM**

**Federal Award Year: 2001, 2002, 2003, 2004**

**Iowa Department of Workforce Development**

**06-III-DOL-309-3**

Cash Management – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of these funds. They also minimize the amount of state and other federal funds used to supplant programs until federal funds are received.

Eleven instances were noted where the cash balance was excessive for a period of four to eleven 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.

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Response and Corrective Action Planned – The Department will continue to improve its process for timing draw downs to coincide with the date that payments are made. Given the number of draws done by the Department each year, the number of instances involved is rather small and unforeseen events play into whether payments are made when originally anticipated. However, IWD will make every effort to keep those instances to a minimum.

Conclusion – Response accepted.

**CFDA Number: 17.258 – WIA Adult Program**  
**Agency Number: AA13798PQ, AA14675RI, AA14675SS**  
**Federal Award Year: 2005, 2006**  
**Iowa Department of Workforce Development**

**CFDA Number: 17.259 – WIA Youth Activities**  
**Agency Number: AA13798NZ, AA14675QY**  
**Federal Award Year: 2004, 2005**  
**Iowa Department of Workforce Development**

**CFDA Number: 17.260 – WIA Dislocated Workers**  
**Agency Number: EM10885MR, EM15064RM, EM10882PU, EM14966PU,**  
**EM15014PU, EM15366SW, AA13798PS, AA14675RK, AA14675SU**  
**Federal Award Year: 2004, 2005, 2006**  
**Iowa Department of Workforce Development**

**06-III-DOL-309-4**

Subrecipient Monitoring – OMB Circular A-133 Compliance Supplement requires each state to 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 requires each state to 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 program monitoring. In accordance with policies, the Department issues an initial determination letter to the subrecipient. The policies also state a final determination will be issued to the subrecipient within twenty days after receipt of the response from the subrecipient. For four of ten subrecipients tested, the final determinations for program monitoring visits had not been sent within twenty days of receipt of the response.

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



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For the Year Ended June 30, 2006

Response and Corrective Action Planned – The program monitoring staff will ensure that future final determinations are issued within the timeframes identified in the WIA Handbook.

Conclusion – Response accepted.

**CFDA Number: 17.258 – WIA Adult Program**  
**Agency Number: AA13798PQ, AA14675RI, AA14675SS**  
**Federal Award Year: 2005, 2006**  
**Iowa Department of Workforce Development**

**CFDA Number: 17.259 – WIA Youth Activities**  
**Agency Number: AA13798NZ, AA14675QY**  
**Federal Award Year: 2004, 2005**  
**Iowa Department of Workforce Development**

**CFDA Number: 17.260 – WIA Dislocated Workers**  
**Agency Number: EM10885MR, EM15064RM, EM10882PU, EM14966PU,**  
**EM15014PU, EM15366SW, AA13798PS, AA14675RK, AA14675SU**  
**Federal Award Year: 2004, 2005, 2006**  
**Iowa Department of Workforce Development**

**06-III-DOL-309-5**

Grant Management – The Office of Auditor of State conducted an investigation related to grants awarded by the Iowa Department of Workforce Development to the Central Iowa Employment and Training Consortium (CIETC) for the programs identified above. Disbursements to CIETC for the above programs for the grant period July 1, 2003 through September 30, 2005 totaled \$3,296,531. The investigation resulted in a report dated March 29, 2006 issued to the Director of the Iowa Department of Workforce Development and the Offices of Inspector General for the U.S. Departments of Labor and Health and Human Services. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/0614-1602-BOP0.pdf>. Investigations by State and Federal officials are on going.

Response and Corrective Action Planned – Department response not requested.

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**U.S. Department of Transportation**

**INSTANCES OF NON-COMPLIANCE:**

**CFDA Number: 20.509 – Formula Grants for Other Than Urbanized Areas**

**Agency Number: None**

**Federal Award Year: 2006**

**Iowa Department of Transportation**

**06-III-DOT-645-1**

Period of Availability – OMB Circular A-133 requires expenditures for goods and services to fall within the contract period in order to qualify as a reimbursable expenditure. If needed, the contract period may be extended if approved by the awarding agency. The Department made two payments totaling \$25,464 outside of the contract period.

Recommendation – The Department should develop and implement written policies and procedures for overseeing and monitoring payments in order to verify they are within the contract dates or to ensure an extension to the contract period, if necessary, is appropriately granted.

Response and Corrective Action Planned – The Office of Public Transit has recently had a couple of meetings with the Federal Accounting section of the Office of Finance to improve staff understanding of proper financial procedures. We will include a focus on existing policies that are supposed to prevent payments outside of the project period.

Conclusion – Response accepted.

**REPORTABLE CONDITIONS:**

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

**Agency Number: None**

**Federal Award Year: 2006**

**Iowa Department of Transportation**

**06-III-DOT-645-2**

Procurement, Suspension and Debarment – OMB Circular A-133 states the Department is prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. The Department has established procedures to ensure transactions which go through the Office of Contracts are to contractors that are not suspended or debarred. The Department also has established procedures for requests for proposals (RFP's) processed through the Purchasing Department that includes language for procurements when it is known federal funds will be utilized which require vendors to certify they are not suspended or debarred. However, one RFP that went through the Purchasing Department did not include this language.

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Recommendation – The Department should ensure established policies and procedures are followed by including the appropriate language in the RFP or by performing a verification check for covered transactions by checking the Excluded Parties List System (EPLS) at <http://epls.arnet.gov>.

Response and Corrective Action Planned – The Department will establish a special type of template for RFP's to be used when Federal funds are involved. The template will include debarment language previously approved by the Attorney's General staff and Federal Highway Administration. The Department will also adjust the standard terms and conditions to include the following language: The successful contractor certifies that they are not suspended or debarred from doing business by way of any official action of the Federal Government or the State of Iowa.

Conclusion – Response accepted.

**CFDA Number: 20.500 – Federal Transit – Capital Investment Grants**

**Agency Number: None**

**Federal Award Year: 2006**

**Iowa Department of Transportation**

**CFDA Number: 20.509 – Formula Grants for Other Than Urbanized Areas**

**Agency Number: None**

**Federal Award Year: 2006**

**Iowa Department of Transportation**

**06-III-DOT-645-3**

Subrecipient Monitoring of Davis-Bacon – OMB Circular A-133 requires a pass-through entity to be responsible for monitoring the activities of the subrecipients, as necessary, to ensure federal awards are used for authorized purposes in compliance with laws, regulations and provisions of the contract or grant. The Department delegated responsibility for compliance with federal requirements related to the Davis-Bacon Act to the director of the transit agency, who is the subrecipient for these projects. The Department has no written policies and procedures to ensure subrecipient monitoring includes compliance with the Davis-Bacon Act.

Recommendation – The Department should develop and implement written policies and procedures to determine and ensure compliance with Davis-Bacon requirements on federally participating FTA projects. The written policies and procedures should require oversight activities be performed during the course of the project to ensure federal requirements are met and corrective action is taken when non-compliance is noted.

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Response and Corrective Action Planned – As a result of last year's similar finding, the Office of Public Transit (OPT) program administrators identified those subrecipients' contracts that included construction elements and shared with the project sponsors a packet on Davis-Bacon monitoring obtained from the Office of Contracts. A discussion of project sponsors' responsibilities for Davis-Bacon compliance monitoring is being added to the procurement chapter of OPT's Manager Handbook for which a draft should be available in April 2007. A presentation of these responsibilities will be made at the June 2007 Iowa Public Transit Association (IPTA) conference and then maintained so that it can be used with new transit managers, or others, as needed.

Conclusion – Response accepted.

**CFDA Number: 20.509 – Formula Grants for Other Than Urbanized Areas**

**Agency Number: None**

**Federal Award Year: 2006**

**Iowa Department of Transportation**

**06-III-DOT-645-4**

Subrecipient Monitoring – OMB Circular A-133 requires a pass-through entity to be responsible for monitoring the activities of the subrecipients, as necessary, to ensure federal awards are used for authorized purposes in compliance with laws, regulations and provisions of the contract or grant. To assist with monitoring of subrecipients, the Department requires transit agencies to submit quarterly and annual transit history reports. However, the procedures are not adequate to verify the accuracy of the reports.

Recommendation – The Department should develop and implement written policies and procedures for overseeing and monitoring the accuracy of the transit history reports submitted by the transit agencies.

Response and Corrective Action Planned – Since implementing a requirement for electronic submission of transit statistical reports two years ago, the Office of Public Transit (OPT) has been able to greatly increase its analysis of the reasonableness of data submitted. The scope of these desk audits has increased each year, but the concern is apparently, the process is not documented in a written procedure. OPT will establish and publish a minimum set of analyses to be conducted on the year end data by August 2007.

OPT and the Office of Systems Planning have also been in discussion with the Audit section of the Office of Finance to begin a pilot program of financially and statistically-focused field reviews of subrecipients. An initial pilot was conducted, but the process had not moved any further. OPT will re-open that discussion with the goal of having a minimum of two such reviews conducted with transit subrecipients during fiscal year 2008.

Conclusion – Response accepted.

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Schedule of Findings and Questioned Costs

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**CFDA Number: 20.509 – Formula Grants for Other Than Urbanized Areas**

**Agency Number: None**

**Federal Award Year: 2006**

**Iowa Department of Transportation**

**06-III-DOT-645-5**

Disposition of Equipment – The Department has included procedures in the Transit Manager’s Handbook to be followed for disposing of vehicles acquired with Federal Transit Authority (FTA) funds. A transit agency has 45 days to post a notice stating equipment is available for sale/transfer on the Office of Public Transit website after accepting a replacement for a vehicle funded under the statewide grant unless a Delay for Disposition form is filed and an exemption is given. The notice is to be posted for 30 days after which the transit agency has up to 90 days to dispose of a replaced vehicle. For four of 10 vehicles tested, transit agencies did not follow established procedures for the disposition of vehicles acquired with FTA funds.

Recommendation – The Department should ensure transit agencies follow established procedures for the disposition of equipment acquired with FTA funding.

Response and Corrective Action Planned – The Office of Public Transit (OPT) will begin including a reminder of the disposition requirement and timeline with the final payment on any replacement vehicles. OPT will also establish a process to track these “trigger” events, as well as the subsequent steps, so that follow-up can be performed, if needed.

Conclusion – Response accepted.

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**U.S. Department of Education**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

**CFDA Number: 84.032 – Federal Family Education Loans**

**Agency Number: None**

**Federal Award Year: 2006**

**Iowa College Student Aid Commission**

**06-III-USDE-284-1**

Lender Monitoring – 34 CFR 682.410 requires the Commission to conduct a comprehensive biennial on-site program review of their largest lending institutions. The Commission contracted with an independent audit firm in 2003 and 2005 to perform these reviews. However, the independent audit firm did not use the correct audit guide and did not perform on-site program reviews. As a result, the U.S. Department of Education is requiring the Commission to reperform the 2003 and 2005 lender reviews.

Recommendation – The Commission should reperform the 2003 and 2005 program reviews and ensure all future lender reviews are conducted in accordance with 34 CFR 682.410.

Response and Corrective Action Planned – The Commission has recently terminated their Lender and School Review contract with the independent audit firm and will be moving this responsibility in-house. We will be working to complete both the 2003 and 2005 biennial cycle for our largest lenders by December 31, 2007.

Conclusion – Response accepted.

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

**Agency Number: None**

**Federal Award Year: 2006**

**State University of Iowa**

**06-III-USDE-619-2**

Perkins Delinquent Notices – 34 CFR 674.43 requires the University to send borrowers with delinquent accounts overdue notices when 45 and 60 days past due and a final demand letter when 90 days past due.

The University does not have a system in place to ensure the required final demand letters are sent on a timely basis in accordance with Federal regulations.

Recommendation – The University should implement procedures to ensure final demand notices are sent to borrowers with delinquent accounts on a timely basis.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

Response and Corrective Action Planned – Effective March 2007, the University outsourced the student loan administration function to a third-party processor, ECSI Incorporated. ECSI Inc. is dedicated to servicing higher education student loans and is one of the largest companies within this service industry. In addition, the University has directed ECSI Inc. to issue final past due notices to all borrowers who are 90 days or more past due. ECSI Inc. has informed the University that this will be accomplished no later than April 15, 2007.

Conclusion – Response accepted.

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

**Agency Number: None**

**Federal Award Year: 2006**

**State University of Iowa**

**06-III-USDE-619-3**

Refunds to Federal Perkins Loan Fund – 34 CFR 668.22 requires the University to return unearned funds for which it is responsible within 30 days from the date the institution determines the student withdrew.

Unearned funds for 4 students who withdrew during the Fall 2005 semester and 2 students who withdrew during the Spring 2006 semester were not returned to the Federal Perkins Loan Program within 30 days as required. Funds for an additional 53 students who refused or cancelled their loans during the 2005-2006 academic year were not returned to the Federal Perkins Loan Program until May 2006.

Recommendation – The University should implement procedures to ensure unearned funds for students who withdraw are returned to the Federal Perkins Loan Program within 30 days as required by Federal regulations. In addition, procedures should be implemented to ensure funds for loans that are refused or cancelled are returned to the Federal Perkins Loan Program in a timely manner.

Response and Corrective Action Planned – After an unanticipated Information Technology (IT) programming delay, corrective action was implemented by the University as of May 2006. The completed updating of computer programs tracking loan adjustments in the Federal Perkins Loan Program now ensures that return of funds adjustments resulting from student withdrawals, requested reductions or cancellations are recorded and posted monthly.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**CFDA Number: 84.048 – Vocational Education-Basic Grants to States**

**Agency Number: V048A050015A**

**Federal Award Year: 2006**

**Iowa Department of Education**

**06-III-USDE-282-4**

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.

The Department has established written policies and procedures for the performance of on-site monitoring of subrecipients. These policies state on-site monitoring visits will be performed once every three years for each subrecipient. Twenty-one of the ninety-eight subrecipients were not reviewed within the last three years.

Recommendation – The Department should ensure monitoring visits are performed within a three year cycle as established in the Department's written policies and procedures.

Response and Corrective Action Planned – The following is a description of the Iowa Department of Education's corrective action steps dealing with the 2006 federal award year audit of the monitoring of Perkins Grants. As stated in the Department of Education plan, monitoring of the awarded grants must be done on a three year cycle. Division staff have been provided with the guidelines to use in monitoring a log to track the Division's overall progress. Copies of the monitoring visit letters are recorded and filed in the Division's Perkins grant files.

There are currently nine educational consultants within the Division assigned to do monitoring. (When two new educational consultants join the Division by June 2007, those individuals will also have monitoring as a responsibility, bringing the total to eleven.) A group meeting has been held with all Career and Technical Education Consultants to discuss the issues with monitoring. The consultants are aware that they must complete all of their assigned monitoring visits no later than June 30, 2007. Staff are currently arranging visit times to do the monitoring.

To be sure that the Department comes into compliance with its monitoring, bi-weekly review of timesheets associated with Career and Technical Education Consultants will be done by the Bureau Chief, Bureau of Community Colleges and Career and Technical Education. Also, monitoring is listed as a goal for the affected educational consultants on their yearly evaluation forms. Monitoring will be a specific topic of conversation as yearly evaluations are completed.

Conclusion – Response accepted.



State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**CFDA Number: 84.287 – Twenty-First Century Community Learning Centers**

**Agency Number: S287C050015**

**Federal Award Year: 2006**

**Iowa Department of Education**

**06-III-USDE-282-5**

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.

The Department has established written policies and procedures for the monitoring of subrecipients. These policies require subrecipients to submit an annual Year-End Performance and Monitoring report by September 30 of each year. Six of the sixteen subrecipients had not submitted their Year-End Performance and Monitoring report timely. Only one of the ten submitted reports was also reviewed by the Department timely.

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

Response and Corrective Action Planned – All subrecipients will be notified via formal letter that a Year-End Performance and Monitoring report must be submitted to the Department no later than September 30 of each year of the grant award and that failure to submit the report in a timely manner will result in the withholding of funds until the required report is received and approved by the Department.

Delays in submission of the Year-End Performance and Monitoring report will be documented by the Department consultant assigned to the grant program and will result in appropriate follow up by the consultant with the appropriate subrecipients.

Each Year-End Performance and Monitoring report will be reviewed by the Department's consultant assigned to the grant program within 15 working days of receipt. Review and approval by the consultant will be evidenced by the signature and date on each Year-End Performance and Monitoring Report.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**U.S. Elections Assistance Commission**

**INSTANCES OF NON-COMPLIANCE:**

**CFDA Number: 90.401 – Help America Vote Act Requirements Payments**

**Agency Number: None**

**Federal Award Year: 2003, 2004**

**Office of Secretary of State**

**06-III-EAC-635-1**

Unallowable Expenditures – Celebrate Voting was held in Des Moines during the year ended June 30, 2006. Celebrate Voting was an Iowa celebration of voting heritage and voting rights. This celebration was an initiative to celebrate the 40<sup>th</sup> anniversary of the Voting Rights Act, the 85<sup>th</sup> anniversary of the 19<sup>th</sup> Amendment for women's rights and the current implementation of the Help America Vote Act (HAVA) of 2002. The kickoff event included a lunch hour featuring entertainment from local celebrities, including singers and dancers. An evening gala was held to honor Iowans who made contributions to the struggle for voting rights. This gala featured an internationally renowned opera star as entertainment. The next day's celebration related to the history and evolution of voting rights. Activities featured a keynote speaker, voting rights panel for adults and several activities for children.

Section 101 of HAVA states funds may be used for educating voters concerning voting procedures, voting rights and voting technology. A frequently asked question (FAQ) on the website of the U.S. Elections Assistance Commission (EAC) states costs and activities related to "get out the vote" or to encourage voting do not meet the requirement of education. Another FAQ also stated funds must be expended to educate "voters" or groups of people who meet the state's voting requirements and not the young, who are not eligible to vote.

During our testing of the Office of Secretary of State, the following expenditures were identified as unallowable or not meeting the requirement for education:

- a) Speakers - \$28,050
- b) Performers - \$25,383
- c) Supplies - \$2,182
- d) Children's activities - \$2,095
- e) Travel costs related to the speakers and performers - \$3,528

Due to the items noted above, costs of \$61,238 are questioned.

Recommendation – The Office of Secretary of State should review the questioned costs and work with the U.S. Elections Assistance Commission to resolve this matter.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

Response and Corrective Action Planned – The current administration of the Office of Secretary of State will review the questioned costs and work with the EAC to correct.

Conclusion - Response accepted.

**CFDA Number: 90.401 – Help America Vote Act Requirements Payments**

**Agency Number: None**

**Federal Award Year: 2003, 2004**

**Office of Secretary of State**

**06-III-EAC-635-2**

Questioned Costs – In May 2003, the Office of Secretary of State (SOS) entered into a sole source contract with an independent contractor to provide services for the implementation of the State Plan for the Help America Vote Act (HAVA). The SOS subsequently entered into contract amendments, extensions and additional contracts with this contractor to obtain services to implement the key elements of Iowa's State Plan. For the year ended June 30, 2006, the SOS paid the contractor \$257,943 for services and expenses, under these contracts, including \$61,238 of unallowable costs noted in finding 06-III-EAC-635-1.

The SOS also entered into contracts with other contractors for the procurement of goods and services related to the implementation of HAVA, including election official training and voter awareness, which were not competitively bid. Under Chapter 8A of the Code of Iowa, the SOS, as an elective office, is not required to follow the State's procurement guidelines. However, Chapter 47.5 of the Code of Iowa requires bids for goods and services needed in connection with registration of voters or preparation of elections. The amount of payment under these contracts has not been determined.

The SOS maintained documentation as to the reasons it desired to use the sole source contractor, but did not maintain documentation the contractor was the only qualified contractor. Documentation was not available to determine whether procedures were performed to determine whether other possible contractors existed or were considered. In addition, there was no documentation available as to why competitive bidding was not performed as required by Chapter 47.5 of the Code of Iowa. As a result, there is no assurance the State received the best value possible for the services performed and, accordingly, the contract payments are questioned.

Recommendation – The Office should follow the State's bidding policies, as required by Chapter 47.5 of the Code of Iowa, to ensure it is getting the best value for the goods and services obtained. The Office should also resolve the questioned costs with the U.S. Election Assistance Commission.

Response and Corrective Action Planned – The current administration of the Office of Secretary of State shall follow the Auditor's recommendation.

Conclusion – Response accepted.

State of Iowa  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2006

**REPORTABLE CONDITIONS:**

**CFDA Number: 90.401 – Help America Vote Act Requirements Payments**

**Agency Number: None**

**Federal Award Year: 2003, 2004**

**Office of Secretary of State**

**06-III-EAC-635-3**

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 and in compliance with laws, regulations and provisions of the contract or grant.

The Office's policies and procedures are not documented.

The Office requires County governments to submit actual invoices and proof of delivery for voting equipment when received. The Office is to review the invoices and proof of delivery information and compare this to amounts previously paid to the counties. No reviews were completed during the fiscal year nor were reviews performed to determine whether all information was received.

Recommendation – The Office should establish and implement written policies and procedures regarding subrecipient monitoring and should review invoices and proof of delivery information submitted by the subrecipients in a timely manner.

Response and Corrective Action Planned – The current administration for the Office shall establish written policies and procedures regarding subrecipient monitoring and shall review all currently received documentation from the subrecipients by April 30, 2007. The Office shall begin to seek additional/missing information from subrecipients no later than April 30, 2007.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**CFDA Number: 90.401 – Help America Vote Act Requirements Payments**

**Agency Number: None**

**Federal Award Year: 2003, 2004**

**Office of Secretary of State**

**06-III-EAC-635-4**

Matching – The Help America Vote Act of 2002, Section 253 (b)(5) requires states to have “...appropriated funds for carrying out the activities for which the requirements payment is made in an amount equal to 5 percent of the total amount to be spent for such activities (taking into account the requirements payment and the amount spent by the state”. To be eligible to receive funding, the State is to certify it has appropriated the required amount of funds as match.

The Office calculated its matching requirement by applying the 5 percent to only the Federal award and not to the total amount to be spent. This resulted in the Office obtaining approximately \$61,000 less in appropriations than the required match.

Recommendation – The Office should seek additional appropriations in order to comply with the matching requirement.

Response and Corrective Action Planned – The current administration for the Office shall begin the process of seeking additional appropriations to use as match.

Conclusion – Response accepted.

**CFDA Number: 90.401 – Help America Vote Act Requirements Payments**

**Agency Number: None**

**Federal Award Year: 2003, 2004**

**Office of Secretary of State**

**06-III-EAC-635-5**

Subrecipient Payments – The Office of Secretary of State reimburses county subrecipients for the purchase of voting equipment. Eight of twenty-one county warrants written appear to have been held for over two weeks before being sent to the counties.

Recommendation – Warrants should be sent to the payee in a timely manner.

Response and Corrective Action Planned – The current administration for the Office shall strive to distribute all warrants in a timely manner.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**CFDA Number: 90.401 – Help America Vote Act Requirements Payments**

**Agency Number: None**

**Federal Award Year: 2003, 2004**

**Office of Secretary of State**

**06-III-EAC-635-6**

Allowable Cost and Cost Principles – The State of Iowa, Help America Vote Act, State Plan, adopted July 17, 2003 outlines the process for subrecipients to obtain at least partial reimbursement for voting equipment purchases. Section 2 of the State Plan states in part, “...upon receipt of the notification, the county may then make the purchase, submit a copy of the contract and/or invoice for the equipment to the Chief State Election Official for prompt distribution of the HAVA portion to the County...”.

The Office paid counties based on an equipment purchase proposal rather than an actual contract and/or invoice.

Recommendation – The Office should develop procedures to ensure all payments are made based on an actual contract and/or invoice.

Response and Corrective Action Planned – The current administration for the Office shall establish and implement procedures ensuring all payments are based on actual contracts and/or invoices by April 30, 2007. The Office shall begin to seek additional information/documentation for reimbursement of funds, if applicable, by April 30, 2007.

Conclusion – Response accepted.

State of Iowa  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2006

**U.S. Department of Health and Human Services**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

**CFDA Number: 93.558 – Temporary Assistance for Needy Families**  
**Agency Number: PJ2005**  
**Federal Award Year: 2005**  
**Iowa Department of Workforce Development**

**06-III-HHS-309-1**

Cash Management – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of 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 four to thirty-two 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 – Iowa Workforce Development (IWD) will continue to improve its process for timing draw downs to coincide with the date payments are made. Given the number of draws done by the agency each year, the number of instances involved is rather small and unforeseen events play into whether payments are made when originally anticipated. However, IWD will make every effort to keep those instances to a minimum.

Conclusion – Response accepted.

**CFDA Number: 93.558 – Temporary Assistance for Needy Families**  
**Agency Number: PJ2005**  
**Federal Award Year: 2005**  
**Iowa Department of Workforce Development**

**06-III-HHS-309-2**

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.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

Review of work report information provided by employees on the state payroll system indicated one employee's total time charged to the cost pool did not agree with the percentage of time certified for one quarter. Also, three employees charged time to the cost pool for a portion of the fiscal year but were not included in the time study.

See audit finding 06-III-DOL-309-2 on page 197 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 – Passed through Iowa Department of Human Services**

**06-III-HHS-309-3**

Grant Management – The Office of Auditor of State conducted an investigation related to grants awarded by the Iowa Department of Workforce Development after passing through the Iowa Department of Human Services to the Central Iowa Employment and Training Consortium (CIETC) for the program identified above. Disbursements to CIETC for the above program for the grant period July 1, 2003 through September 30, 2005 totaled \$3,922,165. The investigation resulted in a report dated March 29, 2006 issued to the Director of the Iowa Department of Workforce Development and the Offices of Inspector General for the U.S. Departments of Labor and Health and Human Services. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/0614-1602-BOP0.pdf>. Investigations by State and Federal officials are on going.

Response and Corrective Action Planned – Department response not requested.



State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**CFDA Number: 93.558 – Temporary Assistance for Needy Families**

**Agency Number: G-05011ATANF, G-06011ATANF**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**06-III-HHS-401-4**

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 2006 case file testing:

- (a) Title 4-G-31 and 4-G-32 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 and verify new and previously unverified information. The worker should document the IEVS review on the IEVS report and file it in the case record or note and date the information in a narrative in the case record. For three of thirty-five cases reviewed, the IEVS review was not documented in the case file.
- (b) Title 4-C-8 of the Employees' Manual states, in part, each applicant or participant must assign to the Department any rights the person may have to support from any other person. For one of thirty-five cases reviewed, the form assigning all rights to support could not be located.

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

Response and Corrective Action Planned – Field Staff will be reminded by Financial, Health and Work Support (FHWS) policy staff at the April 19, 2007 Income Maintenance (IM) monthly conference call of the necessity of documenting review of IEVS in the current case record. A System/Policy Interpretation Response System (SPIRS) note will be sent after the conference call as follow up.

Assignment of support is automatic when Family Investment Program (FIP) is approved. IM workers are required to explain to all applicants the requirement to cooperate with child support recovery and the right to claim good cause for a refusal to participate. Field staff will be reminded by FHWS policy staff at the April 19, 2007 IM monthly conference call of the necessity of documenting this notification in the current case record. A SPIRS note will be sent after the conference call as a follow up.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**CFDA Number: 93.558 – Temporary Assistance for Needy Families**

**Agency Number: G-05011ATANF, G-06011ATANF**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**06-III-HHS-401-5**

ACF-196 Financial Report – The quarterly ACF-196 financial report is required to be submitted within 45 days of the quarter end. The report for the period June 30, 2006 was not submitted until August 31, 2006.

Recommendation – The Department should establish procedures to ensure the quarterly ACF-196 financial reports are submitted as required.

Response and Corrective Action Planned – The Department acknowledges the TANF Federal Report for the period ended June 30, 2006 was not submitted by the due date of August 15, 2006. The position responsible for completing the report was vacated at the end of June and the responsibility for completing the report temporarily reassigned. In order to assure accuracy of the information submitted, a second level review was undertaken which required additional time. Staff completing Federal reports are required to complete them on or before the due date and enter the completion date for each report on a spreadsheet monitored by the Chief of the Bureau of Budget and Accounting. Absent extenuating circumstances such as above, we believe the existing procedures are sufficient to ensure timely submission.

Conclusion – Response accepted.

**CFDA Number: 93.558 – Temporary Assistance for Needy Families**

**Agency Number: G-05011ATANF, G-06011ATANF**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**06-III-HHS-401-6**

Computer Match – Family Investment Program (FIP) – Title 4-C-36 of the Employees' Manual states, in part, a participant whose needs are included in a FIP grant cannot receive at the same time a grant from any other public assistance program administered by the Department, including foster care and subsidized adoption. Title 13-C(1)-13 of the Employees' Manual states, in part, a child shall not concurrently receive subsidized adoption maintenance payments and FIP.

The Department does allow a participant to receive both FIP and foster care or FIP and subsidized adoption for the same month the child is removed from the home to enter foster care or for the same month the child begins receiving subsidized adoption payments.

State of Iowa

Schedule of Findings and Questioned Costs

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A computer match of payment data was performed for cases receiving both FIP and foster care payments during fiscal year 2006. We reviewed thirty-four cases receiving both FIP and foster care payments during the same month of service. Of the thirty-four cases reviewed, twenty-one were eligible for FIP on the first day of the month. The remaining thirteen children, or thirty-eight percent, improperly received FIP benefits for one to five months after entering foster care. No recoupments have been established for these overpayments. The unallowable FIP payments for these thirteen children total \$2,690. The potential exists for additional questioned costs had we tested additional matches.

A computer match of payment data was performed for cases receiving both FIP and subsidized adoption payments during fiscal year 2006. We reviewed fifty-one cases receiving both FIP and subsidized adoption payments during the same month of service. Of the fifty-one cases reviewed, thirty-six cases were eligible for FIP on the first day of the month. The remaining fifteen children, or twenty-nine percent, improperly received FIP benefits for one to five months after entering subsidized adoption. No recoupments have been established for these overpayments. The unallowable FIP payments for these fifteen children total \$5,247.

Recommendation – The Department should establish procedures to ensure compliance with the Employees’ Manual.

Response and Corrective Action Planned – Regarding the finding related to subsidized adoption, there were unallowable Family Investment Program (FIP) payments for fifteen children totaling \$5,247 and there has been no recoupment of these payments. The Department agrees in these cases both FIP and subsidized adoption payments were received for the same child(ren) for the same months. However, the Department also maintains, under current departmental procedures, no overpayment subject to recoupment occurred. With respect to FIP, assistance can only be canceled at the point the subsidized adoption has been approved through entries on the computer system *to issue payment*. IM workers are advised a child has been approved for subsidized adoption only at the point the approval is entered into the computer system *to issue payment* by the social worker making the approval. Once the subsidized adoption has been entered into the system and the IM worker is notified, FIP is canceled.

For these fifteen cases, the approval for subsidized adoption was not entered into the system until one or more months had passed from the effective date of the approval. Consequently, the IM workers did not receive notice and had no basis for canceling FIP until the entries were made and notice received. Although the subsidy adoption could be approved retroactively to cover past periods of time, FIP cannot be cancelled retroactively. Based on the information entered into the computer system and known to the IM workers at the time, the child(ren) was in fact eligible for FIP. At most, the Department maintains failure to timely enter the subsidized adoption approval resulting in FIP cancellation constitutes a “procedural error” which does not represent an overpayments under 441 IAC 46.2.

With respect to any possible overpayment of subsidized adoption, federal regulations provide the subsidy payment not be reduced by any FIP received by the caretaker relative.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

Recognizing steps do need to be taken to prevent the payment of FIP and subsidized adoption for the same child(ren) for the same months, the Department intends the following corrective measures:

By April 16, 2007, provide the Service Area Managers a memo to be shared from them with their Service and Income Maintenance staff regarding the need to improve communication between Service and IM when a child receiving FIP goes into foster care or is approved for subsidized adoption.

Provide the Service Area Managers a memo to be shared from them with their Service staff regarding the importance of immediately entering the approval and payment information for subsidized adoption assistance on the Family and Children Services (FACS) system.

Financial, Health and Work Support (FHWS) staff will write a service request by April 16, 2007 for a solution agreed upon by the IM Administrators to highlight the report that is sent to IM staff when a FIP recipient begins receiving foster care or subsidized adoption payments and provide clearer instructions on what to do.

FHWS staff will review at the April 19, 2007 IM monthly conference call the requirement that a child receiving FIP is to be removed from the FIP grant when the child goes into foster care and also, the requirement to remove a child from FIP when subsidized adoption payments have been initiated through FACS.

Conclusion – Response acknowledged. The Department should consult with the U.S. Department of Health and Human Services to determine corrective action for questioned costs.

State of Iowa

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For the Year Ended June 30, 2006

**CFDA Number: 93.558 – Temporary Assistance for Needy Families**

**Agency Number: G-0501IATANF/G-0602IATANF**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**06-III-HHS-401-7**

Non-Cooperation with Child Support Recovery Unit (CSRU) – Title 4-C-18 and 4-C-21 of the Employees' Manual states, in part, all applicants and participants in the Family Investment Program (FIP) must cooperate with child support recovery. If an applicant or participant refuses to cooperate without good cause, the family's FIP grant is to be reduced by twenty-five percent. The grant reduction becomes effective the month after the income maintenance worker is notified of the non-cooperation. For five of twenty-three cases reviewed, the FIP grant was not reduced for the month following non-cooperation with CSRU.

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

Response and Corrective Action Planned – Child Support Recovery Unit (CSRU) field staff are required to give a 10 day notice for the reduction of FIP when a client has not cooperated with CSRU. In the cases reviewed, the notice of non-cooperation was received late in the month and staff had to cancel FIP for the first day of the 2nd month after the CSRU notification in order to give the client 10 days notice. However, field staff should have recouped FIP for the month after the notification was received from CSRU. The specific individual cases have since had a recoupment completed. Field staff will be reminded at the April 19, 2007 IM monthly conference call by FHWS policy staff of the necessity to complete a recoupment of the FIP overpayment when they are not able to reduce the FIP for non-cooperation with CSRU the month after notification from CSRU because of the 10 day timely notice requirement. A follow up SPIRS note will also be sent to all field IM staff.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

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**CFDA Number: 93.558 – Temporary Assistance for Needy Families**

**Agency Number: G-0501IATANF, G-0602IATANF**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**CFDA Number: 93.563 – Child Support Enforcement**

**Agency Number: G-0504IA4004, G-0604IA4004**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**CFDA Number: 93.575 – Child Care and Development Block Grant**

**Agency Number: G-0301IACCDF, G-0401IACCDF, G-0501IACCDF, G-0601IACCDF**

**Federal Award Year: 2003, 2004, 2005, 2006**

**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-0301IACCDF, G-0401IACCDF, G-0501IACCDF, G-0601IACCDF**

**Federal Award Year: 2003, 2004, 2005, 2006**

**Iowa Department of Human Services**

**CFDA Number: 93.645 – Child Welfare Services – State Grants**

**Agency Number: G-0501IA1400, G-0601IA1400**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

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

**Agency Number: G-0501IA1401, G-0601IA1401**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**CFDA Number: 93.659 – Adoption Assistance**

**Agency Number: G-0501IA1407, G-0601IA1407**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**CFDA Number: 93.778 – Medical Assistance Program**

**Agency Number: 5-0405IA5028, 5-0505IA5028, 5-0505IA5048,  
5-0605IA5028, 5-0605IA5048**

**Federal Award Year: 2004, 2005, 2006**

**Iowa Department of Human Services**

**06-III-HHS-401-8**

DHS Field Office Internal Controls – For fiscal year 2006, ten county offices and two Child Support Recovery Unit (CSRU) offices were visited. In conjunction with this limited review, the following conditions were noted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

In six county offices, a receipt log is used as an initial receipt listing to track the deposit of funds received by the office. However, the receipt log used does not identify which employee performed each step throughout the deposit process, including receipt preparer, employee sending funds to central office, employee logging the receipt and employee documenting the return of the validated receipt from central office.

In one county office and two CSRU offices, a receipt log is not used.

In four county offices, the person who sends the receipt to central office also compares the validated transmittal from central office to the receipt in the receipt log or receipt book. For one of these four county offices, the person can also prepare the receipt.

In three county offices, the person who writes receipts also enters the receipt information on the receipt log and sends the receipt to central office.

For one county office, checks or money orders are not restrictively endorsed. In addition, in two county offices and two CSRU offices, checks or money orders are not restrictively endorsed by the field office immediately upon receipt.

In two of ten 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. In both county offices, the person can also enter provider agreements onto POSS.

In two of ten county offices no one reviews the transaction report from central office.

During our review of 100 receipts throughout the ten county offices, a total of twenty-nine errors were identified. Title 23-B-5 of the Employees' Manual states, in part, if central office has not returned a duplicate copy within 30 days of issuance, the appropriate division or administrative office is to be contacted. For three receipts reviewed, the validated duplicate copy had not been received from central office for more than 30 days and there was no evidence of follow up or contact with central office to investigate. In addition, twenty receipts were not properly filled out by the receipt preparer, five yellow copies of receipts were not sent to central office with the funds upon deposit and one receipt was written out of date sequence.

Recommendation – The Department should implement changes to strengthen internal control and develop policies and procedures to ensure compliance with the Employee's Manual.

Response and Corrective Action Planned – The individual counties not in compliance will be required to write an individual corrective action plan by April 16, 2007 for each item cited.

A Take 5 Training on receipts by the Income Maintenance Training Academy will be delivered on the IM monthly conference call on April 19, 2007

As of February 19, 2007 for the Ottumwa CSRU and May 2, 2006 for the Carroll CSRU, the supervisor implemented the appropriate policy where all checks or money orders are restrictively endorsed immediately upon receipt at the CSRU office.

The CSRU offices cited for not using a receipt log will implement a corrective action plan by April 1, 2007. The corrective action plan will require either a receipt log be maintained or an alternate procedure be used to ensure proper segregation of duties.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**CFDA Number: 93.558 – Temporary Assistance for Needy Families**

**Agency Number: G-0501IATANF, G-0601IATANF**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**CFDA Number: 93.575 – Child Care and Development Block Grant**

**Agency Number: G-0301IACCDF, G-0401IACCDF, G-0501IACCDF, G-0601IACCDF**

**Federal Award Year: 2003, 2004, 2005, 2006**

**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-0301IACCDF, G-0401IACCDF, G-0501IACCDF, G-0601IACCDF**

**Federal Award Year: 2003, 2004, 2005, 2006**

**Iowa Department of Human Services**

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

**Agency Number: G-0501IA1401, G-0601IA1401**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**CFDA Number: 93.659 – Adoption Assistance**

**Agency Number: G-0501IA1407, G-0601IA1407**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**06-III-HHS-401-9**

DHS Field Office - Case Records – For fiscal year 2006, ten county offices were visited.

In conjunction with this limited review, the following conditions were noted.

Temporary Assistance for Needy Families (TANF)

Title 4-B-1 of the Employees' Manual states, in part, an application for the family investment program (FIP) must be submitted on the "Health and Financial Support Application" form 470-0462. For one out of thirty-six cases reviewed, the Health and Financial Support Application was not in the case record.

Title 14-B-39 of the Employees' manual states, in part, a "Notice of Decision" form 470-0485 is issued to approve, deny, change, suspend, cancel or reinstate assistance. For one out of thirty-six cases reviewed, the Notice of Decision was not in the case record.

Child Care Cluster

Title 13-G-39 of the Employees' Manual states, in part, for nonregistered child care home providers a "Minimum Health and Safety Requirements for Nonregistered Child Care Home Providers" form should be included in the provider's file. For three of twenty-six cases reviewed, the Minimum Health and Safety Requirements for Nonregistered Child Care Home Providers was not maintained in the provider's file.



State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

Foster Care (Title IV-E)

Title 12-B-2 of the Employees' Manual states, in part, when a "Certificate of License" form 470-0727 is issued, a copy should be placed in the Department's licensing file. For two of thirty-three cases reviewed, the Certificate of License was not maintained in the Department's licensing file.

Title 18-D-45 of the Employees' Manual states, in part, a new case permanency plan form 470-3453 "Case Permanency Plan," should be completed at least every six months. For seven out of thirty-three cases reviewed, a current case permanency plan was not maintained in the child's case record.

Foster Care (Title IV-E) Adoption Assistance

Title 13-C-2a of the Employees' Manual states, in part, when a "Notice of Decision" form 470-0745 is issued, a copy should be placed in the case file. For two of three cases reviewed, the Notice of Decision was not maintained in the child's case record.

Title 13-C-19 of the Employees' Manual states, in part, when a "Consent to Adoption" form 470-0755 is issued, a copy should be placed in the case file. For one of three cases reviewed, the Consent to Adoption was not maintained in the child's case record.

Recommendation – The Department should enforce the provisions of the Employees' Manual.

Response and Corrective Action Planned –

TANF – Field Staff will be reminded at the April 19, 2007 IM monthly conference call by Financial Health and Work Support (FHWS) policy staff of the necessity of ensuring the Health and Financial Support Application and Notice of Decision are maintained in the current case record. A SPIRS note will be sent after the conference call as a follow up.

Child Care Cluster – Service Supervisors will review with the appropriate staff by April 30, 2007 that the "Minimum Health and Safety Requirements for Nonregistered Child Care Home Providers" forms are to be maintained in the provider's file.

Foster Care – Service Supervisors will review with appropriate staff by April 30, 2007 that a copy of the "Certificate of License" form should be in the DHS licensing file.

The Service Business Team will develop a corrective plan to address the issue of current case permanency plans not being developed every six months and maintained in the child case record by April 16, 2007.

Foster Care – Adoption Assistance – Service Supervisors will review with appropriate staff by April 30, 2007 that the "Notice of Decision" and "Consent to Adoption" should be in the case file.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**CFDA Number: 93.558 – Temporary Assistance for Needy Families**

**Agency Number: G-0501IATANF, G-0601IATANF**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**CFDA Number: 93.778 – Medical Assistance Program**

**Agency Number: 5-0405IA5028, 5-0505IA5028, 5-0505IA5048,  
5-0605IA5028, 5-0605IA5048**

**Federal Award Year: 2004, 2005, 2006**

**Iowa Department of Human Services**

**06-III-HHS-401-10**

DHS Field Office Supervisor Case Readings – For fiscal year 2006, ten county offices were visited. In conjunction with this limited review, the following condition was noted.

Title 24-A-11 of the Employees' Manual states, in part, income maintenance supervisors shall read cases for accuracy and thoroughness. The Department's quality assurance review process requires a minimum of twenty-four cases to be read per month. In three county offices, the minimum number of required cases per month was not read by a supervisor.

See audit findings 06-III-USDA-401-1 on page 190 for additional information, including the recommendation, response and corrective action plan and conclusion.

**CFDA Number: 93.563 – Child Support Enforcement**

**Agency Number: G-0504IA4004, G-0604IA4004**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**06-III-HHS-401-11**

DHS Field Office Transfer of Cases – For fiscal year 2006, two Child Support Recovery Unit (CSRU) offices were visited. In conjunction with this limited review, the following condition was noted.

Title 9-H-20 of the Employees' Manual states, in part, the Unit office transferring the IV-D case should initiate the transfer within three working days from the date a transfer was requested. In one CSRU office, the policy is the transfer of IV-D cases are initiated within seven days from the date a transfer was requested.

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

Response and Corrective Action Planned – Effective March 8, 2007, the supervisor in the cited CSRU office implemented the appropriate policy that any case appropriate for transfer will be transferred within three working days.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**CFDA Number: 93.568 – Low-Income Home Energy Assistance**

**Agency Number: G04B1IALIEA**

**Federal Award Year: 2006**

**Iowa Department of Human Rights**

**06-III-HHS-379-12**

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 May 31, 2006 to June 7, 2006, a balance ranging from \$916,766 to \$920,507 was carried.

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

Response and Corrective Action Planned – From state fiscal year 2005 to state fiscal year 2006, the Department reduced the number of instances when excessive funds were on hand from two instances to one. For this one instance, excessive funds were on hand for only three days past the CMIA time limit. The Department will continue to closely monitor its 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: 2006**

**Iowa Department of Human Rights**

**06-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.

Nineteen of nineteen subrecipient audit reports received had been reviewed. Of the reports reviewed, one was not reviewed in a timely manner.

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

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

Response and Corrective Action Planned – The Department reduced the number of subrecipient audits which were not reviewed in a timely manner from ten in state fiscal year 2005 to one in state fiscal year 2006. The Department will continue to follow established policies to ensure the timely review of audit reports and resolution of the audit findings, if any.

Conclusion – Response accepted.

**CFDA Number: 93.575 – Child Care and Development Block Grant**  
**Agency Number: G-0301IACCDF, G-0401IACCDF, G-0501IACCDF, G-0601IACCDF**  
**Federal Award Year: 2003, 2004, 2005, 2006**  
**Iowa Department of Human Services**

**06-III-HHS-401-14**

Grant Management – The Office of Inspector General (OIG) is conducting an on-going investigation related to the Iowa Child Care and Development Block Grant funding for Infant and Toddler and Quality Expansion earmarking requirements for federal fiscal years 1998 through 2004. The Department's allocations earmarked for these services during the time period reviewed totaled \$13,044,275. A report will be issued by the Office of Inspector General when the investigation is completed.

Response and Corrective Action Planned – Department response not requested.

**CFDA Number 93.575 – Child Care and Development Block Grant**  
**Agency Number: G-0301IACCDF, G-0401IACCDF, G-0501IACCDF, G-0601IACCDF**  
**Federal Award Year: 2003, 2004, 2005, 2006**  
**Iowa Department of Human Services**

**06-III-HHS-401-15**

Wrap-Around Grant 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 to authorized purposes in compliance with laws, regulations and provisions of the contract or grant.

The monitoring procedures developed by the Department include the submission of a 6 month report and an annual report by each recipient. However, these reports lack the disclosure of detailed expenditure activity. In addition, on-site visits do not include a review of financial activity for allowable costs nor are they performed by the Department on a regular basis.

Recommendation – The Department should develop written subrecipient monitoring procedures which include the review of financial activity for allowable costs. Additionally, the Department should consider performing on-site monitoring visits on a regular basis.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

Response and Corrective Action Planned – The reports do require grantees to list their expenses in the categories as submitted in the budget. In addition, they are required to maintain detailed records and receipts. In the past, the Department had not been resourced to complete a significant number of wrap-around grant site visits annual. The Department has hired additional staff and intends to increase the number of site visits.

Conclusion – Response accepted.

**CFDA Number: 93.575 – Child Care and Development Block Grant**  
**Agency Number: G-0301IACCDF/G-0401IACCDF/G-0501IACCDF/G-0601IACCDF**  
**Federal Award Year: 2003, 2004, 2005, 2006**  
**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-0301IACCDF/G-0401IACCDF/G-0501IACCDF/G-0601IACCDF**  
**Federal Award Year: 2003, 2004, 2005, 2006**  
**Iowa Department of Human Services**

**06-III-HHS-401-16**

ACF-696 Financial Report – The quarterly ACF-696 Financial Report is required to be submitted within one month of the quarter end. The report for the quarter ended June 30, 2006 was not submitted until August 22, 2006.

Recommendation – The Department should establish procedures to ensure quarterly ACF-696 Financial Reports are submitted as required.

Response and Corrective Action Planned – The Department acknowledges that the Child Care and Development Block Grant Federal report for the period ending June 30, 2006 was not submitted by the due date of July 31, 2006. The position responsible for completing the report was vacated at the end of June and the responsibility for completing the report temporarily reassigned. In order to assure accuracy of the information submitted, a second level review was undertaken which required additional time. Staff completing Federal reports are required to complete them on or before the due date and enter the completion date for each report on a spreadsheet monitored by the Chief of the Bureau of Budget and Accounting. Absent extenuating circumstances stated above, we believe the existing procedures are sufficient to ensure timely submission.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**CFDA 93.658 – Foster Care – Title IV-E**

**Agency Number: G-0501IA1401, G-0601IA1401**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**06-III-HHS-401-17**

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 2006 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 fifteen of thirty-one cases reviewed, an initial case plan was not developed within the prescribed limits. For two of thirty-one cases reviewed, we were unable to determine if the initial case plan was developed within the prescribed limits because the case files were not provided.
- (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 seventeen of thirty-five cases reviewed, case plans were not re-evaluated within six months.
- (c) Title 18-A-85 of the Employees' Manual states, in part, the case permanency plan should be signed by both the case worker and their supervisor. For three of thirty-five cases reviewed, the case permanency plan was not signed by the supervisor as required.

Recommendation – The Department should enforce the provisions of the Employees' Manual.

Response and Corrective Action Planned – The Service Business Team will develop a corrective plan by April 16, 2007 to address the issues of:

- Developing the case plan within the appropriate 45/60 day timeframe.
- Ensuring case plans are re-evaluated every six months.
- Ensuring the case permanency plan is signed by the supervisor as required.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

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

**Agency Number: G-0501IA1401, G-0601IA1401**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**06-III-HHS-401-18**

Foster Care Licensing – Title 12-C-100 of the Employees' Manual states, in part, at least one unannounced visit to all foster group care facilities shall be conducted annually. For three of four in-state facility licensing files reviewed, an unannounced visit was not documented for the current year.

Title 12-B-87 of the Employees' Manual states, in part, at least one unannounced visit is conducted to each licensed foster family home each year. For two of twenty-three licensed foster family home files reviewed, an unannounced visit was not documented for the current year.

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

Response and Corrective Action Planned – The Department of Human Services (DHS) contracts with the Department of Inspections and Appeals (DIA) to conduct licensing inspections of group foster care facilities. Iowa Code 237.7 requires DIA to conduct the annual unannounced inspections. DHS will reemphasize this particular requirement with DIA to ensure compliance. DHS will also work with DIA to determine if additional resources are needed to conduct the annual unannounced visits.

Service Supervisors will review with appropriate staff by April 30, 2007 the requirement that at least one unannounced visit is conducted and documented for each licensed foster family each year.

Conclusion – Response accepted.

**CFDA Number: 93.778 – Medical Assistance Program**

**Agency Number: 5-0505IA5028, 5-0505IA5048, 5-0605IA5028, 5-0605IA5048**

**Federal Award Year: 2005, 2006**

**Iowa Department of Human Services**

**06-III-HHS-401-19**

Medicaid Cost Reports – OMB Circular A-133 states, in part, the State Medicaid Agency is required to provide for the filing of uniform cost reports by each participating provider of Medicaid services. These cost reports are used by the State Medicaid Agency to aid in the establishment of payment rates. The State Medicaid Agency is required to provide for periodic audits of the financial and statistical records of the participating providers which could include desk review or on-site reviews.

Iowa Administrative Code section 441 Chapter 81.6(3) requires Medicaid facilities to submit a cost report annually within three months of the facility's fiscal year end. Failure to submit a report within this time shall reduce payment to 75 percent of the current rate for a period no longer than three months, after which no further payments are to be made.

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Schedule of Findings and Questioned Costs

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For three of the 24 cost reports tested, the cost report was not submitted within the required three months of the end of the fiscal year. The reports were submitted 3 to 61 days late. These facilities were not subject to a reduction or penalty.

Desk reviews of facilities' cost reports are required to be performed within two months after the month the report is received. For two of the 22 desk reviews tested, reviews were completed thirteen days late.

Recommendation – The Department should establish procedures to ensure compliance with OMB Circular A-133 and the Iowa Administrative Code.

Response and Corrective Action Planned – The Department has established procedures to ensure compliance with OMB Circular A-133 and the Iowa Administrative Code. On April 12, 2006 Informational Release No. 494 was issued to all nursing facility providers. The release described the rule IAC 441 81.6(3) and informed providers that beginning with cost reports with fiscal year end June 30, 2006 (which will be due to the Department by September 30, 2006), the policy will be enforced.

The Provider Cost Audit and Rate Setting Unit of the Iowa Medicaid Enterprise (IME) now sends a letter to each nursing facility shortly after their fiscal year end informing them of their cost report due date and the consequences for past due cost reports. This letter will serve as the only notice that penalties will be forthcoming if the cost report is not received by the due date. Once this letter is sent to the facility, the IME Provider Cost Audit and Rate Setting Unit sets up in their proprietary rate-setting program a record for each provider containing year end and due date information. At the first of each month, the IME Provider Cost Audit and Rate Setting Unit runs a report which summarizes period end, due date, received date and other information concerning the status of each cost report.

In fiscal year 2007, cost reports that have not been received by the IME Provider Cost Audit and Rate Setting Unit before the first day of the fourth month following a provider's fiscal year end (October 1<sup>st</sup> for a facility with a fiscal year end of June 30<sup>th</sup>) are considered past due. Once a cost report is past due, the facility's payment rate will be reduced to 75% of their current rate effective the first day of the fourth month following the provider's fiscal year end. A letter containing notification of the effective date and amount of the reduced payment rate will be sent to facilities whose cost reports are past due. This letter will also notify the facility of the date their cost report must be received by in order to avoid the suspension of payments. After a cost report is three months past due, no further payments will be made to the facility. The facility will be notified of the effective date for the suspension of payments. The reduced payment rate and/or the suspension of payments will remain in effect until the completed cost report is received. Payment rates will be restored effective on the date the completed cost report is received.

Conclusion – Response accepted.



State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**CFDA Number: 93.778 – Medical Assistance Program**

**Agency Number: 5-0405IA5028, 5-0505IA5028, 5-0505IA5048,  
5-0605IA5028, 5-0605IA5048**

**Federal Award Year: 2004, 2005, 2006**

**Iowa Department of Human Services**

**06-III-HHS-401-20**

Medicaid Waivers – The Department administers seven home and community based waiver services (HCBS). Medicaid waivers enable eligible recipients to remain in their own home or communities rather than be admitted into a medical institution. The services are limited to certain client eligibility groups who have requested a waiver and have been given departmental approval.

- (a) Title 8-N-27 of the Employees' Manual states, in part, a person who is not currently eligible for Medicaid and chooses to apply for home and community based waiver program services must complete form 470-2927, Health Services Application. For two of seven case files reviewed, the recipient did not have Medicaid eligibility or the required form documented in the case file.
- (b) Title 8-N-35 and Title 8-C-5 of the Employees' Manual require all applicants and recipients to cooperate with certain processes related to obtaining medical resources as a condition of eligibility for Medicaid including cooperation with the Health Insurance Premium Payment (HIPP) Unit. The purpose of the HIPP program is to pay the cost of health insurance for Medicaid recipients when it is determined doing so would result in cost savings to the Medicaid program. One of the two following items are required to be included in the recipient's case file:
  - (1) Title 5-B-7 of the Employees' Manual requires a Health Insurance Premium Payment Program Application form 470-2875.
  - (2) Title 8-B-3 of the Employees' Manual requires form 470-2826, Supplemental Insurance Questionnaire.

For three of seven case files reviewed, the recipient did not have one of the required forms noted above included in the case file.

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

Response and Corrective Action Planned –

- (a) Field staff will be reminded by Financial, Health and Work Support (FHWS) policy staff at the April 19, 2007 IM monthly conference call of the necessity of documenting Medicaid eligibility and having the Health Service Application in the current case record. A SPIRS note will be sent after the conference call as a follow up.
- (b) Field staff will be reminded by FHWS policy staff at the April 19, 2007 IM monthly conference call of the necessity of having the Health Insurance Premium Payment Program Application or the Supplemental Insurance Questionnaire in the current case record. A SPIRS note will be sent after the conference call as a follow up.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**CFDA Number: 93.778 – Medical Assistance Program**

**Agency Number: 5-0405IA5028, 5-0505IA5028, 5-0505IA5048,  
5-0605IA5028, 5-0605IA5048**

**Federal Award Year: 2004, 2005, 2006**

**Iowa Department of Human Services**

**06-III-HHS-401-21**

Medicaid Facilities – Title 8-A-21 of the Employees' Manual states, in part, an adequate notice should be issued when an application is approved, rejected or withdrawn or when a change in a member's circumstances affects eligibility. For two of twenty-two cases reviewed, the notice of decision covering the time period tested could not be located.

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

Response and Corrective Action Planned – Field staff will be reminded by FHWS policy staff at the April 19, 2007 IM Monthly conference call of the necessity of having the Notice of Decision in the current case record. A SPIRS note will be sent after the conference call as a follow up.

Conclusion – Response accepted.

**CFDA Number: 93.778 – Medical Assistance Program**

**Agency Number: 5-0405IA5028, 5-0505IA5028, 5-0505IA5048,  
5-0605IA5028, 5-0605IA5048**

**Federal Award Year: 2004, 2005, 2006**

**Iowa Department of Human Services**

**06-III-HHS-401-22**

Medicaid Assistance Bank Account – The Iowa Medicaid Enterprise (IME) maintains a Medical Assistance account at Wells Fargo Bank for the payment of provider claims. The Department's Fiscal Management personnel perform monthly reconciliations of the Medical Assistance account. As of April 2006, bank reconciliations for this account had not been performed for the months of January 2006 through March 2006.

Recommendation – The Department should perform timely reconciliations of the Medical Assistance account.

Response and Corrective Action Planned – The Department completed all reconciliations for the Medical Assistance account by the close of the fiscal year. Monthly reconciliations for the Medical Assistance account are now being performed on a timely basis.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2006

**CFDA Number: 93.958 – Block Grants for Community Mental Health Services**  
**Agency Number: C-04B1IACMHS, C-05B1IACMHS, C-06B1IACMHS**  
**Federal Award Year: 2004, 2005, 2006**  
**Iowa Department of Human Services**

**06-III-HHS-401-23**

SF-269 Financial Status Report (FSR) – Title 45 CFR 96.30(b) of the Code of Federal Regulations states, in part, each grantee shall report to the Department of Health and Human Services the date of the last obligation and the date of the last expenditure. Additionally, grantees are to provide the requested information within 90 days of the close of the applicable statutory grant periods. The FSR for the period ended September 30, 2005 did not include the date of the last obligation and date of the last expenditure. Additionally, the FSR was not submitted until January 31, 2006.

Recommendation – The Department should establish procedures to ensure compliance with the Code of Federal Regulations.

Response and Corrective Action Planned – The Department acknowledges the date of the last obligation and the date of the last expenditure were not included in the federal report. Future reports will include this information. The Department also acknowledges the FSR was not submitted until January 31, 2006. The Federal regulation states that a FSR should be submitted by December 31<sup>st</sup>, but does not require the final to be submitted at this time. The State must submit a FSR for the period ending September 30 by December 31<sup>st</sup>, but may submit either an interim or a final. Future reports will be submitted by the December 31<sup>st</sup> deadline with a final submitted when all balancing and reconciling transactions have been completed.

Conclusion – Response accepted.

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**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: 066591/066898/074207**  
**Federal Award Year: 2003, 2004**  
**Iowa Department of Public Defense – Homeland Security and Emergency  
Management Division**

**06-III-DHS-583-1**

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 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 which 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 seventeen instances where the cash balance was in excess of \$100,000 for a period of four to seventy-nine 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 and Corrective Action Planned – Procedures have been implemented to resolve excessive cash balances and this should not be a problem in future years. This grant is in the process of being closed out and the issue should be resolved by the end of this fiscal year.

Conclusion – Response accepted.

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Federal Agency  
By Agency Identification

Identification

<u>Initials</u>	<u>Agency</u>
USDA	U.S. Department of Agriculture
HUD	U.S. Department of Housing and Urban Development
DOL	U.S. Department of Labor
DOT	U.S. Department of Transportation
USDE	U.S. Department of Education
EAC	U.S. Elections Assistance Commission
HHS	U.S. Department of Health and Human Services
DHS	U.S. Department of Homeland Security

Iowa State Agencies  
By Agency Number

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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
221	First Judicial District
238	Department of Corrections
250	Iowa Prison Industries
252	Ft. Dodge Correctional Facility
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 Branch
542	Department of Natural Resources
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615	Board of Regents
617	Braille and Sight Saving School
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619	State University of Iowa
620	Iowa State University
621	University of Northern Iowa
635	Secretary of State
642	Governor’s Office on Drug Control Policy
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