

# Iowa Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014



The Boone and Scenic Valley Railroad is a heritage railroad in Boone County, Iowa started in 1983 by a group of volunteers. The original track was built in the 1890's and journeys through the scenic Des Moines River Valley.

Photo: Iowa Tourism Office and Boone and Scenic Valley Railroad.



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Fiscal Year  
Ended June 30, 2014

GOVERNOR:  
Terry E. Branstad

PREPARED BY:  
The Iowa Department of Administrative Services - State Accounting Enterprise

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**STATE OF IOWA**

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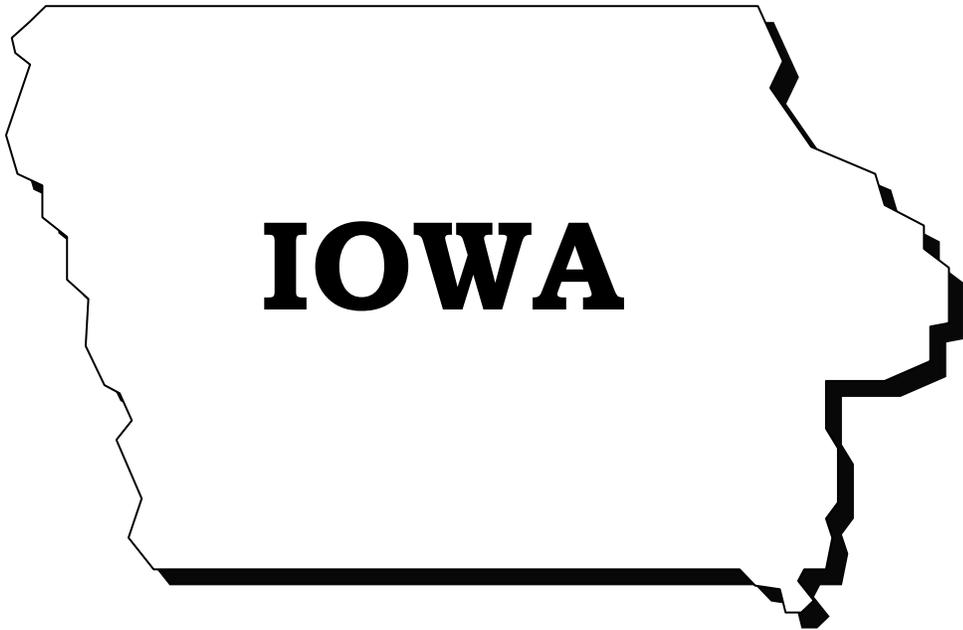
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**ACKNOWLEDGMENTS**



INTRODUCTORY  
SECTION



December 12, 2014

**TO THE CITIZENS, GOVERNOR AND MEMBERS OF THE IOWA GENERAL ASSEMBLY**

In accordance with Iowa Code Section 8A.502(8), we are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the State of Iowa for the fiscal year ended June 30, 2014. As required by State statute, this report has been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) for governments as promulgated by the Governmental Accounting Standards Board (GASB).

The Department of Administrative Services and the Department of Management are responsible for both the accuracy of the presented data and the completeness and fairness of the presentation. We believe the information presented is accurate in all material respects and the necessary disclosures have been made in order to enable the reader to understand the State's financial activity.

The State's system of internal controls over assets recorded in the accounting system have been designed to provide reasonable, but not absolute, assurance that assets are safeguarded against unauthorized use or disposition and financial records from all appropriate sources are reliable for preparing financial statements and maintaining accountability. The concept of reasonable assurance recognizes the cost of internal controls should not exceed the benefits likely to be derived from their use. To monitor the adequacy of internal controls, the Auditor of State reviews internal control procedures as an integral part of departmental audits.

The Auditor of State is required by Chapter 11 of the Code of Iowa to audit annually all departments of the State. The accompanying basic financial statements of the State of Iowa have been audited by the Auditor of State 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. The Auditor of State's report appears elsewhere herein. In addition, the Auditor of State conducts a single audit under the requirements set forth in the Single Audit Act of 1984, the Single Audit Amendments of 1996 and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations which is issued separately.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

## **PROFILE OF THE GOVERNMENT**

The State of Iowa was admitted into the Union as the 29<sup>th</sup> state in 1846. Iowa is a midsize state with a mid-continent location. It covers 56,276 square miles, making it the 26<sup>th</sup> largest state in the United States. The Mississippi River carves out Iowa's eastern border, while the flow of the Missouri and Big Sioux Rivers form the western border. Iowa has a population of 3.0 million.

In Iowa, government power is distributed among three branches. The Legislative branch creates laws that establish policies and programs; the Executive branch carries out the policies and programs created in the laws and the Judicial branch resolves any conflicts arising from interpretation or application of the laws. The Executive branch agencies are the Governor, Lieutenant Governor, Secretary of State, Treasurer of State, Secretary of Agriculture, Attorney General, and Auditor of State, as well as 31 agencies lead by appointed State officials. The Legislative branch is comprised of two houses, a 50 member Senate and a 100 member House of Representatives. The Judicial branch is presided over by the Iowa Supreme Court, which is led by the Chief Justice of the Iowa Supreme Court.

The State provides a range of services such as education, health and human services, highway maintenance and construction, natural resources and agriculture management, law enforcement, public safety, and economic development programs.

This report includes all of the fund types, departments and agencies of the State, as well as the boards, commissions, authorities and universities for which the State is financially accountable. Component units also included in the report are the Iowa Finance Authority, Iowa Economic Development Authority, Iowa State Fair Authority, Iowa Lottery Authority, University Foundations, University of Iowa Research Foundation, and University of Iowa Health System and Subsidiaries. The reader is directed to Note 1.B in the Notes to the Financial Statements for a more complete description of the factors used to define the reporting entity.

**State Budget and Budgetary Controls.** The annual budgetary process serves as the foundation for the State's financial planning and control. Each year state departments submit budget requests to the Governor's Office by October 1. The State's budget is prepared by the Governor on an annual basis and is required to be submitted, along with proposed appropriation bills, to the General Assembly by the first of February prior to the new fiscal year. The General Assembly approves appropriation bills which establish spending authority for the upcoming fiscal year. The Governor has the ability to approve, veto or item veto appropriation bills as they are presented to him.

Departments may request revisions to allotments, appropriation 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.

All claims presented for payment must be approved by the appropriate department. The expenditure must be for a purpose intended by law and a sufficient existing and unexpended appropriation

balance must be available. Budgetary controls are incorporated into State accounting systems. The annual budget of the State is established through separate appropriations to individual departments for specific purposes, special outlays and/or operating expenditures. Budgetary control is essentially maintained at the departmental level except for certain grant and aid programs where control is maintained at the program level.

## **ECONOMIC CONDITION AND OUTLOOK**

### **National Economic Outlook 2014-2015**

During fiscal year 2014, gross domestic product showed growth of 2.6 percent, reflecting the continued overall rebound the national economy is experiencing. According to Moody's Analytics, the projection for gross domestic product growth in fiscal year 2015 is 3.4 percent.

Job growth has improved over the past 12 months. During fiscal year 2014, 1.9 million jobs were gained nationally. Projections provided by Moody's Analytics for fiscal year 2015 are for continued growth with 2.3 million jobs gained.

### **State and Local Economy**

Iowa's economy is supported by a diverse mixture of industry, agriculture, services and government employment. In calendar year 2013, 17.1 percent of the state's gross domestic product was in manufacturing, down from 20.7 percent 10 years ago. Finance, insurance, and real estate sector has continued to be the largest part of the State's economy at 20.5 percent during calendar year 2013. With the growth in renewable fuels processing in Iowa, and higher grain and livestock prices, agriculture has grown from 3.8 percent in 2003 to 9.7 percent in 2013. In calendar year 2013, Iowa's real gross domestic product increased 2.9 percent ranking Iowa 12th highest in growth rate nationally. The United States average growth during the calendar year was 1.8 percent.

**Personal Income.** Personal income, as reported by the U.S. Department of Commerce, for the nation increased 2.6 percent during calendar year 2013. Iowa's personal income rose 3.2 percent for the calendar year 2013 ranking Iowa 22nd highest in growth rate nationally. For the second quarter, calendar year 2014, Iowa's personal income increased 2.4 percent, ranking Iowa 4th highest in growth rate nationally.

**Employment.** Over the past 10 years, Iowa's unemployment rate has been between one and three percentage points below the national average. As of June 2014, the state unemployment rate stood at 4.4 percent, while the national average stood at 6.1 percent. Following the national trend, unemployment at the state level has continued to drop during fiscal year 2014, from 4.8 percent in June 2013 to 4.4 percent in June 2014. During fiscal year 2014, nonfarm employment on a seasonally adjusted basis increased a net 32,200 jobs, with 26,000 more people in the workforce. During this time period, the manufacturing sector gained 3,900 jobs, 4,300 jobs were gained in the leisure and hospitality sector, 3,400 jobs gained in the construction sector, and 7,200 jobs in the government sector. These gains were offset by reductions of 700 jobs in the information sector. The rest of the economic sectors had smaller job changes.

**Exports.** Exporting industries have been an important factor in Iowa's economic growth since the 1990's. Growth in exports of various agriculture and manufacturing commodities have helped diversify Iowa's economy. Calendar year 2013 is the first time in years that Iowa exports dropped from the previous year. According to the U.S. Census Bureau, Iowa's exports decreased 5.0 percent, after increasing 9.8 percent in calendar year 2012.

Canada continues to remain the top country for Iowa's exports, with Mexico being Iowa's second best trading partner.

**Farmland Values.** The Federal Reserve Bank of Chicago, in their August 2014 public release, reported that, farmland values for the Seventh Federal Reserve District (Chicago) had, for the second quarter 2014, continued to increase in value year over year at 3 percent. Farmland values in Iowa decreased by 1 percent for the period July 1, 2013 to July 1, 2014. Bankers responding to the survey sent out by the Federal Reserve Bank of Chicago believe that land values have plateaued and expect a weakness in agricultural land values in the coming quarters.

**Manufacturing.** Iowa's manufacturing employment increased to an average of 214,500 for 2013, up from the 2012 level of 210,600. During calendar year 2013, durable goods products accounted for about 60.0 percent of manufacturing employment.

### **Financial Policies**

The Governor and General Assembly have statutory responsibility to balance the budget.

- Spending is limited to 99.0 percent of adjusted revenues, 95.0 percent of any new revenue implemented in a fiscal year, and any carry-over from the previous year.
- The Governor and the Legislature are required to use the revenue estimates agreed to by the December Revenue Estimating Conference, or the spring estimate if it is lower, as a basis to determine the General Fund budget for the following fiscal year.
- Two reserve funds have been created: the Cash Reserve Fund and the Economic Emergency Fund. Expenditures from these funds are limited by statute for nonrecurring, emergency expenditures.

### **MAJOR INITIATIVES AND ISSUES**

**Home Base Iowa.** During the 2014 session, Governor Branstad proposed and the General Assembly adopted the Home Base Iowa Act which is one part of the overall Home Base Iowa initiative. This initiative is a first-of-its-kind program to recruit veterans and active duty service members, for private-sector job opportunities in Iowa. The Act fully exempts military pensions from state income tax, directs Iowa's licensing boards to adopt rules allowing credit for military training and experience in the licensing process, allows private sector companies to follow the public sector's lead by allowing a preference in hiring and promoting veterans, eliminates the special license plate issuance fees charged for plates associated with military service, and expands eligibility for the Military Homeownership Assistance Program, which provides \$5,000 in down payment and closing cost assistance.

## AWARDS AND ACKNOWLEDGMENTS

**Certificate of Achievement.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Iowa for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

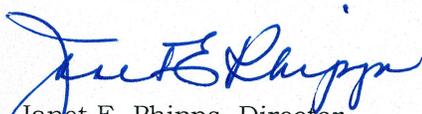
A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgment.** The preparation of this report on a timely basis requires the collective efforts of numerous finance personnel throughout the State and is made possible only with the cooperation and support of the Executive, Legislative and Judicial branch agencies, universities and component units of the State.

This report was accomplished through the professionalism and dedication of the staff in the Department of Management, the State Accounting Enterprise within the Department of Administrative Services, the Auditor of State's Office, and the financial and management personnel throughout State government.

This report, issued for the twenty-sixth consecutive year, continues our commitment to the citizens of the State of Iowa, the Governor, the Legislature and the financial community, to maintain our financial statements in conformance with the highest standards of financial accountability.

Respectfully submitted,



Janet E. Phipps, Director  
Department of Administrative Services



David Roederer, Director  
Department of Management



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

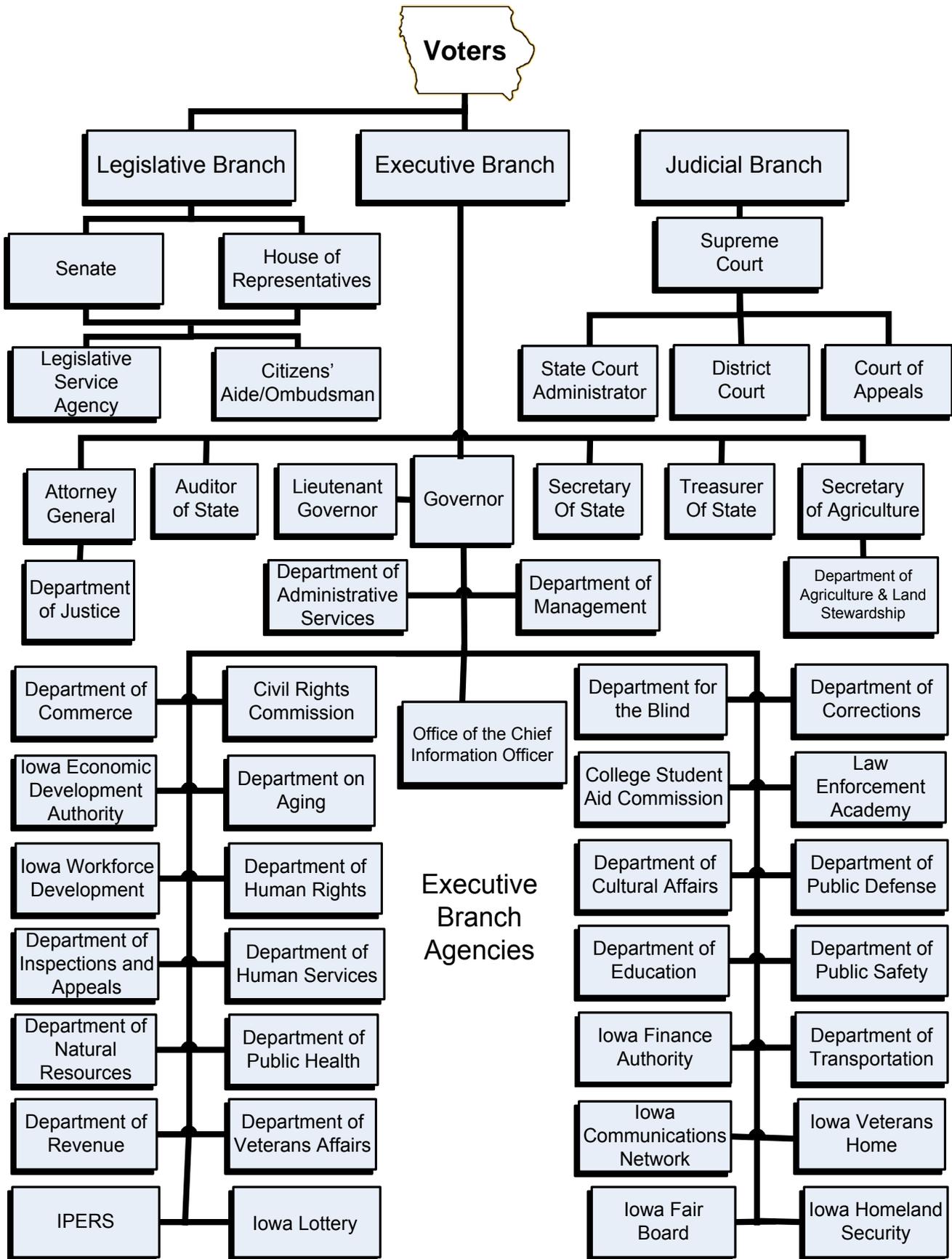
**State of Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# State of Iowa Organizational Chart



# Principal Officials

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## Elected Officials

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GOVERNOR - **Terry E. Branstad**  
LIEUTENANT GOVERNOR - **Kimberly K. Reynolds**  
SECRETARY OF STATE - **Matt Schultz**  
AUDITOR OF STATE - **Mary Mosiman**  
TREASURER OF STATE - **Michael L. Fitzgerald**  
SECRETARY OF AGRICULTURE - **William H. Northey**  
ATTORNEY GENERAL - **Thomas J. Miller**

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## Legislative Branch

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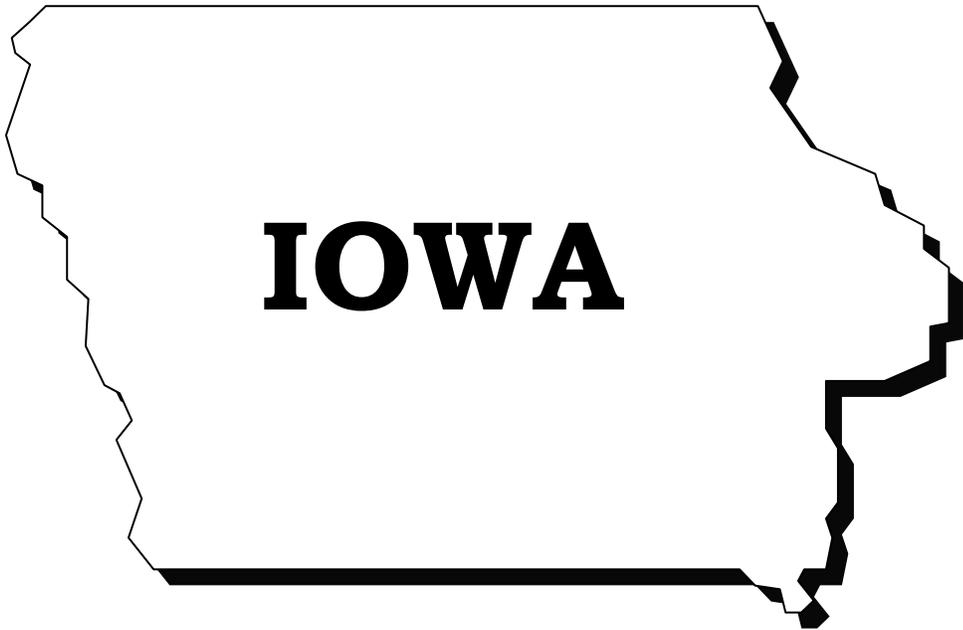
PRESIDENT OF THE SENATE - **Pam Jochum**  
SPEAKER OF THE  
HOUSE OF REPRESENTATIVES - **Kraig Paulsen**

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## Judicial Branch

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CHIEF JUSTICE OF  
THE SUPREME COURT - **Mark S. Cady**



FINANCIAL  
SECTION



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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report

To the Governor and Members of the General Assembly:

Report on the Financial Statements

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, 2014, and the related Notes to Financial Statements, which collectively comprise the State's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tobacco Settlement Authority, which is a major fund and represents 3% of the assets and less than 1%, respectively, of the net position and the revenues of the governmental activities. We did not audit the financial statements of the Honey Creek Premier Destination Park Authority, which had no assets or net position at June 30, 2014 and represents less than 1% of the revenues of the governmental activities and of the aggregate remaining funds, respectively. We also did not audit the financial statements of the Iowa Finance Authority, the University of Iowa Foundation, the Iowa State University Foundation, the University of Northern Iowa Foundation, the University of Iowa Research Foundation and the University of Iowa Health System and Subsidiaries, which represent a total of 94%, 92% and 55%, respectively, of the assets, the net position and the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Tobacco Settlement Authority, the Honey Creek Premier Destination Park Authority, the Iowa Finance Authority, the University of Iowa Foundation, the Iowa State University Foundation, the University of Northern Iowa Foundation, the University of Iowa Research Foundation and the University of Iowa Health System and Subsidiaries, is based solely 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 from material misstatement. The financial statements of the University of Iowa Foundation, the Iowa State University Foundation, the University of Northern Iowa Foundation and the University of Iowa Health System and Subsidiaries were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the State of Iowa's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Iowa's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Iowa as of June 30, 2014, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### Other Matters

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedules of Funding Progress on pages 19 through 32 and 122 through 128 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the auditors of the Tobacco Settlement Authority, the Honey Creek Premier Destination Park Authority, the Iowa Finance Authority and the University of Iowa Research Foundation have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to the auditor's inquiries, the basic financial statements and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

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 supplementary information identified in the table of contents and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards by us and the other auditors. In our opinion, based on our audit, the procedures described above, and the reports of the other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by Government Auditing Standards

Our report on the State of Iowa's internal control over financial reporting and other tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters required by Government Auditing Standards will be issued under separate cover. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that 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 audits.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 12, 2014

## 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, 2014. 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 section of the CAFR.

### FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

#### Government-wide Highlights

- The assets and deferred outflows of resources of the State of Iowa exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2014 by \$15,939.2 million (net position). Of this amount, \$2,335.0 million (unrestricted net position) is available to be used to meet the State's ongoing obligations to citizens and creditors.
- Total net position increased \$775.8 million in the fiscal year ended June 30, 2014. Net position of governmental activities increased \$247.5 million, or 2.7%, while net position of business-type activities increased \$528.3 million, or 8.8%.
- In the State's governmental activities, revenues increased 1.9% to \$15,161.3 million while expenses increased 5.0% to \$14,338.2 million.
- For business-type activities, revenues increased 3.0% to \$4,809.3 million while expenses increased 1.8% to \$4,856.6 million.

#### Fund Highlights

- The State's governmental funds reported a combined ending fund balance of \$2,964.3 million, a \$290.8 million decrease from the prior year. Of this amount, \$57.6 million represents nonspendable fund balances, \$1,534.5 million represents spendable restricted fund balances, \$1,941.6 million represents spendable committed fund balances and a negative \$569.4 million represents unassigned fund balances.
- The General Fund total fund balance decreased \$265.9 million to \$2,784.3 million.
- The proprietary funds reported net position at year-end of \$6,648.5 million, an increase of \$533.2 million.

#### Long-term Debt

- The State's total long-term debt decreased \$43.2 million, or 1.2%, to \$3,679.4 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 designed to provide readers with a broad overview 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 a private-sector business.

- The *Statement of Net Position* presents financial information on all of the State's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating, respectively.

- The *Statement of Activities* presents information showing how the State's net position changed during the most recent fiscal year. This statement is formatted to report direct expenses, program revenues and the net revenues or expenses 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 Benefits 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 Economic Development Authority (Business-type)
  - Iowa State Fair Authority (Business-type)
  - Iowa Lottery Authority (Business-type)
  - University of Iowa Foundation (Business-type)
  - Iowa State University Foundation (Business-type)
  - University of Northern Iowa Foundation (Business-type)
  - University of Iowa Research Foundation (Business-type)
  - University of Iowa Health System & Subsidiaries (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 types 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, Tobacco Settlement Authority and Tobacco Collections Fund are the State's major governmental funds. 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-term 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 type 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.

The University Funds and the Unemployment Benefits Fund are the State's major proprietary funds. Nonmajor proprietary funds are reported by fund type in the Combining Financial Statements – Nonmajor Funds.

- *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 cannot 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>	Statement of net position  Statement of activities	Balance sheet  Statement of revenues, expenditures, and changes in fund balances	Statement of net position  Statement of revenues, expenses, and changes in fund net position  Statement of cash flows	Statement of fiduciary net position  Statement of changes in fiduciary net position
<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 contain capital assets, although they can
<b>Type of deferred outflow/inflow information</b>	Consumption/ acquisition of net position that is applicable to a future reporting period.	Consumption/ acquisition of fund balance that is applicable to a future reporting period.	Consumption/ acquisition of net position that is applicable to a future reporting period.	Consumption/ acquisition of net position that is applicable to a future reporting period.
<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 the year, regardless of when cash is received or paid

**Notes to the Financial Statements**

The notes provide additional information that is essential to fully understand 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 for 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 Judicial Retirement System, the Peace Officers' Retirement, Accident and Disability System and Other Postemployment Benefits 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 Position

The State's combined net position (governmental and business-type activities) totaled \$15,939.2 million at June 30, 2014, compared to \$15,163.4 million at June 30, 2013, as indicated in Table 2.

The State of Iowa implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* in fiscal year 2014. GASB 65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2013-2014
	Restated		Restated		Restated		
	2014	2013	2014	2013	2014	2013	
Current and other assets	\$ 4,851.1	\$ 5,090.1	\$ 5,106.1	\$ 4,814.1	\$ 9,957.2	\$ 9,904.2	0.5%
Capital assets	8,269.0	7,896.9	4,612.0	4,287.2	12,881.0	12,184.1	5.7%
Total assets	13,120.1	12,987.0	9,718.1	9,101.3	22,838.2	22,088.3	3.4%
Deferred outflows of resources	23.3	25.1	4.6	4.3	27.9	29.4	-5.1%
Long-term liabilities	1,995.3	2,139.6	2,165.1	2,075.2	4,160.4	4,214.8	-1.3%
Other liabilities	1,709.9	1,681.8	1,047.3	1,049.7	2,757.2	2,731.5	0.9%
Total liabilities	3,705.2	3,821.4	3,212.4	3,124.9	6,917.6	6,946.3	-0.4%
Deferred inflows of resources	-	-	9.3	8.0	9.3	8.0	16.3%
Net position:							
Net investment in capital assets	7,960.1	7,579.7	2,917.0	2,700.0	10,877.1	10,279.7	5.8%
Restricted	1,064.2	1,085.0	1,662.9	1,538.1	2,727.1	2,623.1	4.0%
Unrestricted	413.9	526.0	1,921.1	1,734.6	2,335.0	2,260.6	3.3%
Total net position	\$ 9,438.2	\$ 9,190.7	\$ 6,501.0	\$ 5,972.7	\$ 15,939.2	\$ 15,163.4	5.1%

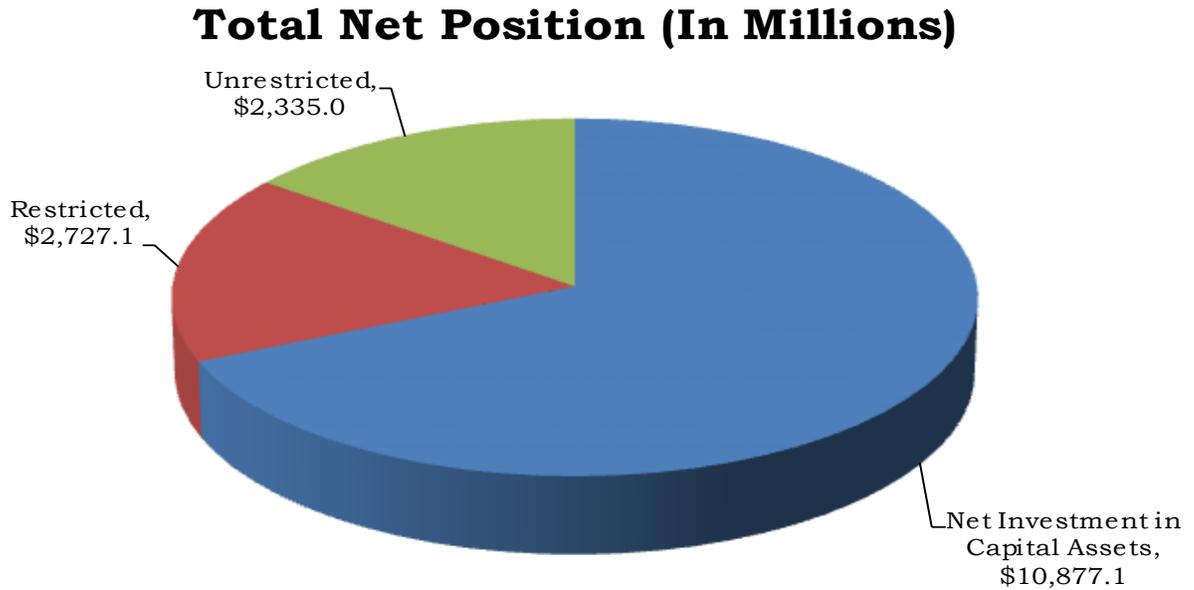
Net position of the State’s governmental activities increased 2.7% to \$9,438.2 million. The largest component (84.3%) of the State’s net position is its investment in capital assets (e.g. land, buildings, equipment, infrastructure and others), less any related outstanding debt that was used to acquire or construct the assets. Restricted net position is the next largest component (11.3%). These represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position is the remaining portion (4.4%) and may be used at the State’s discretion, but often have limitations on use based on State statutes.

The net position of business-type activities increased 8.8% to \$6,501.0 million. The State generally can only use the net position to finance the continuing operations of the universities, unemployment insurance and other business-type activities.

Long-term liabilities decreased 1.3% to \$4,160.4 million due primarily to a decrease in long-term bonds payable. The overall net decrease in long-term bonds payable of \$55.8 million is the result of a \$119.5 million net decrease for governmental activities which is offset by a \$63.7 million net increase for business-type activities. Governmental activities long-term bonds payable decreased due to an \$80.3 million decrease in bonds payable for the extinguishment of the IJOBS Program Special Obligation, Taxable Series 2010B bonds, Iowa Finance Authority Refunding Revenue Bonds (Correctional Facility Program), Series 2002 bonds, Honey Creek Authority, Destination Park Revenue Bonds, Series 2006 bonds and School Infrastructure Special Fund Refunding Bonds, Series 2012 bonds, retirement of principal totaling \$46.5 million as it came due and the amortization of bond premiums and discounts. Business-type activities long-term bonds payable increased due to the issuance of new bonds and the defeasance of bonds by the University of Iowa and Iowa State University and the payment of principal as it came due by the three Universities. (See NOTE 10 – BONDS PAYABLE)

Other liabilities increased 0.9% to \$2,757.2 million. The \$25.7 million increase resulted from increases of \$70.5 million in accounts payable & accruals and \$7.1 million in other financing arrangements payable, offset largely by decreases in funds held in custody of \$31.8 million and in current bonds payable of \$17.7 million.

The chart presented below provides a visual representation of the three components of the State’s total net position of \$15,939.2 million at June 30, 2014.



## Changes in Net Position

The State's total net position increased by \$775.8 million during the year, as indicated in Table 3.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2013-2014
	2014	Restated 2013	2014	Restated 2013	2014	Restated 2013	
	<b>Program revenues</b>						
Charges for services	\$ 1,981.0	\$ 1,907.2	\$ 3,673.5	\$ 3,573.7	\$ 5,654.5	\$ 5,480.9	3.2%
Operating grants & contributions	4,905.6	4,619.1	783.0	848.7	5,688.6	5,467.8	4.0%
Capital grants & contributions	472.9	426.3	90.3	61.9	563.2	488.2	15.4%
<b>General revenues</b>							
Personal income tax	3,206.5	3,446.9	-	-	3,206.5	3,446.9	-7.0%
Corporate income tax	387.2	429.0	-	-	387.2	429.0	-9.7%
Sales & use tax	2,625.3	2,509.8	-	-	2,625.3	2,509.8	4.6%
Other tax	756.2	759.7	7.5	7.5	763.7	767.2	-0.5%
Motor fuel tax restricted for transportation purposes	446.4	438.0	-	-	446.4	438.0	1.9%
Road use tax restricted for transportation purposes	322.5	307.8	-	-	322.5	307.8	4.8%
Unrestricted investment earnings	21.4	6.2	186.9	110.0	208.3	116.2	79.3%
Other	36.3	30.6	68.1	67.1	104.4	97.7	6.9%
<b>Total revenues</b>	<b>15,161.3</b>	<b>14,880.6</b>	<b>4,809.3</b>	<b>4,668.9</b>	<b>19,970.6</b>	<b>19,549.5</b>	2.2%
<b>Expenses</b>							
Administration & regulation	1,436.5	1,385.4	-	-	1,436.5	1,385.4	3.7%
Education	3,749.2	3,582.8	-	-	3,749.2	3,582.8	4.6%
Health & human rights	423.7	420.8	-	-	423.7	420.8	0.7%
Human services	5,757.1	5,509.9	-	-	5,757.1	5,509.9	4.5%
Justice & public defense	1,255.6	1,095.3	-	-	1,255.6	1,095.3	14.6%
Economic development	160.0	186.9	-	-	160.0	186.9	-14.4%
Transportation	1,236.0	1,149.9	-	-	1,236.0	1,149.9	7.5%
Agriculture & natural resources	219.1	219.9	-	-	219.1	219.9	-0.4%
Interest expense	95.3	99.3	-	-	95.3	99.3	-4.0%
University Funds	-	-	4,156.1	3,960.7	4,156.1	3,960.7	4.9%
Unemployment Benefits Fund	-	-	439.9	554.9	439.9	554.9	-20.7%
Other	5.7	-	260.6	257.0	266.3	257.0	3.6%
<b>Total expenses</b>	<b>14,338.2</b>	<b>13,650.2</b>	<b>4,856.6</b>	<b>4,772.6</b>	<b>19,194.8</b>	<b>18,422.8</b>	4.2%
Increase (decrease) in net position before special & extraordinary items & transfers	823.1	1,230.4	(47.3)	(103.7)	775.8	1,126.7	-31.1%
Special items - disposal of operations	-	5.7	-	-	-	5.7	-100.0%
Extraordinary items - impairment of assets & other	-	-	-	(2.6)	-	(2.6)	-100.0%
Transfers	(575.6)	(500.2)	575.6	500.2	-	-	0.0%
<b>Increase in net position</b>	<b>247.5</b>	<b>735.9</b>	<b>528.3</b>	<b>393.9</b>	<b>775.8</b>	<b>1,129.8</b>	-31.3%
<b>Net position - July 1, restated</b>	<b>9,190.7</b>	<b>8,454.8</b>	<b>5,972.7</b>	<b>5,578.8</b>	<b>15,163.4</b>	<b>14,033.6</b>	8.1%
<b>Net position - June 30</b>	<b>\$ 9,438.2</b>	<b>\$ 9,190.7</b>	<b>\$ 6,501.0</b>	<b>\$ 5,972.7</b>	<b>\$ 15,939.2</b>	<b>\$ 15,163.4</b>	5.1%

The State of Iowa received \$73.9 million and spent \$75.9 million in federal funds as a result of the American Recovery and Reinvestment Act of 2009 (ARRA), a decrease of 62% and 63%, respectively, from FY2013. This decrease in ARRA revenues and expenses is attributable to the winding down of the federal grants that were awarded as a result of ARRA. Additionally, \$21.5 million in benefits were issued by the Department of Human Services to clients for the Supplemental Nutrition Assistance Program (SNAP) as a result of ARRA, a decrease of 75% from FY2013. This 75% decrease to ARRA SNAP benefits was due to the additional ARRA SNAP benefits ending in October 2013.

## **Governmental Activities**

Overall, total revenues for governmental activities increased 1.9% over the prior year.

Program revenues increased \$406.9 million, or 5.9%. The largest fluctuation in program revenues was in operating grants and contributions with an increase of \$286.5 million. The increase in operating grants and contributions occurred primarily in human services and transportation and was largely due to increases in federal support for medical assistance and federal highway planning and construction. Charges for services increased \$73.8 million, or 3.9%. This increase was due in part to new car sales bottomed out in 2009 and have increased 89% from 2009-2014; new cars are being sold at higher prices, so registration fees have also increased; and truck registration amounts increased as new trucks sold are paying a fee related to weight/value and not a set fee. Capital grants and contributions increased \$46.6 million, or 10.9%. This increase is also attributable to an increase in federal highway planning and construction funding.

General revenues experienced a net decrease of \$126.2 million or 1.6% from FY2013. This is due in part to a decrease in personal income tax of \$240.4 million or 7.0%. Personal income tax decreased due to a combination of the following items. The Iowa Earned Income Tax Credit for tax year 2013 was doubled from 2012 (14% up from 7%). That increased claims by about \$34 million, the vast majority realized as higher refunds during FY2014. In addition, 2013 was the first year of the Taxpayers Trust Fund Tax Credit. The credit was \$54 per taxpayer, with claims totaling nearly \$86 million during FY2014, where it is estimated \$50 million was realized as lower final return payments and the other \$36 million was realized as higher refunds. Also, economic differences between the 2012 and 2013 tax years as well as impacts from federal tax law changes effective at the start of calendar year 2013 that caused taxpayers to pull income forward into 2012 and thus raised income tax payments to Iowa for the 2012 tax year, realized in FY2013. Sales & Use Tax increased \$115.5 million or 4.6%, reflecting increased economic activity.

Overall, total expenses for governmental activities increased 5.0% over the prior year.

Expenses increased most significantly in human services, 4.5%, education 4.6% and transportation, 7.5%. The increase in human services of \$247.2 million is largely a result of an increase in medical assistance payments while the increase in education expenses of \$166.4 million is primarily due to legislative increases in state aid and supplemental state aid to schools and education reform teacher leadership and compensation payments. The transportation increase of \$86.1 million is attributed to the normal fluctuation from year to year in the progress and completion of road projects.

## **Extinguishment of Debt**

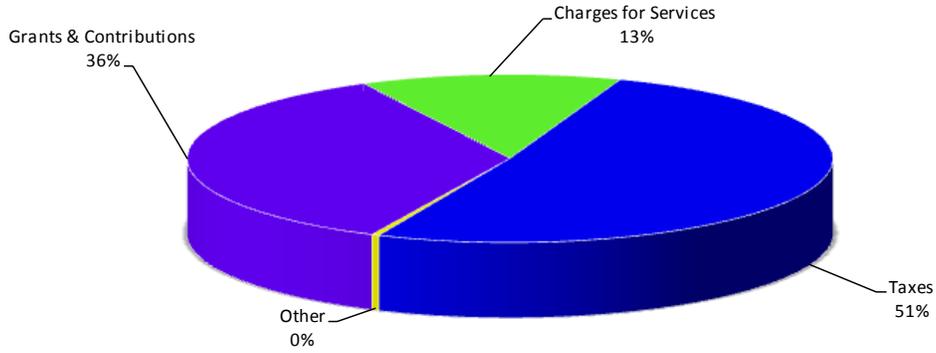
Pursuant to House File 648, the State extinguished \$89.7 million of outstanding bonds prior to their due dates. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62), paragraph 125, states in part, a debtor should consider debt to be extinguished for financial reporting purposes in the following circumstances:

- a) Using financial resources that did not arise from debt proceeds; the debtor pays the creditor and is relieved of all its obligations with respect to the debt.
- b) The debtor is legally released from being the primary obligor under the debt, either judicially or by the creditor, and it is probable that the debtor will not be required to make future payments with respect to that debt under any guarantees.

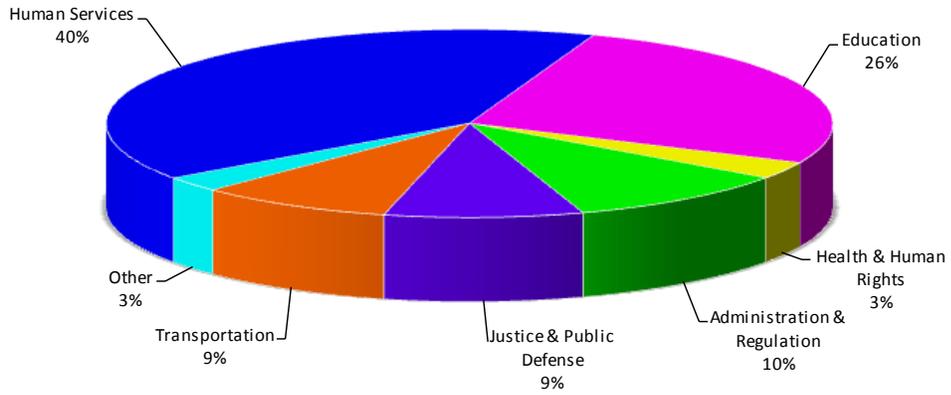
GASB 62, paragraph 126 requires the difference between the reacquisition price (the amount paid on extinguishment, including a call premium and miscellaneous costs of reacquisition) and the net carrying amount (the amount due at maturity, adjusted for unamortized premium and discount) of the extinguished debt to be recognized in the government-wide statement of activities as a loss or gain and identified as a separate item.

As a result of the early extinguishment, and in accordance with GASB 62, a \$5.7 million loss on extinguishment of debt was reported in the governmental activities statement of activities. The early extinguishment resulted in a loss because the financial statements do not report a liability for interest until it is incurred; therefore, the net carrying amount explained in the previous paragraph, does not include the interest that would have been paid over the life of the bonds had the State not extinguished the bonds early, while the reacquisition price includes a significant portion of that interest that would be paid over the life of the bonds. (See NOTE 10 – BONDS PAYABLE)

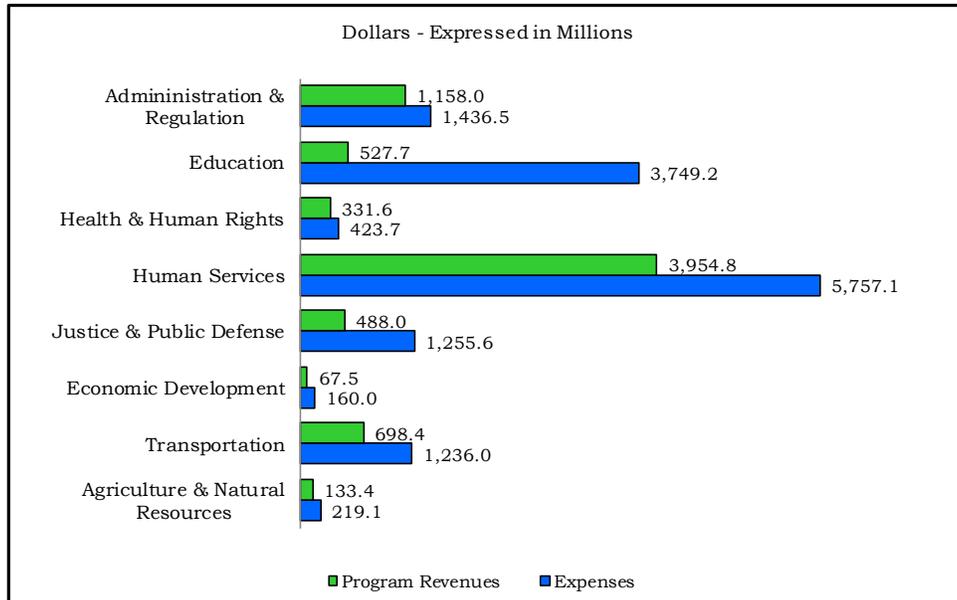
### Revenues by Source



### Expenses by Function



### Program Revenues and Expenses



The cost of all governmental activities this fiscal year was \$14,338.2 million. However, the amount that taxpayers paid for these activities through State taxes was \$7,744.1 million. Part of the cost was paid by:

- Those who directly benefited from the programs (\$1,981.0 million) or
- Other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$5,378.5 million).

### ***Business-type Activities***

- University Funds had \$4,156.1 million in expenses and \$3,683.1 million in program revenues for net expenses of \$473.0 million. The largest change in revenues occurred in charges for services, which increased \$158.2 million or 5.9%. The largest increases in expenses occurred in, equipment & repairs, \$70.6 million or 13.9%, personal services, \$75.6 million or 3.1%, and supplies & materials, \$36.2 million or 7.2%. The increase in supplies & materials expense occurred primarily at the University of Iowa Hospitals which had an increase of \$24.9 million for medical supplies and drugs, while the increase in equipment & repairs expense is generally attributable to construction and expansion of facilities. Other significant changes include an increase of \$73.7 million or 79.9% in investment income, due to favorable market performance, and an increase in operating transfers of \$52.4 million due to an increase in state aid to the universities. Assets increased \$499.9 million to \$8,388.9 million. This was due to an increase in capital assets of \$324.3 million related to construction and an increase in cash and investments of \$148.9 million. Liabilities increased \$82.2 million, due to increases of \$64.5 million in bonds payable and \$34.2 million in other financing arrangements payable.
- The Unemployment Benefits Fund had \$439.9 million in expenses and \$507.4 million in program revenues with operating income of \$67.5 million. Although the State's unemployment rate remained relatively constant, the number of claims related to new layoffs decreased which contributed to a \$114.9 million or 20.7% decrease in unemployment benefits paid. Revenue from the federal government decreased by \$83.3 million or 70%, as benefits were exhausted and federal stimulus programs ended. Employer contributions decreased by \$71.8 million or 13.2%, as a result of lower contribution rates triggered by the fund balance of the prior fiscal year.
- In total, business-type activities had net expenses of \$309.8 million with \$262.5 million in net general revenues and \$575.6 million in net transfers, for a net increase of \$528.3 million, to end with a net position of \$6,501.0 million.
- Other business-type activities expenses increased \$3.6 million and program revenues increased \$9.5 million. The Liquor Control Act fund which accounts for the revenues and expenses related to the sale of alcoholic beverages experienced a \$7.8 million increase in operating revenues and a \$3.0 million increase in operating expenses.

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

### **Governmental Funds**

The governmental funds reported total fund balances of \$2,964.3 million, a decrease of 8.9% from the previous year. Net revenues totaled \$15,146.6 million with expenditures of \$14,861.9 million.

With the implementation of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, beginning with the fiscal year ended June 30, 2011, the fund balance classifications for governmental funds are reported in categories which describe the extent to which certain resources may be spent. Resources are categorized as spendable or nonspendable.

Nonspendable fund balance includes inventory, prepaid items, noncurrent receivables and the principal of endowments. These resources cannot be spent because they are either not in spendable form or are legally required to remain intact. When the proceeds from noncurrent receivables are restricted, committed or assigned, the fund balances for those amounts will be reported in the appropriate spendable fund balance classification.

Spendable fund balance includes resources that are in spendable form (e.g. cash) and are available for spending. Spendable fund balance is further classified as restricted, committed, assigned or unassigned. The following describes the different levels of constraint, if any, on spendable fund balance classifications for the total governmental funds:

- *Restricted* - \$1,534.5 million and \$1,588.6 million for FY2014 and FY2013, respectively, includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers (e.g. creditors, grantors and contributors) or enabling legislation.
- *Committed* - \$1,941.6 million and \$2,174.3 million for FY2014 and FY2013, respectively, includes amounts that can be used only for the specific purposes determined by a formal action of the State's highest level of decision-making authority. The Iowa Legislature and Governor represent the State's highest level of decision-making authority. Formal action consists of legislation passed by both the House and Senate and signed by the Governor and is required to establish, modify or rescind a limitation.
- *Assigned* - includes amounts intended to be used by the State for a specific purpose but do not meet the criteria to be classified as restricted or committed. Currently, the State does not have a policy which authorizes the establishment of assigned fund balances.
- *Unassigned* - negative \$569.4 million and negative \$567.4 million for FY2014 and FY2013, respectively, includes the residual amount of the General Fund not included in the categories above, which is available for any purpose, and any negative fund balances in the other governmental fund types.

The State's modified accrual revenue recognition policy for governmental fund level statements recognizes revenues if received within sixty days of year-end and deferred if received past sixty days. This creates a negative impact when the payables/expenditures related to the deferred revenues are recognized in the statements. A portion of the negative unassigned fund balance is due to deferral of federal receivables/revenues while associated payables/expenditures have been recognized. The largest portion of the negative unassigned fund balance relates to the Tobacco Collections Fund deficit. (See NOTE 21 - DEFICIT FUND BALANCE)

### **General Fund**

The General Fund is the chief operating fund of the State. Total fund balance decreased from \$3,050.2 million for fiscal year 2013 to \$2,784.3 million for fiscal year 2014. The fiscal year 2014 General Fund consists of the following fund balances: \$41.2 million nonspendable, a decrease of 4.4%, \$1,045.2 million restricted, an increase of 2.7%, \$1,912.5 million committed, a decrease of 10.9%, and negative \$214.7 million unassigned, a decrease of 36.9%. For fiscal year 2014, the committed fund balance includes \$669.9 million in reserve (rainy day) funds, an increase of 9.1%.

Gross revenues of the General Fund increased \$353.2 million in fiscal year 2014. Tax revenues remained relatively stable at \$8,414.8 million, a 0.5% decrease from fiscal year 2013. Receipts from other entities had a net increase of \$267.7 million as a result of an increase of \$250.5 million in the medical assistance program, decreases in several Department of Human Services programs and an increase of federal revenue in the Department of Transportation for federal highway planning and construction. Refunds and reimbursements had a net increase of \$46.9 million primarily due to the medical assistance program within the Department of Human Services receiving a onetime \$31.0 million refund of unspent capitalization payments for behavior health claims and increased drug rebates. In addition, fees, licenses & permits increased \$54.8 million due to increased vehicle registration fees as discussed previously under governmental activities.

Total expenditures of the General Fund increased \$832.0 million in fiscal year 2014. Medical assistance expenditures in the Department of Human Services increased by \$382.5 million due to increased nursing facility rates, expansion of the Health Home program, increased enrollment in Medicaid, and a new Iowa Health and Wellness Plan program. Also, in the Department of Human Services, Mental Health Tax Relief legislation was passed in FY2014 providing equalization payments to counties. Capital outlays increased \$124.3 million due primarily to Department of Transportation projects. In addition, debt service payments had a net increase of \$58.7 million primarily due to the early extinguishment of debt. (See NOTE 10 - BONDS PAYABLE)

### **Tobacco Settlement Authority**

The Tobacco Settlement Authority (Authority), a blended component unit of the State of Iowa classified as a Special Revenue Fund, receives money from the Tobacco Collections Fund to pay operating expenditures and for repayment of debt. The Authority's ending fund balance decreased \$56.2 million to \$438.3 million. The decrease was due to receipt of funds from the Tobacco Collections Fund which reduced the interfund advance (receivable). These funds were primarily used to pay principal and interest on bonds totaling \$16.4 million and \$41.7 million, respectively.

### **Tobacco Collections Fund**

The Tobacco Collections Fund, a Special Revenue Fund, accounts for the tobacco settlement moneys received pursuant to a Master Settlement Agreement between the State of Iowa and the five largest tobacco manufacturers. The ending fund balance in the Tobacco Collections Fund increased \$55.9 million to a deficit balance of \$354.7 million. The increase is due to the reduction of the interfund advance (liability) for the tobacco settlement moneys remitted to the Tobacco Settlement Authority during the year.

### **Proprietary Funds**

The State of Iowa's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the University Funds increased \$416.6 million to \$5,263.9 million while unrestricted net position increased \$122.6 million to \$1,889.1 million.

The total net position of the Unemployment Benefits Fund, which is entirely restricted for unemployment benefits, increased \$82.8 million to end fiscal year 2014 at \$1,124.4 million.

The nonmajor enterprise funds total net position increased \$29.6 million or 32.9% to \$119.6 million.

The Iowa Communications Network net position decreased \$1.2 million or 3.2% with the federal Broadband Technology Opportunities Program ending in fiscal year 2013.

The Honey Creek Park (Park) total net position increased \$25.1 million and unrestricted net position increased \$26.8 million. The defeasance of the Honey Creek Authority, Destination Park Revenue Bonds eliminated the Park's related due to other funds/advance from other funds for repayment of these bonds.

The Liquor Control Act total net position increased \$2.5 million or 60.2%. Sales revenues increased \$7.7 million or 3.0% with the addition of new retailers and considerable growth in native beer manufacturers and distributors. Total operating expenses increased \$3.0 million; \$2.4 million of this increase is due to onetime expenses for technology and capital expenses.

Iowa State Prison Industries experienced a \$2.6 million or 13.7% increase in total net position with net investment in capital assets increasing \$3.5 million or 65.4% related to the construction of a new 90,000 square foot facility to allow for increased offender training opportunities. Sales revenues increased \$4.8 million or 19.8% and direct expenses increased \$3.9 million or 22.5% related to sales of dormitory furniture to colleges and universities along with furniture for the Iowa Correctional Institution for Women and the Iowa State Penitentiary.

Other factors concerning the finances of proprietary funds have already been addressed in the discussion of the State of Iowa's business-type activities.

### **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: none for fiscal year 2014
- Adjustments to standing appropriations: \$ -9,648,817

The originally enacted General Fund budget for fiscal year 2014 of \$6,492.2 million was predicated on \$6,739.8 million or 3.4% growth in General Fund revenues, as projected by the State's Revenue Estimating Conference (REC) on December 12, 2012. The December estimate reflected the expectation that revenues would continue to increase from an estimated 3.3% growth for fiscal year 2013. Also included in the enacted General Fund budget was \$-243.2 million in revenue adjustments for changes in tax law and revenue changes. The two largest tax law changes were the Internal Revenue Code update bill for \$-35.5 million and an increase in the earned income tax credit for \$-30.2 million. There were two revenue changes which also negatively impacted General Fund Revenue. The cigarette and tobacco taxes which were being deposited into the General Fund were changed to be deposited into the Health Care Trust Fund for an impact of \$-112.0 million. Also, the gaming revenues which were being deposited into the General Fund were changed to be deposited into the newly established Iowa Skilled Worker and Job Creation Fund for an impact of \$-66.0 million.

At the March 22, 2013 meeting, the REC revised its fiscal year 2014 General Fund revenue estimate upward to \$6,870.6 million or an estimated growth of 3.5% reflecting an increase in state economic growth. At the October 10, 2013 meeting, the REC revised its fiscal year 2014 General Fund revenue estimate downward to \$6,695.3

million or -1.1% growth. This was based upon the revised base of fiscal year 2013 of 7.3% growth and the revenue adjustments passed during the 2013 legislative session discussed above which impacted the fiscal year 2014 General Fund revenues. On December 12, 2013, the REC decreased the revenue estimate to \$6,682.2 million. The decrease from the October 2013 meeting reflected that year-to-date revenues were growing slower than expected. No additional changes were made at the March 20, 2014 meeting to the General Fund revenue estimate to \$6,682.2 million.

The State of Iowa has various statutory standing appropriations where a fixed amount is not appropriated. These are either formula-driven (as in the case of the largest General Fund appropriation, for school foundation aid to local school districts), or for items such as 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 fiscal year 2014, these standing appropriations were less than the original estimates by \$9.6 million. A variety of standing appropriations make up the changes to standing appropriations.

During April, May and June of 2014, and throughout the accrual period, actual General Fund revenue collections continued to come in below the official REC projections. At the close of the fiscal year 2014, revenue collections totaled \$6,489.0 million which is a -4.1% growth over fiscal year 2013. As a result, the General Fund budgetary ending balance for fiscal year 2014, statutorily required to be transferred to the Cash Reserve Fund in fiscal year 2015, totaled \$706.8 million.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2014, the State had \$12,881.0 million invested in capital assets, net of accumulated depreciation of \$10,713.6 million. Depreciation charges totaled \$792.4 million in fiscal year 2014. 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		Total Percentage Change 2013-2014
	2014	2013	2014	2013	2014	2013	
Land	\$ 794.6	\$ 757.8	\$ 85.4	\$ 85.3	\$ 880.0	\$ 843.1	4.4%
Buildings & improvements	903.2	826.2	2,579.6	2,473.7	3,482.8	3,299.9	5.5%
Equipment	201.3	183.7	367.3	357.4	568.6	541.1	5.1%
Land improvements	39.2	36.6	35.1	36.5	74.3	73.1	1.6%
Works of art & collections	1.2	1.2	374.1	369.3	375.3	370.5	1.3%
Computer software	67.4	12.7	53.2	53.0	120.6	65.7	83.6%
Infrastructure	5,978.6	5,735.2	398.5	360.4	6,377.1	6,095.6	4.6%
Other intangibles	-	-	1.9	2.0	1.9	2.0	-5.0%
Construction in progress	213.4	263.5	701.3	533.7	914.7	797.2	14.7%
Computer software in progress	70.1	80.0	15.6	15.9	85.7	95.9	-10.6%
<b>Total</b>	<b>\$8,269.0</b>	<b>\$7,896.9</b>	<b>\$4,612.0</b>	<b>\$4,287.2</b>	<b>\$12,881.0</b>	<b>\$12,184.1</b>	<b>5.7%</b>

Outstanding commitments for future capital expenditures as of June 30, 2014 include \$357.5 million (net of \$568.1 million in anticipated federal funding) for highway and bridge construction, \$580.2 million for various projects at the three State universities, \$44.5 million for State facilities and buildings, \$28.6 million for construction at the Iowa State Penitentiary and remodeling of the Iowa Correctional Institution for Women and \$18.1 million for State parks, recreational areas, fisheries and wetland projects.

## Long-term Debt

At year-end, the State had \$3,679.4 million in bonds 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 7 to the financial statements.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2013-2014
	2014	Restated 2013	2014	Restated 2013	2014	Restated 2013	
	Revenue bonds	\$ 1,720.3	\$ 1,858.3	\$ 1,852.3	\$ 1,787.8	\$ 3,572.6	
Leases & other financing arrangements	1.8	2.0	105.0	74.5	106.8	76.5	39.6%
<b>Total</b>	<b>\$ 1,722.1</b>	<b>\$ 1,860.3</b>	<b>\$ 1,957.3</b>	<b>\$ 1,862.3</b>	<b>\$ 3,679.4</b>	<b>\$ 3,722.6</b>	-1.2%

Revenue bonds issued by the State and its various authorities totaled \$5,005.4 million outstanding at fiscal year-end. This amount consisted of \$1,432.8 million of component unit (proprietary) revenue bonds (Iowa Finance Authority and Iowa State University Foundation), \$1,852.3 million in revenue bonds issued by the three State universities (for equipment and facilities), \$761.6 million in revenue bonds issued by the Tobacco Settlement Authority, \$11.0 million in revenue bonds issued by the State of Iowa for the Iowa Utilities Board, \$712.4 million in revenue bonds issued by the State of Iowa for the IJOBS program, \$141.6 million in revenue bonds issued by the State of Iowa for Prison Infrastructure and \$93.7 million in revenue bonds issued by the State of Iowa for the Vision Iowa Program. These bonds are backed by the revenues of the issuing program or authority.

Governmental activities outstanding revenue bonds decreased \$138.0 million, due to the payment of principal as it came due and the early extinguishment of bonds in fiscal year 2014. Pursuant to House File 648, the State redeemed \$22.7 million of IJOBS Program Special Obligation, Taxable Series 2010B bonds, defeased \$16.2 million of Iowa Finance Authority Refunding Revenue Bonds (Correctional Facility Program), Series 2002 bonds, defeased \$31.9 million of Honey Creek Authority Destination Park Revenue Bonds, Series 2006 bonds and defeased \$18.9 million of School Infrastructure Special Fund Refunding Bonds, Series 2012 bonds. (See NOTE 10 – BONDS PAYABLE)

Business-type activities outstanding revenue bonds increased \$64.5 million, due to the issuance of new debt at the University of Iowa and Iowa State University and the payment of principal as it came due by the three State universities.

## ACCOUNTING CHANGE – FY2015

The State of Iowa will be implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* in fiscal year 2015. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures for certain pension plans. As a result, the State of Iowa expects the Statement of Net Position to include a significant liability for the State's proportionate share of the employee pension plan.

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

Iowa saw a slowdown in fiscal year 2014 with the second half of the fiscal year showing a decrease in revenue collections. Iowa's -4.1% growth in General Fund revenues was not only due to law changes impacting where state revenues are deposited, but also a slowdown in overall revenue collections in fiscal year 2014, mostly in personal income and corporate income taxes. This has been the trend nationally as well, with revenue collections for all states decreasing 1.7% in the second quarter of calendar year 2014, according to the Nelson A. Rockefeller Institute of Government.

The Governor and General Assembly finished their work at the start of May 2014, with the House finishing early in the morning of May 1, 2014 and the Senate finishing their work on May 2, 2014 with the finalization of the General Fund budget for fiscal year 2015. Amounts available for appropriation in fiscal year 2015 based on the 99% budget limitation after Governor's vetoes; in the General Fund budget were \$7,639.4 million. General Fund appropriations totaled \$6,979.4 million.

At the REC meeting in October 2014, the fiscal year 2015 revenue estimate was decreased from a revised \$6,963.6 million to \$6,850.3 million, largely as a reflection of actual revenue collections in fiscal year 2014, law changes passed during the 2014 Legislative Session which reduced revenue a total of \$19.6 million, current year to date revenue growth, and the anticipated continued growth of tax revenues that is reflective of the rebound in the national economy and growth in Iowa's economy. The revised estimate reflects projected revenue growth of 5.6% compared to actual revenues for the previous fiscal year.

Recent revenue performance has been sluggish but positive, which is reflective of the continued growth in Iowa's economy. Iowa's unemployment rate was at 4.6% in September 2014, up from the rate for August 2013 of 4.5% and lower than the national rate of 5.9% for September 2014, showing Iowa has been able to withstand the national trends, with Iowa's labor market holding its own in spite of the slow growth nationally.

According to Moody's Analytics, the U.S. economy's sustainable growth rate appears to have increased, from just more than 2% throughout much of the recovery to closer to 3%. Job growth has also accelerated, with gains averaging nearly 225,000 per month across industries, regions, firm sizes, and pay scales. In the latest forecast, Moody's expects the jobless rate to be at 6.1 percent by the end of calendar year 2014 and 5.6 percent by the end of calendar year 2015. Gross domestic product is estimated to grow to 3.1 percent by the end of calendar year 2014 and to increase to 3.6 percent by the end of calendar year 2015.

## **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:

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

BASIC  
FINANCIAL  
STATEMENTS

**STATE OF IOWA**

**Statement of Net Position**

June 30, 2014

(Expressed in Thousands)

	<b>PRIMARY GOVERNMENT</b>			<b>COMPONENT UNITS</b>
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>	
<b>ASSETS</b>				
Current assets:				
Cash & investments	\$ 2,807,825	\$ 1,518,059	\$ 4,325,884	\$ 1,500,642
Cash & investments - restricted	-	-	-	541
Deposits with trustees	120,510	31	120,541	-
Accounts receivable (net)	1,653,428	662,719	2,316,147	92,899
Interest receivable	-	2,383	2,383	6,511
Loans receivable (net)	5,342	7,354	12,696	91,173
Internal balances	20,615	(20,615)	-	-
Inventory	24,040	60,316	84,356	2,937
Prepaid expenses	28,312	31,260	59,572	958
Other assets	-	-	-	3,090
Total current assets	<u>4,660,072</u>	<u>2,261,507</u>	<u>6,921,579</u>	<u>1,698,751</u>
Noncurrent assets:				
Cash & investments	-	2,687,294	2,687,294	1,799,940
Deposits with trustees	78,224	14,970	93,194	-
Accounts receivable (net)	98,645	7,201	105,846	170,794
Interest receivable	-	425	425	-
Loans receivable (net)	14,187	65,014	79,201	1,523,797
Capital assets - nondepreciable	1,078,128	1,131,961	2,210,089	14,789
Capital assets - depreciable (net)	7,190,857	3,480,054	10,670,911	92,230
Prepaid expenses	-	115	115	-
Other assets	-	69,581	69,581	50,701
Total noncurrent assets	<u>8,460,041</u>	<u>7,456,615</u>	<u>15,916,656</u>	<u>3,652,251</u>
<b>TOTAL ASSETS</b>	<u><b>13,120,113</b></u>	<u><b>9,718,122</b></u>	<u><b>22,838,235</b></u>	<u><b>5,351,002</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Accumulated decrease in fair value of hedging derivatives	-	-	-	5,501
Debt refunding loss	23,295	4,594	27,889	3,167
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>23,295</b></u>	<u><b>4,594</b></u>	<u><b>27,889</b></u>	<u><b>8,668</b></u>

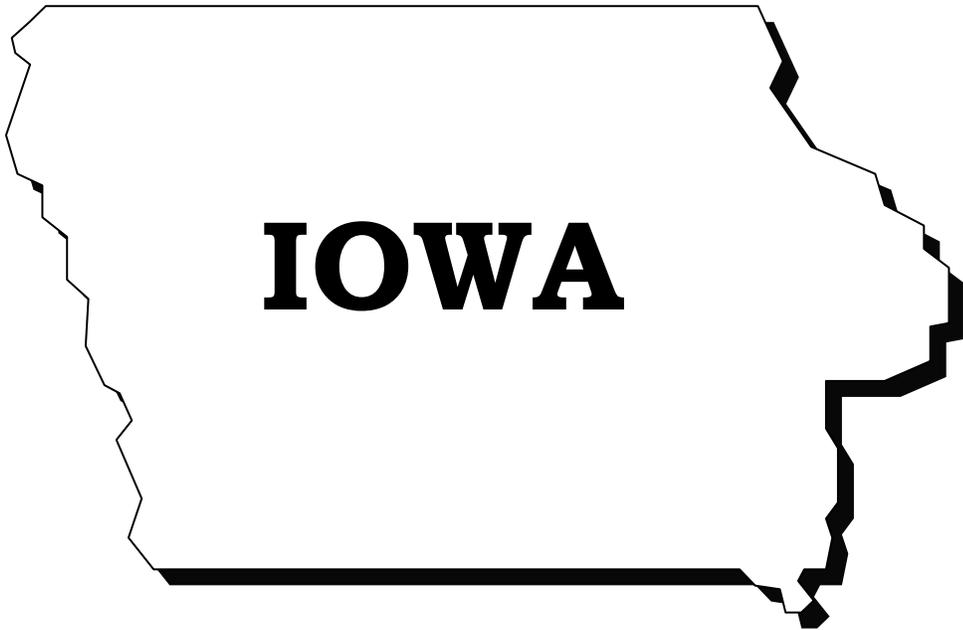
The notes are an integral part of the financial statements.

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# STATE OF IOWA

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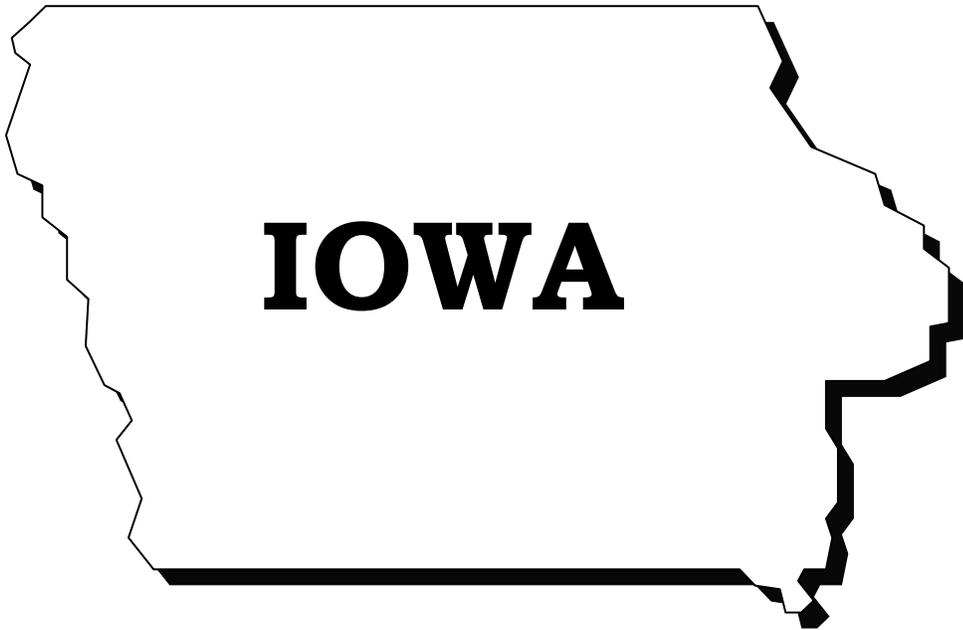
	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable & accruals	1,362,052	403,244	1,765,296	79,133
Interest payable	8,579	28,320	36,899	22,582
Unearned revenue	44,971	129,899	174,870	408
Compensated absences	143,190	120,991	264,181	2,350
Capital leases	104	2,210	2,314	690
Bonds payable	150,753	80,674	231,427	51,151
Other financing arrangements payable	245	9,569	9,814	-
Funds held in custody	-	272,366	272,366	112,364
<b>Total current liabilities</b>	<b>1,709,894</b>	<b>1,047,273</b>	<b>2,757,167</b>	<b>268,678</b>
Noncurrent liabilities:				
Accounts payable & accruals	246,486	173,989	420,475	109,369
Unearned revenue	-	1,660	1,660	-
Compensated absences	177,827	74,629	252,456	3,883
Capital leases	76	33,396	33,472	3,070
Bonds payable	1,569,528	1,771,645	3,341,173	1,381,671
Other financing arrangements payable	1,355	59,800	61,155	-
Funds held in custody	-	50,000	50,000	6,347
<b>Total noncurrent liabilities</b>	<b>1,995,272</b>	<b>2,165,119</b>	<b>4,160,391</b>	<b>1,504,340</b>
<b>TOTAL LIABILITIES</b>	<b>3,705,166</b>	<b>3,212,392</b>	<b>6,917,558</b>	<b>1,773,018</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Debt refunding gain	-	9,232	9,232	-
Grants received in advance of meeting timing requirements	-	85	85	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>9,317</b>	<b>9,317</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	7,960,096	2,916,998	10,877,094	99,428
Restricted for:				
Education	58,735	-	58,735	-
Justice & public defense	17,845	-	17,845	-
Human services	3,620	-	3,620	-
Transportation	844,312	-	844,312	-
Agriculture & natural resources	9,467	-	9,467	-
Capital projects	13,038	-	13,038	-
University Funds - expendable	-	391,085	391,085	-
University Funds - nonexpendable	-	147,430	147,430	-
Permanent Funds - nonexpendable	16,096	-	16,096	-
Unemployment Benefits Fund	-	1,124,376	1,124,376	-
Other	101,153	-	101,153	3,230,568
Unrestricted	413,880	1,921,118	2,334,998	256,656
<b>TOTAL NET POSITION</b>	<b>\$ 9,438,242</b>	<b>\$ 6,501,007</b>	<b>\$ 15,939,249</b>	<b>\$ 3,586,652</b>



**STATE OF IOWA**  
**Statement of Activities**  
For the Year Ended June 30, 2014  
(Expressed in Thousands)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUES & CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENT UNITS
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>PRIMARY GOVERNMENT:</b>								
<b>Governmental activities:</b>								
Administration & regulation	\$ 1,436,485	\$ 1,061,265	\$ 96,797	\$ -	\$ (278,423)	\$ -	\$ (278,423)	
Education	3,749,195	18,057	508,267	1,358	(3,221,513)	-	(3,221,513)	
Health & human rights	423,723	69,159	252,777	9,625	(92,162)	-	(92,162)	
Human services	5,757,061	519,909	3,434,914	-	(1,802,238)	-	(1,802,238)	
Justice & public defense	1,255,597	106,730	378,722	2,518	(767,627)	-	(767,627)	
Economic development	159,964	3,374	64,138	-	(92,452)	-	(92,452)	
Transportation	1,236,035	122,683	122,111	453,659	(537,582)	-	(537,582)	
Agriculture & natural resources	219,159	79,777	47,891	5,725	(85,766)	-	(85,766)	
Interest expense	95,312	-	-	-	(95,312)	-	(95,312)	
<b>Total governmental activities</b>	<b>14,332,531</b>	<b>1,980,954</b>	<b>4,905,617</b>	<b>472,885</b>	<b>(6,973,075)</b>		<b>(6,973,075)</b>	
<b>Business-type activities:</b>								
University Funds	4,156,145	2,845,788	747,356	89,949	-	(473,052)	(473,052)	
Unemployment Benefits Fund	439,937	471,738	35,680	-	-	67,481	67,481	
Other	260,564	355,988	-	314	-	95,738	95,738	
<b>Total business-type activities</b>	<b>4,856,646</b>	<b>3,673,514</b>	<b>783,036</b>	<b>90,263</b>		<b>(309,833)</b>	<b>(309,833)</b>	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 19,189,177</b>	<b>\$ 5,654,468</b>	<b>\$ 5,688,653</b>	<b>\$ 563,148</b>	<b>(6,973,075)</b>	<b>(309,833)</b>	<b>(7,282,908)</b>	
<b>COMPONENT UNITS:</b>								
Iowa Finance Authority	\$ 124,106	\$ 18,586	\$ 64,648	\$ -				\$ (40,872)
Iowa Economic Development Authority	229,390	1,024	173,918	-				(54,448)
Iowa State Fair Authority	22,208	21,570	2,977	225				2,564
Iowa Lottery Authority	310,989	314,160	-	-				3,171
University of Iowa Foundation	115,389	-	123,833	-				8,444
Iowa State University Foundation	97,122	-	92,164	-				(4,958)
University of Northern Iowa Foundation	13,132	-	26,482	-				13,350
University of Iowa Research Foundation	6,619	3,503	-	-				(3,116)
University of Iowa Health System & Subsidiaries	24,354	23,222	-	-				(1,132)
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 943,309</b>	<b>\$ 382,065</b>	<b>\$ 484,022</b>	<b>\$ 225</b>				<b>(76,997)</b>
<b>GENERAL REVENUES:</b>								
Personal income tax					3,206,504	-	3,206,504	-
Corporate income tax					387,232	-	387,232	-
Sales & use tax					2,625,302	-	2,625,302	-
Other tax					756,237	7,527	763,764	-
Motor fuel tax restricted for transportation purposes					446,449	-	446,449	-
Road use tax restricted for transportation purposes					322,470	-	322,470	-
Unrestricted investment earnings					21,406	186,857	208,263	276,235
Other					35,357	68,072	103,429	6,664
Gain on sale of assets					1,011	27	1,038	-
Loss on extinguishment of debt					(5,679)	-	(5,679)	-
Transfers					(575,626)	575,626	-	-
<b>TOTAL GENERAL REVENUES, TRANSFERS &amp; OTHER ITEMS</b>					<b>7,220,663</b>	<b>838,109</b>	<b>8,058,772</b>	<b>282,899</b>
<b>CHANGE IN NET POSITION</b>					<b>247,588</b>	<b>528,276</b>	<b>775,864</b>	<b>205,902</b>
<b>NET POSITION - JULY 1, RESTATED</b>					<b>9,190,654</b>	<b>5,972,731</b>	<b>15,163,385</b>	<b>3,380,750</b>
<b>NET POSITION - JUNE 30</b>					<b>\$ 9,438,242</b>	<b>\$ 6,501,007</b>	<b>\$ 15,939,249</b>	<b>\$ 3,586,652</b>

The notes are an integral part of the financial statements.



# GOVERNMENTAL FUND FINANCIAL STATEMENTS

## Major Funds

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

**Tobacco Settlement Authority** - The Tobacco Settlement Authority, a blended component unit of the State of Iowa, receives money from the Tobacco Collections Fund to pay for operating expenditures and repayment of debt.

**Tobacco Collections Fund** - The Tobacco Collections Fund accounts for tobacco settlement monies received pursuant to a Master Settlement Agreement between the State of Iowa and the five largest tobacco manufacturers. The funds are then distributed to the Tobacco Settlement Authority and the Endowment for Iowa's Health Fund pursuant to the terms of a Sales Agreement (dated October 1, 2001, and amended November 1, 2005) between the State and the Tobacco Settlement Authority. Per Code of Iowa Section 12E.12.1.b(3)(b), the State's portion is then transferred to the Rebuild Iowa Infrastructure Fund.

**Nonmajor Governmental Funds** are presented, by fund type, in the Supplementary Information section.

**STATE OF IOWA**

**Balance Sheet  
Governmental Funds**

June 30, 2014  
(Expressed in Thousands)

	GENERAL FUND	TOBACCO SETTLEMENT AUTHORITY	TOBACCO COLLECTIONS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Current assets:					
Cash & investments	\$ 2,632,006	\$ 5,385	\$ -	\$ 115,311	\$ 2,752,702
Deposits with trustees	120,429	-	-	81	120,510
Accounts receivable (net)	1,601,556	206	32,307	16,852	1,650,921
Loans receivable (net)	4,890	-	-	452	5,342
Due from other funds	35,861	168,208	-	4,244	208,313
Inventory	15,114	-	-	133	15,247
Prepaid expenditures	26,134	-	-	97	26,231
Total current assets	<u>4,435,990</u>	<u>173,799</u>	<u>32,307</u>	<u>137,170</u>	<u>4,779,266</u>
Noncurrent assets:					
Deposits with trustees	-	78,224	-	-	78,224
Accounts receivable (net)	89,595	-	-	9,050	98,645
Loans receivable (net)	12,809	-	-	1,378	14,187
Due from other funds/ advances to other funds	-	186,535	-	-	186,535
Total noncurrent assets	<u>102,404</u>	<u>264,759</u>	<u>-</u>	<u>10,428</u>	<u>377,591</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,538,394</u></b>	<b><u>\$ 438,558</u></b>	<b><u>\$ 32,307</u></b>	<b><u>\$ 147,598</u></b>	<b><u>\$ 5,156,857</u></b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable & accruals	\$ 1,263,321	\$ 170	\$ -	\$ 14,607	\$ 1,278,098
Due to other funds/ advances from other funds	71,239	125	168,208	22,737	262,309
Unearned revenue	25,055	-	-	250	25,305
Total current liabilities	<u>1,359,615</u>	<u>295</u>	<u>168,208</u>	<u>37,594</u>	<u>1,565,712</u>
Noncurrent liabilities:					
Accounts payable & accruals	757	-	-	-	757
Due to other funds/ advances from other funds	85	-	186,535	-	186,620
Total noncurrent liabilities	<u>842</u>	<u>-</u>	<u>186,535</u>	<u>-</u>	<u>187,377</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,360,457</u></b>	<b><u>295</u></b>	<b><u>354,743</u></b>	<b><u>37,594</u></b>	<b><u>1,753,089</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	393,604	-	32,307	13,572	439,483
<b>FUND BALANCES</b>					
Nonspendable	41,248	-	-	16,327	57,575
Spendable:					
Restricted	1,045,227	438,263	-	50,996	1,534,486
Committed	1,912,518	-	-	29,124	1,941,642
Unassigned	(214,660)	-	(354,743)	(15)	(569,418)
<b>TOTAL FUND BALANCES</b>	<b><u>2,784,333</u></b>	<b><u>438,263</u></b>	<b><u>(354,743)</u></b>	<b><u>96,432</u></b>	<b><u>2,964,285</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCES</b>	<b><u>\$ 4,538,394</u></b>	<b><u>\$ 438,558</u></b>	<b><u>\$ 32,307</u></b>	<b><u>\$ 147,598</u></b>	<b><u>\$ 5,156,857</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 Position

June 30, 2014  
(Expressed in Thousands)

**Total fund balances - governmental funds** **\$ 2,964,285**

Amounts reported for governmental activities in the Statement of Net Position 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 \$14,991,406,209 and the accumulated depreciation is \$(6,828,779,353). 8,162,627

Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 147,480

Certain revenues are earned but not available and, therefore, are deferred in governmental funds as deferred inflows of resources. 439,483

Debt refunding losses/gains are reported as current expenditures/revenues in governmental funds. However, debt refunding losses/gains are amortized over the life of the bonds and are included as deferred outflows/inflows of resources in governmental activities in the Statement of Net Position. 23,295

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

Bonds payable	\$ (1,720,281)	
Accrued interest payable	(8,579)	
Compensated absences	(315,174)	
Capital leases	(180)	
Other financing arrangements payable	(1,600)	
Pollution remediation	(31,201)	
Early retirement/termination benefits	(42,367)	
Risk management	(20,000)	
Net pension liability	(63,822)	
Other postemployment benefits	(94,637)	
Other long-term liabilities	(1,087)	
Total long-term liabilities		(2,298,928)

**Net position of governmental activities** **\$ 9,438,242**

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, 2014  
(Expressed in Thousands)

	GENERAL FUND	TOBACCO SETTLEMENT AUTHORITY	TOBACCO COLLECTIONS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Taxes	\$ 8,414,849	\$ -	\$ -	\$ -	\$ 8,414,849
Receipts from other entities	5,646,191	-	-	9,512	5,655,703
Investment income	15,932	2,621	-	2,817	21,370
Fees, licenses & permits	1,286,594	-	-	37,435	1,324,029
Refunds & reimbursements	495,722	-	71,605	9,157	576,484
Sales, rents & services	32,180	-	-	3,647	35,827
Miscellaneous	142,512	-	-	15,536	158,048
<b>GROSS REVENUES</b>	<b>16,033,980</b>	<b>2,621</b>	<b>71,605</b>	<b>78,104</b>	<b>16,186,310</b>
Less revenue refunds	1,037,914	-	-	1,790	1,039,704
<b>NET REVENUES</b>	<b>14,996,066</b>	<b>2,621</b>	<b>71,605</b>	<b>76,314</b>	<b>15,146,606</b>
<b>EXPENDITURES</b>					
Current:					
Administration & regulation	1,405,681	786	-	13,412	1,419,879
Education	3,717,328	-	-	14,311	3,731,639
Health & human rights	418,403	-	-	503	418,906
Human services	5,783,104	-	-	207	5,783,311
Justice & public defense	1,198,802	-	-	1,069	1,199,871
Economic development	159,626	-	-	-	159,626
Transportation	580,704	-	-	127	580,831
Agriculture & natural resources	194,004	-	-	7,190	201,194
Capital outlay	1,084,275	-	-	44,314	1,128,589
Debt service:					
Payment to escrow agent	38,099	-	-	35,841	73,940
Principal	52,850	16,365	-	-	69,215
Interest & fiscal charges	53,167	41,708	-	-	94,875
<b>TOTAL EXPENDITURES</b>	<b>14,686,043</b>	<b>58,859</b>	<b>-</b>	<b>116,974</b>	<b>14,861,876</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>310,023</b>	<b>(56,238)</b>	<b>71,605</b>	<b>(40,660)</b>	<b>284,730</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	159,868	-	-	69,268	229,136
Transfers out	(735,934)	-	(15,753)	(53,075)	(804,762)
Leases, installment purchases & other	131	-	-	-	131
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(575,935)</b>	<b>-</b>	<b>(15,753)</b>	<b>16,193</b>	<b>(575,495)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(265,912)</b>	<b>(56,238)</b>	<b>55,852</b>	<b>(24,467)</b>	<b>(290,765)</b>
<b>FUND BALANCES - JULY 1</b>	<b>3,050,245</b>	<b>494,501</b>	<b>(410,595)</b>	<b>120,899</b>	<b>3,255,050</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 2,784,333</b>	<b>\$ 438,263</b>	<b>\$ (354,743)</b>	<b>\$ 96,432</b>	<b>\$ 2,964,285</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, 2014  
(Expressed in Thousands)

**Net change in fund balances - total governmental funds** **\$ (290,765)**

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	\$ 874,389	
Depreciation expense	<u>(502,586)</u>	
Excess of capital outlay over depreciation expense		371,803

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas the proceeds from the sale increase financial resources in governmental funds. (6,175)

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 Position, the obligations are reported as liabilities. In the current year, these amounts consist of:

Capital leases (131)

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 Position. In the current year, these amounts consist of:

Bond principal retirement	137,476	
Capital lease payments	157	
Other financing arrangements payments	<u>234</u>	
Total long-term debt repayments		137,867

Internal service funds are used by management to charge the cost of certain activities to individual funds. A portion of the net revenue of the internal service funds is reported with governmental activities. 4,946

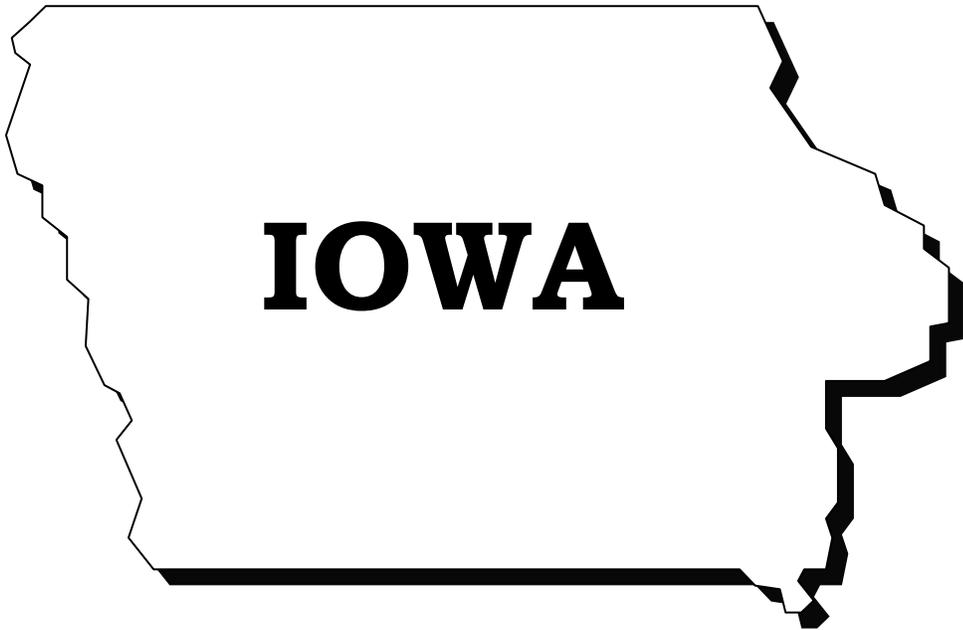
Because some revenues will not be collected for several months after the State's fiscal year-end, they are not considered available revenues and are deferred in the governmental funds as deferred inflows of resources. 5,561

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	8,750	
Early retirement/termination benefits	23,797	
Pension liability	(832)	
Other postemployment benefits	(10,373)	
Other	<u>3,140</u>	
Total additional expenses		<u>24,482</u>

**Change in net position of governmental activities** **\$ 247,588**

The notes are an integral part of the financial statements.



# 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 in the Supplementary Information section.

**STATE OF IOWA**  
**Statement of Net Position**  
**Proprietary Funds**

June 30, 2014  
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS		
<b>ASSETS</b>					
Current assets:					
Cash & investments	\$ 460,058	\$ 1,013,942	\$ 40,855	\$ 1,514,855	\$ 58,326
Deposits with trustees	31	-	-	31	-
Accounts receivable (net)	464,509	176,541	21,669	662,719	2,507
Interest receivable	2,383	-	-	2,383	-
Loans receivable (net)	7,354	-	-	7,354	-
Due from other funds/advances to other funds	-	562	49	611	77,811
Inventory	48,223	-	12,093	60,316	8,794
Prepaid expenses	30,462	-	729	31,191	2,152
<b>Total current assets</b>	<b>1,013,020</b>	<b>1,191,045</b>	<b>75,395</b>	<b>2,279,460</b>	<b>149,590</b>
Noncurrent assets:					
Cash & investments	2,687,294	-	-	2,687,294	-
Deposits with trustees	14,970	-	-	14,970	-
Accounts receivable	7,201	-	-	7,201	-
Interest receivable	425	-	-	425	-
Loans receivable (net)	65,014	-	-	65,014	-
Due from other funds/advances to other funds	-	-	-	-	435
Capital assets - nondepreciable	1,125,234	-	6,727	1,131,961	-
Capital assets - depreciable (net)	3,406,022	-	74,032	3,480,054	106,358
Prepaid expenses	115	-	-	115	-
Other assets	69,581	-	-	69,581	-
<b>Total noncurrent assets</b>	<b>7,375,856</b>	<b>-</b>	<b>80,759</b>	<b>7,456,615</b>	<b>106,793</b>
<b>TOTAL ASSETS</b>	<b>8,388,876</b>	<b>1,191,045</b>	<b>156,154</b>	<b>9,736,075</b>	<b>256,383</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Debt refunding loss	4,594	-	-	4,594	-
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable & accruals	366,122	19,361	16,163	401,646	35,671
Due to other funds/advances from other funds	-	822	11,937	12,759	11,667
Interest payable	28,320	-	-	28,320	-
Unearned revenue	80,099	46,486	3,314	129,899	19,665
Compensated absences	119,281	-	1,710	120,991	2,841
Capital leases	2,210	-	-	2,210	-
Bonds payable	80,674	-	-	80,674	-
Other financing arrangements payable	9,569	-	-	9,569	-
Funds held in custody	272,366	-	-	272,366	-
<b>Total current liabilities</b>	<b>958,641</b>	<b>66,669</b>	<b>33,124</b>	<b>1,058,434</b>	<b>69,844</b>
Noncurrent liabilities:					
Accounts payable & accruals	172,557	-	1,432	173,989	42,499
Due to other funds/advances from other funds	-	-	-	-	350
Unearned revenue	1,649	-	11	1,660	-
Compensated absences	72,603	-	2,026	74,629	3,002
Capital leases	33,396	-	-	33,396	-
Bonds payable	1,771,645	-	-	1,771,645	-
Other financing arrangements payable	59,800	-	-	59,800	-
Funds held in custody	50,000	-	-	50,000	-
<b>Total noncurrent liabilities</b>	<b>2,161,650</b>	<b>-</b>	<b>3,469</b>	<b>2,165,119</b>	<b>45,851</b>
<b>TOTAL LIABILITIES</b>	<b>3,120,291</b>	<b>66,669</b>	<b>36,593</b>	<b>3,223,553</b>	<b>115,695</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Debt refunding gain	9,232	-	-	9,232	-
Grants received in advance of meeting timing requirements	85	-	-	85	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>9,317</b>	<b>-</b>	<b>-</b>	<b>9,317</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	2,836,239	-	80,759	2,916,998	106,358
Restricted for:					
Expendable	391,085	-	-	391,085	-
Nonexpendable	147,430	-	-	147,430	-
Unemployment benefits	-	1,124,376	-	1,124,376	-
Unrestricted	1,889,108	-	38,802	1,927,910	34,330
<b>TOTAL NET POSITION</b>	<b>\$ 5,263,862</b>	<b>\$ 1,124,376</b>	<b>\$ 119,561</b>	<b>6,507,799</b>	<b>\$ 140,688</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(6,792)	
<b>NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>				<b>\$ 6,501,007</b>	

The notes are an integral part of the financial statements.

# STATE OF IOWA

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

For the Year Ended June 30, 2014  
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS		
<b>OPERATING REVENUES</b>					
Employer contributions	\$ -	\$ 471,738	\$ -	\$ 471,738	\$ -
Receipts from other entities	-	35,680	-	35,680	143,684
Fees, licenses & permits	2,209,195	-	20,140	2,229,335	2
Refunds & reimbursements	-	-	369	369	60,101
Sales, rents & services	359,368	-	332,542	691,910	1,913
Grants & contracts	563,053	-	-	563,053	-
Independent/auxiliary operations	277,226	-	-	277,226	-
Miscellaneous	67,180	-	2,937	70,117	7,913
<b>TOTAL OPERATING REVENUES</b>	<b>3,476,022</b>	<b>507,418</b>	<b>355,988</b>	<b>4,339,428</b>	<b>213,613</b>
<b>OPERATING EXPENSES</b>					
General & administrative	-	-	16,266	16,266	-
Scholarship & fellowship	33,160	-	-	33,160	-
Depreciation	266,880	-	7,322	274,202	15,649
Direct & other	-	-	31,922	31,922	-
Personal services	2,488,445	-	8,582	2,497,027	33,560
Travel & subsistence	36,764	-	789	37,553	24,542
Supplies & materials	540,202	-	275	540,477	44,035
Contractual services	116,303	-	6,499	122,802	36,399
Equipment & repairs	578,327	-	167	578,494	26,677
Claims & miscellaneous	18,473	-	184,380	202,853	28,442
Licenses, permits & refunds	4,261	-	706	4,967	15
State aid & credits	-	439,937	3,649	443,586	-
<b>TOTAL OPERATING EXPENSES</b>	<b>4,082,815</b>	<b>439,937</b>	<b>260,557</b>	<b>4,783,309</b>	<b>209,319</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(606,793)</b>	<b>67,481</b>	<b>95,431</b>	<b>(443,881)</b>	<b>4,294</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Gifts	184,303	-	-	184,303	-
Taxes	-	-	7,527	7,527	-
Investment income	166,022	20,679	64	186,765	127
Interest expense	(57,905)	-	-	(57,905)	-
Miscellaneous revenues	892	-	-	892	-
Miscellaneous expenses	(305)	-	-	(305)	-
Gain (loss) on sale of capital assets	(14,306)	-	27	(14,279)	(205)
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b>278,701</b>	<b>20,679</b>	<b>7,618</b>	<b>306,998</b>	<b>(78)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>(328,092)</b>	<b>88,160</b>	<b>103,049</b>	<b>(136,883)</b>	<b>4,216</b>
Capital contributions & grants	89,949	-	314	90,263	-
Transfers in	654,768	-	28,887	683,655	-
Transfers out	-	(5,405)	(102,624)	(108,029)	-
<b>CHANGE IN NET POSITION</b>	<b>416,625</b>	<b>82,755</b>	<b>29,626</b>	<b>529,006</b>	<b>4,216</b>
<b>TOTAL NET POSITION - JULY 1, RESTATED</b>	<b>4,847,237</b>	<b>1,041,621</b>	<b>89,935</b>		<b>136,472</b>
<b>TOTAL NET POSITION - JUNE 30</b>	<b>\$ 5,263,862</b>	<b>\$ 1,124,376</b>	<b>\$ 119,561</b>		<b>\$ 140,688</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(730)	
<b>CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>				<b>\$ 528,276</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, 2014  
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers/students	\$ 2,804,612	\$ -	\$ 353,232	\$ 3,157,844	\$ -
Cash received from miscellaneous	90,979	-	3,069	94,048	-
Cash received from employers	-	518,930	-	518,930	-
Cash received from other entities	554,397	35,680	-	590,077	16,941
Cash received from reciprocal interfund activity	-	-	-	-	193,371
Cash payments to suppliers for goods & services	(1,356,810)	-	(232,264)	(1,589,074)	(152,971)
Cash payments to employees/students for services	(2,426,286)	-	(17,281)	(2,443,567)	(33,619)
Cash payments for unemployment claims	-	(439,639)	-	(439,639)	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(333,108)</b>	<b>114,971</b>	<b>106,756</b>	<b>(111,381)</b>	<b>23,722</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in from other funds	583,699	-	2,307	586,006	-
Transfers out to other funds	-	(4,975)	(98,117)	(103,092)	-
Receipts from related agencies	929,110	-	-	929,110	-
Payments to related agencies	(901,412)	-	-	(901,412)	-
Other noncapital financing receipts	18,996	-	-	18,996	-
Other noncapital financing payments	(5,536)	-	-	(5,536)	-
Proceeds from noncapital gifts	168,319	-	-	168,319	-
Tax receipts	-	-	7,527	7,527	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>793,176</b>	<b>(4,975)</b>	<b>(88,283)</b>	<b>699,918</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>					
Acquisition & construction of capital assets	(605,396)	-	(7,775)	(613,171)	(22,283)
Interest payments	(60,460)	-	-	(60,460)	-
Debt payments	(165,747)	-	-	(165,747)	-
Capital grants & contributions	82,883	-	314	83,197	-
Debt proceeds	206,844	-	-	206,844	-
Proceeds from sale of capital assets	2,558	-	27	2,585	-
Other capital & related financing activities	65,193	-	-	65,193	-
<b>NET CASH USED BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>(474,125)</b>	<b>-</b>	<b>(7,434)</b>	<b>(481,559)</b>	<b>(22,283)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest & dividends on investments	34,954	20,680	74	55,708	127
Proceeds from sale & maturities of investments	1,899,443	-	-	1,899,443	-
Purchase of investments	(1,940,878)	-	-	(1,940,878)	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(6,481)</b>	<b>20,680</b>	<b>74</b>	<b>14,273</b>	<b>127</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(20,538)</b>	<b>130,676</b>	<b>11,113</b>	<b>121,251</b>	<b>1,566</b>
<b>CASH &amp; CASH EQUIVALENTS - JULY 1, RESTATED</b>	<b>330,666</b>	<b>883,266</b>	<b>29,742</b>	<b>1,243,674</b>	<b>56,760</b>
<b>CASH &amp; CASH EQUIVALENTS - JUNE 30</b>	<b>310,128</b>	<b>1,013,942</b>	<b>40,855</b>	<b>1,364,925</b>	<b>58,326</b>
<b>INVESTMENTS</b>	<b>2,837,224</b>	<b>-</b>	<b>-</b>	<b>2,837,224</b>	<b>-</b>
<b>CASH &amp; INVESTMENTS PER STATEMENT OF NET POSITION</b>	<b>\$ 3,147,352</b>	<b>\$ 1,013,942</b>	<b>\$ 40,855</b>	<b>\$ 4,202,149</b>	<b>\$ 58,326</b>

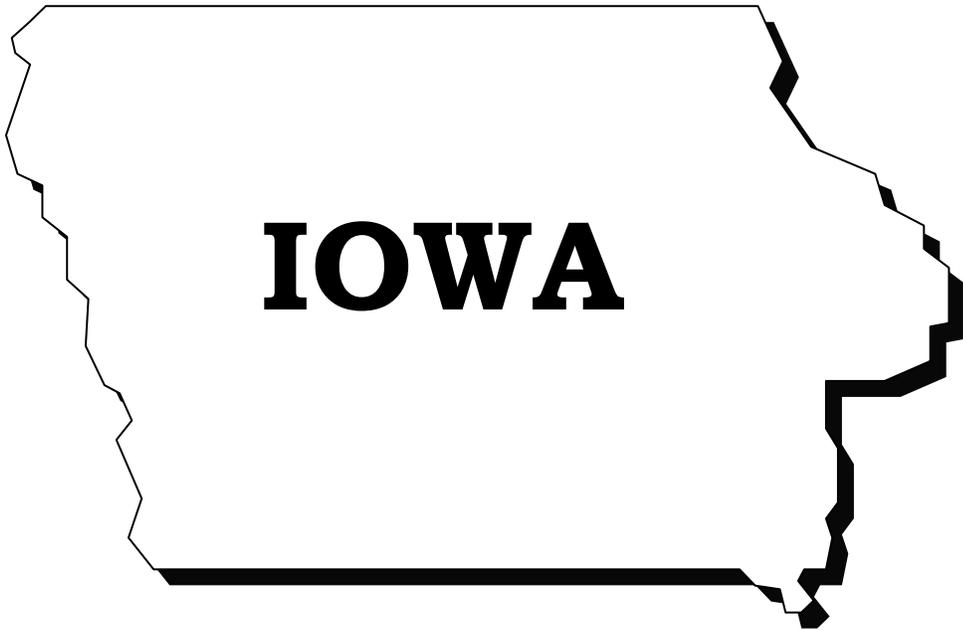
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**STATE OF IOWA**  
**Statement of Cash Flows**  
**Proprietary Funds**

For the Year Ended June 30, 2014  
(Expressed in Thousands)  
(continued)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS		
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (606,793)	\$ 67,481	\$ 95,431	\$ (443,881)	\$ 4,294
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	266,880	-	7,322	274,202	15,649
(Increase) decrease in accounts receivable	(20,340)	41,311	800	21,771	(1,211)
(Increase) decrease in due from	-	1	(4)	(3)	(1,413)
(Increase) decrease in inventory	234	-	3,312	3,546	(1,102)
(Increase) decrease in prepaid expenses	(1,679)	-	151	(1,528)	(283)
(Increase) decrease in loans receivable	(923)	-	-	(923)	-
(Increase) decrease in other assets	8,424	-	-	8,424	-
Increase (decrease) in accounts payable	31,033	(237)	(596)	30,200	8,524
Increase (decrease) in due to	-	-	1,038	1,038	(802)
Increase (decrease) in unearned revenue	(12,323)	6,415	(483)	(6,391)	125
Increase (decrease) in compensated absences	1,651	-	(215)	1,436	(59)
Increase (decrease) in other liability/capital leases	728	-	-	728	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (333,108)</b>	<b>\$ 114,971</b>	<b>\$ 106,756</b>	<b>\$ (111,381)</b>	<b>\$ 23,722</b>
<b>NONCASH INVESTING, CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>					
Capital assets acquired through capital leases	\$ 33	\$ -	\$ -	\$ 33	\$ -
Capital assets contributed	2,677	-	-	2,677	-
<b>TOTAL NONCASH INVESTING, CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>\$ 2,710</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,710</b>	<b>\$ -</b>

The notes are an integral part of the financial statements.



# FIDUCIARY FUND FINANCIAL STATEMENTS

**Fiduciary Funds** are presented by fund in the Supplementary Information section.

**STATE OF IOWA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**

June 30, 2014  
(Expressed in Thousands)

	<b>PENSION &amp; OTHER EMPLOYEE BENEFIT FUNDS</b>	<b>PRIVATE PURPOSE TRUST FUNDS</b>	<b>AGENCY FUNDS</b>
<b>ASSETS</b>			
Cash & cash equivalents	\$ 313,040	\$ 29,904	\$ 287,267
Receivables:			
Accounts (net)	-	230	200,710
Contributions	67,747	-	-
Investments sold	424,845	-	-
Foreign exchange contracts	2,206,740	-	-
Interest & dividends	84,493	-	-
Total receivables	<u>2,783,825</u>	<u>230</u>	<u>200,710</u>
Investments, at fair value:			
Fixed income securities	9,240,314	-	-
Equity investments	12,084,234	4,184,586	-
Real estate partnerships	2,226,896	-	-
Investment in private equity/debt	3,074,934	-	-
Real assets	1,665,875	-	-
Securities lending collateral pool	426,933	-	-
Securities on loan with brokers	13,006	-	-
Total investments	<u>28,732,192</u>	<u>4,184,586</u>	<u>-</u>
Capital assets:			
Land	500	-	-
Other - depreciable (net)	23,498	55	-
Total capital assets	<u>23,998</u>	<u>55</u>	<u>-</u>
Other assets	815	17	-
<b>TOTAL ASSETS</b>	<b><u>31,853,870</u></b>	<b><u>4,214,792</u></b>	<b><u>487,977</u></b>
<b>LIABILITIES</b>			
Accounts payable & accruals	25,623	237	487,977
Foreign exchange contracts payable	2,209,594	-	-
Payable for investments purchased	602,300	-	-
Payable to brokers for rebate & collateral	426,629	-	-
<b>TOTAL LIABILITIES</b>	<b><u>3,264,146</u></b>	<b><u>237</u></b>	<b><u>487,977</u></b>
<b>NET POSITION</b>			
Restricted for:			
Pension/other postemployment benefits	28,589,724	-	-
Individuals, organizations & other entities	-	4,214,555	-
<b>TOTAL NET POSITION</b>	<b><u>\$ 28,589,724</u></b>	<b><u>\$ 4,214,555</u></b>	<b><u>\$ -</u></b>

The notes are an integral part of the financial statements.

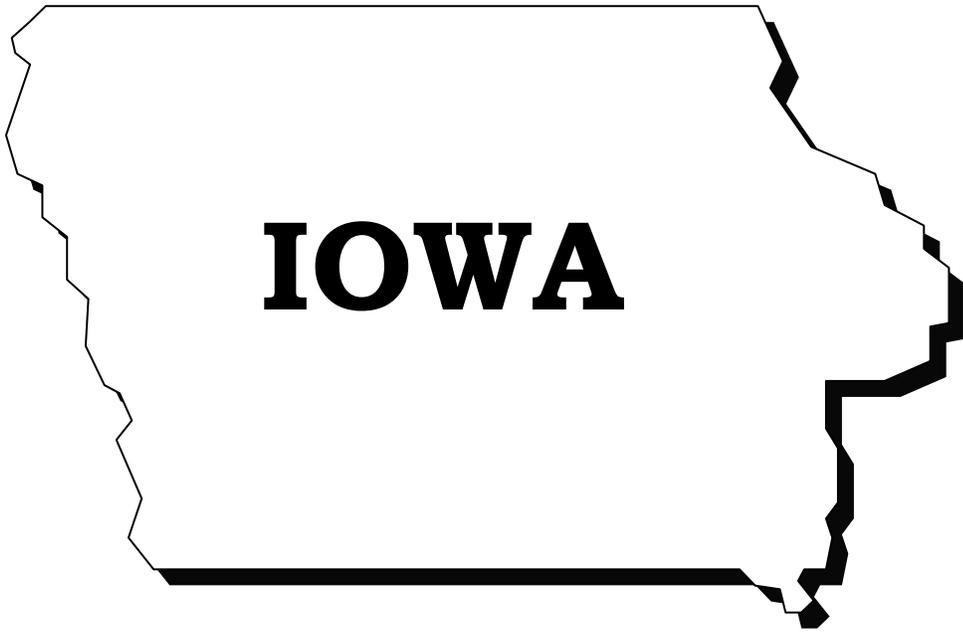
**STATE OF IOWA**

**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds**

For the Year Ended June 30, 2014  
(Expressed in Thousands)

	<b>PENSION &amp; OTHER EMPLOYEE BENEFIT FUNDS</b>	<b>PRIVATE PURPOSE TRUST FUNDS</b>
<b>ADDITIONS</b>		
Contributions:		
Member/participant contributions	\$ 437,694	\$ 363,116
Employer contributions	665,346	-
Buy-back/buy-in contributions	14,324	-
Other contributions	-	3,586
Gifts, bequests & endowments	-	2,774
Total contributions	1,117,364	369,476
Investment income:		
Net increase in fair value of investments	3,486,884	580,070
Interest	312,543	123
Dividends	120,026	-
Other	141,727	-
Total investment income	4,061,180	580,193
Less investment expense	65,196	-
Net investment income	3,995,984	580,193
<b>TOTAL ADDITIONS</b>	<b>5,113,348</b>	<b>949,669</b>
<b>DEDUCTIONS</b>		
Pension & annuity benefits	1,799,873	-
Distributions to participants	-	262,682
Payments in accordance with agreements	1,194	-
Administrative expense	15,082	-
Refunds	48,121	-
Other	-	1,795
<b>TOTAL DEDUCTIONS</b>	<b>1,864,270</b>	<b>264,477</b>
<b>CHANGE IN NET POSITION</b>	<b>3,249,078</b>	<b>685,192</b>
<b>NET POSITION - JULY 1</b>	<b>25,340,646</b>	<b>3,529,363</b>
<b>NET POSITION - JUNE 30</b>	<b>\$ 28,589,724</b>	<b>\$ 4,214,555</b>

The notes are an integral part of the financial statements.



## 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 Economic Development Authority** undertakes programs to promote economic development including financing programs and the issuance of bonds.

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

**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.

**The University of Iowa Foundation, Iowa State University Foundation and University of Northern Iowa Foundation** act primarily as fund-raising organizations to supplement the resources available to the State universities.

**University of Iowa Research Foundation** commercializes University of Iowa developed technologies and inventions through licensing and new venture formation.

**University of Iowa Health System & Subsidiaries** supports clinical, academic, and research programs of the University of Iowa College of Medicine and the University of Iowa Hospitals and Clinics.

**STATE OF IOWA**  
**Statement of Net Position**  
**Component Units**  
June 30, 2014  
(Expressed in Thousands)

	IOWA FINANCE AUTHORITY	IOWA ECONOMIC DEVELOPMENT AUTHORITY	IOWA STATE FAIR AUTHORITY	IOWA LOTTERY AUTHORITY	UNIVERSITY OF IOWA FOUNDATION
<b>ASSETS</b>					
Current assets:					
Cash & investments	\$ 537,836	\$ 122,519	\$ 19,264	\$ 20,732	\$ 582,702
Cash & investments - restricted	-	-	-	541	-
Accounts receivable	-	18,554	2,096	3,641	43,773
Interest receivable	6,369	-	90	11	-
Loans receivable (net)	86,813	4,360	-	-	-
Inventory	-	-	187	2,126	-
Prepaid expenses	-	104	-	118	356
Other assets	1,540	-	-	1,426	-
<b>Total current assets</b>	<b>632,558</b>	<b>145,537</b>	<b>21,637</b>	<b>28,595</b>	<b>626,831</b>
Noncurrent assets:					
Cash & investments	521,433	-	-	-	561,203
Accounts receivable	-	-	852	-	80,387
Loans receivable (net)	1,454,023	68,165	-	-	-
Capital assets - nondepreciable	716	-	11,023	1,984	106
Capital assets - depreciable (net)	2,300	125	60,929	6,261	19,267
Other assets	35,218	-	-	8,806	-
<b>Total noncurrent assets</b>	<b>2,013,690</b>	<b>68,290</b>	<b>72,804</b>	<b>17,051</b>	<b>660,963</b>
<b>TOTAL ASSETS</b>	<b>2,646,248</b>	<b>213,827</b>	<b>94,441</b>	<b>45,646</b>	<b>1,287,794</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated decrease in fair value of hedging derivatives	5,501	-	-	-	-
Debt refunding loss	3,167	-	-	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>8,668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable & accruals	26,244	20,438	1,102	24,897	2,116
Interest payable	22,582	-	-	-	-
Unearned revenue	-	-	71	335	-
Compensated absences	-	717	355	728	-
Capital leases	-	-	-	-	690
Bonds payable	51,021	-	-	-	-
Funds held in custody	-	-	-	-	99,516
<b>Total current liabilities</b>	<b>99,847</b>	<b>21,155</b>	<b>1,528</b>	<b>25,960</b>	<b>102,322</b>
Noncurrent liabilities:					
Accounts payable & accruals	45,951	40	-	8,827	28,992
Compensated absences	-	1,384	1,154	1,345	-
Capital leases	-	-	-	-	3,070
Bonds payable	1,379,337	-	-	-	-
Funds held in custody	-	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>1,425,288</b>	<b>1,424</b>	<b>1,154</b>	<b>10,172</b>	<b>32,062</b>
<b>TOTAL LIABILITIES</b>	<b>1,525,135</b>	<b>22,579</b>	<b>2,682</b>	<b>36,132</b>	<b>134,384</b>
<b>NET POSITION</b>					
Net investment in capital assets	3,016	125	71,952	6,877	15,613
Restricted for:					
Bond resolutions	878,700	-	-	-	-
Clean water and drinking program	157,564	-	-	-	-
Title guaranty program	77,533	-	-	-	-
Economic development	-	51,495	-	-	-
Other purposes	-	-	3,553	-	-
Nonexpendable - foundations	-	-	-	-	561,203
Expendable - foundations	-	-	-	-	562,831
Unrestricted	12,968	139,628	16,254	2,637	13,763
<b>TOTAL NET POSITION</b>	<b>\$ 1,129,781</b>	<b>\$ 191,248</b>	<b>\$ 91,759</b>	<b>\$ 9,514</b>	<b>\$ 1,153,410</b>

The notes are an integral part of the financial statements.

(continued on next page)

**STATE OF IOWA**  
**Statement of Net Position**  
**Component Units**

June 30, 2014  
(Expressed in Thousands)

(continued)

	<b>IOWA STATE UNIVERSITY FOUNDATION</b>	<b>UNIVERSITY OF NORTHERN IOWA FOUNDATION</b>	<b>UNIVERSITY OF IOWA RESEARCH FOUNDATION</b>	<b>UNIVERSITY OF IOWA HEALTH SYSTEM &amp; SUBSIDIARIES</b>	<b>TOTAL COMPONENT UNITS</b>
<b>ASSETS</b>					
Current assets:					
Cash & investments	\$ 157,538	\$ 19,027	\$ 21,392	\$ 19,632	\$ 1,500,642
Cash & investments - restricted	-	-	-	-	541
Accounts receivable	20,466	1,656	836	1,877	92,899
Interest receivable	-	-	41	-	6,511
Loans receivable (net)	-	-	-	-	91,173
Inventory	-	-	-	624	2,937
Prepaid expenses	-	-	105	275	958
Other assets	-	124	-	-	3,090
<b>Total current assets</b>	<b>178,004</b>	<b>20,807</b>	<b>22,374</b>	<b>22,408</b>	<b>1,698,751</b>
Noncurrent assets:					
Cash & investments	608,416	108,888	-	-	1,799,940
Accounts receivable	84,996	4,559	-	-	170,794
Loans receivable (net)	1,609	-	-	-	1,523,797
Capital assets - nondepreciable	960	-	-	-	14,789
Capital assets - depreciable (net)	2,430	694	4	220	92,230
Other assets	4,805	1,596	276	-	50,701
<b>Total noncurrent assets</b>	<b>703,216</b>	<b>115,737</b>	<b>280</b>	<b>220</b>	<b>3,652,251</b>
<b>TOTAL ASSETS</b>	<b>881,220</b>	<b>136,544</b>	<b>22,654</b>	<b>22,628</b>	<b>5,351,002</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated decrease in fair value of					
hedging derivatives	-	-	-	-	5,501
Debt refunding loss	-	-	-	-	3,167
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,668</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable & accruals	169	1,833	787	1,547	79,133
Interest payable	-	-	-	-	22,582
Unearned revenue	-	-	2	-	408
Compensated absences	550	-	-	-	2,350
Capital leases	-	-	-	-	690
Bonds payable	130	-	-	-	51,151
Funds held in custody	7,693	-	-	5,155	112,364
<b>Total current liabilities</b>	<b>8,542</b>	<b>1,833</b>	<b>789</b>	<b>6,702</b>	<b>268,678</b>
Noncurrent liabilities:					
Accounts payable & accruals	22,626	2,840	93	-	109,369
Compensated absences	-	-	-	-	3,883
Capital leases	-	-	-	-	3,070
Bonds payable	2,334	-	-	-	1,381,671
Funds held in custody	6,347	-	-	-	6,347
<b>Total noncurrent liabilities</b>	<b>31,307</b>	<b>2,840</b>	<b>93</b>	<b>-</b>	<b>1,504,340</b>
<b>TOTAL LIABILITIES</b>	<b>39,849</b>	<b>4,673</b>	<b>882</b>	<b>6,702</b>	<b>1,773,018</b>
<b>NET POSITION</b>					
Net investment in capital assets	927	694	4	220	99,428
Restricted for:					
Bond resolutions	-	-	-	-	878,700
Clean water and drinking program	-	-	-	-	157,564
Title guaranty program	-	-	-	-	77,533
Economic development	-	-	-	-	51,495
Other purposes	-	-	-	-	3,553
Nonexpendable - foundations	600,081	81,993	-	-	1,243,277
Expendable - foundations	214,629	40,986	-	-	818,446
Unrestricted	25,734	8,198	21,768	15,706	256,656
<b>TOTAL NET POSITION</b>	<b>\$ 841,371</b>	<b>\$ 131,871</b>	<b>\$ 21,772</b>	<b>\$ 15,926</b>	<b>\$ 3,586,652</b>

**STATE OF IOWA**  
**Statement of Activities**  
**Component Units**  
For the Year Ended June 30, 2014  
(Expressed in Thousands)

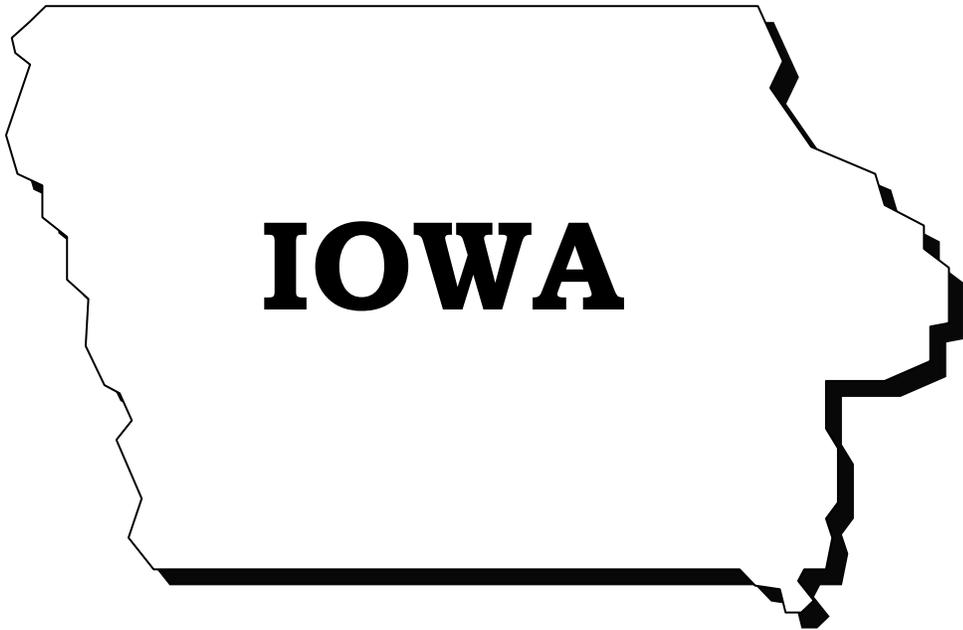
	<b>IOWA FINANCE AUTHORITY</b>	<b>IOWA ECONOMIC DEVELOPMENT AUTHORITY</b>	<b>IOWA STATE FAIR AUTHORITY</b>	<b>IOWA LOTTERY AUTHORITY</b>	<b>UNIVERSITY OF IOWA FOUNDATION</b>
Expenses	\$ 124,106	\$ 229,390	\$ 22,208	\$ 310,989	\$ 115,389
Program revenues:					
Charges for services	18,586	1,024	21,570	314,160	-
Operating grants & contributions	64,648	173,918	2,977	-	123,833
Capital grants & contributions	-	-	225	-	-
Total program revenues	<u>83,234</u>	<u>174,942</u>	<u>24,772</u>	<u>314,160</u>	<u>123,833</u>
Net program (expenses) revenues	<u>(40,872)</u>	<u>(54,448)</u>	<u>2,564</u>	<u>3,171</u>	<u>8,444</u>
General revenues:					
Investment income	69,787	746	58	59	109,122
Other	-	5,165	1,259	-	-
Total general revenues	<u>69,787</u>	<u>5,911</u>	<u>1,317</u>	<u>59</u>	<u>109,122</u>
<b>CHANGE IN NET POSITION</b>	<b>28,915</b>	<b>(48,537)</b>	<b>3,881</b>	<b>3,230</b>	<b>117,566</b>
<b>NET POSITION - JULY 1, RESTATED</b>	<b><u>1,100,866</u></b>	<b><u>239,785</u></b>	<b><u>87,878</u></b>	<b><u>6,284</u></b>	<b><u>1,035,844</u></b>
<b>NET POSITION - JUNE 30</b>	<b><u>\$ 1,129,781</u></b>	<b><u>\$ 191,248</u></b>	<b><u>\$ 91,759</u></b>	<b><u>\$ 9,514</u></b>	<b><u>\$ 1,153,410</u></b>

The notes are an integral part of the financial statements.

(continued on next page)

**STATE OF IOWA**  
**Statement of Activities**  
**Component Units**  
For the Year Ended June 30, 2014  
(Expressed in Thousands)  
(continued)

	<b>IOWA STATE UNIVERSITY FOUNDATION</b>	<b>UNIVERSITY OF NORTHERN IOWA FOUNDATION</b>	<b>UNIVERSITY OF IOWA RESEARCH FOUNDATION</b>	<b>UNIVERSITY OF IOWA HEALTH SYSTEM &amp; SUBSIDIARIES</b>	<b>TOTAL COMPONENT UNITS</b>
Expenses	\$ 97,122	\$ 13,132	\$ 6,619	\$ 24,354	\$ 943,309
Program revenues:					
Charges for services	-	-	3,503	23,222	382,065
Operating grants & contributions	92,164	26,482	-	-	484,022
Capital grants & contributions	-	-	-	-	225
Total program revenues	<u>92,164</u>	<u>26,482</u>	<u>3,503</u>	<u>23,222</u>	<u>866,312</u>
Net program (expenses) revenues	<u>(4,958)</u>	<u>13,350</u>	<u>(3,116)</u>	<u>(1,132)</u>	<u>(76,997)</u>
General revenues:					
Investment income	95,257	-	1,166	40	276,235
Other	-	-	240	-	6,664
Total general revenues	<u>95,257</u>	<u>-</u>	<u>1,406</u>	<u>40</u>	<u>282,899</u>
<b>CHANGE IN NET POSITION</b>	<b>90,299</b>	<b>13,350</b>	<b>(1,710)</b>	<b>(1,092)</b>	<b>205,902</b>
<b>NET POSITION - JULY 1, RESTATED</b>	<b>751,072</b>	<b>118,521</b>	<b>23,482</b>	<b>17,018</b>	<b>3,380,750</b>
<b>NET POSITION - JUNE 30</b>	<b>\$ 841,371</b>	<b>\$ 131,871</b>	<b>\$ 21,772</b>	<b>\$ 15,926</b>	<b>\$ 3,586,652</b>



# 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, except for the Iowa Economic Development Authority (single fund type) which does not issue separate 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 legally separate organizations for which the State is financially accountable. The State appoints a voting majority of their boards and is able to impose its will on the organizations. In addition, these organizations provide specific financial benefits to, or impose specific financial burdens upon the State. Each of the following component units are reported as part of the State's primary government and are blended with the appropriate funds as they provide services entirely to the State or exclusively benefit the State.

- Iowa Public Television Foundation (Special Revenue and Permanent Funds) promotes and serves as a funding medium for Iowa Public Television (IPTV), a department of the State of Iowa. It solicits and manages gifts of money or property for the exclusive purpose of granting gifts of money or property to IPTV which has sole discretion as to the use of the money or property. IPTV provides support to the Foundation, including office space, equipment, website, legal services, television studio space and equipment, as well as, broadcast production staff. The State has the ability to control fund raising activities and operations as well as personnel decisions regarding the management of the Foundation. The Foundation exclusively benefits the State and provides services entirely to the State.
- 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.
- Honey Creek Premier Destination Park Authority (Special Revenue Fund), herein referred to as Honey Creek Authority, was created to issue bonds to provide financing for the development of the Honey Creek Park (Enterprise Fund). 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 purpose is to provide for and secure the issuance and repayment of its bonds.

#### ***Discretely Presented 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 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.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

- Iowa Economic Development Authority (Proprietary) undertakes programs to enhance economic development and to provide certain finance programs. The eleven members of the board of directors are appointed by the Governor and confirmed by the Senate. The State is able to impose its will on the Authority.
- Iowa Agricultural Development Authority (Proprietary) all powers, duties, assets, liabilities, revenues and expenses were transferred pursuant to House File 607 to the Iowa Finance Authority effective July 1, 2013. (See NOTE 20 – BEGINNING BALANCE ADJUSTMENTS)
- 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)
- Iowa Lottery Authority (Proprietary) 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.

During the year ended June 30, 2014, the Iowa Lottery Authority distributed \$72.2 million to the State of Iowa General Fund and \$1.8 million to the Veteran's Trust Fund.

- The University related discretely presented component units below 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 financial information; however, the assets, deferred outflows of resources, liabilities and deferred inflows of resources and revenues and expenses were reformatted to correspond to the State's reporting format for the Statement of Net Position and Statement of Activities.

- The University of Iowa Foundation, Iowa State University Foundation and University of Northern Iowa Foundation (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 resources they hold and invest, and income thereon, are 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, 2014, the Foundations distributed \$179.4 million to the Universities for academic and institutional support.

- University of Iowa Research Foundation (UIRF) (Proprietary) commercializes University of Iowa developed technologies and inventions through licensing and new venture formation and manages the subsequent revenue streams. The intention of the UIRF is to effectively manage University intellectual property to successful outcomes including: transferring University inventions to the marketplace for public benefit, generating significant income, operating as a self-sustaining operation, and supporting the research mission. Because the majority of these restricted resources can only be used by, or for the benefit of, the University of Iowa, they are considered a component unit of the State and are discretely presented in the financial statements.
- University of Iowa Health System & Subsidiaries (Proprietary) was formed to support clinical, academic, and research programs of the University of Iowa College of Medicine and the University of Iowa Hospitals and Clinics. Because the majority of these restricted resources can only be used by, or for the benefit of, the University of Iowa, they are considered a component unit of the State and are discretely presented in the financial statements.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### ***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
- Iowa Higher Education Loan Authority

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

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

The Statement of Net Position 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 Position** presents the State's non-fiduciary assets, liabilities and deferred outflows/inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.
- *Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has 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 clearly identifiable with 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 reported as general revenues.

#### ***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.

#### ***Governmental Fund Balance Reporting***

The fund balance classifications for governmental funds are reported in categories which describe the extent to which certain resources may be spent. Resources are categorized as spendable or nonspendable.

Nonspendable fund balance includes inventory, prepaid items, noncurrent receivables and principal of endowments. These resources cannot be spent because they are either not in spendable form or are legally required to remain intact. When the proceeds from noncurrent receivables are restricted, committed or assigned, the fund balances for those amounts will be reported in the appropriate spendable fund balance classification.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

Spendable fund balance includes resources that are in spendable form (e.g. cash) and are available for spending. Spendable fund balance is further classified as restricted, committed, assigned or unassigned. The following describes the different levels of constraint, if any, on spendable fund balance classifications:

*Restricted* – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers (e.g. creditors, grantors and contributors) or enabling legislation.

*Committed* – includes amounts that can be used only for the specific purposes determined by a formal action of the State’s highest level of decision-making authority. The Iowa Legislature and Governor represent the State’s highest level of decision-making authority. Formal action consists of legislation passed by both the House and Senate and signed by the Governor and is required to establish, modify or rescind a limitation.

*Assigned* – includes amounts intended to be used by the State for a specific purpose but do not meet the criteria to be classified as restricted or committed. Currently, the State does not have a policy which authorizes the establishment of assigned fund balances.

*Unassigned* – includes the residual amount of the General Fund not included in the categories above, which is available for any purpose, and any negative fund balances in the other governmental fund types.

When both restricted and unrestricted (committed, assigned, unassigned) resources are available for use, generally it is the State’s policy to use restricted resources first. Also, when committed or unassigned resources are available to be spent for the same purpose, the State’s policy is, in general, to spend committed resources first followed by unassigned resources.

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

The State reports the following major governmental funds:

#### General Fund

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

#### Special Revenue Funds

*Tobacco Settlement Authority* – The Tobacco Settlement Authority, a blended component unit of the State of Iowa, receives money from the Tobacco Collections Fund to pay for operating expenses and repayment of debt.

*Tobacco Collections Fund* – The Tobacco Collections Fund accounts for tobacco settlement monies received pursuant to a Master Settlement Agreement between the State of Iowa and the five largest tobacco manufacturers. The funds are then distributed to the Tobacco Settlement Authority and the Endowment for Iowa’s Health Fund pursuant to the terms of a Sales Agreement (dated October 1, 2001, and amended November 1, 2005) between the State and the Tobacco Settlement Authority. Per Code of Iowa Section 12E.12.1.b(3)(b), the State’s portion is then transferred to the Rebuild Iowa Infrastructure Fund.

The State reports the following major proprietary funds:

#### Enterprise Funds

*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).

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

*Permanent Funds* account for resources 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, workers' compensation, 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 postemployment benefit plans. The pension plans included are the Iowa Public Employees' Retirement System (IPERS), Peace Officers' Retirement, Accident and Disability System (PORS) and the Judicial Retirement System (JRS).

*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, Braille & Sight Saving School Fund and Gaining Early Awareness & Readiness for Undergraduate Programs (GEAR-UP) Fund.

*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 services, 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. 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<sup>th</sup>, of the fiscal year, and paid within 60 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. *General revenues* include all taxes and investment income.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

In fiscal year 2014, the State of Iowa implemented the following GASB standards:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* – This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.
- GASB Statement No. 66, *Technical Corrections – 2012* – The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB Statement No. 67, *Financial Reporting for Pension Plans* – The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Guarantees* – This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

Also, in fiscal year 2013, the State of Iowa early implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations and related disclosures.

#### **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 (Treasurer). However, moneys of some funds may be invested separately from the investment pool where permitted by statute.

Investment earnings of the investment pool are allocated to the individual funds as provided by statute. Income of \$5,103,883 associated with certain funds has been assigned to other funds for fiscal year 2014.

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

The Treasurer 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; repurchase agreements; investments authorized for Iowa Public Employees' Retirement System in section 97B.7A; money market mutual funds organized in trust form; obligations of the Iowa Finance Authority issued pursuant to Chapter 16 of the Code of Iowa 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 No. 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. IPERS has derivatives that are reported on the Statement of Fiduciary Net Position at fair value. (See NOTE 15 – PENSION PLANS.)

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

Certain State institutions participate in the Iowa Public Agency Investment Trust (IPAIT), a state and local government pooled investment account, created by Code of Iowa 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 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, PORS and JRS (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 and JRS is authorized by their Boards 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. The types of securities on loan included equity investments and fixed income securities.

A borrower is required to initially deliver collateral in an amount equal to 102% of the fair value of any U.S. securities lent and 105% of the fair 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 \$6,516 of credit risk exposure to borrowers because the amounts of collateral held on each loan exceeded 100% of the borrowed securities market value. Additional collateral was provided the next business day, eliminating this exposure. At year-end, PORS and JRS had no credit risk exposure to borrowers because the amounts the borrowers owed PORS and JRS did not exceed the amount owed them. 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. The securities lending contracts do not allow the Systems to pledge or sell collateral securities received unless the borrower defaults. As of June 30, 2014, the Systems had securities on loan, including accrued interest income, with a total value of \$415.5 million against collateral with a total value of \$426.6 million.

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.)

The effective duration of the cash collateral pool at June 30, 2014, for IPERS was 0.0. Credit quality and years to maturity statistics for the cash collateral pool at June 30, 2014, for IPERS is as follows (expressed in thousands):

### Securities Lending Collateral Pool

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Risk S&amp;P Quality Rating</u>	<u>Investment Maturity (Years)</u>
Overnight repurchase agreements	<u>\$ 413,555</u>	Not rated	Less than 1

### 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 inflows of resources – deferred revenue.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### 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.

### I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items in both government-wide and fund financial statements. In governmental funds, prepaid items are accounted for using the consumption method and a portion of fund balance equal to the prepaid items has been classified as nonspendable to indicate it is not available for appropriation.

### J. 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. Interest incurred during the construction phase of capital assets of enterprise funds is generally included as part of the capitalized value of the assets constructed. Infrastructure and intangible assets, as defined by the State's policy, acquired after June 30, 1980, are reported. Reportable capital assets are defined by the State as assets above the following thresholds:

Infrastructure	\$ 1,000,000
Intangible assets	\$ 500,000
Land, buildings and improvements	\$ 50,000
Equipment	\$ 5,000

Capital assets are depreciated over their useful lives using the straight-line depreciation method. The government-wide, proprietary fund 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
Intangible assets	5-20 years
Equipment	2-20 years
Vehicles	3-10 years

Each University sets its own capitalization threshold and useful life policies. See individual university audit reports.

### K. Deferred Outflows of Resources

In addition to assets, the government-wide and fund financial statements will sometimes report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

### L. Compensated Absences

Employees' compensated absences are accrued when earned. Accrued vacation is paid at 100% of the employee's hourly rate upon retirement, death or termination. With certain exceptions, accrued sick leave is paid at 100% of the employee's hourly rate to a maximum of \$2,000 upon retirement. Employees may elect to use a portion of accrued sick leave balances to pay the state share of group health insurance premiums upon retirement. The liability for accrued compensated absences as reported in the government-wide and proprietary fund financial statements is based on the current rates of pay.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### **M. Long-term Liabilities**

In the government-wide and proprietary fund financial statements, long-term debt and long-term liabilities are reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount. Bond discounts for proprietary fund types are generally amortized over the terms of the bonds using the bonds-outstanding method or straight-line method, which approximates the effective interest method.

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

In governmental fund types, bond discounts are recognized in the current period.

### **N. Deferred Inflows of Resources**

In addition to liabilities, the government-wide and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

### **O. 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 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 Position, except for the residual amounts due between governmental and business-type activities.

### **P. Encumbrances**

The State utilizes encumbrance accounting for budgetary control purposes. Obligations incurred for goods or services not 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.

### **Q. Stabilization Arrangements (Reserve Funds)**

The State maintains two funds for emergency expenditures: the Iowa Economic Emergency Fund and the Cash Reserve Fund. The Iowa Economic Emergency Fund and the Cash Reserve Fund were created in Iowa Code Sections 8.55 and 8.56.

The maximum balance of the Iowa Economic Emergency Fund is the amount equal to 2.5 percent of the adjusted revenue estimate for the fiscal year. The moneys in this fund may only be appropriated by the General Assembly for emergency expenditures and only in the fiscal year for which the appropriation is made.

The maximum balance of the Cash Reserve Fund is equal to 7.5 percent of the adjusted revenue estimate for the General Fund of the State for the current fiscal year. Moneys in this fund may be used for cash flow purposes provided that any moneys so allocated are returned to the fund by the end of each fiscal year. The moneys in this fund may only be appropriated by the General Assembly for payment of nonrecurring emergency expenditures and shall not be appropriated for payment of any collective bargaining agreement or arbitrator's decision negotiated or awarded. An appropriation shall not be made from this fund if the appropriation would cause the fund's balance to be less than 3.75 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

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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.

The fund balances for the Iowa Economic Emergency Fund and the Cash Reserve Fund are included in the *committed* spendable fund balance classification.

### R. Minimum Fund Balance Requirements

Currently, the State has six governmental funds which are required by statute, federal regulations or bonding requirements to maintain minimum fund balances. However, the State does not have a formally adopted policy regarding minimum fund balances.

### S. 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).

## NOTE 2 – CASH, INVESTMENTS AND SECURITIES LENDING

### A. Primary Government and Fiduciary Funds

Investments of the primary government and fiduciary funds at June 30, 2014, are scheduled as follows (expressed in thousands):

<b><i>Primary Government</i></b>		<b><i>Fiduciary Funds</i></b>	
<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Type</u>	<u>Fair Value</u>
Fixed:		Fixed:	
U.S. government treasuries, notes & bonds	\$ 209,404	U.S. government treasuries, notes & bonds	\$ 2,244,224
U.S. government agency	2,940,490	U.S. government agency	462,846
Government asset & mortgage-backed	282,655	Government asset & mortgage-backed	1,492,541
Corporate bonds	122,769	Corporate bonds	2,599,611
Corporate asset backed	18,175	Corporate asset backed	184,701
Private placements	20,574	Private placements	1,261,707
Fixed income mutual funds	982,473	Commingled bond funds	1,808,592
Other fixed income	162,193	Other fixed income	30,883
Commercial paper	3,000	Total fixed	<u>10,085,105</u>
Total fixed	<u>4,741,733</u>		
Equity:		Equity:	
U.S. equity	266,718	U.S. equity	6,003,614
Private equity	31,979	Private equity	3,072,298
Real estate	14,253	Real estate	2,303,248
Non U.S. equity	215,995	Commingled & mutual funds	11,136,240
Money market funds	656,967	Other	139,053
Pooled & mutual funds	154,396	Total equity	<u>22,654,453</u>
Repurchase agreements	116,296		
Investment pools	1,755	Total invested assets	<u>\$ 32,739,558</u>
Other	275,658		
Total equity	<u>1,734,017</u>		
Total invested assets	<u>\$ 6,475,750</u>		

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### **Credit Risk**

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

The Treasurer's investment policy requires that domestic commercial paper maturing within 270 days from the date of purchase have the highest rating of both Standard & Poor's and Moody's on the date of purchase. 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 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 University's operating portfolio shall be AA or Aa as rated by Standard & Poor's or Moody's, respectively; up to 20% of each University'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 maturing within 270 days 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 5% 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; obligations of the Iowa Finance Authority (Authority) provided at the time of purchase the Authority has an issuer credit rating within the two highest classifications or the obligations to be purchased are rated within the two highest classifications, as established by at least one of the standard rating services; corporate debt with a maturity of greater than 270 days that is rated investment grade by Standard & Poor's or Moody's (at least BBB- or Baa3, respectively), or by another Nationally Recognized Statistical Rating Organization (NRSRO), including Rule 144A Securities 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 University's endowment fixed income portfolio shall be AA or Aa as rated by Standard & Poor's or Moody's, respectively; up to 20% of each University'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 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', PORS' and JRS' securities lending program is found under the securities lending disclosures found in NOTE 1 F of these notes.

Investments in debt securities of the U.S. Government or obligations of U.S. Government agencies that are explicitly guaranteed by the U.S. Government are disclosed in the TSY and AGY columns of the credit risk schedules.

The State's exposure to credit risk for the fixed income investments of the primary government and fiduciary funds at June 30, 2014, 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
U.S. government treasuries, notes & bonds	\$ 128,474	\$ -	\$ 80,930	\$ -	\$ -	\$ -
U.S. government agency	-	4,397	301,578	2,634,338	-	-
Government asset & mortgage-backed	-	-	143	282,512	-	-
Corporate bonds	-	-	10,133	22,765	72,309	9,163
Corporate asset backed	-	-	13,932	-	-	-
Private placements	-	-	6,027	12,529	3	13
Fixed income mutual funds	56,631	-	12,920	279,045	64,947	16,110
Other fixed income	-	-	-	1,023	15,505	-
<b>Total</b>	<b>\$ 185,105</b>	<b>\$ 4,397</b>	<b>\$ 425,663</b>	<b>\$ 3,232,212</b>	<b>\$ 152,764</b>	<b>\$ 25,286</b>

(continued)

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**Credit Risk - S & P Quality Ratings**

**Primary Government**

(continued)

Investment Type	BB	B	CC & Below	A1+P1	A1+P2	NR
U.S. government agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177
Corporate bonds	-	-	-	-	-	8,399
Corporate asset backed	-	-	-	-	-	4,243
Private placements	-	-	-	-	-	2,002
Fixed income mutual funds	80,518	212,312	4,680	-	-	255,310
Other fixed income	-	-	-	-	-	145,665
Commercial paper	-	-	-	1,500	1,500	-
<b>Total</b>	<b>\$ 80,518</b>	<b>\$ 212,312</b>	<b>\$ 4,680</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ 415,796</b>

**Credit Risk - S & P Quality Ratings**

**Fiduciary Funds**

Investment Type	TSY	AGY	AAA	AA	A
U.S. government treasuries, notes & bonds	\$ 2,244,224	\$ -	\$ -	\$ -	\$ -
U.S. government agency	-	20,150	289	22,391	54,586
Government asset & mortgage-backed	-	168,475	55,155	858,080	36,779
Corporate bonds	-	-	30,649	151,975	537,458
Corporate asset backed	-	-	42,199	50,146	6,677
Private placements	-	-	94,753	53,758	116,617
Commingled bond funds	1,077,383	40,998	492,421	33,109	79,874
Other fixed income	-	-	3,992	9,996	14,586
<b>Total</b>	<b>\$ 3,321,607</b>	<b>\$ 229,623</b>	<b>\$ 719,458</b>	<b>\$ 1,179,455</b>	<b>\$ 846,577</b>

(continued)

**Credit Risk - S & P Quality Ratings**

**Fiduciary Funds**

(continued)

Investment Type	BBB	BB	B	Below B	NR
U.S. government agency	\$ 131,036	\$ 42,919	\$ 37,332	\$ 3,949	\$ 150,194
Government asset & mortgage-backed	18,971	3,598	21,046	26,083	304,354
Corporate bonds	808,816	576,639	409,499	48,998	35,577
Corporate asset backed	1,052	13,837	13,884	19,583	37,323
Private placements	237,384	318,237	231,999	50,062	158,897
Commingled bond funds	84,358	-	-	-	449
Other fixed income	60	1,212	153	-	884
<b>Total</b>	<b>\$ 1,281,677</b>	<b>\$ 956,442</b>	<b>\$ 713,913</b>	<b>\$ 148,675</b>	<b>\$ 687,678</b>

**Interest Rate Risk**

Interest rate risk is the risk 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.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

*Maturity Limitations:* No investment shall be made in a U.S. Treasury note or bond with a maturity that exceeds ten years, a U.S. government agency note or bond or a U.S. government instrumentality note or bond with a maturity that exceeds 61 months 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-backed security that has an expected average life greater than two years at the time of purchase, and a final maturity greater than three 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 25 months at the time of purchase.

*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 adequate cash is available to meet any unexpected expenditures that may occur. The liquidity reserve should be continuously invested in money market mutual funds or money market accounts with Iowa financial institutions or short-term money market accounts.

The Universities' policies for the operating portfolio prohibit investment in securities that at the time of purchase have effective maturities exceeding 63 months 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 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 of IPERS' fixed income portfolios are managed in accordance with investment contracts that require 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, 2014, is summarized using the effective duration method, as follows (expressed in thousands):

<b>Primary Government</b>			<b>Fiduciary Funds</b>		
Investment Type	Fair Value	Effective Duration (Years)	Investment Type	Fair Value	Effective Duration (Years)
U.S. government treasuries, notes & bonds	\$ 209,404	2.26	U.S. government treasuries, notes & bonds	\$ 2,244,224	6.18
U.S. government agency	2,940,490	1.08	U.S. government agency	462,846	6.57
Government asset & mortgage-backed	282,655	0.43	Government asset & mortgage-backed	1,492,541	3.02
Corporate bonds	122,769	0.74	Corporate bonds	2,599,611	5.41
Corporate asset backed	18,175	0.23	Corporate asset backed	184,701	0.55
Private placements	20,574	0.18	Private placements	1,261,707	4.63
Fixed income mutual funds	982,473	3.02	Commingled bond funds	1,808,592	6.39
Other fixed income	162,193	0.25	Other fixed income	30,883	9.19
Commercial paper	3,000	0.06	Total	<u>\$ 10,085,105</u>	<u>5.28</u>
Total	<u>\$ 4,741,733</u>	<u>1.45</u>			

#### **Foreign Currency Risk**

Foreign currency risk is the risk changes in exchange rates will adversely impact the fair value of an investment. IPERS allows its investment managers the discretion to hedge their foreign currency exposures. PORS' external managers may or may not hedge the portfolios' foreign currency exposures with forward foreign exchange contracts, currency options, currency futures or options on currency futures depending upon their views on a specific foreign currency relative to the U.S. dollar. IPERS generally does not allow its investment managers to enter into currency positions greater than 100 percent or less than 0 percent of the underlying asset exposure in

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

their respective portfolios. The only exceptions are (1) as it relates to specific cross-hedging activity, which may be permitted in certain investment manager contracts, and (2) in global macro investment strategies where the manager is permitted to tactically allocate across several asset classes and strategies, including currency. IPERS' net foreign currency exposure of the global macro managers was less than 1% of IPERS' total foreign currency exposure on June 30, 2014. Foreign currency risk by investment type for the pension system fiduciary funds, at June 30, 2014, follows (expressed in thousands):

	Total	Cash	Derivatives	Equity	Fixed Income
Argentine peso	\$ 1	\$ 1	\$ -	\$ -	\$ -
Australian dollar	125,251	(75,914)	(3,722)	160,696	44,191
Brazilian real	58,660	902	-	43,590	14,168
British pound	460,893	188,660	394	246,841	24,998
Canadian dollar	61,879	63,554	(2,095)	420	-
Chilean peso	1,864	-	-	1,579	285
Columbian peso	3,330	112	-	3,167	51
Czech koruna	1,920	-	-	1,920	-
Danish krone	30,081	142	-	29,939	-
Euro	719,330	(271,131)	(5,645)	897,238	98,868
Hong Kong dollar	235,438	1,767	164	233,243	264
Iceland krona	45	45	-	-	-
Indian rupee	39,799	22	-	39,486	291
Indonesian rupiah	11,124	2	-	11,122	-
Japanese yen	548,013	87,002	(686)	461,697	-
Malaysian ringgit	11,241	-	-	11,241	-
Mexican peso	61,677	771	-	22,118	38,788
New Zealand dollar	(25,272)	(37,159)	-	1,313	10,574
Norwegian krone	105,231	72,376	-	32,855	-
Peruvian nuevo sol	222	-	-	222	-
Philippine peso	6,664	-	-	6,664	-
Polish zloty	972	-	-	972	-
Pound sterling	387	-	-	-	387
Russian ruble	8,721	-	-	8,721	-
Singapore dollar	(36,251)	(64,744)	-	27,662	831
South African rand	15,079	74	-	15,005	-
South Korean won	144,235	(872)	-	145,107	-
Swedish krona	(78,946)	(96,352)	-	17,406	-
Swiss franc	(94,735)	(181,794)	-	87,059	-
Taiwanese dollar	68,360	37	-	68,323	-
Thai baht	7,959	(4,148)	-	12,107	-
Turkish lira	13,252	-	-	13,252	-
<b>Total</b>	<b>\$ 2,506,424</b>	<b>\$ (316,647)</b>	<b>\$ (11,590)</b>	<b>\$ 2,600,965</b>	<b>\$ 233,696</b>

#### **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 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 for deposits is the risk the State's deposits may not be returned to it in the event of a bank failure. Protection from custodial credit risk exists for the State's deposits in excess of FDIC insurance coverage. Banks in Iowa which accept public funds 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 exceed the total capital of the bank. If a bank fails, the Treasurer would liquidate any collateral 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

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

money in the sinking fund to cover the uninsured public deposits, the Treasurer 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 Systems have no formal policy for custodial credit risk. The \$712.2 million total combined bank deposits of the primary government and fiduciary funds at June 30, 2014, was exposed to custodial credit risk for \$154.7 million of uninsured and uncollateralized bank deposits, of which \$153.7 million was invested in money market funds as cash equivalents.

*Investments:* Custodial credit risk for investments is the risk the State will not be able to recover the value of its investment or collateral securities in the possession of an outside party in the event of a failure of the counterparty. The Treasurer's investment policy requires that all pooled investments be held by a third party custodian while the Universities and Systems have no formal policy for investment custodial credit risk. Of the \$39,215.3 million total combined investments of the primary government and fiduciary funds at June 30, 2014, \$1,754.9 million 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.

The State's Unemployment Benefits Fund had \$861.5 million on deposit with the U.S. Treasury. This amount is presented as cash and investments but is not included in the carrying amounts of deposits nor is it categorized according to risk because it is neither a deposit with a financial institution nor an investment.

#### ***Deposits with Trustees***

Deposits with trustees totaled \$213.7 million at June 30, 2014. \$15.6 million was invested in fixed U.S. government treasury securities with an effective duration of 5.21 years, \$8.0 million was invested in fixed U.S. government agency securities with an effective duration of 0.88 years and a credit quality rating of AAA, \$183.0 million was invested in equity securities not subject to credit quality ratings and the remaining \$7.1 million were cash and cash equivalents.

#### **B. Component Units**

Investments of the component units at June 30, 2014, are scheduled as follows (expressed in thousands):

<u>Investment Type</u>	<u>Fair Value</u>
<b>Fixed:</b>	
U.S. government treasuries, notes & bonds	\$ 31,368
U.S. government agency	91,122
Government asset & mortgage-backed	464,419
Corporate bonds	10,587
Guaranteed investment contracts	50,716
Total fixed	<u>648,212</u>
<b>Equity:</b>	
Pooled & mutual funds	<u>331</u>
Total invested assets	<u>\$ 648,543</u>

Cash and investments of \$2,078.8 million for the University related component units are not subject to GASB disclosure requirements.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### **Credit Risk**

Credit risk is the risk 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, 2014, is summarized by credit quality ratings, as follows (expressed in thousands):

#### **Credit Risk - S & P Quality Ratings**

Investment Type	TSY	AGY	AA	A	NR
U.S. government treasuries, notes & bonds	\$ 31,368	\$ -	\$ -	\$ -	\$ -
U.S. government agency	-	88,642	2,480	-	-
Government asset & mortgage-backed	-	301,081	163,338	-	-
Corporate bonds	-	-	-	10,587	-
Guaranteed investment contracts	-	-	8,126	35,133	7,457
Total	<u>\$ 31,368</u>	<u>\$ 389,723</u>	<u>\$ 173,944</u>	<u>\$ 45,720</u>	<u>\$ 7,457</u>

#### **Interest Rate Risk**

Interest rate risk is the risk 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, 2014, is summarized using the weighted average maturity method, as follows (expressed in thousands):

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. government treasuries, notes & bonds	\$ 31,368	3.48
U.S. government agency	91,122	2.87
Government asset & mortgage-backed	464,419	23.33
Corporate bonds	10,587	2.39
Guaranteed investment contracts	50,716	0.50
Total	<u>\$ 648,212</u>	<u>17.36</u>

#### **C. University Endowments**

For donor restricted endowments, Chapter 540A of the Code of Iowa permits Universities to spend endowment income and to appropriate, within certain limitations, an amount of realized and unrealized endowment appreciation as the Universities determine to be prudent considering their long-term and short-term needs, their present and anticipated financial requirements, expected total return on investments, price level trends and general economic conditions.

The Universities' policies are to retain the realized and unrealized appreciation with the endowment pursuant to the spending rules of the Universities. Spending rules for the Universities are as follows:

- The University of Iowa's spending rule adjusts dollar payouts by the trailing calendar year Consumer Price Index (inflation rate). Total payout is banded at no less than 4% and no greater than 6% of calendar year-end market values.
- Iowa State University's spending rule is 5.5%, including a 1.25% administrative fee, of the three-year moving market average.
- The University of Northern Iowa's spending rule is 5.0% of the three-year moving average of the market value of the fund.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

Net appreciation of endowment funds available to meet spending rate distributions are as follows:

	Amount	Net Position Classification
University of Iowa	\$ 14,288,309	Restricted nonexpendable net position
Iowa State University	6,847,691	Restricted expendable net position
University of Northern Iowa	723,470	Restricted expendable net position

### D. Derivatives

#### *Fiduciary Funds*

GASB Statement No. 53 requires the fair value of financial arrangements called “derivatives” or “derivative instruments” be reported in the financial statements of state and local governments. The statement further requires that derivatives be categorized as either a hedging derivative or an investment derivative. All of IPERS’ derivative exposures at June 30, 2014, are categorized as investment derivatives and, therefore, the hedge accounting provisions of GASB Statement No. 53 are not applicable.

Some of the IPERS’ external investment managers may be permitted through their individual investment contracts to use derivative instruments, subject to the IPERS’ derivative policy. Derivatives are contracts or securities whose returns are derived from the returns of other securities, indexes, or derivatives. While this definition includes the most common type of derivative, collateralized mortgage obligations (which typically make up a portion of IPERS’ fixed income portfolio), it is also intended to include (but not be limited to) futures, forwards, options, options on futures, swaps, and swaptions. IPERS’ managers are not permitted to utilize derivatives for speculative purposes, but may use them to efficiently access desired markets and to control and manage portfolio risk. Examples of appropriate applications of derivative strategies include hedging interest rate and currency risk, maintaining exposure to a desired asset class while effecting asset allocation changes, managing duration risk, augmenting index fund performance through index arbitrage, and portable alpha strategies.

The various derivatives utilized by IPERS’ investment managers are described below. Although the notional values associated with these derivative instruments are not recorded in the financial statements, the fair value amounts of exposure (unrealized gains/losses) are reported in the Statement of Net Position. IPERS holds investments in limited partnerships and commingled investment funds, which may utilize derivatives from time to time for hedging purposes, and any derivative held by these types of investment vehicles, are not included in the information describing IPERS’ derivatives. IPERS could be exposed to risk if the counterparties to derivatives contracts are unable to meet the terms of the contracts. IPERS’ investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, exposure monitoring procedures, and in some cases the collateralization of gains or losses. IPERS anticipates that the counterparties will be able to satisfy their obligations under the contracts. Limited partnerships and commingled investment vehicles in which IPERS invests may also have exposure to counterparty risk from the use of derivatives for hedging purposes.

*Futures and Options Contracts:* IPERS had investments in various futures and options during the year. These contracts are reported at their fair value in the Statement of Net Position.

Futures and options can potentially offer lower-cost and more efficient alternatives to buying the underlying securities or currency. Futures and options can also serve to minimize certain unwanted risks within the portfolio. The market, currency, and credit risk of the futures were the same as if IPERS had owned the underlying securities or currency.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

Schedules of futures and options contracts outstanding at June 30, 2014, follow (expressed in thousands):

#### Futures Exposure Summary

	Expiration Date	Long/Short	Notional Value	Fair Value
Amsterdam Index	July 2014	Long	\$ 20,694	\$ (98)
CAC 40 Euro Index	July 2014	Long	6,235	(60)
Hang Seng Index	July 2014	Long	27,113	164
IBEX 35 Index	July 2014	Short	(28,098)	304
10-year Australian bonds	September 2014	Short	(1,005,718)	(2,239)
10-year Canadian bonds	September 2014	Short	(224,796)	(2,061)
DAX Index	September 2014	Long	90,413	(643)
Euro Bonds	September 2014	Short	(236,990)	(3,336)
Euro OAT	September 2014	Short	(59,625)	(914)
FTSE 100 Index	September 2014	Short	(55,032)	182
FTSE/MIB Index	September 2014	Short	(2,877)	105
10-year Japanese bonds	September 2014	Short	(256,396)	(958)
10-year Japanese minibonds	September 2014	Short	(3,153)	(10)
E-mini (S&P 500)	September 2014	Long	126,901	669
S&P Canada 60	September 2014	Short	(2,723)	(34)
SPI 200 Index	September 2014	Short	(26,462)	135
TOPIX Index	September 2014	Long	51,212	1,130
U.K. Long Gilt	September 2014	Long	300,315	213
10-year U.S. Treasury notes	September 2014	Long	270,782	716
2-year U.S. Treasury notes	September 2014	Short	(138,651)	87
5-year U.S. Treasury notes	September 2014	Short	(383,329)	698
U.S. Treasury bonds	September 2014	Short	(45,037)	(509)
U.S. Ultra Bonds	September 2014	Long	32,181	205
30-year U.S. swap rate	September 2014	Short	(2,550)	(50)
90-day Eurodollar	March 2015	Short	(480,880)	(405)
90-day Eurodollar	December 2015	Long	124,195	131
90-day Eurodollar	June 2018	Short	(117,985)	(380)
Total			<u>\$ (2,020,261)</u>	<u>\$ (6,958)</u>

#### Options Exposure Summary

	Expiration Date	Long/Short	Type	Strike Price	Fair Value
90-day Eurodollar	December 2014	Short	Call	\$ 99.50	\$ (54)
90-day Eurodollar	December 2014	Short	Put	99.50	-
Eurodollar 2-year mid-curve	September 2014	Long	Put	97.95	26
Eurodollar 3-year mid-curve	July 2014	Long	Put	97.00	2
U.S. Treasury bonds	July 2014	Short	Call	138.00	(103)
U.S. Treasury bonds	July 2014	Long	Call	139.00	54
5-year U.S. Treasury notes	July 2014	Long	Call	119.75	85
10-year U.S. Treasury notes	July 2014	Short	Put	123.00	(38)
10-year U.S. Treasury notes	July 2014	Long	Put	124.00	81
10-year U.S. Treasury notes	July 2014	Long	Put	122.00	7
Total					<u>\$ 60</u>

*Credit Default Swaps:* IPERS had investments in credit default swaps during the year. The credit default swaps held by IPERS are derivative instruments used to hedge or to replicate investments in debt obligations of corporate bond issuers. The risk of the credit default swap is comparable to the credit risk of the reference security. At June 30, 2014, the net notional value of the credit default swaps held in IPERS' fixed income portfolio was \$(18.1) million. The credit default swaps are reported at a fair value of \$(1.0) million in the Statement of Net Position.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

*Interest Rate Swaps:* Interest rate swaps are transactions between two parties in which interest payments from different indexes are swapped. Interest rate swaps are often used to alter the portfolios' exposure to interest rate fluctuations by swapping fixed-rate obligations for floating-rate obligations or swapping floating-rate obligations for fixed-rate obligations. By utilizing interest rate swaps, IPERS' investment managers are able to alter their interest rate exposure and bring it in line with their strategic objectives for interest rate risk. At June 30, 2014, the net notional value of the interest rate swaps held in IPERS' fixed income portfolio was \$(111.9) million. All interest rate swaps held by IPERS' are reported at a fair value of \$(5.3) million in the Statement of Net Position.

*Total Return Swaps:* A total return swap is a contract in which two parties swap payments based on the total return of a reference asset. The reference asset may be any asset, index, or basket of assets. At June 30, 2014, the net notional value of the total return swaps held in IPERS' fixed income portfolio was \$(50.0) million. The total return swaps held by IPERS are reported at a fair value of \$113,300 in the Statement of Net Position.

#### **Component Units**

Iowa Finance Authority (Authority), a discretely presented component unit of the State, has derivative instruments to manage and reduce exposure to adverse fluctuations in interest rates and to lower the overall cost of financing. The derivatives consist of swap, cap and corridor agreements entered into in connection with its issuance of variable rate mortgage revenue bonds.

The Authority reports hedging derivative instruments as either deferred inflows or outflows and investing derivative instruments as investments. The change in the fair value of the investing derivative instruments is reported in the statement of revenues, expenses and changes in net position.

Swap agreements allow the Authority to raise funds at variable rates and swap them into fixed rates that are lower than those available if fixed rate borrowings were made directly. These contracts involve the exchange of variable rate for fixed rate payments between parties, without the exchange of the underlying debt, based on a common notional amount and maturity date.

The terms of the swap hedging derivative instruments outstanding at June 30, 2014, follow (expressed in thousands):

Bond Series	2014		Termination Date	Pay	Term		Counterparty Rating
	Notional Amount	Effective Date			Receive		
SF 2004 B	\$ 7,350	12/2/2004	7/1/2034	4.028%	Enhanced LIBOR		A2
SF 2004 D	8,040	2/3/2005	7/1/2020	4.007%	SIFMA Swap Index + 0.10% or various LIBOR + Spread		Aa2
SF 2004 G	9,830	6/1/2005	7/1/2034	3.867%	Enhanced LIBOR		A2
SF 2005 C	4,315	11/1/2005	1/1/2036	4.140%	SIFMA Swap Index + 0.10% or various LIBOR + Spread		Aa2
SF 2005 E	10,995	1/1/2011	1/1/2036	3.817%	Enhanced LIBOR		A2
SF 2005 H	8,185	1/1/2011	7/1/2036	3.843%	SIFMA Swap Index + 0.10% or various LIBOR + Spread		Aa2
SF 2006 C	12,000	9/1/2006	1/1/2036	3.760%	Enhanced LIBOR		A2
SF 2006 F	4,165	11/1/2006	7/1/2036	4.632%	SIFMA Swap Index + 0.10%		Aa2
SF 2007 C	15,405	3/8/2007	7/1/2025	5.289%	LIBOR		A2
SF 2007 G	12,775	7/12/2007	1/1/2019	5.493%	LIBOR		Aa2
SF 2007 M	11,215	12/12/2007	7/1/2021	4.373%	LIBOR		Aa2
SF 2007 N	4,780	12/12/2007	1/1/2039	4.364%	SIFMA Swap Index + 0.06%		Aa2
MF 2008 A	3,650	4/17/2008	6/1/2024	3.971%	SIFMA Swap Index + 0.08%		A2
SF 2008 B	6,345	1/1/2011	1/1/2039	4.470%	SIFMA Swap Index + 0.06%		A2
SF 2008 C	12,770	4/16/2008	1/1/2026	3.880%	LIBOR		A2
SF 2008 F	17,330	10/1/2008	1/1/2039	4.529%	SIFMA Swap Index + 0.08%		A2
SF 2008 G	9,110	10/1/2008	7/1/2018	4.173%	LIBOR		A2

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

Interest rate cap derivatives are instruments where payments are received at the end of each period based on a notional amount, when the interest rate exceeds the agreed upon strike rate. A corridor agreement is an interest rate cap with an upper limit, or ceiling, where the cap ceases to pay above the ceiling rate. Terms of the cap and corridor derivative instruments outstanding at June 30, 2014, follow (expressed in thousands):

2014					
Bond Series	Notional Amount	Effective Date	Termination Date	Strike Rate	Ceiling Rate
MF 2007 B	\$ 9,300	6/14/2007	1/1/2024	4.5% SIFMA until 7/14/2014 5% SIFMA until 7/1/2019 5.5% SIFMA thereafter	n/a
MF 2007A	12,285	7/1/2012	7/1/2015	3% SIFMA	n/a
MF B-1	11,257	7/1/2012	7/1/2015	6% LIBOR	n/a

The fair value balances of derivative instruments outstanding at June 30, 2014, classified by type, and change in the fair value of such derivative instruments as reported in the financial statements are as follows (expressed in thousands):

Bond Series	Type	Fair Value, June 30		Change in Fair Value
		2014	2013	
Hedging derivatives:				
SF 2004 B	Swap	\$ 89	\$ (105)	\$ 194
SF 2004 D	Swap	45	(232)	277
SF 2004 G	Swap	(175)	(375)	200
SF 2005 C	Swap	(390)	(880)	490
SF 2005 E	Swap	(339)	(575)	236
SF 2005 H	Swap	(532)	(1,009)	477
SF 2006 C	Swap	(863)	(1,017)	154
SF 2006 F	Swap	(411)	(813)	402
SF 2007 C	Swap	(2,032)	(2,527)	495
SF 2007 G	Swap	(1,079)	(1,692)	613
SF 2007 M	Swap	(835)	(1,198)	363
SF 2007 N	Swap	(469)	(481)	12
SF 2008 C	Swap	(759)	(1,072)	313
SF 2008 F	Swap	(1,047)	(1,226)	179
SF 2008 G	Swap	(500)	(819)	319
SF 2008 B	Swap	(444)	(529)	85
MF 2007 A	Cap	-	1	(1)
MF 2007 B	Cap	132	239	(107)
MF 2008 A	Swap	(562)	(561)	(1)
MF 2011 B1	Cap	-	1	(1)
Total hedging derivatives		<u>\$ (10,171)</u>	<u>\$ (14,870)</u>	<u>\$ 4,699</u>
Investment derivatives:				
SF 2007 C	Swap	\$ (53)	\$ (81)	\$ 28
SF 2007 G	Swap	51	55	(4)
Forward MBS sales		(26,950)	(25,600)	(1,350)
Total investment derivatives		<u>\$ (26,952)</u>	<u>\$ (25,626)</u>	<u>\$ (1,326)</u>

The fair value of the interest rate swaps (including the corridor agreement) and forward MBS sales were estimated based on an independent pricing service. The valuations provided were derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The fair values take into

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the interest rate swap, assuming the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the interest rate swaps. Fair values of options are based on option pricing models such as the Black-Scholes-Merton model, or any of the short-rate models of interest rate, or other market standard models consistent with accepted practices in the market for interest rate products. The models consider probabilities, volatilities, time, settlement prices, and other variables pertinent to the transactions.

The fair values of the interest rate cap and the forward contract were estimated based on the present value of their estimated future cash flows.

On August 28, 2013, the Authority entered into an agreement that transferred nine derivative instruments totaling approximately \$90.5 million in notional value from UBS AG, rated A by Standard & Poor's (S&P), to Bank of New York Mellon, rated AA- by S&P. The transaction resulted in a terminating event under GASB Statement No. 53, which required the Authority to recognize a net noncash loss of \$5.9 million.

#### *Risks Associated and Derivative Transactions:*

*Credit risk.* The Authority is exposed to credit risk on hedging derivatives instruments that are in asset positions. The aggregate fair value of hedging derivative instruments in asset positions at June 30, 2014, was \$266,000. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

Bank of New York Mellon and Goldman Sachs Bank USA are currently counterparties under the derivatives agreements with the Authority. Bank of New York Mellon and Goldman Sachs Bank USA are currently rated Aa3 by Moody's.

With respect to counterparty risk, the Authority will also manage the agreements and all transactions entered into with Bank of New York Mellon and Goldman Sachs Bank USA to ensure that the Authority's exposure to either of its counterparties does not exceed a proper amount.

*Interest rate risk.* The Authority is exposed to interest rate risk on its derivatives. On its pay-fixed, receive-variable derivatives, as the LIBOR or SIFMA swap index decreases, the Authority's net payment on the derivatives increases.

*Basis risk.* Basis risk refers to a mismatch between the interest rate received from the derivative counterparty and the interest rate actually owed on the Authority's bonds. Specifically, the Authority's basis risk is that the variable interest payment received from the counterparty will be less than the actual variable interest payments owed on the Authority's variable rate bonds. The mismatch between the Authority's actual bond rate and the derivative rate is the Authority's basis risk. As of June 30, 2014, the weighted average interest rate of the Authority's hedged variable rate debt is 4.15%, while the SIFMA swap index rate is 0.04%. LIBOR is 0.12% at June 30, 2014.

*Termination risk.* Termination risk is the risk the swap could be terminated as a result of any of several events, which may include a ratings downgrade of the Authority's single family mortgage bonds or of Bank of New York Mellon or Goldman Sachs Capital Markets, LP covenant violation by a party, bankruptcy of a party, swap payment default by a party, and default events as defined in the Authority's single family bond resolution; however, the Authority believes the likelihood of any such termination event is remote.

*Rollover risk.* Rollover risk is the risk the term of a particular swap contract is not coterminous with the related bonds. If an issuer entered into a swap to hedge for a specified period of time and then decides at swap maturity it wished to maintain the same or similar hedge position, it may incur rehedging costs at that time. The Authority minimizes this risk by matching the term of the swaps with the maturity of the related bonds.

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### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 3 – TRANSFERS

Interfund transfers for the year ended June 30, 2014, consisted of the following (expressed in thousands):

Transferred Out	Transferred In				Total
	General Fund	Nonmajor Governmental Funds	University Funds	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ 52,279	\$ 654,768	\$ 28,887	\$ 735,934
Tobacco Collections Fund	-	15,753	-	-	15,753
Nonmajor Governmental Funds	51,839	1,236	-	-	53,075
Unemployment Benefits Fund	5,405	-	-	-	5,405
Nonmajor Enterprise Funds	102,624	-	-	-	102,624
<b>Total</b>	<b>\$ 159,868</b>	<b>\$ 69,268</b>	<b>\$ 654,768</b>	<b>\$ 28,887</b>	<b>\$ 912,791</b>

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 and 3) profits from the Liquor Control Act fund as required by law.

#### NOTE 4 – RECEIVABLES

Receivables at June 30, 2014, consisted of the following (expressed in thousands):

	Governmental Funds	Proprietary Funds		
		Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds	Component Units
Accounts receivable:				
Taxes	\$ 557,426	\$ 938	\$ -	\$ -
Pledges	2,766	-	-	236,807
Benefit overpayments	-	61,667	-	-
Employer contributions	-	182,177	-	-
Grants & contracts	986,191	790,775	-	-
Other	804,956	122,947	2,507	57,823
Less allowance for doubtful accounts	601,773	488,584	-	6,772
Less discount to present value	-	-	-	24,165
<b>Accounts receivable (net)</b>	<b>\$ 1,749,566</b>	<b>\$ 669,920</b>	<b>\$ 2,507</b>	<b>\$ 263,693</b>
Current	\$ 1,650,921	\$ 662,719	\$ 2,507	\$ 92,899
Noncurrent	98,645	7,201	-	170,794
<b>Total</b>	<b>\$ 1,749,566</b>	<b>\$ 669,920</b>	<b>\$ 2,507</b>	<b>\$ 263,693</b>
Loans receivable:				
Loans receivable	\$ 33,583	\$ 75,831	\$ -	\$ 1,706,659
Less allowance for doubtful accounts	14,054	3,463	-	91,689
<b>Loans receivable (net)</b>	<b>\$ 19,529</b>	<b>\$ 72,368</b>	<b>\$ -</b>	<b>\$ 1,614,970</b>
Current	\$ 5,342	\$ 7,354	\$ -	\$ 91,173
Noncurrent	14,187	65,014	-	1,523,797
<b>Total</b>	<b>\$ 19,529</b>	<b>\$ 72,368</b>	<b>\$ -</b>	<b>\$ 1,614,970</b>

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – INTERFUND BALANCES**

Interfund balances for the year ended June 30, 2014, consisted of the following (expressed in thousands):

Due To Other Funds/ Advances From Other Funds	Due From Other Funds/Advances To Other Funds						Total
	General Fund	Tobacco Settlement Authority	Nonmajor Governmental Funds	Unemployment Benefits Fund	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 4,028	\$ 562	\$ 47	\$ 66,602	\$ 71,239
Tobacco Settlement Authority	-	-	125	-	-	-	125
Tobacco Collections Fund	-	168,208	-	-	-	-	168,208
Nonmajor Governmental Funds	22,694	-	21	-	-	22	22,737
Unemployment Benefits Fund	822	-	-	-	-	-	822
Nonmajor Enterprise Funds	11,905	-	-	-	2	30	11,937
Internal Service Funds	440	-	70	-	-	11,157	11,667
<b>Total</b>	<b>\$35,861</b>	<b>\$ 168,208</b>	<b>\$ 4,244</b>	<b>\$ 562</b>	<b>\$ 49</b>	<b>\$77,811</b>	<b>\$286,735</b>

\$54.1 million is due from the General Fund to the Workers' Compensation Fund (an Internal Service Fund) to fund the cost of claims incurred. Remaining interfund balances result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Not included in the table above, and not expected to be repaid within one year, is an interfund advance of \$186.5 million due from the Tobacco Collections Fund (a Special Revenue Fund) to the Tobacco Settlement Authority (a blended component unit classified as a Special Revenue Fund) for repayment of bonds issued by the Authority, the proceeds of which were provided to the State. The interfund advance will be reduced by pledged tobacco settlement moneys received.

(Notes continue on next page.)

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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014, was as follows (expressed in thousands):

	Beginning Balance	Reclass- ifications	Increases	Decreases	Ending Balance
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$ 757,793	\$ 232	\$ 39,570	\$ 2,977	\$ 794,618
Construction in progress	263,464	(123,011)	72,913	-	213,366
Computer software in progress	80,042	(57,139)	47,241	-	70,144
Total capital assets not being depreciated	<u>1,101,299</u>	<u>(179,918)</u>	<u>159,724</u>	<u>2,977</u>	<u>1,078,128</u>
Capital assets being depreciated:					
Infrastructure	11,240,307	5,278	675,387	9,557	11,911,415
Works of art and historical treasures	1,415	-	-	-	1,415
Land improvements	56,248	2,807	1,532	-	60,587
Buildings and improvements	1,449,973	102,069	13,374	4,088	1,561,328
Machinery, equipment and vehicles	514,336	12,625	44,770	22,846	548,885
Computer software	25,863	57,139	3,181	-	86,183
Total capital assets being depreciated	<u>13,288,142</u>	<u>179,918</u>	<u>738,244</u>	<u>36,491</u>	<u>14,169,813</u>
Less accumulated depreciation for:					
Infrastructure	5,505,116	-	436,411	8,693	5,932,834
Works of art and historical treasures	186	-	15	-	201
Land improvements	19,668	-	1,758	-	21,426
Buildings and improvements	623,748	-	36,640	2,235	658,153
Machinery, equipment and vehicles	330,622	-	37,817	20,863	347,576
Computer software	13,172	-	5,594	-	18,766
Total accumulated depreciation	<u>6,492,512</u>	<u>-</u>	<u>518,235</u>	<u>31,791</u>	<u>6,978,956</u>
Total capital assets being depreciated (net)	<u>6,795,630</u>	<u>179,918</u>	<u>220,009</u>	<u>4,700</u>	<u>7,190,857</u>
Governmental activities capital assets (net)	<u>\$7,896,929</u>	<u>\$ -</u>	<u>\$379,733</u>	<u>\$ 7,677</u>	<u>\$8,268,985</u>

(continued on next page)

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

	Beginning Balance	Reclass- ifications *	Increases	Decreases	Ending Balance
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$ 85,343	\$ -	\$ 14	\$ -	\$ 85,357
Land improvements	5,733	-	-	-	5,733
Construction in progress	533,732	(313,037)	480,831	176	701,350
Computer software in progress	15,890	(10,177)	10,614	727	15,600
Works of art	33,716	-	83	8,829	24,970
Library collections	285,568	-	15,275	1,892	298,951
Total capital assets not being depreciated	<u>959,982</u>	<u>(323,214)</u>	<u>506,817</u>	<u>11,624</u>	<u>1,131,961</u>
Capital assets being depreciated:					
Infrastructure	876,050	68,103	-	-	944,153
Library collections	255,741	-	10,998	1,006	265,733
Land improvements	70,606	1,146	-	-	71,752
Buildings and improvements	4,512,708	251,620	57	3,436	4,760,949
Machinery, equipment and vehicles	1,034,683	(2,984)	95,564	57,760	1,069,503
Trademarks	107	-	-	-	107
Goodwill	2,302	-	-	-	2,302
Computer software	92,301	5,329	3,040	516	100,154
Total capital assets being depreciated	<u>6,844,498</u>	<u>323,214</u>	<u>109,659</u>	<u>62,718</u>	<u>7,214,653</u>
Less accumulated depreciation for:					
Infrastructure	515,620	1,496	28,756	228	545,644
Library collections	205,770	-	10,795	1,006	215,559
Land improvements	39,802	-	2,613	-	42,415
Buildings and improvements	2,039,009	-	144,294	2,040	2,181,263
Machinery, equipment and vehicles	677,311	(1,496)	79,474	53,127	702,162
Trademarks	17	-	7	-	24
Goodwill	375	-	154	-	529
Computer software	39,335	-	8,109	441	47,003
Total accumulated depreciation	<u>3,517,239</u>	<u>-</u>	<u>274,202</u>	<u>56,842</u>	<u>3,734,599</u>
Total capital assets being depreciated (net)	<u>3,327,259</u>	<u>323,214</u>	<u>(164,543)</u>	<u>5,876</u>	<u>3,480,054</u>
Business-type activities capital assets (net)	<u>\$4,287,241</u>	<u>\$ -</u>	<u>\$342,274</u>	<u>\$ 17,500</u>	<u>\$4,612,015</u>

\* Iowa Communications Network reclassified assets and accumulated depreciation, from machinery, equipment and vehicles to infrastructure, totaling \$4.2 million and \$1.5 million, respectively.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

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

Governmental activities:	
Administration & regulation	\$ 9,825
Education	5,116
Health & human rights	4,016
Human services	8,182
Justice & public defense	28,767
Economic development	559
Transportation	439,636
Agriculture & natural resources	6,485
Subtotal	<u>502,586</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>15,649</u>
Total	<u><u>\$ 518,235</u></u>
Business-type activities:	
Enterprise	<u><u>\$ 274,202</u></u>

#### Discretely Presented Component Units (expressed in thousands)

Capital assets not being depreciated:	
Land	\$ 11,064
Construction in progress	<u>3,725</u>
Total capital assets not being depreciated	<u>14,789</u>
Capital assets being depreciated:	
Infrastructure	10,798
Buildings and improvements	125,795
Land improvements	45
Machinery, equipment and vehicles	24,922
Computer software	<u>6,145</u>
Total capital assets being depreciated	167,705
Less accumulated depreciation	<u>75,475</u>
Total capital assets being depreciated (net)	<u>92,230</u>
Discretely presented component units capital assets (net)	<u><u>\$ 107,019</u></u>

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### Impairment of Capital Assets

Iowa State University experienced impairments to buildings as a result of flooding during fiscal year 2011.

A net impairment gain associated with several impaired buildings has been calculated as required by GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* as follows (expressed in thousands):

Historical cost	\$ 24,247
Accumulated depreciation	11,550
Carrying value	<u>\$ 12,697</u>
Restoration cost	\$ 12,146
Deflation factor, compounded	0.78
Deflated restoration costs	<u>\$ 9,505</u>
Restoration cost ratio	39.2%
Impairment loss	\$ (4,976)
Insurance recovery	7,595
Net building impairment gain	2,619
Less net gain realized in previous years	(2,619)
Net building impairment gain, FY2014	<u>\$ -</u>

The impairment loss is measured using the restoration cost approach. The expected cost to restore the impaired buildings (excluding building contents) is \$12.1 million. Restoration costs were deflated using a 3% cost index compounded over the life of each building. The deflation factor was calculated separately for each building and ranged from 0.53 to 0.89, with the weighted average being 0.78. The deflated restoration costs of the impaired buildings are \$9.5 million. The amount of the impairment is calculated using a ratio of deflated restoration costs over historical cost, multiplied by the carrying value of each impaired asset. As a result, assets fully depreciated prior to the flood would have an impairment loss of zero, regardless of the damage. The restoration cost ratio was calculated separately for each impaired building; the ratios ranged from 3.78% to 100%, with the weighted average being 39.2%. The resulting total gross impairment loss, based on each asset's carrying value is \$5.0 million. GASB 42 requires that impairment loss be reported net of insurance recoveries. The University has estimated the realizable insurance recovery associated with building impairment to be \$7.6 million, resulting in a net building impairment gain of \$2.6 million. The net impairment gain was recognized in previous years; therefore, there is no incremental change in impairment gain to record in the financial statements for the year ended June 30, 2014.

None of the impaired buildings remain idle as of June 30, 2014.

The August 2010 flood is treated as an extraordinary event as it met the criteria for being both unusual in nature and infrequent in occurrence.

#### Idle Impaired Capital Assets

- Iowa Department of Human Services (DHS) – Due to temporary stoppage of design and development of the Medicaid Information System (MIDAS), DHS has \$11.8 million of temporarily impaired capital assets considered to be idle as of June 30, 2014.
- DHS – Iowa Juvenile Home (IJH, Toledo) – Due to all the youth at the IJH, Toledo being moved to court-approved placements in licensed and/or accredited settings, staff layoffs and pending litigation, IJH, Toledo has \$17.4 million of temporarily impaired capital assets considered to be idle as of June 30, 2014.

In accordance with GASB Statement No. 42, the capital assets reported in the governmental activities have not been adjusted for these temporary impairments.

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 – CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2014, are summarized as follows (expressed in thousands):

	Beginning Balance	Beginning Balance Adjustment*	Beginning Balance, Restated	Additions	Deductions	Ending Balance	Amounts due within one year
<b>Governmental activities</b>							
Compensated absences	\$ 323,924	\$ -	\$ 323,924	\$ 151,063	\$ 159,813	\$ 315,174	\$ 140,349
Capital leases	206	-	206	131	157	180	104
Revenue bonds	1,833,247	25,086	1,858,333	-	138,052	1,720,281	150,753
Other financing arrangements	1,834	-	1,834	-	234	1,600	245
Early retirement/termination benefits	66,164	-	66,164	8,822	32,619	42,367	31,191
Other postemployment benefits	84,264	-	84,264	10,373	-	94,637	-
Pension	62,990	-	62,990	1,251	419	63,822	-
Risk management	20,000	-	20,000	4,392	4,392	20,000	9,502
Pollution remediation	34,712	-	34,712	773	4,284	31,201	9,035
Other liabilities	1,153	-	1,153	516	582	1,087	155
<b>Total **</b>	<b>2,428,494</b>	<b>25,086</b>	<b>2,453,580</b>	<b>177,321</b>	<b>340,552</b>	<b>2,290,349</b>	<b>341,334</b>
<b>Allocation of Internal Service Funds liabilities:</b>							
Compensated absences	6,103	-	6,103	2,963	3,223	5,843	2,841
Early retirement/termination benefits	1,736	-	1,736	299	856	1,179	785
Other postemployment benefits	1,530	-	1,530	83	-	1,613	-
<b>Total</b>	<b>9,369</b>	<b>-</b>	<b>9,369</b>	<b>3,345</b>	<b>4,079</b>	<b>8,635</b>	<b>3,626</b>
Total primary government - governmental activities	<u>\$2,437,863</u>	<u>\$ 25,086</u>	<u>\$ 2,462,949</u>	<u>\$ 180,666</u>	<u>\$ 344,631</u>	<u>\$ 2,298,984</u>	<u>\$ 344,960</u>
<b>Business-type activities</b>							
Compensated absences	\$ 193,850	\$ -	\$ 193,850	\$ 122,093	\$ 120,323	195,620	\$ 120,991
Capital leases	39,323	-	39,323	33	3,750	35,606	2,210
Revenue bonds	1,791,429	(3,651)	1,787,778	199,981	135,440	1,852,319	80,674
Other financing arrangements	35,195	-	35,195	49,950	15,776	69,369	9,569
Early retirement/termination benefits	14,412	-	14,412	197	7,336	7,273	5,095
Other postemployment benefits	104,623	-	104,623	21,459	-	126,082	-
Total primary government - business-type activities	<u>\$2,178,832</u>	<u>\$ (3,651)</u>	<u>\$ 2,175,181</u>	<u>\$ 393,713</u>	<u>\$ 282,625</u>	<u>\$ 2,286,269</u>	<u>\$ 218,539</u>

\* See NOTE 20 - BEGINNING BALANCE ADJUSTMENTS.

\*\* The General Fund has typically been used to liquidate most long-term liabilities, except for \$761.6 million of revenue bonds to be liquidated by the Tobacco Settlement Authority, a Special Revenue Fund.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 8 – CAPITAL LEASES

The State has entered into agreements to lease various equipment and property. The agreements have interest rates ranging from 0.00% to 10.49% and expire before June 30, 2031.

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.

#### A. 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
2015	\$ 104	\$ 2
2016	41	1
2017	25	-
2018	8	-
2019	2	-
Total	\$ 180	\$ 3

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

Equipment	\$ 418
Accumulated depreciation	(325)
Net	\$ 93

##### *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
2015	\$ 2,210	\$ 1,208
2016	2,289	1,124
2017	2,338	1,037
2018	2,423	948
2019	2,506	856
2020-2024	11,199	3,490
2025-2029	9,686	1,967
Thereafter	2,955	223
Total	\$ 35,606	\$ 10,853

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

Buildings & improvements	\$ 40,219
Equipment	331
Total	40,550
Accumulated depreciation	(3,072)
Net	\$ 37,478

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### B. Component Units

The University of Iowa Foundation has entered into a lease agreement with the University of Iowa 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
2015	\$ 690
2016	725
2017	740
2018	780
2019	825
Total	<u>\$ 3,760</u>

#### NOTE 9 – 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 \$4,118,000 with interest rates ranging from 0.00% to 1.75%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2015	\$ 245	\$ 27
2016	253	22
2017	263	18
2018	273	14
2019	224	9
Thereafter	342	12
Total	<u>\$ 1,600</u>	<u>\$ 102</u>

###### *Business-type Activities*

Iowa State University, the University of Northern Iowa and the University of Iowa have entered into agreements for buildings and equipment for a total of \$114,787,718. The agreements are for periods of 11 to 23 years with interest rates ranging from 0.00% to 5.82%. The following is a schedule by year of future minimum payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2015	\$ 9,569	\$ 1,853
2016	15,874	1,422
2017	7,574	1,076
2018	7,455	878
2019	5,536	695
2020-2024	18,814	1,464
2025-2029	547	173
Thereafter	4,000	11
Total	<u>\$ 69,369</u>	<u>\$ 7,572</u>

###### *Component Units*

The Iowa Lottery Authority entered into a short-term loan agreement for a building totaling \$2,225,554. The agreement originated in April 2014 and matures in August 2014. At June 30, 2014, the Iowa Lottery Authority owed \$1,238,176 in principal (accounts payable & accruals) and \$4,172 in interest.

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10 – BONDS PAYABLE**

Revenue bonds payable at June 30, 2014, are as follows (expressed in thousands):

	<b>ISSUE DATES</b>	<b>ORIGINAL ISSUANCE</b>	<b>INTEREST RATES</b>	<b>MATURITY DATE RANGE</b>	<b>OUTSTANDING PRINCIPAL</b>
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental activities</b>					
Revenue bonds					
<i>Term bonds</i>					
Tobacco Settlement Authority	2006	\$ 635,635	5.38-6.50	2007-2041	\$ 534,065
IJOBS - 2010	2011	63,635	4.00-5.25	2034-2038	63,635
Total					<u>597,700</u>
<i>Serial bonds</i>					
Vision Iowa	2002	\$ 196,375	2.25-5.50	2002-2021	91,375
Iowa Utilities Board	2010	12,640	5.04	2011-2029	11,005
IJOBS - 2009	2010	601,070	3.00-6.75	2011-2034	542,450
Prison Infrastructure	2011	135,050	2.00-5.00	2012-2027	133,730
IJOBS - 2010	2011	113,260	0.92-5.00	2012-2030	78,525
Total					<u>857,085</u>
<i>Capital appreciation bonds</i>					
Tobacco Settlement Authority	2006	\$ 729,800	5.60-7.13	2007-2046	729,800
Total revenue bonds					2,184,585
Unamortized premium					38,963
Unamortized discount					(503,267)
Total governmental activities					<u>\$ 1,720,281</u>
<b>Business-type activities</b>					
Revenue bonds					
University of Iowa	1991-2014	\$ 1,407,080	0.30-8.38	1996-2041	\$ 1,227,535
Iowa State University	2006-2014	494,305	1.00-6.10	2008-2038	457,040
University of Northern Iowa	1995-2013	173,972	1.00-8.25	1995-2035	136,429
Total revenue bonds					1,821,004
Unamortized premium					34,343
Unamortized discount					(3,028)
Total business-type activities					<u>\$ 1,852,319</u>
<b>COMPONENT UNITS</b>					
Revenue bonds					
Iowa Finance Authority	1978-2014	\$ 2,202,396	variable (1)	2004-2044	\$ 1,364,044
Iowa State University Foundation	2002	3,850	2.40	2003-2020	2,464
Total revenue bonds					1,366,508
Unamortized premium					66,314
Total component units					<u>\$ 1,432,822</u>

(1) Variable rates are as of June 30, 2014.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### A. Primary Government – Governmental Activities

#### *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 State has pledged a portion of the future revenues to be deposited into the Vision Iowa Fund to repay \$196.4 million of bonds issued in November 2001. These revenues include a standing appropriation of \$15 million annually from gaming revenues, certain earnings on the Vision Iowa Fund and Bond Reserve Fund (including any amounts appropriated to replenish the Bond Reserve Fund to its required balance) and, to the extent of any shortfall in gaming revenues, Lottery revenues. The bonds are payable solely and only from certain revenues deposited into the Vision Iowa Fund and the Bond Reserve Fund and are payable through fiscal year 2021. Annual principal and interest payments on the bonds are expected to require less than 93% of total deposits into the Vision Iowa Fund. As of June 30, 2014, total principal and interest remaining to be paid on the debt is \$111.7 million. Principal and interest paid for the current year and total deposits into the Vision Iowa Fund were \$16.0 million and \$15.3 million, respectively.

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.

#### *Tobacco Settlement Authority*

The Tobacco Settlement Authority (Authority) has issued Tobacco Settlement Asset-Backed Bonds to advance refund outstanding tobacco settlement asset-backed bonds and to provide funding to the State for various capital projects.

Pursuant to a Sales Agreement between the State and the Authority, the State has pledged, as security for bonds issued by the Authority, 78% of the 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 payments (the “TSRs”), to be made by the PMs under the MSA.

The bonds, issued by the Authority in fiscal year 2006 in the par amount of \$1.4 billion are payable through fiscal year 2046. The Authority has pledged, as the sole security for the bonds, 78% of the future TSRs payable under the terms of the Sales Agreement, investment earnings on certain accounts pledged under the bond indenture and amounts held in accounts established under the bond indenture (i.e. collection, debt service reserve, turbo redemption, etc.). As of June 30, 2014, total principal and interest remaining on the debt is \$2,122.8 million with annual requirements ranging from \$161.4 million in 2015 to \$734.9 million in the final year. TSRs received by the State have averaged \$59.9 million per year over the last 16 years. For the current year, principal and interest paid by the Authority and the total TSRs recognized by the State were \$58.1 million and \$71.6 million, respectively.

The bonds 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. The State has no obligation or intention to satisfy any deficiency or default of any payment on the bonds.

#### *IJOBS – 2009*

The State of Iowa has issued IJOBS Program Special Obligation Bonds to finance certain infrastructure projects of the State and certain grant and loan programs of the State. The State has pledged a portion of future revenues to repay \$601.1 million (\$380.1 million in State of Iowa IJOBS Program Special Obligation Bonds Series 2009A and \$221 million in State of Iowa IJOBS Program Special Obligation Bonds Taxable Series 2009B) of bonds issued in July 2009. These revenues include amounts to be deposited in the Revenue Bonds Debt Service Fund including a standing appropriation of \$55 million annually from gaming revenues and, to the extent of any shortfall in gaming revenues, beer and liquor revenues. The State has designated the Series 2009B Bonds as Build America Bonds under the American Recovery and Reinvestment Act of 2009, and as such, elected to receive from the federal government a subsidy equal to 35% of the amount of each interest payment on the taxable bonds. The bonds are payable from the Bond Reserve Fund including any amounts appropriated to replenish such fund and are payable through fiscal year 2034. Annual principal and interest payments on the bonds are expected to require less than 79% of total deposits into the Revenue Bonds Debt Service Fund. As of June 30, 2014, total principal and interest remaining to be paid on the debt is \$940.5 million. Principal and interest paid for the current year and total deposits into the Revenue Bonds Debt Service Fund were \$47.0 million and \$59.9 million, respectively.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

The bonds are limited special obligations of the State and do not constitute a debt or indebtedness of the State, nor any political subdivision of the State, or a pledge of the full faith and credit of the State or a charge against the general credit or General Fund of the State.

#### ***Iowa Utilities Board and Consumer Advocate State Building***

The State of Iowa has issued Iowa Utilities Board and Consumer Advocate State Building Special Obligation Bonds, totaling \$12.6 million, to finance the costs of construction of a new building. All amounts collected by the Iowa Utilities Board shall be deposited in accordance with Iowa Code Sections 476.10 and 476.10B as chargeable expenses in each fiscal year until the amount of deposit is equal to the amount of principal and interest on the bonds due in that fiscal year. The bonds are payable from the IUB/OCA Bond Fund and are payable through fiscal year 2029. Annual principal and interest payments on the bonds are expected to require 100% of total deposits into the IUB/OCA Bond Fund. As of June 30, 2014, total principal and interest remaining to be paid on the debt is \$15.9 million. Principal and interest paid for the current year and total deposits into the IUB/OCA Bond Fund were \$1.1 million and \$1.1 million, respectively.

The bonds are not debts of the State or of 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.

#### ***Prison Infrastructure***

The State of Iowa has issued Special Obligation Bonds (Prison Infrastructure Fund) to finance the costs of the construction of a new Iowa State Penitentiary at Fort Madison, Iowa and to redeem the outstanding Iowa Prison Infrastructure Fund Revenue Bond Anticipation Notes, Series 2009. The State has pledged all funds deposited in the Prison Infrastructure Fund from fines, fees, costs, and forfeited bail collected by the clerks of the district court in criminal cases, including those collected for both scheduled and nonscheduled violations, but excluding fines and fees attributable to commercial vehicle violation citations issued after July 1, 1998, not reverting to the State's General Fund at the end of each fiscal year, plus interest earnings on moneys in the Prison Infrastructure Fund to repay \$135.0 million in bonds issued in July 2010. The bonds are payable from the Debt Service Reserve Fund and are payable through fiscal year 2027. Annual principal and interest payments on the bonds are expected to require less than 42% of total deposits into the Prison Infrastructure Fund. As of June 30, 2014, total principal and interest remaining to be paid on the debt is \$184.7 million. Principal and interest paid in the current year and total deposits into the Prison Infrastructure Fund were \$6.5 million and \$15.0 million, respectively.

The bonds are limited special obligations of the State. The bonds and interest thereon do not constitute nor give rise to a pecuniary liability, general obligation or a pledge of the full faith and credit of the State or any political subdivision of the State within the meaning of any constitutional or statutory limitation.

#### ***IJOBS – 2010***

The State of Iowa has issued IJOBS Program Special Obligation Bonds to finance certain infrastructure projects of the State and certain grant and loan programs of the State. The State has pledged a portion of future revenues to repay \$176.9 million (\$151.3 million in State of Iowa IJOBS Program Special Obligation Bonds, Series 2010A and \$25.6 million in State of Iowa IJOBS Program Special Obligation Bonds, Taxable Series 2010B) in bonds issued in October 2010. These revenues include amounts to be deposited in the Revenue Bonds Debt Service Fund including a standing appropriation of \$55 million annually from gaming revenues and, to the extent of any shortfall in gaming revenues, beer and liquor revenues. The bonds are payable from the Bond Reserve Fund including any amounts appropriated to replenish such fund and are payable through fiscal year 2038.

During the year ended June 30, 2013, the General Assembly of the State and the Governor approved House File 648 (HF648). Division 1, section 1 of HF648 provided that if the Iowa Economic Emergency Fund reached its maximum balance in the fiscal year beginning July 1, 2013, after the designated portion of the excess moneys was transferred to the Taxpayer Trust Fund pursuant to section 8.55, subsection 2, paragraph "a", the next \$116.1 million was to be transferred to the State Bond Repayment Fund. Pursuant to the legislation, on November 15, 2013, the State redeemed the \$22.73 million outstanding State of Iowa IJOBS Program Special Obligation Bonds, Taxable Series 2010B bonds. The bonds were redeemed for \$25.13 million (\$22.86 million from the State Bond Repayment Fund and \$2.27 million from the existing debt service reserve fund) which included the \$22.73 million outstanding Series 2010B bonds, accrued interest of \$0.37 million and a make whole call premium of \$2.03 million.

Annual principal and interest payments on the Series 2010A bonds are expected to require less than 17% of total deposits into the Revenue Bonds Debt Service Fund. As of June 30, 2014, total principal and interest remaining

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

to be paid on the Series 2010A bonds is \$239.8 million. Principal and interest paid on the Series 2010A bonds in the current year and total deposits into the Revenue Bonds Debt Service Fund were \$10.0 million and \$59.9 million, respectively.

The bonds are limited special obligations of the State and do not constitute a debt or indebtedness of the State nor any political subdivision of the State, or a pledge of the full faith and credit of the State or a charge against the general credit or General Fund of the State.

### **Fiscal Year 2014 Bond Defeasances**

During the fiscal year ended June 30, 2013, the General Assembly of the State and the Governor approved House File 648 (HF648). Division 1, section 1 of HF648 provided that if the Iowa Economic Emergency Fund reached its maximum balance in the fiscal year beginning July 1, 2013, after the designated portion of the excess moneys was transferred to the Taxpayer Trust Fund pursuant to section 8.55, subsection 2, paragraph "a", the next \$116.1 million was to be transferred to the State Bond Repayment Fund. Pursuant to the legislation, in November 2013, the State defeased the following bonds (expressed in thousands):

	<u>Principal</u>
Iowa Finance Authority Refunding Revenue Bonds (Correctional Facility Program), Series 2002	\$ 16,180
Honey Creek Authority Destination Park Revenue Bonds, Series 2006	31,950
School Infrastructure Special Fund Refunding Bonds, Series 2012	<u>18,855</u>
Total	<u>\$ 66,985</u>

- *Iowa Finance Authority Refunding Revenue Bonds (Correctional Facility Program), Series 2002* – During fiscal year 2002, the Iowa Finance Authority issued \$54.2 million of Refunding Revenue Bonds, Series 2002, payable through fiscal year 2016. During the year ended June 30, 2014, the State deposited \$17.6 million (\$13.1 million from the State Bond Repayment Fund and \$4.5 million from the existing debt service reserve fund) into an irrevocable trust with an escrow agent to provide for all future debt service payments related to the \$16.2 million Refunding Revenue Bonds, Series 2002. As a result of the in-substance defeasance, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements.
- *Honey Creek Authority Destination Park Revenue Bonds, Series 2006* – During fiscal year 2007, the Honey Creek Authority (Authority) issued \$33.4 million of Destination Park Revenue Bonds, payable through fiscal year 2036, to provide financing for the development by the State of the Honey Creek Park. During the year ended June 30, 2014, the Authority deposited \$35.8 million (\$33.5 million from the State Bond Repayment Fund and \$2.3 million from the existing debt service reserve fund and sinking fund (Authority funds)) into an irrevocable trust with an escrow agent to provide for all future debt service payments related to the \$31.95 million Destination Park Revenue Bonds, Series 2006. As a result of the in-substance defeasance, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. The bonds will be called on June 1, 2016.
- *School Infrastructure Special Fund Refunding Bonds, Series 2012* – During fiscal year 2012, the State issued \$20.9 million of School Infrastructure Special Fund Refunding Bonds, Series 2012, payable through fiscal year 2021, to refund \$24.6 million of School Infrastructure Special Fund Bonds, Series 2001. During the year ended June 30, 2014, the State deposited \$20.5 million (\$17.8 million from the State Bond Repayment Fund and \$2.7 from the existing debt service reserve fund and sinking fund) into an irrevocable trust with an escrow agent to provide for all future debt service payments related to the \$18.9 million School Infrastructure Special Fund Refunding Bonds, Series 2012. As a result of the in-substance defeasance, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements.

### **Underground Storage Tank**

The Iowa Finance Authority (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.

In a prior year, the Finance Authority defeased remaining revenue bonds by placing proceeds from existing resources in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Iowa Underground Storage Tank Fund Revenue Refunding Bonds, 2004 Series A. Accordingly, trust account assets

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

and the liability for the defeased bonds are not included in the State's financial statements. As of June 30, 2014, bonds totaling \$2.33 million are considered defeased.

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

Year Ending June 30,	Principal	Interest
2015	\$ 155,230	\$ 89,092
2016	38,635	80,094
2017	43,460	78,383
2018	45,575	76,283
2019	47,815	74,094
2020-2024	226,580	334,580
2025-2029	220,135	279,676
2030-2034	408,705	217,150
2035-2039	137,410	112,066
2040-2044	135,120	70,650
Thereafter	725,920	18,773
Total	\$2,184,585	\$1,430,841

#### **B. Primary Government – Business-type Activities**

##### **Universities**

During the current year, the *University of Iowa* issued \$30.1 million of Academic Building Revenue Bonds, Series S.U.I. 2013A, with an interest rate range of 2.00-4.75% to defray the cost of constructing various academic buildings, facilities and equipment at the University. The revenues pledged to these bonds are tuition and fees generated by the University.

During the current year, the *University of Iowa* issued \$27.5 million of Academic Building Revenue Bonds, Series S.U.I. 2014, with an interest rate range of 3.00-3.50% to defray the cost of constructing various academic buildings, facilities and equipment at the University. The revenues pledged to these bonds are tuition and fees generated by the University.

During the current year, the *University of Iowa* issued \$27.9 million of Dormitory Revenue Bonds, Series S.U.I. 2014, with an interest rate range of 0.30-4.00% to defray the cost of constructing various residence halls at the University. The revenues pledged to these bonds are fees paid by users of the residence halls' services.

During the current year, the *University of Iowa* issued \$20.0 million of Parking System Revenue Bonds, Series S.U.I. 2014, with an interest rate range of 2.00-4.00% to finance all or part of the cost of constructing, equipping and improving various parking facilities to be located on the campus of the University. The revenues pledged to these bonds are fees paid by users of the parking facilities.

During the current year, the *University of Iowa* issued \$18.8 million of Academic Building Revenue Refunding Bonds, Series S.U.I. 2013, with an average interest rate of 4.67% and accrued interest of \$9,000 to advance refund \$20.2 million of outstanding Academic Building Revenue Bonds, Series S.U.I. 2004 with interest rates ranging between 4.0% and 4.5%. Net bond proceeds of \$21.1 million were placed in an irrevocable escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Series S.U.I. 2004 Bonds will be called on July 1, 2014. The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of \$1.4 million; and reduced the aggregate debt service payments by \$1.6 million over the next 11 years.

During the current year, the *University of Iowa* issued \$6.4 million of Iowa Memorial Union Revenue Refunding Bonds, Series S.U.I. 2014, with an average interest rate of 4.34% and accrued interest of \$14,000 to advance refund \$7.1 million of outstanding Iowa Memorial Union Revenue Bonds, Series S.U.I. 2005 with interest rates ranging between 3.75% and 4.30%. Net bond proceeds of \$7.3 million were placed in an irrevocable escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Series S.U.I. 2005 Bonds will be called on July 1, 2015. The refunding permitted the University to realize an economic gain of \$0.5 million; and reduced the aggregate debt service payments by \$0.6 million over the next 11 years.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

During the current year, the *University of Iowa* issued \$17.9 million of Utility System Revenue Refunding Bonds, Series S.U.I. 2014, with an average interest rate of 2.33% and accrued interest of \$23,000 to advance refund \$17.3 million of outstanding Utility System Revenue Refunding Bonds, Series S.U.I. 2006 with interest rates ranging between 4.0% and 4.375%. Net bond proceeds of \$18.0 million were placed in an irrevocable escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Series S.U.I. 2006 Bonds will be called on November 1, 2015. The refunding permitted the University to realize an economic gain of \$1.2 million; and reduced the aggregate debt service payments by \$1.4 million over the next 12 years.

During the current year, the *University of Iowa* issued \$8.0 million of University of Iowa Facilities Corporation (UIFC) Revenue Refunding Bonds, Series S.U.I. 2014 (Old Capitol Town Center), with an average interest rate of 2.73% and accrued interest of \$12,000 to advance refund \$8.1 million of outstanding UIFC Revenue Refunding Bonds, Series S.U.I. 2005 (Old Capitol Town Center) with interest rates ranging between 4.0% and 4.25%. Net bond proceeds of \$8.2 million were placed in an irrevocable escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Series S.U.I. 2005 Bonds will be called on June 1, 2015. The refunding permitted the University to realize an economic gain of \$0.6 million; and reduced the aggregate debt service payments by \$0.6 million over the next 11 years.

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, 2014, bonds totaling \$66.8 million for the University of Iowa were considered defeased.

During the current year, *Iowa State University* issued \$8.7 million of Dormitory System Revenue Bonds, Series I.S.U. 2013C, with an interest rate range of 2.00-4.00% to pay costs of constructing and furnishing dormitory system facilities. The revenues pledged to these bonds are rents, profits and income from the Department of Residence facilities.

During the current year, *Iowa State University* issued \$27.5 million of Utility System Revenue Bonds, Series I.S.U. 2013A, with an interest rate range of 3.00-4.25% to pay costs of equipment and facility enhancement to the provision of utilities to the University community. The revenues pledged to these bonds are net revenues of the utility system and any utility system student fees.

During the current year, *Iowa State University* issued \$6.0 million of Academic Building Revenue Refunding Bonds, Series I.S.U. 2013. \$6.1 million of proceeds and \$0.6 million of University funds were placed in an irrevocable trust to refund \$6.2 million of Academic Building Revenue Refunding Bonds, Series I.S.U. 2003 and Series I.S.U. 2004A. The current refunding of these bonds permitted the University to realize an economic gain of \$0.6 million; and reduced the aggregate debt service payments by \$0.6 million over the next 6 years.

In prior years, *Iowa State University* 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 liabilities for the defeased bonds are not included in the State's financial statements. As of June 30, 2014, bonds totaling \$19.2 million for Iowa State University were considered defeased.

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
2015	\$ 80,674	\$ 68,261
2016	84,669	66,226
2017	88,032	62,266
2018	91,747	59,354
2019	94,668	56,225
2020-2024	466,818	230,436
2025-2029	444,257	141,084
2030-2034	312,039	62,797
2035-2039	152,920	13,250
Thereafter	5,180	187
Total	\$ 1,821,004	\$ 760,086

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### C. Component Units

##### *Iowa Finance Authority*

The Iowa Finance Authority (Finance Authority) is authorized and has issued bonds to provide affordable mortgage financing and to meet the 20% State match required for federal capitalization grants which are used to provide loans for construction of wastewater and drinking water facilities. The bonds are payable principally from repayments of such 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, moneys, investments, loans and other assets in the programs and accounts established by the respective bond resolutions.

The Single Family Mortgage Bond Resolutions, the Single Family Housing Bond Resolutions and the Multifamily Bond Indenture contain covenants that require the Finance Authority to make payments of principal and interest from amounts available in the Finance Authority's General Account should deficiencies occur in the accounts established for such payments by the respective bond resolutions. The Draw Down Bond Indenture under the Single Family Bond Program and the bond resolutions for the State Revolving Fund (SRF) accounts do not contain these covenants.

During the current fiscal year, the Finance Authority issued two new single-family bond series totaling \$11.5 million to purchase mortgage-backed securities and one SRF bond series with a face value of \$115.4 million, which sold at a premium for total proceeds of \$132.4 million. The Finance Authority made bond payments of \$158.4 million during the fiscal year.

##### *Universities Foundations*

To finance the purchase and remodeling of the Foundation building, the Iowa State University Foundation issued \$3,850,000 of Office Building Revenue Bonds in 2002 under an agreement with the City of Huxley (City). In March 2010, the bonds were refinanced under an amended agreement with the City. The refinanced bonds had varying maturities through 2020 and had an interest rate of 4.75%. In November 2013, the bonds were refinanced under an amended agreement with the City. The refinanced bonds have a maturity date of January 1, 2020 and carry an interest rate of 2.4% through November 2018. The bonds will carry an adjusted interest rate from November 2018 through the maturity date of January 2020. 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
2015	\$ 51,151	\$ 48,484
2016	57,959	46,393
2017	60,900	44,166
2018	62,045	41,974
2019	64,148	39,611
2020-2024	336,543	158,854
2025-2029	321,298	90,657
2030-2034	221,765	34,039
2035-2039	93,050	15,538
Thereafter	97,649	7,556
Total	<u>\$ 1,366,508</u>	<u>\$ 527,272</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 11 – ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable and accruals at June 30, 2014, consisted of the following (expressed in thousands):

	Current	Noncurrent
<b>PRIMARY GOVERNMENT</b>		
<b>Governmental activities</b>		
Salaries & fringes	\$ 57,527	\$ -
Early retirement/termination benefits	31,976	11,570
Other postemployment benefits	-	96,250
Pension	-	63,822
Risk management	9,502	10,498
Pollution remediation	9,035	22,166
State aid	595,447	-
Trade & other payables	658,565	42,180
Total governmental activities	\$ 1,362,052	\$ 246,486
<b>Business-type activities</b>		
Salaries & fringes	\$ 164,241	\$ -
Early retirement/termination benefits	5,095	2,178
Other postemployment benefits	-	126,082
General claims	33,239	-
Unemployment benefits	19,361	-
Trade & other payables	181,308	45,729
Total business-type activities	\$ 403,244	\$ 173,989
<b>COMPONENT UNITS</b>		
Annuity & life income obligations	\$ 379	\$ 52,009
Lotto prizes & annuity prizes payable	3,978	3,346
Other	74,776	54,014
Total component units	\$ 79,133	\$ 109,369

### Pollution Remediation Obligations

An estimate for pollution remediation obligations is recorded when the State knows or reasonably believes a site is polluted and when any one of the following events occurs: (1) the State is compelled to take remediation action because pollution creates an imminent endangerment to public health/welfare or the environment, (2) the State is in violation of a pollution prevention-related permit or license, (3) the State is named, or will likely be named, by a regulator as a responsible party or potentially responsible party for remediation, (4) the State is named, or will likely be named, in a lawsuit to compel it to participate in remediation or (5) the State commences or legally obligates itself to commence cleanup activities or monitoring/maintenance of remediation efforts.

For the year ended June 30, 2014, pollution remediation obligations totaled \$31.2 million, including \$29.7 million for the Iowa Petroleum Underground Storage Tank Program.

Leaking underground storage tanks meeting certain eligibility requirements are covered by the Iowa Petroleum Underground Storage Tank program. Statutory authority for this program is found in Chapter 455G of the Code of Iowa. The program was established to expend funds for remedial action and underground storage tank improvements. Estimated remediation outlays for leaking underground storage tanks are developed by groundwater professionals. The estimations are based on a range of expected outlays, net of expected cost recoveries, if any, for the type and amount of pollution contamination detected. All estimates for pollution remediation obligations are reviewed and adjusted periodically for price changes, additional contamination and any other changes detected.

The pollution remediation obligation does not include outlays for certain site cleanup activities or operation/maintenance costs because those outlays were not reasonably estimable.

The two matters discussed below were brought pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly known as “Superfund.” The potential liability is not reasonably estimable at this time.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

The LWD Incinerator Site is a hazardous waste disposal site located in Kentucky. The University of Iowa (SUI) received a demand letter regarding this site, alleging that SUI having contributed waste to the site, is a potentially responsible party (PRP). The demand letter alleged that according to EPA's database SUI contributed 151,600 pounds of materials to the LWD Incinerator Site over the years covering 1983, 1986, and 1987. SUI General Counsel responded by letter, denying liability. A lawsuit was then filed in the Federal District Court in Kentucky against SUI and other potentially responsible parties, based upon the same claim involving the LWD Incinerator Site. The Attorney General's Office filed a motion to dismiss and included supporting brief in the case. The federal court did not dismiss the lawsuit, and the Attorney General's Office is planning to file a motion for summary judgment in the case. Currently, the litigation is still pending in the District Court in Kentucky.

The Marine Shale Processors Site was a hazardous waste disposal site located in Louisiana. The University of Iowa (SUI) received a demand letter in September of 2012 from a group of PRPs at the site alleging that SUI is a PRP at the site and had shipped between 5 and 10 tons of materials to the Marine Shale Processors Site for disposal in 1991. SUI General Counsel responded by letter denying the liability on the part of the University. The SUI has not heard anything further and is not aware of any claims filed against the University.

### NOTE 12 – NET POSITION/GOVERNMENTAL FUND BALANCES

#### A. Net Position Restricted By Enabling Legislation

The Governmental Activities Statement of Net Position reports \$1,064.3 million of Restricted Net Position, of which \$15.4 million is restricted by enabling legislation.

#### B. Governmental Fund Balances

Fund balances for governmental funds are to be reported in classifications that comprise a hierarchy based primarily on the extent to which the State is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The *nonspendable* fund balance classification includes amounts that cannot be spent because they are either not in a spendable form or legally or contractually required to remain intact. *Restricted* fund balances are reported when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. *Committed* fund balance amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the State's highest level of decision making authority. The Iowa Legislature and Governor represent the State's highest level of decision-making authority. Formal action consists of legislation passed by both the House and Senate and signed by the Governor and is required to establish, modify or rescind a limitation. *Unassigned* fund balance is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The nonspendable and spendable fund balances for governmental funds at June 30, 2014, are as follows (expressed in thousands):

	GENERAL FUND	TOBACCO SETTLEMENT AUTHORITY	TOBACCO COLLECTIONS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>NONSPENDABLE</b>					
Inventory & prepaid	\$ 41,248	\$ -	\$ -	\$ 230	\$ 41,478
Permanent fund principal	-	-	-	16,097	16,097
Total nonspendable	41,248	-	-	16,327	57,575
<b>SPENDABLE</b>					
Restricted:					
Roads	738,528	-	-	-	738,528
Debt service	89,929	438,263	-	-	528,192
Farm to market road system	61,831	-	-	-	61,831
Infrastructure	41,466	-	-	1,966	43,432
Higher education	-	-	-	25,145	25,145
Tourism	22,997	-	-	-	22,997
Public television	6,216	-	-	9,822	16,038
Public health	11,653	-	-	-	11,653

(continued on next page)

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)	<b>GENERAL FUND</b>	<b>TOBACCO SETTLEMENT AUTHORITY</b>	<b>TOBACCO COLLECTIONS FUND</b>	<b>NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>SPENDABLE</b>					
Restricted:					
Consumer education	10,245	-	-	-	10,245
Bridges	10,234	-	-	-	10,234
Special schools	-	-	-	8,976	8,976
Underground storage tanks	7,925	-	-	-	7,925
Information & statistics	6,500	-	-	-	6,500
Technology	4,417	-	-	-	4,417
Airports	4,306	-	-	-	4,306
IOWACARE	4,216	-	-	-	4,216
Second injury compensation	-	-	-	2,701	2,701
Visually impaired services	2,693	-	-	-	2,693
Other:					
Transportation	6,369	-	-	-	6,369
Justice & public defense	5,615	-	-	199	5,814
Education	4,282	-	-	1,007	5,289
Health & human rights	3,177	-	-	868	4,045
Administration & regulation	1,165	-	-	246	1,411
Human services	817	-	-	23	840
Economic development	580	-	-	-	580
Agriculture & natural resources	66	-	-	43	109
Total restricted	1,045,227	438,263	-	50,996	1,534,486
Committed:					
Administration & insurance reserves	770,237	-	-	1,924	772,161
Cash reserve	489,338	-	-	-	489,338
Economic emergency	180,583	-	-	-	180,583
Infrastructure	101,023	-	-	11,009	112,032
Debt service	42,356	-	-	-	42,356
Tax relief	35,707	-	-	-	35,707
Technology	33,726	-	-	873	34,599
Agriculture	19,234	-	-	6,415	25,649
Groundwater, soil & air protection	23,628	-	-	-	23,628
Emergency 911 services	21,054	-	-	-	21,054
Underground storage tanks	20,347	-	-	-	20,347
Justice	19,857	-	-	-	19,857
Railroads	15,662	-	-	-	15,662
Commerce	15,475	-	-	-	15,475
Natural resources	14,432	-	-	-	14,432
Medical assistance	10,060	-	-	1,945	12,005
Fish & wildlife	10,535	-	-	-	10,535
Workforce	10,396	-	-	-	10,396
Recreational facilities	10,180	-	-	-	10,180
Higher education	8,133	-	-	1,564	9,697
K-12 education	8,518	-	-	-	8,518
Water quality	6,761	-	-	-	6,761
Unclaimed property	6,641	-	-	-	6,641
Disaster relief	3,679	-	-	-	3,679
Renewable fuels	3,169	-	-	-	3,169
Special schools	3,010	-	-	-	3,010
Other:					
Economic development	5,115	-	-	-	5,115
Agriculture & natural resources	4,617	-	-	443	5,060
Human services	3,591	-	-	709	4,300
Administration & regulation	3,284	-	-	983	4,267
Justice & public defense	2,991	-	-	1,161	4,152
Education	3,809	-	-	65	3,874
Health & human rights	3,832	-	-	8	3,840
Transportation	1,538	-	-	2,025	3,563
Total committed	1,912,518	-	-	29,124	1,941,642
Unassigned	(214,660)	-	(354,743)	(15)	(569,418)
<b>TOTAL FUND BALANCES</b>	<b>\$ 2,784,333</b>	<b>\$ 438,263</b>	<b>\$ (354,743)</b>	<b>\$ 96,432</b>	<b>\$ 2,964,285</b>

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### ***Stabilization Arrangements (Reserve Funds)***

The State maintains two reserve funds: the Cash Reserve Fund and the Iowa Economic Emergency Fund. These funds were established by formal action of the highest level of decision making authority as they were created by legislation passed by both the House and Senate of the Legislature and signed by the Governor. The law restricts the use and purpose of each fund. Formal action is required to use resources in the funds, modify their purpose or change the balances of the funds. Fund balances for both funds are included in the *committed* spendable fund balance classification.

The **Cash Reserve Fund** is separate from the General Fund of the State and is not to be considered part of the General Fund of the State except in determining the cash position of the State. The moneys in the Cash Reserve Fund cannot 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 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% of the adjusted revenue estimated 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 3.75% 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.

The **Iowa Economic Emergency Fund** is separate from the General Fund of the State and 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. The maximum balance of the fund is equal to 2.5% 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 distributed as follows: (1) the first sixty million dollars of the difference between the actual net revenue for the General Fund of the State and the adjusted revenue for the fiscal year shall be transferred to the Taxpayers Trust Fund established in Iowa Code section 8.57E; (2) the remainder of the excess, if any, shall be transferred to the General Fund of the State. The moneys in this fund may be appropriated by the General Assembly for emergency expenditures; and there is appropriated to the Executive Council an amount sufficient to pay expenses authorized by the Executive Council in Iowa Code section 7D.29. However, except as provided in Iowa Code 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 payment of state obligations. Interest or earnings on moneys deposited in the Iowa Economic Emergency Fund are credited to the Rebuild Iowa Infrastructure Fund established in Iowa Code section 8.57.6.

#### ***Minimum Fund Balance Requirements***

Currently, the State has six governmental funds which are required by statute, federal regulations or bonding requirements to maintain minimum fund balances. However, the State does not have a formally adopted policy regarding minimum fund balances.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 13 – OPERATING LEASES

The State has leased office space and equipment. These leases have been classified as operating leases and expire before June 30, 2043. In most cases, management expects the leases will be renewed or replaced by other leases.

#### A. Primary Government

##### *Governmental Activities*

The future minimum lease payments for these leases are as follows (expressed in thousands):

Year Ending June 30,	
2015	\$ 12,229
2016	10,392
2017	6,703
2018	3,882
2019	2,218
2020-2024	2,881
2025-2029	326
2030-2034	334
2035-2039	351
Thereafter	144
Total	<u>\$ 39,460</u>

All leases contain nonappropriation clauses indicating continuation of the lease is subject to funding by the Legislature. Minimum payments have not been reduced by minimum sublease rentals of \$1,516,159.

Rental expense for the year ended June 30, 2014 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$15,253,683. Rental expense has not been adjusted for sublease rentals totaling \$445,518 for the year ended June 30, 2014.

##### *Business-type Activities*

The future minimum lease payments for these leases are as follows (expressed in thousands):

Year Ending June 30,	
2015	\$ 13,730
2016	9,662
2017	5,961
2018	3,680
2019	2,985
2020-2024	7,976
2025-2029	1,528
Thereafter	73
Total	<u>\$ 45,595</u>

Minimum payments have not been reduced by minimum sublease rentals of \$286,240.

Rental expense for the year ended June 30, 2014 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$15,435,618. Rental expense has not been adjusted for sublease rentals totaling \$146,560 for the year ended June 30, 2014.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### B. Component Units

The future minimum lease payments for these leases are as follows (expressed in thousands):

Year Ending June 30,		
2015	\$	2,698
2016		2,158
2017		1,186
2018		737
2019		675
Thereafter		820
Total	\$	<u>8,274</u>

Minimum payments have not been reduced by minimum sublease rentals of \$140,292.

Rental expense for the year ended June 30, 2014 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$2,736,529. Rental expense has not been adjusted for sublease rentals totaling \$44,167 for the year ended June 30, 2014.

#### NOTE 14 - LESSOR OPERATING LEASES

The Iowa Department of Natural Resources leases tracts of land for agricultural purposes valued at \$11,478,144. Glenwood Resource Center leases building space valued at \$4,622,860. Iowa Public Television leases antenna and building space, the Iowa Department of Workforce Development leases building space, and the Iowa Communications Network leases fiber optic cables, for which no value has been assigned to the leased portions. The Iowa Department of Transportation leases land valued at \$667,147. Iowa State University leases building space valued at \$793,522 (net of accumulated depreciation of \$261,787), tower space valued at \$394,210 (net of accumulated depreciation of \$103,679), equipment with an original value of \$616,281 and tracts of land for agricultural purposes valued at \$136,654. The University of Northern Iowa leases buildings valued at \$861,994 (net of accumulated depreciation of \$468,238), tower space and tracts of land for agricultural purposes valued at \$523,155. The Iowa Braille & Sight Saving School leases buildings valued at \$3,511,398 (net of accumulated depreciation of \$1,601,457).

The following is a schedule by year of minimum future rentals on operating leases as of June 30, 2014 (expressed in thousands):

Year Ending June 30,		
2015	\$	4,846
2016		3,561
2017		2,544
2018		1,574
2019		670
2020-2024		1,602
2025-2029		488
Thereafter		34
Total	\$	<u>15,319</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 15 – PENSION PLANS

#### A. Summary of Significant Accounting Policies

##### *Basis of Accounting*

The financial statements of the Iowa Public Employees' Retirement System (IPERS), Peace Officers' Retirement, Accident and Disability System (PORS) and the Judicial Retirement System (JRS) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits, refunds and annuities are recognized when due and payable in accordance with the terms of each plan.

##### *Method Used to Value Investments*

IPERS – 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 the variation margin. Private equities are valued based on March 31 net position values plus or minus purchases, 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 fair value exceeds 5% of the plan net position available for benefits.

PORS and JRS – 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. Investments that do not have an established market are reported at estimated fair value. For JRS, the fair value of real estate investments is based on independent appraisals.

PORS' and JRS' investments in governmental bonds and treasury notes constitute approximately 5.84% and 5.06%, respectively, of total assets. PORS and JRS are not permitted to invest more than 4.90% and 5.00%, respectively, of their System accounts in any one corporate issuer without written direction and approval of the Treasurer of State of Iowa.

#### B. Plan Descriptions, Contribution Information and Funding Policy

Membership of each plan consisted of the following at June 30, 2014:

	IPERS	PORS	JRS
Retirees and beneficiaries receiving benefits	108,233	568	195
Terminated members with deferred benefits	-	-	5
Active vested	112,867	547	147
Active nonvested	53,046	31	57
Inactive vested	28,765	48	-
Inactive nonvested	43,502	-	-
	346,413	1,194	404
Number of participating employers	2,001	1	1

##### ***Iowa Public Employees' Retirement System (IPERS)***

*Plan Description.* IPERS, a public employee retirement system, was created in 1953 by the Iowa Legislature. IPERS benefits are established under Chapter 97B of the Iowa Code.

IPERS is a cost-sharing, multiple-employer, contributory defined benefit 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. Members of other retirement systems supported by Iowa public funds are excluded from membership.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

	June 30, 2014
Employer members:	
City	948
Education	371
County	332
Utilities	134
Health	57
State	10
Other	149
Total	2,001

A member may retire at age 65, any time 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 take early retirement with reduced benefits. At retirement, a member chooses one of six benefit options.

Before July 1, 2012, a member who leaves covered employment after completing at least four years of covered service or has attained the age of 55 while making contributions to the plan has vested rights to IPERS benefits. Starting July 1, 2012, a member who completes seven years of covered service or has reached the age of 65 while in IPERS covered employment is vested.

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

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 actuary also calculates an actuarial contribution rate for each membership group, which is the contribution rate necessary to fully fund the benefits provided under Iowa Code chapter 97B.

IPERS' Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

Although the actuarial contribution rates are calculated each year, the required contribution rates for the Regular membership were set in law through June 30, 2012. From FY2002 through FY2013, the rate required was less than the actuarial rate, in spite of rate increases passed by the Iowa Legislature in 2006 and 2010. Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point.

In fiscal year 2014, the required rate for Regular members equaled the actuarial rate. Pursuant to the required rate, Regular members contributed 5.95% of pay and their employers contributed 8.93% for a total rate of 14.88%.

Iowa statute authorizes the required contribution rate for certain members and employers engaged in law enforcement, fire safety and protection occupations to be set to the actuarial contribution rate. Therefore, these groups have consistently paid the rate needed to fully fund their benefits.

	Contribution Rates as of June 30, 2014		
	Employee	Employer	Total
Regular	5.95%	8.93%	14.88%
Special services group # 1 *	9.88%	9.88%	19.76%
Special services group # 2 **	6.76%	10.14%	16.90%

\* - Includes sheriffs and deputies.

\*\* - Includes all other protection occupation members.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

Contributions are remitted by participating employers. Wages were covered up to the federal limit of \$260,000 for calendar year 2014.

The amount of the actuarially determined employer contribution requirement was \$639,001,548. The total amount of employer contributions made during the fiscal year ended June 30, 2014, was \$639,001,548 resulting in a 100.0% funding ratio.

The following table provides a schedule of the actuarially required employer contributions and the percentage actually contributed to IPERS for the last three fiscal years:

Year Ended June 30,	Actuarially Required Contributions	Percentage Contributed
2012	\$ 568,389,507	98.2%
2013	614,846,608	98.0%
2014	639,001,548	100.0%

#### ***Peace Officers' Retirement, Accident and Disability System (PORS)***

*Plan Description.* PORS 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 the single-employer defined benefit public employee retirement system.

A member may retire with a service allowance after completing 22 years of creditable 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.

A member leaving covered employment before attaining retirement age but after completing at least four years of covered service is entitled to receive a service retirement allowance upon attaining the minimum service retirement age provided his or her accumulated contributions have not been withdrawn.

PORS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Iowa Department of Public Safety Peace Officers' Retirement System, Public Safety Building, 215 East 7<sup>th</sup> Street, Des Moines, IA 50319.

*Contributions and 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 10.85% of covered payroll. HF 2518 enacted by the 2010 Legislature changed the scheduled contribution rates for both the employee and employer. Employee contributions are scheduled to increase by one-half of one percent each year for four years beginning at 9.35% in fiscal 2011 and peaking at 11.35% on July 1, 2014. This is deducted from the member's salary and remitted by the employer.

The employer rate is scheduled to increase from 29% for plan year 2014 by 2% each year until reaching 37% in the year beginning July 1, 2017. The State of Iowa will also begin contributing an additional \$5 million each year, beginning July 1, 2013, until the funded status of the System attains 85%. Contribution provisions are established by State law and may be amended only by the State Legislature. The State 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 \$4,754,916, representing 10.85% of the current year covered payroll. The State contribution required by statute and the amount actually contributed was \$17,715,097 (\$5,000,000 from the annual appropriation, and \$12,715,097 from the required 29% contribution rate). Costs of administering the plan are financed through employer contributions and investment income.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### **Judicial Retirement System (JRS)**

*Plan Description.* The JRS is the administrator of a single-employer defined benefit public employee retirement system.

The JRS 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 a total of at least four years of service as a judge of one or more of the above courts and is at least 65 years of age or who has served 20 years of consecutive service as a judge of one or more of the above courts and has attained the age of 50 years shall qualify for an annuity. The annual annuity of a judge under this System is an amount equal to 3.25% 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, 3.25% 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 or senior judge became separated from service. The specified percentage is as follows: (1) 50% for judges who retired prior to July 1, 1998; (2) 52% for judges who retired and received an annuity on or after July 1, 1998 but before July 1, 2000; (3) 56% for judges who retired and received an annuity on or after July 1, 2000 but before July 1, 2001; (4) 60% for judges who retire and receive an annuity on or after July 1, 2001 but before July 1, 2006; and (5) 65% for judges who retire and received an annuity on or after July 1, 2006. Any member who has served as a judge for a total of four years or more and is 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.

Beginning July 1, 2010, judges contribute to the system at the rate of 9.35% multiplied by the basic salary of the judge. Beginning July 1, 2008, and for each subsequent fiscal year until the System attains fully funded status, the State contributes an amount equal to 30.6% of the basic salary of all covered judges. Commencing with the first fiscal year in which the System attains fully funded status, and for each subsequent fiscal year, the State contribution shall be equal to 60% of the required contribution rate.

The JRS 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.

*Contributions and Funding Policy.* The contributions to JRS 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 \$2,636,975, representing 9.35% of the current year covered payroll. The State contribution required by statute and the amount contributed was \$8,630,064. The State share is to be based on 30.6% of actual salaries. Costs of administering the plan are financed through State appropriation, member contributions and investment income.

### **C. Annual Pension Cost and Net Pension Obligation**

The State's annual pension cost and net pension obligation to PORS and JRS for the current year were as follows:

	PORS	JRS
Annual required contribution	\$ 18,244,803	\$ 8,398,680
Interest on net pension obligation	3,736,573	1,221,185
Adjustment to annual required contribution	(3,015,324)	(1,408,835)
Annual pension cost	18,966,052	8,211,030
Contributions made	17,715,097	8,630,064
Increase (decrease) in net pension obligation	1,250,955	(419,034)
Net pension obligation beginning of year	46,707,160	16,282,473
Net pension obligation end of year	\$ 47,958,115	\$ 15,863,439

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

Three-year trend information:

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<i>Peace Officers' Retirement, Accident and Disability System</i>			
2012	\$ 17,465,462	61.50%	\$ 39,040,010
2013	19,444,811	60.57%	46,707,160
2014	18,966,052	93.40%	47,958,115
<i>Judicial Retirement System</i>			
2012	\$ 8,031,891	102.29%	\$ 16,620,857
2013	7,711,870	104.29%	16,282,473
2014	8,211,030	105.10%	15,863,439

**D. Funded Status and Funding Progress**

The funded status of each plan as of June 30, 2014, is as follows (expressed in thousands):

	Actuarial Accrued				UAAL as a	
	Actuarial Value of Assets (a)	Liability (AAL) - Entry Age (b)*	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
IPERS	\$ 26,460,428	\$ 32,004,456	\$ 5,544,028	82.68%	\$ 7,099,277	78.09%
PORS	360,064	515,860	155,796	69.80%	43,845	355.33%
JRS	142,589	183,916	41,327	77.53%	28,203	146.53%

\* For purposes of this schedule, the AAL for each plan is determined using the entry age actuarial cost method.

The PORS uses the aggregate actuarial cost method to calculate its annual required contribution (ARC). However, the current year funded status information was calculated using the entry age actuarial cost method because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. The entry age actuarial cost information for PORS is intended to serve as a surrogate for the funded status and funding progress of the plan.

The Schedules of Funding Progress, presented as Required Supplementary Information (RSI) following the Notes to the Financial Statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### E. Actuarial Methods and Assumptions

Additional information as of the latest actuarial valuation follows:

	IPERS	PORS	JRS
Actuarial valuation date	June 30, 2014	July 1, 2014	July 1, 2014
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Method used to determine actuarial value of assets	Smoothing method - expected value at the valuation date plus 25% of the difference between the market value and expected value. The actuarial value must fall within a corridor of 80% - 120% of market value.	Smoothing method - spreads the difference between the actual return and expected return over four years.	Smoothing method - expected value plus 25% of the difference between the actual and expected value.
Amortization method	Closed period, level percent of pay	Closed period, level percent of pay	Level dollar, closed basis
Amortization period	30 years (closed)	24 years (closed)	25 years (closed); each year subsequent changes are amortized over a new, closed 25 year period
Rate of investment return	7.50%	8.00% compounded annually, net of investment expense, and including inflation.	7.50% compounded annually, net of investment expense, and including inflation.
Projected salary increases	4.00% - 17.00% depending upon years of service	4.25% to 7.25%, including inflation	4.25%, including inflation
Inflation rate	3.00% for prices, 4.00% for wages	3.00%	3.00%

\* GASB Statement No. 25 states that, beginning in fiscal year 2006, the maximum acceptable amortization period for the total unfunded actuarial liability is 30 years. IPERS' funding policy also provides for a maximum amortization period of 30 years.

### F. 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. These institutions, by contributing to TIAA, participate in a defined contribution retirement plan. The provisions and contribution requirements for TIAA are established by the Board of Regents.

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, except at Iowa State University where employer contributions vest after three years. 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 \$4,800. Upon completion of five years of service, the participant contributes 5.00% and the employer contributes 10.00% on all earnings.

During fiscal year 2014, the employers' contributions amounted to \$153,826,096. Employees' contributions amounted to \$76,755,975.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS

#### A. State Plan

##### **Plan Description**

The State of Iowa provides access to postretirement medical benefits to all retirees as required by Chapter 509A.13 of the Code of Iowa. Although the retirees generally must pay 100% of the premium rate, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45), requires that employers recognize the Implicit Rate Subsidy that exists in postretirement medical plans provided by governmental employers.

The Implicit Rate Subsidy refers to the concept that retirees under the age of 65 (i.e. not eligible for Medicare) generate higher claims on average than active participants. When a medical plan is self-insured or fully insured through a third-party administrator, a premium is usually determined by analyzing the claims of the entire population in the plan and adjusting for administrative costs. The resulting premium is called a blended premium because it blends the claims of active and retired participants. Since individuals generally have more and higher claims as they get older, the blended premium paid for retirees is lower than their expected claims. Another way of considering this is that if the retirees were removed from the plan, the premium for the active group would be lower; therefore, the retirees' premiums are being subsidized by the active group. Since the employer generally pays a large portion or all of the premiums for the active group, this subsidy creates a liability for the employer. The difference between the expected claims for the retiree group and the blended premium is called the Implicit Rate Subsidy.

The State operates a single-employer retiree benefit plan which provides medical insurance benefits for retirees. There are 26,190 active and 3,337 retired participants in the plan. The State currently offers five self-insured plans which are available to participants through Wellmark Blue Cross Blue Shield: Program 3 Plus, Deductible 3 Plus, Iowa Select, Blue Access and Blue Advantage.

##### **Funding Policy**

The contribution requirements of the plan participants are established and may be amended by the State Legislature. The State currently finances the retiree benefit plan on a pay-as-you-go basis.

##### **Annual OPEB Cost and Net OPEB Obligation**

The State's annual OPEB cost is calculated based on the annual required contribution (ARC) of the State, an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the State's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the State's net OPEB obligation:

Annual required contribution	\$	27,306,000
Interest on net OPEB obligation		5,160,000
Adjustment to annual required contribution		(7,039,000)
Annual OPEB cost		<u>25,427,000</u>
Contributions made		<u>(11,697,000)</u>
Increase in net OPEB obligation		13,730,000
Net OPEB obligation beginning of year		<u>114,659,000</u>
Net OPEB obligation end of year	\$	<u><u>128,389,000</u></u>

The State's plan includes AFSCME employees of the Universities. The portion of the fiscal year 2014 net OPEB obligation related to those employees is \$29.4 million. The State plan also includes \$1.5 million of the fiscal year 2014 net OPEB obligation allocated to the State's discretely presented component units and fiduciary funds.

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2007. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plan's actual contributions for the year ended June 30, 2014.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

For fiscal year 2014, the State contributed \$11.7 million to the medical plan. The State's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2014 and the two preceding fiscal years are summarized as follows:

Year Ended June 30,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
2012	\$ 41,437,000	46.94%	\$ 100,396,000
2013	24,405,000	41.56%	114,659,000
2014	25,427,000	46.00%	128,389,000

#### **Funded Status and Funding Progress**

As of July 1, 2012, the most recent actuarial valuation for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$233.2 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$233.2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1,751.0 million and the ratio of the UAAL to the covered payroll was 13.3%. As of June 30, 2014, there were no trust fund assets.

#### **Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012, actuarial valuation date, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.0% inflation rate and a 4.5% discount rate based on the estimated long-term investment yield on the general assets of the State. Medical trend rates were developed using a combination of a trend survey and the SOA-Getzen trend rate model. Initial trend rates start at 7.8% (managed care plans) or 8.4% (non-managed care plans) in 2012 and grade down to an ultimate rate of 5.0% beginning in the year 2029. For the years 2012 through 2017, the rates are based on survey data and client market expectations. The SOA-Getzen model was then used to determine the trend rates between the years 2018 and thereafter, based on reasonable macro-economic assumptions for the growth of health care expenditures during this period relative to the general economy.

Mortality rates are from the RP-2000 Healthy Combined Mortality Table with generational improvements using projection scale AA for pre-retirement males set back 3 years, pre-retirement females set back 8 years, post-retirement males set forward 1 year, and post-retirement females set back 1 year with a 5.0% decrease above age 75. The majority of State of Iowa employees are participants in the Iowa Public Employees' Retirement System. For this reason, the mortality rates, withdrawal, retirement and age of spouse assumptions are based on the assumptions used for the Iowa Public Employees' Retirement System Actuarial Valuation Report as of June 30, 2012. The plan participation assumption is based upon the recent experience of the State of Iowa Postretirement Medical Plan.

The UAAL is being amortized on a level dollar open basis over 30 years.

#### **B. University Funds**

##### **Plan Description**

The University of Iowa, Iowa State University and the University of Northern Iowa (the Universities) operate single employer benefit plans which provide medical, dental and life insurance benefits for retirees and their spouses. Detailed plan description information is available in the Universities' separately issued financial reports. These

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

reports may be obtained by writing to the Iowa Department of Administrative Services, Hoover State Office Building, Des Moines, Iowa 50319.

#### **Funding Policy**

The contribution requirements of the plan participants are established and may be amended by the Universities. The Universities currently finance the retiree benefit plans on a pay-as-you-go basis. For fiscal year 2014, the Universities contributed \$14.2 million to the plan and members receiving benefits contributed \$10.8 million of the premium cost.

#### **Annual OPEB Cost and Net OPEB Obligation**

The following table shows the components of the Universities' annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plans and changes in the Universities' net OPEB obligation:

Annual required contribution	\$	32,334,000
Interest on net OPEB obligation		4,559,000
Adjustment to annual required contribution		<u>(4,359,000)</u>
Annual OPEB cost		32,534,000
Contributions made		<u>(14,190,000)</u>
Increase in net OPEB obligation		18,344,000
Net OPEB obligation beginning of year		<u>77,054,000</u>
Net OPEB obligation end of year	\$	<u><u>95,398,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2007. The end of year net OPEB obligation was calculated by the actuaries as the cumulative difference between the actuarially determined funding requirements and the plans' actual contributions for the year ended June 30, 2014.

The Universities' annual OPEB cost, the percentage of annual OPEB cost contributed to the plans and the net OPEB obligation for fiscal year 2014 and the preceding two fiscal years are summarized as follows:

Year Ended June 30,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
2012	\$ 29,236,000	50.57%	\$ 62,026,000
2013	30,890,000	51.35%	77,054,000
2014	32,534,000	43.62%	95,398,000

#### **Funded Status and Funding Progress**

As of the most recent actuarial valuation for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$383.7 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$383.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1,394.4 million and the ratio of the UAAL to the covered payroll was 27.5%. As of June 30, 2014, there were no trust fund assets.

#### **Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

Information from the Universities' latest actuarial valuations follows:

	<u>University of Iowa</u>	<u>Iowa State University</u>	<u>University of Northern Iowa</u>
Actuarial valuation date	July 1, 2013	July 1, 2013	July 1, 2013
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percentage of projected payroll	Level dollar	Level percentage of projected payroll
Amortization period	Open basis over 30 years	Open basis over 30 years	Open basis over 30 years
Rate of investment return	5.00%	4.00%	4.50%
Medical trend rate	8.00% (7.00% for post age 65)	9.00%	9.00%
Ultimate medical trend rate	Reduced 0.50% each year until reaching 5.00%	Reduced 0.50% each year until reaching 5.00%	Reduced 0.50% each year until reaching 5.00%
Inflation rate	2.50%	2.50%	5.00%
Payroll growth rate	3.50%	n/a	3.50%

#### **NOTE 17 – OTHER TERMINATION BENEFITS**

##### **A. State Employee Retirement Incentive Program**

On February 10, 2010, the Governor signed into law a state employee retirement incentive program (SERIP) for eligible executive branch employees. Eligible employees include employees of the Executive branch, a Judicial District of the Department of Correctional Services, the State Fair Authority, the Board of Regents if the Board elects to participate in the program, and the Department of Justice. To be eligible, an employee must have been employed on February 10, 2010, be age 55 or older on July 31, 2010 and have submitted an application by the employee's last day of employment to the Iowa Public Employees' Retirement System to begin monthly retirement benefits by July 2010. In addition, employees must have filed a SERIP application on or before April 15, 2010 and terminated employment no later than June 24, 2010. The law also provided for the Legislative and Judicial branches of government to provide a retirement program consistent with the program for the Executive branch employees. The Board of Regents and the Judicial branch did not participate in the program.

Participants in the SERIP will receive the following incentives:

- 1) Unused sick leave – A cash payment of the monetary value of the participant's accrued sick leave balance, not to exceed \$2,000. The payment is calculated by multiplying the number of hours of accrued sick leave by the participant's regular hourly rate of pay at the time of retirement. This payment was made in fiscal year 2010 on the participant's last pay check.
- 2) Health insurance – A minimum of 5 years of state contributions toward the premiums of a state-sponsored health insurance plan, either through the Sick Leave Insurance Program (SLIP), SERIP or a combination of both programs.
- 3) Years of service incentive – Cash payments, including the entire value of the participant's accrued but unused vacation leave, and, for participants with at least 10 years of state employment, \$1,000 for each year of state employment, up to 25 years of employment. The total years of service incentive shall be paid in five equal installments beginning in September 2010 and ending in 2014.

In the event a SERIP participant dies within 5 years of termination of employment, the participant's beneficiary will receive any remaining years of service incentive payments. If the participant's surviving spouse is covered on the participant's state retiree health insurance plan, the surviving spouse may elect to continue health insurance coverage and will receive any remaining health insurance contributions under SERIP. If the surviving spouse was not covered by the participant's insurance plan, or if there is no surviving spouse, any remaining health insurance contribution benefits are forfeited.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

Participants in SERIP are not eligible to accept any further employment with the State, other than as an elected official or a member of a board or commission, from the date of termination of employment. Participants may not enter into contracts to provide services to the State as independent contractors or consultants.

SERIP is financed on a pay-as-you-go basis by the department from which the employee retired. Amounts due for the program have been recorded as liabilities in the government-wide financial statements. The liability for the expected future health insurance benefits at June 30, 2014 is \$14.4 million. This was calculated by increasing the insurance premiums in effect at June 30, 2014 for the annual medical trend rates for fiscal years 2015 thru 2020. The annual medical trend rates range from 7.7% in 2015 to 6.8% in 2020. The liability for the years of service incentive installment payments at June 30, 2014 is \$12.8 million.

For the year ended June 30, 2014, SERIP costs for 2,067 participants totaled \$27.0 million.

#### **B. Board of Regents Retirement Incentive Options**

At its March 2009 meeting, the Board of Regents approved the first of three Retirement Incentive Option (RIO) programs, RIO1. The second and third programs, RIO2 and RIO3, were subsequently approved at its October 2009 and April 2010 meetings, respectively. Faculty, professional and scientific employees, merit system employees, and institutional officials who accumulate ten years of service with the Universities and who attain the age of 60 (RIO1), 57 (RIO2), and 55 (RIO3) by the date of retirement are eligible for participation. These programs are one-time programs with retirement required to occur no later than January 31, 2010, July 30, 2010, and December 31, 2010, respectively.

Upon retirement, the participant will be provided health and dental coverage for a period of up to five years with the Universities providing both the employee and employer share of contributions not to exceed the employee and spouse/domestic partner rate for the Universities' professional plans and not to exceed the employee and family rate for the State of Iowa plans. Eligible employees who elect the incentive and reach Medicare eligibility during the incentive period will be allowed to continue in the incentive with the contributions reduced to integrate with Medicare eligibility. For RIO3, the participant may choose to receive continued annuity (Defined Contribution Plan only) contributions for a period of up to five years in lieu of the continued medical/dental coverage. The annuity benefit is equal to the Universities' contribution level during active employment of 10% and based on the participant's full budgeted salary at the time of retirement. Term life insurance benefits are fully insured for eligible retirees and are paid for directly by the life insurance carrier. The Universities pay a stated premium based on the value of the policy (which is \$4,000) directly to the carrier. The stated premium rate is the same as the premium rate for the active employer life coverage in effect during the fiscal year.

At its April 2010 meeting, the Board of Regents approved the Phased Plus Retirement Program. Faculty, professional and scientific, merit system employees, and institutional officials who had accumulated ten years of service with Iowa State University who attained the age of 55 at the time of initial reduction of employment were eligible for participation in the Phased Plus Retirement Program. This is a one-time program with the maximum phasing period of two years with full retirement required at the end of the specified phasing period. At no time during the phasing period may an employee hold less than a 50% or greater than a 65% appointment. Phased retirement period is required to occur no later than January 1, 2012. At the end of the appointment, the employee would have the option of medical coverage or employer-paid retirement contributions for the balance of five years once phased retirement has begun, with the same stipulations as the RIO3 program.

The Board of Regents Institutions' contributions for the fiscal year ended June 30, 2014, totaled \$7.6 million for 990 participants of RIO1, RIO2, RIO3 and the Phased Plus Retirement Program.

#### **C. State Police Officers Council**

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

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.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

If the carrier of either the health or life insurance policy is not a current contracted carrier with the State of Iowa, SPOC or any of its suborganizations, 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 are fully funded for Department of Natural Resources retirees.

For the year ended June 30, 2014, 243 SPOC retirees received benefits totaling \$1.2 million.

### **D. Other Voluntary Termination Benefit Programs**

Voluntary termination benefit programs have been established through collective bargaining for Executive branch AFSCME and IUP employees, Judicial branch AFSCME and PPME employees and Community Based Corrections employees. The programs are also offered to Executive branch non-contract employees, Judicial branch non-contract employees, Legislative employees and Community Based Corrections non-contract employees, except for judicial officers. The programs allow 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 regular 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). The remainder of the sick leave value is calculated as follows, based on the number of sick hours the employee had before the cash payment:

<b><u>If the sick leave balance is:</u></b>	<b><u>The conversion rate is:</u></b>
Zero to 750 hours	60% of the value
Over 750 hours to 1,500 hours	80% of the value
Over 1,500 hours	100% of the value

The final calculated dollar value will be credited to the employee's Sick Leave Insurance Program (SLIP) account. Each month, the retiree's former employing department will pay 100% of the employer share of the selected state group health insurance premium from the retiree's SLIP account. The retiree is responsible for any additional premiums associated with the employee/retiree share.

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, the employee waives the benefit or 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.

All program benefits are financed on a pay-as-you-go basis by the department from which the employee retired. Amounts due for this program have been recorded as a liability in the government-wide financial statements.

For the year ended June 30, 2014, 1,029 employees from the Executive and Legislative branches have retired and received benefits totaling \$6.5 million under SLIP. In addition, 202 employees from the Judicial branch and Community Based Corrections have retired and received benefits totaling \$1.3 million under SLIP.

### **NOTE 18 – RISK MANAGEMENT**

#### **A. Self-Insurance/Retention of Risk**

It is the policy of the State not to purchase commercial insurance, except as detailed below in Section B, for the risks of losses to which it is exposed. Instead, State management believes 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 claims 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 for fiscal years 2013 and 2014 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 13	\$ 52,334	26,045	21,924	\$ 56,455
FY 14	56,455	25,775	24,116	58,114

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 40% for IBNR claims. Changes in the balances for estimated claims liabilities for fiscal years 2013 and 2014 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 13	\$ 158	1,284	1,061	\$ 381
FY 14	381	1,041	1,282	140

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 for fiscal years 2013 and 2014 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 13	\$ 1,568	163	480	\$ 1,251
FY 14	1,251	680	401	1,530

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 \$5,000 require the unanimous approval of all 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 for fiscal years 2013 and 2014 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 13	\$ 20,000	6,873	6,873	\$ 20,000
FY 14	20,000	4,392	4,392	20,000

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

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 below. 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 claims liabilities for various property damage are based on historical analysis. Changes in the balances for estimated claims liabilities for fiscal years 2013 and 2014 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 13	\$ 28,786	215,223	212,701	\$ 31,308
FY 14	31,308	237,682	235,751	33,239

#### **B. Insurance/Transfer of Risk**

The State insures with commercial insurers for certain risks of loss assuming liability for any deductibles and claims in excess of coverage limitations.

State employee benefits for health, dental, long-term disability and life insurance coverage are fully insured.

The State maintains an employee fidelity bond for up to \$2.0 million. The three State public universities carry additional coverage of \$0.5 million to \$8.0 million.

The University of Iowa is insured for \$2.0 billion for catastrophic property loss for general fund properties with a \$5.0 million deductible on general University buildings. Additional coverage is provided for auxiliary enterprises. The fine art collections are insured for \$260.0 million.

Iowa State University is insured for \$2.2 billion for catastrophic property loss for general fund properties with a \$2.0 million deductible on general University buildings. Additional coverage is provided for auxiliary enterprises.

The University of Northern Iowa is insured for \$650.0 million for catastrophic property loss for general fund properties with a \$2.0 million deductible on general University buildings. Additional coverage is provided for auxiliary enterprises.

The Iowa Braille and Sight Saving School is insured for catastrophic loss liabilities for \$44.5 million after a \$1.0 million deductible.

The Iowa School for the Deaf is insured for catastrophic loss liabilities for \$71.3 million after a \$1.0 million deductible.

The eight Judicial Districts individually insure buildings and contents with coverage ranging from \$3.5 million to \$26.0 million.

The Iowa Lottery Authority is insured for \$18.1 million for buildings and contents.

Iowa Workforce Development is insured for \$23.0 million for buildings and contents.

Iowa Public Television insures broadcasting trucks and contents for \$3.1 million.

The University of Iowa had property insurance claims in excess of commercial coverage due to the 2008 flood. Iowa State University had property insurance claims in excess of commercial coverage due to the flood in August 2010. All other settled claims have not exceeded commercial coverage for the past three fiscal years.

#### **NOTE 19 – 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 \$5.0 million.

The *Iowa Public Employees' Retirement System* (IPERS) has commitments to fund an additional \$1,791.0 million to various private equity/debt partnerships and \$130.6 million to a real estate debt partnership at June 30, 2014.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

The *Iowa Public Employees' Retirement System* (IPERS) monitors, evaluates, and takes the necessary actions related to litigation for or against IPERS. This includes, but is not limited to, federal and state court actions and defending administrative appeals filed against IPERS.

In the fraud action against Westridge Capital Management, IPERS is aggressively pursuing its financial interests in the U.S. District Court for the Southern District of New York. In April 2011, IPERS received an initial distribution in the amount of \$215.2 million. In April 2013, IPERS received another distribution of \$10.5 million. IPERS did not receive a distribution in the fiscal year ended June 30, 2014. The receiver has not distributed all assets under its control. Management of the IPERS anticipates any further distribution from the receiver will be minimal.

IPERS filed suit against Westridge Capital Management's auditor, Deloitte & Touche. The presiding judge dismissed the litigation. Management of IPERS and the Iowa Attorney General decided to appeal the dismissal of this litigation. The appellate court affirmed the dismissal of the case. Management of IPERS and the Iowa Attorney General decided not to file an appeal of the appellate court decision. Management of IPERS believes that this case will have no material effect on the financial statements for the fiscal year ended June 30, 2014.

IPERS is also aggressively defending a case filed in Polk County District Court, Iowa. The case is captioned *Robert J. Brunkhorst v. Iowa Public Employees' Retirement System*, CV No. 104520. Mr. Brunkhorst filed a claim under the Iowa Tort Claims Act alleging IPERS failed to implement the actuarial cost method for service purchase buy-backs in a timely fashion, causing a loss to the IPERS Trust Fund. IPERS denies the allegation. The action has twice been dismissed by the district court and the plaintiffs appealed the latest dismissal to the Iowa Supreme Court. On July 15, 2014, the Iowa Supreme Court denied review of the plaintiff's appeal which ended the case after seven years of litigation. Management of IPERS believes that this case will have no material effect on the financial statements for the fiscal year ended June 30, 2014.

The *Iowa Department of Transportation* has contractual obligations for construction and other contracts of \$357.5 million (net of \$568.1 million in anticipated federal funding) at June 30, 2014.

The *University of Iowa* has outstanding construction contract commitments of \$554.2 million at June 30, 2014.

*Iowa State University* has outstanding construction contract commitments of \$23.4 million at June 30, 2014.

The *University of Northern Iowa* has outstanding construction contract commitments of \$2.6 million at June 30, 2014.

The *Iowa Department of Natural Resources* has outstanding construction contract commitments of \$18.1 million at June 30, 2014.

The *Iowa Department of Administrative Services* has outstanding construction contract commitments of \$44.5 million at June 30, 2014.

The *Iowa Department of Corrections* has outstanding construction contract commitments of \$28.6 million at June 30, 2014.

The *Iowa Department of Human Rights* has outstanding contractual obligations of \$27.6 million at June 30, 2014.

The *Iowa Department of Human Services* has outstanding contractual obligations of \$1,175.1 million at June 30, 2014.

The State of Iowa has encumbrances at June 30, 2014, totaling \$42.0 million, \$36.0 million in the General Fund and \$6.0 million in the nonmajor governmental funds.

The *Iowa Finance Authority* has committed to purchase \$50.9 million in mortgage-backed securities, approved loan agreements under various housing assistance programs for \$2.8 million and signed loan agreements under the State Revolving Fund totaling \$121.1 million at June 30, 2014.

The *Iowa State Fair Authority* has outstanding construction contract commitments of \$1.5 million at June 30, 2014.

The *Iowa Economic Development Authority* has outstanding contractual commitments of \$301.5 million at June 30, 2014.

The *University of Northern Iowa Foundation* has outstanding contractual commitments of \$5.0 million at June 30, 2014.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 20 – BEGINNING BALANCE ADJUSTMENTS

#### A. GASB 65 Implementation

The State implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65) in fiscal year 2014. GASB 65 established accounting and financial reporting standards that reclassified, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of old debt was previously reported as a component of bonds payable (a liability). GASB 65 requires this to be reported as a deferred outflow of resources or a deferred inflow of resources. Additionally, debt issuances costs, except any portion related to prepaid insurance costs, are no longer reported as assets and amortized, they are to be expensed in the period incurred.

The following prior period adjustments were made in the Governmental Activities due to the implementation of GASB 65:

- At July 1, 2013, deferred outflows of resources were increased by \$25.1 million and bonds payable were increased by \$25.1 million for the reclassification of the deferrals on bond refundings.
- At July 1, 2013, total assets were reduced by \$9.2 million and unrestricted net position was reduced by \$9.2 million to eliminate the unamortized bond issuance costs.

The following prior period adjustments were made in the Business-type Activities and University Funds due to the implementation of GASB 65:

- At July 1, 2013, deferred outflows of resources were increased by \$4.3 million, deferred inflows of resources were increased by \$8.0 million and bonds payable were decreased by \$3.7 million for the reclassification of the deferrals on bond refundings.
- At July 1, 2013, total assets were reduced by \$13.7 million and net position was reduced by \$13.7 million to eliminate the unamortized bond issuance costs.

#### B. University Funds Reclassification of Cash & Cash Equivalents to Investments

As permitted by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, certain amounts previously reported as cash and cash equivalents in the University Funds have been reclassified as investments to more closely conform to the purpose of those investments. As a result, at July 1, 2013, cash & cash equivalents in the University Funds, a proprietary fund, have been reduced from \$979.9 million to \$330.7 million while investments were increased from \$2,018.5 million to \$2,667.7 million; a reclassification of \$649.2 million.

#### C. Discretely Presented Component Units

At July 1, 2013, the Iowa Finance Authority's (Finance Authority) net position increased \$11.3 million and the Iowa Agricultural Development Authority's (Agricultural Development Authority) net position decreased \$5.9 million.

- House File 607 merged the *Iowa Agricultural Development Authority* into the *Iowa Finance Authority* effective July 1, 2013. The Finance Authority received all assets (\$6.0 million), liabilities (\$0.1 million) and net position (\$5.9 million) of the Agricultural Development Authority in the merger resulting in an increase to the Finance Authority's net position and decrease to the Agricultural Development Authority's net position of \$5.9 million.
- The Finance Authority implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65); as a result the Finance Authority's net position at July 1, 2013 increased \$5.4 million.

### NOTE 21 – DEFICIT FUND BALANCE

The Tobacco Collections Fund, a major Special Revenue Fund, had a deficit fund balance of \$354.7 million at June 30, 2014. In accordance with GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, in fiscal year 2008, an interfund advance was

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

recorded in the Tobacco Collections Fund, causing a deficit fund balance. As future tobacco collections are received in the Tobacco Collections Fund and remitted to the Tobacco Settlement Authority for repayment of debt, the interfund advance will be reduced and the deficit eliminated.

#### **NOTE 22 – SUBSEQUENT EVENTS**

In October 2014, the *University of Iowa* received approval from the State Board of Regents to issue Academic Building Revenue Bonds, Series S.U.I. 2014A in the amount of \$24,560,000. The proceeds of the bonds will be used to pay or reimburse a portion of the costs of building, repairing, replacing, reconstructing and equipping flood damaged buildings and facilities on the campus of the University damaged by the flood of 2008; fund a reserve fund; and pay the costs of issuing the bonds. These bonds will bear interest at varying rates between 2.00% and 3.20% and will mature in varying amounts from July 1, 2016 through July 1, 2035.

Subsequent to June 30, 2014, *Iowa State University* received approval from the State Board of Regents for the sale of Academic Building Revenue Refunding Bonds, Series I.S.U. 2014 for \$16,315,000 to be issued on September 1, 2014. These bonds will bear interest at varying rates between 2.00% and 4.00% and will mature in varying amounts from July 1, 2015 through July 1, 2027. The proceeds of these bonds will be used to provide for the defeasance of the July 1, 2015 maturity and to advance refund the outstanding principal of the July 1, 2016 through July 1, 2027 maturities of the Academic Building Revenue Bonds, Series I.S.U. 2005 and to pay the costs of issuing the bonds. The bonds will be payable solely out of gross student fees and charges collected by the University and institutional income received by the University.

#### **NOTE 23 – PROSPECTIVE ACCOUNTING CHANGE**

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. GASB 68 will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the State's proportionate share of the employee pension plan.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

# STATE OF IOWA

## Required Supplementary Information Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2014  
(Expressed in Thousands)

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>FINAL TO ACTUAL</u>
<b>APPROPRIATED REVENUE</b>				
Special taxes:				
Personal income tax	\$ 4,126,100	\$ 4,050,300	\$ 3,984,543	\$ (65,757)
Sales/use tax	2,672,600	2,688,200	2,658,123	(30,077)
Corporation income tax	545,000	577,700	509,480	(68,220)
Inheritance tax	105,700	91,400	90,791	(609)
Insurance premium tax	109,400	105,300	105,532	232
Beer & liquor tax	14,700	14,700	14,187	(513)
Franchise tax	47,900	46,800	40,330	(6,470)
Miscellaneous tax	1,100	1,100	1,229	129
Total special taxes	<u>7,622,500</u>	<u>7,575,500</u>	<u>7,404,215</u>	<u>(171,285)</u>
Reimbursements & fees:				
Institutional reimbursements	14,500	13,300	13,619	319
Liquor transfers	95,000	95,000	101,173	6,173
Interest	2,500	3,800	3,543	(257)
Fees	27,200	27,600	29,075	1,475
Judicial revenue	109,700	103,500	103,856	356
Miscellaneous receipts	28,000	36,700	40,315	3,615
Total receipts	<u>7,899,400</u>	<u>7,855,400</u>	<u>7,695,796</u>	<u>(159,604)</u>
Transfers	115,500	206,400	188,950	(17,450)
Economic Emergency Fund Surplus	539,900	679,274	679,274	-
<b>TOTAL APPROPRIATED REVENUE</b>	<b><u>8,554,800</u></b>	<b><u>8,741,074</u></b>	<b><u>8,564,020</u></b>	<b><u>(177,054)</u></b>
<b>RECEIPTS CREDITED TO APPROPRIATIONS</b>				
Other taxes	1,167	1,167	-	(1,167)
Sales tax quarterly	1	1	-	(1)
Multi suspense	8,669	8,669	9,379	710
Federal support	3,167,058	3,168,109	3,061,030	(107,079)
Local governments	67,251	67,251	44,044	(23,207)
Other states	25	25	47	22
Internal service transfers	561,048	562,748	580,674	17,926
Reimbursements from other departments	9,037	9,098	9,294	196
Government fund type transfers-				
Attorney General	15,728	15,955	15,457	(498)
Auditor of State	3,884	4,217	3,212	(1,005)
Other agencies	28,896	32,190	30,753	(1,437)
Interest	50	50	9	(41)
Fees, licenses & permits	55,338	57,143	44,626	(12,517)
Refunds & reimbursements	454,461	453,088	506,571	53,483
Sale of equipment & salvage	13	13	9	(4)
Rents & leases	2,777	2,775	2,643	(132)
Agricultural sales	1	1	-	(1)
Other sales & services	2,919	2,922	3,333	411
Unearned receipts	7,898	8,122	8,188	66
Promotional checkoffs	2	2	-	(2)
Other	9,005	9,130	10,676	1,546
<b>TOTAL APPROPRIATED RECEIPTS</b>	<b><u>4,395,228</u></b>	<b><u>4,402,676</u></b>	<b><u>4,329,945</u></b>	<b><u>(72,731)</u></b>
<b>TOTAL ALL REVENUE</b>	<b><u>12,950,028</u></b>	<b><u>13,143,750</u></b>	<b><u>12,893,965</u></b>	<b><u>(249,785)</u></b>
<b>SCHOOL INFRASTRUCTURE TRANSFER</b>	<b><u>(439,000)</u></b>	<b><u>(426,000)</u></b>	<b><u>(440,422)</u></b>	<b><u>(14,422)</u></b>
<b>REFUNDS OF TAXES COLLECTED</b>	<b><u>(913,000)</u></b>	<b><u>(956,000)</u></b>	<b><u>(955,255)</u></b>	<b><u>745</u></b>
<b>TOTAL REVENUES AVAILABLE</b>	<b><u>11,598,028</u></b>	<b><u>11,761,750</u></b>	<b><u>11,498,288</u></b>	<b><u>(263,462)</u></b>

(continued on next page)

## STATE OF IOWA

(continued)

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>FINAL TO ACTUAL</b>
<b>EXPENDITURES</b>				
Administration & regulation	405,443	399,626	398,523	1,103
Agriculture & natural resources	165,331	174,053	161,898	12,155
Economic development	54,095	57,158	52,258	4,900
Education	3,864,747	3,939,628	3,924,175	15,453
Health & human services	5,626,841	5,643,964	5,554,100	89,864
Justice	578,070	583,281	588,903	(5,622)
Transportation	200	148	119	29
Judicial	173,971	176,971	176,161	810
Legislature	34,027	34,033	33,868	165
Capitals	-	29,480	4,231	25,249
<b>TOTAL EXPENDITURES</b>	<b>10,902,725</b>	<b>11,038,342</b>	<b>10,894,236</b>	<b>144,106</b>
<b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS</b>	<b>695,303</b>	<b>723,408</b>	<b>604,052</b>	<b>(119,356)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Balances credited to appropriations	34,948	178,895	178,895	-
Unexpended appropriations	(5,212)	(21,054)	(76,158)	(55,104)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>29,736</b>	<b>157,841</b>	<b>102,737</b>	<b>(55,104)</b>
<b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND OTHER ITEMS</b>	<b>725,039</b>	<b>881,249</b>	<b>706,789</b>	<b>(174,460)</b>
<b>BEGINNING FUND BALANCE (BUDGETARY)</b>	-	-	-	-
<b>REMAINING FUND BALANCE (BUDGETARY)</b>	<b>\$ 725,039</b>	<b>\$ 881,249</b>	<b>\$ 706,789</b>	<b>\$ (174,460)</b>
<b>ENDING FUND BALANCE (BUDGETARY)</b>	<b>\$ 725,039</b>	<b>\$ 881,249</b>	<b>\$ 706,789</b>	
<b>AUTHORIZED TRANSFER TO THE:</b>				
Cash Reserve Fund	(725,039)	(881,249)	(706,789)	
<b>REMAINING FUND BALANCE (BUDGETARY)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

The notes are an integral part of the financial statements.

**STATE OF IOWA**

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

June 30, 2014  
(Expressed in Thousands)

<b>Fund balance- budgetary/legal</b>	<b>\$ 706,789</b>
Basis of accounting differences:	
Balance sheet accounts:	
Accounts receivable	271,107
Loans receivable	202
Due from other funds	4,003
Prepaid expenditures	22,892
Accounts payable & accruals	(118,604)
Due to other funds	(96,648)
Unearned revenue	(8,230)
Deferred revenue	(179,637)
Budgetary unexpended appropriations	76,158
Timing differences:	
Petty cash & inventory expensed in budgetary accounting	15,212
Perspective differences	<u>2,091,089</u>
<b>Total fund balance - GAAP basis</b>	<b><u><u>\$ 2,784,333</u></u></b>

The notes are an integral part of the financial statements.

# STATE OF IOWA

## Required Supplementary Information

### Notes to Required Supplementary Information – Budgetary Reporting

#### BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

During the year ended June 30, 2014, actual expenditures exceeded budgeted expenditures in the General Fund in the Justice function.

For the Justice function, the Department of Public Defense received additional federal funds over budgeted amounts and expended those funds on allowable expenditures.

#### BUDGETARY PRESENTATION

The budget encompasses the General Fund of the State and some Special Revenue Funds (IOWAccess Revolving Fund, Real Estate Education, Medicaid Fraud Fund, Unclaimed Winnings, Vertical Infrastructure Fund, Federal Economic Stimulus and Jobs Holding Fund, Environment First Fund, Technology Reinvestment Fund, Federal Recovery and Reinvestment Fund, Revenue Bonds Capital II Fund, Revenue Bonds Capital Fund, Health Care Trust, Underground Storage Tank Unassigned Revenue, Tobacco Tax Exempt Bond Proceeds Restricted Capital, Endowment for Iowa's Health Restricted Capitals Fund, Resources Enhancement and Protection Fund, Land Recycling Fund, Fish and Game Trust Fund, Conservation Administration Fund, Forestry Management Enhancement Fund, Water Quality Protection, National Pollutant Discharge Elimination System Permit, Workforce Development Withholding, Local Housing Assistance, Wine and Beer Promotion Board Fund, Grow Iowa Values Fund, Renewable Fuel Infrastructure Fund, State Housing Trust Fund, Special Contingency Fund, School Infrastructure Fund, Stafford Loan Program, Nonparticipating Provider Reimbursement Fund, Department of Human Services Reinvestment Fund, Pharmaceutical Settlement Fund, Health Care Transformation Fund, Hospital Health Care Access Trust Fund, IowaCare Fund, Quality Assurance Fund, Mortgage Serving Settlement Fund, Primary Road Fund, State Aviation Fund, and Court Technology and Modernization 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 major Special Revenue Funds, Tobacco Settlement Authority and Tobacco Collections Fund, do not have legally adopted budgets and, therefore, are not displayed. The nonmajor Special Revenue Funds are displayed with the combining financial statements and schedules for nonmajor funds in the supplementary information section.

The original budget and related estimated revenues and expenditures represent the spending authority enacted into law by the appropriations bills as of July 1, 2013 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 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.

Departments may request revisions to 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 the fiscal year-end and all unencumbered or unobligated balances revert to the State treasury, unless otherwise provided.

# STATE OF IOWA

## Required Supplementary Information

### Notes to Required Supplementary Information – Budgetary Reporting

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.

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 Fund and budgeted Special Revenue Funds presenting detail of the legal level of control and actual expenditures are available from the Department of Management.

#### **GENERAL FUND EXPENDITURE LIMITATION**

The Code of Iowa, section 8.54, establishes a state General Fund expenditure limitation of 99.0% of the adjusted revenue estimate. The adjusted revenue estimate is the appropriated 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 into 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 the new revenue source, multiplied by 95.0%. If a new revenue source is established and implemented, the original General Fund expenditure limitation amount shall be readjusted to include 95.0% of the estimated revenue from the new 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.

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 shall not submit and the General Assembly shall not pass a budget which in order to balance assumes reversion of a specific amount for the total of the appropriations included in the budget.

# STATE OF IOWA

## Required Supplementary Information

### Notes to Required Supplementary Information – Budgetary Reporting

#### 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 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. The maximum balance of the fund is equal to 2.5% 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 distributed as follows: (1) the first sixty million dollars of the difference between the actual net revenue for the General Fund of the State and the adjusted revenue for the fiscal year shall be transferred to the Taxpayers Trust Fund established in Iowa Code section 8.57E; (2) the remainder of the excess, if any, shall be transferred to the General Fund of the State. The moneys in this fund may be appropriated by the General Assembly for emergency expenditures; and there is appropriated to the Executive Council an amount sufficient to pay expenses authorized by the Executive Council in Iowa Code section 7D.29. However, except as provided in Iowa Code 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 payment of state obligations. Interest or earnings on moneys deposited in the Iowa Economic Emergency Fund are credited to the Rebuild Iowa Infrastructure Fund established in Iowa Code section 8.57.6.

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 to be considered part of the General Fund of the State except in determining the cash position of the State. The moneys in the Cash Reserve Fund cannot 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% of the adjusted revenue estimated 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 3.75% 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

### Required Supplementary Information Schedules of Funding Progress

(Expressed in Thousands)

#### PENSION PLANS

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

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL As A Percentage Of Covered Payroll
2012	July 1, 2012	\$ 292,910	\$ 480,157	\$ 187,247	61.00%	\$ 43,902	426.51%
2013	July 1, 2013	319,442	498,469	179,027	64.08%	43,985	407.02%
2014	July 1, 2014	360,064	515,860	155,796	69.80%	43,845	355.33%

\* The entry age actuarial cost method is used to calculate the actuarial accrued liability and annual required contribution.

##### Judicial Retirement System

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL As A Percentage Of Covered Payroll
2012	July 1, 2012	\$ 117,272	\$ 170,232	\$ 52,960	68.89%	\$ 25,760	205.59%
2013	July 1, 2013	127,353	178,725	51,372	71.26%	28,278	181.67%
2014	July 1, 2014	142,589	183,916	41,327	77.53%	28,203	146.53%

\* The entry age actuarial cost method is used to calculate the actuarial accrued liability and annual required contribution.

#### OTHER POSTEMPLOYMENT BENEFITS

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL As A Percentage Of Covered Payroll
<b>State Plan *</b>							
2012	July 1, 2010	\$ -	\$ 377,933	\$ 377,933	0.00%	\$ 1,656,131	22.82%
2013	July 1, 2012	-	233,209	233,209	0.00%	1,750,968	13.32%
2014	July 1, 2012	-	233,209	233,209	0.00%	1,750,968	13.32%
<b>University Funds **</b>							
2012	July 1, 2011	\$ -	\$ 270,300	\$ 270,300	0.00%	\$ 1,274,700	21.20%
2013	July 1, 2012	-	293,180	293,180	0.00%	1,349,100	21.73%
2014	July 1, 2013	-	383,700	383,700	0.00%	1,394,400	27.52%

\* The entry age actuarial cost method is used to calculate the actuarial accrued liability and the annual required contribution.

\*\* The projected unit credit method is used to calculate the actuarial accrued liability and the annual required contribution.

Pension Trust funds and Other Postemployment Benefits are discussed in detail in the Notes to the Financial Statements (see NOTE 15 - PENSION PLANS and NOTE 16 - OTHER POSTEMPLOYMENT BENEFITS).

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, 2014  
(Expressed in Thousands)

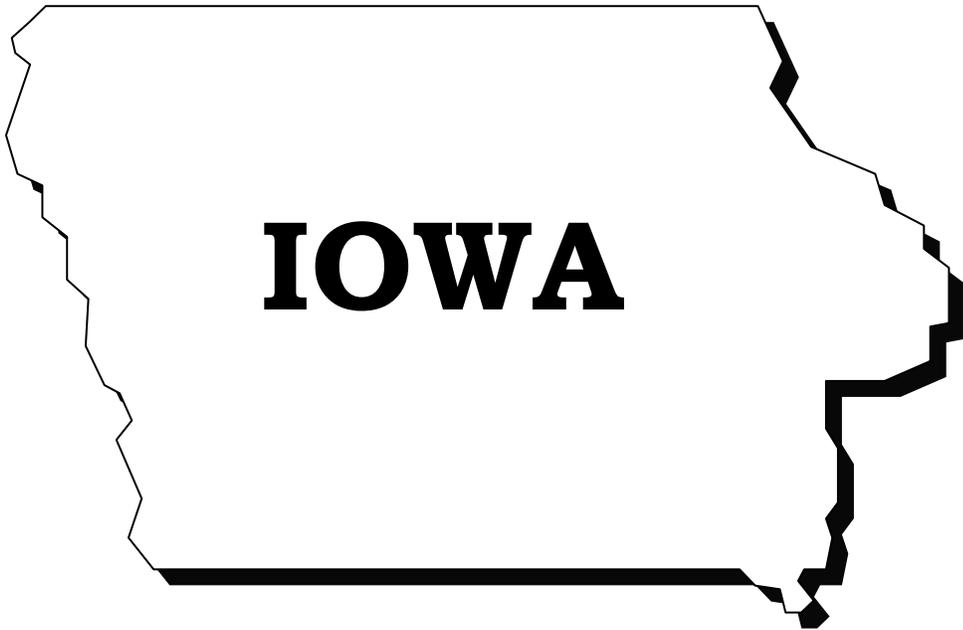
	<b>SPECIAL REVENUE FUNDS</b>	<b>CAPITAL PROJECTS FUNDS</b>	<b>PERMANENT FUNDS</b>	<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>				
Current assets:				
Cash & investments	\$ 80,564	\$ 18,718	\$ 16,029	\$ 115,311
Deposits with trustees	-	81	-	81
Accounts receivable (net)	15,897	887	68	16,852
Loans receivable (net)	452	-	-	452
Due from other funds	710	3,534	-	4,244
Inventory	133	-	-	133
Prepaid expenditures	97	-	-	97
Total current assets	<u>97,853</u>	<u>23,220</u>	<u>16,097</u>	<u>137,170</u>
Noncurrent assets:				
Accounts receivable (net)	9,050	-	-	9,050
Loans receivable (net)	1,378	-	-	1,378
Total noncurrent assets	<u>10,428</u>	<u>-</u>	<u>-</u>	<u>10,428</u>
<b>TOTAL ASSETS</b>	<b>\$ 108,281</b>	<b>\$ 23,220</b>	<b>\$ 16,097</b>	<b>\$ 147,598</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable & accruals	\$ 4,876	\$ 9,731	\$ -	\$ 14,607
Due to other funds	22,504	233	-	22,737
Unearned revenue	250	-	-	250
<b>TOTAL LIABILITIES</b>	<b>27,630</b>	<b>9,964</b>	<b>-</b>	<b>37,594</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	13,291	281	-	13,572
<b>FUND BALANCES</b>				
Nonspendable	230	-	16,097	16,327
Spendable:				
Restricted	49,030	1,966	-	50,996
Committed	18,115	11,009	-	29,124
Unassigned	(15)	-	-	(15)
<b>TOTAL FUND BALANCES</b>	<b>67,360</b>	<b>12,975</b>	<b>16,097</b>	<b>96,432</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCES</b>	<b>\$ 108,281</b>	<b>\$ 23,220</b>	<b>\$ 16,097</b>	<b>\$ 147,598</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, 2014  
(Expressed in Thousands)

	<b>SPECIAL REVENUE FUNDS</b>	<b>CAPITAL PROJECTS FUNDS</b>	<b>PERMANENT FUNDS</b>	<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>				
Receipts from other entities	\$ 4,970	\$ 4,542	\$ -	\$ 9,512
Investment income	2,423	-	394	2,817
Fees, licenses & permits	37,435	-	-	37,435
Refunds & reimbursements	9,104	53	-	9,157
Sales, rents & services	3,647	-	-	3,647
Miscellaneous	15,468	-	68	15,536
<b>GROSS REVENUES</b>	<b>73,047</b>	<b>4,595</b>	<b>462</b>	<b>78,104</b>
Less revenue refunds	1,790	-	-	1,790
<b>NET REVENUES</b>	<b>71,257</b>	<b>4,595</b>	<b>462</b>	<b>76,314</b>
<b>EXPENDITURES</b>				
Current:				
Administration & regulation	13,412	-	-	13,412
Education	14,311	-	-	14,311
Health & human rights	503	-	-	503
Human services	207	-	-	207
Justice & public defense	1,046	23	-	1,069
Transportation	127	-	-	127
Agriculture & natural resources	996	6,194	-	7,190
Capital outlay:				
Administration & regulation	1	3,409	-	3,410
Education	111	367	-	478
Health & human rights	16	14,746	-	14,762
Human services	55	764	-	819
Justice & public defense	117	12,814	-	12,931
Economic development	-	3	-	3
Transportation	96	-	-	96
Agriculture & natural resources	21	11,794	-	11,815
Debt service:				
Payment to escrow agent	35,841	-	-	35,841
<b>TOTAL EXPENDITURES</b>	<b>66,860</b>	<b>50,114</b>	<b>-</b>	<b>116,974</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,397</b>	<b>(45,519)</b>	<b>462</b>	<b>(40,660)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	24,626	44,642	-	69,268
Transfers out	(51,326)	(1,305)	(444)	(53,075)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(26,700)</b>	<b>43,337</b>	<b>(444)</b>	<b>16,193</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(22,303)</b>	<b>(2,182)</b>	<b>18</b>	<b>(24,467)</b>
<b>FUND BALANCES - JULY 1</b>	<b>89,663</b>	<b>15,157</b>	<b>16,079</b>	<b>120,899</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 67,360</b>	<b>\$ 12,975</b>	<b>\$ 16,097</b>	<b>\$ 96,432</b>



# 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.

**Guaranty Agency Operating** fund receives collections on defaulted student loans, default aversion fees, account maintenance fees and interest to pay for the operating of the Iowa guaranteed loan program.

**Honey Creek Authority** accounts for bond proceeds issued for the development of Honey Creek Park. The bonds were to be repaid from net revenues of the park. Per House File 648, the bonds were defeased during FY2014. As a result, the fund does not have a fund balance at June 30, 2014, nor does it have balances on the balance sheet.

**Quality Assurance Trust Fund** receives nursing facility quality assurance assessments imposed by Chapter 249L of the Code of Iowa. These funds are to be used for reimbursement of services for which federal financial participation under the medical assistance program is available to match state funds.

**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, 2014  
(Expressed in Thousands)

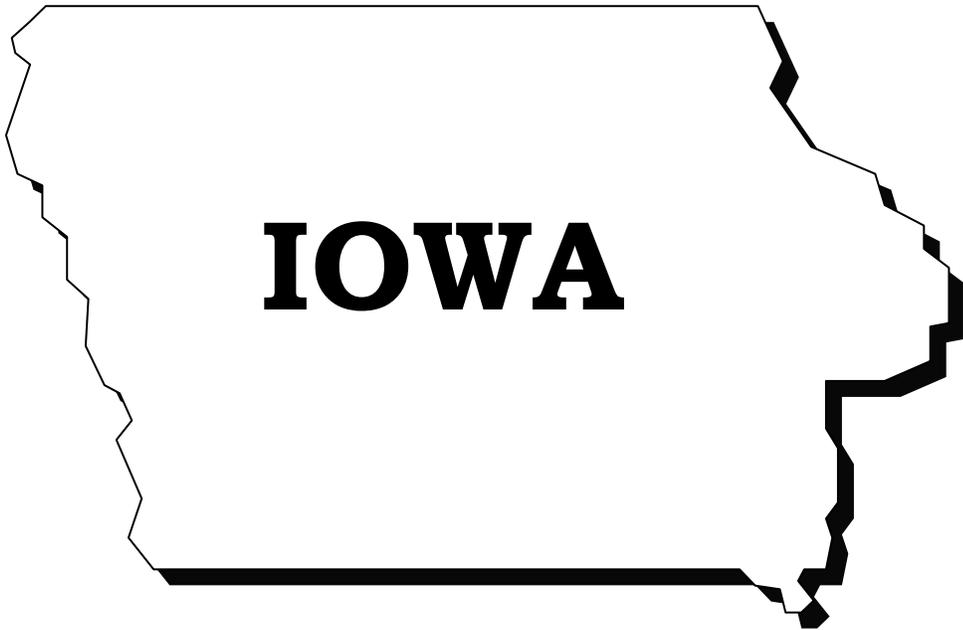
	<b>GUARANTY AGENCY OPERATING</b>	<b>HONEY CREEK AUTHORITY</b>	<b>QUALITY ASSURANCE TRUST FUND</b>	<b>IOWA PUBLIC TELEVISION FOUNDATION</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Current assets:						
Cash & investments	\$ 23,562	\$ -	\$ 510	\$ 10,252	\$ 46,240	\$ 80,564
Accounts receivable (net)	5,107	-	7,264	2,287	1,239	15,897
Loans receivable (net)	306	-	-	-	146	452
Due from other funds	80	-	9	105	516	710
Inventory	-	-	-	26	107	133
Prepaid expenditures	63	-	-	28	6	97
Total current assets	<u>29,118</u>	<u>-</u>	<u>7,783</u>	<u>12,698</u>	<u>48,254</u>	<u>97,853</u>
Noncurrent assets:						
Accounts receivable (net)	8,659	-	-	237	154	9,050
Loans receivable (net)	1,281	-	-	-	97	1,378
Total noncurrent assets	<u>9,940</u>	<u>-</u>	<u>-</u>	<u>237</u>	<u>251</u>	<u>10,428</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 39,058</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,783</u></b>	<b><u>\$ 12,935</u></b>	<b><u>\$ 48,505</u></b>	<b><u>\$ 108,281</u></b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable & accruals	\$ 3,060	\$ -	\$ -	\$ 302	\$ 1,514	\$ 4,876
Due to other funds	54	-	5,589	478	16,383	22,504
Unearned revenue	80	-	-	81	89	250
<b>TOTAL LIABILITIES</b>	<b><u>3,194</u></b>	<b><u>-</u></b>	<b><u>5,589</u></b>	<b><u>861</u></b>	<b><u>17,986</u></b>	<b><u>27,630</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue	<u>10,656</u>	<u>-</u>	<u>249</u>	<u>2,198</u>	<u>188</u>	<u>13,291</u>
<b>FUND BALANCES</b>						
Nonspendable	63	-	-	54	113	230
Spendable:						
Restricted	25,145	-	-	9,822	14,063	49,030
Committed	-	-	1,945	-	16,170	18,115
Unassigned	-	-	-	-	(15)	(15)
<b>TOTAL FUND BALANCES</b>	<b><u>25,208</u></b>	<b><u>-</u></b>	<b><u>1,945</u></b>	<b><u>9,876</u></b>	<b><u>30,331</u></b>	<b><u>67,360</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCES</b>	<b><u>\$ 39,058</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,783</u></b>	<b><u>\$ 12,935</u></b>	<b><u>\$ 48,505</u></b>	<b><u>\$ 108,281</u></b>

**STATE OF IOWA**

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

For the Year Ended June 30, 2014  
(Expressed in Thousands)

	<b>GUARANTY AGENCY OPERATING</b>	<b>HONEY CREEK AUTHORITY</b>	<b>QUALITY ASSURANCE TRUST FUND</b>	<b>IOWA PUBLIC TELEVISION FOUNDATION</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
<b>REVENUES</b>						
Receipts from other entities	\$ 3,771	\$ -	\$ -	\$ -	\$ 1,199	\$ 4,970
Investment income	93	-	21	1,262	1,047	2,423
Fees, licenses & permits	3	-	28,638	-	8,794	37,435
Refunds & reimbursements	8,066	-	-	-	1,038	9,104
Sales, rents & services	-	-	-	-	3,647	3,647
Miscellaneous	-	-	-	7,748	7,720	15,468
<b>GROSS REVENUES</b>	<b>11,933</b>	<b>-</b>	<b>28,659</b>	<b>9,010</b>	<b>23,445</b>	<b>73,047</b>
Less revenue refunds	1	-	-	-	1,789	1,790
<b>NET REVENUES</b>	<b>11,932</b>	<b>-</b>	<b>28,659</b>	<b>9,010</b>	<b>21,656</b>	<b>71,257</b>
<b>EXPENDITURES</b>						
Current:						
Administration & regulation	-	-	-	-	13,412	13,412
Education	9,262	-	-	3,460	1,589	14,311
Health & human rights	-	-	-	-	503	503
Human services	-	-	-	-	207	207
Justice & public defense	-	-	-	-	1,046	1,046
Transportation	-	-	-	-	127	127
Agriculture & natural resources	-	5	-	-	991	996
Capital outlay:						
Administration & regulation	-	-	-	-	1	1
Education	111	-	-	-	-	111
Health & human rights	-	-	-	-	16	16
Human services	-	-	-	-	55	55
Justice & public defense	-	-	-	-	117	117
Transportation	-	-	-	-	96	96
Agriculture & natural resources	-	-	-	-	21	21
Debt service:						
Payment to escrow agent	-	35,841	-	-	-	35,841
<b>TOTAL EXPENDITURES</b>	<b>9,373</b>	<b>35,846</b>	<b>-</b>	<b>3,460</b>	<b>18,181</b>	<b>66,860</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,559</b>	<b>(35,846)</b>	<b>28,659</b>	<b>5,550</b>	<b>3,475</b>	<b>4,397</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	60	6,883	-	-	17,683	24,626
Transfers out	(244)	-	(28,789)	(4,094)	(18,199)	(51,326)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(184)</b>	<b>6,883</b>	<b>(28,789)</b>	<b>(4,094)</b>	<b>(516)</b>	<b>(26,700)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,375</b>	<b>(28,963)</b>	<b>(130)</b>	<b>1,456</b>	<b>2,959</b>	<b>(22,303)</b>
<b>FUND BALANCES - JULY 1</b>	<b>22,833</b>	<b>28,963</b>	<b>2,075</b>	<b>8,420</b>	<b>27,372</b>	<b>89,663</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 25,208</b>	<b>\$ -</b>	<b>\$ 1,945</b>	<b>\$ 9,876</b>	<b>\$ 30,331</b>	<b>\$ 67,360</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, 2014  
(Expressed in Thousands)

	PRIMARY ROAD FUND				FISH AND GAME TRUST FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
<b>APPROPRIATED REVENUE:</b>								
Transfers	\$ 617,200	\$ 617,200	\$ 661,849	\$ 44,649	\$ 203	\$ 203	\$ 671	\$ 468
<b>RECEIPTS CREDITED TO APPROPRIATIONS:</b>								
Beer tax	-	-	-	-	-	-	-	-
Cigarette tax	-	-	-	-	-	-	-	-
Tobacco products tax	-	-	-	-	-	-	-	-
Liquor tax	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Wagering tax receipts	-	-	-	-	-	-	-	-
Individual income tax quarterly	-	-	-	-	-	-	-	-
Sales tax - DOT	5	5	-	(5)	-	-	-	-
Federal support	338,012	338,012	473,654	135,642	11,000	11,000	15,388	4,388
Local governments	4,600	4,600	10,036	5,436	-	-	-	-
Other states	3,000	3,000	22,257	19,257	-	-	-	-
Reimbursements from other agencies	160	160	256	96	-	-	-	-
Governmental fund type transfers from other agencies	-	1	333	332	100	100	399	299
Interest	1	-	-	-	200	200	30	(170)
Bonds & loans	-	-	1,197	1,197	-	-	-	-
Fees, licenses & permits	860	860	2,144	1,284	31,520	31,520	29,695	(1,825)
Refunds & reimbursements	-	-	-	-	200	200	429	229
Sale of real estate	1,710	1,710	4,420	2,710	-	-	110	110
Sale of equipment & salvage	-	-	-	-	20	20	2	(18)
Rents & leases	16	16	21	5	5	5	382	377
Agricultural sales	-	-	-	-	10	10	76	66
Other sales & services	-	-	-	-	502	502	1,393	891
Unearned receipts	-	-	-	-	5	5	154	149
Income tax checkoffs	-	-	-	-	150	150	132	(18)
Other	2,750	2,750	5,088	2,338	540	540	574	34
<b>TOTAL APPROPRIATED RECEIPTS</b>	<b>351,114</b>	<b>351,114</b>	<b>519,406</b>	<b>168,292</b>	<b>44,252</b>	<b>44,252</b>	<b>48,764</b>	<b>4,512</b>
<b>TOTAL REVENUES AVAILABLE</b>	<b>968,314</b>	<b>968,314</b>	<b>1,181,255</b>	<b>212,941</b>	<b>44,455</b>	<b>44,455</b>	<b>49,435</b>	<b>4,980</b>
<b>EXPENDITURES:</b>								
Administration & regulation	-	-	-	-	-	-	-	-
Agriculture & natural resources	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Health & human services	-	-	-	-	-	-	-	-
Justice	-	-	-	-	-	-	-	-
Transportation	522,058	524,661	813,053	(288,392) *	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>522,058</b>	<b>524,661</b>	<b>813,053</b>	<b>(288,392)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TRANSFERS</b>	<b>293,917</b>	<b>302,217</b>	<b>295,426</b>	<b>6,791</b>	<b>48,223</b>	<b>48,223</b>	<b>51,449</b>	<b>(3,226)</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>815,975</b>	<b>826,878</b>	<b>1,108,479</b>	<b>(281,601)</b>	<b>48,223</b>	<b>48,223</b>	<b>51,449</b>	<b>(3,226)</b>
<b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES &amp; TRANSFERS</b>	<b>152,339</b>	<b>141,436</b>	<b>72,776</b>	<b>(68,660)</b>	<b>(3,768)</b>	<b>(3,768)</b>	<b>(2,014)</b>	<b>1,754</b>
<b>FUND BALANCES - JULY 1 (BUDGETARY)</b>	<b>350,666</b>	<b>432,927</b>	<b>432,927</b>	<b>-</b>	<b>9,010</b>	<b>12,545</b>	<b>12,545</b>	<b>-</b>
<b>FUND BALANCES - JUNE 30 (BUDGETARY)</b>	<b>\$ 503,005</b>	<b>\$ 574,363</b>	<b>\$ 505,703</b>	<b>\$ (68,660)</b>	<b>\$ 5,242</b>	<b>\$ 8,777</b>	<b>\$ 10,531</b>	<b>\$ 1,754</b>

(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, 2014  
(Expressed in Thousands)  
(continued)

	<b>REVENUE BONDS CAPITAL FUND</b>				<b>IOWACARE FUND</b>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
<b>APPROPRIATED REVENUE:</b>								
Transfers	\$ -	\$ -	\$ -	\$ -	\$ 12,559	\$ 12,559	\$ 11,921	\$ (638)
<b>RECEIPTS CREDITED TO APPROPRIATIONS:</b>								
Beer tax	-	-	-	-	-	-	-	-
Cigarette tax	-	-	-	-	-	-	-	-
Tobacco products tax	-	-	-	-	-	-	-	-
Liquor tax	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Wagering tax receipts	-	-	-	-	-	-	-	-
Individual income tax quarterly	-	-	-	-	-	-	-	-
Sales tax - DOT	-	-	-	-	-	-	-	-
Federal support	10,712	8,510	8,010	(500)	52,485	50,934	46,620	(4,314)
Local governments	-	-	-	-	21,000	21,000	21,000	-
Other states	-	-	-	-	-	-	-	-
Reimbursements from other agencies	-	-	-	-	-	-	-	-
Governmental fund type transfers from other agencies	-	-	-	-	-	-	-	-
Interest	36	24	4	(20)	22	22	12	(10)
Bonds & loans	-	-	-	-	-	-	-	-
Fees, licenses & permits	-	-	-	-	-	-	-	-
Refunds & reimbursements	-	-	-	-	-	-	-	-
Sale of real estate	-	-	-	-	-	-	-	-
Sale of equipment & salvage	-	-	-	-	-	-	-	-
Rents & leases	-	-	-	-	-	-	-	-
Agricultural sales	-	-	-	-	-	-	-	-
Other sales & services	-	-	-	-	-	-	697	697
Unearned receipts	-	-	-	-	-	-	638	638
Income tax checkoffs	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>TOTAL APPROPRIATED RECEIPTS</b>	<b>10,748</b>	<b>8,534</b>	<b>8,014</b>	<b>(520)</b>	<b>73,507</b>	<b>71,956</b>	<b>68,967</b>	<b>(2,989)</b>
<b>TOTAL REVENUES AVAILABLE</b>	<b>10,748</b>	<b>8,534</b>	<b>8,014</b>	<b>(520)</b>	<b>86,066</b>	<b>84,515</b>	<b>80,888</b>	<b>(3,627)</b>
<b>EXPENDITURES:</b>								
Administration & regulation	19,065	44,766	34,946	9,820	-	-	-	-
Agriculture & natural resources	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Health & human services	-	-	-	-	40,003	44,158	39,834	4,324
Justice	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>19,065</b>	<b>44,766</b>	<b>34,946</b>	<b>9,820</b>	<b>40,003</b>	<b>44,158</b>	<b>39,834</b>	<b>4,324</b>
<b>TRANSFERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,202</b>	<b>50,202</b>	<b>42,546</b>	<b>7,656</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>19,065</b>	<b>44,766</b>	<b>34,946</b>	<b>9,820</b>	<b>90,205</b>	<b>94,360</b>	<b>82,380</b>	<b>11,980</b>
<b>REVENUES AVAILABLE OVER (UNDER)</b>								
<b>EXPENDITURES &amp; TRANSFERS</b>	<b>(8,317)</b>	<b>(36,232)</b>	<b>(26,932)</b>	<b>9,300</b>	<b>(4,139)</b>	<b>(9,845)</b>	<b>(1,492)</b>	<b>8,353</b>
<b>FUND BALANCES - JULY 1 (BUDGETARY)</b>	<b>(111)</b>	<b>53,401</b>	<b>53,401</b>	<b>-</b>	<b>-</b>	<b>5,706</b>	<b>5,706</b>	<b>-</b>
<b>FUND BALANCES - JUNE 30 (BUDGETARY)</b>	<b>\$ (8,428)</b>	<b>\$ 17,169</b>	<b>\$ 26,469</b>	<b>\$ 9,300</b>	<b>\$ (4,139)</b>	<b>\$ (4,139)</b>	<b>\$ 4,214</b>	<b>\$ 8,353</b>

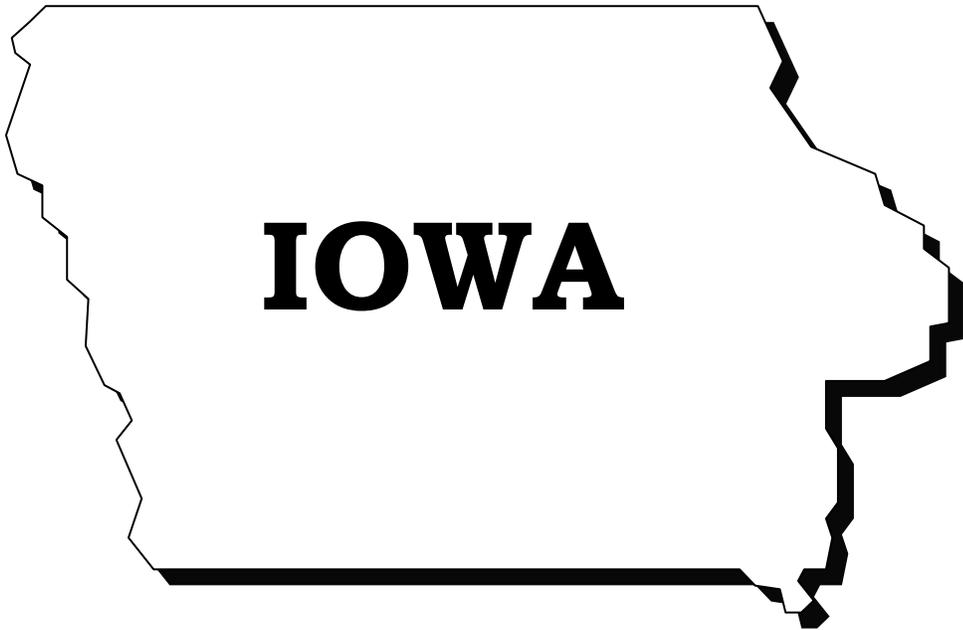
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**STATE OF IOWA**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Budgetary Basis**  
**Nonmajor Special Revenue Funds**

For the Year Ended June 30, 2014  
(Expressed in Thousands)  
(continued)

	OTHER FUNDS				TOTAL			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
<b>APPROPRIATED REVENUE:</b>								
Transfers	\$ 112,455	\$ 111,029	\$ 91,527	\$ (19,502)	\$ 742,417	\$ 740,991	\$ 765,968	\$ 24,977
<b>RECEIPTS CREDITED TO APPROPRIATIONS:</b>								
Beer tax	25	25	48	23	25	25	48	23
Cigarette tax	224,416	194,200	194,479	279	224,416	194,200	194,479	279
Tobacco products tax	-	30,000	30,895	895	-	30,000	30,895	895
Liquor tax	200	200	257	57	200	200	257	57
Other taxes	1,600	1,600	-	(1,600)	1,600	1,600	-	(1,600)
Wagering tax receipts	4,996	4,996	4,998	2	4,996	4,996	4,998	2
Individual income tax quarterly	4,000	4,000	4,000	-	4,000	4,000	4,000	-
Sales tax - DOT	-	-	-	-	5	5	-	(5)
Federal support	82,399	82,398	46,606	(35,792)	494,608	490,854	590,278	99,424
Local governments	1,125	1,125	1,096	(29)	26,725	26,725	32,132	5,407
Other states	-	-	(1)	(1)	3,000	3,000	22,256	19,256
Reimbursements from other agencies	3,910	3,910	2,350	(1,560)	4,070	4,070	2,606	(1,464)
Governmental fund type transfers from other agencies	100	125	451	326	200	226	1,183	957
Interest	6,160	1,010	807	(203)	6,419	1,256	853	(403)
Bonds & loans	4,785	4,785	12,206	7,421	4,785	4,785	13,403	8,618
Fees, licenses & permits	72,821	72,815	73,366	551	105,201	105,195	105,205	10
Refunds & reimbursements	6,932	7,170	11,768	4,598	7,132	7,370	12,197	4,827
Sale of real estate	-	-	-	-	1,710	1,710	4,530	2,820
Sale of equipment & salvage	-	-	-	-	20	20	2	(18)
Rents & leases	-	-	-	-	21	21	403	382
Agricultural sales	-	-	-	-	10	10	76	66
Other sales & services	365	365	455	90	867	867	2,545	1,678
Unearned receipts	305	305	203	(102)	310	310	995	685
Income tax checkoffs	-	-	-	-	150	150	132	(18)
Other	473	486	439	(47)	3,763	3,776	6,101	2,325
<b>TOTAL APPROPRIATED RECEIPTS</b>	<b>414,612</b>	<b>409,515</b>	<b>384,423</b>	<b>(25,092)</b>	<b>894,233</b>	<b>885,371</b>	<b>1,029,574</b>	<b>144,203</b>
<b>TOTAL REVENUES AVAILABLE</b>	<b>527,067</b>	<b>520,544</b>	<b>475,950</b>	<b>(44,594)</b>	<b>1,636,650</b>	<b>1,626,362</b>	<b>1,795,542</b>	<b>169,180</b>
<b>EXPENDITURES:</b>								
Administration & regulation	134,414	147,328	82,314	65,014	153,479	192,094	117,260	74,834
Agriculture & natural resources	20,141	20,141	11,641	8,500	20,141	20,141	11,641	8,500
Economic development	59,371	62,879	13,901	48,978	59,371	62,879	13,901	48,978
Education	14,653	14,653	11,056	3,597	14,653	14,653	11,056	3,597
Health & human services	1,050	1,050	1,024	26	41,053	45,208	40,858	4,350
Justice	2,800	2,683	2,533	150	2,800	2,683	2,533	150
Transportation	4	5	3,421	(3,416) *	522,062	524,666	816,474	(291,808) *
Judicial	2,483	2,483	2,659	(176) *	2,483	2,483	2,659	(176) *
<b>TOTAL EXPENDITURES</b>	<b>234,916</b>	<b>251,222</b>	<b>128,549</b>	<b>122,673</b>	<b>816,042</b>	<b>864,807</b>	<b>1,016,382</b>	<b>(151,575)</b>
<b>TRANSFERS</b>	<b>351,160</b>	<b>116,699</b>	<b>369,173</b>	<b>(252,474)</b>	<b>743,502</b>	<b>517,341</b>	<b>758,594</b>	<b>(241,253)</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>586,076</b>	<b>367,921</b>	<b>497,722</b>	<b>(129,801)</b>	<b>1,559,544</b>	<b>1,382,148</b>	<b>1,774,976</b>	<b>(392,828)</b>
<b>REVENUES AVAILABLE OVER (UNDER)</b>								
<b>EXPENDITURES &amp; TRANSFERS</b>	<b>(59,009)</b>	<b>152,623</b>	<b>(21,772)</b>	<b>(174,395)</b>	<b>77,106</b>	<b>244,214</b>	<b>20,566</b>	<b>(223,648)</b>
<b>FUND BALANCES - JULY 1 (BUDGETARY)</b>	<b>160,395</b>	<b>233,607</b>	<b>233,607</b>	<b>-</b>	<b>519,960</b>	<b>738,186</b>	<b>738,186</b>	<b>-</b>
<b>FUND BALANCES - JUNE 30 (BUDGETARY)</b>	<b>\$ 101,386</b>	<b>\$ 386,230</b>	<b>\$ 211,835</b>	<b>\$ (174,395)</b>	<b>\$ 597,066</b>	<b>\$ 982,400</b>	<b>\$ 758,752</b>	<b>\$ (223,648)</b>

\* Actual expenditures exceeded budgeted expenditures as a result of the receipt and legal expenditure of other non-state funds which have been received for restricted purposes. In the Special Revenue Funds this occurred in the Primary Road Fund and State Aviation Fund in the Transportation function; and the Court Technology and Modernization Fund in the Judicial function.



# 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.

**Endowment for Iowa's Health Restricted Capitals Fund** 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.

**Marine 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.

**2009 Prison Bonding Fund** received net proceeds from the Prison Infrastructure revenue bonds to be used for prison improvements and prison construction projects.

**Other Capital Projects Funds** are aggregated for reporting purposes and account for land acquisition and capital projects related to fish and wildlife, construction of various armories, prison expansion programs and other specific projects.

**STATE OF IOWA**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**

June 30, 2014  
(Expressed in Thousands)

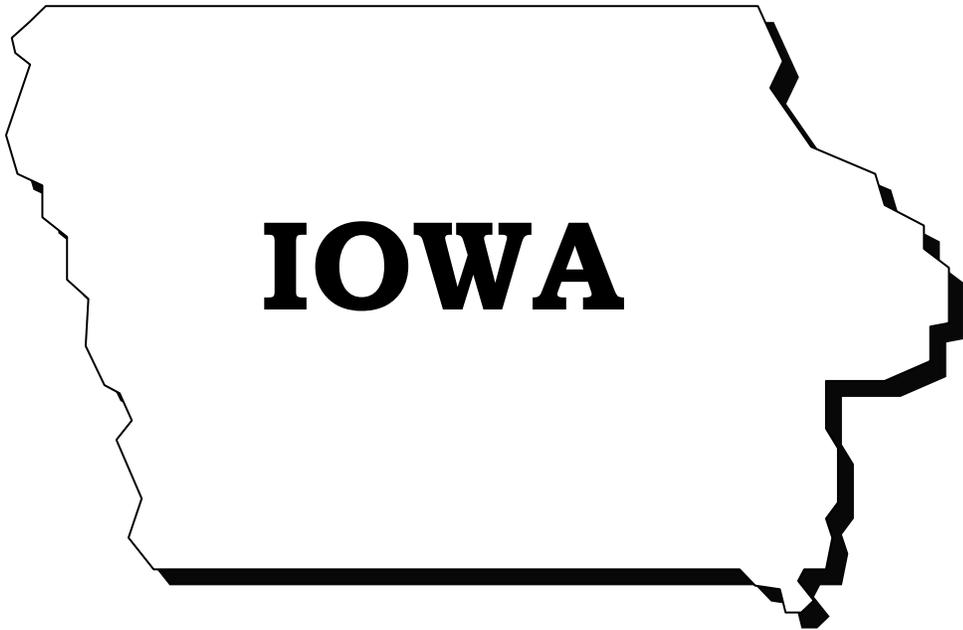
	<b>GENERAL SERVICES CAPITALS FUND</b>	<b>ENDOWMENT FOR IOWA'S HEALTH RESTRICTED CAPITALS FUND</b>	<b>MARINE FUEL TAX CAPITALS FUND</b>	<b>2009 PRISON BONDING FUND</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Current assets:						
Cash & investments	\$ 11,405	\$ 1,735	\$ 4,853	\$ 218	\$ 507	\$ 18,718
Deposits with trustees	-	-	-	-	81	81
Accounts receivable	32	-	855	-	-	887
Due from other funds	1,734	-	500	-	1,300	3,534
<b>TOTAL ASSETS</b>	<b><u>\$ 13,171</u></b>	<b><u>\$ 1,735</u></b>	<b><u>\$ 6,208</u></b>	<b><u>\$ 218</u></b>	<b><u>\$ 1,888</u></b>	<b><u>\$ 23,220</u></b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable & accruals	\$ 7,801	\$ 13	\$ 941	\$ 32	\$ 944	\$ 9,731
Due to other funds	7	-	203	23	-	233
<b>TOTAL LIABILITIES</b>	<b><u>7,808</u></b>	<b><u>13</u></b>	<b><u>1,144</u></b>	<b><u>55</u></b>	<b><u>944</u></b>	<b><u>9,964</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue	-	-	281	-	-	281
<b>FUND BALANCES</b>						
Spendable:						
Restricted	-	1,722	-	163	81	1,966
Committed	5,363	-	4,783	-	863	11,009
<b>TOTAL FUND BALANCES</b>	<b><u>5,363</u></b>	<b><u>1,722</u></b>	<b><u>4,783</u></b>	<b><u>163</u></b>	<b><u>944</u></b>	<b><u>12,975</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCES</b>	<b><u>\$ 13,171</u></b>	<b><u>\$ 1,735</u></b>	<b><u>\$ 6,208</u></b>	<b><u>\$ 218</u></b>	<b><u>\$ 1,888</u></b>	<b><u>\$ 23,220</u></b>

## STATE OF IOWA

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

For the Year Ended June 30, 2014  
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS FUND	ENDOWMENT FOR IOWA'S HEALTH RESTRICTED CAPITALS FUND	MARINE FUEL TAX CAPITALS FUND	2009 PRISON BONDING FUND	OTHER FUNDS	TOTAL
<b>REVENUES</b>						
Receipts from other entities	\$ 3,054	\$ 21	\$ 1,467	\$ -	\$ -	\$ 4,542
Refunds & reimbursements	12	-	41	-	-	53
<b>TOTAL REVENUES</b>	<b>3,066</b>	<b>21</b>	<b>1,508</b>	<b>-</b>	<b>-</b>	<b>4,595</b>
<b>EXPENDITURES</b>						
Current:						
Justice & public defense	-	-	-	23	-	23
Agriculture & natural resources	-	-	597	-	5,597	6,194
Capital outlay:						
Administration & regulation	3,409	-	-	-	-	3,409
Education	367	-	-	-	-	367
Health & human rights	14,746	-	-	-	-	14,746
Human services	764	-	-	-	-	764
Justice & public defense	11,065	318	-	1,229	202	12,814
Economic development	-	3	-	-	-	3
Agriculture & natural resources	180	-	4,763	-	6,851	11,794
<b>TOTAL EXPENDITURES</b>	<b>30,531</b>	<b>321</b>	<b>5,360</b>	<b>1,252</b>	<b>12,650</b>	<b>50,114</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(27,465)</b>	<b>(300)</b>	<b>(3,852)</b>	<b>(1,252)</b>	<b>(12,650)</b>	<b>(45,519)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	30,401	51	2,838	-	11,352	44,642
Transfers out	(51)	-	(1,193)	-	(61)	(1,305)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>30,350</b>	<b>51</b>	<b>1,645</b>	<b>-</b>	<b>11,291</b>	<b>43,337</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,885</b>	<b>(249)</b>	<b>(2,207)</b>	<b>(1,252)</b>	<b>(1,359)</b>	<b>(2,182)</b>
<b>FUND BALANCES - JULY 1</b>	<b>2,478</b>	<b>1,971</b>	<b>6,990</b>	<b>1,415</b>	<b>2,303</b>	<b>15,157</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 5,363</b>	<b>\$ 1,722</b>	<b>\$ 4,783</b>	<b>\$ 163</b>	<b>\$ 944</b>	<b>\$ 12,975</b>



# 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.

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

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

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

**Pilot Grove Trust Fund** accounts for a \$10,000 donation in support and maintenance of the Pilot Grove area. Interest is credited to the Pilot Grove Maintenance Fund, a Special Revenue Fund.

**Henry Albert Trust Fund** accounts for a bequest to the State of Iowa. Interest is credited to the Department of Public Health.

**STATE OF IOWA**

**Combining Balance Sheet  
Nonmajor Permanent Funds**

June 30, 2014

(Expressed in Thousands)

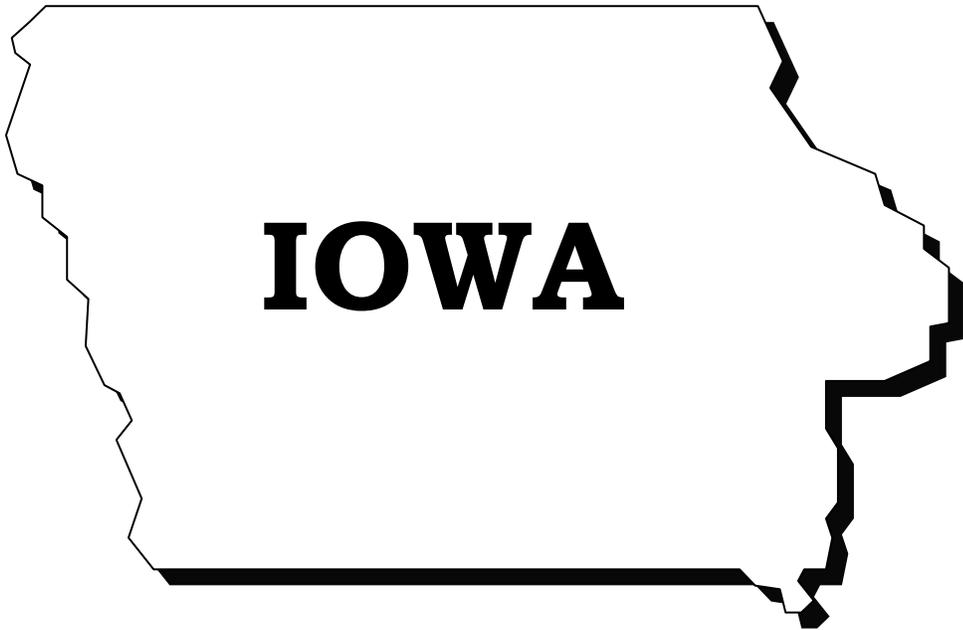
	<b>PERMANENT SCHOOL PRINCIPAL FUND</b>	<b>IOWA CULTURAL TRUST FUND</b>	<b>IOWA PUBLIC TELEVISION FOUNDATION ENDOWMENT</b>	<b>PILOT GROVE TRUST FUND</b>	<b>HENERY ALBERT TRUST FUND</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Current assets:						
Cash & investments	\$ 8,033	\$ 6,186	\$ 1,799	\$ 10	\$ 1	\$ 16,029
Accounts receivable	-	-	68	-	-	68
<b>TOTAL ASSETS</b>	<b><u>\$ 8,033</u></b>	<b><u>\$ 6,186</u></b>	<b><u>\$ 1,867</u></b>	<b><u>\$ 10</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 16,097</u></b>
<b>FUND BALANCES</b>						
Nonspendable	8,033	6,186	1,867	10	1	16,097
<b>TOTAL FUND BALANCES</b>	<b><u>\$ 8,033</u></b>	<b><u>\$ 6,186</u></b>	<b><u>\$ 1,867</u></b>	<b><u>\$ 10</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 16,097</u></b>

**STATE OF IOWA**

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

For the Year Ended June 30, 2014  
(Expressed in Thousands)

	<b>PERMANENT SCHOOL PRINCIPAL FUND</b>	<b>IOWA CULTURAL TRUST FUND</b>	<b>IOWA PUBLIC TELEVISION FOUNDATION ENDOWMENT</b>	<b>PILOT GROVE TRUST FUND</b>	<b>HENERY ALBERT TRUST FUND</b>	<b>TOTAL</b>
<b>REVENUES</b>						
Investment income	\$ -	\$ -	\$ 394	\$ -	\$ -	\$ 394
Miscellaneous	-	-	68	-	-	68
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>462</u>	<u>-</u>	<u>-</u>	<u>462</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	-	(50)	(394)	-	-	(444)
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>(50)</u>	<u>68</u>	<u>-</u>	<u>-</u>	<u>18</u>
<b>FUND BALANCES - JULY 1</b>	<u>8,033</u>	<u>6,236</u>	<u>1,799</u>	<u>10</u>	<u>1</u>	<u>16,079</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 8,033</u>	<u>\$ 6,186</u>	<u>\$ 1,867</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 16,097</u>



# 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 expenses.

**Honey Creek Park** is used to account for development of the destination park and park operations.

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

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

**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 Position  
Nonmajor Enterprise Funds**

June 30, 2014  
(Expressed in Thousands)

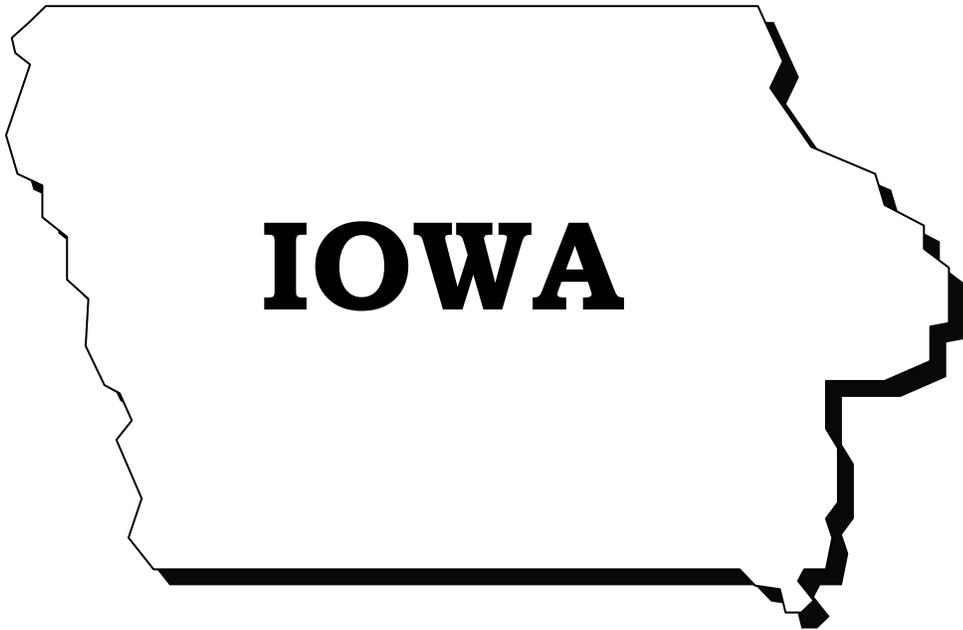
	<b>IOWA COMMUNICATIONS NETWORK</b>	<b>HONEY CREEK PARK</b>	<b>LIQUOR CONTROL ACT</b>	<b>IOWA STATE PRISON INDUSTRIES</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Current assets:						
Cash & investments	\$ 13,651	\$ 595	\$ 16,045	\$ 7,579	\$ 2,985	\$ 40,855
Accounts receivable (net)	11,266	253	7,630	2,169	351	21,669
Due from other funds	6	-	1	3	39	49
Inventory	2,289	225	784	7,371	1,424	12,093
Prepaid expenses	191	214	3	-	321	729
Total current assets	<u>27,403</u>	<u>1,287</u>	<u>24,463</u>	<u>17,122</u>	<u>5,120</u>	<u>75,395</u>
Noncurrent assets:						
Capital assets - nondepreciable	-	-	2,353	3,917	457	6,727
Capital assets - depreciable (net)	18,415	48,060	1,440	4,827	1,290	74,032
Total noncurrent assets	<u>18,415</u>	<u>48,060</u>	<u>3,793</u>	<u>8,744</u>	<u>1,747</u>	<u>80,759</u>
<b>TOTAL ASSETS</b>	<b><u>45,818</u></b>	<b><u>49,347</u></b>	<b><u>28,256</u></b>	<b><u>25,866</u></b>	<b><u>6,867</u></b>	<b><u>156,154</u></b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable & accruals	4,362	393	9,916	1,249	243	16,163
Due to other funds/advances from other funds	-	-	10,789	1,000	148	11,937
Unearned revenue	2,501	710	-	-	103	3,314
Compensated absences	709	-	244	532	225	1,710
Total current liabilities	<u>7,572</u>	<u>1,103</u>	<u>20,949</u>	<u>2,781</u>	<u>719</u>	<u>33,124</u>
Noncurrent liabilities:						
Accounts payable & accruals	374	-	392	508	158	1,432
Unearned revenue	-	-	-	11	-	11
Compensated absences	639	-	132	1,029	226	2,026
Total noncurrent liabilities	<u>1,013</u>	<u>-</u>	<u>524</u>	<u>1,548</u>	<u>384</u>	<u>3,469</u>
<b>TOTAL LIABILITIES</b>	<b><u>8,585</u></b>	<b><u>1,103</u></b>	<b><u>21,473</u></b>	<b><u>4,329</u></b>	<b><u>1,103</u></b>	<b><u>36,593</u></b>
<b>NET POSITION</b>						
Net investment in capital assets	18,415	48,060	3,793	8,744	1,747	80,759
Unrestricted	18,818	184	2,990	12,793	4,017	38,802
<b>TOTAL NET POSITION</b>	<b><u>\$ 37,233</u></b>	<b><u>\$ 48,244</u></b>	<b><u>\$ 6,783</u></b>	<b><u>\$ 21,537</u></b>	<b><u>\$ 5,764</u></b>	<b><u>\$ 119,561</u></b>

## STATE OF IOWA

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

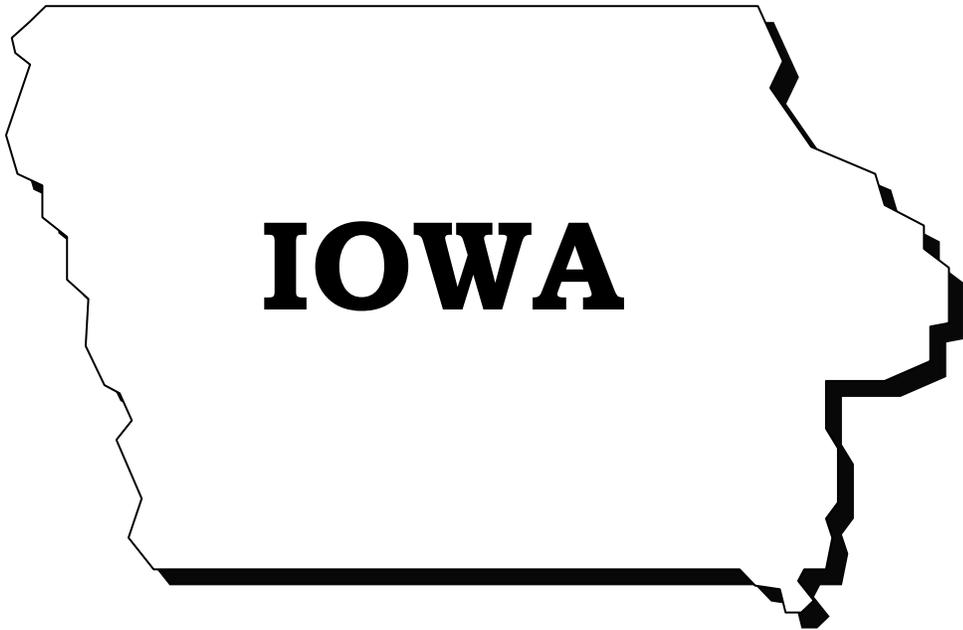
For the Year Ended June 30, 2014  
(Expressed in Thousands)

	IOWA COMMUNICATIONS NETWORK	HONEY CREEK PARK	LIQUOR CONTROL ACT	IOWA STATE PRISON INDUSTRIES	OTHER FUNDS	TOTAL
<b>OPERATING REVENUES</b>						
Fees, licenses & permits	\$ -	\$ -	\$ 16,384	\$ -	\$ 3,756	\$ 20,140
Refunds & reimbursements	-	-	132	-	237	369
Sales, rents & services	32,731	6,095	263,512	28,801	1,403	332,542
Miscellaneous	-	-	2,197	84	656	2,937
<b>TOTAL OPERATING REVENUES</b>	<b>32,731</b>	<b>6,095</b>	<b>282,225</b>	<b>28,885</b>	<b>6,052</b>	<b>355,988</b>
<b>OPERATING EXPENSES</b>						
General & administrative	10,322	5,910	-	34	-	16,266
Depreciation	4,656	1,738	94	588	246	7,322
Direct & other	10,007	-	-	21,168	747	31,922
Personal services	-	-	4,308	1,450	2,824	8,582
Travel & subsistence	-	-	612	45	132	789
Supplies & materials	-	-	65	57	153	275
Contractual services	-	2	3,077	2,129	1,291	6,499
Equipment & repairs	-	-	148	3	16	167
Claims & miscellaneous	11,494	-	171,930	858	98	184,380
Licenses, permits & refunds	-	-	697	-	9	706
State aid & credits	-	-	3,649	-	-	3,649
<b>TOTAL OPERATING EXPENSES</b>	<b>36,479</b>	<b>7,650</b>	<b>184,580</b>	<b>26,332</b>	<b>5,516</b>	<b>260,557</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(3,748)</b>	<b>(1,555)</b>	<b>97,645</b>	<b>2,553</b>	<b>536</b>	<b>95,431</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Taxes	-	-	7,527	-	-	7,527
Investment income	31	1	-	26	6	64
Gain on sale of capital assets	-	-	-	10	17	27
<b>NET NONOPERATING REVENUES</b>	<b>31</b>	<b>1</b>	<b>7,527</b>	<b>36</b>	<b>23</b>	<b>7,618</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>						
Capital contributions & grants	193	121	-	-	-	314
Transfers in	2,307	26,580	-	-	-	28,887
Transfers out	-	-	(102,624)	-	-	(102,624)
<b>CHANGE IN NET POSITION</b>	<b>(1,217)</b>	<b>25,147</b>	<b>2,548</b>	<b>2,589</b>	<b>559</b>	<b>29,626</b>
<b>TOTAL NET POSITION - JULY 1</b>	<b>38,450</b>	<b>23,097</b>	<b>4,235</b>	<b>18,948</b>	<b>5,205</b>	<b>89,935</b>
<b>TOTAL NET POSITION - JUNE 30</b>	<b>\$ 37,233</b>	<b>\$ 48,244</b>	<b>\$ 6,783</b>	<b>\$ 21,537</b>	<b>\$ 5,764</b>	<b>\$ 119,561</b>



**STATE OF IOWA**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
For the Year Ended June 30, 2014  
(Expressed in Thousands)

	<b>IOWA COMMUNICATIONS NETWORK</b>	<b>HONEY CREEK PARK</b>	<b>LIQUOR CONTROL ACT</b>	<b>IOWA STATE PRISON INDUSTRIES</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 32,433	\$ 6,062	\$ 279,400	\$ 29,945	\$ 5,392	\$ 353,232
Cash received from miscellaneous	-	-	2,329	84	656	3,069
Cash payments to suppliers for goods & services	(25,925)	(6,148)	(176,776)	(21,216)	(2,199)	(232,264)
Cash payments to employees for services	(8,474)	-	(4,307)	(1,618)	(2,882)	(17,281)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(1,966)</b>	<b>(86)</b>	<b>100,646</b>	<b>7,195</b>	<b>967</b>	<b>106,756</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in from other funds	2,307	-	-	-	-	2,307
Transfers out to other funds	-	-	(98,117)	-	-	(98,117)
Tax receipts	-	-	7,527	-	-	7,527
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>2,307</b>	<b>-</b>	<b>(90,590)</b>	<b>-</b>	<b>-</b>	<b>(88,283)</b>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>						
Acquisition & construction of capital assets	(1,109)	(98)	(2,250)	(4,046)	(272)	(7,775)
Capital grants & contributions	193	121	-	-	-	314
Proceeds from sale of capital assets	-	-	-	10	17	27
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>(916)</b>	<b>23</b>	<b>(2,250)</b>	<b>(4,036)</b>	<b>(255)</b>	<b>(7,434)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest & dividends on investments	41	1	-	26	6	74
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>41</b>	<b>1</b>	<b>-</b>	<b>26</b>	<b>6</b>	<b>74</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(534)</b>	<b>(62)</b>	<b>7,806</b>	<b>3,185</b>	<b>718</b>	<b>11,113</b>
<b>CASH &amp; CASH EQUIVALENTS - JULY 1</b>	<b>14,185</b>	<b>657</b>	<b>8,239</b>	<b>4,394</b>	<b>2,267</b>	<b>29,742</b>
<b>CASH &amp; CASH EQUIVALENTS - JUNE 30</b>	<b>\$ 13,651</b>	<b>\$ 595</b>	<b>\$ 16,045</b>	<b>\$ 7,579</b>	<b>\$ 2,985</b>	<b>\$ 40,855</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (3,748)	\$ (1,555)	\$ 97,645	\$ 2,553	\$ 536	\$ 95,431
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	4,656	1,738	94	588	246	7,322
(Increase) decrease in accounts receivable	280	(122)	(516)	1,151	7	800
(Increase) decrease in due from	(6)	-	20	(3)	(15)	(4)
(Increase) decrease in inventory	269	(46)	501	2,424	164	3,312
(Increase) decrease in prepaid expenses	187	(11)	5	41	(71)	151
Increase (decrease) in accounts payable	(3,008)	(179)	2,896	(421)	116	(596)
Increase (decrease) in due to	-	-	-	1,000	38	1,038
Increase (decrease) in unearned revenue	(572)	89	-	(4)	4	(483)
Increase (decrease) in compensated absences	(24)	-	1	(134)	(58)	(215)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (1,966)</b>	<b>\$ (86)</b>	<b>\$ 100,646</b>	<b>\$ 7,195</b>	<b>\$ 967</b>	<b>\$ 106,756</b>



# 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 & 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 Position Internal Service Funds

June 30, 2014

(Expressed in Thousands)

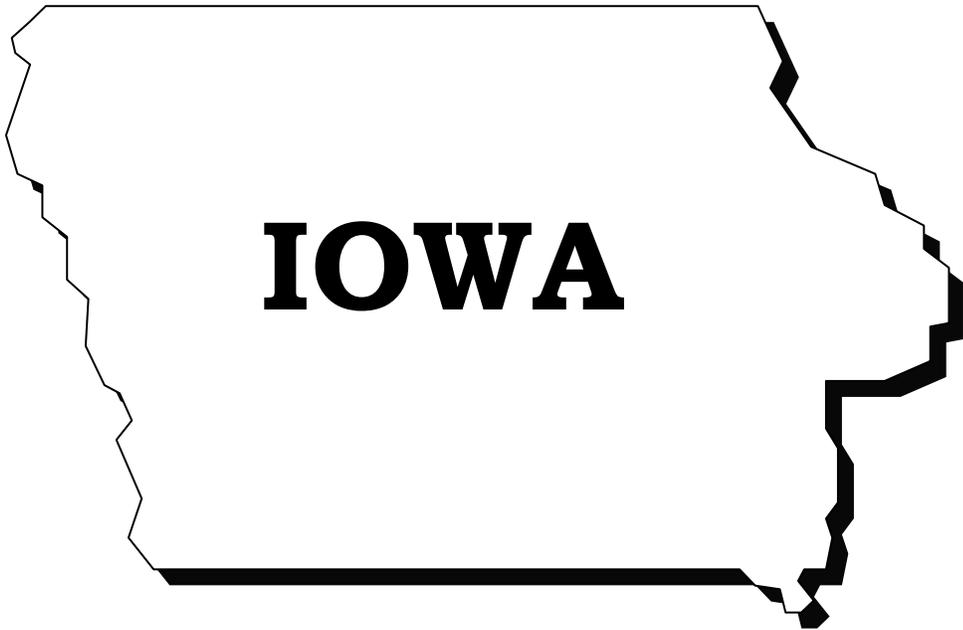
	WORKERS' COMPENSATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	INFORMATION TECHNOLOGY REVOLVING FUND	OTHER FUNDS	TOTAL
<b>ASSETS</b>						
Current assets:						
Cash & investments	\$ 3,396	\$ 15,006	\$ 19,507	\$ 5,376	\$ 15,041	\$ 58,326
Accounts receivable (net)	15	1,344	-	201	947	2,507
Due from other funds/advances to other funds	54,988	369	4,031	5,303	13,120	77,811
Inventory	-	6,133	359	75	2,227	8,794
Prepaid expenses	-	-	-	1,146	1,006	2,152
Total current assets	58,399	22,852	23,897	12,101	32,341	149,590
Noncurrent assets:						
Due from other funds/ advances to other funds	-	-	350	85	-	435
Capital assets - depreciable (net)	-	100,764	-	1,786	3,808	106,358
Total noncurrent assets	-	100,764	350	1,871	3,808	106,793
<b>TOTAL ASSETS</b>	<b>58,399</b>	<b>123,616</b>	<b>24,247</b>	<b>13,972</b>	<b>36,149</b>	<b>256,383</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable & accruals	17,872	9,538	620	3,000	4,641	35,671
Due to other funds/advances from other funds	33	36	11	1,873	9,714	11,667
Unearned revenue	-	-	19,618	-	47	19,665
Compensated absences	-	454	-	1,067	1,320	2,841
Total current liabilities	17,905	10,028	20,249	5,940	15,722	69,844
Noncurrent liabilities:						
Accounts payable & accruals	40,494	402	-	549	1,054	42,499
Due to other funds/advances from other funds	-	-	-	-	350	350
Compensated absences	-	732	-	880	1,390	3,002
Total noncurrent liabilities	40,494	1,134	-	1,429	2,794	45,851
<b>TOTAL LIABILITIES</b>	<b>58,399</b>	<b>11,162</b>	<b>20,249</b>	<b>7,369</b>	<b>18,516</b>	<b>115,695</b>
<b>NET POSITION</b>						
Net investment in capital assets	-	100,764	-	1,786	3,808	106,358
Unrestricted	-	11,690	3,998	4,817	13,825	34,330
<b>TOTAL NET POSITION</b>	<b>\$ -</b>	<b>\$ 112,454</b>	<b>\$ 3,998</b>	<b>\$ 6,603</b>	<b>\$ 17,633</b>	<b>\$ 140,688</b>

**STATE OF IOWA**

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

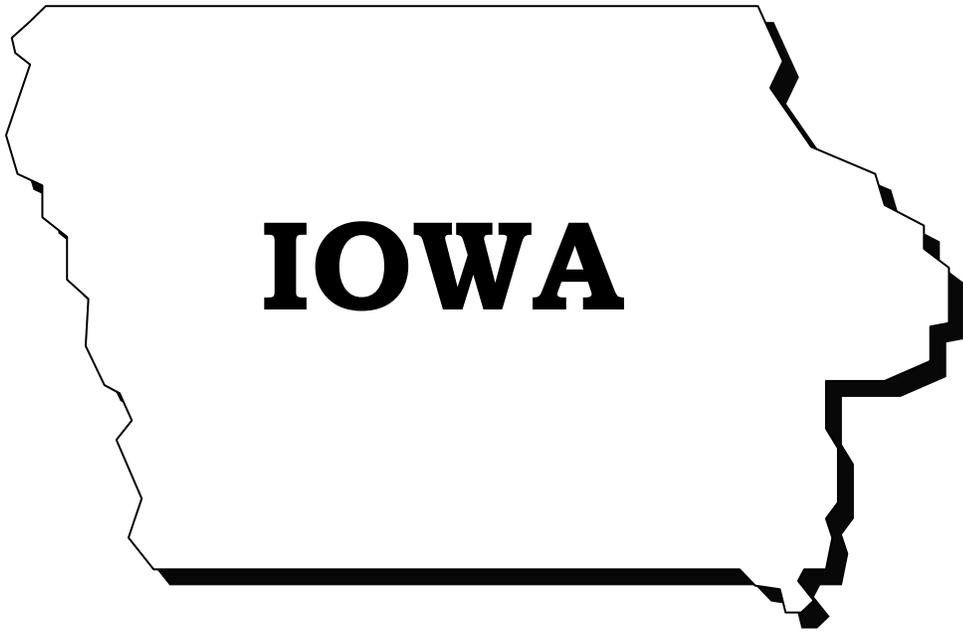
For the Year Ended June 30, 2014  
(Expressed in Thousands)

	<b>WORKERS' COMPENSATION FUND</b>	<b>MATERIALS &amp; EQUIPMENT REVOLVING FUND</b>	<b>DEPRECIATION REVOLVING FUND</b>	<b>INFORMATION TECHNOLOGY REVOLVING FUND</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>						
Receipts from other entities	\$ 28,361	\$ 5,760	\$ 9,897	\$ 47,213	\$ 52,453	\$ 143,684
Fees, licenses & permits	-	-	-	2	-	2
Refunds & reimbursements	245	57,320	192	228	2,116	60,101
Sales, rents & services	-	-	1,567	19	327	1,913
Miscellaneous	-	7,819	-	-	94	7,913
<b>TOTAL OPERATING REVENUES</b>	<b>28,606</b>	<b>70,899</b>	<b>11,656</b>	<b>47,462</b>	<b>54,990</b>	<b>213,613</b>
<b>OPERATING EXPENSES</b>						
Depreciation	-	13,949	-	918	782	15,649
Personal services	-	5,131	-	12,984	15,445	33,560
Travel & subsistence	-	14,455	-	58	10,029	24,542
Supplies & materials	-	26,401	-	872	16,762	44,035
Contractual services	2,254	1,547	-	24,583	8,015	36,399
Equipment & repairs	-	7,866	8,929	7,470	2,412	26,677
Claims & miscellaneous	26,352	8	-	174	1,908	28,442
Licenses, permits & refunds	-	13	-	-	2	15
<b>TOTAL OPERATING EXPENSES</b>	<b>28,606</b>	<b>69,370</b>	<b>8,929</b>	<b>47,059</b>	<b>55,355</b>	<b>209,319</b>
<b>OPERATING INCOME (LOSS)</b>	<b>-</b>	<b>1,529</b>	<b>2,727</b>	<b>403</b>	<b>(365)</b>	<b>4,294</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	-	-	-	21	106	127
Gain on sale of capital assets	-	-	-	-	5	5
Loss on sale of capital assets	-	(30)	-	(106)	(74)	(210)
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b>-</b>	<b>(30)</b>	<b>-</b>	<b>(85)</b>	<b>37</b>	<b>(78)</b>
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>1,499</b>	<b>2,727</b>	<b>318</b>	<b>(328)</b>	<b>4,216</b>
<b>TOTAL NET POSITION - JULY 1</b>	<b>-</b>	<b>110,955</b>	<b>1,271</b>	<b>6,285</b>	<b>17,961</b>	<b>136,472</b>
<b>TOTAL NET POSITION - JUNE 30</b>	<b>\$ -</b>	<b>\$ 112,454</b>	<b>\$ 3,998</b>	<b>\$ 6,603</b>	<b>\$ 17,633</b>	<b>\$ 140,688</b>



**STATE OF IOWA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the Year Ended June 30, 2014  
(Expressed in Thousands)

	WORKERS' COMPENSATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	INFORMATION TECHNOLOGY REVOLVING FUND	OTHER FUNDS	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from other entities	\$ 245	\$ 12,378	\$ 1,572	\$ 58	\$ 2,688	\$ 16,941
Cash received from reciprocal interfund activity	26,109	57,168	10,160	48,334	51,600	193,371
Cash payments to suppliers for goods & services	(26,830)	(44,280)	(9,502)	(33,265)	(39,094)	(152,971)
Cash payments to employees for services	-	(5,139)	-	(12,973)	(15,507)	(33,619)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(476)</b>	<b>20,127</b>	<b>2,230</b>	<b>2,154</b>	<b>(313)</b>	<b>23,722</b>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>						
Acquisition & construction of capital assets	-	(19,802)	-	(1,159)	(1,322)	(22,283)
<b>NET CASH USED BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>-</b>	<b>(19,802)</b>	<b>-</b>	<b>(1,159)</b>	<b>(1,322)</b>	<b>(22,283)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest & dividends on investments	-	-	-	21	106	127
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>106</b>	<b>127</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(476)</b>	<b>325</b>	<b>2,230</b>	<b>1,016</b>	<b>(1,529)</b>	<b>1,566</b>
<b>CASH &amp; CASH EQUIVALENTS - JULY 1</b>	<b>3,872</b>	<b>14,681</b>	<b>17,277</b>	<b>4,360</b>	<b>16,570</b>	<b>56,760</b>
<b>CASH &amp; CASH EQUIVALENTS - JUNE 30</b>	<b>\$ 3,396</b>	<b>\$ 15,006</b>	<b>\$ 19,507</b>	<b>\$ 5,376</b>	<b>\$ 15,041</b>	<b>\$ 58,326</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ -	\$ 1,529	\$ 2,727	\$ 403	\$ (365)	\$ 4,294
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	-	13,949	-	918	782	15,649
(Increase) decrease in accounts receivable	25	(1,201)	5	(191)	151	(1,211)
(Increase) decrease in due from	(2,277)	(65)	(94)	759	264	(1,413)
(Increase) decrease in inventory	-	(531)	(300)	(15)	(256)	(1,102)
(Increase) decrease in prepaid expenses	-	-	-	(337)	54	(283)
Increase (decrease) in accounts payable	1,776	6,541	(273)	244	236	8,524
Increase (decrease) in due to	-	(87)	11	362	(1,088)	(802)
Increase (decrease) in unearned revenue	-	-	154	-	(29)	125
Increase (decrease) in compensated absences	-	(8)	-	11	(62)	(59)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(476)</b>	<b>20,127</b>	<b>2,230</b>	<b>2,154</b>	<b>(313)</b>	<b>23,722</b>



## COMBINING FINANCIAL STATEMENTS

### **Pension and Other Employee Benefit Funds**

Pension Funds account for transactions, assets, liabilities and net position available for plan benefits of the various State employee retirement systems. See NOTE 15 - PENSION PLANS.

**Insurance 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 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 Position Pension and Other Employee Benefit Funds

June 30, 2014

(Expressed in Thousands)

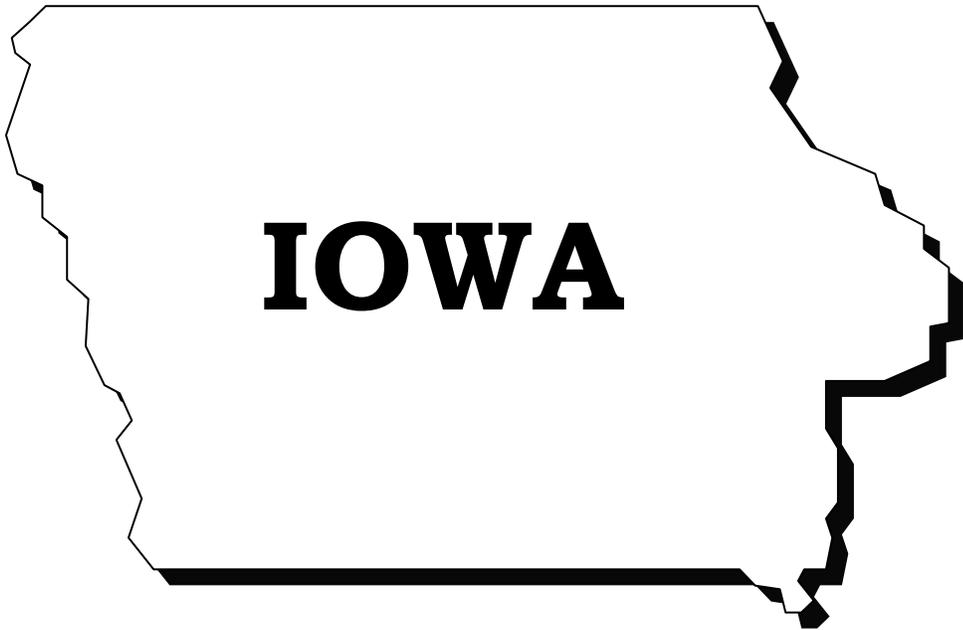
	<b>IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM</b>	<b>PEACE OFFICERS' RETIREMENT SYSTEM</b>	<b>JUDICIAL RETIREMENT SYSTEM</b>	<b>INSURANCE FUND</b>	<b>SPOC INSURANCE FUND</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Cash & cash equivalents	\$ 284,577	\$ 22,029	\$ 3,882	\$ 95	\$ 2,457	\$ 313,040
Receivables:						
Contributions	66,060	488	746	453	-	67,747
Investments sold	422,439	1,602	804	-	-	424,845
Foreign exchange contracts	2,206,740	-	-	-	-	2,206,740
Interest & dividends	83,812	681	-	-	-	84,493
Total receivables	<u>2,779,051</u>	<u>2,771</u>	<u>1,550</u>	<u>453</u>	<u>-</u>	<u>2,783,825</u>
Investments, at fair value:						
Fixed income securities	9,127,799	76,715	35,800	-	-	9,240,314
Equity investments	11,726,469	251,245	106,520	-	-	12,084,234
Real estate partnerships	2,178,305	38,353	10,238	-	-	2,226,896
Investment in private equity/debt	3,074,934	-	-	-	-	3,074,934
Real assets	1,665,875	-	-	-	-	1,665,875
Securities lending collateral pool	413,592	11,341	2,000	-	-	426,933
Securities on loan with brokers	-	11,056	1,950	-	-	13,006
Total investments	<u>28,186,974</u>	<u>388,710</u>	<u>156,508</u>	<u>-</u>	<u>-</u>	<u>28,732,192</u>
Capital assets:						
Land	500	-	-	-	-	500
Other - depreciable (net)	23,498	-	-	-	-	23,498
Total capital assets	<u>23,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,998</u>
Other assets	815	-	-	-	-	815
<b>TOTAL ASSETS</b>	<b><u>31,275,415</u></b>	<b><u>413,510</u></b>	<b><u>161,940</u></b>	<b><u>548</u></b>	<b><u>2,457</u></b>	<b><u>31,853,870</u></b>
<b>LIABILITIES</b>						
Accounts payable & accruals	25,168	314	141	-	-	25,623
Foreign exchange contracts payable	2,209,594	-	-	-	-	2,209,594
Payable for investments purchased	588,815	9,660	3,825	-	-	602,300
Payable to brokers for rebate & collateral	413,288	11,341	2,000	-	-	426,629
<b>TOTAL LIABILITIES</b>	<b><u>3,236,865</u></b>	<b><u>21,315</u></b>	<b><u>5,966</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,264,146</u></b>
<b>NET POSITION</b>						
Restricted for pension/other postemployment benefits	<u>\$ 28,038,550</u>	<u>\$ 392,195</u>	<u>\$ 155,974</u>	<u>\$ 548</u>	<u>\$ 2,457</u>	<u>\$ 28,589,724</u>

## STATE OF IOWA

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

For the Year Ended June 30, 2014  
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	INSURANCE FUND	SPOC INSURANCE FUND	TOTAL
<b>ADDITIONS</b>						
Contributions:						
Member contributions	\$ 429,196	\$ 4,755	\$ 2,637	\$ 830	\$ 276	\$ 437,694
Employer contributions	639,001	17,715	8,630	-	-	665,346
Buy-back/buy-in contributions	14,324	-	-	-	-	14,324
Total contributions	<u>1,082,521</u>	<u>22,470</u>	<u>11,267</u>	<u>830</u>	<u>276</u>	<u>1,117,364</u>
Investment income:						
Net increase in fair value of investments	3,403,949	58,889	24,045	1	-	3,486,884
Interest	306,566	4,497	1,479	1	-	312,543
Dividends	114,751	3,964	1,311	-	-	120,026
Other	141,727	-	-	-	-	141,727
Total investment income	3,966,993	67,350	26,835	2	-	4,061,180
Less investment expense	62,619	1,914	663	-	-	65,196
Net investment income	<u>3,904,374</u>	<u>65,436</u>	<u>26,172</u>	<u>2</u>	<u>-</u>	<u>3,995,984</u>
<b>TOTAL ADDITIONS</b>	<b><u>4,986,895</u></b>	<b><u>87,906</u></b>	<b><u>37,439</u></b>	<b><u>832</u></b>	<b><u>276</u></b>	<b><u>5,113,348</u></b>
<b>DEDUCTIONS</b>						
Pension & annuity benefits	1,764,064	25,432	10,377	-	-	1,799,873
Payments in accordance with agreements	-	-	-	775	419	1,194
Administrative expense	14,866	199	17	-	-	15,082
Refunds	48,121	-	-	-	-	48,121
<b>TOTAL DEDUCTIONS</b>	<b><u>1,827,051</u></b>	<b><u>25,631</u></b>	<b><u>10,394</u></b>	<b><u>775</u></b>	<b><u>419</u></b>	<b><u>1,864,270</u></b>
<b>CHANGE IN NET POSITION</b>	<b><u>3,159,844</u></b>	<b><u>62,275</u></b>	<b><u>27,045</u></b>	<b><u>57</u></b>	<b><u>(143)</u></b>	<b><u>3,249,078</u></b>
<b>NET POSITION - JULY 1</b>	<b><u>24,878,706</u></b>	<b><u>329,920</u></b>	<b><u>128,929</u></b>	<b><u>491</u></b>	<b><u>2,600</u></b>	<b><u>25,340,646</u></b>
<b>NET POSITION - JUNE 30</b>	<b><u>\$ 28,038,550</u></b>	<b><u>\$ 392,195</u></b>	<b><u>\$ 155,974</u></b>	<b><u>\$ 548</u></b>	<b><u>\$ 2,457</u></b>	<b><u>\$ 28,589,724</u></b>



## 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.

**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 the Iowa Veterans Cemetery.

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

**Gaining Early Awareness & Readiness for Undergraduate Programs (GEAR-UP) Fund** accounts for receipts that are set aside for a scholarship program for students who were in the 7th grade in 2009.

**Other Private Purpose Trust Funds** aggregates the Health Organization Insolvency Fund that received a nonrefundable remittance to cover administration costs if a Health Maintenance Organization (HMO) or Limited Service Organization (LSO) declares bankruptcy, donations and fund raising receipts for the benefit of veteran residents and the Wagner Award Fund that 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.

**STATE OF IOWA**

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

June 30, 2014

(Expressed in Thousands)

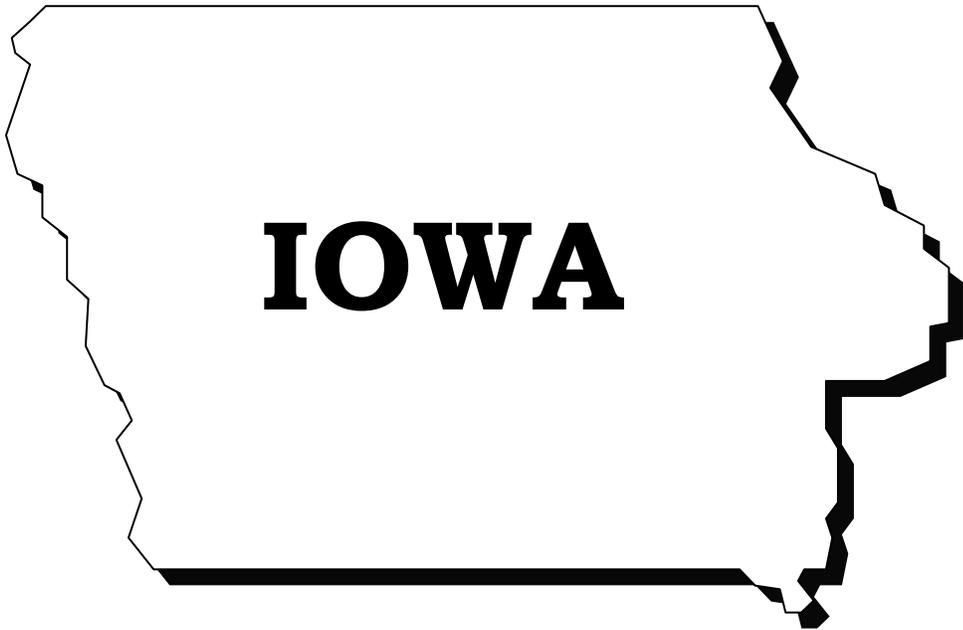
	<b>IOWA EDUCATIONAL SAVINGS PLAN TRUST</b>	<b>IOWA VETERANS TRUST FUND</b>	<b>BRAILLE &amp; SIGHT SAVING SCHOOL FUND</b>	<b>GEAR-UP FUND</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Cash	\$ 1,509	\$ 19,718	\$ -	\$ 7,577	\$ 1,100	\$ 29,904
Accounts receivable (net)	-	227	-	-	3	230
Investments	4,174,231	-	669	9,686	-	4,184,586
Capital assets - depreciable (net)	6	-	-	-	49	55
Prepaid expenses	9	-	-	-	-	9
Inventory	-	-	-	-	8	8
<b>TOTAL ASSETS</b>	<b>4,175,755</b>	<b>19,945</b>	<b>669</b>	<b>17,263</b>	<b>1,160</b>	<b>4,214,792</b>
<b>LIABILITIES</b>						
Accounts payable & accruals	125	39	-	-	73	237
<b>NET POSITION</b>						
Restricted for individuals, organizations & other entities	<u>\$ 4,175,630</u>	<u>\$ 19,906</u>	<u>\$ 669</u>	<u>\$ 17,263</u>	<u>\$ 1,087</u>	<u>\$ 4,214,555</u>

**STATE OF IOWA**

**Combining Statement of Changes in Fiduciary Net Position  
Private Purpose Trust Funds**

For the Year Ended June 30, 2014  
(Expressed in Thousands)

	<b>IOWA EDUCATIONAL SAVINGS PLAN TRUST</b>	<b>IOWA VETERANS TRUST FUND</b>	<b>BRAILLE &amp; SIGHT SAVING SCHOOL FUND</b>	<b>GEAR-UP FUND</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
<b>ADDITIONS</b>						
Contributions:						
Participant contributions	\$ 363,038	\$ -	\$ -	\$ -	\$ 78	\$ 363,116
Other contributions	764	-	-	2,800	22	3,586
Gifts, bequests & endowments	-	2,336	-	-	438	2,774
Total contributions	<u>363,802</u>	<u>2,336</u>	<u>-</u>	<u>2,800</u>	<u>538</u>	<u>369,476</u>
Investment income (loss):						
Net increase (decrease) in fair value of investments	580,010	(10)	54	16	-	580,070
Interest	-	88	10	23	2	123
Total investment income	<u>580,010</u>	<u>78</u>	<u>64</u>	<u>39</u>	<u>2</u>	<u>580,193</u>
<b>TOTAL ADDITIONS</b>	<b><u>943,812</u></b>	<b><u>2,414</u></b>	<b><u>64</u></b>	<b><u>2,839</u></b>	<b><u>540</u></b>	<b><u>949,669</u></b>
<b>DEDUCTIONS</b>						
Distributions to participants	262,682	-	-	-	-	262,682
Other	840	638	64	2	251	1,795
<b>TOTAL DEDUCTIONS</b>	<b><u>263,522</u></b>	<b><u>638</u></b>	<b><u>64</u></b>	<b><u>2</u></b>	<b><u>251</u></b>	<b><u>264,477</u></b>
<b>CHANGE IN NET POSITION</b>	<b><u>680,290</u></b>	<b><u>1,776</u></b>	<b><u>-</u></b>	<b><u>2,837</u></b>	<b><u>289</u></b>	<b><u>685,192</u></b>
<b>NET POSITION - JULY 1</b>	<b><u>3,495,340</u></b>	<b><u>18,130</u></b>	<b><u>669</u></b>	<b><u>14,426</u></b>	<b><u>798</u></b>	<b><u>3,529,363</u></b>
<b>NET POSITION - JUNE 30</b>	<b><u>\$ 4,175,630</u></b>	<b><u>\$ 19,906</u></b>	<b><u>\$ 669</u></b>	<b><u>\$ 17,263</u></b>	<b><u>\$ 1,087</u></b>	<b><u>\$ 4,214,555</u></b>



# 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 Position  
Agency Funds**

June 30, 2014

(Expressed in Thousands)

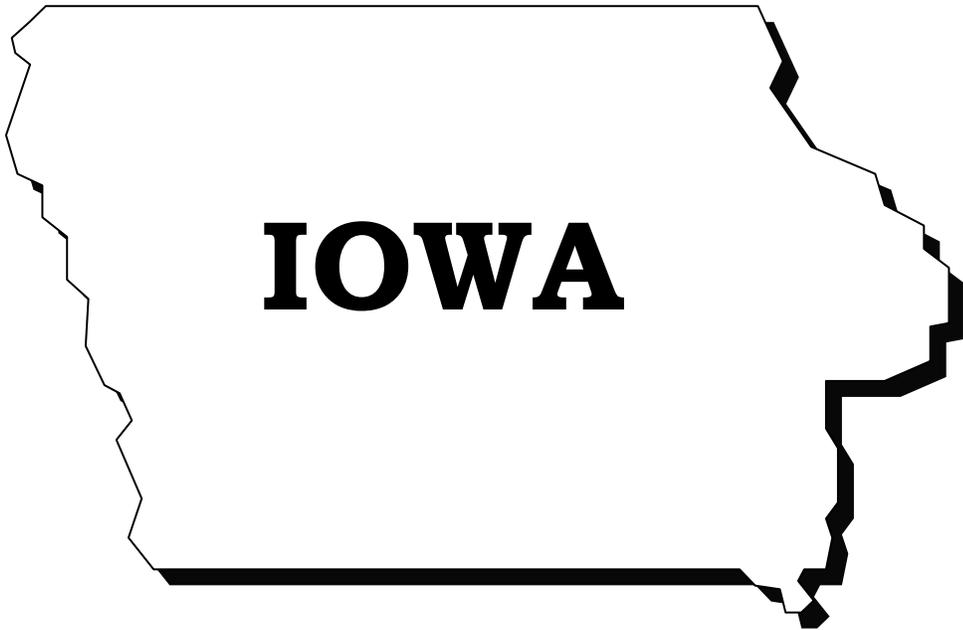
	<b>LOCAL SALES &amp; SERVICES TAX FUND</b>	<b>CENTRALIZED PAYROLL TRUSTEE FUND</b>	<b>JUDICIAL - CLERKS OF DISTRICT COURT</b>	<b>SCHOOL DISTRICT SURTAX CLEARING FUND</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Cash	\$ 65,410	\$ 2,650	\$ 20,768	\$ 92,795	\$ 105,644	\$ 287,267
Accounts receivable (net)	136,457	1,388	-	4,900	57,965	200,710
<b>TOTAL ASSETS</b>	<b><u>\$ 201,867</u></b>	<b><u>\$ 4,038</u></b>	<b><u>\$ 20,768</u></b>	<b><u>\$ 97,695</u></b>	<b><u>\$ 163,609</u></b>	<b><u>\$ 487,977</u></b>
<b>LIABILITIES</b>						
Accounts payable & accruals	\$ 201,867	\$ 4,038	\$ 20,768	\$ 97,695	\$ 163,609	\$ 487,977
<b>TOTAL LIABILITIES</b>	<b><u>\$ 201,867</u></b>	<b><u>\$ 4,038</u></b>	<b><u>\$ 20,768</u></b>	<b><u>\$ 97,695</u></b>	<b><u>\$ 163,609</u></b>	<b><u>\$ 487,977</u></b>

# STATE OF IOWA

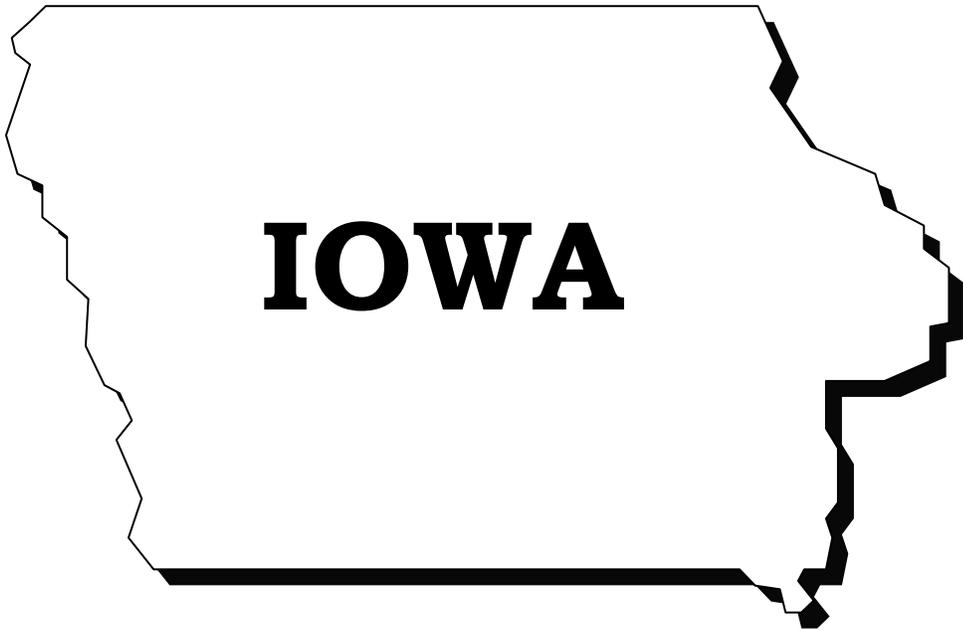
## Combining Statement of Changes in Assets and Liabilities Agency Funds

For the Year Ended June 30, 2014  
(Expressed in Thousands)

	BEGINNING BALANCE	ADDITIONS	DEDUCTIONS	ENDING BALANCE
<b>LOCAL SALES &amp; SERVICES TAX FUND</b>				
<b>ASSETS</b>				
Cash	\$ 22,913	\$ 781,669	\$ 739,172	\$ 65,410
Accounts receivable	128,694	136,456	128,693	136,457
<b>TOTAL ASSETS</b>	<u>\$ 151,607</u>	<u>\$ 918,125</u>	<u>\$ 867,865</u>	<u>\$ 201,867</u>
<b>LIABILITIES</b>				
Accounts payable & accruals	<u>\$ 151,607</u>	<u>\$ 918,125</u>	<u>\$ 867,865</u>	<u>\$ 201,867</u>
<b>CENTRALIZED PAYROLL TRUSTEE FUND</b>				
<b>ASSETS</b>				
Cash	\$ 21,872	\$ 861,084	\$ 880,306	\$ 2,650
Accounts receivable	1,325	1,388	1,325	1,388
<b>TOTAL ASSETS</b>	<u>\$ 23,197</u>	<u>\$ 862,472</u>	<u>\$ 881,631</u>	<u>\$ 4,038</u>
<b>LIABILITIES</b>				
Accounts payable & accruals	<u>\$ 23,197</u>	<u>\$ 862,472</u>	<u>\$ 881,631</u>	<u>\$ 4,038</u>
<b>JUDICIAL - CLERKS OF DISTRICT COURT</b>				
<b>ASSETS</b>				
Cash	\$ 24,784	\$ 294,868	\$ 298,884	\$ 20,768
<b>LIABILITIES</b>				
Accounts payable & accruals	<u>\$ 24,784</u>	<u>\$ 294,868</u>	<u>\$ 298,884</u>	<u>\$ 20,768</u>
<b>SCHOOL DISTRICT SURTAX CLEARING FUND</b>				
<b>ASSETS</b>				
Cash	\$ 102,683	\$ 105,160	\$ 115,048	\$ 92,795
Accounts receivable	7,047	4,900	7,047	4,900
<b>TOTAL ASSETS</b>	<u>\$ 109,730</u>	<u>\$ 110,060</u>	<u>\$ 122,095</u>	<u>\$ 97,695</u>
<b>LIABILITIES</b>				
Accounts payable & accruals	<u>\$ 109,730</u>	<u>\$ 110,060</u>	<u>\$ 122,095</u>	<u>\$ 97,695</u>
<b>OTHER FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ 60,972	\$ 1,370,513	\$ 1,325,841	\$ 105,644
Accounts receivable	59,840	57,965	59,840	57,965
<b>TOTAL ASSETS</b>	<u>\$ 120,812</u>	<u>\$ 1,428,478</u>	<u>\$ 1,385,681</u>	<u>\$ 163,609</u>
<b>LIABILITIES</b>				
Accounts payable & accruals	<u>\$ 120,812</u>	<u>\$ 1,428,478</u>	<u>\$ 1,385,681</u>	<u>\$ 163,609</u>
<b>TOTAL</b>				
<b>ASSETS</b>				
Cash	\$ 233,224	\$ 3,413,294	\$ 3,359,251	\$ 287,267
Accounts receivable	196,906	200,709	196,905	200,710
<b>TOTAL ASSETS</b>	<u>\$ 430,130</u>	<u>\$ 3,614,003</u>	<u>\$ 3,556,156</u>	<u>\$ 487,977</u>
<b>LIABILITIES</b>				
Accounts payable & accruals	<u>\$ 430,130</u>	<u>\$ 3,614,003</u>	<u>\$ 3,556,156</u>	<u>\$ 487,977</u>



STATISTICAL  
SECTION



**STATE OF IOWA**  
**STATISTICAL SECTION**  
**TABLE OF CONTENTS**

This part of the State of Iowa's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State's overall financial health.

	<b><u>Schedule</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.	<b>1 - 4</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the State's most significant revenue source, individual income tax.	<b>5 - 7</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.	<b>8 - 9</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.	<b>10 - 11</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs. A schedule of current expenditures is also included.	<b>12 - 15</b>

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**STATE OF IOWA**  
**Net Position by Component**  
For the Last Ten Fiscal Years  
(Accrual Basis of Accounting Expressed in Thousands)

**Schedule 1**

	Fiscal Year									
	2005	2006	2007	2008 <sup>(1)</sup>	2009 <sup>(2)</sup>	2010 <sup>(3)</sup>	2011 <sup>(4)</sup>	2012 <sup>(5)</sup>	2013 <sup>(6)</sup>	2014
<b>Governmental activities</b>										
Net investment in capital assets	\$ 5,681,408	\$ 5,878,568	\$ 6,071,498	\$ 6,193,796	\$ 6,489,500	\$ 6,880,376	\$ 7,042,318	\$ 7,297,964	\$ 7,579,657	\$ 7,960,096
Restricted	1,209,109	1,190,851	954,614	1,096,738	981,399	1,190,535	1,217,229	1,066,451	1,085,008	1,064,266
Unrestricted	133,884	282,317	612,506	490,372	145,222	(86,726)	(226,038)	90,401	525,989	413,880
Total governmental activities net position	<u>\$ 7,024,401</u>	<u>\$ 7,351,736</u>	<u>\$ 7,638,618</u>	<u>\$ 7,780,906</u>	<u>\$ 7,616,121</u>	<u>\$ 7,984,185</u>	<u>\$ 8,033,509</u>	<u>\$ 8,454,816</u>	<u>\$ 9,190,654</u>	<u>\$ 9,438,242</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 1,783,485	\$ 1,874,011	\$ 1,962,371	\$ 1,997,070	\$ 2,234,564	\$ 2,268,065	\$ 2,364,752	\$ 2,534,247	\$ 2,700,019	\$ 2,916,998
Restricted	1,221,333	1,353,063	1,377,602	1,490,766	1,286,727	991,124	1,127,606	1,368,589	1,538,055	1,662,891
Unrestricted	761,180	785,313	965,010	1,073,688	968,103	1,347,744	1,593,616	1,687,242	1,734,657	1,921,118
Total business-type activities net position	<u>\$ 3,765,998</u>	<u>\$ 4,012,387</u>	<u>\$ 4,304,983</u>	<u>\$ 4,561,524</u>	<u>\$ 4,489,394</u>	<u>\$ 4,606,933</u>	<u>\$ 5,085,974</u>	<u>\$ 5,590,078</u>	<u>\$ 5,972,731</u>	<u>\$ 6,501,007</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 7,464,893	\$ 7,752,579	\$ 8,033,869	\$ 8,190,866	\$ 8,724,064	\$ 9,148,441	\$ 9,407,070	\$ 9,832,211	\$ 10,279,676	\$ 10,877,094
Restricted	2,430,442	2,543,914	2,332,216	2,587,504	2,268,126	2,181,659	2,344,835	2,435,040	2,623,063	2,727,157
Unrestricted	895,064	1,067,630	1,577,516	1,564,060	1,113,325	1,261,018	1,367,578	1,777,643	2,260,646	2,334,998
Total primary government net position	<u>\$ 10,790,399</u>	<u>\$ 11,364,123</u>	<u>\$ 11,943,601</u>	<u>\$ 12,342,430</u>	<u>\$ 12,105,515</u>	<u>\$ 12,591,118</u>	<u>\$ 13,119,483</u>	<u>\$ 14,044,894</u>	<u>\$ 15,163,385</u>	<u>\$ 15,939,249</u>

(1) - Fiscal Year 2008 amounts reported include prior period adjustments made in 2009 to reflect the effect of reclassifications and misstatements of the Department of Natural Resources' capital assets totaling \$9.9 million.

(2) - Fiscal Year 2009 amounts reported include prior period adjustments made in 2010 to reflect the effect of implementation of GASB No. 51 for intangible assets and reclassifications of investments at the Iowa Braille and Sight Saving School from a governmental activity to a fiduciary fund.

(3) - Fiscal Year 2010 amounts reported include prior period adjustments made in 2011 to reflect the effect of implementation of GASB No. 54 and the reclassification of the Iowa Lottery Authority from a blended component unit to a discretely presented component unit.

(4) - Due to changes in legislation, Fiscal Year 2011 amounts reflect a prior period adjustment made in 2012 to reclassify the Department of Economic Development, previously reported in the primary government, to the Iowa Economic Development Authority, a discretely presented component unit. In addition, during Fiscal Year 2012, the Iowa College Student Aid Commission revalued student loan receivables and related allowances for doubtful accounts.

(5) - Fiscal Year 2012 amounts reported include prior period adjustments made in 2013 to reflect the effect of implementation of GASB No. 61 and the inclusion of new component units at the University of Iowa.

(6) - Fiscal Year 2013 amounts reported include prior period adjustments made in 2014 to reflect the effect of implementation of GASB No. 65.

**STATE OF IOWA**  
**Changes in Net Position**

**Schedule 2**

For the Last Ten Fiscal Years

(Accrual Basis of Accounting Expressed in Thousands)

	Fiscal Year									
	2005 <sup>(1)</sup>	2006	2007	2008 <sup>(2)</sup>	2009 <sup>(3)</sup>	2010 <sup>(4)</sup>	2011 <sup>(5)</sup>	2012 <sup>(6)</sup>	2013 <sup>(7)</sup>	2014
<b>Expenses</b>										
Governmental activities:										
Administration & regulation	\$ 903,378	\$ 924,171	\$ 881,865	\$ 900,181	\$ 1,259,465	\$ 1,289,713	\$ 1,383,161	\$ 1,411,797	\$ 1,385,398	\$ 1,436,485
Education	2,796,158	2,948,579	3,071,601	3,352,331	3,502,472	3,447,890	3,601,899	3,551,294	3,582,770	3,749,195
Health & human rights	337,542	367,579	368,342	405,459	450,955	488,380	458,702	423,202	420,844	423,723
Human services	3,633,297	3,927,888	3,882,041	4,283,160	4,651,972	4,953,873	5,182,496	5,466,172	5,509,926	5,757,061
Justice & public defense	693,606	756,968	822,676	945,438	1,209,839	1,178,089	1,098,041	1,082,774	1,095,300	1,255,597
Economic development	208,720	223,153	227,266	234,579	329,936	351,635	273,377	254,902	186,948	159,964
Transportation	918,557	930,333	954,278	959,598	1,084,299	1,239,669	1,139,321	1,206,924	1,149,919	1,236,035
Agriculture & natural resources	167,101	180,539	193,327	220,995	210,984	212,590	217,783	214,526	219,948	219,159
Interest expense	52,241	77,392	74,053	73,065	62,387	91,432	101,867	101,849	99,311	95,312
Total governmental activities expenses	9,710,600	10,336,602	10,475,449	11,374,806	12,762,309	13,253,271	13,456,647	13,713,440	13,650,364	14,332,531
Business-type activities:										
University Funds	2,656,318	2,850,291	2,942,220	3,155,027	3,401,126	3,341,877	3,465,390	3,842,314	3,960,727	4,156,145
Unemployment Benefits Fund	299,086	304,143	342,499	356,261	872,030	1,258,041	928,379	718,611	554,883	439,937
Other	326,060	432,037	363,508	391,077	396,668	213,185	222,239	246,673	257,011	260,564
Total business-type activities expenses	3,281,464	3,586,471	3,648,227	3,902,365	4,669,824	4,813,103	4,616,008	4,807,598	4,772,621	4,856,646
Total primary government expenses	\$ 12,992,064	\$ 13,923,073	\$ 14,123,676	\$ 15,277,171	\$ 17,432,133	\$ 18,066,374	\$ 18,072,655	\$ 18,521,038	\$ 18,422,985	\$ 19,189,177
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
Administration & regulation	\$ 698,923	\$ 804,217	\$ 765,932	\$ 808,206	\$ 1,069,214	\$ 957,591	\$ 1,063,106	\$ 1,060,902	\$ 1,099,289	\$ 1,061,265
Education	26,118	23,117	39,402	47,201	45,794	54,219	61,920	52,686	21,787	18,057
Health & human rights	38,885	45,324	55,086	83,700	71,849	60,885	70,702	66,922	68,865	69,159
Human services	387,762	418,391	448,255	417,733	437,131	465,890	575,377	666,496	438,915	519,909
Justice & public defense	72,045	83,256	60,529	177,293	83,868	102,600	110,215	104,969	89,888	106,730
Economic development	3	2,715	2,519	7,125	5,012	3,423	13,795	3,672	3,864	3,374
Transportation	19,833	13,922	30,106	17,695	84,511	84,291	76,404	93,908	106,081	122,683
Agriculture & natural resources	65,227	60,128	78,306	72,564	78,697	86,086	74,295	84,912	78,476	79,777
Operating grants & contributions	3,391,654	3,699,313	3,247,773	3,471,494	4,345,320	5,309,310	4,921,994	4,489,138	4,619,136	4,905,617
Capital grants & contributions	5,316	4,245	283,759	230,585	385,478	590,926	420,006	494,715	426,350	472,885
Total governmental activities program revenues	4,705,766	5,154,628	5,011,667	5,333,596	6,606,874	7,715,221	7,387,814	7,118,320	6,952,651	7,359,456
Business-type activities:										
Charges for services:										
University Funds	1,642,343	1,786,355	1,690,465	1,800,897	1,993,932	2,064,853	2,223,527	2,590,308	2,687,569	2,845,788
Unemployment Benefits Fund	318,607	348,246	352,067	368,202	358,198	474,465	619,455	643,970	543,535	471,738
Other	425,261	567,966	478,850	506,995	521,913	284,931	297,750	325,699	342,596	355,988
Operating grants & contributions	448,517	458,271	633,957	670,859	987,715	1,333,041	1,200,118	1,044,159	848,672	783,036
Capital grants & contributions	28,912	18,039	30,943	35,225	45,432	8,801	36,197	61,339	61,948	90,263
Total business-type activities program revenues	2,863,640	3,178,877	3,186,282	3,382,178	3,907,190	4,166,091	4,377,047	4,665,475	4,484,320	4,546,813
Total primary government program revenues	\$ 7,569,406	\$ 8,333,505	\$ 8,197,949	\$ 8,715,774	\$ 10,514,064	\$ 11,881,312	\$ 11,764,861	\$ 11,783,795	\$ 11,436,971	\$ 11,906,269
Net expense										
Governmental activities	\$ (5,004,834)	\$ (5,181,974)	\$ (5,463,782)	\$ (6,041,210)	\$ (6,155,435)	\$ (5,538,050)	\$ (6,068,833)	\$ (6,595,120)	\$ (6,697,713)	\$ (6,973,075)
Business-type activities	(417,824)	(407,594)	(461,945)	(520,187)	(762,634)	(647,012)	(238,961)	(142,123)	(288,301)	(309,833)
Total primary government net expense	\$ (5,422,658)	\$ (5,589,568)	\$ (5,925,727)	\$ (6,561,397)	\$ (6,918,069)	\$ (6,185,062)	\$ (6,307,794)	\$ (6,737,243)	\$ (6,986,014)	\$ (7,282,908)

(continued on next page)

**STATE OF IOWA**  
**Changes in Net Position**  
For the Last Ten Fiscal Years  
(Accrual Basis of Accounting Expressed in Thousands)  
(continued)

**Schedule 2**

	Fiscal Year									
	2005 <sup>(1)</sup>	2006	2007	2008 <sup>(2)</sup>	2009 <sup>(3)</sup>	2010 <sup>(4)</sup>	2011 <sup>(5)</sup>	2012 <sup>(6)</sup>	2013 <sup>(7)</sup>	2014
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Personal income tax	\$ 2,263,561	\$ 2,430,981	\$ 2,673,861	\$ 2,866,774	\$ 2,716,655	\$ 2,637,753	\$ 2,856,474	\$ 3,040,391	\$ 3,446,857	\$ 3,206,504
Corporate income tax	176,997	283,112	322,315	347,833	258,115	196,723	254,761	430,395	428,991	387,232
Sales & use tax	1,761,195	1,866,864	1,878,500	1,966,871	2,094,893	2,232,711	2,336,298	2,454,156	2,509,817	2,625,302
Other tax	596,707	592,888	641,206	783,814	743,231	710,946	685,454	756,713	759,681	756,237
Motor fuel tax restricted for transportation purposes	482,194	440,652	446,607	443,997	436,732	436,567	445,580	438,953	438,009	446,449
Road use tax restricted for transportation purposes	252,599	247,125	248,959	257,523	256,554	254,016	281,998	303,368	307,821	322,470
Unrestricted investment earnings	72,166	98,269	146,669	114,987	66,159	25,729	30,696	21,155	6,240	21,406
Other	129,486	29,810	25,807	32,492	30,476	31,571	28,317	27,504	29,746	35,357
Gain/(loss) on sale of assets	972	-	-	571	804	842	51	732	871	1,011
Loss on extinguishment of debt	-	-	-	-	-	-	-	-	-	(5,679)
Contribution to Permanent Fund principal	62	262	55	4,031	-	-	-	-	-	-
Special items - disposal of operations	-	-	-	-	-	-	-	-	5,728	-
Extraordinary items - impairment of assets and other	-	-	-	-	-	-	(4,394)	-	-	-
Transfers	(501,415)	(480,654)	(549,206)	(598,789)	(612,520)	(612,563)	(503,494)	(456,940)	(500,210)	(575,626)
<b>Total governmental activities</b>	<b>\$ 5,234,524</b>	<b>\$ 5,509,309</b>	<b>\$ 5,834,773</b>	<b>\$ 6,220,104</b>	<b>\$ 5,991,099</b>	<b>\$ 5,914,295</b>	<b>\$ 6,411,741</b>	<b>\$ 7,016,427</b>	<b>\$ 7,433,551</b>	<b>\$ 7,220,663</b>
Business-type activities:										
Other tax	\$ -	\$ 7,300	\$ 5,909	\$ 6,551	\$ 5,688	\$ 6,459	\$ 6,803	\$ 7,031	\$ 7,463	\$ 7,527
Unrestricted investment earnings	88,036	93,651	159,246	69,378	(25,411)	115,200	154,176	90,891	109,987	186,857
Other	43,102	68,209	40,162	46,919	94,068	50,678	47,610	76,091	67,096	68,072
Gain/(loss) on sale of assets	3	4,169	18	7	75	101	16	688	78	27
Contribution to University Endowments	-	-	-	-	404	(250)	-	-	-	-
Extraordinary items - impairment of assets and other	-	-	-	55,084	3,160	(15,785)	5,900	991	(2,580)	-
Transfers	501,415	480,654	549,206	598,789	612,520	612,563	503,494	456,940	500,210	575,626
<b>Total business-type activities</b>	<b>\$ 632,556</b>	<b>\$ 653,983</b>	<b>\$ 754,541</b>	<b>\$ 776,728</b>	<b>\$ 690,504</b>	<b>\$ 768,966</b>	<b>\$ 717,999</b>	<b>\$ 632,632</b>	<b>\$ 682,254</b>	<b>\$ 838,109</b>
<b>Change in net position</b>										
Governmental activities	\$ 229,690	\$ 327,335	\$ 370,991	\$ 178,894	\$ (164,336)	\$ 376,245	\$ 342,908	\$ 421,307	\$ 735,838	\$ 247,588
Business-type activities	214,732	246,389	292,596	256,541	(72,130)	121,954	479,038	490,509	393,953	528,276
<b>Total primary government</b>	<b>\$ 444,422</b>	<b>\$ 573,724</b>	<b>\$ 663,587</b>	<b>\$ 435,435</b>	<b>\$ (236,466)</b>	<b>\$ 498,199</b>	<b>\$ 821,946</b>	<b>\$ 911,816</b>	<b>\$ 1,129,791</b>	<b>\$ 775,864</b>

(1) - Beginning in Fiscal Year 2005, state aid to universities is classified as transfers.

(2) - Fiscal Year 2008 amounts reported include prior period adjustments made in 2009 to reflect the effect of reclassifications and misstatements of the Department of Natural Resources' capital assets totaling \$9.9 million.

(3) - Fiscal Year 2009 amounts reported include prior period adjustments made in 2010 to reflect the effect of the implementation of GASB No. 51 for intangible assets and reclassifications of investments at the Iowa Braille and Sight Saving School from a governmental activity to a fiduciary fund.

(4) - Fiscal Year 2010 amounts reported include prior period adjustments made in 2011 to reflect the effect of implementation of GASB No. 54 and the reclassification of the Iowa Lottery Authority from a blended component unit to a discretely presented component unit.

(5) - Due to changes in legislation, 2011 amounts reflect a prior period adjustment made in 2012 to reclassify the Department of Economic Development, previously reported in the primary government, to the Iowa Economic Development Authority, a discretely presented component unit. In addition, during 2012, the Iowa College Student Aid Commission revalued student loan receivables and related allowances for doubtful accounts.

(6) - Fiscal Year 2012 amounts reported include prior period adjustments made in 2013 to reflect the effect of implementation of GASB No. 61 and the inclusion of new component units at the University of Iowa.

(7) - Fiscal Year 2013 amounts reported include prior period adjustments made in 2014 to reflect the effect of implementation of GASB No. 65.

**STATE OF IOWA**  
**Fund Balances of Governmental Funds**

**Schedule 3**

For the Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting Expressed in Thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009 <sup>(2)</sup>	2010 <sup>(3)</sup>	2011 <sup>(4)</sup>	2012	2013	2014
<b>General Fund</b>										
Reserved	\$ 1,364,588	\$ 1,202,023	\$ 1,000,811	\$ 1,178,178	\$ 1,121,132	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	559,864	897,708	1,052,537	1,118,497	802,767	-	-	-	-	-
Nonspendable	-	-	-	-	-	31,950	31,364	41,382	43,138	41,248
Spendable:										
Restricted	-	-	-	-	-	1,219,215	1,236,111	1,062,771	1,017,927	1,045,227
Committed	-	-	-	-	-	1,385,901	1,486,404	1,732,552	2,145,980	1,912,518
Unassigned	-	-	-	-	-	(201,720)	(250,589)	(210,684)	(156,800)	(214,660)
Total General Fund	<u>\$ 1,924,452</u>	<u>\$ 2,099,731</u>	<u>\$ 2,053,348</u>	<u>\$ 2,296,675</u>	<u>\$ 1,923,899</u>	<u>\$ 2,435,346</u>	<u>\$ 2,503,290</u>	<u>\$ 2,626,021</u>	<u>\$ 3,050,245</u>	<u>\$ 2,784,333</u>
<b>All other governmental funds</b>										
Reserved	\$ 305,386	\$ 419,404	\$ 305,336	\$ 927,732 <sup>(1)</sup>	\$ 820,497 <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	83,978	62,224	48,907	(633,676) <sup>(1)</sup>	(584,829) <sup>(1)</sup>	-	-	-	-	-
Capital projects funds	4,010	2,056	98,015	82,668	52,417	-	-	-	-	-
Nonspendable	-	-	-	-	-	14,857	15,692	16,192	16,376	16,327
Spendable:										
Restricted	-	-	-	-	-	779,220 <sup>(1)</sup>	789,149 <sup>(1)</sup>	667,541 <sup>(1)</sup>	570,702 <sup>(1)</sup>	489,259 <sup>(1)</sup>
Committed	-	-	-	-	-	25,347	27,348	26,453	28,346	29,124
Unassigned	-	-	-	-	-	(572,626) <sup>(1)</sup>	(513,010) <sup>(1)</sup>	(461,801) <sup>(1)</sup>	(410,619) <sup>(1)</sup>	(354,758) <sup>(1)</sup>
Total all other governmental funds	<u>\$ 393,374</u>	<u>\$ 483,684</u>	<u>\$ 452,258</u>	<u>\$ 376,724</u>	<u>\$ 288,085</u>	<u>\$ 246,798</u>	<u>\$ 319,179</u>	<u>\$ 248,385</u>	<u>\$ 204,805</u>	<u>\$ 179,952</u>

(1) - Due to the implementation of GASB No. 48, interfund advances were recorded in the Tobacco Settlement Authority and Tobacco Collections funds.

(2) - Fiscal Year 2009 amounts reported include prior period adjustments made in 2010 to reflect the effect of reclassifications of investments at the Iowa Braille and Sight Saving School from a governmental activity to a fiduciary fund.

(3) - Fiscal Year 2010 amounts reported include prior period adjustments made in 2011 to reflect the effect of implementation of GASB No. 54.

(4) - Due to changes in legislation, Fiscal Year 2011 amounts reflect a prior period adjustment made in 2012 to reclassify the Department of Economic Development, previously reported in the primary government, to the Iowa Economic Development Authority, a discretely presented component unit. In addition, during Fiscal Year 2012, the Iowa College Student Aid Commission revalued student loan receivables and related allowances for doubtful accounts.

**STATE OF IOWA**  
**Changes in Fund Balances of Governmental Funds**  
For the Last Ten Fiscal Years

**Schedule 4**

(Modified Accrual Basis of Accounting Expressed in Thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010 <sup>(1)</sup>	2011 <sup>(2)</sup>	2012	2013	2014
<b>Revenues</b>										
Taxes	\$ 6,285,430	\$ 6,491,259	\$ 6,867,216	\$ 7,386,422	\$ 7,333,205	\$ 7,089,985	\$ 7,484,244	\$ 7,985,697	\$ 8,456,345	\$ 8,414,849
Receipts from other entities	3,585,177	3,973,158	3,522,809	4,193,259	5,126,503	6,131,238	5,855,250	5,626,029	5,400,502	5,655,703
Investment income	71,879	97,418	145,561	118,360	66,294	26,431	29,931	21,766	6,244	21,370
Fees, licenses & permits	639,681	651,726	680,615	690,211	978,396	1,077,664	1,195,283	1,226,093	1,268,880	1,324,029
Refunds & reimbursements	349,684	466,900	411,734	431,503	474,081	465,278	539,796	537,219	527,456	576,484
Sales, rents & services	28,735	27,714	28,589	29,143	29,925	34,620	31,400	33,225	32,639	35,827
Miscellaneous	206,371	119,906	120,677	117,568	93,961	118,521	147,736	141,461	150,035	158,048
Contributions	62	265	156	48	1,008	-	-	-	-	-
Gross revenues	11,167,019	11,828,346	11,777,357	12,966,514	14,103,373	14,943,737	15,283,640	15,571,490	15,842,101	16,186,310
Less revenue refunds	776,354	675,709	686,423	762,926	883,633	954,852	918,313	918,524	909,631	1,039,704
Net revenues	10,390,665	11,152,637	11,090,934	12,203,588	13,219,740	13,988,885	14,365,327	14,652,966	14,932,470	15,146,606
<b>Expenditures</b>										
Administration & regulation	875,086	909,321	863,429	889,445	1,244,250	1,272,714	1,370,396	1,403,974	1,364,608	1,419,879
Education	2,790,597	2,940,726	3,068,629	3,341,479	3,492,860	3,434,673	3,593,313	3,544,428	3,575,186	3,731,639
Health & human rights	332,790	360,180	357,830	389,209	443,841	472,053	451,393	417,306	414,981	418,906
Human services	3,622,977	3,919,831	3,864,673	4,240,263	4,626,097	4,897,794	5,172,053	5,461,157	5,540,912	5,783,311
Justice & public defense	653,683	700,362	771,562	870,244	1,144,444	1,107,809	1,065,068	1,027,435	1,035,912	1,199,871
Economic development	204,048	217,701	221,567	220,313	335,429	343,857	270,192	255,299	184,877	159,626
Transportation	381,706	382,576	458,950	416,388	471,563	550,192	542,490	548,629	552,228	580,831
Agriculture & natural resources	150,108	161,172	172,948	181,518	199,639	189,349	198,876	201,838	200,439	201,194
Capital outlay	828,998	878,185	800,188	769,202	1,029,341	1,161,197	962,834	1,136,378	1,012,032	1,128,589
Debt service:										
Payment to escrow agent	-	-	-	-	-	-	-	-	-	73,940
Principal	25,181	23,435	28,025	69,575	36,335	29,090	40,495	72,555	49,815	69,215
Interest & fiscal charges	52,899	54,867	53,194	58,621	59,146	86,108	100,122	101,327	98,242	94,875
Total expenditures	9,918,073	10,548,356	10,660,995	11,446,257	13,082,945	13,544,836	13,767,232	14,170,326	14,029,232	14,861,876
Excess of revenues over expenditures	472,592	604,281	429,939	757,331	136,795	444,049	598,095	482,640	903,238	284,730
<b>Other financing sources (uses)</b>										
Transfers in	264,968	453,815	323,251	533,885	538,129	395,422	197,540	197,567	215,291	229,136
Transfers out	(768,683)	(936,073)	(869,369)	(1,124,271)	(1,136,203)	(1,004,206)	(696,832)	(651,385)	(713,290)	(804,762)
Leases, installment purchases & other	1,115	530	4,730	848	313	2,340	93	562	9	131
Debt issued	-	-	33,370	-	-	613,710	311,945	-	-	-
Premium (discount) on bonds	-	(555,554)	270	-	-	27,027	26,043	1,643	-	-
Refunding debt issued	20,799	1,365,435	-	-	-	-	-	20,910	-	-
Payments to refund debt	(20,550)	-	-	-	-	-	-	-	-	-
Payment to refunding escrow agent	-	(666,845)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(502,351)	(338,692)	(507,748)	(589,538)	(597,761)	34,293	(161,211)	(430,703)	(497,990)	(575,495)
Special items - disposal of operations	-	-	-	-	-	-	-	-	(24,604)	-
Net change in fund balances	\$ (29,759)	\$ 265,589	\$ (77,809)	\$ 167,793	\$ (460,966)	\$ 478,342	\$ 436,884	\$ 51,937	\$ 380,644	\$ (290,765)
Debt service as a percentage of noncapital expenditures	<1%	<1%	<1%	1.2%	<1%	0.9%	1.1%	1.3%	1.1%	1.7%

(1) - Fiscal Year 2010 amounts reported include prior period adjustments made in 2011 to reflect the effect of implementation of GASB No. 54 and the reclassification of the Iowa Lottery Authority from a blended component unit to a discretely presented component unit.

(2) - Due to changes in legislation, Fiscal Year 2011 amounts reflect a prior period adjustment made in 2012 to reclassify the Department of Economic Development, previously reported in the primary government, to the Iowa Economic Development Authority, a discretely presented component unit. In addition, during Fiscal Year 2012, the Iowa College Student Aid Commission revalued student loan receivables and related allowances for doubtful accounts.

**STATE OF IOWA**  
**Tax Revenue by Source - Governmental Funds**  
For the Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting Expressed in Thousands)

**Schedule 5**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011 <sup>(1)</sup>	2012	2013	2014
Individual income tax	\$ 2,799,745	\$ 2,876,413	\$ 3,109,609	\$ 3,366,344	\$ 3,320,295	\$ 3,236,054	\$ 3,476,658	\$ 3,677,240	\$ 4,080,794	\$ 3,984,543
Sales tax	1,498,893	1,600,799	1,590,238	1,639,885	2,002,262	1,910,962	1,983,187	2,066,024	2,097,466	2,171,915
Use tax	578,255	557,841	587,009	630,184	374,686	371,195	404,151	439,772	464,126	489,764
Fuel tax	528,208	490,470	500,531	497,613	487,265	482,417	496,486	490,377	481,120	493,999
Corporate tax	281,101	370,333	436,060	464,907	408,578	373,416	401,628	550,343	563,016	507,522
Inheritance tax	77,003	71,640	77,750	79,783	72,562	68,358	65,535	79,670	86,785	90,791
Insurance premium tax	131,183	121,428	105,223	111,647	90,035	88,571	97,098	101,406	104,885	105,532
Cigarette & tobacco tax	96,077	98,936	135,207	251,584	238,153	232,573	226,692	225,499	226,300	225,375
Wagering tax	238,065	249,183	272,210	287,247	282,545	272,361	269,842	287,680	283,168	275,659
Franchise tax	36,593	35,007	33,601	36,813	33,271	31,564	39,423	41,121	43,860	40,330
Beer tax	14,070	14,277	14,264	14,454	14,717	14,503	14,272	14,726	13,865	14,187
Other	6,237	4,932	5,514	5,961	8,835	8,011	9,272	11,839	10,960	15,232
<b>Gross taxes</b>	<b>6,285,430</b>	<b>6,491,259</b>	<b>6,867,216</b>	<b>7,386,422</b>	<b>7,333,204</b>	<b>7,089,985</b>	<b>7,484,244</b>	<b>7,985,697</b>	<b>8,456,345</b>	<b>8,414,849</b>
<b>Less refunds</b>	<b>689,874</b>	<b>576,733</b>	<b>588,552</b>	<b>663,997</b>	<b>786,757</b>	<b>858,281</b>	<b>822,634</b>	<b>820,178</b>	<b>871,332</b>	<b>1,000,031</b>
<b>Net taxes</b>	<b>\$ 5,595,556</b>	<b>\$ 5,914,526</b>	<b>\$ 6,278,664</b>	<b>\$ 6,722,425</b>	<b>\$ 6,546,447</b>	<b>\$ 6,231,704</b>	<b>\$ 6,661,610</b>	<b>\$ 7,165,519</b>	<b>\$ 7,585,013</b>	<b>\$ 7,414,818</b>

Source: State Accounting System and adjusting journal entries from GAAP packages.

(1) - Due to changes in legislation, Fiscal Year 2011 amounts reflect a prior period adjustment made in 2012 to reclassify the Department of Economic Development, previously reported in the primary government, to the Iowa Economic Development Authority, a discretely presented component unit.

**STATE OF IOWA**  
**Individual Income Tax Returns Filed and Tax Rates**  
For the Last Ten Calendar Years

**Schedule 6**

Tax Year 2004		Tax Year 2005		Tax Year 2006		Tax Year 2007		Tax Year 2008	
Net Taxable Income	Number of Returns								
No AGI	40,314	No AGI	39,556	No AGI	39,558	No AGI	42,488	No AGI	45,574
\$1 - 9,999	381,662	\$1 - 9,999	372,761	\$1 - 9,999	362,337	\$1 - 9,999	368,519	\$1 - 9,999	356,260
\$10,000 - 19,999	354,752	\$10,000 - 19,999	350,536	\$10,000 - 19,999	343,506	\$10,000 - 19,999	344,833	\$10,000 - 19,999	335,220
\$20,000 - 29,999	340,049	\$20,000 - 29,999	338,342	\$20,000 - 29,999	337,101	\$20,000 - 29,999	337,340	\$20,000 - 29,999	329,579
\$30,000 - 39,999	265,364	\$30,000 - 39,999	270,292	\$30,000 - 39,999	277,113	\$30,000 - 39,999	282,702	\$30,000 - 39,999	281,286
\$40,000 - 49,999	166,811	\$40,000 - 49,999	176,395	\$40,000 - 49,999	185,575	\$40,000 - 49,999	196,874	\$40,000 - 49,999	199,752
\$50,000 - 74,999	166,307	\$50,000 - 74,999	179,890	\$50,000 - 74,999	199,518	\$50,000 - 74,999	221,027	\$50,000 - 74,999	234,607
\$75,000 - 99,999	51,862	\$75,000 - 99,999	57,841	\$75,000 - 99,999	66,119	\$75,000 - 99,999	74,841	\$75,000 - 99,999	79,374
\$100,000 & above	68,620	\$100,000 & above	79,060	\$100,000 & above	90,788	\$100,000 & above	103,651	\$100,000 & above	105,736
	1,835,741		1,864,673		1,901,615		1,972,275		1,967,388
Net Taxable Income	Tax Rate*								
\$0 - \$1,242	0.36%	\$0 - \$1,269	0.36%	\$0 - \$1,300	0.36%	\$0 - \$1,343	0.36%	\$0 - \$1,379	0.36%
\$1,242 - 2,484	0.72%	\$1,269 - 2,538	0.72%	\$1,300 - 2,600	0.72%	\$1,343 - 2,686	0.72%	\$1,379 - 2,758	0.72%
\$2,484 - 4,968	2.43%	\$2,538 - 5,076	2.43%	\$2,600 - 5,200	2.43%	\$2,686 - 5,372	2.43%	\$2,758 - 5,516	2.43%
\$4,968 - 11,178	4.50%	\$5,076 - 11,421	4.50%	\$5,200 - 11,700	4.50%	\$5,372 - 12,087	4.50%	\$5,516 - 12,411	4.50%
\$11,178 - 18,630	6.12%	\$11,421 - 19,035	6.12%	\$11,700 - 19,500	6.12%	\$12,087 - 20,145	6.12%	\$12,411 - 20,685	6.12%
\$18,630 - 24,840	6.48%	\$19,035 - 25,380	6.48%	\$19,500 - 26,000	6.48%	\$20,145 - 26,860	6.48%	\$20,685 - 27,580	6.48%
\$24,840 - 37,260	6.80%	\$25,380 - 38,070	6.80%	\$26,000 - 39,000	6.80%	\$26,860 - 40,290	6.80%	\$27,580 - 41,370	6.80%
\$37,260 - 55,890	7.92%	\$38,070 - 57,105	7.92%	\$39,000 - 58,500	7.92%	\$40,290 - 60,435	7.92%	\$41,370 - 62,055	7.92%
\$55,890 & above	8.98%	\$57,105 & above	8.98%	\$58,500 & above	8.98%	\$60,435 & above	8.98%	\$62,055 & above	8.98%
Tax Year 2009		Tax Year 2010		Tax Year 2011		Tax Year 2012		Tax Year 2013	
Net Taxable Income	Number of Returns								
No AGI	51,620	No AGI	49,110	No AGI	52,101	No AGI	52,301	No AGI	52,301
\$1 - 9,999	336,423	\$1 - 9,999	333,307	\$1 - 9,999	337,187	\$1 - 9,999	326,822	\$1 - 9,999	326,822
\$10,000 - 19,999	332,440	\$10,000 - 19,999	338,049	\$10,000 - 19,999	332,596	\$10,000 - 19,999	324,978	\$10,000 - 19,999	324,978
\$20,000 - 29,999	330,853	\$20,000 - 29,999	323,039	\$20,000 - 29,999	314,841	\$20,000 - 29,999	309,181	\$20,000 - 29,999	309,181
\$30,000 - 39,999	273,662	\$30,000 - 39,999	274,706	\$30,000 - 39,999	272,314	\$30,000 - 39,999	272,654	\$30,000 - 39,999	272,654
\$40,000 - 49,999	194,025	\$40,000 - 49,999	198,580	\$40,000 - 49,999	202,716	\$40,000 - 49,999	207,046	\$40,000 - 49,999	207,046
\$50,000 - 74,999	233,380	\$50,000 - 74,999	242,170	\$50,000 - 74,999	253,213	\$50,000 - 74,999	268,326	\$50,000 - 74,999	268,326
\$75,000 - 99,999	77,882	\$75,000 - 99,999	82,412	\$75,000 - 99,999	89,113	\$75,000 - 99,999	96,439	\$75,000 - 99,999	96,439
\$100,000 & above	99,179	\$100,000 & above	107,941	\$100,000 & above	121,578	\$100,000 & above	138,830	\$100,000 & above	138,830
	1,929,464		1,949,314		1,975,659		1,996,577		1,996,577
Net Taxable Income	Tax Rate*								
\$0 - \$1,407	0.36%	\$0 - \$1,428	0.36%	\$0-1,439	0.36%	\$0-1,469	0.36%	\$0-1,494	0.36%
\$1,407 - 2,814	0.72%	\$1,428 - 2,856	0.72%	\$1,439-2,878	0.72%	\$1,469-2,938	0.72%	\$1,494-2,988	0.72%
\$2,814 - 5,628	2.43%	\$2,856 - 5,712	2.43%	\$2,878-5,756	2.43%	\$2,938-5,876	2.43%	\$2,988-5,976	2.43%
\$5,628 - 12,663	4.50%	\$5,712 - 12,852	4.50%	\$5,756-12,951	4.50%	\$5,876-13,221	4.50%	\$5,976-13,446	4.50%
\$12,663 - 21,105	6.12%	\$12,852 - 21,420	6.12%	\$12,951-21,585	6.12%	\$13,221-22,035	6.12%	\$13,446-22,410	6.12%
\$21,105 - 28,140	6.48%	\$21,420 - 28,560	6.48%	\$21,585-28,780	6.48%	\$22,035-29,380	6.48%	\$22,410-29,880	6.48%
\$28,140 - 42,210	6.80%	\$28,560 - 42,840	6.80%	\$28,780-43,170	6.80%	\$29,380-44,070	6.80%	\$29,880-44,820	6.80%
\$42,210 - 63,315	7.92%	\$42,840 - 64,260	7.92%	\$43,170-64,755	7.92%	\$44,070-66,105	7.92%	\$44,820-67,230	7.92%
\$63,315 & above	8.98%	\$64,260 & above	8.98%	\$64,755 & above	8.98%	\$66,105 & above	8.98%	\$67,230 & above	8.98%

\* Iowa is one of three states that allow all taxpayers full deductibility of net federal tax payments.

Source: Iowa Individual Income Tax Annual Statistical Report, compiled by the Iowa Department of Revenue, Tax Research and Program Analysis Section

**STATE OF IOWA**

**Retail Sales by Business Classification**

**Schedule 7**

Sales Tax Annual Period April 1 through March 31 of the following year 2005 through 2014

Classification	2005		2006		2007		2008		2009	
	Number of Businesses	Taxable Sales <i>(in thousands)</i>	Number of Businesses	Taxable Sales <i>(in thousands)</i>	Number of Businesses	Taxable Sales <i>(in thousands)</i>	Number of Businesses	Taxable Sales <i>(in thousands)</i>	Number of Businesses	Taxable Sales <i>(in thousands)</i>
	Utilities & transportation	13,276	\$ 3,472,773	13,608	\$ 3,480,731	14,409	\$ 3,253,006	14,628	\$ 3,385,552	14,876
Building materials	6,840	2,382,479	6,744	2,496,945	6,965	2,502,180	6,985	2,470,307	6,981	2,561,077
General merchandise	6,988	4,887,726	6,645	4,851,712	6,862	5,159,008	6,678	5,218,644	6,666	5,428,309
Food dealers	6,299	1,358,506	6,325	1,415,821	6,796	1,503,246	6,833	1,564,199	6,817	1,634,570
Motor vehicles	14,381	1,611,626	14,251	1,686,072	14,843	1,737,850	14,707	1,827,036	15,177	1,926,927
Apparel	5,567	742,213	5,786	793,065	6,162	825,421	6,147	841,572	6,326	855,151
Home furnishings & appliances	7,879	1,382,500	7,509	1,440,372	7,582	1,435,783	7,621	1,469,497	7,960	1,456,128
Eating & drinking places	26,711	2,710,571	27,439	2,895,134	29,893	3,084,773	30,518	3,274,850	30,936	3,359,230
Specialty retail stores	58,479	2,233,187	56,820	2,349,683	60,925	2,418,715	60,964	2,456,805	61,037	2,510,639
Services	104,669	3,775,677	105,712	4,021,968	114,755	4,277,480	116,970	4,476,801	122,863	4,729,859
Wholesale goods	19,467	2,357,267	18,759	2,486,270	19,280	2,469,117	18,788	2,499,040	18,611	2,507,198
All other	75,087	2,890,776	71,340	3,190,615	57,075	2,979,140	59,196	3,604,722	54,838	3,218,496
<b>Total</b>	<b>345,643</b>	<b>\$ 29,805,301</b>	<b>340,938</b>	<b>\$ 31,108,388</b>	<b>345,547</b>	<b>\$ 31,645,719</b>	<b>350,035</b>	<b>\$ 33,089,025</b>	<b>353,088</b>	<b>\$ 33,704,657</b>

Classification	2010		2011		2012		2013		2014	
	Number of Businesses	Taxable Sales <i>(in thousands)</i>	Number of Businesses	Taxable Sales <i>(in thousands)</i>	Number of Businesses	Taxable Sales <i>(in thousands)</i>	Number of Businesses	Taxable Sales <i>(in thousands)</i>	Number of Businesses	Taxable Sales <i>(in thousands)</i>
	Utilities & transportation	14,570	\$ 3,416,539	14,489	\$ 3,428,950	14,737	\$ 3,405,479	15,053	\$ 3,335,512	14,701
Building materials	6,821	2,437,841	6,636	2,507,236	6,530	2,704,879	6,504	2,712,261	6,059	2,538,244
General merchandise	6,478	5,366,827	6,296	5,408,118	6,211	5,530,952	6,151	5,475,235	3,156	4,650,592
Food dealers	6,770	1,713,971	6,766	1,732,752	6,776	1,772,985	6,729	1,782,829	12,807	3,156,659
Motor vehicles	14,210	1,852,142	13,867	1,967,946	13,723	2,108,205	13,612	2,124,416	9,534	1,704,501
Apparel	6,383	866,270	6,312	907,046	6,224	972,815	6,316	1,011,028	6,256	1,044,542
Home furnishings & appliances	7,914	1,202,096	7,615	1,195,401	7,474	1,205,592	7,398	1,202,792	6,246	1,208,754
Eating & drinking places	30,435	3,305,611	30,191	3,434,699	30,248	3,635,252	30,430	3,732,685	30,035	3,827,209
Specialty retail stores	60,568	2,496,150	59,166	2,615,424	58,914	2,759,729	59,103	2,909,350	56,330	2,771,512
Services	127,591	4,511,003	123,085	4,661,026	125,225	4,877,162	126,867	4,945,765	125,773	4,889,626
Wholesale goods	18,148	2,227,656	17,385	2,354,819	16,945	2,568,014	16,659	2,552,248	18,059	3,772,090
All other	50,982	2,547,487	50,573	2,690,600	50,937	2,996,903	50,965	3,016,466	48,831	2,800,836
<b>Total</b>	<b>350,870</b>	<b>\$ 31,943,593</b>	<b>342,381</b>	<b>\$ 32,904,017</b>	<b>343,944</b>	<b>\$ 34,537,967</b>	<b>345,787</b>	<b>\$ 34,800,587</b>	<b>337,787</b>	<b>\$ 35,847,613</b>

The sales tax rate had remained at 5% since 1992. In September 2008 the rate increased from 5% to 6%.

In 2014 the Iowa Department of Revenue reclassified the business group and classification of gas stations/convenience stores selling gas from motor vehicles to food dealers.

Source: Iowa Retail Sales and Use Tax Report, compiled by the Iowa Department of Revenue, Tax Research and Fiscal Analysis Section

**STATE OF IOWA**  
**Ratios of Outstanding Debt by Type**  
For the Last Ten Fiscal Years  
(Expressed in Thousands Except Per Capita)

**Schedule 8**

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Capital Leases	Loans & Contracts	Certificates of Participation	Revenue Bonds	Capital Leases	Loans & Contracts			
2005	\$ 965,724	\$ 4,390	\$ 2,820	\$ 2,035	\$ 757,800	\$ 123,861	\$ 4,838	\$ 1,861,468	2.06	628
2006	1,091,841	3,587	2,569	1,560	837,368	137,169	4,158	2,078,252	2.17	701
2007	1,110,582	6,293	2,854	1,020	921,938	157,665	3,431	2,203,783	2.22	739
2008	1,049,536	5,403	2,705	580	1,069,239	149,062	2,570	2,279,095	2.18	763
2009	1,017,620	4,438	2,526	395	1,150,222	145,930	21,283	2,342,414	2.12	780
2010 (1)	1,631,945	5,534	2,339	200	1,280,588	139,407	24,002	3,084,015	2.80	1,025
2011	1,930,626	3,664	2,145	-	1,336,824	143,111	28,119	3,444,489	2.95	1,131
2012 (2)	1,881,714	2,884	2,141	-	1,549,938	173,504	19,021	3,629,202	2.92	1,185
2013 (3)	1,858,333	206	1,834	-	1,787,778	39,323	35,195	3,722,669	2.87	1,211
2014	1,720,281	180	1,600	-	1,852,319	35,606	69,369	3,679,355	2.64	1,191

(1) - Fiscal Year 2010 amounts reported reflect the effect of the reclassification of the Iowa Lottery Authority from a blended component unit to a discretely presented component unit.

(2) - Fiscal Year 2012 amounts reflect the prior period adjustments made in 2013 due to the implementation of GASB No. 61 and the inclusion of new component units at the University of Iowa.

(3) - Fiscal Year 2013 amounts reported include prior period adjustments made in 2014 to reflect the effect of implementation of GASB No. 65.

Personal income and population are based on the calendar year that ends within the fiscal year (See Schedule 10).

**STATE OF IOWA**  
**Revenue Bond Coverage**  
For the Last Ten Fiscal Years

**Schedule 9**

**Governmental Activities - General Fund**  
(Expressed in Thousands)

**IJOBS-2009**

				<b>Debt Service</b>			
		<b>Less:</b>	<b>Net Available</b>				
<b>Gross Revenues</b>	<b>Operating Expenses</b>		<b>Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2011	\$ 60,220	\$ -	\$ 60,220	\$ 13,750	\$ 33,273	\$ 47,023	1.28
2012	47,750	9	47,741	14,335	32,686	47,021	1.02
2013	47,523	1	47,522	14,955	32,069	47,024	1.01
2014	49,394	-	49,394	15,580	31,443	47,023	1.05

**IJOBS-2010**

				<b>Debt Service</b>			
		<b>Less:</b>	<b>Net Available</b>				
<b>Gross Revenues</b>	<b>Operating Expenses</b>		<b>Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2011	\$ 5,121	\$ -	\$ 5,121	\$ -	\$ 5,121	\$ 5,121	1.00
2012	12,470	3	12,467	4,370	7,878	12,248	1.02
2013	12,470	-	12,470	4,470	7,792	12,262	1.02
2014	10,450	-	10,450	3,160	6,866	10,026	1.04

**Vision Iowa**

				<b>Debt Service</b>			
		<b>Less:</b>	<b>Net Available</b>				
<b>Gross Revenues</b>	<b>Operating Expenses</b>		<b>Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2011	\$ 15,895	\$ 3	\$ 15,892	\$ 8,925	\$ 6,967	\$ 15,892	1.00
2012	15,910	8	15,902	9,390	6,512	15,902	1.00
2013	15,934	3	15,931	9,890	6,041	15,931	1.00
2014	15,958	3	15,955	10,445	5,510	15,955	1.00

All General Fund pledged revenues consist of casino and racetrack gaming revenues.

**Governmental Activities - Special Revenue Funds**  
(Expressed in Thousands)

**Tobacco Settlement Authority**

				<b>Debt Service</b>			
		<b>Less:</b>	<b>Net Available</b>				
<b>Gross Revenues</b>	<b>Operating Expenses</b>		<b>Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2005	\$ 46,598	\$ 370	\$ 46,228	\$ 1,490	\$ 35,651	\$ 37,141	1.24
2006	43,189	2,929	40,260	2,555	38,681	41,236	0.98
2007	45,473	260	45,213	6,755	37,111	43,866	1.03
2008	62,302 *	1,253	61,049	14,700	41,656	56,356	1.08
2009	66,576 *	863	65,713	20,540	45,685	66,225	0.99
2010	71,327 *	1,097	70,230	12,510	44,350	56,860	1.24
2011	67,034 *	1,172	65,862	8,720	43,537	52,257	1.26
2012	68,283 *	1,437	66,846	9,590	42,970	52,560	1.27
2013	68,265 *	1,477	66,788	9,835	42,347	52,182	1.28
2014	74,226 *	786	73,440	16,365	41,708	58,073	1.26

\* Due to implementation of GASB Statement No. 48, the Tobacco Settlement Authority no longer reports tobacco settlement revenues. All tobacco settlement revenues are reported in the Tobacco Collections Fund and funds are then advanced to the Tobacco Settlement Authority for debt repayment. The amount shown represents the amount advanced and interest income.

**Governmental Activities - Capital Projects Funds**  
(Expressed in Thousands)

**Iowa Utilities Board and Consumer Advocate State Building**

				<b>Debt Service</b>			
		<b>Less:</b>	<b>Net Available</b>				
<b>Gross Revenues</b>	<b>Operating Expenses</b>		<b>Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2011	\$ 887	\$ -	\$ 887	\$ 250	\$ 637	\$ 887	1.00
2012	1,064	-	1,064	440	624	1,064	1.00
2013	1,062	-	1,062	460	602	1,062	1.00
2014	1,064	-	1,064	485	579	1,064	1.00

Pledged revenues are from utility company assessments.

(continued on next page)

**STATE OF IOWA**  
**Revenue Bond Coverage**  
For the Last Ten Fiscal Years  
(continued)

**Schedule 9**

**Governmental Activities - Capital Projects Funds**  
(Expressed in Thousands)

**Prison Infrastructure 2010**

	Less:			Net Available		Debt Service			
	Gross Revenues	Operating Expenses		Revenues	Principal	Interest	Total	Coverage	
2011	\$ 6,612	\$ -		\$ 6,612	\$ -	\$ 5,698	\$ 5,698	1.16	
2012	6,522	-		6,522	435	6,087	6,522	1.00	
2013	6,518	-		6,518	440	6,078	6,518	1.00	
2014	6,514	-		6,514	445	6,069	6,514	1.00	

Pledged revenues are from fines, fees and forfeited bail receipts.

**Business-type Activities - University Funds**  
(Expressed in Thousands)

**Residence/Dormitory Building Revenue Bonds**

	Less:			Net Available		Debt Service*			
	Gross Revenues	Operating Expenses*		Revenues	Principal	Interest	Total	Coverage	
2005	\$ 121,231	\$ 92,439		\$ 28,792	\$ 10,032	\$ 9,407	\$ 19,439	1.48	
2006	127,116	93,318		33,798	9,982	8,828	18,810	1.80	
2007	136,767	99,554		37,213	10,672	8,626	19,298	1.93	
2008	144,557	103,401		41,156	10,147	8,427	18,574	2.22	
2009	154,572	111,814		42,758	10,877	8,269	19,146	2.23	
2010	158,830	110,914		47,916	11,273	7,812	19,085	2.51	
2011	166,881	116,908		49,973	12,948	7,015	19,963	2.50	
2012	185,808	133,069		52,739	15,884	6,095	21,979	2.40	
2013	189,843	135,514		54,329	16,394	6,284	22,678	2.40	
2014	200,450	144,756		55,694	19,099	7,141	26,240	2.12	

**Athletic/Multipurpose/Academic Facilities Revenue Bonds**

	Less:			Net Available		Debt Service*			
	Gross Revenues*	Operating Expenses*		Revenues	Principal	Interest	Total	Coverage	
2005	\$ 22,535	\$ 8,379		\$ 14,156	\$ 1,975	\$ 1,950	\$ 3,925	3.61	
2006	24,760	8,505		16,255	2,175	3,498	5,673	2.87	
2007	36,014	13,482		22,532	4,060	6,109	10,169	2.22	
2008	42,095	16,754		25,341	3,600	6,586	10,186	2.49	
2009	51,506	18,518		32,988	4,180	6,817	10,997	3.00	
2010	51,833	19,809		32,024	4,570	7,352	11,922	2.69	
2011	53,076	15,970		37,106	5,186	8,041	13,227	2.81	
2012	49,198	18,106		31,092	5,480	7,776	13,256	2.35	
2013	49,793	17,638		32,155	6,530	8,550	15,080	2.13	
2014	50,729	17,683		33,046	7,225	8,015	15,240	2.17	

**Telecommunications Revenue Bonds**

	Less:			Net Available		Debt Service*			
	Gross Revenues	Operating Expenses		Revenues	Principal	Interest	Total	Coverage	
2005	\$ 17,056	\$ 11,866		\$ 5,190	\$ 2,430	\$ 991	\$ 3,421	1.52	
2006	18,124	11,809		6,315	2,495	918	3,413	1.85	
2007	19,574	13,452		6,122	2,575	842	3,417	1.79	
2008	20,190	13,683		6,507	2,655	759	3,414	1.91	
2009	23,323	15,653		7,670	2,825	435	3,260	2.35	
2010	21,114	15,317		5,797	2,925	911	3,836	1.51	
2011	23,164	15,555		7,609	3,015	1,219	4,234	1.80	
2012	24,317	18,027		6,290	2,440	1,649	4,089	1.54	
2013	24,789	17,920		6,869	2,945	1,467	4,412	1.56	
2014	23,615	17,260		6,355	2,470	1,378	3,848	1.65	

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**STATE OF IOWA**  
**Revenue Bond Coverage**  
For the Last Ten Fiscal Years  
(continued)

**Schedule 9**

**Business-type Activities - University Funds**  
(Expressed in Thousands)

**Student Health Facility Revenue Bonds**

			Less:	Net Available	Debt Service*			
	Gross Revenues	Operating Expenses*			Revenues	Principal	Interest	Total
2005	\$ 8,875	\$ 6,504		\$ 2,371	\$ 645	\$ 426	\$ 1,071	2.21
2006	10,057	7,550		2,507	675	399	1,074	2.33
2007	10,684	8,177		2,507	700	369	1,069	2.35
2008	11,374	8,684		2,690	735	339	1,074	2.50
2009	11,521	9,340		2,181	770	305	1,075	2.03
2010	11,914	8,897		3,017	800	269	1,069	2.82
2011	12,041	9,148		2,893	840	233	1,073	2.70
2012	10,811	9,311		1,500	515	128	643	2.33
2013	3,440	3,200		240	175	106	281	0.85
2014	3,751	3,205		546	195	58	253	2.16

**Utility System Revenue Bonds**

			Less:	Net Available	Debt Service*			
	Gross Revenues	Operating Expenses*			Revenues	Principal	Interest	Total
2005	\$ 82,346	\$ 59,636		\$ 22,710	\$ 5,385	\$ 4,632	\$ 10,017	2.27
2006	89,162	66,673		22,489	6,955	4,339	11,294	1.99
2007	96,416	67,840		28,576	7,240	6,062	13,302	2.15
2008	104,481	72,871		31,610	8,610	7,841	16,451	1.92
2009	106,149	78,194		27,955	9,820	7,967	17,787	1.57
2010	109,638	77,000		32,638	11,810	7,484	19,294	1.69
2011	117,663	80,882		36,781	11,230	7,642	18,872	1.95
2012	122,367	83,958		38,409	12,540	7,221	19,761	1.94
2013	126,495	87,043		39,452	14,845	7,949	22,794	1.73
2014	131,716	93,079		38,637	13,845	7,539	21,384	1.81

**Parking System Revenue Bonds**

			Less:	Net Available	Debt Service*			
	Gross Revenues	Operating Expenses			Revenues	Principal	Interest	Total
2005	\$ 15,899	\$ 8,999		\$ 6,900	\$ 655	\$ 1,531	\$ 2,186	3.16
2006	16,825	10,732		6,093	1,320	1,440	2,760	2.21
2007	18,048	10,760		7,288	1,365	1,395	2,760	2.64
2008	18,412	12,234		6,178	1,410	1,346	2,756	2.24
2009	19,354	12,261		7,093	1,455	1,294	2,749	2.58
2010	18,562	13,459		5,103	1,490	1,195	2,685	1.90
2011	18,876	12,145		6,731	1,550	1,136	2,686	2.51
2012	19,984	12,655		7,329	1,605	1,068	2,673	2.74
2013	21,076	13,108		7,968	1,680	930	2,610	3.05
2014	22,574	13,679		8,895	1,750	1,677	3,427	2.60

**Recreational/Regulated Materials Facility Revenue Bonds**

			Less:	Net Available	Debt Service*			
	Gross Revenues	Operating Expenses			Revenues	Principal	Interest	Total
2005	\$ 3,743	\$ 156		\$ 3,587	\$ 1,400	\$ 524	\$ 1,924	1.86
2006	3,938	154		3,784	1,465	442	1,907	1.98
2007	4,110	74		4,036	1,525	393	1,918	2.10
2008	5,228	2,108		3,120	1,560	1,372	2,932	1.06
2009	5,080	1,726		3,354	395	2,360	2,755	1.22
2010	16,451	4,243		12,208	955	4,985	5,940	2.06
2011	24,151	8,815		15,336	1,845	5,593	7,438	2.06
2012	28,573	10,573		18,000	2,260	5,529	7,789	2.31
2013	34,787	11,649		23,138	4,005	5,449	9,454	2.45
2014	38,799	12,880		25,919	4,380	5,244	9,624	2.69

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**STATE OF IOWA**  
**Revenue Bond Coverage**  
For the Last Ten Fiscal Years  
(continued)

**Schedule 9**

**Business-type Activities - University Funds**  
(Expressed in Thousands)

<b>Memorial/Maucker Union Revenue Bonds</b>				<b>Debt Service*</b>				
<b>Gross Revenues*</b>	<b>Less: Operating Expenses*</b>	<b>Net Available Revenues</b>	<b>Debt Service*</b>			<b>Coverage</b>		
			<b>Principal</b>	<b>Interest</b>	<b>Total</b>			
2005	\$ 37,285	\$ 32,055	\$ 5,230	\$ 1,100	\$ 1,216	\$ 2,316	2.26	
2006	38,367	30,729	7,638	2,065	2,100	4,165	1.83	
2007	41,138	32,165	8,973	2,215	1,967	4,182	2.15	
2008	41,428	32,933	8,495	2,290	1,897	4,187	2.03	
2009	39,803	32,187	7,616	2,005	1,819	3,824	1.99	
2010	44,138	36,262	7,876	1,655	1,749	3,404	2.31	
2011	45,722	37,319	8,403	1,720	1,691	3,411	2.46	
2012	34,367	26,657	7,710	1,950	1,427	3,377	2.28	
2013	32,567	24,820	7,747	1,925	1,362	3,287	2.36	
2014	31,881	23,760	8,121	2,130	1,033	3,163	2.57	

<b>Hospital Revenue Bonds</b>				<b>Debt Service</b>				
<b>Gross Revenues*</b>	<b>Less: Operating Expenses*</b>	<b>Net Available Revenues</b>	<b>Debt Service</b>			<b>Coverage</b>		
			<b>Principal</b>	<b>Interest</b>	<b>Total</b>			
2005	\$ 674,118	\$ 598,087	\$ 76,031	\$ 560	\$ 1,142	\$ 1,702	44.67	
2006	773,841	683,260	90,581	580	1,119	1,699	53.31	
2007	814,693	708,788	105,905	610	1,094	1,704	62.15	
2008	871,173	784,225	86,948	635	2,326	2,961	29.36	
2009	928,193	863,979	64,214	2,065	3,314	5,379	11.94	
2010	943,458	842,556	100,902	3,615	5,458	9,073	11.12	
2011	1,033,448	903,039	130,409	3,500	4,959	8,459	15.42	
2012	1,098,292	981,872	116,420	3,680	5,891	9,571	12.16	
2013	1,125,336	1,013,711	111,625	4,870	10,159	15,029	7.43	
2014	1,189,532	1,061,304	128,228	5,905	13,797	19,702	6.51	

<b>Center For University Advancement Revenue Bonds</b>				<b>Debt Service*</b>				
<b>Gross Revenues*</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Debt Service*</b>			<b>Coverage</b>		
			<b>Principal</b>	<b>Interest</b>	<b>Total</b>			
2005	\$ 1,161	\$ 18	\$ 1,143	\$ 530	\$ 406	\$ 936	1.22	
2006	897	-	897	510	387	897	1.00	
2007	870	-	870	535	367	902	0.96	
2008	905	-	905	560	347	907	1.00	
2009	945	-	945	575	337	912	1.04	
2010	915	-	915	590	303	893	1.02	
2011	890	-	890	610	280	890	1.00	
2012	865	-	865	610	255	865	1.00	
2013	876	-	876	645	231	876	1.00	
2014	874	-	874	670	204	874	1.00	

All University Funds pledged revenues consist of charges for services which include room and board fees.

\* - Certain amounts have been revised to reflect changes made by the Universities.

Source: Information provided by the Treasurer of State, Tobacco Settlement Authority and Universities.

**STATE OF IOWA**  
**Demographic and Economic Statistics**  
For the Last Ten Calendar Years

**Schedule 10**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Population</b> (in thousands)	2,954	2,966	2,982	2,988	3,003	3,008	3,046	3,062	3,074	3,090
<b>Personal income</b> (in millions)	\$ 90,289	\$ 95,858	\$ 99,112	\$ 104,651	\$ 110,135	\$ 110,541	\$ 116,616	\$ 123,933	\$ 129,503	\$ 139,422
<b>Per capita personal income</b>	\$ 30,565	\$ 32,315	\$ 33,236	\$ 35,023	\$ 36,680	\$ 36,751	\$ 38,281	\$ 40,470	\$ 42,126	\$ 45,114
<b>Resident civilian labor force and employment</b> (annual averages)										
Civilian labor force (in thousands)	1,623.8	1,659.8	1,664.3	1,661.0	1,676.0	1,673.9	1,670.3	1,663.6	1,638.8	1,671.3
Resident employment (in thousands)	1,545.4	1,584.1	1,602.8	1,598.3	1,607.0	1,574.3	1,567.7	1,565.5	1,553.1	1,593.7
Resident unemployed (in thousands)	78.4	75.7	61.5	62.7	69.0	99.7	102.6	98.0	85.7	77.6
Percent unemployed	4.5	4.6	3.7	3.8	4.1	6.0	6.1	5.9	5.2	4.6
<b>Employment by industry, non-agricultural</b> (in thousands)										
Construction	68.4	71.2	74.8	72.5	73.0	64.8	61.6	62.5	64.6	67.4
Manufacturing	222.9	229.5	230.9	229.4	227.8	203.7	200.1	207.4	210.4	214.5
Trade, transportation and utilities	305.6	306.8	308.6	308.8	309.2	302.0	300.0	301.9	306.8	311.4
Information	33.5	33.3	32.8	33.5	33.3	30.4	28.5	27.9	27.1	26.1
Financial activities	96.7	98.3	100.6	102.6	102.9	101.8	101.2	100.3	101.6	103.4
Professional and business	107.2	112.6	117.0	120.9	121.5	117.6	121.7	123.5	129.5	131.9
Education and health	191.4	195.3	199.0	202.3	206.7	211.0	213.5	215.9	220.6	223.2
Leisure and hospitality	127.6	129.6	132.7	136.7	135.3	132.4	129.7	130.6	134.2	136.7
Other services	56.3	56.2	56.6	57.7	57.7	57.6	57.0	56.5	57.7	60.2
Government	244.3	245.5	247.3	249.7	252.7	254.7	253.6	249.8	254.0	255.4
<b>Total non-agricultural employment</b>	<b>1,453.9</b>	<b>1,478.3</b>	<b>1,500.3</b>	<b>1,514.1</b>	<b>1,520.1</b>	<b>1,476.0</b>	<b>1,466.9</b>	<b>1,476.3</b>	<b>1,506.5</b>	<b>1,530.2</b>

Source: U.S. Department of Commerce, Bureau of Economic Analysis and Iowa Workforce Development, Labor Market Information Unit in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

**STATE OF IOWA**  
**Principal Non-governmental Employers**  
 Prior Calendar Year and Nine Years Ago

**Schedule 11**

**CALENDAR YEAR 2013**

<b>Rank</b>	<b>Employer</b>	<b>Type of Business</b>
1	Hy-Vee Food Stores, Inc.	Retail Food
2	Wal-Mart Stores, Inc.	Retail General Merchandise
3	Deere and Company	Machinery Manufacturing
4	Wells Fargo Bank NA	Finance
5	Rockwell Collins, Inc.	Equipment Manufacturing
6	Tyson Fresh Meats, Inc.	Food Manufacturing
7	Casey's General Store	Convenience Stores
8	Fareway Food Stores, Inc.	Retail Food
9	Principal Life Insurance Company	Life Insurance
10	Unitypoint Health	Health Services

**CALENDAR YEAR 2004**

<b>Rank</b>	<b>Employer</b>	<b>Type of Business</b>
1	Hy-Vee Food Stores, Inc.	Retail Food
2	Wal-Mart Stores, Inc.	Retail General Merchandise
3	Deere and Company	Machinery Manufacturing
4	Principal Financial Group	Finance & Insurance
5	Tyson Fresh Meats, Inc.	Food Manufacturing
6	Rockwell Collins, Inc.	Equipment Manufacturing
7	Wells Fargo Bank NA	Finance
8	Fareway Food Stores, Inc.	Retail Food
9	Pella Corporation	Wood Products Manufacturing
10	Iowa Health - Des Moines	Health Services

**The Code of Iowa defines employee counts as confidential data; as such, this information is not available.**

Source: Iowa Workforce Development

**STATE OF IOWA**  
**Significant Classes of Capital Assets by Function**  
 Capital Intensive Departments Only  
 For the Last Ten Fiscal Years

**Schedule 12**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>ADMINISTRATION &amp; REGULATION</b>										
<i>Department of Administrative Services</i>										
Land (acres)	133	133	133	133	133	138	138	138	138	138
Buildings & improvements (square footage)	1,210,406	1,210,406	1,433,865	1,443,917	1,472,729	1,766,069	1,810,569	1,810,569	2,708,428	2,454,890
Machinery & equipment	619	580	574	594	576	613	962	985	594	627
<i>Alcoholic Beverages Division</i>										
Land (acres)	15	15	15	15	15	15	15	15	15	15
Buildings & improvements (square footage)	181,996	181,996	181,996	181,996	181,996	181,996	181,996	181,966	181,966	181,966
<b>EDUCATION</b>										
<i>Iowa Public Television</i>										
Land (acres)	37	131	131	211	211	211	208	208	208	208
Buildings & improvements (square footage)	119,800	119,800	119,800	119,800	62,000	62,000	62,000	75,500	75,500	75,500
Machinery & equipment	583	572	580	578	983	977	908	927	876	873
<i>Iowa Braille and Sight Saving School</i>										
Land (acres)	70	70	70	70	70	70	70	70	70	70
Buildings & improvements (square footage)	190,612	190,612	190,612	190,612	190,612	190,612	190,612	190,612	190,612	190,612
<i>Iowa School for the Deaf</i>										
Buildings & improvements (square footage)	407,426	407,426	407,426	407,426	407,426	407,426	407,426	407,426	407,426	407,426
<b>HEALTH &amp; HUMAN RIGHTS</b>										
<i>Department for the Blind</i>										
Buildings & improvements (square footage)	98,606	98,606	98,606	98,606	98,606	98,606	98,606	100,000	100,000	100,000
Machinery & equipment	221	221	211	229	264	262	200	199	198	194
<i>Veterans Home</i>										
Land (acres)	158	258	258	158	158	158	158	158	158	158
Buildings & improvements (square footage)	742,041	742,041	742,041	736,534	736,534	736,534	736,534	886,711	886,711	891,811
Machinery & equipment	225	218	239	241	250	262	266	298	373	509
<i>Department of Public Health</i>										
Machinery & equipment	311	335	368	358	336	422	417	466	471	478
<b>HUMAN SERVICES</b>										
<i>Department of Human Services &amp; Institutions</i>										
Land (acres)	2,825	2,825	2,825	2,872	2,872	2,872	1,965	1,965	1,965	1,965
Buildings & improvements (square footage)	4,240,760	4,215,068	4,215,068	4,189,372	4,187,685	4,243,059	4,247,383	4,243,591	4,243,591	4,243,591
Machinery & equipment	1,377	1,424	1,562	1,617	1,734	1,754	1,793	1,807	1,900	1,946

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**STATE OF IOWA**  
**Significant Classes of Capital Assets by Function**  
Capital Intensive Departments Only  
For the Last Ten Fiscal Years  
(continued)

**Schedule 12**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>JUSTICE &amp; PUBLIC DEFENSE</b>										
<i>Department of Corrections &amp; Correctional Facilities</i>										
Land (acres)	1,985	1,872	2,112	2,112	2,112	2,122	2,136	1,984	1,976	1,976
Buildings & improvements (square footage)	3,873,806	3,101,404	3,786,838	3,922,016	3,930,180	3,930,180	4,057,021	3,958,161	3,978,657	4,213,108
Machinery & equipment	1,089	1,111	1,304	1,387	1,434	1,398	1,450	1,500	1,610	1,793
<i>Judicial Districts</i>										
Land (acres)	52	54	54	55	71	71	71	66	66	66
Buildings & improvements (square footage)	477,591	477,591	525,638	525,638	525,638	525,638	568,765	568,765	645,656	663,644
Machinery & equipment	317	294	296	298	297	283	292	310	305	320
<i>Department of Public Defense</i>										
Land (acres)	2,699	2,694	2,688	2,688	2,688	2,688	2,688	2,688	2,688	2,688
Buildings & improvements (square footage)	2,266,807	2,432,404	2,453,389	2,484,110	2,494,278	2,609,806	2,679,159	2,702,403	2,909,624	2,887,427
Machinery & equipment	278	323	327	350	330	391	417	401	466	486
<i>Department of Public Safety</i>										
Land (acres)	79	79	87	59	60	60	60	60	60	60
Buildings & improvements (square footage)	132,162	132,162	132,162	149,303	153,660	153,660	151,160	151,160	151,160	151,160
Machinery & equipment	1,415	1,471	1,420	1,416	1,495	1,477	1,623	1,806	1,904	1,929
<b>ECONOMIC DEVELOPMENT</b>										
<i>Iowa Workforce Development</i>										
Buildings & improvements (square footage)	129,822	129,822	129,822	129,822	129,822	129,822	129,822	129,822	129,822	129,822
Machinery & equipment	332	328	331	289	297	267	254	262	282	262
<b>TRANSPORTATION</b>										
<i>Department of Transportation</i>										
Land (acres)	8,840	8,161	8,256	7,568	7,199	7,404	7,071	7,069	7,138	6,943
Buildings & improvements (square footage)	2,224,961	2,279,725	2,293,725	2,311,895	2,320,784	2,360,453	2,388,154	2,413,888	2,474,076	2,494,219
Highway lane miles	234,039	234,451	235,471	235,821	235,999	236,426	236,428	237,115	237,394	237,391
Heavy equipment	5,048	5,114	5,326	5,385	5,550	5,803	5,779	6,101	6,238	6,416
Machinery & equipment	2,854	2,972	2,951	3,083	3,275	3,392	3,275	3,313	3,276	3,621
<b>AGRICULTURE &amp; NATURAL RESOURCES</b>										
<i>Department of Natural Resources</i>										
Land (acres)	331,198	331,198	335,735	339,541	162,859	165,711	169,881	173,921	174,632	176,972
Buildings & improvements (square footage)	578,906	578,906	582,401	603,161	634,149	625,649	634,268	662,577	784,815	810,633
State parks	71	71	71	71	71	71	71	71	71	71
Wildlife management areas	20	20	20	20	20	20	20	16	16	16
Machinery & equipment	2,111	2,111	2,124	2,355	2,472	2,535	2,632	2,343	2,186	2,083

Source: Information provided by the Departments.

**STATE OF IOWA**  
**Operating Indicators by Function**  
For the Last Ten Fiscal Years or as Identified

**Schedule 13**

	2005	2006	2007	2008	2009	2010	2011 <sup>(1)</sup>	2012	2013	2014
<b>ADMINISTRATION &amp; REGULATION</b>										
<i>Department of Administrative Services</i>										
State employees covered by benefit plans	18,873	19,382	19,747	20,299	20,630	20,140	18,951	19,315	18,421	18,145
Number of State payroll warrants processed*	510,558	524,984	534,237	549,932	558,438	541,636	509,232	502,198	495,234	485,222
<b>EDUCATION</b>										
<i>Department of Education</i>										
Enrollment:										
Public schools	483,335	483,105	482,584	480,609	477,019	474,227	473,493	473,504	476,245	478,921
Universities	68,949	67,896	67,701	69,178	70,325	71,353	72,708	73,948	74,811	76,465
Community colleges	81,803	82,499	84,961	87,072	88,104	100,736	106,597	105,975	100,519	94,234
<b>HEALTH &amp; HUMAN RIGHTS</b>										
<i>Department for the Blind</i>										
Number of clients served	9,090	8,006	8,204	7,204	8,239	8,093	7,197	6,971	6,617	9,158
<b>HUMAN SERVICES</b>										
<i>Department of Human Services</i>										
Average number of residents/patients	1,176	1,168	1,136	1,105	1,070	1,024	957	911	872	834
Average number of Medicaid recipients	297,376	297,000	317,169	306,000	330,286	361,385	380,749	393,664	401,129	405,704
<b>JUSTICE &amp; PUBLIC DEFENSE</b>										
<i>Department of Corrections</i>										
Average number of inmates	8,547	8,721	8,752	8,765	8,712	8,384	10,301	10,022	9,635	9,622
<b>ECONOMIC DEVELOPMENT</b>										
<i>Department of Economic Development</i>										
Number of community development block grants/home projects funded	115	110	117	104	61	84	-	-	-	-
<i>Iowa Workforce Development</i>										
Number of unemployment claims accepted (calendar year)	91,540	92,610	91,367	126,309	165,030	125,564	107,937	99,107	94,474	INA
Unemployment insurance regular benefits paid (in millions, calendar year)	296.3	312.9	329.6	421.5	788.1	586.9	463.4	417.0	418.8	INA
<b>TRANSPORTATION</b>										
<i>Department of Transportation</i>										
Automobile driver licenses issued	1,002,548	864,514	709,590	938,192	1,153,422	1,016,493	919,844	810,494	1,052,641	1,122,199
Vehicles weighed (in thousands, federal fiscal year)	964	921	595	534	441	492	587	793	1,043	812
<b>AGRICULTURE &amp; NATURAL RESOURCES</b>										
<i>Department of Natural Resources</i>										
Hunting & fishing licenses issued	1,368,624	1,378,487	1,372,423	1,305,779	1,374,122	1,418,625	1,356,740	1,413,309	1,559,955	1,330,709

\* - Centralized State Payroll system only - excludes the Universities, Department of Transportation, Judicial Districts and certain other departments.

INA - Information not available.

Source: Information provided by Departments.

(1) - Due to changes in legislation, Fiscal Year 2011 amounts reflect a prior period adjustment made in 2012 to reclassify the Department of Economic Development, previously reported in the primary government, to the Iowa Economic Development Authority, a discretely presented component unit.

**STATE OF IOWA**  
**Number of Employees - Primary Government**  
For the Last Ten Fiscal Years

**Schedule 14**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011 <sup>(1)</sup></b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Administration & regulation	2,040	2,101	2,147	2,167	2,254	2,227	2,142	2,073	1,993	1,936
Education	1,165	1,166	1,117	1,107	1,147	1,147	1,090	1,067	1,036	1,019
Health & human rights	1,793	1,851	1,878	1,931	1,976	1,959	1,801	1,710	1,746	1,755
Human services	5,496	5,676	5,982	6,060	6,224	6,079	5,631	5,441	5,395	5,170
Justice & public defense	7,546	7,685	7,854	8,119	8,247	8,024	7,614	6,415	6,371	6,327
Economic development	973	962	929	961	998	1,042	916	853	757	711
Transportation	3,355	3,338	3,190	3,257	3,311	3,328	3,135	2,908	2,899	2,996
Agriculture & natural resources	1,534	1,578	1,607	1,635	1,689	1,618	1,520	1,450	1,482	1,468
Universities	38,302	36,474	37,137	37,842	39,003	38,392	38,081	39,736	39,315	42,284
Other enterprise funds	309	300	298	302	310	294	173	178	174	172
<b>Total primary government</b>	<b>62,513</b>	<b>61,131</b>	<b>62,139</b>	<b>63,381</b>	<b>65,159</b>	<b>64,110</b>	<b>62,103</b>	<b>61,831</b>	<b>61,168</b>	<b>63,838</b>

Source: Department of Administrative Services

(1) - Due to changes in legislation, Fiscal Year 2011 amounts reflect a prior period adjustment made in 2012 to reclassify the Department of Economic Development, previously reported in the primary government, to the Iowa Economic Development Authority, a discretely presented component unit.

**STATE OF IOWA**  
**Schedule of Current Expenditures - General Fund**  
Year Ended June 30, 2014  
(Expressed in Thousands)

**Schedule 15**

	<b>Personal Services</b>	<b>Travel &amp; Subsistence</b>	<b>Supplies</b>	<b>Contractual Services</b>	<b>Equipment &amp; Repairs</b>	<b>Claims &amp; Miscellaneous</b>	<b>Licenses Permits &amp; Refunds</b>	<b>State Aid</b>	<b>Plant Improvement</b>	<b>Adjustments</b>	<b>Total Current Expenditures</b>
Administration & regulation	\$ 136,325	\$ 5,941	\$ 4,535	\$ 68,439	\$ 3,971	\$ 615,435	\$ 108	\$ 676,123	\$ 20,363	\$ (125,559)	\$ 1,405,681
Education	77,035	2,088	4,594	34,300	2,401	3,598	1,023	3,562,771	1,314	28,204	3,717,328
Health & human rights	120,257	1,916	10,502	228,676	5,269	1,180	7	56,382	-	(5,786)	418,403
Human services	393,723	5,117	19,456	197,073	12,909	2,145	13	5,273,318	-	(120,650)	5,783,104
Justice & public defense	563,017	14,346	32,778	126,750	16,902	5,698	52	314,818	21,464	102,977	1,198,802
Economic development	66,430	1,292	2,216	35,951	2,739	5,300	-	20,975	107	24,616	159,626
Transportation	235,456	34,340	50,019	143,186	14,249	133,846	161	43,970	920,134	(994,657)	580,704
Agriculture & natural resources	113,714	6,507	7,462	45,425	4,463	2,036	10	22,598	18,865	(27,076)	194,004
<b>Total primary government</b>	<b>\$ 1,705,957</b>	<b>\$ 71,547</b>	<b>\$ 131,562</b>	<b>\$ 879,800</b>	<b>\$ 62,903</b>	<b>\$ 769,238</b>	<b>\$ 1,374</b>	<b>\$ 9,970,955</b>	<b>\$ 982,247</b>	<b>\$ (1,117,931)</b>	<b>\$ 13,457,652</b>

Source: State Financial Accounting System, Judicial Districts financial statements, Iowa School for the Deaf and Iowa Braille and Sight Saving School financials and adjusting journal entries from GAAP packages.

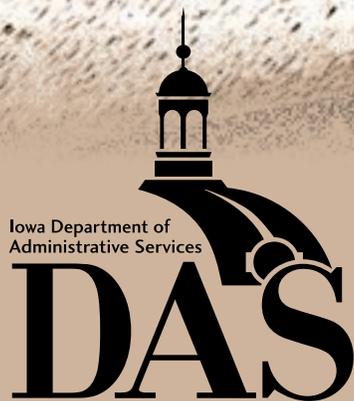
# **A C K N O W L E D G M E N T S**

## **REPORT PREPARED BY**

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## **ADDITIONAL ASSISTANCE PROVIDED BY**

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**STATE OF IOWA**

**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**

**JUNE 30, 2014**

**State of Iowa**

**Officials**

Name

Title

**Executive Branch**

Honorable Terry E. Branstad

Governor

David Roederer

Director, Department of Management

**Legislative Branch**

Pam Jochum

President of the Senate

Kraig M. Paulsen

Speaker of the House of Representatives

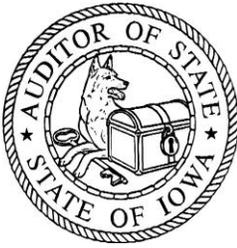
Glen P. Dickinson

Director, Legislative Services Agency

**Judicial Branch**

Mark S. Cady

Chief Justice of the Supreme Court



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**STATE OF IOWA**

Mary Mosiman, CPA  
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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 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, the 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, 2014, and the related Notes to Financial Statements, which collectively comprise the State of Iowa's basic financial statements, and have issued our report thereon dated December 12, 2014. Our report includes a reference to other auditors who audited the financial statements of the Tobacco Settlement Authority, the Honey Creek Premier Destination Park Authority, the Iowa Finance Authority, the University of Iowa Foundation, the Iowa State University Foundation, the University of Northern Iowa Foundation, the University of Iowa Research Foundation and the University of Iowa Health System and Subsidiaries, as described in our report on the State of Iowa's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the University of Iowa Foundation, the Iowa State University Foundation, the University of Northern Iowa Foundation and the University of Iowa Health System and Subsidiaries were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Iowa's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of State of Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Iowa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the State of Iowa's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item (A) to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (B) and (C) to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Iowa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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.

We noted certain immaterial instances of non-compliance or other matters which will be reported to management in separate reports.

#### The State of Iowa's Responses to the Findings

The State of Iowa's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The State of Iowa's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the State of Iowa's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 12, 2014

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Unemployment Benefits Fund – To comply with governmental accounting and financial reporting standards for the Unemployment Benefits Fund, the Iowa Department of Workforce Development (IWD) has developed the MYIOWAUI system to track employer unemployment insurance contributions based on quarterly employer payroll reports. The system generates information regarding the balance of employer contributions receivable and delinquent accounts, including penalty and interest calculations, for financial reporting purposes. This activity is reported to the Iowa Department of Administrative Services – State Accounting Enterprise (DAS-SAE) in a GAAP package. The following were noted for the year ended June 30, 2014:
- (1) IWD overstated accounts receivable by \$5,905,235 and understated the allowance for doubtful accounts by \$16,796,523 on the GAAP package Unemployment Benefits Fund page. As a result, the net accounts receivable balance was overstated by \$22,701,758. This was properly adjusted for reporting purposes.
  - (2) IWD overstated accounts payable by \$5,634,260 on the GAAP package Unemployment Benefits Fund page. This was properly adjusted for reporting purposes.
  - (3) According to IWD, an account goes to non-collectible status when the most recent debt creation date on the account is older than 720 days and the last payment was not received within 90 days. These accounts should be written off for reporting purposes and not be included in the balance reported in the GAAP package. During testing, \$363,679 of \$43,199,600 of contributions, \$228,900 of \$16,602,149 of interest and \$47,924 of \$2,074,463 of penalties older than 720 days were included in the accounts receivable balance reported in the GAAP package.

Recommendation – IWD should ensure financial information generated for the GAAP package is properly reviewed for accuracy. IWD should continue to modify the MYIOWAUI system to ensure the data is accurate, timely and conforms to established policy.

Response – For numbers (1) and (2), IWD will review reconciling pages to ensure numbers are accurate on the Unemployment Benefits Fund page in the GAAP Package. For number (3), the discrepancy is caused from the comparison of the Employer Accounts Receivable created from the MYIOWAUI system and the Non-Collection List. The problem lies where uncollected debt is never removed from the MYIOWAUI system so uncollected debt older than 720 days appears on this report, but is removed from the Non-Collection List. The reason the debt is not taken out of the MYIOWAUI system is because there are times we consider the debt uncollectible; however, we do receive payment on this at a later date. If there is no way to correct this in the system a comparison between the two reports will need to be done before the accountant completes this portion of the GAAP package and then back those accounts which appear older than 720 days out of the calculation.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings

Year ended June 30, 2014

- (B) Financial Reporting – Departments record receipts and disbursements in the Integrated Information for Iowa (I/3) system throughout the year, including the accrual period. Activity not recorded in the I/3 system is reported to the Iowa Department of Administrative Services – State Accounting Enterprise (DAS–SAE) in a GAAP package. The GAAP package is to be submitted to DAS–SAE by the first week of September each year. Findings were noted for the following departments:

**(1) Iowa Department of Administrative Services**

- (a) Accounts payable were understated by \$1,579,363. This was properly adjusted for reporting purposes.
- (b) One payable listed in the GAAP package for \$85,545 was recorded in the wrong fund. This was properly adjusted for reporting purposes.

Recommendation – The Department should ensure the GAAP package information reported is complete and accurate.

Response – The Department agrees with the comment. To ensure accrual entries are recorded in the proper fiscal year, the DAS-SAE Payroll Accountant has set up an annual reminder to confirm the Wellmark Standard Assessment annual billing has been received, paid and recorded timely in the proper fiscal year. The annual billings do not arrive from the vendor on a regularly recurring set schedule. DAS-SAE will work with the vendor to see if a set schedule can be agreed to.

In addition, changes made to the GAAP package information after being submitted did not go through the two step review process. This will be changed going forward. All information and any changes made to the GAAP package will go through a process of two reviews.

Conclusion – Response accepted.

**(2) Iowa College Student Aid Commission**

The Commission understated cash on hand reported in the GAAP package by \$20,700. Certificates of deposit of \$2,378,855 held by the Commission were recorded as government securities in the GAAP package. As a result, government securities were overstated by \$2,378,855 and cash on hand and in banks was understated by \$2,399,555 for the footnote disclosure. This was properly adjusted for reporting purposes.

Recommendation – The Commission should thoroughly review information reported in the GAAP package to ensure information reported is complete and accurate.

Response – The Commission will ensure information reported in the GAAP package is complete and accurate.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings

Year ended June 30, 2014

**(3) Iowa Economic Development Authority**

The Authority overstated contractual commitments by \$9,263,299. This was properly adjusted for reporting purposes.

Recommendation – The Authority should ensure the information reported is complete and accurate.

Response - The Authority will improve both the calculation and subsequent review of information reported to ensure information is correct.

Conclusion – Response accepted.

**(4) Iowa Department of Human Rights**

The Department's contractual commitments included in the GAAP package were overstated by \$16,905,474. This was properly adjusted for reporting purposes.

Recommendation – The Department should implement procedures to ensure the information reported in the GAAP package is complete and accurate.

Response – The Department has updated its procedures to include instructions which clarify which items are to be included in the calculation of contractual commitments.

Conclusion – Response accepted.

**(5) Iowa Department of Human Services**

(a) Commitments due to outside contractors were understated by \$36,524,669. This was properly adjusted for reporting purposes.

(b) Drug rebate receivables were understated by \$11,780,783. Accounts payable due to the Federal government were also understated by \$11,780,783. The understatement of the accounts receivable and accounts payable did not have an effect on the net position of the State. This was properly adjusted for reporting purposes.

Recommendation – The Department should ensure the information reported in the GAAP package is complete and accurate.

Response –

(a) The Iowa Department of Administrative Services provides the report of commitments from the I/3 system to the Department of Human Services. The report provided contains instances where a single contract is listed multiple times with differing values. For those items listed multiple times, the incorrect value was reported on the Department's GAAP package. The Department of Human Services continues to work with the Department of Administrative Services to receive a report of commitments from the I/3 system which is free from duplication. The Department has also revised procedures for how to report commitments when a contract appears on the report in multiple instances. Upon notification of the error, the Department reviewed all instances of duplication to ensure the appropriate contract amount was reported.

State of Iowa

Schedule of Findings

Year ended June 30, 2014

- (b) The Department of Human Services began a new program as a result of the Affordable Care Act. Drug rebate information from the Iowa Health and Wellness Program, which began January 1, 2014, was missed when determining the amount owed from drug rebate labelers and the subsequent federal share owed to Centers for Medicaid and Medicare Services (CMS) upon collection. The information was corrected upon notification and the procedures were revised to ensure inclusion of the additional drug rebate amounts in future years.

Conclusion – Response accepted.

**(6) Iowa Department of Transportation**

The Department makes loans to cities for road projects and subsequently reports loan receivables in the GAAP package. Four new loans totaling \$394,710 were reported as new loans in the current year which should have been reported in the prior year.

Recommendation – To strengthen controls, the Department should implement procedures to ensure the GAAP package information reported is complete and accurate.

Response – The Department will review current procedures related to loans receivables and modify where needed to minimize misstatements.

Conclusion – Response accepted.

- (C) Payroll – Departments process and record payroll and personnel information on the Human Resource Information System (HRIS). The Human Resource Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. Findings were noted for the following departments where there were no compensating controls:

**(1) Iowa Department of Education**

Twenty-five individuals within the Department have the ability to initiate and approve timesheets.

Recommendation – To strengthen controls, the Department should develop and implement procedures to segregate the duties of the Human Resource Associates from the duties of payroll.

Response – We certainly understand the concern and the rationale behind the recommendation. In practical terms, this will be very difficult for us to implement due to staffing levels. We have developed a process where no one person can put all levels of approval on anything in HRIS. We believe this process gets us to the same result as the above recommendation.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings

Year ended June 30, 2014

**(2) Iowa Department of Natural Resources**

Three individuals have the ability to apply multiple levels of approval to timesheets. These three individuals also have the ability to initiate and approve P-1 documents.

Also, one individual receives the preliminary payroll report, makes changes and reviews the final report. However, the preliminary payroll report is not maintained and there is no independent review to ensure the final adjusted payroll report is correct.

In addition, four of five timesheets tested were approved by a supervisor on or after the payroll warrant date.

Recommendation – To strengthen controls, the Department should develop and implement procedures to further segregate duties so individuals do not have the ability to apply multiple levels of approval to timesheets. The Department should obtain a listing from the Department of Administrative Services to verify Department approvals of P-1 documents are being applied appropriately. This report should be independently reviewed by the Bureau Chief or designee.

Also, the individual certifying the final payroll reports should periodically choose individual items from the payroll reports to review for accuracy and documentation of changes and the preliminary report should be kept with the final payroll report.

In addition, the Department should develop procedures to ensure timely approval of timesheets.

Response – The Department will develop and implement new procedures to segregate P-1 initiation from P-1 approval utilizing the two Human Resource Associates. Timesheet approval levels will also be segregated. The Human Resource Supervisor will function as a back-up for both timesheet and P-1 approval ensuring segregation of duties. The Department will also request a P-1 listing from the Department of Administrative Services periodically to verify P-1's are being applied appropriately.

Furthermore, the Department will periodically perform an independent review of final payroll journals to approved timesheets.

In addition, the Department will continue to work with supervisors to ensure timesheets are properly approved in a timely manner.

Conclusion – Response accepted.

**STATE OF IOWA  
SINGLE AUDIT REPORT**

**INDEPENDENT AUDITOR'S REPORT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2014**

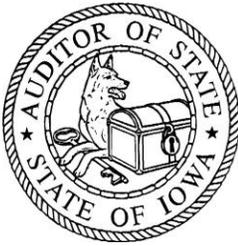
**ENTITY IDENTIFICATION NUMBER  
EIN-42-0933966**

**State of Iowa**

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**State of Iowa**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

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March 23, 2015

To the Governor and Members of the General Assembly:

We are pleased to submit the Single Audit Report for the State of Iowa for the year ended June 30, 2014. The audit of compliance was conducted 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.

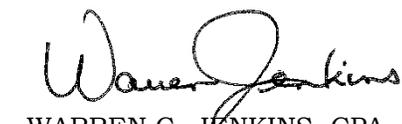
The Single Audit Report reflects federal expenditures of approximately \$6.9 billion. This report includes significant deficiencies in internal control relating to major programs and instances of non-compliance which meet the criteria of OMB Circular A-133. The Single Audit Report also includes an unmodified opinion on the State's compliance with requirements applicable to each of its major federal programs. The significant deficiencies and instances of non-compliance are reported in the Schedule of Findings and Questioned Costs.

The State of Iowa's Comprehensive Annual Financial Report for the year ended June 30, 2014 has been issued separately by the Iowa Department of Administrative Services. In addition, in accordance with Government Auditing Standards, our report on the State of Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters was issued under separate cover. Copies of these reports are 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/1560-8990-B000.pdf> and <http://auditor.iowa.gov/reports/1560-8990-B001.pdf>.

We would like to acknowledge the many courtesies and assistance extended to us by the staff of the State agencies, institutions and universities during the course of our audit of compliance. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Respectfully submitted,

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

**State of Iowa**



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Independent Auditor's Report on Compliance  
for Each Major Federal Program, on Internal Control over Compliance  
and on the Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133

To the Governor and Members of the General Assembly:

Report on Compliance for Each Major Federal Program

We have audited the State of Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the State of Iowa's major federal programs for the year ended June 30, 2014. The State of Iowa's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

The State of Iowa's basic financial statements include the operations of the Iowa Finance Authority, which received approximately \$68,160,000 in federal awards which is not included in the Schedule of Expenditures of Federal Awards and the Schedule of Findings and Questioned Costs for the year ended June 30, 2014. Our audit, described below, did not include the operations of the Iowa Finance Authority because other auditors were engaged to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of Iowa's major federal programs based on our audit of the types of compliance requirements referred to above. 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 provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State of Iowa's compliance.

Opinion on Each Major Federal Program

In our opinion, the State of Iowa complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Other Matters

The results of our auditing procedures disclosed instances of non-compliance which are required to be reported in accordance with OMB Circular A-133 and are described as items 14-III-USDA-401-1 and 14-III-HHS-401-1 in the accompanying Schedule of Findings and Questioned Costs. Our opinion on the major federal programs is not modified with respect to these matters.

The State of Iowa's responses to the non-compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The State of Iowa's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

## Report on Internal Control Over Compliance

The management of the State of Iowa is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Iowa's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Iowa's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance we consider to be significant deficiencies which are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

The State of Iowa's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The State of Iowa's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the 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, 2014, and the related Notes to Financial Statements, which collectively comprise the State of Iowa's basic financial statements. We issued our report thereon dated December 12, 2014, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors who audited the financial statements of the Tobacco Settlement Authority, the Honey Creek Premier Destination Park Authority, the Iowa Finance Authority, the University of Iowa Foundation, the Iowa State University Foundation, the University of Northern Iowa Foundation, the University of Iowa Research Foundation and the University of Iowa Health System and Subsidiaries, as described in our report on the State of Iowa's financial statements. This report does not include the results of the other auditors' testing of compliance for each major federal program and internal control over compliance. 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 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 23, 2015, except for the paragraph regarding the Schedule of Expenditures of Federal Awards, as to which the date is December 12, 2014

**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, 2014

CFDA Number	Federal Department / Program Name	State Agency (see pg 84)	Federal Expenditures/ Disbursements/ Issuances	Total by CFDA Number/Cluster
<u>U.S. Department of Agriculture</u>				
10.001	Agricultural Research_Basic and Applied Research	619	\$ 157,861 **	
10.001	Agricultural Research_Basic and Applied Research	620	867,601 **	
10.001	Agricultural Research_Basic and Applied Research (Passed through Kansas State University; S13147)	620	59,958 **	
10.001	Agricultural Research_Basic and Applied Research (Passed through University of California; 20111816903)	620	4,238 **	
10.001	Agricultural Research_Basic and Applied Research (Passed through University of Illinois; 20120315207)	620	100,588 **	1,190,246
10.025	Plant and Animal Disease, Pest Control, and Animal Care	009	920,953	
10.025	Plant and Animal Disease, Pest Control, and Animal Care (\$5,000 provided to subrecipients)	620	1,901,290 **	2,822,243
10.028	Wildlife Services (Passed through Washington State University; 120054G003129)	620	6,029 **	6,029
10.069	Conservation Reserve Program	009	42,500	42,500
10.072	Wetlands Reserve Program	009	268,221	268,221
10.093	Voluntary Public Access and Habitat Incentive Program	542	201,259	201,259
10.163	Market Protection and Promotion	009	45,730	45,730
10.170	Specialty Crop Block Grant Program - Farm Bill	009	271,769	271,769
10.200	Grants for Agricultural Research, Special Research Grants (\$303,719 provided to subrecipients)	620	975,495 **	
10.200	Grants for Agricultural Research, Special Research Grants (Passed through Michigan State University; RC100876ISU4, 614356A, 614356G, RC064356R)	620	3,029 **	978,524
10.202	Cooperative Forestry Research	620	417,761 **	417,761
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act	620	7,128,591 **	
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act (Passed through Auburn University; 4104001)	620	8,000 **	7,136,591
10.207	Animal Health and Disease Research	620	91,173 **	91,173
10.210	Higher Education Graduate Fellowships Grant Program	620	358,393 **	358,393
10.212	Small Business Innovation Research (Passed through Broadcast Wind, LLC; 20123361020114)	620	30,136 **	
10.212	Small Business Innovation Research (Passed through Harrisvaccines; 20113361030783)	620	27,264 **	57,400
10.215	Sustainable Agriculture Research and Education (Passed through University of Minnesota; H001911518, H001226911, H003040138, H003040112, H003040136, H003679401, H003040123, H001911503) (\$15,641 provided to subrecipients)	620	67,836 **	67,836
10.216	1890 Institution Capacity Building Grants (Passed through University of Arkansas; 2292211010762)	620	7,658 **	7,658
10.217	Higher Education - Institution Challenge Grants Program (\$75,265 provided to subrecipients)	620	460,072 **	
10.217	Higher Education - Institution Challenge Grants Program (Passed through Kansas State University; S13106)	620	98,666 **	
10.217	Higher Education - Institution Challenge Grants Program (Passed through University of North Carolina; 1003192)	620	10,632 **	569,370
10.219	Biotechnology Risk Assessment Research (\$70,430 provided to subrecipients)	620	330,081 **	
10.219	Biotechnology Risk Assessment Research (Passed through Ohio State University; 60026023, 60034717)	620	67,198 **	397,279
10.220	Higher Education - Multicultural Scholars Grant Program	620	53,354 **	53,354
10.226	Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants (Passed through Eastern Iowa Community College; B0012121)	620	26,137	26,137

State of Iowa  
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CFDA Number	Federal Department / Program Name	State Agency (see pg 84)	Federal Expenditures/ Disbursements/ Issuances	Total by CFDA Number/Cluster
<u>U.S. Department of Agriculture (continued)</u>				
10.250	Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations	620	112,350	**
10.250	Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations (Passed through Oregon State University; DA743AA)	620	98	**
10.253	Food Assistance and Nutrition Research Programs (FANRP)	620	25,276	**
10.253	Food Assistance and Nutrition Research Programs (FANRP) (Passed through Cornell University; 4104077)	620	16,735	**
10.290	Agricultural Market and Economic Research	620	51,738	**
10.303	Integrated Programs (\$358,014 provided to subrecipients)	620	723,442	**
10.303	Integrated Programs (Passed through Michigan State University; 101772ISU) (\$7,339 provided to subrecipients)	620	10,458	**
10.303	Integrated Programs (Passed through Ohio State University; 60021507)	620	5,951	**
10.303	Integrated Programs (Passed through Penn State University; 4534ISUUSDA0993)	620	10,860	**
10.303	Integrated Programs (Passed through University of Connecticut; 525756)	620	1,328	**
10.303	Integrated Programs (Passed through University of Illinois; 20120074803)	620	23,786	**
10.303	Integrated Programs (Passed through University of Wisconsin; X378291)	620	37,172	**
10.304	Homeland Security_Agricultural	620	156,878	**
10.304	Homeland Security_Agricultural (Passed through Auburn University; 13ACES378574ISU)	620	403	**
10.304	Homeland Security_Agricultural (Passed through Michigan State University; RC101676)	620	35,338	**
10.305	International Science and Education Grants	620	3,308	**
10.307	Organic Agriculture Research and Extension Initiative (\$2,643 provided to subrecipients)	620	2,643	**
10.309	Specialty Crop Research Initiative (\$403,780 provided to subrecipients)	620	1,009,735	**
10.309	Specialty Crop Research Initiative (Passed through Cornell University; 640949748)	620	177,544	**
10.309	Specialty Crop Research Initiative (Passed through University of Florida; UF09222, UF10224)	620	26,009	**
10.309	Specialty Crop Research Initiative (Passed through University of Wisconsin; 379K643)	620	87,079	**
10.310	Agriculture and Food Research Initiative (AFRI)	619	315,000	**
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through Purdue University; 8000032354-AG)	619	8,119	**
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through Temple University; 251666-IOWA)	619	39,483	**
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through University of California, Riverside; S-000497)	619	9,071	**
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through University of Georgia; RC284-540/4690678)	619	28,080	**
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through University of Nevada; UNR-12-37, 2013-67019-21365)	619	37,236	**
10.310	Agriculture and Food Research Initiative (AFRI) (\$7,034,964 provided to subrecipients)	620	16,445,783	**
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through Kansas State University; S13165)	620	62,706	**

State of Iowa  
Schedule of Expenditures of Federal Awards  
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CFDA Number	Federal Department / Program Name	State Agency (see pg 84)	Federal Expenditures/ Disbursements/ Issuances	Total by CFDA Number/Cluster
<u>U.S. Department of Agriculture (continued)</u>				
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through Michigan State University; RC100236IS)	620	135,751 **	
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through Ohio State University; 60022494)	620	37,543 **	
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through Penn State University; 4649ISUUSDA0223)	620	22,862 **	
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through Purdue University; 8000041928AG)	620	73,578 **	
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through South Dakota State University; 3TC175)	620	36,364 **	
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through Tennessee State University; Molecular Characterization)	620	8,409 **	
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through University of California; 20112069101)	620	76,568 **	
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through University of Delaware; 25571, 28803)	620	133,923 **	
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through University of Florida; UF11103)	620	240,160 **	
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through University of Missouri; C000315876)	620	128,916 **	
10.310	Agriculture and Food Research Initiative (AFRI) (Passed through Virginia Polytechnic Institute and State University; 42219019223, 42226219223, 42231519223)	620	54,381 **	17,893,933
10.311	Beginning Farmer and Rancher Development Program (\$55,198 provided to subrecipients)	620	227,860 **	
10.311	Beginning Farmer and Rancher Development Program (Passed through Women, Food and Agriculture Network; WFANISU001, Growing New Women Farmers)	620	3,121 **	230,981
10.320	Sun Grant Program (Passed through South Dakota State University; 3TC497)	620	26,288 **	26,288
10.352	Value-Added Producer Grants (\$50,409 provided to subrecipients)	620	571,931 **	571,931
10.446	Rural Community Development Initiative	269	83,074	83,074
10.459	Commodity Partnerships for Small Agricultural Risk Management Education Sessions	620	17,201 **	17,201
10.460	Risk Management Education Partnerships (Passed through Community Partners; Annie's Leadership for Empowering Women Veterans)	620	77,415	77,415
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	009	2,073,388	2,073,388
10.479	Food Safety Cooperative Agreements (\$55,822 provided to subrecipients)	619	134,735 **	134,735
10.500	Cooperative Extension Service (\$26,620 provided to subrecipients)	620	9,262,074 **	
10.500	Cooperative Extension Service (Passed through Michigan State University; RC103176A)	620	10,004 **	
10.500	Cooperative Extension Service (Passed through Mississippi State University; 01210034047402)	620	1,560 **	
10.500	Cooperative Extension Service (Passed through University of Kentucky; 304810798709438)	620	3,105 **	
10.500	Cooperative Extension Service (Passed through University of Massachusetts; 12006968E00)	620	1,359 **	
10.500	Cooperative Extension Service (Passed through University of Minnesota; H002484618, H001911908, H002484605, H001226814, H001226816, H000756401AMEND04, H003044606, H002484619, H003044610, 0000716891, H000756401) (\$4,471 provided to subrecipients)	620	133,399 **	

State of Iowa  
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CFDA Number	Federal Department / Program Name	State Agency (see pg 84)	Federal Expenditures/ Disbursements/ Issuances	Total by CFDA Number/Cluster
<u>U.S. Department of Agriculture (continued)</u>				
10.500	Cooperative Extension Service (Passed through University of Nebraska; 2563240119009, 2563240119013, 2563240097415) (\$3,605 provided to subrecipients)	620	88,674 **	9,500,175
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (\$12,650,590 provided to subrecipients)	588	39,826,184	39,826,184
10.558	Child and Adult Care Food Program (\$28,590,041 provided to subrecipients)	282	29,059,549	29,059,549
10.560	State Administrative Expenses for Child Nutrition	282	2,821,860	2,821,860
10.572	WIC Farmers' Market Nutrition Program (FMNP)	009	386,889	386,889
10.574	Team Nutrition Grants	282	376,155	376,155
10.576	Senior Farmers Market Nutrition Program	009	540,817	540,817
10.579	Child Nutrition Discretionary Grants Limited Availability	282	809,551	
10.579	Child Nutrition Discretionary Grants Limited Availability (Passed through Washington State University; 115794G002928)	620	23,303	832,854
10.582	Fresh Fruit and Vegetable Program (\$2,312,005 provided to subrecipients)	282	2,350,770	2,350,770
10.604	Technical Assistance for Specialty Crops Program	620	116,616 **	116,616
10.613	Faculty Exchange Program	620	8,042	8,042
10.652	Forestry Research	620	34,827 **	34,827
10.664	Cooperative Forestry Assistance (\$557,596 provided to subrecipients)	542	2,385,714	2,385,714
10.680	Forest Health Protection	620	22,318 **	22,318
10.762	Solid Waste Management Grants	621	47,847	47,847
10.769	Rural Business Enterprise Grants	620	43,671	43,671
10.771	Rural Cooperative Development Grants (\$3,000 provided to subrecipients)	620	100,056 **	100,056
10.773	Rural Business Opportunity Grants	542	16,078	16,078
10.777	Norman E. Borlaug International Agricultural Science and Technology Fellowship	620	39,961 **	39,961
10.868	Rural Energy for America Program (\$1,546 provided to subrecipients)	269	1,546	
10.868	Rural Energy for America Program	542	51,317	52,863
10.902	Soil and Water Conservation	542	119,841	
10.902	Soil and Water Conservation	620	3,203,683 **	
10.902	Soil and Water Conservation (Passed through Texas A&M University; 4104015)	620	8,094 **	3,331,618
10.903	Soil Survey	620	57,069	57,069
10.904	Watershed Protection and Flood Prevention	542	4,482	4,482
10.912	Environmental Quality Incentives Program	009	299,289	
10.912	Environmental Quality Incentives Program (\$18,685 provided to subrecipients)	620	67,665 **	
10.912	Environmental Quality Incentives Program (Passed through Drake University; 103496)	620	2,225 **	
10.912	Environmental Quality Incentives Program (Passed through Farm Pilot Project Coordination Inc.; IMPACTOFCOVERCROPS)	620	23,090 **	
10.912	Environmental Quality Incentives Program (Passed through University of Idaho; BFK010SB01)	620	31,142 **	
10.912	Environmental Quality Incentives Program (Passed through University of Missouri; E000376513)	620	30,381 **	
10.912	Environmental Quality Incentives Program (Passed through Women, Food and Agriculture Network; CIG2013)	620	1,102 **	454,894
10.950	Agricultural Statistics Reports	620	228,600 **	228,600
10.960	Technical Agricultural Assistance	620	88,343	88,343
10.961	Scientific Cooperation and Research	619	6,348	6,348
10.962	Cochran Fellowship Program-International Training-Foreign Participant	620	46,751 **	46,751

State of Iowa  
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CFDA Number	Federal Department / Program Name	State Agency (see pg 84)	Federal Expenditures/ Disbursements/ Issuances	Total by CFDA Number/Cluster
<u>U.S. Department of Agriculture (continued)</u>				
<u>SNAP Cluster:</u>				
10.551	Supplemental Nutrition Assistance Program (note 5) (\$107,932 provided to subrecipients)	401	548,445,921	
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (\$2,574,410 provided to subrecipients)	401	20,648,777	569,094,698
<u>Child Nutrition Cluster:</u>				
10.553	School Breakfast Program (\$22,698,257 provided to subrecipients)	282	22,963,079	
10.555	National School Lunch Program (\$100,181,127 provided to subrecipients)	282	114,299,288	
10.556	Special Milk Program for Children (\$81,747 provided to subrecipients)	282	81,747	
10.559	Summer Food Service Program for Children (\$2,642,707 provided to subrecipients)	282	2,756,699	140,100,813
<u>Food Distribution Cluster:</u>				
10.565	Commodity Supplemental Food Program (\$206,595 provided to subrecipients)	401	220,247	
10.565	Commodity Supplemental Food Program (Passed through Polk County Board of Supervisors; ENPCSF)	620	8,078	
			228,325	
10.568	Emergency Food Assistance Program (Administrative Costs) (\$416,261 provided to subrecipients)	401	571,665	
10.569	Emergency Food Assistance Program (Food Commodities)	401	2,372,857	3,172,847
10.000	Other Federal Assistance:			
	Unknown Title (Passed through University of Kentucky; 3048109631-14-043)	619	68,669 **	
	Unknown Title	620	184,403 **	
	Unknown Title (Passed through Iowa Valley Resource Conservation and Development; RBEG)	620	7,266 **	
	Unknown Title (Passed through J.R. Simplot Corporation)	620	31,633 **	
	Unknown Title (Passed through The Fertilizer Institute; Develop Educational Materials to Train Individuals to Prepare and Utilize Site Specific Nutrient Management Plans)	620	7,373 **	
	Unknown Title (Passed through University of Kentucky; 304810867312644)	620	44,538 **	
	Unknown Title (Passed through University of Minnesota; H0034138401)	620	17,008 **	360,890
	Total U.S. Department of Agriculture		844,147,149	844,147,149
<u>U.S. Department of Commerce</u>				
11.302	Economic Development_Support for Planning Organizations	621	5,000	5,000
11.303	Economic Development_Technical Assistance	620	198,338	
11.303	Economic Development_Technical Assistance	621	108,878	307,216
11.307	Economic Adjustment Assistance (\$254,152 provided to subrecipients)	620	406,401	406,401
11.431	Climate and Atmospheric Research	619	36,463 **	
11.431	Climate and Atmospheric Research (Passed through Purdue University; 411257375)	620	8,115 **	44,578
11.549	State and Local Implementation Grant Program	595	184,019	184,019

State of Iowa  
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CFDA Number	Federal Department / Program Name	State Agency (see pg 84)	Federal Expenditures/ Disbursements/ Issuances	Total by CFDA Number/Cluster
<u>U.S. Department of Commerce (continued)</u>				
11.553	NYC 9/11 Digital Television Program (Passed through Public Broadcasting Service; 51-51-W1060656)	285	1,357,749	1,357,749
11.557	ARRA - Broadband Technology Opportunities Program (BTOP) (Passed through OneCommunity)	619	679 **	679
11.609	Measurement and Engineering Research and Standards	620	29,639 **	29,639
11.611	Manufacturing Extension Partnership (\$141,249 provided to subrecipients)	620	1,714,475 **	1,714,475
Total U.S. Department of Commerce			4,049,756	4,049,756
<u>U.S. Department of Defense</u>				
12.002	Procurement Technical Assistance For Business Firms	620	414,482	414,482
12.112	Payments to States in Lieu of Real Estate Taxes	655	535,313	535,313
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	542	51,330	51,330
12.300	Basic and Applied Scientific Research (\$27,002 provided to subrecipients)	619	1,972,941 **	
12.300	Basic and Applied Scientific Research (Passed through New York University; F74230-01)	619	25,142 **	
12.300	Basic and Applied Scientific Research (Passed through Viz-Tek, Inc.; 12PR10822-00/1054267)	619	165,905 **	
12.300	Basic and Applied Scientific Research (\$1,154,170 provided to subrecipients)	620	2,630,022 **	
12.300	Basic and Applied Scientific Research (Passed through Texas Tech University; 21C16601)	620	54,193 **	4,848,203
12.360	Research on Chemical and Biological Defense (\$83,350 provided to subrecipients)	620	223,277 **	223,277
12.400	Military Construction, National Guard	582	2,518,456	2,518,456
12.401	National Guard Military Operations and Maintenance (O&M) Projects	582	35,826,013	35,826,013
12.420	Military Medical Research and Development (\$5,102 provided to subrecipients)	619	2,439,049 **	
12.420	Military Medical Research and Development (Passed through American Burn Association; W81XWH-092-2-0194, W81XWH-11-1-0835)	619	65,857 **	
12.420	Military Medical Research and Development (Passed through Cornell University; 09010049)	619	11,855 **	
12.420	Military Medical Research and Development (Passed through University of Medicine and Dentistry of New Jersey; W81XWH-13-1-0429)	619	21,526 **	
12.420	Military Medical Research and Development (Passed through University of Minnesota; N002681601)	619	33,114 **	
12.420	Military Medical Research and Development (Passed through University of South Dakota; USD1041)	619	25,003 **	
12.420	Military Medical Research and Development (\$555,701 provided to subrecipients)	620	1,600,271 **	
12.420	Military Medical Research and Development (Passed through University of Nebraska; 3520052016001)	620	1,755 **	4,198,430
12.431	Basic Scientific Research (\$472,561 provided to subrecipients)	619	597,763 **	
12.431	Basic Scientific Research (Passed through University of California, Riverside; S-000602)	619	26,589 **	
12.431	Basic Scientific Research (\$160,286 provided to subrecipients)	620	436,402 **	
12.431	Basic Scientific Research (Passed through Purdue University; 410424595)	620	70,070 **	

State of Iowa  
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CFDA Number	Federal Department / Program Name	State Agency (see pg 84)	Federal Expenditures/ Disbursements/ Issuances	Total by CFDA Number/Cluster
<u>U.S. Department of Defense (continued)</u>				
12.431	Basic Scientific Research (Passed through University of Illinois; 20100403301)	620	12,751 **	
12.431	Basic Scientific Research (Passed through University of Southern California; PO160020)	620	83,835 **	1,227,410
12.630	Basic, Applied, and Advanced Research in Science and Engineering (Passed through Academy of Applied Science; W911NF-10-2-0076)	619	17,921	
12.630	Basic, Applied, and Advanced Research in Science and Engineering (Passed through Academy of Applied Science; STEM 2013)	620	2,600 **	20,521
12.800	Air Force Defense Research Sciences Program	619	749,117 **	
12.800	Air Force Defense Research Sciences Program (Passed through San Diego State University Research Foundation; FA9550-12-1-0115)	619	85,414 **	
12.800	Air Force Defense Research Sciences Program (Passed through University of California, Santa Barbara; KK1226)	619	135,056 **	
12.800	Air Force Defense Research Sciences Program (Passed through University of Maryland; D161768)	619	170 **	
12.800	Air Force Defense Research Sciences Program (\$1,169,640 provided to subrecipients)	620	2,322,640 **	
12.800	Air Force Defense Research Sciences Program (Passed through National Center for Healthcare Informatics; NCHCI PJ Medical Simulation)	620	7,365 **	
12.800	Air Force Defense Research Sciences Program (Passed through Penn State University; 4458ISUAFOSR0158)	620	146,223 **	
12.800	Air Force Defense Research Sciences Program (Passed through University of California; KK1223)	620	69,736 **	
12.800	Air Force Defense Research Sciences Program (Passed through University of Maryland; Z806901)	620	287,785 **	
12.800	Air Force Defense Research Sciences Program (Passed through University of Vermont; 25626511223AKINC)	620	114,834 **	3,918,340
12.900	Language Grant Program	619	104,343	104,343
12.901	Mathematical Sciences Grants Program	619	16,216 **	
12.901	Mathematical Sciences Grants Program	620	27,391 **	43,607
12.910	Research and Technology Development	619	120,595 **	
12.910	Research and Technology Development (Passed through Yale University; C11K11195(K00173))	619	182,694 **	
12.910	Research and Technology Development	620	54,162 **	
12.910	Research and Technology Development (Passed through California Institute of Technology; 68A1093707)	620	92,665 **	450,116
12.000	Other Federal Assistance:			
	Department of the Army - Condition 5	542	1,526,678	
	Unknown Title (Passed through Aptima, Inc.; 0924-1837)	619	35,000	
	Unknown Title (\$681,447 provided to subrecipients)	619	4,332,142 **	
	Unknown Title (Passed through Academy of Applied Science; W911NF-10-2-0076)	619	2,600 **	
	Unknown Title (Passed through Advanced Brain Monitoring, Inc.; W91CRB-14-C-0002)	619	6,442 **	
	Unknown Title (Passed through Advanced Infoneering, Inc.; AI213-02)	619	75,547 **	
	Unknown Title (Passed through Advanced Technology International; 2012-525)	619	68,873 **	
	Unknown Title (Passed through Aluminum Company of America; FA8650-11-2-5229)	619	34,570 **	
	Unknown Title (Passed through Aptima, Inc.; N68335-08-C-0338, N00014-12-C-0058, N00014-12-C-0546, FA8650-11-C-6236)	619	216,033 **	

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<u>U.S. Department of Defense (continued)</u>				
	Unknown Title (Passed through Battelle Memorial Institute; US001-0000395846)	619	65,948	**
	Unknown Title (Passed through CFD Research Corporation; 1520, 20120184)	619	104,777	**
	Unknown Title (Passed through CH2M Hill; 947148)	619	91,759	**
	Unknown Title (Passed through Chip Design Systems; HQ0147-14-C-7811, W00013)	619	69,038	**
	Unknown Title (Passed through Conflict Kinetics, LLC; ST081-001)	619	150	**
	Unknown Title (Passed through Crye Associates; N00014-11-M- 0287, N00014-13-C-0161)	619	203,954	**
	Unknown Title (Passed through Fulcrum Biosciences; W911NF13P0027)	619	33,832	**
	Unknown Title (Passed through High Performance Technologies, Inc.; CFD-KY05-001)	619	37,231	**
	Unknown Title (Passed through Major Extremity Trauma Research Consortium; W81XWH-10-2-10090)	619	140,902	**
	Unknown Title (Passed through Patagonia; N00014-13-P-1213)	619	25,481	**
	Unknown Title (Passed through Primus Solutions; W56HZV-06-C-0406)	619	48,060	**
	Unknown Title (Passed through Regents of the University of Michigan; 3002696706)	619	39,588	**
	Unknown Title (Passed through Rockwell Collins, Inc.; 4504586464, 4504541039, 4504861498)	619	162,526	**
	Unknown Title (Passed through Sarcoma Alliance for Research through Collaboration; SARC006, W81XWH-09-NFRP-CTA)	619	34,832	**
	Unknown Title (Passed through Spectral Energies, LLC; SB1311-001-1)	619	46,035	**
	Unknown Title (Passed through Steel Founders' Society of America; W911NF-12-2-0033)	619	67,147	**
	Unknown Title (Passed through University of Michigan; 3002307584, N65540-10-C-0003)	619	476,962	**
	Unknown Title (Passed through Viz-Tek, Inc.; US-SBIR-0168)	619	143,276	**
	Army Research Laboratory	620	544,025	**
	Department of Defense	620	108,154	**
	Department of the Army (\$2,492 provided to subrecipients)	620	193,993	**
	Department of the Navy	620	189,289	**
	Unknown Title (Passed through Alphasense, Inc.; N201201)	620	64,449	**
	Unknown Title (Passed through David Miller and Associates, Inc.; W912DQ08D002009)	620	28,073	**
	Unknown Title (Passed through Direct Vapor Technologies International, Inc.; Novel Bonda Coat)	620	2,638	**
	Unknown Title (Passed through High Performance Technologies; PPCCMKY05002)	620	25,592	**
	Unknown Title (Passed through Innoveyda; FAS11714C0008)	620	4,887	**
	Unknown Title (Passed through Penn State University; S1208) (\$325,950 provided to subrecipients)	620	456,736	**
	Unknown Title (Passed through Pratt & Whitney; 2011107TASK19, 2011107/19AMEND1)	620	45,649	**
	Unknown Title (Passed through RTI International; 13400213190)	620	9,962	**
	Unknown Title (Passed through Rutgers University; W912HQ10C0008)	620	122,968	**
	Unknown Title (Passed through Spectral Energies, LLC; SB12040012, SB12070011, SB12090011)	620	171,837	**
	Unknown Title (Passed through Taras Research, LLC; SB1202001)	620	55,843	**

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<u>U.S. Department of Defense (continued)</u>				
	Unknown Title (Passed through Universal Technology Corporation; 13S712301C1, 12S711405C1) (\$960 provided to subrecipients)	620	624,455 **	
	Unknown Title (Passed through VSI Aerospace, Inc.; Phase II Tools For Dynamic, Design Build Test Wind)	620	113,362 **	
	Unknown Title (Passed through X-Wave Innovations Inc.; HQ14713C7383, HQ14713C7383/10072, 10141)	620	31,429 **	10,882,724
	Total U.S. Department of Defense		<u>65,262,565</u>	<u>65,262,565</u>
<u>U.S. Department of Housing and Urban Development</u>				
14.171	Manufactured Home Dispute Resolution	595	2,961	2,961
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (\$113,630,643 provided to subrecipients)	269	156,945,907	156,945,907
14.239	Home Investment Partnerships Program	269	20,676	20,676
14.251	Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants (\$327,549 provided to subrecipients)	269	374,948	374,948
14.401	Fair Housing Assistance Program_State and Local	167	599,415	599,415
14.000	Other Federal Assistance: Unknown Title (Passed through Iowa Finance Authority)	619	81,717	81,717
	Total U.S. Department of Housing and Urban Development		<u>158,025,624</u>	<u>158,025,624</u>
<u>U.S. Department of the Interior</u>				
15.231	Fish, Wildlife and Plant Conservation Resource Management	620	55,293 **	55,293
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	009	37,785	37,785
15.252	Abandoned Mine Land Reclamation (AMLR) Program	009	2,214,575	2,214,575
15.560	SECURE Water Act Research Agreements	619	65,875 **	65,875
15.608	Fish and Wildlife Management Assistance	542	100,013	
15.608	Fish and Wildlife Management Assistance	620	33,221 **	133,234
15.615	Cooperative Endangered Species Conservation Fund	542	27,251	27,251
15.623	North American Wetlands Conservation Fund	542	1,925,315	1,925,315
15.634	State Wildlife Grants (\$73,319 provided to subrecipients)	542	865,162	865,162
15.637	Migratory Bird Joint Ventures	542	6,963	6,963
15.650	Research Grants (Generic)	542	35,426	
15.650	Research Grants (Generic)	620	904 **	
15.650	Research Grants (Generic) (Passed through Ohio State University; 6022925)	620	1,000 **	37,330
15.657	Endangered Species Conservation Recovery Implementation Funds	542	16,677	16,677
15.658	Natural Resource Damage Assessment, Restoration and Implementation	542	8,224	8,224
15.805	Assistance to State Water Resources Research Institutes (\$62,457 provided to subrecipients)	620	114,264 **	114,264
15.807	Earthquake Hazards Reduction Program	620	15,827 **	15,827
15.808	U.S. Geological Survey_Research and Data Collection	542	163,232	163,232
15.810	National Cooperative Geologic Mapping Program (Passed through Kansas Geological Survey; G13AC00168)	619	29,584 **	
15.810	National Cooperative Geologic Mapping Program (\$14,201 provided to subrecipients)	620	14,201 **	43,785

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<u>U.S. Department of the Interior (continued)</u>				
15.812	Cooperative Research Units Program	620	81,324 **	81,324
15.815	National Land Remote Sensing_Education Outreach and Research (Passed through AmericaView; AV08-IA02)	619	6,990	
15.815	National Land Remote Sensing_Education Outreach and Research (Passed through Americaview; AV13IA01)	620	14,889 **	21,879
15.816	Minerals Resources External Research Program	620	20,814 **	20,814
15.820	National Climate Change and Wildlife Science Center (Passed through Colorado State University; G07345)	620	50,966 **	50,966
15.904	Historic Preservation Fund Grants-In-Aid	259	894,754	894,754
15.916	Outdoor Recreation_Acquisition, Development and Planning (\$76,576 provided to subrecipients)	542	210,215	210,215
15.935	National Trails System Projects	259	10,000	10,000
15.939	National Heritage Area Federal Financial Assistance (Passed through Silos and Smokestacks National Heritage Area; 2014SSNHAINTERN)	620	1,381	1,381
15.978	Upper Mississippi River System Long Term Resource Monitoring Program	542	431,110	431,110
<u>Fish and Wildlife Cluster:</u>				
15.605	Sport Fish Restoration Program	542	5,208,941	
15.611	Wildlife Restoration and Basic Hunter Education	542	7,418,804	12,627,745
15.000	Other Federal Assistance: Unknown Title	620	16,263 **	16,263
Total U.S. Department of the Interior			20,097,243	20,097,243
<u>U.S. Department of Justice</u>				
16.017	Sexual Assault Services Formula Program (\$246,546 provided to subrecipients)	112	259,785	259,785
16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry) (\$59,133 provided to subrecipients)	238	59,133	59,133
16.523	Juvenile Accountability Block Grants (\$75,845 provided to subrecipients)	379	202,666	202,666
16.525	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	619	89,038	
16.525	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus (\$2,810 provided to subrecipients)	621	22,680	111,718
16.540	Juvenile Justice and Delinquency Prevention_Allocation to States (\$356,953 provided to subrecipients)	379	454,643	454,643
16.543	Missing Children's Assistance	595	332,617	332,617
16.548	Title V_Delinquency Prevention Program	379	2,500	2,500
16.550	State Justice Statistics Program for Statistical Analysis Centers	379	72,329	72,329
16.554	National Criminal History Improvement Program (NCHIP)	595	354,230	354,230
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	588	12,168	
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	619	57,123 **	
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants (Passed through Pennsylvania State University; 2012-RX-CX-0012)	619	31,599 **	

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<u>U.S. Department of Justice (continued)</u>				
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants (\$100,271 provided to subrecipients)	620	232,070 **	
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants (\$213,575 provided to subrecipients)	642	229,438	562,398
16.562	Criminal Justice Research and Development Graduate Research Fellowships	620	18,950 **	18,950
16.575	Crime Victim Assistance (\$3,641,061 provided to subrecipients)	112	3,858,502	3,858,502
16.576	Crime Victim Compensation (\$1,759,400 provided to subrecipients)	112	1,852,000	1,852,000
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program (\$49,716 provided to subrecipients)	642	67,749	67,749
16.585	Drug Court Discretionary Grant Program (\$167,587 provided to subrecipients)	642	167,587	167,587
16.588	Violence Against Women Formula Grants (\$1,103,427 provided to subrecipients)	112	1,481,529	
16.588	Violence Against Women Formula Grants (Passed through National Center of State Courts)	444	1,212	1,482,741
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program (Passed through Iowa Coalition Against Domestic Violence)	621	80,877	80,877
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	444	511,470	511,470
16.593	Residential Substance Abuse Treatment for State Prisoners (\$47,882 provided to subrecipients)	642	68,812	68,812
16.606	State Criminal Alien Assistance Program	238	198,668	198,668
16.607	Bulletproof Vest Partnership Program (\$2,355 provided to subrecipients)	642	2,355	2,355
16.609	Project Safe Neighborhoods (\$34,335 provided to subrecipients)	642	48,806	48,806
16.710	Public Safety Partnership and Community Policing Grants	595	118,963	
16.710	Public Safety Partnership and Community Policing Grants (\$456,034 provided to subrecipients)	642	502,937	621,900
16.727	Enforcing Underage Drinking Laws Program (\$33,355 provided to subrecipients)	379	123,394	123,394
16.738	Edward Byrne Memorial Justice Assistance Grant Program (\$3,012,479 provided to subrecipients)	642	3,012,479	3,012,479
16.741	DNA Backlog Reduction Program	595	493,340	493,340
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program (\$126,293 provided to subrecipients)	379	135,470	135,470
16.750	Support for Adam Walsh Act Implementation Grant Program	595	45,486	45,486
16.751	Edward Byrne Memorial Competitive Grant Program	379	94,050	
16.751	Edward Byrne Memorial Competitive Grant Program (\$157,886 provided to subrecipients)	642	157,886	251,936
16.753	Congressionally Recommended Awards	620	173,271 **	173,271
16.812	Second Chance Act Prisoner Reentry Initiative (\$196,831 provided to subrecipients)	238	196,831	
16.812	Second Chance Act Prisoner Reentry Initiative (\$37,695 provided to subrecipients)	642	48,134	244,965
16.816	John R. Justice Prosecutors and Defenders Incentive Act	284	34,778	34,778
16.821	Juvenile Justice Reform and Reinvestment Demonstration Program (\$72,519 provided to subrecipients)	379	212,927	212,927
16.826	Vision 21 (\$58,376 provided to subrecipients)	112	58,376	58,376
16.922	Equitable Sharing Program	595	410,976	
16.922	Equitable Sharing Program (Passed through City of Iowa City)	619	54,534	
16.922	Equitable Sharing Program	645	159,269	624,779

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<u>U.S. Department of Justice (continued)</u>				
16.000	Other Federal Assistance:			
	Federal Marijuana Eradication	595	8,000	
	Unknown Title (Passed through City of Milwaukee, Wisconsin Police Department; 2012CKWXK002)	619	14,477	
	Unknown Title	620	6,250 **	
	Unknown Title (Passed through University of Texas; 2014055644)	620	184,301 **	213,028
	Total U.S. Department of Justice		17,016,665	17,016,665
<u>U.S. Department of Labor</u>				
17.002	Labor Force Statistics	309	1,932,543	1,932,543
17.005	Compensation and Working Conditions	309	114,073	114,073
17.225	Unemployment Insurance	309	526,164,866	
17.225	ARRA - Unemployment Insurance	309	38,335,504	564,500,370
17.235	Senior Community Service Employment Program (\$1,005,623 provided to subrecipients)	297	1,114,461	1,114,461
17.245	Trade Adjustment Assistance	309	4,969,974	4,969,974
17.261	WIA Pilots, Demonstrations, and Research Projects	309	88,257	88,257
17.270	Reintegration of Ex-Offenders (Passed through Social Policy Research Associates)	379	167	167
17.271	Work Opportunity Tax Credit Program (WOTC)	309	229,051	229,051
17.273	Temporary Labor Certification for Foreign Workers	309	78,878	78,878
17.282	Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants (Passed through Des Moines Area Community College; TC237551260A19)	620	52,720	
17.282	Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants (Passed through Eastern Iowa Community College; TC238421260A19)	620	1,144	53,864
17.503	Occupational Safety and Health_State Program	309	1,786,641	1,786,641
17.504	Consultation Agreements	309	584,392	584,392
17.600	Mine Health and Safety Grants	282	3,538	3,538
<u>Employment Service Cluster:</u>				
17.207	Employment Service/Wagner-Peyser Funded Activities (\$404,112 provided to subrecipients)	309	7,082,868	
17.801	Disabled Veterans' Outreach Program (DVOP)	309	1,395,586	
17.804	Local Veterans' Employment Representative Program	309	46,554	8,525,008
<u>WIA Cluster:</u>				
17.258	WIA Adult Program (\$2,919,058 provided to subrecipients)	309	3,161,366	
17.259	WIA Youth Activities (\$4,320,925 provided to subrecipients)	309	4,441,032	
17.278	WIA Dislocated Worker Formula Grants (\$3,045,274 provided to subrecipients)	309	3,701,540	11,303,938
	Total U.S. Department of Labor		595,285,155	595,285,155
<u>U.S. Department of State</u>				
19.009	Academic Exchange Programs - Undergraduate Programs (Passed through Kirkwood Community College; RSE9464062604)	620	9,799	9,799
19.011	Academic Exchange Programs - Special Academic Exchange Programs (Passed through American Councils for International Education; SCHOLARSFROMEURASIA)	620	2,000	2,000
19.014	One-Time International Exchange Grant Program (\$21,617 provided to subrecipients)	619	36,315	36,315

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<u>U.S. Department of State (continued)</u>				
19.021	Investing in People in The Middle East and North Africa	619	26,041	
19.021	Investing in People in The Middle East and North Africa	621	703	26,744
19.040	Public Diplomacy Programs	619	97,428	
19.040	Public Diplomacy Programs (\$43,934 provided to subrecipients)	620	67,276	164,704
19.400	Academic Exchange Programs - Graduate Students (Passed through Institute of International Education)	619	22,681	22,681
19.415	Professional and Cultural Exchange Programs - Citizen Exchanges (\$11,706 provided to subrecipients)	619	772,391	772,391
19.421	Academic Exchange Programs - English Language Programs	620	29,388	29,388
19.900	AEECA PD Programs	620	71,510	71,510
19.000	Other Federal Assistance:			
	Unknown Title	619	12,585	
	Unknown Title (Passed through Kirkwood Community College; US Tunisia Community College)	620	21,380 **	33,965
	Total U.S. Department of State		1,169,497	1,169,497
<u>U.S. Department of Transportation</u>				
20.106	Airport Improvement Program	645	1,016,400	1,016,400
20.108	Aviation Research Grants	620	129,689 **	129,689
20.109	Air Transportation Centers of Excellence (\$12,789 provided to subrecipients)	620	349,835 **	349,835
20.200	Highway Research and Development Program (\$322,818 provided to subrecipients)	620	413,231 **	413,231
20.215	Highway Training and Education	620	21,477	21,477
20.218	National Motor Carrier Safety	645	3,227,650	3,227,650
20.231	Performance and Registration Information Systems Management	645	106,260	106,260
20.232	Commercial Driver's License Program Improvement Grant	645	224,427	224,427
20.313	Railroad Research and Development	621	93,167 **	93,167
20.314	Railroad Development	645	830,830	830,830
20.317	Capital Assistance to States - Intercity Passenger Rail Service	645	54,973	54,973
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance Grants	645	287,184	287,184
20.505	Metropolitan Transportation Planning (\$318,155 provided to subrecipients)	645	318,155	318,155
20.509	Formula Grants for Rural Areas (\$12,000,395 provided to subrecipients)	645	12,000,395	12,000,395
20.514	Public Transportation Research (\$417,995 provided to subrecipients)	645	417,995	417,995
20.515	State Planning and Research (\$99,875 provided to subrecipients)	645	99,875	99,875
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	645	78,027	78,027
20.616	National Priority Safety Programs (\$183,384 provided to subrecipients)	595	934,587	934,587
20.700	Pipeline Safety Program State Base Grant	219	538,681	538,681
20.701	University Transportation Centers Program (Passed through Mid-America Transportation Center; 25-1121-0003-115)	619	29,218	
20.701	University Transportation Centers Program	619	75,520 **	
20.701	University Transportation Centers Program (Passed through Mid-America Transportation Center; 235-1121-0003-215)	619	213,401 **	
20.701	University Transportation Centers Program (\$35,119 provided to subrecipients)	620	151,733 **	
20.701	University Transportation Centers Program (Passed through Florida International University; 80000295401)	620	20,015 **	

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<u>U.S. Department of Transportation (continued)</u>				
20.701	University Transportation Centers Program (Passed through University of Nebraska; 2511210003131, 2511210003132, 2511210003133, 2511210003134, 2511210003135, 2511210003136, 2511210003137, 2511210003138, 2511210003139, 2511210003140, 2511210003230/231, 2511210003232, 2511210003233, 2511210003234, 2511210003235, 2511210003236, 2511210003237)	620	251,914 **	741,801
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants (\$287,822 provided to subrecipients)	583	365,821	365,821
20.720	State Damage Prevention Program Grants	219	22,750	22,750
20.721	PHMSA Pipeline Safety Program One Call Grant	219	7,238	7,238
20.724	Pipeline Safety Research Competitive Academic Agreement Program (CAAP)	620	10,701 **	10,701
20.761	Biobased Transportation Research (Passed through South Dakota State University; 3TY149) (\$22,031 provided to subrecipients)	620	70,872 **	70,872
20.931	Transportation Planning, Research and Education (Passed through Arizona State University; 13-956)	619	62,047 **	
20.931	Transportation Planning, Research and Education	620	88,114 **	150,161
<u>Highway Planning and Construction Cluster:</u>				
20.205	Highway Planning and Construction	542	413,435	
20.205	Highway Planning and Construction (Passed through University of Illinois; 2011-05776-33-00)	619	10,810	
20.205	Highway Planning and Construction (Passed through Missouri Department of Transportation; RD09028)	620	14,925	
20.205	Highway Planning and Construction (Passed through Oregon Department of Transportation; 27849)	620	35,554	
20.205	Highway Planning and Construction (Passed through University of Akron; 02032ISU)	620	1,262	
20.205	Highway Planning and Construction (Passed through University of Illinois; 20110577618) (\$20,534 provided to subrecipients)	620	69,204	
20.205	Highway Planning and Construction (\$63,121,127 provided to subrecipients)	645	547,910,720	
20.205	ARRA - Highway Planning and Construction (\$30 provided to subrecipients)	645	487,401	
			548,943,311	
20.219	Recreational Trails Program (\$233,936 provided to subrecipients)	645	1,356,095	550,299,406
<u>Federal Transit Cluster:</u>				
20.500	Federal Transit_Capital Investment Grants (\$1,945,662 provided to subrecipients)	645	1,945,662	
20.526	Bus and Bus Facilities Formula Program (\$744,959 provided to subrecipients)	645	744,959	2,690,621
<u>Transit Services Programs Cluster:</u>				
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities (\$2,373,278 provided to subrecipients)	645	2,373,278	
20.516	Job Access And Reverse Commute Program (\$614,523 provided to subrecipients)	645	614,523	
20.521	New Freedom Program (\$469,602 provided to subrecipients)	645	469,602	3,457,403

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CFDA Number	Federal Department / Program Name	State Agency (see pg 84)	Federal Expenditures/ Disbursements/ Issuances	Total by CFDA Number/Cluster
<u>U.S. Department of Transportation (continued)</u>				
<u>Highway Safety Cluster:</u>				
20.600	State and Community Highway Safety (\$1,260,616 provided to subrecipients)	595	3,742,991	
20.600	State and Community Highway Safety	645	77,884	
			<u>3,820,875</u>	
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants (\$731,479 provided to subrecipients)	595	893,608	
20.610	State Traffic Safety Information System Improvement Grants	595	539,350	
20.612	Incentive Grant Program to Increase Motorcyclist Safety	595	33,244	5,287,077
20.000	Other Federal Assistance:			
	Unknown Title (Passed through Science Applications International Corporation)	619	13,687	
	Unknown Title (\$23,153 provided to subrecipients)	619	581,837	**
	Unknown Title (Passed through Westat, Inc.; DTNH22-11-D-00222, DTNH22-11-D-000237)	619	424,062	**
	Unknown Title (\$354,469 provided to subrecipients)	620	743,781	**
	Unknown Title (Passed through California Department of Transportation; 65A0463)	620	78,357	**
	Unknown Title (Passed through Leidos Inc.; P010122985, P010053459R6, P010053459R7, P010153965)	620	28,925	**
	Unknown Title (Passed through National Academies; SHRPS08D, SHRPR10, SHRPR02, HR1294, HR1295, SHRPS04A, HR1085, HR1551, TRB2000003377) (\$547,134 provided to subrecipients)	620	1,709,391	**
	Unknown Title (Passed through Science Applications International; PO10053459R5, PO10053459, PO10053459R3, PO10053459R4)	620	175,560	**
	Unknown Title (Passed through University of Nebraska; 2611220015100)	620	67,286	**
	Unknown Title (Passed through Virginia Polytechnic Institute and State University; 45113119223)	620	6,987	**
	Unknown Title (Passed through Wisconsin Department of Transportation; 00921403, 00921404)	620	89,526	**
	Total U.S. Department of Transportation		<u>588,166,088</u>	<u>588,166,088</u>
<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) (\$79,316 provided to subrecipients)	269	79,316	
	Treasury Forfeiture Funds	595	74,931	
	Treasury Forfeiture Funds	645	64,149	218,396
	Total U.S. Department of the Treasury		<u>218,396</u>	<u>218,396</u>
<u>U.S. General Services Administration</u>				
39.003	Donation of Federal Surplus Personal Property	250	6,338,560	6,338,560
39.011	Election Reform Payments	635	160,196	160,196
	Total U.S. General Services Administration		<u>6,498,756</u>	<u>6,498,756</u>

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<u>National Aeronautics and Space Administration</u>				
43.001	Science (\$265,883 provided to subrecipients)	619	3,217,124	**
43.001	Science (Passed through Johns Hopkins University; 114832)	619	6,846	**
43.001	Science (Passed through Ohio University; NNX12AP28A)	619	86,167	**
43.001	Science (Passed through Smithsonian Astrophysical Observatory; GO3-13003C)	619	46,739	**
43.001	Science (Passed through University of California, Los Angeles; 2090 G MA725)	619	36,912	**
43.001	Science (Passed through University of Colorado; 1550262)	619	81,783	**
43.001	Science (\$19,999 provided to subrecipients)	620	211,544	**
43.001	Science (Passed through Smithsonian Astrophysical Observatory; GO314051A)	620	3,125	**
43.001	Science (\$72,566 provided to subrecipients)	621	80,242	**
43.002	Aeronautics (\$240,456 provided to subrecipients)	619	306,160	**
43.002	Aeronautics (Passed through University of Colorado; 1547338)	619	568	**
43.002	Aeronautics	620	176,611	**
43.002	Aeronautics (Passed through University of Michigan; 3002982594)	620	46,685	**
43.003	Exploration	619	3,734	**
43.007	Space Operations (\$77,858 provided to subrecipients)	620	120,159	**
43.008	Education	620	59,601	**
43.008	Education (Passed through University of Alabama; SUB2013061)	620	34,889	**
43.008	Education (\$393,323 provided to subrecipients)	621	556,280	**
43.008	Education (\$249,757 provided to subrecipients)	621	250,484	**
43.009	Cross Agency Support (\$17,578 provided to subrecipients)	620	288,856	**
43.000	Other Federal Assistance:			
	Unknown Title (Passed through California Institute of Technology) (\$9,001 provided to subrecipients)	619	2,987,789	**
	Unknown Title (Passed through Iowa Space Grant Consortium; S5559W)	619	78,172	**
	Unknown Title (Passed through Johns Hopkins University; 921647) (\$786,574 provided to subrecipients)	619	2,130,187	**
	Unknown Title (Passed through Rockwell Collins, Inc.; NNL 12AA11C, 4504991409)	619	115,879	**
	Unknown Title (Passed through Smithsonian Astrophysical Observatory; GO1-12044X, GO1-12048X)	619	33,124	**
	Unknown Title (Passed through Southwest Research Institute; 699041X)	619	444,404	**
	Unknown Title (Passed through University of New Hampshire; 06-002)	619	312,669	**
	Unknown Title (\$297 provided to subrecipients)	620	280,604	**
	Unknown Title (Passed through California Institute of Technology; 1489823, 1438278, 1438615, 1496876)	620	70,369	**
	Unknown Title (Passed through Jet Propulsion Laboratory; 415475)	620	10,802	**
	Unknown Title (Passed through Northrup Grumman System Corporation; 2821973)	620	69,470	**
	Unknown Title (Passed through West Virginia University; 09598ISU)	620	687	**
	Unknown Title (\$226,968 provided to subrecipients)	621	226,968	**
Total National Aeronautics and Space Administration			12,375,633	12,375,633

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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	619	21,897	
45.024	Promotion of the Arts_Grants to Organizations and Individuals	621	7,500	29,397
45.025	Promotion of the Arts_Partnership Agreements	259	568,210	
45.025	Promotion of the Arts_Partnership Agreements (Passed through Arts Midwest; FY14-207655)	619	3,600	571,810
45.129	Promotion of the Humanities_Federal/State Partnership (Passed through Humanities Iowa; 33-2-004)	285	200	
45.129	Promotion of the Humanities_Federal/State Partnership (Passed through Humanities Iowa; 35-1-011, 35-3-017, 36-3-010)	619	3,100	
45.129	Promotion of the Humanities_Federal/State Partnership	620	5,676	8,976
45.149	Promotion of the Humanities_Division of Preservation and Access	259	201,148	201,148
45.160	Promotion of the Humanities_Fellowships and Stipends (Passed through New York Historical Society)	619	42,000	42,000
45.161	Promotion of the Humanities_Research (Passed through University of Nebraska-Lincoln; RQ50658-12)	619	25,109	25,109
45.301	Museums for America	621	77,091	77,091
45.310	Grants to States (\$54,000 provided to subrecipients)	282	1,470,376	1,470,376
Total National Foundation on the Arts and the Humanities			2,425,907	2,425,907
<u>National Science Foundation</u>				
47.041	Engineering Grants (\$25,853 provided to subrecipients)	619	811,269	**
47.041	Engineering Grants (Passed through Purdue University; CBET-0941302)	619	53,294	**
47.041	Engineering Grants (Passed through Rice University; R3C741)	619	77,890	**
47.041	Engineering Grants (\$2,484,190 provided to subrecipients)	620	10,796,047	**
47.041	Engineering Grants (Passed through Ball State University; 545881)	620	24,575	**
47.041	Engineering Grants (Passed through Columbia University; 525024)	620	38,066	**
47.041	Engineering Grants (Passed through Glucan Biorenewables, Inc.; IIP1315356)	620	25,774	**
47.041	Engineering Grants (Passed through Metabolic Technologies; Moritella Marina MP1 DHA)	620	8,593	**
47.041	Engineering Grants (Passed through Omega Chea Biorenewables, LLC; IIP1321520)	620	56,834	**
47.041	Engineering Grants (Passed through Purdue University; 410159266)	620	17,264	**
47.041	Engineering Grants (Passed through University of Oklahoma; 200917)	620	24,853	**
47.041	Engineering Grants (Passed through University of Wisconsin; 393K352)	620	97,573	**
47.041	Engineering Grants (Passed through Wave Tech, LLC; IIP1345966)	620	39,764	**
47.041	Engineering Grants	621	23,385	12,095,181
47.049	Mathematical and Physical Sciences (\$102,382 provided to subrecipients)	619	2,994,952	**
47.049	Mathematical and Physical Sciences (Passed through Institute for Mathematics and its Applications; 00002006250)	619	12,780	**
47.049	Mathematical and Physical Sciences (Passed through National Radio Astronomy Observatory; VLA13A-035)	619	1,318	**
47.049	Mathematical and Physical Sciences (Passed through North Carolina State University; 2009-2719-01)	619	76,830	**
47.049	Mathematical and Physical Sciences (Passed through University of California, Los Angeles; PHY-1229792)	619	11,907	**
47.049	Mathematical and Physical Sciences (Passed through University of California, San Diego; 45190357)	619	239,445	**
47.049	Mathematical and Physical Sciences (Passed through University of California, Santa Cruz; S0183170)	619	53,431	**

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<u>National Science Foundation (continued)</u>				
47.049	Mathematical and Physical Sciences (Passed through University of Notre Dame; PHY-1219444)	619	30,904 **	
47.049	Mathematical and Physical Sciences (Passed through University of South Carolina; 13-2304)	619	51,068 **	
47.049	Mathematical and Physical Sciences (Passed through University of Wisconsin-Madison; 364K335)	619	62,852 **	
47.049	Mathematical and Physical Sciences (\$17,266 provided to subrecipients)	620	2,935,883 **	
47.049	Mathematical and Physical Sciences (Passed through Battelle Memorial Institute; Security and Software Engineering Research)	620	15,000 **	
47.049	Mathematical and Physical Sciences (Passed through Missouri State University; 10075)	620	24,649 **	
47.049	Mathematical and Physical Sciences (Passed through North Carolina State University; 2009271902, 2009271907, 2009271908)	620	154,542 **	
47.049	Mathematical and Physical Sciences (Passed through Smithsonian Astrophysical Observatory; SV484010)	620	5,001 **	
47.049	Mathematical and Physical Sciences (Passed through University of California; 1000GOB249) (\$17,070 provided to subrecipients)	620	21,187 **	
47.049	Mathematical and Physical Sciences (Passed through University of Louisville; ULRF11081701)	620	82,429 **	
47.049	Mathematical and Physical Sciences (Passed through University of New Mexico; 74009387HO)	620	28,296 **	
47.049	Mathematical and Physical Sciences (Passed through Brigham Young University)	621	6,012	
47.049	Mathematical and Physical Sciences	621	185,975 **	6,994,461
47.050	Geosciences	542	29,330	
47.050	Geosciences (\$44,448 provided to subrecipients)	619	1,369,547 **	
47.050	Geosciences (Passed through Consortium of Universities for Advancement of Hydrologic Science, Inc.; CUAHSI)	619	1,761 **	
47.050	Geosciences (Passed through University of Illinois at Urbana-Champaign; 2013-04254-01-00)	619	70,585 **	
47.050	Geosciences (\$62,052 provided to subrecipients)	620	817,194 **	
47.050	Geosciences (Passed through University Corporation for Atmospheric Research; Z1291033)	620	13,181 **	
47.050	Geosciences	621	114,401	
47.050	Geosciences	621	16,025 **	2,432,024
47.070	Computer and Information Science and Engineering (\$60,000 provided to subrecipients)	619	2,011,929 **	
47.070	Computer and Information Science and Engineering (Passed through University of Kansas Medical Center Research Institute, Inc.; QW859790)	619	22,678 **	
47.070	Computer and Information Science and Engineering (\$9,435 provided to subrecipients)	620	2,755,738 **	
47.070	Computer and Information Science and Engineering (Passed through Georgia Institute of Technology; RE146G1)	620	33,913 **	
47.070	Computer and Information Science and Engineering (Passed through Rochester Institute of Technology; 3125101, 3125101PSC)	620	11,782 **	
47.070	Computer and Information Science and Engineering (Passed through University of Nebraska; 2505110102002)	620	13,488 **	4,849,528
47.074	Biological Sciences (\$119,086 provided to subrecipients)	619	2,814,885 **	
47.074	Biological Sciences (Passed through Oregon State University; 51518A-A)	619	70,212 **	
47.074	Biological Sciences (Passed through University of Nebraska-Lincoln; 25-6238-0605-003)	619	28,211 **	

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<u>National Science Foundation (continued)</u>				
47.074	Biological Sciences (\$1,641,924 provided to subrecipients)	620	7,748,675	**
47.074	Biological Sciences (Passed through Boyce Thompson Institute; 1005, 1107)	620	85,312	**
47.074	Biological Sciences (Passed through Cornell University; 6736410062, 6736410064)	620	467,130	**
47.074	Biological Sciences (Passed through Donald Danforth Plant Science Center; 230111)	620	44,223	**
47.074	Biological Sciences (Passed through Kansas State University; 09026, S13031) (\$357,225 provided to subrecipients)	620	619,828	**
47.074	Biological Sciences (Passed through Missouri Botanical Garden; NSF05791IS)	620	10,877	**
47.074	Biological Sciences (Passed through Samuel Roberts Noble Foundation; 2012936001)	620	68,508	**
47.074	Biological Sciences (Passed through University of California; 10301097)	620	6,063	**
47.074	Biological Sciences (Passed through University of Delaware; 27182)	620	67,340	**
47.074	Biological Sciences (Passed through University of Georgia; RC3712264941686)	620	58,944	**
47.074	Biological Sciences (Passed through University of Indiana; BL4824384)	620	118,680	**
47.074	Biological Sciences (Passed through University of Minnesota; N001145101, D000430001, N001145101)	620	215,950	**
47.074	Biological Sciences (Passed through University of Tennessee; 8500012913)	620	58,195	**
47.074	Biological Sciences (Passed through Yale University; C12D11361)	620	59,868	**
47.075	Social, Behavioral, and Economic Sciences (\$150,151 provided to subrecipients)	619	1,570,662	**
47.075	Social, Behavioral, and Economic Sciences (Passed through Pennsylvania State University; 4327-UI-NSF-9447)	619	4,511	**
47.075	Social, Behavioral, and Economic Sciences (Passed through University of North Carolina at Chapel Hill; 5-54598)	619	7,844	**
47.075	Social, Behavioral, and Economic Sciences	620	253,522	**
47.076	Education and Human Resources (\$13,388 provided to subrecipients)	619	790,733	**
47.076	Education and Human Resources (Passed through Council of Graduate Schools)	619	1,061	**
47.076	Education and Human Resources (Passed through Drew University; DU-2011-01)	619	8,979	**
47.076	Education and Human Resources (\$204,933 provided to subrecipients)	620	2,772,319	**
47.076	Education and Human Resources (Passed through Michigan State University; RC101209ISU)	620	74,282	**
47.076	Education and Human Resources (Passed through North Carolina State University; 2011122301)	620	10,407	**
47.076	Education and Human Resources (Passed through Purdue University; 410138826)	620	24,967	**
47.076	Education and Human Resources (Passed through Stevens Institute of Technology; E3MINISTARNS)	620	196	**
47.076	Education and Human Resources (Passed through University of Michigan; DUE1140256)	620	13,195	**
47.076	Education and Human Resources (Passed through University of Wisconsin; 490K825)	620	22,369	**
47.076	Education and Human Resources	621	404,610	

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<u>National Science Foundation (continued)</u>				
47.076	Education and Human Resources (\$115,904 provided to subrecipients)	621	333,497 **	
47.076	Education and Human Resources (Passed through Tufts University)	621	33,287 **	4,489,902
47.078	Polar Programs	619	24,852 **	
47.078	Polar Programs	620	117,253 **	142,105
47.079	Office of International and Integrative Activities	620	45,105 **	
47.079	Office of International and Integrative Activities (Passed through Texas Tech University; 1316D08301)	620	25,172 **	70,277
47.080	Office of Cyberinfrastructure (\$52,625 provided to subrecipients)	620	596,457 **	596,457
47.081	Office of Experimental Program to Stimulate Competitive Research (\$2,164,077 provided to subrecipients)	620	4,465,471 **	4,465,471
47.082	ARRA - Trans-NSF Recovery Act Research Support	619	88,186 **	
47.082	ARRA - Trans-NSF Recovery Act Research Support (Passed through Virginia Polytechnic Institute and State University; 478093-19235)	619	981 **	
47.082	ARRA - Trans-NSF Recovery Act Research Support (\$68,318 provided to subrecipients)	620	479,700 **	
47.082	ARRA - Trans-NSF Recovery Act Research Support (Passed through Washington University; WUHT1050)	620	8,109 **	
47.082	ARRA - Trans-NSF Recovery Act Research Support (\$109,903 provided to subrecipients)	621	178,820	
47.082	ARRA - Trans-NSF Recovery Act Research Support	621	2,807 **	758,603
47.000	Other Federal Assistance: Unknown Title (Passed through West Chester University; 7534012130ISUWCU201213)	620	2,497 **	2,497
Total National Science Foundation			51,275,946	51,275,946
<u>U.S. Small Business Administration</u>				
59.037	Small Business Development Centers (\$884,395 provided to subrecipients)	620	1,031,795	1,031,795
59.061	State Trade and Export Promotion Pilot Grant Program (\$58,491 provided to subrecipients)	269	81,357	81,357
Total U.S. Small Business Administration			1,113,152	1,113,152
<u>U.S. Department of Veteran Affairs</u>				
64.005	Grants to States for Construction of State Home Facilities	671	8,949,184	8,949,184
64.009	Veterans Medical Care Benefits	671	6,114	6,114
64.012	Veterans Prescription Service	671	43,520	43,520
64.014	Veterans State Domiciliary Care	671	1,506,947	1,506,947
64.015	Veterans State Nursing Home Care	671	18,638,288	18,638,288
64.203	State Cemetery Grants	670	949,169	949,169
64.000	Other Federal Assistance: Unknown Title (Passed through Halfaker and Associates, LLC; VA 118-13-C-0084)	619	22,789	
	Unknown Title	620	3,377 **	26,166
Total U.S. Department of Veterans Affairs			30,119,388	30,119,388

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<u>U.S. Environmental Protection Agency</u>				
66.032	State Indoor Radon Grants (\$105,305 provided to subrecipients)	588	266,406	266,406
66.202	Congressionally Mandated Projects (Passed through The Consortium for Plant Biotechnology Research, Inc.; EPA8348801337)	620	100,508 **	100,508
66.458	Capitalization Grants for Clean Water State Revolving Funds (\$17,466,700 provided to subrecipients)	542	17,903,242	17,903,242
66.460	Nonpoint Source Implementation Grants	542	219,019	219,019
66.461	Regional Wetland Program Development Grants (\$9,227 provided to subrecipients)	620	155,931 **	155,931
66.463	Water Quality Cooperative Agreements	009	27,441	27,441
66.468	Capitalization Grants for Drinking Water State Revolving Funds (\$9,923,750 provided to subrecipients)	542	13,694,938	13,694,938
66.469	Great Lakes Program (\$146,974 provided to subrecipients)	619	240,362 **	240,362
66.509	Science To Achieve Results (STAR) Research Program (\$266,785 provided to subrecipients)	619	514,238 **	
66.509	Science To Achieve Results (STAR) Research Program (Passed through Brigham and Women's Hospital; rd-83374001)	619	12,948 **	
66.509	Science To Achieve Results (STAR) Research Program (\$138,987 provided to subrecipients)	620	188,767 **	715,953
66.514	Science To Achieve Results (STAR) Fellowship Program	619	2,658 **	
66.514	Science To Achieve Results (STAR) Fellowship Program	620	23,652	26,310
66.516	P3 Award: National Student Design Competition for Sustainability	620	12,202 **	12,202
66.600	Environmental Protection Consolidated Grants for the Insular Areas - Program Support (\$847,747 provided to subrecipients)	542	13,441,860	13,441,860
66.605	Performance Partnership Grants	009	747,980	
66.605	Performance Partnership Grants (Passed through Nebraska Department of Agriculture; 18-06-124)	619	112,675	860,655
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	619	89,213	89,213
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	588	279,688	279,688
66.708	Pollution Prevention Grants Program	269	7,924	7,924
66.951	Environmental Education Grants	285	4,353	
66.951	Environmental Education Grants (Passed through Kansas Association for Conservation and Environmental Education)	621	1,724	6,077
66.000	Other Federal Assistance:			
	Unknown Title (Passed through Environmental Management Support; EMS FP-07-037-43, EP-W-07-037)	619	101,253 **	
	Unknown Title (Passed through Kalman & Company, Inc.; EP-G13S-0083/GS-23F-0275N)	619	142,331 **	
	Unknown Title (Passed through GHD Inc.; 861468716)	620	12,500 **	
	Unknown Title (Passed through RTI International; 103120213244)	620	142,345 **	398,429
	Total U.S. Environmental Protection Agency		48,446,158	48,446,158
<u>U.S. Nuclear Regulatory Commission</u>				
77.008	U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	619	142,073	142,073
	Total U.S. Nuclear Regulatory Commission		142,073	142,073

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<u>U.S. Department of Energy</u>				
81.041	State Energy Program (\$131,993 provided to subrecipients)	269	756,727	
81.041	ARRA - State Energy Program (\$121,303 provided to subrecipients)	269	121,303	878,030
81.042	Weatherization Assistance for Low-Income Persons (\$4,795,069 provided to subrecipients)	379	5,583,774	5,583,774
81.049	Office of Science Financial Assistance Program (\$104,888 provided to subrecipients)	619	1,402,050 **	
81.049	Office of Science Financial Assistance Program (Passed through Rutgers University; 00003852)	619	33,406 **	
81.049	Office of Science Financial Assistance Program (Passed through University of Oregon; 234171D, 234171H)	619	35,445 **	
81.049	Office of Science Financial Assistance Program (\$102,922 provided to subrecipients)	620	2,735,010 **	
81.049	Office of Science Financial Assistance Program (Passed through Smithsonian Astrophysical Observatory; SV171002)	620	5,284 **	
81.049	Office of Science Financial Assistance Program (Passed through Texas Tech University; 21E06101)	620	45,426 **	
81.049	Office of Science Financial Assistance Program (Passed through University of Illinois; 20030705904)	620	114,644 **	
81.049	Office of Science Financial Assistance Program (Passed through University of Michigan; 3002032568)	620	46,125 **	
81.049	ARRA - Office of Science Financial Assistance Program	620	29,651 **	
81.049	ARRA - Office of Science Financial Assistance Program (Passed through University of Wisconsin; 383K880)	620	796 **	4,447,837
81.057	University Coal Research	620	116,336 **	116,336
81.079	Regional Biomass Energy Programs (Passed through South Dakota State University; 3TK146, 3TD162, 3TA146)	620	7,886 **	7,886
81.087	Renewable Energy Research and Development	542	74,534	
81.087	Renewable Energy Research and Development (\$370,856 provided to subrecipients)	620	796,544 **	
81.087	Renewable Energy Research and Development (Passed through Missouri University of Science and Technology; 0004261901)	620	6,572 **	
81.087	Renewable Energy Research and Development (Passed through South Dakota State University; 3TF154)	620	18,334 **	
81.087	Renewable Energy Research and Development (Passed through The Consortium for Plant Biotechnology Research, Inc.; GO12026322, GO12026329, GO12026326)	620	22,611 **	
81.087	Renewable Energy Research and Development	621	115,154	
81.087	ARRA - Renewable Energy Research and Development (Passed through West Virginia University; 10051ARRAISU)	620	26,684 **	1,060,433
81.089	Fossil Energy Research and Development (Passed through Florida International University; 80000120201)	620	13,049 **	13,049
81.108	Epidemiology and Other Health Studies Financial Assistance Program	619	679,333	679,333
81.113	Defense Nuclear Nonproliferation Research	619	51,096 **	51,096
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance (\$35,510 provided to subrecipients)	269	84,809	
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	620	145,549	230,358
81.119	State Energy Program Special Projects (\$311,719 provided to subrecipients)	269	315,686	315,686

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<u>U.S. Department of Energy (continued)</u>				
81.121	Nuclear Energy Research, Development and Demonstration	620	76,161 **	
81.121	Nuclear Energy Research, Development and Demonstration (Passed through Clemson University; 17022192009866)	620	22,013 **	98,174
81.122	Electricity Delivery and Energy Reliability, Research, Development and Analysis	219	14,249	
81.122	Electricity Delivery and Energy Reliability, Research, Development and Analysis (Passed through Arizona State University; SC093, NETLPSERC)	620	61,199 **	
81.122	ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	219	90,000	
81.122	ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis (Passed through National Association of Regulatory Utility Commissioners; NARUC2012205DE0316)	620	1,243 **	166,691
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) (\$255,589 provided to subrecipients)	269	284,145	284,145
81.135	Advanced Research Projects Agency - Energy (\$439,376 provided to subrecipients)	620	858,731 **	
81.135	Advanced Research Projects Agency - Energy (Passed through Greenlight Biosciences; DEAR0000440)	620	97,988 **	956,719
81.000	Other Federal Assistance:			
	Unknown Title (Passed through Battelle Energy Alliance, LLC; 00131031)	619	34,506 **	
	Unknown Title (Passed through Fermi Research Alliance, LLC; DE-AC02-07CH11359)	619	542,979 **	
	Unknown Title (Passed through Sandia Corporation; 1414305)	619	33,081 **	
	Unknown Title (Passed through UChicago Argonne, LLC; DE-AC02-06CH11357)	619	80,383 **	
	Unknown Title (Passed through University of South Carolina; 13-2149)	619	103,218 **	
	Unknown Title (Passed through UT-Battelle, LLC; 4000122926)	619	54,473 **	
	Unknown Title (Passed through Advanced Technology Institute; 2005303/SUBTASK 4.1)	620	55,623 **	
	Unknown Title (Passed through Argonne National Laboratory; APPOINTMENT AGREEMENT, 2F30301, 4F30161, 4F30423)	620	201,524 **	
	Unknown Title (Passed through Arizona State University; 11623)	620	43,021 **	
	Unknown Title (Passed through Baryonyx Corporation; GOWIND)	620	84,388 **	
	Unknown Title (Passed through Battelle Energy Alliance, LLC; 4000117726, 167288)	620	77,142 **	
	Unknown Title (Passed through Battelle Memorial Institute; 139495)	620	10,000 **	
	Unknown Title (Passed through Brookhaven National Laboratory; 149282, 202004, 183423, 228646)	620	242,363 **	
	Unknown Title (Passed through Ecoengineers; SEPG4444)	620	24,097 **	
	Unknown Title (Passed through Fraunhofer Center for Sustainable Energy Systems; 351424ISU)	620	5,088 **	
	Unknown Title (Passed through Honeywell Federal Manufacturing and Technologies; EP6034, N000130067)	620	42,780 **	
	Unknown Title (Passed through Krell Institute; Science Graduate Fellowship)	620	7,228 **	
	Unknown Title (Passed through Lawrence Berkeley National Laboratory; 6954484, 7017340, 6954484)	620	14,130 **	
	Unknown Title (Passed through Lawrence Livermore National Laboratory; B607266)	620	2,724 **	

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<u>U.S. Department of Energy (continued)</u>				
	Unknown Title (Passed through Los Alamos National Security, LLC; 271300)	620	12,219 **	
	Unknown Title (Passed through Sandia National Laboratories; 1200824, 1163155, 903580)	620	72,377 **	
	Unknown Title (Passed through University of Texas; 2639055561)	620	13,699 **	
	ARRA - Unknown Title (Passed through National Renewable Energy Laboratory; ZCE04062501) (\$58,623 provided to subrecipients)	620	241,635 **	1,998,678
Total U.S. Department of Energy			16,888,225	16,888,225
<u>U.S. Department of Education</u>				
84.002	Adult Education - Basic Grants to States (\$2,930,406 provided to subrecipients)	282	3,382,563	3,382,563
84.007	Federal Supplemental Educational Opportunity Grants	619	531,017 *	
84.007	Federal Supplemental Educational Opportunity Grants	620	634,431 *	
84.007	Federal Supplemental Educational Opportunity Grants	621	366,952 *	1,532,400
84.010	Title I Grants to Local Educational Agencies (\$81,505,053 provided to subrecipients)	282	82,319,464	82,319,464
84.011	Migrant Education_State Grant Program (\$1,192,215 provided to subrecipients)	282	1,390,216	1,390,216
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth (\$101,961 provided to subrecipients)	282	401,699	401,699
84.021	Overseas Programs - Group Projects Abroad	619	55,569	55,569
84.033	Federal Work-Study Program	619	1,236,732 *	
84.033	Federal Work-Study Program	620	1,070,651 *	
84.033	Federal Work-Study Program	621	472,366 *	2,779,749
84.038	Federal Perkins Loan Program_Federal Capital Contributions	619	2,856,482 *	
84.038	Federal Perkins Loan Program_Federal Capital Contributions	620	3,434,963 *	
84.038	Federal Perkins Loan Program_Federal Capital Contributions	621	1,426,963 *	7,718,408
84.048	Career and Technical Education - Basic Grants to States (\$10,499,805 provided to subrecipients)	282	12,266,032	12,266,032
84.063	Federal Pell Grant Program	619	15,984,669 *	
84.063	Federal Pell Grant Program	620	24,286,248 *	
84.063	Federal Pell Grant Program	621	10,273,654 *	50,544,571
84.116	Fund for the Improvement of Postsecondary Education	619	8,655	
84.116	Fund for the Improvement of Postsecondary Education (\$20,963 provided to subrecipients)	619	131,606 **	
84.116	Fund for the Improvement of Postsecondary Education (\$3,369 provided to subrecipients)	620	10,404	
84.116	Fund for the Improvement of Postsecondary Education (Passed through Embry Riddle University; 6131301)	620	2,334	
84.116	Fund for the Improvement of Postsecondary Education (Passed through Florida State College; Disseminating Effective Learning Through Automation)	620	14,377	
84.116	Fund for the Improvement of Postsecondary Education (Passed through University of Kentucky; 304810653310145, 304810653310145STIP)	620	24,995	
84.116	Fund for the Improvement of Postsecondary Education (\$7,605 provided to subrecipients)	621	37,142	
84.116	Fund for the Improvement of Postsecondary Education (Passed through East Tennessee State University)	621	13,505	243,018

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<u>U.S. Department of Education (continued)</u>				
84.126	Rehabilitation Services_Vocational Rehabilitation Grants to States	131	5,148,467	
84.126	Rehabilitation Services_Vocational Rehabilitation Grants to States	283	21,656,819	26,805,286
84.129	Rehabilitation Long-Term Training	619	263,576	263,576
84.133	National Institute on Disability and Rehabilitation Research	379	17,500	
84.133	National Institute on Disability and Rehabilitation Research (Passed through Syracuse University; H133A110021)	619	36,567	
84.133	National Institute on Disability and Rehabilitation Research (Passed through Gallaudet University)	619	76,911 **	130,978
84.161	Rehabilitation Services_Client Assistance Program	379	94,899	94,899
84.169	Independent Living_State Grants	131	59,519	
84.169	Independent Living_State Grants	283	235,610	295,129
84.177	Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	131	325,101	325,101
84.181	Special Education-Grants for Infants and Families (\$2,925,147 provided to subrecipients)	282	3,980,750	3,980,750
84.184	Safe and Drug-Free Schools and Communities_National Programs (\$2,574 provided to subrecipients)	282	3,866,684	
84.184	Safe and Drug-Free Schools and Communities_National Programs (Passed through Los Angeles Unified School District; 1100379)	619	11,600	3,878,284
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	131	15,259	
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	283	261,448	276,707
84.196	Education for Homeless Children and Youth (\$416,434 provided to subrecipients)	282	570,176	570,176
84.200	Graduate Assistance in Areas of National Need	619	411,680	411,680
84.215	Fund for the Improvement of Education (\$1,373,829 provided to subrecipients)	282	1,393,018	1,393,018
84.224	Assistive Technology (\$140,876 provided to subrecipients)	619	425,291	425,291
84.265	Rehabilitation Training_State Vocational Rehabilitation Unit In-Service Training	131	6,616	
84.265	Rehabilitation Training_State Vocational Rehabilitation Unit In-Service Training	283	42,026	48,642
84.268	Federal Direct Student Loans	619	191,024,669 *	
84.268	Federal Direct Student Loans	620	157,544,410 *	
84.268	Federal Direct Student Loans	621	58,586,203 *	407,155,282
84.287	Twenty-First Century Community Learning Centers (\$6,237,033 provided to subrecipients)	282	6,565,813	6,565,813
84.295	Ready-To-Learn Television (Passed through Corporation for Public Broadcasting; 14768, 15191)	285	8,733	8,733
84.305	Education Research, Development and Dissemination (\$18,462 provided to subrecipients)	619	148,643	
84.305	Education Research, Development and Dissemination	619	29,914 **	178,557
84.323	Special Education - State Personnel Development	282	2,362	2,362
84.324	Research in Special Education (\$158,685 provided to subrecipients)	620	467,568 **	
84.324	Research in Special Education (Passed through Kirkwood Community College; 21st Century Strategies, ISUSM91216)	620	6,098 **	
84.324	Research in Special Education (Passed through University of Kansas; FY2010007)	620	446 **	474,112
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	619	306,102	
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities (Passed through Heartland Community College; Heartland Equity And Inclusion)	620	12,015	

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<u>U.S. Department of Education (continued)</u>				
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	621	215,660	533,777
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants) (\$119,248 provided to subrecipients)	282	119,248	119,248
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	284	1,744,086	1,744,086
84.335	Child Care Access Means Parents in School	620	124,336	124,336
84.343	Assistive Technology_State Grants for Protection and Advocacy (\$16,335 provided to subrecipients)	619	46,840	46,840
84.358	Rural Education (\$321,319 provided to subrecipients)	282	321,652	321,652
84.365	English Language Acquisition State Grants (\$3,107,283 provided to subrecipients)	282	3,236,724	
84.365	English Language Acquisition State Grants	619	332,226	3,568,950
84.366	Mathematics and Science Partnerships (\$81,009 provided to subrecipients)	282	583,286	
84.366	Mathematics and Science Partnerships (Passed through Mississippi State University; 19210034081101, 19210036110001)	620	20,005 **	603,291
84.367	Improving Teacher Quality State Grants (\$16,653,576 provided to subrecipients)	282	17,367,528	
84.367	Improving Teacher Quality State Grants (\$20,417 provided to subrecipients)	615	441,639	
84.367	Improving Teacher Quality State Grants (Passed through National Writing Project Corporation)	621	7,162	17,816,329
84.369	Grants for State Assessments and Related Activities (\$2,598,875 provided to subrecipients)	282	5,731,952	5,731,952
84.372	Statewide Data Systems	282	2,804,925	2,804,925
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	619	35,953 *	
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	620	358,178 *	
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	621	1,727,766 *	2,121,897
84.396	ARRA - State Fiscal Stabilization Fund (SFSF) - Investing in Innovation (i3) Fund, Recovery Act (Passed through Ohio State University)	621	158,893	158,893
84.405	ARRA - Teacher Quality Partnerships, Recovery Act (\$10,000 provided to subrecipients)	282	959,050	959,050
84.407	Transition Programs for Students with Intellectual Disabilities into Higher Education	619	529,971	529,971
84.408	Postsecondary Education Scholarships for Veteran's Dependents	619	5,081 *	5,081
<u>Special Education Cluster (IDEA):</u>				
84.027	Special Education_Grants to States (\$108,607,228 provided to subrecipients)	282	117,188,822	
84.173	Special Education_Preschool Grants (\$2,781,949 provided to subrecipients)	282	3,484,563	120,673,385
<u>TRIO Cluster:</u>				
84.042	TRIO_Student Support Services	619	343,135	
84.042	TRIO_Student Support Services	620	339,390	
84.042	TRIO_Student Support Services	621	304,511	
			987,036	

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<u>U.S. Department of Education (continued)</u>				
84.044	TRIO_Talent Search	620	343,276	
84.044	TRIO_Talent Search	621	385,052	
			728,328	
84.047	TRIO_Upward Bound	619	392,789	
84.047	TRIO_Upward Bound	620	251,168	
84.047	TRIO_Upward Bound	621	355,905	
			999,862	
84.066	TRIO_Educational Opportunity Centers	621	411,710	
84.217	TRIO_McNair Post-Baccalaureate Achievement	621	206,133	3,333,069
<u>School Improvement Grants Cluster:</u>				
84.377	School Improvement Grants (\$3,761,732 provided to subrecipients)	282	3,846,827	
84.388	ARRA - School Improvement Grants, Recovery Act	282	69,028	3,915,855
	Total U.S. Department of Education		781,030,652	781,030,652
<u>Vietnam Education Foundation</u>				
85.802	Fellowship Program	619	55,259	55,259
85.803	Visiting Scholar Grants	619	30,044	30,044
	Total Vietnam Education Foundation		85,303	85,303
<u>National Archives and Records Administration</u>				
89.003	National Historical Publications and Records Grants	259	3,508	
89.003	National Historical Publications and Records Grants (Passed through University of Nebraska-Lincoln; 25-0512-0026-002)	619	23,549	27,057
	Total National Archives and Records Administration		27,057	27,057
<u>U.S. Election Assistance Commission</u>				
90.401	Help America Vote Act Requirements Payments	635	614,239	614,239
	Total U.S. Election Assistance Commission		614,239	614,239
<u>U.S. Institute of Peace</u>				
91.004	Public Education for Peacebuilding Awards Program (Passed through The Institute of International Education Inc.; PEPS)	620	1,993 **	1,993
	Total U.S. Institute of Peace		1,993	1,993
<u>U.S. Department of Health and Human Services</u>				
93.041	Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	297	42,147	42,147
93.042	Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	297	194,948	194,948
93.043	Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services (\$183,429 provided to subrecipients)	297	189,504	189,504
93.048	Special Programs for the Aging_Title IV_and Title II_Discretionary Projects (\$191,859 provided to subrecipients)	297	272,116	272,116

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.052	National Family Caregiver Support, Title III, Part E (\$1,491,951 provided to subrecipients)	297	1,537,165	1,537,165
93.061	Innovations in Applied Public Health Research (\$35,588 provided to subrecipients)	620	37,684 **	37,684
93.065	Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory Infrastructure (Passed through Association of Public Health Laboratories; 56400-200-039-13-02, 56400-200-040-13-01, 56400-200-202-13-04, 56400-200-621-13-08, 56400-200-621-12-14, 56400-200-621-13-17, 56400-200-621-13-24, U60HM000803, APHL TB StudyB, APHL TB Novel Shared)	619	112,747	112,747
93.069	Public Health Emergency Preparedness (\$4,863,067 provided to subrecipients)	588	6,193,290	
93.069	Public Health Emergency Preparedness (\$25,000 provided to subrecipients)	619	455,881	6,649,171
93.070	Environmental Public Health and Emergency Response	542	7,502	7,502
93.071	Medicare Enrollment Assistance Program (\$58,363 provided to subrecipients)	297	110,710	110,710
93.072	Lifespan Respite Care Program (\$42,297 provided to subrecipients)	297	58,217	58,217
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance (\$4,453 provided to subrecipients)	619	234,876 **	
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance (Passed through Operation Smile, Inc.; 1U38DD000868-01, 5U38DD000868-0)	619	21,996 **	256,872
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements (Passed through Johnson County Department of Public Health; FY 13-14 HPP)	619	8,978	8,978
93.087	Enhance Safety of Children Affected by Substance Abuse	444	965,966	965,966
93.090	Guardianship Assistance	401	16,663	16,663
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program (\$373,005 provided to subrecipients)	588	472,920	472,920
93.094	Well-Integrated Screening and Evaluation for Women Across the Nation (\$22,540 provided to subrecipients)	588	83,071	83,071
93.103	Food and Drug Administration Research	427	866,162	
93.103	Food and Drug Administration Research	619	270,544	
93.103	Food and Drug Administration Research (Passed through National Institute for Pharmaceutical Technology and Education; 5U01FD004275-03)	619	49,938 **	
93.103	Food and Drug Administration Research (\$122,707 provided to subrecipients)	620	424,938 **	1,611,582
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	401	140,108	140,108
93.110	Maternal and Child Health Federal Consolidated Programs (\$25,566 provided to subrecipients)	588	146,820	
93.110	Maternal and Child Health Federal Consolidated Programs (\$11,052 provided to subrecipients)	619	633,720	
93.110	Maternal and Child Health Federal Consolidated Programs (Passed through University of Texas Health Science Center at Houston; H30MC24051)	619	29,554	
93.110	Maternal and Child Health Federal Consolidated Programs (Passed through University of Washington; 754151)	619	12,437	
93.110	Maternal and Child Health Federal Consolidated Programs	619	346,365 **	1,168,896

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.113	Environmental Health (\$479,659 provided to subrecipients)	619	2,835,940 **	
93.113	Environmental Health (Passed through Trustees of Columbia University; 5R01ES016348-03)	619	644 **	
93.113	Environmental Health (\$155,827 provided to subrecipients)	620	1,184,759 **	4,021,343
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs (\$120,486 provided to subrecipients)	588	397,624	397,624
93.121	Oral Diseases and Disorders Research (\$1,882,771 provided to subrecipients)	619	7,069,151 **	
93.121	Oral Diseases and Disorders Research (Passed through University of Louisville Research Foundation; 1R03DE020839-01A1, 5R03DE22538-02)	619	52,611 **	
93.121	Oral Diseases and Disorders Research (Passed through University of Michigan; 3002211940, DE021412)	619	362,791 **	
93.121	Oral Diseases and Disorders Research (Passed through University of Pittsburgh; R01DE016148)	619	27,341 **	7,511,894
93.124	Nurse Anesthetist Traineeships	619	10,044	10,044
93.127	Emergency Medical Services for Children	588	133,070	133,070
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices (\$755 provided to subrecipients)	588	177,102	177,102
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention (\$111,021 provided to subrecipients)	619	699,633 **	699,633
93.136	Injury Prevention and Control Research and State and Community Based Programs (\$197,991 provided to subrecipients)	588	270,053	
93.136	Injury Prevention and Control Research and State and Community Based Programs (\$24,001 provided to subrecipients)	619	759,040 **	1,029,093
93.143	NIEHS Superfund Hazardous Substances_Basic Research and Education (\$35,473 provided to subrecipients)	619	2,593,411 **	
93.143	NIEHS Superfund Hazardous Substances_Basic Research and Education (Passed through Regents of the University of Minnesota; R25ES023595)	619	6,218 **	2,599,629
93.145	AIDS Education and Training Centers (Passed through University of Illinois at Chicago; E0012825, E45304 488787)	619	121,557	121,557
93.150	Projects for Assistance in Transition from Homelessness (PATH) (\$280,776 provided to subrecipients)	401	286,969	286,969
93.155	Rural Health Research Centers (\$250,220 provided to subrecipients)	619	1,188,329 **	
93.155	Rural Health Research Centers (Passed through University of Missouri-Columbia; U18RH23817)	619	45,441 **	
93.155	Rural Health Research Centers (Passed through University of North Carolina at Chapel Hill; U1GRH07633) (\$54,282 provided to subrecipients)	619	199,131 **	1,432,901
93.165	Grants to States for Loan Repayment Program (\$142,350 provided to subrecipients)	588	142,350	142,350
93.172	Human Genome Research	619	609,348 **	609,348
93.173	Research Related to Deafness and Communication Disorders (\$988,060 provided to subrecipients)	619	9,961,410 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through Creighton University; R01DC009025)	619	17,855 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through Etymotic Research, Inc.; R44DC010971-01)	619	13,403 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through Father Flanagan's Boys Home; 1R01DC013591-00)	619	73,427 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through Leland Stanford, Jr. University; 1R01DC012250A)	619	24,121 **	

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.173	Research Related to Deafness and Communication Disorders (Passed through Northeastern Ohio Universities College of Medicine; R33DC010489)	619	8,075 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through Research Institute at Nationwide Children's Hospital; 5R01DC011321-02)	619	8,672 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through University of California, Irvine; DC003681)	619	97,084 **	
93.173	Research Related to Deafness and Communication Disorders (Passed through University of Washington; R01DC012769)	619	74,848 **	
93.173	Research Related to Deafness and Communication Disorders	620	2,076 **	10,280,971
93.184	Disabilities Prevention (\$146,270 provided to subrecipients)	588	302,085	
93.184	Disabilities Prevention (Passed through University of Texas Health Science Center at Houston; 0008622J)	619	18,677 **	320,762
93.213	Research and Training in Complementary and Alternative Medicine (\$91,236 provided to subrecipients)	619	350,153 **	
93.213	Research and Training in Complementary and Alternative Medicine (Passed through Emory University; S844484)	619	60,013 **	
93.213	Research and Training in Complementary and Alternative Medicine (Passed through Massachusetts General Hospital; U01 AT000613-11)	619	16,375 **	
93.213	Research and Training in Complementary and Alternative Medicine (Passed through Palmer Chiropractic University; 2R25AT003580, 5U19AT004663)	619	33,175 **	
93.213	Research and Training in Complementary and Alternative Medicine (Passed through University of North Carolina at Greensboro; 20120357.2)	619	88,332 **	548,048
93.217	Family Planning_Services (\$1,033,719 provided to subrecipients)	588	1,277,724	
93.217	Family Planning_Services (Passed through Family Planning Council of Iowa; 618-FY2013, 678-FY2013)	619	2,500	1,280,224
93.226	Research on Healthcare Costs, Quality and Outcomes (\$65,527 provided to subrecipients)	619	1,659,924 **	
93.226	Research on Healthcare Costs, Quality and Outcomes (Passed through Oregon Health Sciences University; P30HS021639, R18HS022491)	619	23,249 **	
93.226	Research on Healthcare Costs, Quality and Outcomes (Passed through University of Houston; R01HS021264)	619	23,971 **	
93.226	Research on Healthcare Costs, Quality and Outcomes (Passed through University of Tennessee Health Science Center; 9000007946-1)	619	1,145 **	1,708,289
93.233	National Center on Sleep Disorders Research (\$157,894 provided to subrecipients)	619	697,637 **	
93.233	National Center on Sleep Disorders Research (Passed through Brigham and Women's Hospital; 5U01HL111478)	619	25,637 **	
93.233	National Center on Sleep Disorders Research (Passed through Harvard University; 1U01HL111478-01A1)	619	506 **	723,780
93.234	Traumatic Brain Injury State Demonstration Grant Program (\$227,645 provided to subrecipients)	588	240,661	240,661
93.235	Affordable Care Act (ACA) Abstinence Education Program (\$179,838 provided to subrecipients)	588	299,471	299,471
93.236	Grants to States to Support Oral Health Workforce Activities (\$21,566 provided to subrecipients)	619	212,623	212,623
93.239	Policy Research and Evaluation Grants (Passed through Leland Stanford, Jr. University; 1H79AE000101-02S1)	619	7,120 **	7,120

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.241	State Rural Hospital Flexibility Program (\$251,801 provided to subrecipients)	588	500,696	
93.241	State Rural Hospital Flexibility Program (Passed through Telligen; 2014-001)	619	6,349 **	507,045
93.242	Mental Health Research Grants (\$740,710 provided to subrecipients)	619	7,873,077 **	
93.242	Mental Health Research Grants (Passed through Columbia University; 7 R01 MH081107-02)	619	38,875 **	
93.242	Mental Health Research Grants (Passed through University of California, San Diego; 5U01MH092758)	619	25,192 **	
93.242	Mental Health Research Grants (Passed through University of Illinois; 2R01MH062500-09A1)	619	101,110 **	
93.242	Mental Health Research Grants (Passed through University of Texas Southwestern Medical Center; 5R01MH087986)	619	403,033 **	
93.242	Mental Health Research Grants (Passed through University of Georgia; RR2743333841438)	620	29,614 **	
93.242	Mental Health Research Grants (Passed through Notre Dame University)	621	78,163 **	8,549,064
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	226	313,911	
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	401	17,082	
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	444	137,014	
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance (\$4,869,214 provided to subrecipients)	588	5,845,013	
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	619	621,134	
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance (\$30,000 provided to subrecipients)	619	110,731 **	
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance (Passed through University of Utah; UR1TI024228)	619	32,357 **	7,077,242
93.251	Universal Newborn Hearing Screening (\$31 provided to subrecipients)	588	18,195	
93.251	Universal Newborn Hearing Screening (\$74,511 provided to subrecipients)	619	209,893	228,088
93.262	Occupational Safety and Health Program (\$134,174 provided to subrecipients)	588	329,950	
93.262	Occupational Safety and Health Program (\$13,814 provided to subrecipients)	619	1,517,729	
93.262	Occupational Safety and Health Program (\$70,576 provided to subrecipients)	619	3,025,430 **	
93.262	Occupational Safety and Health Program (Passed through Center to Protect Worker's Rights; U60-OH009762)	619	92,355 **	
93.262	Occupational Safety and Health Program (Passed through Colorado State University; 1R01OH010295-01, 5R01OH010295-02)	619	81,345 **	
93.262	Occupational Safety and Health Program (Passed through Marshfield Clinic Research Foundation; 11606-6500-60613, 5U54OH009568, 5R21OH010032-02) (\$3,796 provided to subrecipients)	619	29,108 **	
93.262	Occupational Safety and Health Program (Passed through University of California, San Francisco; 6277sc)	619	4,838 **	
93.262	Occupational Safety and Health Program (Passed through University of North Carolina at Chapel Hill; 5R01OH009527-01-05, 5R01OH010102-02)	619	2,983 **	

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93.262	Occupational Safety and Health Program (Passed through University of Texas Health Science Center at Tyler; U54OH007541) (\$18,107 provided to subrecipients)	619	106,567 **	
93.262	Occupational Safety and Health Program (Passed through University of Nebraska; 3454202002202, 3454202002902) (\$14,170 provided to subrecipients)	620	38,625 **	5,228,930
93.264	Nurse Faculty Loan Program (NFLP)	619	69,569 *	69,569
93.268	Immunization Cooperative Agreements (\$27,432,009 provided to subrecipients)	588	29,483,615	29,483,615
93.270	Adult Viral Hepatitis Prevention and Control	588	116,607	116,607
93.273	Alcohol Research Programs	619	1,625,152 **	
93.273	Alcohol Research Programs (Passed through Behavioral Diagnostics, Inc.; 1R43AA02204-01, R43DA037620)	619	23,277 **	
93.273	Alcohol Research Programs (Passed through State University of New York Research Foundation; 5U10AA00840124, 5U10AA00840125)	619	519,135 **	
93.273	Alcohol Research Programs (Passed through University of New Mexico; 1R21AA021878-01A1)	619	11,660 **	2,179,224
93.275	Substance Abuse and Mental Health Services-Access to Recovery (\$51,701 provided to subrecipients)	588	3,912,450	3,912,450
93.279	Drug Abuse and Addiction Research Programs	619	879,919 **	
93.279	Drug Abuse and Addiction Research Programs (Passed through Emory University; T187415)	619	35,126 **	
93.279	Drug Abuse and Addiction Research Programs (Passed through University of Georgia; 5P30DA027827)	619	179,892 **	
93.279	Drug Abuse and Addiction Research Programs (\$493,495 provided to subrecipients)	620	1,639,032 **	
93.279	Drug Abuse and Addiction Research Programs (Passed through Penn State University; 4489ISUDHHS0389)	620	122,367 **	
93.279	Drug Abuse and Addiction Research Programs (Passed through RTI International; 1312021413051724L)	620	161,349 **	
93.279	Drug Abuse and Addiction Research Programs (Passed through University of Connecticut; 20438)	620	83,301 **	3,100,986
93.281	Mental Health Research Career/Scientist Development Awards	619	283,927 **	283,927
93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance (\$2,769,635 provided to subrecipients)	588	5,259,854	
93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance	619	8,389	
93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance	619	1,241,976 **	
93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance (Passed through Colorado Department of Public Health and Environment; OE FHA EPI120000)	619	8,110 **	
93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance (Passed through Health Research, Inc.; 1U01DD00104101, 5U01DD00048704, 3694-05)	619	72,984 **	
93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance (Passed through Infectious Diseases Society of America; 5 U50 CK000187)	619	203,893 **	6,795,206
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health (\$56,122 provided to subrecipients)	619	431,045 **	
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health (Passed through Brigham and Women's Hospital; 2U54EB005149, 5U54EB005149)	619	155,693 **	

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health (Passed through Colorado State University; R01EB012048)	619	30,811 **	
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health (Passed through University of Arizona, Arizona Board of Regents; 2R01EB004987)	619	72,637 **	
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health (Passed through Virginia Polytechnic Institute and State University; 431805-19235)	619	7,124 **	
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health	620	66,318 **	763,628
93.292	National Public Health Improvement Initiative	588	214,815	214,815
93.296	State Partnership Grant Program to Improve Minority Health (\$26,073 provided to subrecipients)	588	84,352	84,352
93.297	Teenage Pregnancy Prevention Program (Passed through Advocates for Youth)	619	1,689 **	1,689
93.301	Small Rural Hospital Improvement Grant Program	588	904,982	904,982
93.307	Minority Health and Health Disparities Research	619	183,653 **	183,653
93.310	Trans-NIH Research Support	619	715,735 **	715,735
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	619	1,480,936 *	
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	620	586,650 *	2,067,586
93.350	National Center for Advancing Translational Sciences (\$72,182 provided to subrecipients)	619	4,769,510 **	4,769,510
93.351	Research Infrastructure Programs	619	446,332	
93.351	Research Infrastructure Programs	620	370,396 **	816,728
93.361	Nursing Research (\$261,502 provided to subrecipients)	619	1,343,083 **	
93.361	Nursing Research (Passed through Denver Research Institute; 1R01NR013422-01)	619	5,467 **	
93.361	Nursing Research (Passed through Johns Hopkins University; 1R01NR012444)	619	61,069 **	
93.361	Nursing Research (Passed through University of Virginia; 1R21NR013541-01)	619	70,810 **	1,480,429
93.364	Nursing Student Loans	619	421,011 *	421,011
93.389	National Center for Research Resources	620	44,200 **	44,200
93.393	Cancer Cause and Prevention Research (\$206,949 provided to subrecipients)	619	1,145,836 **	
93.393	Cancer Cause and Prevention Research (Passed through Dana-Farber Cancer Institute, Inc.; U01CA093344-08, 1156608)	619	43,590 **	
93.393	Cancer Cause and Prevention Research (Passed through Johns Hopkins University; 5R01CA140311)	619	29,781 **	
93.393	Cancer Cause and Prevention Research (Passed through Memorial Sloan-Kettering Cancer Center; R01CA129639, R01CA168339-02, 8-BD515243)	619	145,845 **	
93.393	Cancer Cause and Prevention Research (Passed through University of Arizona, Arizona Board of Regents; 7R01CA118493-05)	619	60,591 **	
93.393	Cancer Cause and Prevention Research (Passed through University of Illinois at Chicago; E50671 491632, R01CA134861)	619	32,047 **	
93.393	Cancer Cause and Prevention Research (Passed through University of Massachusetts; 5R01CA136888-04)	619	22,919 **	
93.393	Cancer Cause and Prevention Research (Passed through University of Minnesota; 5R01CA132962)	619	57,594 **	

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.393	Cancer Cause and Prevention Research (Passed through University of North Carolina at Chapel Hill; 5-03891, 5-30990, 2R01CA098286-11)	619	250,739 **	
93.393	Cancer Cause and Prevention Research (Passed through University of Texas, MD Anderson Cancer Center; 5R01CA109298)	619	14,573 **	
93.393	Cancer Cause and Prevention Research (\$18,214 provided to subrecipients)	620	418,973 **	2,222,488
93.394	Cancer Detection and Diagnosis Research (\$147,408 provided to subrecipients)	619	1,326,584 **	
93.394	Cancer Detection and Diagnosis Research (Passed through American College of Radiology Imaging Network; CA80098, U10CA180820, 1121)	619	11,671 **	
93.394	Cancer Detection and Diagnosis Research (Passed through Brigham and Women's Hospital; 109574)	619	37,495 **	
93.394	Cancer Detection and Diagnosis Research (Passed through Yale University; 8-RCA133114A)	619	128,808 **	1,504,558
93.395	Cancer Treatment Research (\$10,222 provided to subrecipients)	619	2,533,376 **	
93.395	Cancer Treatment Research (Passed through Board of Regents of the University of Wisconsin System; 482K790)	619	182,550 **	
93.395	Cancer Treatment Research (Passed through Cancer and Leukemia Group B Foundation; 462/IA018)	619	11,991 **	
93.395	Cancer Treatment Research (Passed through Children's Hospital of Philadelphia; U10CA098543, U10CA095861)	619	124,454 **	
93.395	Cancer Treatment Research (Passed through Gynecologic Oncology Group; U10 CA27469)	619	149,176 **	
93.395	Cancer Treatment Research (Passed through NSABP Foundation, Inc.; U10CA12027/U10CA37377) (\$26,700 provided to subrecipients)	619	44,342 **	
93.395	Cancer Treatment Research (Passed through Radiation Therapy Oncology Group; U10CA021661)	619	17,878 **	
93.395	Cancer Treatment Research (Passed through Roswell Park Cancer Institute; 7R01CA172070-02)	619	42,879 **	
93.395	Cancer Treatment Research (Passed through University of Chicago; U10 CA31946)	619	51,125 **	
93.395	Cancer Treatment Research (Passed through University of Pittsburgh; 3R01CA148629-04S1)	619	49,474 **	
93.395	Cancer Treatment Research (Passed through Virginia Commonwealth University; R01CA155119)	619	99,464 **	
93.395	Cancer Treatment Research (Passed through St. Jude Children's Research Hospital; 1113350507539458)	620	16,829 **	3,323,538
93.396	Cancer Biology Research	619	1,833,779 **	
93.396	Cancer Biology Research (Passed through University of Nebraska-Lincoln; 1R01CA165974-01A1, 5R01CA16574)	619	5,039 **	
93.396	Cancer Biology Research	620	4,646 **	1,843,464
93.397	Cancer Centers Support Grants (\$1,473,779 provided to subrecipients)	619	4,860,278 **	
93.397	Cancer Centers Support Grants (Passed through Cancer Institute of New Jersey; P30CA072720)	619	2,580 **	
93.397	Cancer Centers Support Grants (Passed through University of Washington; 3 U54 CA153498-04S1)	619	36,613 **	4,899,471
93.398	Cancer Research Manpower	619	907,204 **	907,204
93.399	Cancer Control (Passed through University of Washington; 748370)	619	21,029 **	21,029
93.414	ARRA - State Primary Care Offices (\$70,649 provided to subrecipients)	588	106,934	106,934

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.448	Food Safety and Security Monitoring Project	619	356,051	356,051
93.449	Ruminant Feed Ban Support Project	009	225,000	225,000
93.504	Affordable Care Act (ACA) Family to Family Health Information Centers	619	3,089	3,089
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program (\$6,993,569 provided to subrecipients)	588	7,470,111	7,470,111
93.507	PPHF 2012 National Public Health Improvement Initiative (\$1,000 provided to subrecipients)	588	65,135	65,135
93.512	Affordable Care Act (ACA) Personal and Home Care Aide State Training Program (PHCAST) (\$333,453 provided to subrecipients)	588	453,116	453,116
93.516	Affordable Care Act (ACA) Public Health Training Centers Program	619	186,304	186,304
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF (\$1,013,875 provided to subrecipients)	588	2,036,305	2,036,305
93.525	State Planning and Establishment Grants for the Affordable Care Act (ACA)s Exchanges	401	20,350,148	
93.525	State Planning and Establishment Grants for the Affordable Care Act (ACA)s Exchanges (\$63,865 provided to subrecipients)	588	1,662,241	22,012,389
93.531	PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by 2012 Prevention and Public Health Funds (\$2,177,439 provided to subrecipients)	588	2,893,738	
93.531	PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by 2012 Prevention and Public Health Funds (Passed through Black Hawk County Public Health)	621	3,133	2,896,871
93.538	Affordable Care Act - National Environmental Public Health Tracking Program-Network Implementation	588	422,989	422,989
93.539	PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds (\$1,563,970 provided to subrecipients)	588	2,186,427	2,186,427
93.544	The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Coordinated Chronic Disease prevention and Health Promotion Program (\$8,543 provided to subrecipients)	588	182,879	182,879
93.548	PPHF2013: State Nutrition, Physical Activity, and Obesity Programs - financed in part by 2013 PPHF (\$13,295 provided to subrecipients)	588	83,691	83,691
93.550	Transitional Living for Homeless Youth (\$79,954 provided to subrecipients)	401	115,511	115,511
93.556	Promoting Safe and Stable Families (\$1,843,523 provided to subrecipients)	401	2,785,947	
93.556	Promoting Safe and Stable Families (Passed through Montana Department of Public Health and Human Services; 20143TRNG0001)	619	18,601	2,804,548
93.558	Temporary Assistance for Needy Families (\$36,803,458 provided to subrecipients)	401	82,427,091	82,427,091
93.563	Child Support Enforcement (\$1,271,525 provided to subrecipients)	401	39,411,762	39,411,762
93.564	Child Support Enforcement Research	401	131,062	131,062
93.566	Refugee and Entrant Assistance_State Administered Programs (\$33,349 provided to subrecipients)	401	1,767,575	1,767,575

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<u>U.S. Department of Health and Human Services (continued)</u>				
93.568	Low-Income Home Energy Assistance (\$58,008,695 provided to subrecipients)	379	58,236,990	58,236,990
93.569	Community Services Block Grant (\$6,459,422 provided to subrecipients)	379	6,676,926	6,676,926
93.576	Refugee and Entrant Assistance_Discretionary Grants (\$276,920 provided to subrecipients)	401	276,920	
93.576	Refugee and Entrant Assistance_Discretionary Grants (\$6,558 provided to subrecipients)	588	107,192	384,112
93.584	Refugee and Entrant Assistance_Targeted Assistance Grants	401	277,347	277,347
93.586	State Court Improvement Program	444	460,719	460,719
93.590	Community-Based Child Abuse Prevention Grants (\$441,759 provided to subrecipients)	401	602,072	602,072
93.597	Grants to States for Access and Visitation Programs (\$78,007 provided to subrecipients)	401	79,207	79,207
93.599	Chafee Education and Training Vouchers Program (ETV)	401	586,107	586,107
93.600	Head Start	282	98,473	
93.600	Head Start (Passed through University of Washington; 745174, 755016)	620	85,498 **	183,971
93.609	The Affordable Care Act Medicaid Adult Quality Grants	401	929,585	929,585
93.610	Health Care Innovation Awards (HCIA) (Passed through Dartmouth College; 1 C1 CMS331029-02-00)	619	401,498	
93.610	Health Care Innovation Awards (HCIA) (\$762,453 provided to subrecipients)	619	3,212,875 **	3,614,373
93.617	Voting Access for Individuals with Disabilities_Grants to States (\$5,160 provided to subrecipients)	635	5,160	5,160
93.624	ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	401	761,398	761,398
93.630	Developmental Disabilities Basic Support and Advocacy Grants (\$434,068 provided to subrecipients)	401	754,609	754,609
93.631	Developmental Disabilities Projects of National Significance	401	506,253	
93.631	Developmental Disabilities Projects of National Significance (Passed through Disability Consulting, LLC; 90DN0287)	619	5,500	511,753
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	619	430,121	
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service (Passed through Peer Action Disability Support)	619	12,367 **	442,488
93.643	Children's Justice Grants to States (\$250 provided to subrecipients)	401	248,355	248,355
93.645	Stephanie Tubbs Jones Child Welfare Services Program	401	2,737,241	2,737,241
93.648	Child Welfare Research Training or Demonstration (Passed through State University of New York Research Foundation; 90CT0145)	619	2,851 **	
93.648	Child Welfare Research Training or Demonstration (Passed through University of Missouri; E000385914)	620	3,315	6,166
93.652	Adoption Opportunities (\$355,059 provided to subrecipients)	619	835,073	835,073
93.658	Foster Care_Title IV-E (\$5,767,497 provided to subrecipients)	401	18,975,128	18,975,128
93.659	Adoption Assistance (\$1,628,859 provided to subrecipients)	401	36,914,911	36,914,911
93.667	Social Services Block Grant (\$1,271,703 provided to subrecipients)	401	27,904,395	27,904,395
93.669	Child Abuse and Neglect State Grants (\$20,000 provided to subrecipients)	401	315,568	315,568
93.670	Child Abuse and Neglect Discretionary Activities (Passed through Four Oaks, Inc.; 90CA1789/01)	619	173,903	173,903
93.671	Family Violence Prevention and Services/Battered Women's Shelters_Grants to States and Indian Tribes (\$976,660 provided to subrecipients)	112	1,032,482	1,032,482

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93.674	Chafee Foster Care Independence Program (\$1,083,400 provided to subrecipients)	401	2,637,176	2,637,176
93.701	ARRA - Trans-NIH Recovery Act Research Support (\$290,100 provided to subrecipients)	619	612,344 **	
93.701	ARRA - Trans-NIH Recovery Act Research Support (Passed through Research Institute at Nationwide Children's Hospital; RC4DK090937)	619	32,105 **	
93.701	ARRA - Trans-NIH Recovery Act Research Support (Passed through University of Michigan; RC4AG039029)	619	7,149 **	651,598
93.708	ARRA - Head Start	532	180,236	180,236
93.715	ARRA - Recovery Act Comparative Effectiveness Research - AHRQ	619	231,057 **	231,057
93.719	ARRA - State Grants to Promote Health Information Technology (\$1,499,442 provided to subrecipients)	588	2,118,471	2,118,471
93.735	State Public Health Approaches for Ensuring Quitline Capacity Funded in part by 2012 Prevention and Public Health Funds (PPHF-2012) (\$145,857 provided to subrecipients)	588	145,857	145,857
93.744	PPHF 2012: Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territories solely financed by 2012 Prevention and Public Health Funds (\$184,037 provided to subrecipients)	588	184,037	184,037
93.745	PPHF-2012: Health Care Surveillance/Health Statistics Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by 2012 Prevention and Public Health Funds (PPHF-2012) (\$122,237 provided to subrecipients)	588	122,237	122,237
93.767	Children's Health Insurance Program (\$94,565 provided to subrecipients)	401	119,124,526	
93.767	Children's Health Insurance Program (\$93,696 provided to subrecipients)	588	100,226	119,224,752
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	216	603,146	
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	427	247,995	851,141
93.791	Money Follows the Person Rebalancing Demonstration (\$72,350 provided to subrecipients)	401	5,904,927	5,904,927
93.824	Area Health Education Centers Infrastructure Development Awards (\$151,741 provided to subrecipients)	619	151,741	151,741
93.837	Cardiovascular Diseases Research (\$667,951 provided to subrecipients)	619	16,369,366 **	
93.837	Cardiovascular Diseases Research (Passed through Allsteros Therapeutics, Inc.)	619	16,072 **	
93.837	Cardiovascular Diseases Research (Passed through Axio Research Corporation; AIM-HIGH)	619	11,345 **	
93.837	Cardiovascular Diseases Research (Passed through Case Western Reserve University; RES508317, 2U01-DK094157-02)	619	201,911 **	
93.837	Cardiovascular Diseases Research (Passed through Duke University; RHL098237)	619	1,481 **	
93.837	Cardiovascular Diseases Research (Passed through Johns Hopkins University; 2001653151)	619	58,651 **	
93.837	Cardiovascular Diseases Research (Passed through Medical Imaging Applications, LLC; RHL108469A, 101)	619	65,110 **	
93.837	Cardiovascular Diseases Research (Passed through New York University; U01HL105907)	619	5,017 **	
93.837	Cardiovascular Diseases Research (Passed through University of Rochester; 415491-G-002)	619	13,884 **	

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93.837	Cardiovascular Diseases Research (Passed through University of Texas Health Science Center at Houston; 0008573A, R01HL109597)	619	110,480 **	
93.837	Cardiovascular Diseases Research (Passed through University of Toledo; NS 2005-063)	619	3,576 **	
93.837	Cardiovascular Diseases Research (Passed through University of Utah School of Medicine; 10023252-02, 10030816-01, 000162632)	619	232,086 **	
93.837	Cardiovascular Diseases Research (Passed through University of Washington; 724739)	619	52,048 **	
93.837	Cardiovascular Diseases Research	620	141,518 **	
93.837	Cardiovascular Diseases Research (Passed through Arizona State University; 09128)	620	3,153 **	17,285,698
93.838	Lung Diseases Research (\$527,241 provided to subrecipients)	619	8,929,597 **	
93.838	Lung Diseases Research (Passed through Case Western Reserve University; 5P0HL10871)	619	29,881 **	
93.838	Lung Diseases Research (Passed through Columbia University; 5R01HL077612, 1R01HL103676, R01HL114626, R01HL093081)	619	471,340 **	
93.838	Lung Diseases Research (Passed through Harvard University; R37HL066289)	619	8,333 **	
93.838	Lung Diseases Research (Passed through National Jewish Health; R01HL089897)	619	374,907 **	
93.838	Lung Diseases Research (Passed through University of California, San Francisco; R01HL109199)	619	218,917 **	
93.838	Lung Diseases Research (Passed through University of Colorado Denver; R01HL085703)	619	33,384 **	
93.838	Lung Diseases Research (Passed through University of Michigan; 5R01HL09743)	619	63,103 **	
93.838	Lung Diseases Research (Passed through University of Pittsburgh; 5U10HL109152)	619	24,504 **	
93.838	Lung Diseases Research (Passed through University of Wisconsin-Madison; U10HL109168)	619	22,716 **	
93.838	Lung Diseases Research (Passed through Washington University in St. Louis; WU-13-51, WU-14-41, UHL 109257)	619	34,686 **	10,211,368
93.839	Blood Diseases and Resources Research (\$872,640 provided to subrecipients)	619	2,732,930 **	
93.839	Blood Diseases and Resources Research (Passed through BloodCenter of Wisconsin, Inc.; 7P01HL081588-08, 0115-81148)	619	6,759 **	
93.839	Blood Diseases and Resources Research (Passed through Children's Hospital Corporation; 2R01HL069990-08A1)	619	16,090 **	
93.839	Blood Diseases and Resources Research (Passed through Children's Hospital of Philadelphia; U01HL122776)	619	54,960 **	
93.839	Blood Diseases and Resources Research (Passed through Cincinnati Children's Hospital Medical Center; 7R01HL103745-04)	619	4,894 **	
93.839	Blood Diseases and Resources Research (Passed through Medical College of Wisconsin; 5P01HL081588)	619	17,893 **	
93.839	Blood Diseases and Resources Research (Passed through National Marrow Donor Program; 0401)	619	4,868 **	
93.839	Blood Diseases and Resources Research (Passed through New England Research Institutes, Inc.; U01HL072268)	619	6,900 **	
93.839	Blood Diseases and Resources Research (Passed through Virogenics, Inc.; 2R44HL081976-03)	619	80,168 **	
93.839	Blood Diseases and Resources Research (Passed through Washington University in St. Louis; WU-10-213)	619	8,586 **	2,934,048

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93.846	Arthritis, Musculoskeletal and Skin Diseases Research (\$374,681 provided to subrecipients)	619	5,592,666	**
93.846	Arthritis, Musculoskeletal and Skin Diseases Research (Passed through Boston University; 1R01AR062506-01A1, 2P60AR047785-12, 5R01AR062506-03)	619	57,406	**
93.846	Arthritis, Musculoskeletal and Skin Diseases Research (Passed through New York University; 5R01AR056260)	619	82,628	**
93.846	Arthritis, Musculoskeletal and Skin Diseases Research (Passed through University of Utah; 5R01AR053344-05)	619	43,764	**
93.846	Arthritis, Musculoskeletal and Skin Diseases Research (Passed through Vanderbilt University; R01 AR053684)	619	7,410	**
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research (\$3,045,602 provided to subrecipients)	619	12,245,976	**
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research (Passed through Beth Israel Deaconess Medical Center; 5R01DK085185-03, 5RDK085185-04, 01025243)	619	59,340	**
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research (Passed through Children's Hospital of Philadelphia; U01DK066174)	619	5,773	**
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research (Passed through Endocrine Society; 5R25DK096937)	619	16,272	**
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research (Passed through George Washington University; 5-GRD1213-EA25, 5-GRD1314-EA25)	619	296,814	**
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research (Passed through University of Minnesota)	619	9,695	**
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research (Passed through University of North Carolina at Chapel Hill; 5-31669)	619	16,101	**
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research (Passed through University of South Florida; 6119114400/200456)	619	77,101	**
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research (Passed through Illinois Institute of Technology; SA39311236520)	620	8,022	**
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research (Passed through Molecular Express Inc.; 1R43DK09803101)	620	27,120	**
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research (Passed through University of Minnesota; H001213801)	620	28,871	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (\$1,614,266 provided to subrecipients)	619	16,112,140	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Baylor College of Medicine; 5 P20 NS076916-02, 101822264)	619	89,787	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Beth Israel Deaconess Medical Center; 01025970)	619	2,396	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Brigham and Women's Hospital; 1U01NS082080-01A1)	619	64,412	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Case Western Reserve University; 1 U01 NS083083-01, 5 U01 NS082083, U01NS082329)	619	138,203	**

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93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Johns Hopkins University; U01NS06285-01A1, 1U01NS082085-02)	619	198,637	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Massachusetts General Hospital; U01 NS052592, 1U01NS0827079-01A1)	619	119,594	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through North Shore-Long Island Jewish Health System; 1U01NS083173-01)	619	224,570	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Ohio State University; U01NS079163)	619	17,435	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Oregon Health Sciences University; 1002449-UIOWA)	619	77,548	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Regents of the University of California; 1R21NS081487-01)	619	34,740	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of British Columbia; U01NS03852909)	619	33,043	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of California, Irvine; 2011-2651)	619	14,011	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of Miami; 5R01NS075764-02)	619	97,660	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of Michigan; 1R01NS077946-01A1) (\$15,003 provided to subrecipients)	619	134,114	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of Minnesota; N635674501)	619	25,675	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of South Dakota; R01NS046367)	619	95,719	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of Utah; U01NS082086)	619	160,296	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of Washington, Seattle; 5R01NS058658-04)	619	1,378	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Washington University in St. Louis; WU-08-72)	619	100	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Yale University; A09014, 1U01NS084495-01A1)	619	33,255	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	620	1,046,817	**
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Harbor University of California at Los Angeles Medical Center; 20954IAS)	620	74,117	**

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93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Medical College of Wisconsin; PO1452670)	620	129,189 **	
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through Nationwide Children's Hospital; 698511, 698513)	620	72,423 **	18,997,259
93.855	Allergy, Immunology and Transplantation Research (\$1,888,033 provided to subrecipients)	619	13,990,539 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through Banaras Hindu University; 2P50AI074321-06)	619	5,882 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through Cincinnati Children's Hospital Medical Center; 1R01AI088372-01)	619	91,181 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through Duke University; 2033025)	619	20 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through George Mason University; 5R01-AI0043894-12)	619	21,626 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through ImmuVen, Inc.; IMM-IA01)	619	1,359 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through Rutgers University; R01AI73491)	619	31,597 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through University of Kansas Medical Center Research Institute, Inc.; R21AI863510A)	619	14,889 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through University of Medicine and Dentistry of New Jersey; 191755)	619	3,341 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through University of Nebraska Medical Center; UNMC 34-5301-2054-504, 34-5301-2054-505)	619	271,039 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through University of Texas Medical Branch; 5U54AI057156-10)	619	68,836 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through University of Wisconsin-Madison; 473K185)	619	38,858 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through Washington University; WU-12-266, WU-13-222, WU-13-224, WU-14-01, WU-14-10, 5U54AI05716010)	619	475,424 **	
93.855	Allergy, Immunology and Transplantation Research (\$1,193,232 provided to subrecipients)	620	3,646,382 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through Mapp Biopharmaceuticals, Inc.; 701506, 702501)	620	286,389 **	
93.855	Allergy, Immunology and Transplantation Research (Passed through University of Georgia; RR2113754893926)	620	15,823 **	18,963,185
93.859	Biomedical Research and Research Training (\$22,651 provided to subrecipients)	619	7,972,906 **	
93.859	Biomedical Research and Research Training (Passed through Michigan State University; R01GM080255)	619	1,568 **	
93.859	Biomedical Research and Research Training (Passed through Molecular Targeting Technologies, Inc.; 1R43GM108470-01)	619	34,572 **	
93.859	Biomedical Research and Research Training (Passed through University of California, Davis; R01CA152313)	619	7,765 **	
93.859	Biomedical Research and Research Training (Passed through University of California, San Diego; 10319169-003)	619	165,507 **	
93.859	Biomedical Research and Research Training (Passed through University of Chicago; 5U54GM087519-04)	619	119,900 **	

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93.859	Biomedical Research and Research Training (Passed through University of Nebraska Medical Center; 1R01GM101167-0, 5R01GM101167-02)	619	37,338 **	
93.859	Biomedical Research and Research Training (Passed through University of Pittsburgh; 0021102(121768-17))	619	23,040 **	
93.859	Biomedical Research and Research Training (\$383,338 provided to subrecipients)	620	2,867,831 **	
93.859	Biomedical Research and Research Training (Passed through University of Alabama; 000426114001)	620	103,700 **	11,334,127
93.865	Child Health and Human Development Extramural Research (\$43,584 provided to subrecipients)	619	3,401,085 **	
93.865	Child Health and Human Development Extramural Research (Passed through Arkansas Children's Hospital Research Institute; 2R01HD039054)	619	12,377 **	
93.865	Child Health and Human Development Extramural Research (Passed through Brown University; R21HD070177)	619	9,845 **	
93.865	Child Health and Human Development Extramural Research (Passed through Children's Hospital of Boston; 5P01HD03679-15, 5R01HD61336)	619	4,046 **	
93.865	Child Health and Human Development Extramural Research (Passed through Michigan State University; R21HD078566)	619	15,471 **	
93.865	Child Health and Human Development Extramural Research (Passed through Research Triangle Institute, International; 0212456, U10HD053109, HD036790)	619	145,872 **	
93.865	Child Health and Human Development Extramural Research (Passed through Southern Illinois University; R01HD069377)	619	83,200 **	
93.865	Child Health and Human Development Extramural Research (Passed through University of California, Los Angeles; R01HD070985)	619	32,160 **	
93.865	Child Health and Human Development Extramural Research (Passed through University of Michigan; R01HD067184)	619	26,949 **	
93.865	Child Health and Human Development Extramural Research (Passed through University of Wisconsin-Madison; R01HD071089)	619	81,127 **	
93.865	Child Health and Human Development Extramural Research (Passed through Washington University; K12HD000849)	619	21,197 **	
93.865	Child Health and Human Development Extramural Research (\$19,986 provided to subrecipients)	620	39,781 **	
93.865	Child Health and Human Development Extramural Research (Passed through Baylor College of Medicine; 101494127)	620	82 **	
93.865	Child Health and Human Development Extramural Research (Passed through University of California; 20101456504)	620	20,384 **	3,893,576
93.866	Aging Research (\$810,433 provided to subrecipients)	619	3,542,017 **	
93.866	Aging Research (Passed through Alzheimer's Disease Cooperative Study; 135-00-ADCS; 2U01AG024904-06)	619	126,141 **	
93.866	Aging Research (Passed through Emmyon, Inc.; 1R43AG044898-01)	619	44,178 **	
93.866	Aging Research (Passed through Johns Hopkins University; 1U01AG032947)	619	19,730 **	
93.866	Aging Research (Passed through Medical Decision Logic, Inc.; 9R44AG038316-04)	619	10,401 **	
93.866	Aging Research (Passed through Minneapolis Medical Research Foundation; U01AG029824)	619	26,546 **	
93.866	Aging Research (Passed through University of California, San Diego; 2U19AG010483-22)	619	188 **	
93.866	Aging Research (Passed through University of Michigan; U01AG009740)	619	117,387 **	

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93.866	Aging Research (Passed through University of North Carolina at Chapel Hill; R21AG043668)	619	7,549 **	
93.866	Aging Research (Passed through University of Pittsburgh; 5U01A012553)	619	65,447 **	
93.866	Aging Research (Passed through University of Southern California; 129097)	619	21 **	
93.866	Aging Research (Passed through Vanderbilt University)	619	7,925 **	
93.866	Aging Research (Passed through Metabolic Technologies, Inc.; Nutrition Intervention)	620	8,771 **	3,976,301
93.867	Vision Research (\$75,078 provided to subrecipients)	619	6,683,805 **	
93.867	Vision Research (Passed through Children's Hospital of Philadelphia; 8-R01EY021137)	619	27,838 **	
93.867	Vision Research (Passed through Jaeb Center for Health Research; U01EY14231)	619	52,531 **	
93.867	Vision Research (Passed through St. Luke's Roosevelt Institute for Health Sciences; 5U10EY017281)	619	139,910 **	
93.867	Vision Research (Passed through Trustees of Columbia University; 5R01EY002115-36)	619	49,523 **	
93.867	Vision Research (Passed through University of Washington, Seattle; 7 R01 CA155454-03)	619	83,949 **	
93.867	Vision Research (Passed through University of Louisville; 101075)	620	3,582 **	7,041,138
93.879	Medical Library Assistance	619	106,822 **	
93.879	Medical Library Assistance (Passed through Board of Trustees of the University of Illinois; HHSN-276-2011-00005C)	619	5,000 **	111,822
93.884	Grants for Primary Care Training and Enhancement	619	640,659	640,659
93.887	Health Care and Other Facilities	619	1,060,343	
93.887	Health Care and Other Facilities	620	220,434 **	1,280,777
93.889	National Bioterrorism Hospital Preparedness Program (\$2,004,623 provided to subrecipients)	588	2,980,197	2,980,197
93.913	Grants to States for Operation of Offices of Rural Health (\$11,460 provided to subrecipients)	588	172,524	172,524
93.917	HIV Care Formula Grants (\$1,961,631 provided to subrecipients)	588	3,947,072	3,947,072
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (\$245 provided to subrecipients)	619	671,536	671,536
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	282	78,806	78,806
93.940	HIV Prevention Activities_Health Department Based (\$223,485 provided to subrecipients)	588	950,375	950,375
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	588	206,001	206,001
93.945	Assistance Programs for Chronic Disease Prevention and Control (\$346,040 provided to subrecipients)	588	1,056,988	1,056,988
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs (\$68,252 provided to subrecipients)	588	197,736	197,736
93.958	Block Grants for Community Mental Health Services (\$2,550,313 provided to subrecipients)	401	2,705,458	2,705,458
93.959	Block Grants for Prevention and Treatment of Substance Abuse (\$12,578,408 provided to subrecipients)	588	13,439,091	13,439,091
93.969	PPHF-2012 Geriatric Education Centers (\$29,210 provided to subrecipients)	619	413,045	413,045
93.977	Preventive Health Services_Sexually Transmitted Diseases Control Grants (\$288,166 provided to subrecipients)	588	711,451	711,451

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93.989	International Research and Research Training (\$20,436 provided to subrecipients)	619	379,377 **	379,377
93.991	Preventive Health and Health Services Block Grant (\$84,869 provided to subrecipients)	588	863,481	863,481
93.994	Maternal and Child Health Services Block Grant to the States (\$4,770,739 provided to subrecipients)	588	5,713,815	
93.994	Maternal and Child Health Services Block Grant to the States (Passed through South Dakota Department of Health; B04MC17039)	619	14,521	5,728,336
<u>Aging Cluster:</u>				
93.044	Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers (\$3,786,695 provided to subrecipients)	297	4,036,917	
93.045	Special Programs for the Aging Title III, Part C Nutrition Services (\$6,904,559 provided to subrecipients)	297	7,112,626	
93.053	Nutrition Services Incentive Program (\$1,910,041 provided to subrecipients)	297	1,910,041	13,059,584
<u>CCDF Cluster:</u>				
93.575	Child Care and Development Block Grant (\$8,573,290 provided to subrecipients)	401	47,816,952	
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund (\$543,611 provided to subrecipients)	401	21,642,032	69,458,984
<u>Medicaid Cluster:</u>				
93.775	State Medicaid Fraud Control Units	427	766,210	
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	427	8,210,192	
93.778	Medical Assistance Program (\$3,166,986 provided to subrecipients)	401	2,425,631,462	
93.778	ARRA - Medical Assistance Program	401	26,960,818	
			<u>2,452,592,280</u>	<u>2,461,568,682</u>
93.000	Other Federal Assistance:			
	Unknown Title (Passed through Advanced Brain Monitoring, Inc.; HHSN271201200019C)	619	222,787	
	Unknown Title (Passed through Ohio State University; HHSN268201100002C)	619	258,478	
	Unknown Title (\$572,191 provided to subrecipients)	619	7,805,418 **	
	Unknown Title (Passed through Advanced Brain Monitoring, Inc.; HHSN271201100009C)	619	2,802 **	
	Unknown Title (Passed through Biomedical Research Models, Inc.)	619	1,687 **	
	Unknown Title (Passed through Board of Regents of the University of Wisconsin System; N01-CN-35153)	619	28,605 **	
	Unknown Title (Passed through Cerro Gordo County Department of Public Health; 1UE2EH000726-01)	619	39,372 **	
	Unknown Title (Passed through Children's Hospital of Philadelphia; CHOP-MA-O-FP00013087-SUB99-1)	619	17 **	
	Unknown Title (Passed through Columbia University; HHSN268200900017C)	619	35,998 **	
	Unknown Title (Passed through Emmes Corporation; U01NS02683501A1, HHSN272201000049I)	619	60,129 **	
	Unknown Title (Passed through Harvard Pilgrim Health Care, Inc.; HHSF22320091000061, HHSF22301006T0003, HHSF22301009T0006, HHSF22301009T0010, HHSF22301012T004)	619	317,718 **	

State of Iowa  
 Schedule of Expenditures of Federal Awards  
 By Federal Department  
 For the Year Ended June 30, 2014

CFDA Number	Federal Department / Program Name	State Agency (see pg 84)	Federal Expenditures/ Disbursements/ Issuances	Total by CFDA Number/Cluster
<u>U.S. Department of Health and Human Services (continued)</u>				
	Unknown Title (Passed through ICF Incorporated, LLC; HHSN316201200028W)	619	35,144 **	
	Unknown Title (Passed through Immune Tolerance Network; N01-AI-15416)	619	53,806 **	
	Unknown Title (Passed through Jaeb Center for Health Research; U01 HD41890)	619	29,059 **	
	Unknown Title (Passed through Mayo Clinic; HHSN261201100099C)	619	8,643 **	
	Unknown Title (Passed through Minneapolis Medical Research Foundation; HHSN268201100027C)	619	43,118 **	
	Unknown Title (Passed through National Jewish Health; HHSN272201000020C)	619	174,274 **	
	Unknown Title (Passed through Science Applications International Corporation; HHSN261200800001E)	619	36,403 **	
	Unknown Title (Passed through Social and Scientific Systems, Inc.; CRB-SSS-S-11-001277, HHSN291200555546C, N01-ES-55553)	619	280,988 **	
	Unknown Title (Passed through University of Cincinnati; HHSF223201110112A)	619	8,644 **	
	Unknown Title (Passed through University of Texas Health Science Center at Tyler; HHSN2752008000035C)	619	29,505 **	
	Unknown Title (Passed through University of Utah; 200-2011-42039)	619	77,353 **	
	Unknown Title (Passed through Wake Forest University; HHSP2337002T)	619	11,337 **	
	Unknown Title (Passed through Westat, Inc.; HHSN261201100017C)	619	271,672 **	
	Unknown Title (Passed through Westat, Inc.; 6048S08)	620	1,665 **	9,834,622
	Total U.S. Department of Health and Human Services		<u>3,308,519,868</u>	<u>3,308,519,868</u>
<u>Corporation for National and Community Service</u>				
94.003	State Commissions	269	168,850	168,850
94.006	AmeriCorps (\$2,547,098 provided to subrecipients)	269	3,872,606	
94.006	AmeriCorps	542	552,529	4,425,135
94.007	Program Development and Innovation Grants	269	14,428	14,428
94.009	Training and Technical Assistance	269	49,356	49,356
94.013	Volunteers in Service to America	269	10,209	10,209
94.020	CNCS Disaster Response Cooperative Agreement	269	19,205	19,205
94.021	Volunteer Generation Fund (\$199,655 provided to subrecipients)	269	262,428	262,428
	Total Corporation for National and Community Service		<u>4,949,611</u>	<u>4,949,611</u>
<u>Executive Office of the President</u>				
95.001	High Intensity Drug Trafficking Areas Program (\$597,358 provided to subrecipients)	595	2,050,338	
95.001	High Intensity Drug Trafficking Areas Program (\$16,091 provided to subrecipients)	642	16,091	2,066,429
	Total Executive Office of the President		<u>2,066,429</u>	<u>2,066,429</u>

State of Iowa  
Schedule of Expenditures of Federal Awards  
By Federal Department  
For the Year Ended June 30, 2014

CFDA Number	Federal Department / Program Name	State Agency (see pg 84)	Federal Expenditures/ Disbursements/ Issuances	Total by CFDA Number/Cluster
<u>Social Security Administration</u>				
96.001	Social Security_Disability Insurance	131	346,288	
96.001	Social Security_Disability Insurance	283	25,470,412	25,816,700
96.008	Social Security - Work Incentives Planning and Assistance Program (\$107,259 provided to subrecipients)	309	118,297	118,297
Total Social Security Administration			25,934,997	25,934,997
<u>U.S. Department of Homeland Security</u>				
97.012	Boating Safety Financial Assistance	542	2,444,848	2,444,848
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	542	120,984	120,984
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	542	801,118	
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters) (\$217,050,883 provided to subrecipients)	583	222,608,566	223,409,684
97.039	Hazard Mitigation Grant (\$81,815,046 provided to subrecipients)	583	83,640,782	83,640,782
97.041	National Dam Safety Program	542	306,830	306,830
97.042	Emergency Management Performance Grants (\$2,781,340 provided to subrecipients)	583	5,847,805	5,847,805
97.043	State Fire Training Systems Grants	595	22,523	22,523
97.045	Cooperating Technical Partners	542	187,843	187,843
97.047	Pre-Disaster Mitigation	583	152	152
97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	401	1,656	1,656
97.052	Emergency Operations Center (\$534,000 provided to subrecipients)	583	534,759	534,759
97.061	Centers for Homeland Security (Passed through University of Minnesota; 2010-ST-061-FD0001)	619	98,723 **	
97.061	Centers for Homeland Security (Passed through Kansas State University; S11044, S12052, S14146)	620	127,974 **	
97.061	Centers for Homeland Security (Passed through Texas Agrilife Research; 06S120028)	620	51,480 **	278,177
97.067	Homeland Security Grant Program (\$3,261,551 provided to subrecipients)	583	5,791,476	5,791,476
97.073	State Homeland Security Program (SHSP)	645	655,020	655,020
97.077	Homeland Security Research, Development, Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Threat Detection (\$109,565 provided to subrecipients)	620	273,018 **	273,018
97.089	Driver's License Security Grant Program	645	687,500	687,500
Total U.S. Department of Homeland Security			324,203,057	324,203,057
<u>U.S. Agency for International Development</u>				
98.001	USAID Foreign Assistance for Programs Overseas (Passed through Colorado State University; G9650047)	620	132,156 **	
98.001	USAID Foreign Assistance for Programs Overseas (Passed through International Fertilizer Development Center)	620	153,223 **	
98.001	USAID Foreign Assistance for Programs Overseas (Passed through Michigan State University; 612950, RC062950) (\$178,725 provided to subrecipients)	620	282,923 **	
98.001	USAID Foreign Assistance for Programs Overseas (Passed through National Academies; PGA2000003656)	620	10,544 **	

State of Iowa  
Schedule of Expenditures of Federal Awards  
By Federal Department  
For the Year Ended June 30, 2014

CFDA Number	Federal Department / Program Name	State Agency (see pg 84)	Federal Expenditures/ Disbursements/ Issuances	Total by CFDA Number/Cluster
<u>U.S. Agency for International Development (continued)</u>				
98.001	USAID Foreign Assistance for Programs Overseas (Passed through Ohio State University; 60030090)	620	228,736 **	807,582
98.004	Non-Governmental Organization Strengthening (NGO) (\$34,624 provided to subrecipients)	619	107,746	107,746
98.009	The John Ogonowski Farmer-to-Farmer Program (Passed through Weidemann Associates, Inc.; 1071205054)	620	4,938	4,938
98.000	Other Federal Assistance:			
	Unknown Title (Passed through Management Sciences for Health; LMG-12-13) (\$269,198 provided to subrecipients)	619	955,071	
	Unknown Title (Passed through Chemonics International Inc.; APSPISU001)	620	7,559 **	
	Unknown Title (Passed through Fintrac; Methodology Seed Policy)	620	39,458 **	
	Unknown Title (Passed through International Food Policy Institute; 2011X019ISU)	620	18,372 **	
	Unknown Title (Passed through University of California; 01625898, 01625889, 20130173402)	620	44,936 **	1,065,396
	Total U.S. Agency for International Development		1,985,662	1,985,662
			\$ 6,912,142,244	6,912,142,244

\* 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.

**State of Iowa**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2014

**(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 other entities included in the State's Comprehensive Annual Financial Report, except for the Iowa Finance Authority and the University Foundations, which are discretely presented component units.

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 \$17,000,000 in federal awards expended during the year ended June 30, 2014.

C. Basis of Accounting

Expenditures are presented on the modified accrual basis of accounting except for those of the Enterprise, Universities and Unemployment Benefits Funds which are presented 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:

Type	Issuances Year Ended June 30, 2014	Inventory June 30, 2014
Commodities	\$ 15,919,109	694,065
Vaccines	26,610,683	88,673

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 was provided by the U.S. General Services Administration. This property was not reported in the State's Comprehensive Annual Financial Report.

**(3) Federally Funded Loan Programs**

Loan balances, including American Recovery and Reinvestment Act of 2009 (ARRA) related balances, of federally funded loan programs at June 30, 2014 were as follows:

CFDA No.	Program	Outstanding Loans June 30, 2014
14.228	Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	\$ 39,553,581
66.458	Capitalization Grants for Clean Water State Revolving Funds, net of \$2,304,921 of forgivable loans	992,951,048*
66.458	ARRA - Capitalization Grants for Clean Water State Revolving Funds, net of \$1,575,000 of forgivable loans	18,406,987
66.468	Capitalization Grants for Drinking Water State Revolving Funds, net of \$4,416,556 of loan losses and forgivable loans	378,999,726*
66.468	ARRA - Capitalization Grants for Drinking Water State Revolving Funds, net of \$2,735,000 of forgivable loans	4,922,000
84.038	Federal Perkins Loan Program_Federal Capital Contributions	42,755,970
93.264	Nurse Faculty Loan Program (NFLP)	681,326
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	11,207,077
93.364	Nursing Student Loans	2,195,629

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

**(4) Unemployment Insurance**

Unemployment insurance expenditures, including ARRA related expenditures, for the year ended June 30, 2014, reported as CFDA No. 17.225, include the following:

Federal funds	\$ 72,053,970
State funds	<u>492,446,400</u>
Total	<u>\$ 564,500,370</u>

**(5) Supplemental Nutrition Assistance Program**

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009 (ARRA). The portion of total expenditures for SNAP benefits supported by ARRA funds varies according to fluctuations in the cost of the Thrifty Food Plan and changes in participating households' income, deductions and assets. This condition prevents USDA from obtaining the regular and ARRA components of SNAP benefits expenditures through normal program reporting processes. As an alternative, the U.S. Department of Agriculture (USDA) has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to ARRA funds. This methodology generates valid results at the national aggregate level, but not at the individual State level. Therefore, we cannot validly disaggregate the regular and ARRA components of reported expenditures for SNAP benefits. At the national aggregate level, however, ARRA funds account for approximately 0.64% of USDA's total expenditures for SNAP benefits in the federal fiscal year ended September 30, 2014.

**State of Iowa**

**State of Iowa**

State of Iowa  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements. These are reported under separate cover.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over the 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 the major programs expressed an unmodified opinion for each major program.
- (f) The audit disclosed findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children
  - CFDA Number 10.558 – Child and Adult Care Food Program
  - CFDA Number 12.401 – National Guard Military Operations and Maintenance (O&M) Projects
  - CFDA Number 14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
  - CFDA Number 17.225 – Unemployment Insurance  
CFDA Number 17.225 – ARRA - Unemployment Insurance
  - 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
  - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
  - CFDA Number 84.048 – Career and Technical Education - Basic Grants to States
  - CFDA Number 84.367 – Improving Teacher Quality State Grants

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

- CFDA Number 93.268 – Immunization Cooperative Agreements
- CFDA Number 93.505 – Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program
- CFDA Number 93.558 – Temporary Assistance for Needy Families
- CFDA Number 93.563 – Child Support Enforcement
- CFDA Number 93.568 – Low-Income Home Energy Assistance
- CFDA Number 93.658 – Foster Care\_Title IV-E
- CFDA Number 93.659 – Adoption Assistance
- CFDA Number 93.767 – Children’s Health Insurance Program
- CFDA Number 96.001 – Social Security\_Disability Insurance
- CFDA Number 97.036 – Disaster Grants - Public Assistance (Presidentially Declared Disasters)
- Clustered Programs:
  - Snap Cluster:
    - CFDA Number 10.551 – Supplemental Nutrition Assistance Program
    - CFDA Number 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
  - Child 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
  - Employment Service Cluster:
    - CFDA Number 17.207 – Employment Service/Wagner-Peyser Funded Activities
    - CFDA Number 17.801 – Disabled Veterans’ Outreach Program (DVOP)
    - CFDA Number 17.804 – Local Veterans’ Employment Representative Program
  - Highway Planning and Construction Cluster:
    - CFDA Number 20.205 – Highway Planning and Construction
    - CFDA Number 20.205 – ARRA - Highway Planning and Construction
    - CFDA Number 20.219 – Recreational Trails Program
  - Transit Services Programs Cluster:
    - CFDA Number 20.513 – Enhanced Mobility of Seniors and Individuals with Disabilities
    - CFDA Number 20.516 – Job Access And Reverse Commute Program
    - CFDA Number 20.521 – New Freedom Program

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

Special Education Cluster (IDEA):

CFDA Number 84.027 – Special Education\_Grants to States

CFDA Number 84.173 – Special Education\_Preschool Grants

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\_Nutrition Services

CFDA Number 93.053 – Nutrition Services Incentive Program

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 (Title XVIII) Medicare

CFDA Number 93.778 – Medical Assistance Program

CFDA Number 93.778 – ARRA - Medical Assistance Program

Student Financial Assistance Cluster:

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

Research and Development Cluster:

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

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$17,000,000.
- (i) The State of Iowa did not qualify as a low-risk auditee.

State of Iowa  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

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

**INTERNAL CONTROL DEFICIENCIES:**

Reported under separate cover.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

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

Part III Example: 14-III-USDA-401-1

- 14 – Fiscal Year Finding reported in (i.e. Fiscal Year Ended June 30, 2014).
- 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 Agencies by Agency Identification on page 83.
- 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 84.
- 1 – Comment Number for the Federal Agency.

Federal Numbering System Example: 2014-001

- 2014 – Fiscal Year Finding reported in (i.e. Fiscal Year Ended June 30, 2014).
- 001 – Comment Number.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

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

**U.S. Department of Agriculture**

**INSTANCES OF NON-COMPLIANCE:**

**CFDA Number: 10.551 – Supplemental Nutrition Assistance Program**

**Agency Number: 008016199S6008**

**Federal Award Year: 2014**

**Iowa Department of Human Services**

**14-III-USDA-401-1  
(2014-001)**

Supplemental Nutrition Assistance Program (SNAP) Overpayment – In response to the economic downturn, the federal government provided a temporary expansion of SNAP benefits, which expired November 1, 2013. As a result of the expiration of the temporary expansion, the Department recalculated the SNAP benefits and, on October 4, 2013, sent a notice of decision informing beneficiaries about the change in their SNAP benefits. However, due to a system error, the recalculation of benefits did not include approximately 21,000 households. The Department recalculated benefits for the excluded households and sent a notice of decision, on November 1, 2013, to households who had a change in benefits. The reduction in benefits ranged from \$11 per month for a household of one to \$65 per month for a household of eight.

SNAP benefits of \$51,249 for 4,481 households were provided to recipients in excess of the maximum monthly benefit. Since federal funds are not requested until benefits are redeemed, the actual overpayment is not known at this time.

Recommendation – The Department should determine the actual SNAP benefits used in excess of the maximum allowable amount and repay the federal government for any benefits overpaid.

Response and Corrective Action Planned – The Department made the decision not to file claims based on the administrative burden of pursuing the collection of between \$1 and \$89 for each of the food assistance cases in question.

The Department has reviewed the cases included in the system issue and calculated the amount of overpayment for each case. The Department is currently in the process of determining if any of the cases in question have already had benefits recouped. Upon final determination of the overpayment amount, the Department will work with the federal Food and Nutrition Service (FNS) to determine the most appropriate way to handle the system issues and the method of returning the overpayments to FNS.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

**INTERNAL CONTROL DEFICIENCIES:**

**CFDA Number: 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**

**Agency Number: 2013IW100343, 2014IW100343**

**Federal Award Year: 2013, 2014**

**Iowa Department of Public Health**

**14-III-USDA-588-2  
(2014-002)**

Vendor Monitoring – The Code of Federal Regulations, 7 CFR 246.12, requires the Department to conduct compliance investigations, which consist of inventory audits and/or compliance buys, on a minimum of 5% of the authorized WIC vendors. The Department is required to notify the vendor in writing when the investigation reveals an initial incidence of a vendor violation. For one of 26 vendors tested, the Department did not maintain documentation the vendor was notified in writing of its low inventory violation.

Recommendation – The Department should ensure documentation of written notifications to vendors is maintained.

Response and Corrective Action Planned – The Department will follow the regulations as stated in 7 CFR 246.12, which requires all vendors be notified in writing when an investigation reveals an incidence of a vendor violation. To ensure documentation of written notification to vendors is being maintained, it will be the responsibility of the person initiating the letter to immediately file this letter in the vendor files located within the Bureau of Nutrition and Health Promotion.

Documentation that the letter has been created and delivered to the vendor will be added to the comment column of the annual Vendor Monitoring Report Spreadsheet. The Vendor Monitoring Report Spreadsheet will be reviewed quarterly and confirmation of documentation being entered in the vendor's file will be conducted by a member of the WIC Vendor Section. WIC Vendor staff will then provide a report to the State WIC Director regarding the quarterly review results.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

**U.S. Department of Education**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**CFDA Number: 84.027 – Special Education\_Grants to States**  
**Agency Number: H027A110097, H027A120097, H027A130136**  
**Federal Award Year: 2012, 2013, 2014**  
**Iowa Department of Education**

**CFDA Number: 84.173 – Special Education\_Preschool Grants**  
**Agency Number: H173A110102, H173A120102**  
**Federal Award Year: 2012, 2013**  
**Iowa Department of Education**

**14-III-USDE-282-1**  
**(2014-003)**

Special Education Final Reports – Area Education Agencies (AEAs) are required to submit final reports to the Department as part of receiving Special Education funding. These reports should be reviewed for both financial and program compliance, which is completed by two different individuals.

The review and approval process, including those performed during the year ended June 30, 2014, is documented through an email server, which went down in August 2014. While agency personnel assert they performed the appropriate review and approvals, the documentation was lost with no backup copy. For 20 of 26 Special Education final reports tested, there was no documentation of the financial and program review and approval.

Recommendation – The Department should establish procedures to ensure documentation of the review and approval process is maintained.

Response and Corrective Action Planned – The Department will comply with this requirement.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

**CFDA Number: 84.027 – Special Education Grants to States**  
**Agency Number: H027A110097, H027A120097, H027A130136**  
**Federal Award Year: 2012, 2013, 2014**  
**Iowa Department of Education**

**CFDA Number: 84.173 – Special Education Preschool Grants**  
**Agency Number: H173A110102, H173A120102**  
**Federal Award Year: 2012, 2013**  
**Iowa Department of Education**

**14-III-USDE-282-2**  
**(2014-004)**

Grant Allocations – Annual allocation spreadsheets for Special Education grants are prepared and reviewed by the Department to ensure the amount allocated to each AEA is properly calculated. For fiscal year 2014, there was no documentation a review of the allocation spreadsheet was performed by an independent person.

Recommendation – The Department should ensure independent review of the allocation spreadsheet is performed and documented.

Response and Corrective Action Planned – The Department will comply with this requirement.

Conclusion – Response accepted.

**CFDA Number: 84.367 – Improving Teacher Quality State Grants**  
**Agency Number: S367A120014, S367A130014**  
**Federal Award Year: 2013, 2014**  
**Iowa Department of Education**

**14-III-USDE-282-3**  
**(2014-005)**

Subrecipient Monitoring - Award Notification – OMB Circular A-133, Section .400(d) requires the Department to provide certain award information to its subrecipients. This information includes the CFDA title and number, the award name and number, the award year, the name of the federal agency, the award amount and any applicable compliance requirements. For fiscal year 2014 awards, the Department did not provide the required award information to its subrecipients.

Recommendation – The Department should ensure its subrecipients are notified of the required information each year.

Response and Corrective Action Planned – The Department agrees. This was corrected in the fiscal year 2015 grant award letters. We will continue to provide this information moving forward.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

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

**INSTANCES OF NON-COMPLIANCE:**

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

**Agency Number: 1302IATANF, 1402IATANF**

**Federal Award Year: 2013, 2014**

**Iowa Department of Human Services**

**14-III-HHS-401-1**

**(2014-006)**

Computer Match – Family Investment Program (FIP) – The Department operates FIP utilizing federal funds provided for in the Temporary Assistance for Needy Families (TANF) block grant. Title 4-C-39 of the Employees' Manual provides, 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 17-F-14 of the Employees' Manual provides, in part, "A child shall not concurrently receive subsidized adoption maintenance payments and FIP."

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

Although Title 4-C-39 of the Employees' Manual states a participant cannot receive both FIP and foster care assistance at the same time, a letter dated February 14, 2014 from the Administration for Children and Families stated, "Federal TANF regulations allow for concurrent TANF and Title IV-E benefits only if the situation involves a Foster Care placement with a relative. If the placement is with a non-relative, concurrent payment of benefits is only allowable in limited circumstances." A computer match of payment data was performed for cases receiving both FIP and foster care payments during fiscal year 2014. We reviewed 101 cases receiving both FIP and foster care payments during the same month of service. Of the 101 cases reviewed, 19 children, or 19%, received both FIP and foster care payments for an additional one to two months after entering foster care with a non-relative. Although these payments are not in compliance with the Employees' Manual, it is unclear if they meet the exception allowed by the federal government.

A computer match of payment data was performed for cases receiving both FIP and subsidized adoption payments during fiscal year 2014. We reviewed 109 cases receiving both FIP and subsidized adoption payments during the same month of service. Of the 109 cases reviewed, 15 cases, or 14%, improperly received both FIP and subsidized adoption payments for an additional one to twelve months after entering subsidized adoption. The unallowable FIP payments for these 15 cases total \$8,438.

Recommendation – The Department should review its policies and establish procedures which comply with federal regulations to identify concurrent FIP and foster care payments and concurrent FIP and subsidized adoption payments. The Department should review cases identified and determine if recoupment should be performed.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

Response and Corrective Action Planned – The Department’s policies and procedures have been reviewed and are in compliance with federal regulations. As indicated in the letter dated February 14, 2014, from the Administration for Children & Families (ACF), there are no federal Title IV-E regulations against concurrent Title IV-E and Family Investment Program (FIP – Iowa’s TANF program) payments. The letter then goes on to clarify consistent with federal regulations and other guidance issued by ACF, when TANF funds can be used with respect to a child in foster care or who has been adopted. Specifically, the letter clarifies the following:

- 1) TANF cannot be used to replace IV-E foster care maintenance payments. Iowa does not use TANF funding for foster care or adoption maintenance. FIP, foster care and adoption are all distinct programs having their own funding streams and payment mechanisms. While concurrent payments may occur, funding and payment methods continue to be distinct for each program.
- 2) TANF can be used for foster care activities “previously authorized” under the state’s former Aid to Families with Dependent Children (AFDC) State Plan prior to TANF. All of Iowa’s TANF expenditures meet one or more of the four TANF purposes or are transferred to Child Care or Social Services Block Grant (SSBG). Therefore Iowa does not use the “previously authorized” provision as the basis for using TANF funding for foster care activities.
- 3) TANF can only be used for assistance for children in their own home or the home of relatives unless the child meets one of the exceptions, including if the child is removed from the home for a temporary absence. For Iowa, this is the only federal TANF restriction applicable to situations when a child receiving FIP is placed in foster care or is adopted. ACF has indicated that the Department’s policy of allowing concurrent payments of FIP and foster care (or adoption) for the month the child enters foster care or is adopted or the month the child returns home, is reasonable. The only remaining issue then is whether after the month a child leaves the FIP home, the absence is temporary. The Department continues to work with staff to document when the child is removed from the home and placed into foster care or an adoption setting, whether the absence is considered temporary pursuant to federal TANF regulations and Departmental policy.

The Department has also worked with field workers on cases not determined to be temporary removals to minimize the concurrent payments and have established procedures to set up a recoupment when a case has an incorrect payment. A centralized recoupment unit was established to process all recoupments when identified. Since SFY12, errors have decreased from 28 percent to 19 percent. All recoupments for the above noted cases have been sent to the centralized unit and recoupments have been established.

Training will be updated and presented to front line eligibility staff and their supervisors in April 2015. In instances where the change occurs during or after the system “cut-off” time and the worker is unable to take immediate action, an automated email will be sent to the worker to notify the worker of the potential for overpayment. If the payment does occur and is not within policy or is not appropriate, the overpayment recoupment request is and will be sent to a centralized unit for timely processing.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

**INTERNAL CONTROL DEFICIENCIES:**

**CFDA Number: 93.268 – Immunization Cooperative Agreements**  
**Agency Number: 5H23IP722542-02, 1H23IP000724-01**  
**Federal Award Year: 2013, 2014**  
**Iowa Department of Public Health**

**CFDA Number: 93.505 – Affordable Care Act (ACA) Maternal, Infant and Early  
Childhood Home Visiting Program**  
**Agency Number: X02MC23104, D89MC23537, X02MC26319**  
**Federal Award Year: 2011, 2012, 2013**  
**Iowa Department of Public Health**

**14-III-HHS-588-2**  
**(2014-007)**

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. They also minimize the amount of state and other federal funds used to supplant programs until federal funds are received.

A review of the Department's records identified the following instances where cash balances were in excess of \$50,000:

- (a) Two instances of six to twenty-five business days for the Immunization program.
- (b) Two instances of twelve to twenty-five business days for the Maternal, Infant and Early Childhood Home Visiting program.

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

Response and Corrective Action Planned – The Department has modified the cash management procedures for drawing and disbursement of federal funds to ensure resources are sufficient to cover current needs.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

**CFDA Number: 93.268 – Immunization Cooperative Agreements**  
**Agency Number: 5H23IP722542-21, 1H23IP000724-01**  
**Federal Award Year: 2013, 2014**  
**Iowa Department of Public Health**

**CFDA Number: 93.505 – Affordable Care Act (ACA) Maternal, Infant and Early  
Childhood Home Visiting Program**  
**Agency Number: D89MC23537**  
**Federal Award Year: 2012**  
**Iowa Department of Public Health**

**14-III-HHS-588-3**  
**(2014-008)**

Federal Funding Accountability and Transparency Reports – The Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202(a) of the Government Funding Transparency Act of 2008 (Pub. L. No. 111-252), requires prime awardees to submit reports regarding their first-tier subawards to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports are due for all applicable subrecipient grants by the end of the month subsequent to the month the grants were awarded.

The Department did not report subaward information timely as required by the Federal Funding Accountability and Transparency Act.

Recommendation – The Department should establish policies and procedures to ensure reports are submitted timely and in accordance with the Federal Funding Accountability and Transparency Act.

Response and Corrective Action Planned – The subaward reporting for first-tier subawards was not timely due to competing staff priorities. Beginning March 1, 2015 all first-tier subawards will be completed by the end of the month subsequent to the month the grants were awarded. Program staff has developed a process to ensure the reporting is completed by the required timeline.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

**CFDA Number: 93.505 – Affordable Care Act (ACA) Maternal, Infant and Early  
Childhood Home Visiting Program**  
**Agency Number: X02MC23104, D89MC23537, X02MC26319**  
**Federal Award Year: 2011, 2012, 2013**  
**Iowa Department of Public Health**

**14-III-HHS-588-4**  
**(2014-009)**

Payroll Distribution – OMB Circular A-87 states employees who work on multiple programs will distribute their time based on actual activity. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support. One employee of the Department uses a predetermined percentage rather than actual hours worked to allocate payroll costs to the federal programs.

Recommendation – The Department should ensure employees record actual hours worked on each federal program rather than the predetermined percentage.

Response and Corrective Action Planned – All staff who split time between programs will be required to maintain a time study and report actual hours worked for each program.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

**CFDA Number: 93.505 – Affordable Care Act (ACA) Maternal, Infant and Early  
Childhood Home Visiting Program**

**Agency Number: D89MC23537**

**Federal Award Year: 2012**

**Iowa Department of Public Health**

**14-III-HHS-588-5  
(2014-010)**

Subrecipient Monitoring – OMB Circular A-133 requires the Department 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.

Eligibility for participation in the home visiting program is determined through the use of certain home visiting service delivery models accepted by the U.S. Department of Health and Human Services. The home visiting service delivery model specified in the subrecipient's contract determines the model developer who will oversee the eligibility requirements.

The model developers perform annual reviews over the Department's subrecipients, which include eligibility determinations made by the subrecipients for adherence to the delivery models. The Department does not obtain these reviews and monitor for deficiencies.

Recommendation – The Department should establish procedures to obtain and evaluate reviews performed by the model developers and ensure deficiencies are resolved in a timely manner.

Response and Corrective Action Planned – The Department will require all subrecipients to submit the results of the developers' annual review of the program as a required report in the contract. If deficiencies are noted, the subrecipient will develop a plan of corrective action and follow-up will be provided by the appropriate staff.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

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

**Agency Number: 1302IATANF, 1402IATANF**

**Federal Award Year: 2013, 2014**

**Iowa Department of Human Services**

**14-III-HHS-401-6**

**(2014-011)**

Eligibility Tracking System/Iowa Issuance Verification System Eligibility – The Code of Federal Regulations, 45 CFR 264.1(a) and Title 4-C-108 of the Employees' Manual imposes a 60 month lifetime limit on the period families with adults can receive Temporary Assistance for Needy Families (TANF) funded assistance. The TANF program provides federal funding for the Family Investment Program (FIP) program. The Department uses the Iowa Automated Benefits Calculation System (IABC) to track eligibility for individuals and to issue payments. The Iowa Issuance Verification System (ISSV) then tracks the payments issued by IABC. The Eligibility Tracking System (ETS) tracks the number of months in which the family has received FIP payments based on information from the ISSV and the IABC systems. When the 60 month limit is reached, a Department employee must manually close the case in IABC to cancel FIP payments.

For three of 29 cases reviewed, the number of benefit months per ETS does not agree with the number of months in which ISSV issued payments.

Recommendation – The Department should ensure the number of benefit months per ETS are correctly recorded.

Response and Corrective Action Planned – Individual cases in error were reviewed by the appropriate Income Maintenance Administrator. Each case in error was also reviewed by a supervisor with the individual worker whose action or inaction resulted in the error.

Training was drafted and approved by policy staff related to the 60 month limit. The training will be available to the field workers on March 19, 2015 as a part of the income maintenance monthly conference webinar.

Conclusion – Response accepted.

State of Iowa

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

**CFDA Number: 93.777 – State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare**

**Agency Number: None**

**Federal Award Year: 2013, 2014**

**Iowa Department of Inspections and Appeals**

**14-III-HHS-427-7  
(2014-012)**

Survey Frequency – The Centers for Medicare and Medicaid Services, 2014 State Performance Standards System Guidance, Section F2(e), requires the Department to conduct a standard survey of each licensure agreement of nursing facilities no later than 15.9 months after the last day of the previous survey. In addition, the statewide average interval between standard surveys of licensure agreements must be 12.9 months or less. The statewide average interval between standard surveys conducted by the Department was 13.4 months.

Recommendation – The Department should review its procedures to ensure all facilities are surveyed within the required interval.

Response and Corrective Action Planned – The Centers for Medicare and Medicaid Services requires the average survey cycle time for all nursing facilities should not exceed 12.9 months and no individual facility should exceed a 15.9 month survey cycle. The overall survey average for nursing facilities during the past federal fiscal year was 13.4 months.

The Department experienced an unanticipated number of surveyor vacancies over the past state fiscal year. The selection, hiring and training processes for health facilities surveyors can take approximately one year. Since May 2014, the Department has been actively identifying, hiring and training qualified candidates. Filling these vacancies will allow us to meet the federal survey cycle average frequency.

Additionally, the Department plans to start providing monthly status updates to surveyors regarding current survey cycle average. The intent is to make surveyors specifically aware of the status in attaining the goal and therefore heighten attention and efforts toward ensuring the achievement of the goal.

Conclusion – Response accepted.

Index of Findings  
By State Agency and Program Name

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84.173	Special Education_Preschool Grants .....	72, 73
84.367	Improving Teacher Quality State Grants .....	73
<u>Iowa Department of Human Services</u>		
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Federal Agency  
By Agency Identification

Identification  
Initials

Agency

USDA  
USDE  
HHS

U.S. Department of Agriculture  
U.S. Department of Education  
U.S. Department of Health and Human Services

Iowa State Agencies  
By Agency Number

<u>Agency Number</u>	<u>Agency</u>
009	Department of Agriculture and Land Stewardship
112	Department of Justice
131	Department for the Blind
167	Civil Rights Commission
216	Department of Commerce – Insurance Division
219	Department of Commerce – Utilities Division
226	Sixth Judicial District
238	Department of Corrections
250	Iowa Prison Industries
259	Department of Cultural Affairs
269	Iowa Economic Development Authority
282	Department of Education
283	Department of Education – Division of Vocational Rehabilitation Services
284	College Student Aid Commission
285	Iowa Public Television
297	Department on Aging
309	Department of Workforce Development
379	Department of Human Rights
401	Department of Human Services
427	Department of Inspections and Appeals
444	Judicial Branch
532	Department of Management
542	Department of Natural Resources
582	Department of Public Defense – Military Division
583	Iowa Department of Homeland Security and Emergency Management
588	Department of Public Health
595	Department of Public Safety
615	Board of Regents
619	State University of Iowa
620	Iowa State University
621	University of Northern Iowa
635	Office of Secretary of State
642	Governor’s Office on Drug Control Policy
645	Department of Transportation
655	Treasurer of State
670	Commission of Veterans Affairs
671	Iowa Veterans Home



# STATE OF IOWA

TERRY E. BRANSTAD, GOVERNOR  
KIM REYNOLDS, LT. GOVERNOR

DEPARTMENT OF MANAGEMENT  
David Roederer, Director

State of Iowa

## Corrective Action Plan for Federal Audit Findings

For the Year ended June 30, 2014

Finding Number	Finding Title	Corrective Action Plan	Contact Person, Title, Phone Number	Anticipated Date of Completion
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The Corrective Action Plan for Federal Audit Findings is included on the following pages.

State of Iowa  
 Corrective Action Plan for Federal Audit Findings  
 For the Year Ended June 30, 2014

Finding Number	Finding Title	Corrective Action Plan	Contact Person, Title, Phone Number	Anticipated Date of Completion
2014-001	Supplemental Nutrition Assistance Program (SNAP) Overpayment	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Iowa Department of Human Services Tiffany Vasey Food Assistance Policy Lead (515) 281-6820	June 30, 2015
2014-002	Vendor Monitoring	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Iowa Department of Public Health Cheryl Christie Bureau Chief of Finance (515) 281-6645	March 2, 2015
2014-003	Special Education Final Reports	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Iowa Department of Education Jeff Berger Chief Financial Officer (515) 281-3968	November 1, 2015
2014-004	Grant Allocations	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Iowa Department of Education Jeff Berger Chief Financial Officer (515) 281-3968	November 1, 2015
2014-005	Subrecipient Monitoring - Award Notification	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Iowa Department of Education Jeff Berger Chief Financial Officer (515) 281-3968	November 1, 2015
2014-006	Computer Match – Family Investment Program (FIP)	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Iowa Department of Human Services Lisa Glaser Executive Officer 2 (515) 281-7266	April 30, 2015

State of Iowa  
 Corrective Action Plan for Federal Audit Findings  
 For the Year Ended June 30, 2014

Finding Number	Finding Title	Corrective Action Plan	Contact Person, Title, Phone Number	Anticipated Date of Completion
2014-007	Cash Management	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Iowa Department of Public Health Cheryl Christie Bureau Chief of Finance (515) 281-6645	March 2, 2015
2014-008	Federal Funding Accountability and Transparency Reports	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Iowa Department of Public Health Cheryl Christie Bureau Chief of Finance (515) 281-6645	March 2, 2015
2014-009	Payroll Distribution	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Iowa Department of Public Health Cheryl Christie Bureau Chief of Finance (515) 281-6645	March 13, 2015
2014-010	Subrecipient Monitoring	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs	Iowa Department of Public Health Cheryl Christie Bureau Chief of Finance (515) 281-6645	March 31, 2015
2014-011	Eligibility Tracking System/Iowa Issuance Verification System Eligibility	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs	Iowa Department of Human Services Lisa Glaser Executive Officer 2 (515) 281-7266	March 19, 2015
2014-012	Survey Frequency	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Iowa Department of Inspection and Appeals Dawn Fisk, Administrator, Health Facilities Division (515) 281-4233	June 1, 2015



# STATE OF IOWA

TERRY E. BRANSTAD, GOVERNOR  
KIM REYNOLDS, LT. GOVERNOR

DEPARTMENT OF MANAGEMENT  
David Roederer, Director

State of Iowa

## Summary Schedule of Prior Federal Audit Findings

For the Year ended June 30, 2014

Comment Reference	Comment Title	Status	If not corrected, provide planned corrective action or other explanation
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The Summary Schedule of Prior Federal Audit Findings is included on the following pages.

State of Iowa  
Summary Schedule of Prior Federal Audit Findings  
For the Year Ended June 30, 2014

**Key to Numbering of Summary Schedule of Prior Federal Audit Findings**

Example: 12-III-USDA-282-1

- 12 – Fiscal Year Finding reported in (i.e. Fiscal Year Ended June 30, 2012).
- III - Section of the Report the finding can be found in.
- USDA – Federal Agency identification. In this case, the U.S. Department of Agriculture. See table of Federal Agency by Agency Identification following the Schedule.
- 282 – State Agency identification number. In this case, the Iowa Department of Education. See table of Iowa State Agencies by Agency Number following the Schedule.
- 1 – Comment Number from prior year for that State Agency.

State of Iowa  
 Summary Schedule of Prior Federal Audit Findings  
 For the Year Ended June 30, 2014

Comment Reference	Comment Title	Status	If not corrected, provide planned corrective action or other explanation.
12-III-USDA-282-1 13-III-USDA-282-1	Monitoring of Subrecipient Audit Reports	Corrective Action Taken	
12-III-USDA-588-4 13-III-USDA-588-2	Subrecipient Monitoring	Corrective Action Taken	
12-III-USDA-588-5 13-III-USDA-588-3	Federal Funding Accountability and Transparency Reports	Corrective Action Taken	
08-III-USDA-282-3 09-III-USDA-282-4 10-III-USDA-282-5 11-III-USDA-282-1 12-III-USDA-282-6 13-III-USDA-282-4	Administrative Reviews	Corrective Action Taken	
13-III-DOC-336-1	Monitoring of Subrecipients	Corrective Action Taken	
13-III-DOI-542-1	Reporting	Corrective Action Taken	
11-III-DOT-645-1 12-III-DOT-645-2 13-III-DOT-645-1	Federal Funding Accountability and Transparency Reports	Corrective Action Taken	
13-III-GSA-635-1	Help America Vote Act (HAVA)	Not Corrected	The Office has not received a directive to repay these funds from the U. S. Election Assistance Commission. The Office is waiting for additional information from the Commission.
11-III-DOE-379-5 12-III-DOE-379-3	Payroll Distribution	Corrective Action Taken	
12-III-USDE-620-1 13-III-USDE-620-1	Mentoring Timesheet Hours Not Supported	Corrective Action Taken	

State of Iowa  
 Summary Schedule of Prior Federal Audit Findings  
 For the Year Ended June 30, 2014

Comment Reference	Comment Title	Status	If not corrected, provide planned corrective action or other explanation.
11-III-USDE-282-2 12-III-USDE-282-3 13-III-USDE-282-2	Questioned Costs	No Longer Valid	This grant is closed and there were no related expenditures in fiscal year 2014.
12-III-USDE-282-5 13-III-USDE-282-3	Monitoring of Subrecipient Audit Reports	Corrective Action Taken	
13-III-USDE-282-4	Application Process	Corrective Action Taken	
12-III-USDE-282-9 13-III-USDE-282-5	Subrecipient Monitoring – Award Notification	Not Corrected	The Department agrees. This was corrected in the fiscal year 2015 grant award letters. We will continue to provide this information moving forward.
06-III-HHS-401-6 07-III-HHS-401-1 08-III-HHS-401-1 09-III-HHS-401-1 10-III-HHS-401-1 11-III-HHS-401-1 12-III-HHS-401-1	Computer Match – Family Investment Program (FIP)	No Longer Valid	Resolution has been documented with federal oversight agency.
13-III-HHS-401-1	Computer Match – Family Investment Program (FIP)	Not Corrected	All recoupments have been sent to the centralized unit and have been established. Training will be updated and presented to front line eligibility staff and their supervisors in April 2015. In instances where the change occurs during or after system “cut-off” time and the worker is unable to take immediate action, an automated email will be sent to the worker to notify the worker of the potential for overpayment. If the payment does occur and is not within policy or is not appropriate, the overpayment recoupment request is and will be sent to a centralized unit for timely processing.
13-III-HHS-620-2	Questioned Costs	Corrective Action Taken	

State of Iowa  
 Summary Schedule of Prior Federal Audit Findings  
 For the Year Ended June 30, 2014

Comment Reference	Comment Title	Status	If not corrected, provide planned corrective action or other explanation.
10-III-HHS-588-3 11-III-HHS-588-3 12-III-HHS-588-3 13-III-HHS-588-3	Cash Management	Not Corrected	The Department has modified the cash management procedures for drawing and disbursement of federal funds to ensure resources are sufficient to cover current needs.
13-III-HHS-588-4	Federal Funding Accountability and Transparency Reports	Not Corrected	The subaward reporting for first-tier subawards was not timely due to competing staff priorities. Beginning March 1, 2015 all first-tier subawards will be completed by the end of the month subsequent to the month the grants were awarded. Program staff has developed a process to ensure the reporting is completed by the required timeline.
13-III-HHS-309-5	Work Verification Plan	Corrective Action Taken	
12-III-HHS-401-4 13-III-HHS-401-6	Eligibility Tracking System/Iowa Issuance Verification System Eligibility	Not Corrected	Individual cases in error were reviewed by the appropriate Income Maintenance Administrator. Each case in error was also reviewed by a supervisor with the individual worker whose action or inaction resulted in the error. Training was drafted and approved by policy staff related to the 60 month limit. The training will be available to the field workers on March 19, 2015 as a part of the income maintenance monthly conference webinar.
06-III-HHS-401-7 07-III-HHS-401-7 08-III-HHS-401-4 09-III-HHS-401-4 10-III-HHS-401-6 11-III-HHS-401-6 12-III-HHS-401-5 13-III-HHS-401-7	Non-Cooperation with Child Support Recovery Unit (CSRU)	Corrective Action Taken	

State of Iowa  
 Summary Schedule of Prior Federal Audit Findings  
 For the Year Ended June 30, 2014

Comment Reference	Comment Title	Status	If not corrected, provide planned corrective action or other explanation.
11-III-HHS-379-10 12-III-HHS-379-6 13-III-HHS-379-8	Payroll Distribution	Corrective Action Taken	
13-III-HHS-379-9	Reporting	Corrective Action Taken	
13-III-HHS-379-10	Federal Reporting	Corrective Action Taken	
13-III-HHS-401-11	Foster Care (Title IV-E)	Corrective Action Taken	
10-III-HHS-427-20 11-III-HHS-427-18 12-III-HHS-427-12 13-III-HHS-427-12	Cash Management	Corrective Action Taken	
10-III-HHS-427-22 11-III-HHS-427-20 12-III-HHS-427-14 13-III-HHS-427-13	Cash Management	Corrective Action Taken	
10-III-HHS-427-23 11-III-HHS-427-21 12-III-HHS-427-15 13-III-HHS-427-14	Payroll Distribution	Corrective Action Taken	
12-III-HHS-595-16 13-III-HHS-595-15	Payroll Distribution	Corrective Action Taken	
10-III-HHS-401-27 11-III-HHS-401-24 12-III-HHS-401-17 13-III-HHS-401-16	Intermediate Care Facility – Intellectual Disabilities (ICF-ID)	Corrective Action Taken	
12-III-HHS-401-18 13-III-HHS-401-17	Medicaid Waivers	Corrective Action Taken	

State of Iowa  
 Summary Schedule of Prior Federal Audit Findings  
 For the Year Ended June 30, 2014

Comment Reference	Comment Title	Status	If not corrected, provide planned corrective action or other explanation.
13-III-HHS-401-18	Medicaid Quality Control	Corrective Action Taken	
11-III-HHS-588-27	Payroll Distribution	Not Corrected	The Department distributed the procedure for payroll reconciliation to management personnel on May 8, 2013 for discussion with employees. This procedure outlines their responsibilities to instruct employees how to document the actual distribution of time charged to individual financial accounts based on total actual employee activity. Division management personnel received the procedure for payroll reconciliation as distributed on May 8, 2013. Employees were instructed on documenting their actual worked time during the regularly scheduled Bureau of Substance Abuse meeting on May 13, 2013 and again on November 25, 2013. The Bureau Chief will review the Department's procedure for documentation of actual time with staff at the next bureau meeting.
08-III-DHS-583-1 09-III-DHS-583-1 10-III-DHS-583-1 11-III-DHS-583-1 12-III-DHS-583-1 13-III-DHS-583-1	Cash Management	Corrective Action Taken	

State of Iowa  
Summary Schedule of Prior Federal Audit Findings  
For the Year Ended June 30, 2014

Federal Agency  
By Agency Identification

Identification  
Initials

Agency

USDA	U.S. Department of Agriculture
DOC	U.S. Department of Commerce
DOI	U.S. Department of the Interior
DOT	U.S. Department of Transportation
GSA	U.S. General Services Administration
DOE	U.S. Department of Energy
USDE	U.S. Department of Education
HHS	U.S. Department of Health and Human Services
DHS	U.S. Department of Homeland Security

State of Iowa  
Summary Schedule of Prior Federal Audit Findings  
For the Year Ended June 30, 2014

Iowa State Agencies  
By Agency Number

<u>Agency No.</u>	<u>Agency</u>
282	Department of Education
309	Department of Workforce Development
336	Iowa Communications Network
379	Department of Human Rights
401	Department of Human Services
427	Department of Inspection and Appeals
542	Department of Natural Resources
583	Department of Homeland Security and Emergency Management
588	Department of Public Health
595	Department of Public Safety
620	Iowa State University
635	Office of Secretary of State
645	Department of Transportation