



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834

**NEWS RELEASE**

Contact: Brian Brustkern  
515/281-5834

FOR RELEASE

December 9, 2025

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Auditor of State Rob Sand today released an audit report on the Peace Officers' Retirement, Accident and Disability System for the year ended June 30, 2025. The System provides retirement, disability and death benefits to the peace officers of the Iowa Department of Public Safety and their dependents. The System covered 1,332 active and retired peace officers in fiscal year 2025.

The System's fiduciary net position restricted for pension benefits totaled \$817,716,339 at June 30, 2025. Additions included employer contributions of \$26,696,838 and member contributions of \$7,248,816 and net investment income of \$78,156,743. Deductions for the year ended June 30, 2025 included \$43,181,538 for pension and annuity benefits.

The System's net pension liability decreased \$26,181,325 during fiscal year 2025, from a net pension liability of \$239,852,803 at June 30, 2024 to a net pension liability of \$213,671,478 at June 30, 2025. The net pension liability as a percentage of covered payroll was 364.38% at June 30, 2025.

**AUDIT FINDINGS:**

Consistent with the prior year, Sand reported no findings pertaining to the Peace Officers' Retirement, Accident and Disability System.

A copy of the audit report is available for review on the Auditor of State's website at [Audit Reports – Auditor of State](#).

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**PEACE OFFICERS' RETIREMENT, ACCIDENT  
AND DISABILITY SYSTEM**

**INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2025**

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



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

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Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834

November 10, 2025

Peace Officers' Retirement, Accident and Disability System  
Des Moines, Iowa

To the Members of the Peace Officers' Retirement, Accident and Disability System:

I am pleased to submit to you the financial and compliance audit report for the Peace Officers' Retirement, Accident and Disability System for the year ended June 30, 2025. The audit was performed pursuant to Chapter 11.2 of the Code of Iowa in accordance with U.S. Auditing Standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the Peace Officers' Retirement, Accident and Disability System throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand  
Auditor of State

## Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-7
Management's Discussion and Analysis		8-10
Basic Financial Statements:	<u>Exhibit</u>	
Statement of Fiduciary Net Position	A	12
Statement of Changes in Fiduciary Net Position	B	13
Notes to Financial Statements		14-24
Required Supplementary Information:	<u>Schedule</u>	
Schedule of Changes in the System's Net Pension Liability (Asset) and Related Ratios	1	26-27
Schedule of System Contributions	2	28-29
Schedule of Investment Returns	3	30-31
Notes to Required Supplementary Information – Pension Liability (Asset)		32-34
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 <u>Government Auditing Standards</u>		36-37
Staff		38

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

**Officials**

<u>Name</u>	<u>Title</u>
	<b>State</b>
Honorable Kim Reynolds	Governor
Kraig Paulsen	Director, Department of Management
Timothy McDermott	Director, Legislative Services Agency

**Board of Trustees**

Commissioner Stephan Bayens	Chairperson
Honorable Roby Smith	Member
Robert Conrad	Member (through June 30, 2025)
Mark Oiler	Member (through April 30, 2026)
Marland Winter	Member (through June 30, 2026)

**Agency**

Jim Wittenwyler	Director of Administrative Services, Department of Public Safety
Jasmine Cripps	Administrator, Peace Officers' Retirement, Accident and Disability System
Samantha Mitchell	Benefits Officer Senior, Peace Officers' Retirement, Accident and Disability System

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



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Independent Auditor's Report

To the Board of Trustees of the Peace Officers' Retirement, Accident and Disability System:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Peace Officers' Retirement, Accident and Disability System (System), as of and for the year ended June 30, 2025, and the related Notes to Financial Statements, which collectively comprise the System's basic financial statements listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Peace Officers' Retirement, Accident and Disability System as of June 30, 2025 and the respective changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Peace Officers' Retirement, Accident and Disability System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2, the financial statements present the financial position and changes in financial position of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of the Peace Officers' Retirement, Accident and Disability System. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2025, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Peace Officers' Retirement, Accident and Disability System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Peace Officers' Retirement, Accident and Disability System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Peace Officers' Retirement, Accident and Disability System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, the Schedule of Changes in the System’s Net Pension Liability (Asset) and Related Ratios, the Schedule of System Contributions, the Schedule of Investment Returns, and the Notes to Required Supplementary Information – Pension Liability (Asset) on pages 8 through 10 and 26 through 34 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2025 on our consideration of the Peace Officers’ Retirement, Accident and Disability System’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. The purpose of that report is solely 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 effectiveness of the System’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Peace Officers’ Retirement, Accident and Disability System’s internal control over financial reporting and compliance.



Brian R. Brustkern, CPA  
Deputy Auditor of State

November 10, 2025

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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This discussion and analysis of the Peace Officers' Retirement, Accident and Disability System (PORS or the System) provides an overview of the System's financial activities for the fiscal year ended June 30, 2025.

### **2025 FINANCIAL HIGHLIGHTS**

- Fiduciary net position restricted for pensions increased approximately \$68.6 million during fiscal year 2025. At June 30, 2025, total assets were approximately \$845.5 million and total liabilities were approximately \$27.8 million, resulting in fiduciary net position restricted for pensions of approximately \$817.7 million.
- Covered payroll, upon which employee and employer pension contributions are calculated, totaled approximately \$58,640,000 for fiscal year 2025. Member contributions in fiscal year 2025 totaled \$7,248,816, a decrease of \$371,407, or 4.9%, from fiscal year 2024. Employer contributions in fiscal year 2025 totaled \$26,696,838, a decrease of \$1,585,742, or 5.6% from fiscal year 2024.
- Net investment income, after investment-related expenses, was approximately \$78.2 million in fiscal year 2025 compared to net investment income of approximately \$76.6 million in fiscal year 2024. Investment performance for fiscal year 2025 was an annualized rate of 10.44% compared to an annualized rate of 11.22% for fiscal year 2024.
- Total additions for fiscal year 2025 were \$112,102,397, a decrease of \$421,875 from fiscal year 2024 additions of \$112,524,272, primarily due to the decrease in total contributions in fiscal year 2025.
- Pension benefits paid to members totaled \$43,181,538, an increase of \$2,528,493 when compared to fiscal year 2024 when members were paid \$40,653,045.
- Administrative expenses totaled \$307,048 as compared to \$359,193 of administrative expenses for fiscal year 2024.

### **USING THIS FINANCIAL REPORT**

This financial report reflects the activities of the Peace Officers' Retirement, Accident and Disability System as reported in the Statement of Fiduciary Net Position (see page 12) and the Statement of Changes in Fiduciary Net Position (see page 13). These financial statements are presented on an accrual basis and reflect all trust activities as incurred. The Notes to Financial Statements are an integral part of the financial statements and include additional information not readily evident in the financial statements themselves. The required supplementary information following the Notes to Financial Statements provide historical and additional detailed information considered useful in evaluating the condition of the System.

**ANALYSIS OF PLAN NET POSITION**

Tables 1 and 2 provide condensed summaries of the fiduciary net position and a breakdown of the changes in fiduciary net position, with comparisons to the previous fiscal year.

**FIDUCIARY NET POSITION**

**Table 1**

<b>June 30,</b>	<b>2025</b>	<b>2024</b>	<b>Increase (Decrease) Amount</b>	<b>Increase (Decrease) Percent</b>
Cash and investments	\$ 842,165,923	\$ 807,133,169	35,032,754	4.3%
Receivables	3,331,078	4,356,587	(1,025,509)	-23.5%
Total assets	845,497,001	811,489,756	34,007,245	4.2%
Total liabilities	27,780,662	62,387,228	(34,606,566)	-55.5%
<b>Net position</b>	<b>\$ 817,716,339</b>	<b>\$ 749,102,528</b>	<b>68,613,811</b>	<b>9.2%</b>

A large percentage of total assets (98.7%) are made up of investments held to provide retirement, survivor and disability benefits to qualified members and their beneficiaries. Other assets, including cash, cash equivalents and receivables, comprise approximately 1.3% of total assets. Total assets increased \$34,007,245, or 4.2%, over the prior year.

Total liabilities represent current liabilities and consist primarily of amounts owed for investment-related transactions, amounts owed to members or their beneficiaries and amounts owed to contractors and vendors. Total liabilities decreased \$34,606,566, or 55.5%, from fiscal year 2024 due, in large part, to a decrease in payables for collateral deposits and investments purchased.

**CHANGES IN FIDUCIARY NET POSITION**

**Table 2**

<b>Fiscal years ended June 30,</b>	<b>2025</b>	<b>2024</b>	<b>Increase (Decrease) Amount</b>	<b>Increase (Decrease) Percent</b>
<b>Additions:</b>				
Member contributions	\$ 7,248,816	\$ 7,620,223	(371,407)	-4.9%
Employer contributions	26,696,838	28,282,580	(1,585,742)	-5.6%
Net investment income	78,156,743	76,621,469	1,535,274	2.0%
<b>Total additions</b>	<b>112,102,397</b>	<b>112,524,272</b>	<b>(421,875)</b>	<b>-0.4%</b>
<b>Deductions:</b>				
Pension and annuity benefits	43,181,538	40,653,045	2,528,493	6.2%
Administrative expenses	307,048	359,193	(52,145)	-14.5%
<b>Total deductions</b>	<b>43,488,586</b>	<b>41,012,238</b>	<b>2,476,348</b>	<b>6.0%</b>
<b>Change in net position</b>	<b>\$ 68,613,811</b>	<b>\$ 71,512,034</b>	<b>(2,898,223)</b>	<b>-4.1%</b>

The increase in fiduciary net position during fiscal year 2025 was due to the increase in market conditions. There is an excess of benefits paid relative to contributions received, which is characteristic of a mature pension plan such as PORS. In fiscal year 2025, the annualized rate of return was 10.44%. The System’s annualized rate of return for fiscal year 2024 was 11.22%.

The following table contains the fiscal year performance for each asset class, targeted asset allocation and the System’s actual asset allocation as of June 30, 2025.

**Table 3**

<b>Asset Class</b>	<b>Return</b>	<b>Benchmark</b>	<b>Targeted Asset Allocation</b>	<b>Actual Asset Allocation</b>
US large cap equity	15.51%	17.22%	20.00%	29.04%
Non-US developed equity	20.46	18.38	25.00	25.17
US small/mid cap equity	-1.88	5.54	15.00	16.05
Private equity	0.00	0.00	5.00	0.00
US Fixed income	6.79	6.51	20.00	20.02
Private debt	0.00	0.00	5.00	0.00
Real estate	2.49	3.54	10.00	9.39
Cash	4.73	4.71	0.00	0.33
Total	10.44%	12.02%	100.00%	100.00%

**CONTACTING THE SYSTEM’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our membership, taxpayers and creditors with a general overview of the System’s finances and to demonstrate the System’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Iowa Department of Public Safety Peace Officers’ Retirement, Accident and Disability System, Public Safety Building, 215 E. 7<sup>th</sup> Street, Des Moines, Iowa 50319.

## **Basic Financial Statements**

**Exhibit A**

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Peace Officers'  
Retirement, Accident and Disability System

## Statement of Fiduciary Net Position

June 30, 2025

Assets:		
Cash and cash equivalents		\$ 7,933,404
Receivables:		
Investments sold	\$ 76,376	
Contributions	784,704	
Accrued interest	1,667,513	
Dividends	<u>802,485</u>	3,331,078
Investments, at fair value:		
Equity investments	572,179,233	
Fixed income securities	159,785,369	
Real estate	<u>76,363,491</u>	808,328,093
Securities lending collateral pool		<u>25,904,426</u>
Total assets		845,497,001
Liabilities:		
Payables:		
Broker rebates and collateral deposits	25,904,426	
Investments purchased	1,348,282	
Accounts	<u>527,954</u>	<u>27,780,662</u>
Net position restricted for pensions		<u>\$ 817,716,339</u>

See notes to financial statements.

Peace Officers'  
Retirement, Accident and Disability System  
Statement of Changes in Fiduciary Net Position  
Year ended June 30, 2025

Additions:		
Contributions:		
Member		\$ 7,248,816
Employer		<u>26,696,838</u>
Total contributions		<u>33,945,654</u>
Investment income:		
Interest	\$ 7,418,933	
Dividends	6,792,748	
Net increase in fair value of investments	66,138,730	
Less investment expense, other than from securities lending	<u>(2,242,433)</u>	
Net investment gain from investing, other than from securities lending		78,107,978
Securities lending income	1,522,665	
Less securities lending expense	<u>(1,473,900)</u>	
Net income from securities lending		<u>48,765</u>
Net investment income		<u>78,156,743</u>
Total additions		<u>112,102,397</u>
Deductions:		
Pension and annuity benefits		43,181,538
Administrative expenses		<u>307,048</u>
Total deductions		<u>43,488,586</u>
Increase in net position		68,613,811
Net position restricted for pensions:		
Beginning of year		<u>749,102,528</u>
End of year		<u>\$ 817,716,339</u>

See notes to financial statements.

Peace Officers'  
Retirement, Accident and Disability System

Notes to Financial Statements

June 30, 2025

**(1) Plan Description**

Plan Membership

The Peace Officers' Retirement, Accident and Disability System is the administrator of a single employer defined benefit public employee retirement system that is a statewide retirement system for peace officers in the Iowa Department of Public Safety. Employee membership data as of June 30, 2025 was as follows:

Inactive employees or beneficiaries currently receiving benefits	700
Inactive members entitled to but not yet receiving benefits	43
Nonvested terminations	12
Active plan members	<u>577</u>
Total	<u>1,332</u>

Plan Benefits

Plan benefits are established by state statute under Chapter 97A of the Code of Iowa and may be amended only by the State legislature.

1. Service Retirement Benefits – A member may retire with a service allowance after completing twenty-two years of creditable service and attaining the minimum service retirement age of fifty-five. The retirement allowance consists of a pension equal to 60.5% of the member's average final compensation plus an additional 2.75% for each year of service over twenty-two years, not to exceed ten additional years, or a maximum of 88%. The member's average final compensation is the average earnable compensation of the member during the member's highest three years of service as a member of the Iowa Department of Public Safety.
2. Ordinary Disability Retirement Benefits – A member may retire on an ordinary disability retirement allowance, provided the medical board, after a medical examination of the member, has certified the member is mentally or physically incapacitated for further performance of duty and such incapacity is likely to be permanent and the member should be retired. The ordinary disability retirement allowance consists of a pension which is equal to 50% of the member's average final compensation, except if the member has not had five or more years of membership service. Then the member will receive a pension equal to 25% of the member's average final compensation. If the member has had twenty-two or more years of membership service, the member shall receive the greater of the benefit that would be payable under a service retirement if the member were fifty-five years of age or 50% of the member's average final compensation.

3. Accidental Disability Benefit – A member who has become totally and permanently incapacitated for duty as the result of an injury, disease or exposure occurring while in the actual performance of duty will be retired by the Board of Trustees, provided the medical board has certified such member is mentally or physically incapacitated for further performance of duty, such incapacity is likely to be permanent and the member should be retired. Upon retirement for accidental disability, a member will receive an accidental disability retirement allowance which consists of a pension equal to 60% of the member's average final compensation. If the member has had twenty-two or more years of membership service, the member will receive the greater of the benefit payable under a service retirement if the member were fifty-five years of age or 60% of the member's average final compensation.
4. Ordinary Death Benefit – Upon the death of a member who has one or more years of service and no pension payable for accidental death benefits, an amount equal to 50% of the final year of compensation will be payable to the member's beneficiary. If the member was in service at the time of death, the beneficiary, if qualified, may elect to receive a pension equal to 40% of the average final compensation, but not less than an amount equal to 25% of the compensation paid to an active member having the rank of senior patrol officer of the Iowa highway safety patrol payable immediately upon the death of the member. If the member was not in service at the time of death, the pension will be reduced to a prorated service allowance payable commencing when the member would have attained the age of fifty-five.

In addition, immediately upon death, there will be paid for each child of a member a monthly pension equal to 6% of the monthly earnable compensation payable to an active member having the rank of senior patrol officer.

5. Accidental Death Benefit – Upon the death of a member as a result of an accident or exposure occurring in the performance of duty, there will be payable to the member's surviving spouse, children or dependent parent a pension equal to 50% of the average final compensation of the member. If there is no surviving spouse, children or dependent parent, the death will be treated as an ordinary death case and the benefit will be payable to the member's estate.

In addition, immediately upon death, there will be paid for each child of a member a monthly pension equal to 6% of the monthly earnable compensation payable to an active member having the rank of senior patrol officer.

6. Line of Duty Death Benefit – Upon the receipt of evidence and proof the death of a member in service was the direct and proximate result of a traumatic personal injury incurred in the line of duty, the person authorized to receive an accidental death benefit will receive a lump sum payment equal to \$100,000.
7. Adjustments to Pensions – Each July 1 and January 1, if applicable, the following adjustments are made: Monthly earnable compensation payable to an active member of the same rank and position in the salary scale as was held by the retired or deceased member at the time of the member's retirement or death, for July of the current year less that of the preceding July, times the following percentages:
  - (1) 40% for members receiving a service retirement allowance and for beneficiaries receiving an accidental death benefit.
  - (2) 40% for members with five or more years of membership who are receiving an ordinary disability benefit.
  - (3) 40% for members receiving an accidental disability benefit.

- (4) 24% for members with less than five years of membership who are receiving an ordinary disability benefit and for beneficiaries receiving an ordinary death benefit.
- (5) 50% of the amount which would have been added to the benefit of the retired member for surviving spouses.

Additionally, the following amounts will be added to a member's or beneficiary's monthly pension:

Years Since Retired *	Amount
0 - 4	\$ 15
5 - 9	20
10 - 14	25
15 - 19	30
20 or more	35

\* Measured in whole years.

The way the flat escalator was applied changed effective July 1, 2010. Prior to 2010, the amount increased for each year after retirement.

Surviving children's pensions are adjusted each July to equal 6% of monthly earnable compensation payable to an active member having the rank of senior patrol officer of the state patrol.

Vested Membership – 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.

Contributions – Contributions to the System are made pursuant to Chapter 97A of the Code of Iowa. Member contribution rates enacted by the 2010 Legislature changed the scheduled contribution rates for both the employee and the employer. Employee contributions increased 0.5% each year, for four years, beginning at 9.35% in fiscal year 2011 and increasing to 11.40% on July 1, 2014. The 11.40% contribution rate beginning July 1, 2014 includes .05% for the cost of the cancer and infectious disease presumption. The employer rate increased 2% from 35% for plan year 2017 to 37% in plan year 2018 and thereafter. The State also began contributing an additional \$5.0 million each year, beginning July 1, 2013, until the funded status of the System attains 85%. On May 27, 2016, the Governor signed House File 2459 limiting the additional appropriation for fiscal year 2017 to \$2.5 million. The supplemental contribution returned to \$5.0 million for fiscal year 2018 and is expected to remain at that level.

## **(2) Summary of Significant Accounting Policies**

### **A. Reporting Entity**

The Iowa Peace Officers' Retirement System is an integral part of the primary government of the State of Iowa and, accordingly, has been included as a Pension Trust Fund in the Iowa Annual Comprehensive Financial Report.

For financial reporting purposes, the Peace Officers' Retirement, Accident and Disability System (System) has included all funds. The System 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 System are such that exclusion would cause the System's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board 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 System to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the System. The System has no component units which meet the Governmental Accounting Standards Board criteria.

### **B. Fund Accounting**

The System is treated for accounting purposes as a Pension Trust Fund. The operations of the fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, net position, additions and deductions.

### **C. Basis of Accounting**

Basis of accounting refers to when revenues and 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 System's financial statements are prepared using the accrual basis of accounting in conformity with U.S. generally accepted accounting principles as applied to governmental units. Contributions are recognized in the period in which the contributions are due. Pension benefits and annuities are recognized when due and payable in accordance with the terms of the plan.

### **D. Cash and Cash Equivalents**

Cash and cash equivalents represent cash and money market investments held by the Treasurer of State and cash allocated to the System's investment managers for investment. The System's deposits throughout the year and at year end were entirely covered by federal depository insurance or by the State Sinking Fund.

### **E. Investments**

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 without an established market are reported at estimated fair value.

The System uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The System's investments at June 30, 2025 by level were as follows:

	Total	Level 1	Level 2	Level 3
<b>Investments by fair value level</b>				
Equity	\$ 572,179,233	366,600,639	205,578,594	-
Preferred Securities	212,191	212,191	-	-
Fixed Income Securities	160,181,154	4,499,487	155,646,153	35,514
Real Estate	76,363,491	-	-	76,363,491
Cash and Cash Equivalents	6,773,216	-	-	6,773,216
<b>Total investment by fair value level</b>	<b>\$ 815,709,285</b>	<b>371,312,317</b>	<b>361,224,747</b>	<b>83,172,221</b>
<b>Investments measured at the net asset value (NAV)</b>				
Invested securities lending collateral:				
Overnight repurchase agreements	25,660,126			
<b>Total investments measured at fair value</b>	<b>\$ 841,369,411</b>			

Investments measured at NAV:

Investment Type	Fair Value	Credit Risk	Investment (Years)	Redemption Frequency	Redemption Notice Period
		Not Rated			
Overnight repurchase agreements	\$ 25,660,126	\$ 25,660,126	Less than 1	N/A	N/A

The Peace Officers' Retirement Accident and Disability System's Board of Trustees (PORS Board) is responsible for investing the System's funds. The System is authorized by statute to invest in any form of indebtedness issued, assumed or guaranteed by the federal government. In addition, the fund may be invested in a manner consistent with the "Uniform Prudent Investor Act." The act requires a trustee to invest and manage trust property as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill and caution.

The System's policy in regard to the allocation of invested assets is established and may be amended by the PORS Board by a majority vote of its members. The following was the PORS Board's adopted asset allocation policy as of June 30, 2025:

Asset Class	Target Allocation
U.S. Large Cap Equities	20.00%
U.S. Small Cap Equities	15.00
International Equities	18.75
Emerging Markets	6.25
Private Equity	5.00
U.S. Aggregate	17.75
High-Yield Corporate	2.25
Private Debt	5.00
Real Estate - Core	4.00
Real Estate - Noncore	6.00
<b>Total</b>	<b>100.00%</b>

Investments in governmental bonds and treasury notes constitute approximately 7.83% of total assets.

The System spent \$3,716,333 for investment management expenses, which was 0.4% of the market value of the total assets at June 30, 2025.

The System's investments in common stock and fixed income securities, including certain securities on loan with brokers, stated at cost, are \$364,934,926 and \$160,076,725, respectively.

Credit Risk – Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligation to the System. As of June 30, 2025, the System's fixed income assets, not government guaranteed, represented 63.83% of the fixed income holdings. The following table summarizes the System's portfolio exposure levels and credit qualities for fixed income and fixed income securities on loan with brokers.

<b>Credit Risk - S&amp;P Quality Ratings (Amounts rounded to the nearest thousand)</b>										
<b>Investment Type:</b>	<b>TSY</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB</b>	<b>B</b>	<b>Below B</b>	<b>Not Rated</b>	<b>Total</b>
1) Short Term Investments:										
A) Short Term Pooled Funds and Mutual Funds	\$ -	-	-	-	-	-	-	-	6,773	6,773
B) Short Term U.S. Treasuries	270	-	-	-	-	-	-	-	-	270
2) Fixed Income Investments:										
A) U.S. Government:										
1) U.S. Government Treasury Notes	39,527	-	-	-	-	-	-	-	-	39,527
2) U.S. Government Treasury Bonds	17,209	-	-	-	-	-	-	-	-	17,209
3) U.S. Government Treasury TIPS	3,335	-	-	-	-	-	-	-	-	3,335
4) Other Government Fixed Income	-	-	-	570	1,260	1,564	-	-	2,775	6,169
B) Mortgage Backed:										
1) Collateralized Mortgage Backed Securities	-	103	-	-	-	-	-	-	178	281
C) Corporate Fixed Income:										
1) Government CMO's	-	-	40	49	-	-	-	-	-	89
D) State and Local Obligations	-	-	1,672	-	-	-	-	-	-	1,672
E) Corporate:										
1) Corporate Bonds	-	-	989	6,516	39,908	1,620	714	-	304	50,051
2) Corporate Asset Backed	-	102	60	364	300	105	-	-	290	1,221
3) Private Placement	-	1,331	379	3,273	15,469	3,764	666	589	10,049	35,520
F) Mutual and Exchange Traded Funds										
1) Fixed Income Funds	-	-	-	-	-	-	-	-	4,499	4,499
G) Equity Investments										
1) Preferred Stock	-	-	-	-	-	-	-	-	212	212
<b>Total</b>	<b>\$ 60,341</b>	<b>1,536</b>	<b>3,140</b>	<b>10,772</b>	<b>56,937</b>	<b>7,053</b>	<b>1,380</b>	<b>589</b>	<b>25,080</b>	<b>166,828</b>

There are no System-wide policy limitations for credit risk exposures within the portfolio. Each portfolio is managed in accordance with an investment contract specific as to permissible credit quality ranges and the average credit quality of the overall portfolios. Policies related to credit risk pertaining to the System's securities lending program are included within the securities lending disclosures found later in this Note to Financial Statements.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an investment in a single issue.

The System's investment policy states an investment manager shall prudently invest fund monies so as to avoid an over-concentration in any one particular securities issue or industry and the investment managers shall follow the diversification standards set forth in the applicable investment manager guidelines.

The System's investment policy also states no investment manager shall be permitted to invest more than 5.0% of its System account in any one corporate issuer without written direction and approval of the Treasurer of State of Iowa.

Rate of Return – For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of investment expense, was 10.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Interest Rate Risk – Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using the effective duration 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.

**Interest Rate Sensitivity-Duration**

<b>Investment Type:</b>	<b>Fair Value</b>	<b>Duration (in years)</b>
1) Short Term Investments:		
A) Short Term Pooled Funds and Mutual Funds	\$ 6,773,216	0.08
B) Short Term U.S. Treasuries	269,649	0.46
2) U.S. Fixed Income:		
A) U.S. Government:		
1) U.S. Government Treasury Notes	39,527,178	4.30
2) U.S. Government Treasury Bonds	17,209,465	13.28
3) U.S. Government Treasury TIPS	3,334,632	7.14
4) Other Government Fixed Income	6,168,837	6.34
B) Mortgage Backed:		
1) Collateralized Mortgage Backed Securities	281,039	2.40
C) Corporate Fixed Income:		
1) Government CMO's	88,655	2.79
D) State and Local Obligations	1,672,399	8.02
E) Corporate Fixed Income:		
1) Corporate Bonds	50,051,499	6.46
2) Corporate Asset Backed	1,220,631	2.02
3) Private Placement	35,519,356	3.94
F) Mutual and Exchange Traded Funds		
1) Fixed Income Funds	4,499,487	0.00
G) Equity Investments		
1) Preferred Stock	212,191	0.10
<b>Total</b>	<u>\$ 166,828,234</u>	
Portfolio duration		<u>5.80</u>

Foreign Currency Risk – Foreign currency risk is the risk changes in exchange rates will adversely impact the fair value of an investment. From time to time, the System’s external managers may or may not hedge the portfolio’s foreign currency exposures with forward foreign exchange contracts, currency options, currency futures or options on currency futures depending on their views on a specific foreign currency relative to the U.S. dollar.

<b>Foreign Currency Risk</b>	
<b>(Rounded to the nearest thousand)</b>	
<b>Currency by Investment</b>	<b>Fair Value</b>
	<b>Fixed</b>
Brazilian Real	\$ 534
Euro Currency Unit	1,624
Mexican Peso	563
Pound Sterling	877
South African Rand	976
Turkish Lira	630
Uruguayan Peso	316
<b>Total</b>	<b>\$ 5,520</b>

Securities Lending Program

The PORS Board has authorized participation in the securities lending program administered by the Treasurer of State. The Treasurer of State selects a bank to serve as the custodian bank and lending agent for the System’s securities lending program. During the year, Deutsche Bank AG served as the custodian bank for the System. In its capacity as lending agent, the custodian bank is responsible for operating the program and is permitted to lend any of the securities it holds in custody for the System to broker-dealers and other entities in exchange for collateral. The custodian bank is permitted to accept collateral in the form of cash in U.S. dollars, U.S. government securities or irrevocable letters of credit. A borrower is required to initially deliver collateral in an amount equal to 102% 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.

At year-end, the System had no credit risk exposure to borrowers because the amounts they owed to the System did not exceed the amount the System owed the borrowers. The contract with the custodian bank requires them to indemnify the System if a borrower fails to return the securities or fails to return all of the income attributable to securities on loan. The securities lending contract does not allow the System to pledge or sell collateral securities received unless the borrower defaults. As of June 30, 2025, the System had securities on loan, including accrued interest income, with a total value of \$25,318,137 against collateral with a total value of \$25,904,426.

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 System 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 System. The System bears investment risk if the custodian bank invests in securities which decrease in value or default. 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.

### (3) Net Pension Liability

The components of the net pension liability of the System at June 30, 2025 were as follows:

Total pension liability	\$ 1,031,387,817
Plan fiduciary net position	<u>817,716,339</u>
Net pension liability	<u>\$ 213,671,478</u>
Plan fiduciary net position as a percentage of the total pension liability	79.28%

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2025 using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement:

Inflation	2.50%.
Salary increases	4.00% to 8.50%, including inflation.
Investment rate of return	6.50% compounded annually, net of investment expense, and including inflation.

Pre-retirement mortality rates were based on the Pub-2010 Safety Employees Median Mortality Table, set back two years for males and females, projected generationally using Scale MP-2021. Post-retirement mortality rates for retirees were based on the Pub-2010 Safety Retirees Median Mortality Table, set back two years for males and females, projected generationally using Scale MP-2021. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivors Mortality Table, set back two years for males and females, projected generationally using Scale MP-2021. Disability mortality rates were based on the Pub-2010 Safety Disabled Retirees Mortality Table, set back two years for males and females, projected generationally using Scale MP-2021.

The actuarial assumptions used in the valuation are based on the results of the actuarial experience study covering the five-year period ending June 30, 2021.

The long-term expected rate of return on pension plan investments is reviewed on a regular basis as part of the experience study. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equities	20.00%	4.71%
U.S. Small Cap Equities	15.00	5.86
International Equities	18.75	5.28
Emerging Markets	6.25	9.40
Private Equity	5.00	10.06
U.S Aggregate	17.75	0.67
High-Yield Corporate	2.25	3.39
Private Debt	5.00	5.89
Real Estate - Core	4.00	3.97
Real Estate - Noncore	6.00	5.68
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed plan contributions from members and the State will be made at the current contribution rates as set in State statute:

- a. Employee contribution rate: 11.525%.
- b. State contribution rate: The lesser of 37.00% of payroll and the actuarial rate, but not less than 17.00% of payroll.
- c. Supplemental State contributions: \$5.0 million until the System is at least 85% funded. Based on the July 1, 2025 actuarial valuation, supplemental payments are expected to continue for 10 more years.
- d. Administrative expenses for the current and future years were assumed to be 0.521% of the current members' proportionate share of covered payroll.

Based on those assumptions, the System fiduciary net position is projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on System investments of 6.50% was applied to all periods of projected benefit payments to determine the total pension liability. The municipal bond rate was not used in determining the discount rate, but if it were required, the rate would have been 5.25%. The projected future benefit payments for all current plan members were projected through 2124.

Sensitivity Analysis – The sensitivity of the net pension liability to changes in the discount rate presents the net pension liability of the System, calculated using the discount rate of 6.50%, as well as the System’s net pension liability calculated using a discount rate 1% lower (5.50%) or 1% higher (7.50%) than the current discount rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability	\$ 365,803,371	213,671,478	90,550,681

**(4) Contributions Required and Contributions Made**

The contributions to the System were made pursuant to Chapter 97A of the Code of Iowa and were not based upon actuarial determinations. Therefore, actual contributions differ from the annual required contribution.

Member contribution rates are established by statute (11.40% of covered payroll for the year ended June 30, 2025). HF 2518 enacted by the 2010 Legislature changed the contribution rates for both the employee and the employer. Employee contributions increased 0.5% each year for four years, beginning at 9.35% in fiscal year 2011 and increasing to 11.40% on July 1, 2014. This is deducted from the member’s gross pay and remitted by the employer. The 11.40% contribution rate which began July 1, 2014 includes 0.05% for the cost of the cancer and infectious disease presumption.

Beginning July 1, 2017 and thereafter, the employer contribution rate is the lesser of 37% of payroll or the normal contribution rate as defined in Chapter 97A.8. Prior to fiscal year 2018, the employer had been making scheduled increases to its contribution rate of 2% of pay per year for ten years. The State also began contributing an additional \$5.0 million each year, beginning July 1, 2013, until the funded status of the System attains 85%. On May 27, 2016, the Governor signed House File 2459 limiting the additional appropriation for fiscal year 2017 to \$2.5 million. The supplemental contribution returned to \$5.0 million for fiscal year 2018 and is expected to remain at that level for several years. Contribution provisions are established by State statute and may be amended only by the State Legislature. The State of Iowa has historically followed a contribution policy of appropriating funds based upon a percentage of the current salaries for which funds are appropriated.

The member contribution required and contributed was \$7,248,816, representing 11.40% of current year covered payroll. The State contribution required by statute and the amount actually contributed was \$26,696,838. \$5,000,000 of the State contribution was an annual appropriation, which was in addition to the required employer 37% contribution rate. Costs of administering the plan are financed through employer contributions and investment income.

An actuarial valuation of the System's assets and liabilities is required at least once every two years per Chapter 97A of the Code of Iowa.

**(5) Risk Management**

State employee benefits for health, dental, long-term disability and life insurance coverage are fully insured through commercial insurers. There were no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage for the past three fiscal years. The State of Iowa self-insures on behalf of its agencies for losses related to workers’ compensation, its motor vehicle fleet, property damage and torts.

A contingent fund exists under Section 29C.20 of the Code of Iowa to provide compensation for loss or damage to state property (casualty losses).

**Required Supplementary Information**

Peace Officers'  
Retirement, Accident and Disability System

Schedule of Changes in the System's Net Pension Liability (Asset)  
And Related Ratios

Required Supplementary Information

For the Last Ten Years  
(in Thousands)

	2025	2024	2023	2022
<b>Total pension liability</b>				
Service cost	\$ 21,147	19,328	18,152	14,906
Interest	62,901	59,246	56,240	53,322
Benefit changes	-	-	-	-
Differences between expected and actual experience	1,566	19,553	11,550	1,028
Changes in assumptions	-	-	-	72,349
Benefit payments, including refunds of member contributions	(43,182)	(40,653)	(38,775)	(37,440)
Net change in total pension liability	42,432	57,474	47,167	104,165
Total pension liability beginning of year	988,956	931,482	884,315	780,150
Total pension liability end of year (a)	<u>\$ 1,031,388</u>	<u>988,956</u>	<u>931,482</u>	<u>884,315</u>
<b>Plan fiduciary net position</b>				
Employer contributions	\$ 26,697	28,283	23,721	23,057
Member contributions	7,249	7,620	5,991	6,056
Net investment gain (loss)	78,157	76,621	61,940	(173,854)
Benefit payments, including refunds of member contributions	(43,182)	(40,653)	(38,776)	(37,440)
Administrative expenses	(307)	(359)	(348)	(350)
Net change in plan fiduciary net position	68,614	71,512	52,528	(182,531)
Plan fiduciary net position beginning of year	749,103	677,591	625,063	807,594
Plan fiduciary net position end of year (b)	<u>\$ 817,717</u>	<u>749,103</u>	<u>677,591</u>	<u>625,063</u>
Net pension liability (asset) end of year (a) - (b)	<u>\$ 213,671</u>	<u>239,853</u>	<u>253,891</u>	<u>259,252</u>
Plan fiduciary net position as a percentage of the total pension liability	79.28%	75.75%	72.74%	70.68%
Covered payroll	\$ 58,640	54,922	50,599	48,803
Net pension liability (asset) as a percentage of covered payroll	364.38%	436.73%	501.78%	531.22%

See accompanying independent auditor's report.

2021	2020	2019	2018	2017	2016
14,708	12,691	12,194	12,109	13,071	12,207
51,368	50,117	48,185	46,564	42,298	41,661
-	-	-	-	-	-
(1,917)	(5,567)	(1,471)	(5,279)	(1,886)	(5,613)
-	42,755	-	-	33,549	23,791
(35,085)	(33,672)	(32,643)	(30,966)	(29,362)	(28,284)
29,074	66,324	26,265	22,428	57,670	43,762
751,076	684,752	658,487	636,059	578,389	534,627
780,150	751,076	684,752	658,487	636,059	578,389
22,711	22,364	21,840	21,498	17,274	20,519
5,458	5,535	5,485	5,124	5,053	5,080
210,222	71,219	16,147	65,058	72,488	(4,581)
(35,085)	(33,672)	(32,643)	(30,966)	(29,362)	(28,284)
(285)	(235)	(249)	(233)	(237)	(248)
203,021	65,211	10,580	60,481	65,216	(7,514)
604,573	539,362	528,782	468,301	403,085	410,599
807,594	604,573	539,362	528,782	468,301	403,085
(27,444)	146,503	145,390	129,705	167,758	175,304
103.52%	80.49%	78.77%	80.30%	73.63%	69.69%
47,869	46,931	45,514	44,590	42,212	47,028
-57.33%	312.17%	319.44%	290.88%	397.42%	372.77%

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Peace Officers'  
Retirement, Accident and Disability System

Schedule of System Contributions  
Required Supplementary Information

For the Last Ten Years  
(in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 33,231	30,295	27,349	19,751
Actual employer contributions	<u>26,697</u>	<u>28,283</u>	<u>23,721</u>	<u>23,057</u>
Contribution deficiency (excess)	<u>\$ 6,534</u>	<u>2,012</u>	<u>3,628</u>	<u>(3,306)</u>
Covered payroll	\$ 58,640	54,922	50,599	48,803
Contributions as a percentage of covered payroll	45.53%	51.50%	46.88%	47.25%

See accompanying independent auditor's report.

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<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
22,996	19,378	19,403	20,306	17,746	17,081
22,711	22,364	21,840	21,498	17,274	20,519
<u>285</u>	<u>(2,986)</u>	<u>(2,437)</u>	<u>(1,192)</u>	<u>472</u>	<u>(3,438)</u>
47,869	46,931	45,514	44,590	42,212	47,028
47.45%	47.65%	47.99%	48.21%	40.92%	43.63%

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Peace Officers'  
Retirement, Accident and Disability System

Schedule of Investment Returns

Required Supplementary Information

For the Last Ten Fiscal Years

	2025	2024	2023	2022
Annual money-weighted rate of return, net of investment expense	10.81 %	11.61 %	10.30 %	(21.47)%

See accompanying independent auditor's report.

2021	2020	2019	2018	2017	2016
35.22 %	13.62 %	3.34 %	14.24 %	18.82 %	(0.63)%

Peace Officers'  
Retirement, Accident and Disability System

Notes to Required Supplementary Information – Pension Liability (Asset)

Year ended June 30, 2025

Valuation date: July 1, 2025

The System is funded with fixed contribution rates for both the employees and the State. The actuarially determined contributions are calculated as of the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions (from the July 1, 2024 actuarial valuation) were used to determine the actuarially determined employer contribution reported for the fiscal year ended June 30, 2025:

Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll, closed
Amortization period:	Layered bases with the July 1, 2017 Legacy Base amortized over a closed 30-year period beginning July 1, 2008. All subsequent bases, after July 1, 2017, are amortized over new 20-year periods.
Asset valuation method:	5-year smoothed market
Price inflation:	2.50%
Wage growth/Payroll growth:	2.75%
Salary increases, including wage inflation:	4.00% to 8.50%
Long-term rate of return, net of investment expense, and including inflation:	6.50%
Post-retirement adjustment:	Pensions are adjusted by percentage, which varies by type of retirement, of the change in the compensation of active members of the same rank. In addition, a dollar adjustment is made which varies by a schedule based on the number of years since the member retired.
Mortality:	<p>Pre-retirement mortality rates were based on the Pub-2010 Safety Employees Median Mortality Table, set back two years for males and females, projected generationally using Scale MP-2021.</p> <p>Post-retirement mortality rates for retirees were based on the Pub-2010 Safety Retirees Median Mortality Table, set back two years for males and females, projected generationally using Scale MP-2021. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivors Mortality Table, set back two years for males and females, projected generationally using Scale MP-2021.</p> <p>Disability mortality rates were based on the Pub-2010 Safety Disabled Retirees Mortality Table, set back two years for males and females, projected generationally using Scale MP-2021.</p>

Peace Officers'  
Retirement, Accident and Disability System

Notes to Required Supplementary Information – Pension Liability (Asset)

Year ended June 30, 2025

*Changes of Benefit and Funding Terms*

The following changes to the plan provisions were made by the Iowa Legislature and are reflected in the valuation performed as of July 1 listed below:

2025: Due to the passage of House File 969 (HF969) during the 2024 legislation session, the cancer and infectious disease definition was broadened to include all cancers and increased the POR Member contribution from 11.400% to 11.525%, effective July 1, 2025. Due to the small impact this change is expected to have on accidental disabilities in the active POR membership, the underlying disability assumption was not changed. Therefore, HF969 did not have an impact on NPL.

2024: Due to passage of Senate File 513 (SF 513) during the 2023 legislation session, designated peace officers in the Department of Transportation under Chapter 321.477 of the Code of Iowa, who had fewer than 10 years of membership service and were transferred to the Department of Public Safety, became members of PORs. An amount equal to the actuarial cost of transferred members was provided by the State, so this transfer had no impact on the net pension liability. This legislation did not change the benefits or funding terms of the plan, but expanded the eligible population and was first reflected in the July 1, 2023 funding valuation and the June 30, 2024 GASB reports.

2017: As scheduled in law, the state's contribution rate increased from 35% to 37% of payroll.

2016: As scheduled in law, the State's contribution rate increased from 33% to 35% of payroll.

The 2016 Legislature passed House File 2459 which reduced the State's supplemental contribution from \$5.0 million to \$2.5 million for fiscal year 2017.

Administrative expenses are now included as a component of the actuarial contribution rate. In the past, administrative expenses were netted against investment income, thus impacting the expected investment return.

*Changes in Assumptions*

July 1, 2022 valuation:

- The long-term investment return assumption decreased from 7.00% to 6.50%.
- The mortality assumption was changed to the Pub-2010 Safety Mortality Tables, setback two years for males and females, with generational mortality improvements using the MP-2021 scale.
- Retirement rates were changed to service-based rates.
- Accidental and Ordinary Disability rates were adjusted to better reflect actual experience.
- Termination rates were adjusted to better reflect actual experience.
- The merit salary increase assumption was adjusted to better reflect actual experience.

Peace Officers'  
Retirement, Accident and Disability System

Notes to Required Supplementary Information – Pension Liability (Asset)

Year ended June 30, 2025

July 1, 2020 valuation:

- The price inflation assumption decreased from 2.75% to 2.50%.
- The productivity assumption increased from 0.75% to 1.00%.
- The general wage inflation assumption remained at 3.50%.
- The payroll growth assumption decreased from 3.00% to 2.75%.
- The long-term investment return assumption decreased from 7.50% to 7.00%.

July 1, 2017 valuation:

- The mortality assumption was changed to the RP-2014 Mortality Table, with a one-year age setback for males. Generational mortality improvements are modeled using the MP-2016 scale.
- Retirement rates were modified for employees with less than 30 years of service.
- Accidental and Ordinary Disability rates were adjusted to better reflect actual experience.
- Termination rates were adjusted to better reflect actual experience.
- The salary increase assumption was adjusted to better reflect actual experience.
- The amortization of the UAAL was changed to a “layered” approach with new pieces of UAAL amortized over a closed 20-year period, beginning with the July 1, 2018 valuation. The legacy UAAL (at July 1, 2017) continues to be amortized on its current schedule.
- The asset smoothing method was modified to recognize investment gains and losses over a five-year period rather than four.

July 1, 2016 valuation:

- The price inflation assumption decreased from 3.00% to 2.75%.
- The wage inflation assumption decreased from 3.75% to 3.50%.
- The payroll growth assumption decreased from 3.75% to 3.00%.
- The long-term investment return assumption decreased from 8.00% to 7.50%.

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



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834

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 Board of Trustees of the Peace Officers' Retirement, Accident and Disability System:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Peace Officers' Retirement, Accident and Disability System, as of and for the year ended June 30, 2025, and the related Notes to Financial Statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated November 10, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Peace Officers' Retirement, Accident and Disability System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are 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 the Peace Officers' Retirement, Accident and Disability System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Peace Officers' Retirement, Accident and Disability System's internal control.

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 that a material misstatement of the System's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Peace Officers' Retirement, Accident and Disability System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliance or other matters which are required to be reported under Government Auditing Standards.

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 System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Peace Officers' Retirement, Accident and Disability System during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Brian R. Brustkern, CPA  
Deputy Auditor of State

November 10, 2025

Peace Officers'  
Retirement, Accident and Disability System

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Deputy  
Lesley R. Geary, CPA, Manager  
Jared A. Marshall, Senior Auditor  
Jacob D. Blaskey, Assistant Auditor