

State of Iowa

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2025

A wintery scene of the 1877 pedestrian bridge located adjacent to Pine Creek Grist Mill in Wildcat Den State Park. The Pine Creek Grist Mill, built in 1848, is located half a mile from Iowa Highway 22 between Davenport and Muscatine and is staffed from spring through fall for public tours of the Grist Mill.

Photo provided by the Iowa Department of Natural Resources.



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the Fiscal Year
Ended June 30, 2025

GOVERNOR:
Kim Reynolds

PREPARED BY:
Iowa Department of Administrative Services – State Accounting Enterprise

STATE OF IOWA

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INTRODUCTORY
SECTION



December 18, 2025

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

In accordance with Iowa Code Section 8A.502(7), we are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the State of Iowa for the fiscal year ended June 30, 2025. 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 Iowa Code Chapter 11 to annually audit 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 Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) 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 29th state in 1846. Iowa is a midsize state with a mid-continent location. It covers 56,272 square miles, making it the 26th largest state in the United States. The Mississippi River carves out Iowa's eastern border, while the Missouri River and Big Sioux River form the western border. Iowa has a population of 3.2 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 16 cabinet agencies, 4 non-cabinet agencies, and numerous boards and commissions led 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, University of Iowa Center for Advancement & Affiliate, Iowa State University Foundation, University of Northern Iowa Foundation, and University of Iowa Health System. The reader is directed to NOTE 1, section 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 February 1 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 the Governor.

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 department level, except for certain grant and aid programs where control is maintained at the program level.

ECONOMIC CONDITION AND OUTLOOK

National Economic Outlook 2024-2025

During calendar year 2024, real gross domestic product increased by 2.8 percent driven by increases in retail trade, health care and social assistance, and professional, scientific, and technical services. According to Moody's Analytics, the projection for gross domestic product growth in calendar year 2025 is for a growth of 1.8 percent and slowing growth into calendar year 2026 of 1.5 percent.

During calendar year 2024, 2.1 million jobs were gained nationally. Projections provided by Moody's Analytics for calendar year 2025 are for growth of 1.5 million jobs, and 0.4 million jobs in 2026.

State and Local Economy

Iowa's economy is supported by a diverse mixture of industry, agriculture, services, and government employment. In calendar year 2024, 16.7 percent of the State's gross domestic product was in manufacturing, down slightly from 18.9 percent 10 years ago. The finance, insurance, and real estate sectors have continued to be the largest part of the State's economy at 24.4 percent during calendar year 2024, up from 22.0 percent 10 years ago. Agriculture has decreased from 6.4 percent in 2014 to 5.7 percent in 2024. For calendar year 2024, Iowa's real gross domestic product decreased 0.5 percent, ranking Iowa 49th nationally. The United States' average increase in real gross domestic product during the calendar year was 2.8 percent.

Personal Income. Personal income, as reported by the U.S. Department of Commerce, for the nation increased 5.4 percent during calendar year 2024. Iowa's personal income rose 2.4 percent for calendar year 2024, ranking Iowa 48th in growth rate nationally.

Employment. Over the past 10 years, Iowa's unemployment rate has been below the national average. As of August 2025, the State's unemployment rate stood at 3.8 percent, while the national average stood at 4.3 percent. During calendar year 2024, nonfarm employment on a seasonally adjusted basis decreased a net 5,700 jobs. During this time period, the leisure & hospitality sector lost 200 jobs, the government sector gained 4,100 jobs, the financial activities sector lost 1,600 jobs, the manufacturing sector lost 7,500 jobs, the education and health sector gained 4,400 jobs, the trade and transportation sector lost 1,300 jobs, and other sectors lost 3,600 jobs.

Exports. Exporting industries have been an important factor in Iowa's economic growth since the 1990s. Growth in exports of various agriculture and manufacturing commodities have helped diversify Iowa's economy. In calendar year 2024, according to the U.S. Census Bureau, the value of Iowa exports decreased 7.9 percent, after increasing 2.3 percent in calendar year 2023 and increasing 13.8 percent in calendar year 2022.

For exported goods, Canada and Mexico remain Iowa's first and second-best trading partners, respectively.

Farmland Values. The Federal Reserve Bank of Chicago, in their August 2025 public release, reported that farmland values for the Seventh Federal Reserve District (Chicago) had increased 3.0 percent from a year ago for the second quarter of 2025. Farmland values in Iowa increased 4.0 percent for the period July 1, 2024 to July 1, 2025. According to the majority of survey respondents, District farmland values were expected to stay the same in the near future.

Manufacturing. Iowa’s manufacturing employment decreased from the 2023 average of 226,300 jobs to the 2024 average of 222,400 jobs. During calendar year 2024, durable goods products accounted for about 55.6 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

Rebuilding Our Communities. During the 2025 legislative session, the General Assembly passed and the Governor signed into law, SF 619 which extended tax exclusion to disaster assistance for housing developers who received awards under the State Disaster New Housing Grant Program, adjusted insurance regulations to better protect consumers and homeowners from unfair practices, modified emergency funds transfer authority in times of disaster to ensure State government’s flexible response, and fully funded disaster aid programs established in response to storms of 2024.

Building a Strong, Competitive Iowa. During the 2025 legislative session, the General Assembly passed and the Governor signed into law, SF 607 which cut the taxable wage base for unemployment insurance in half, reduced the number of tax tables from 168 to 36, and lowered the maximum tax rate from 9.0 percent to 5.4 percent.

Ensuring Excellent Care for All Iowans. During the 2025 legislative session, the General Assembly passed and the Governor signed into law, HF 972 which consolidated and increased the funding available for State student loan repayment programs, established a Medicaid Graduate Medical Education (GME) enhanced payment to draw down over \$150 million in federal funds for more residencies in Iowa’s 14 teaching hospitals, streamlined the approval process for certificates of need (CON) to build new healthcare facilities or enhance current ones, and improved the Health Information Exchange network by authorizing the Iowa Department of Health and Human Services to competitively procure and manage it.

A Solid Foundation for Iowa. During the 2025 legislative session, the General Assembly passed and the Governor signed into law, HF 889 which established paid parental leave for state employees. The bill

provided four weeks of paid leave for state employee parents who give birth, one week of paid leave for state employee parents who did not give birth, and four weeks of paid leave for state employees who adopt a child.

AWARDS AND ACKNOWLEDGMENTS

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awards Certificates of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards of preparation of state and local government reports. GFOA awarded a Certificate of Achievement to the State of Iowa for the fiscal year ended June 30, 2024.

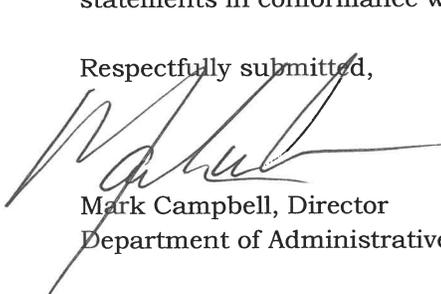
A Certificate of Achievement is valid for a period of one year only. We believe the fiscal year ended June 30, 2025 ACFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgment. The preparation of this report 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.

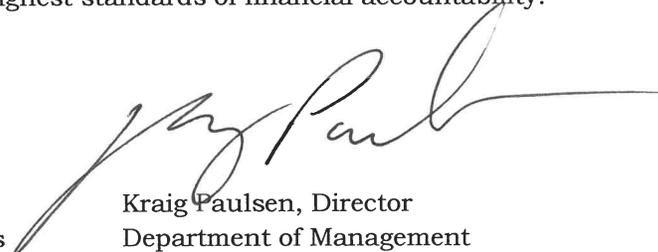
This report was accomplished through the professionalism and dedication of the staff in the Department of Management, the Department of Administrative Services – State Accounting Enterprise, the Auditor of State’s Office, and the financial and management personnel throughout State government.

This report, issued for the thirty-seventh 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,



Mark Campbell, Director
Department of Administrative Services



Kraig Paulsen, Director
Department of Management



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Iowa

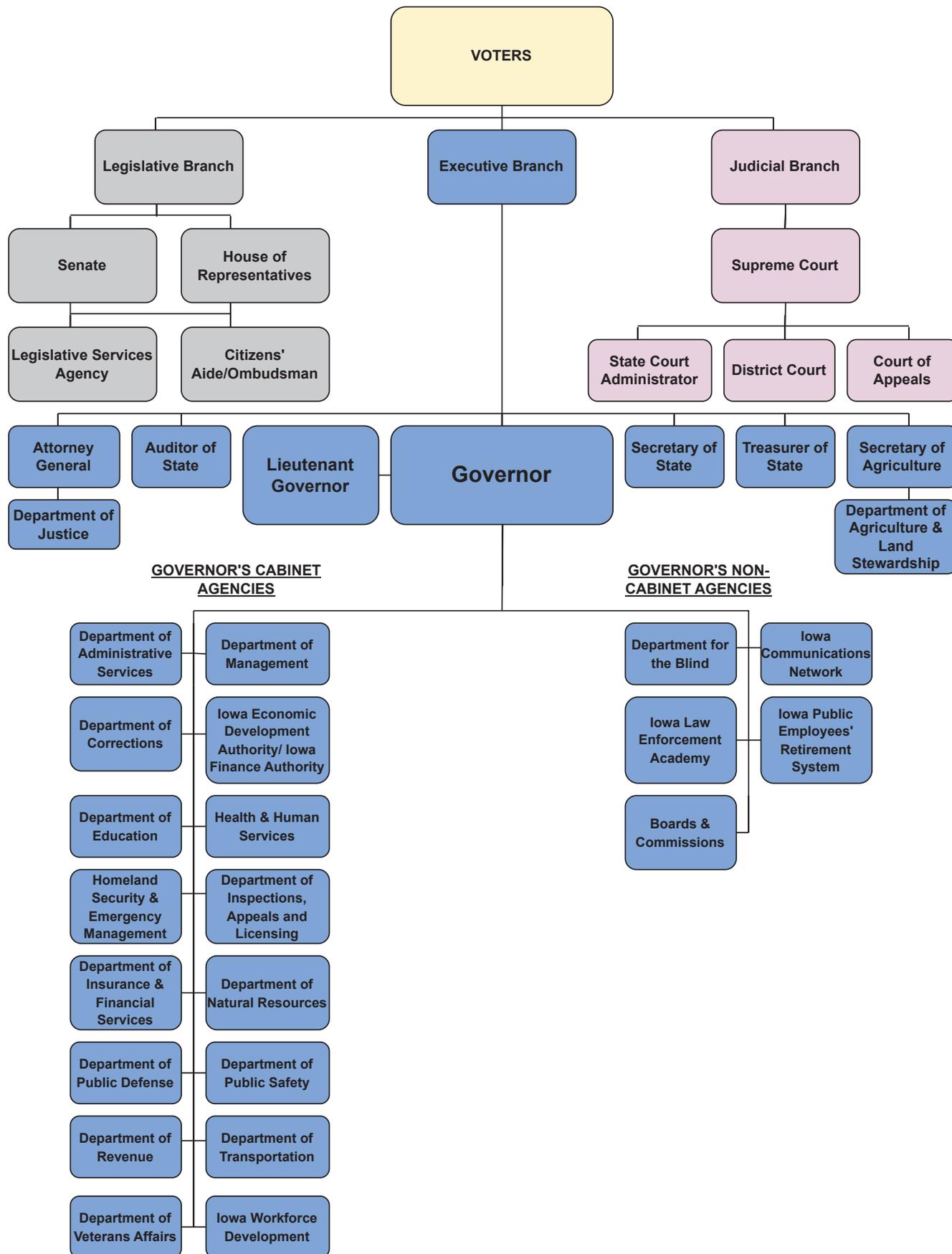
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

STATE OF IOWA ORGANIZATIONAL STRUCTURE



Principal Officials

as of June 30, 2025

Elected Officials

GOVERNOR - **Kim Reynolds**
LIEUTENANT GOVERNOR - **Chris Cournoyer**
SECRETARY OF STATE - **Paul D. Pate**
AUDITOR OF STATE - **Rob Sand**
TREASURER OF STATE - **Roby Smith**
SECRETARY OF AGRICULTURE - **Mike Naig**
ATTORNEY GENERAL - **Brenna Bird**

Legislative Branch

PRESIDENT OF THE SENATE - **Amy Sinclair**
SPEAKER OF THE
HOUSE OF REPRESENTATIVES - **Pat Grassley**

Judicial Branch

CHIEF JUSTICE OF
THE SUPREME COURT - **Susan Christensen**



FINANCIAL
SECTION



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
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Independent Auditor's Report

To the Governor and Members of the General Assembly:

Report on the Audit of the Financial Statements

Opinions

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, 2025, and the related Notes to Financial Statements, which collectively comprise the State's basic financial statements listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying 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, 2025, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Tobacco Settlement Authority and the Iowa PBS Foundation, which each represent less than 1% of the assets, the net position and the revenues of the governmental activities and the aggregate remaining funds. We also did not audit the financial statements of the Iowa Finance Authority, the University of Iowa Center for Advancement and Affiliate, the Iowa State University Foundation, the University of Northern Iowa Foundation and the University of Iowa Health System, which represent a total of 95%, 93% and 80%, 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 Iowa PBS Foundation, the Iowa Finance Authority, the University of Iowa Center for Advancement and Affiliate, the Iowa State University Foundation, the University of Northern Iowa Foundation and the University of Iowa Health System, is based solely on the reports of the other auditors.

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 State of Iowa, 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. The financial statements of the Iowa PBS Foundation, the University of Iowa Center for Advancement and Affiliate, the Iowa State University Foundation and the University of Northern Iowa Foundation were not audited in accordance with Government Auditing Standards.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 State of Iowa'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 judgement 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 judgement 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 State of Iowa'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Iowa'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 Budgetary Comparison Information, the Schedule of the Proportionate Share of the Net Pension Liability, the Schedules of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions and the Schedule of Changes in Total OPEB Liability, Related Ratios and Notes on pages 20 through 33 and 144 through 167 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 and the auditors of the Tobacco Settlement Authority, the Iowa Finance Authority and the University of Iowa Health System 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 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 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 is presented for purposes of additional analysis 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 GAAS. In our opinion, based on the procedures performed as 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

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 will be issued under separate cover. 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 State of Iowa'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 State of Iowa's internal control over financial reporting and compliance.



Brian R. Brustkern, CPA
Deputy Auditor of State

December 18, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the State of Iowa's Annual Comprehensive Financial Report (ACFR) presents a discussion and analysis of the State's financial performance during the fiscal year that ended on June 30, 2025. Readers are encouraged to consider this information in conjunction with the letter of transmittal located at the front of the ACFR and the State's financial statements, which follow this section of the ACFR.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights

- The governmental activities net position July 1, 2024 was restated by \$8.0 million (a decrease) to \$21,201.3 million and the business-type activities July 1, 2024 net position was restated by \$47.8 million (a decrease) to \$11,466.3 million. See Table 3. The governmental activities restatement was due to (1) reclassification of activity from an enterprise fund to the general fund and (2) error corrections related to the recognition of capital assets (construction in progress, subscriptions in progress, works of art & collections, lease assets, and subscriptions) and subscription liability in accordance with GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. The business-type activities restatement was due to (1) the reclassification of enterprise fund activity to the general fund, (2) the effect of the implementation of GASB Statement No. 101, *Compensated Absences*, (3) error corrections at Iowa State University primarily related to the recognition of lease and subscription activity in accordance with GASB Statement No. 87, *Leases* and GASB Statement No. 96, respectively, and the recognition of government receivables. See NOTE 23 – RESTATEMENT OF PRIOR PERIOD for additional information.
- 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 2025 by \$34,463.2 million (net position). Of this amount, \$11,335.6 million (unrestricted net position) is available to be used to meet the State's ongoing obligations to citizens and creditors. See Table 2.
- Total net position increased \$1,795.6 million over the July 1, 2024 (restated) balance. See NOTE 23 – RESTATEMENT OF PRIOR PERIOD. Net position of governmental activities (restated) increased \$800.7 million, or 3.8%, while net position of business-type activities (restated) increased \$994.9 million, or 8.7%.
- In the State's governmental activities, revenues decreased 0.8% to \$24,525.6 million while expenses (restated) increased 5.2% to \$23,344.7 million. See Table 3.
- For business-type activities, revenues (restated) increased 7.9% to \$9,154.8 million while expenses (restated) increased 9.3% to \$8,540.1 million. See Table 3.

Fund Highlights

- The State's governmental funds reported a combined ending fund balance of \$9,356.5 million, an \$83.7 million increase over the prior year (restated). Of this amount, \$121.9 million represents nonspendable fund balances, \$1,673.0 million represents spendable restricted fund balances, \$8,183.6 million represents spendable committed fund balances and a negative \$622.0 million represents unassigned fund balances.
- The General Fund total fund balance increased \$65.8 million to \$9,181.7 million over the prior fiscal year (restated).
- The proprietary funds reported net position at year-end of \$12,750.0 million, an increase of \$1,020.4 million over the July 1, 2024 net position (restated).

Long-term Debt

- The State's total long-term debt increased \$220.2 million over the prior fiscal year (restated) to \$3,621.5 million. See Table 5.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Section of the Annual Comprehensive Financial Report 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, including administration & regulation, education, health & 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 businesses 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)
 - University of Iowa Center for Advancement & Affiliate (Business-type)
 - Iowa State University Foundation (Business-type)
 - University of Northern Iowa Foundation (Business-type)
 - University of Iowa Health System (Business-type)

Additional information about the State's component units is presented in NOTE 1, section 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 is the State's major governmental fund. Nonmajor governmental funds are reported by fund type in the Combining Financial Statements – Nonmajor Funds.
- *Proprietary funds* – Services for which the State charges customers a fee are generally reported in proprietary funds. Proprietary funds use the accrual basis of accounting and, like the government-wide statements, provide both long-term and short-term financial information.
 - The State's enterprise funds (one type of proprietary fund) are used to report activities, such as the 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 Depreciation Revolving 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 report the resources of individuals or organizations, outside the State, which the State holds as trustee or similar arrangement, or controls without administrative involvement, 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

Major Features of the State's Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire State government (except fiduciary funds) and the State's component units	The activities of the State that are not proprietary or fiduciary, such as Health & Human Services and Transportation	Activities the State operates similar to private businesses, such as the Universities and the Iowa Communications Network	Instances in which the State or a component unit is the trustee or controls resources held for the benefit of others, such as the retirement plan for public employees
Required financial statements	Statement of net position	Balance sheet	Statement of net position	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures, and changes in fund balances	Statement of revenues, expenses, and changes in fund net position Statement of cash flows	Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, and capital assets
Type of deferred outflow/inflow information	Consumption/acquisition of net assets that is applicable to a future reporting period	Consumption/acquisition of net assets that is applicable to a future reporting period	Consumption/acquisition of net assets that is applicable to a future reporting period	Consumption/acquisition of net assets that is applicable to a future reporting period
Type of inflow/outflow information	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 Notes to RSI. Also presented as RSI are: (1) Schedules of Net Pension Liability, a Schedule of Contributions for each pension plan, and Notes to RSI and (2) a Schedule of Changes in Total OPEB Liability and Related Ratios for each OPEB plan and Notes to RSI.

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 \$34,463.2 million at June 30, 2025, compared to \$32,678.7 million at June 30, 2024 (restated), as indicated in Table 2.

The beginning total net position as of July 1, 2024, was restated by an \$8.0 million decrease in governmental activities, and by a \$47.8 million decrease in business-type activities, as a result of a change in accounting principle, changes within the reporting entity, and error corrections. The fiscal year 2024 amounts in Table 2 and Table 3 have been restated for error corrections of \$12.2 million for governmental activities and \$32.5 million for business-type activities in accordance with GASB 100, *Accounting Changes & Error Corrections*. See NOTE 23 – RESTATEMENT OF PRIOR PERIOD.

Table 2
Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2024-2025
	2025	2024 ¹	2025	2024 ¹	2025	2024 ¹	
Current & other assets	\$ 13,281.4	\$ 14,085.9	\$10,368.5	\$ 9,714.7	\$23,649.9	\$ 23,800.6	-0.6%
Capital assets	13,788.5	13,242.6	7,270.5	6,766.0	21,059.0	20,008.6	5.2%
Total assets	27,069.9	27,328.5	17,639.0	16,480.7	44,708.9	43,809.2	2.1%
Deferred outflows of resources	334.2	457.3	449.7	211.3	783.9	668.6	17.2%
Current liabilities	3,191.0	4,114.7	1,435.1	1,354.9	4,626.1	5,469.6	-15.4%
Noncurrent liabilities	2,023.1	2,306.4	3,039.9	2,651.0	5,063.0	4,957.4	2.1%
Total liabilities	5,214.1	6,421.1	4,475.0	4,005.9	9,689.1	10,427.0	-7.1%
Deferred inflows of resources	188.0	167.6	1,152.5	1,204.5	1,340.5	1,372.1	-2.3%
Net position:							
Net investment in capital assets	13,510.7	12,925.9	4,843.2	4,588.2	18,353.9	17,514.1	4.8%
Restricted	1,850.1	1,632.5	2,923.6	2,788.6	4,773.7	4,421.1	8.0%
Unrestricted	6,641.2	6,638.7	4,694.4	4,104.8	11,335.6	10,743.5	5.5%
Total net position	\$ 22,002.0	\$ 21,197.1	\$12,461.2	\$ 11,481.6	\$34,463.2	\$ 32,678.7	5.5%

¹ Figures for June 30, 2024 have been restated to include fiscal year 2025 adjustments to beginning net position related to accounting error corrections, and were not restated for the change in accounting principle or changes within the reporting entity, in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. See NOTE 23.

The net position of the State’s governmental activities increased 3.8% over the prior year (restated) to \$22,002.0 million. The largest component of the State’s net position is its investment in capital assets (e.g. land, buildings, equipment, and infrastructure), less any related outstanding debt that was used to acquire or construct the assets. Restricted net position represents 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 and may be used at the State’s discretion, but often has limitations on use based on State statutes.

The net position of business-type activities increased \$994.9 million, or 8.7% over the prior year (restated) to \$12,461.2 million. Generally, the State can only use the net position to finance the continuing operations of the University Fund (University of Iowa, Iowa State University, and University of Northern Iowa), Unemployment Benefits Fund and other business-type activities.

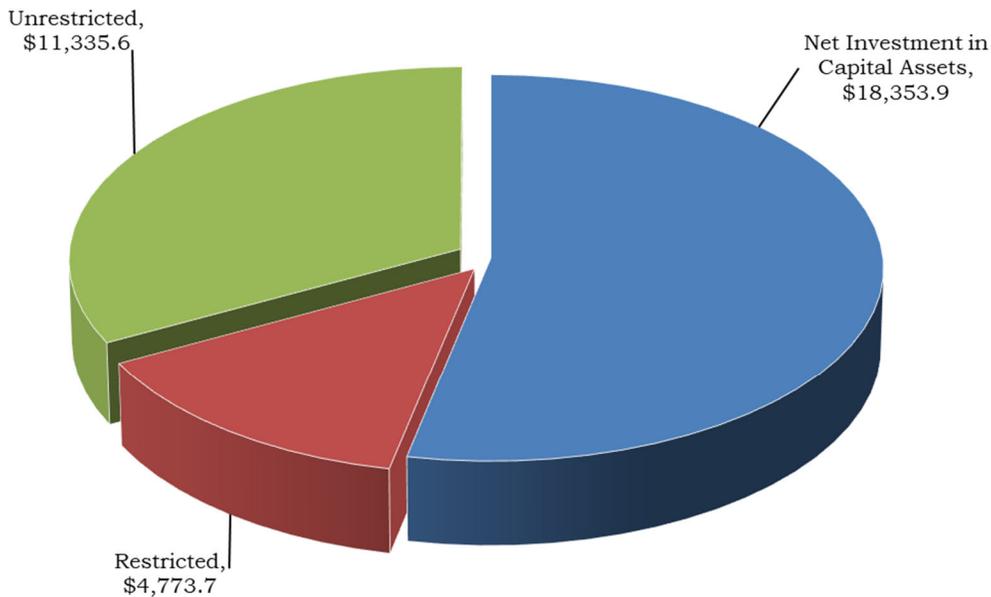
Current liabilities decreased 15.4% over the prior year (restated) to \$4,626.1 million. The \$843.5 million decrease resulted mostly from decreases of \$454.6 million in accounts payable & accruals due to a decrease in state aid primarily due to the impact of drug prescription rebates and federal participation rates as well as the timing of vendor payments, a decrease of \$378.0 million in unearned revenue due to the spending of state and local fiscal recovery funds that were received in prior years, and a decrease of \$15.6 million in bonds payable due to the retirement of principal as bonds came due.

Noncurrent liabilities increased \$105.6 million, or 2.1% over the prior year (not restated), to \$5,063.0 million. The account balances with the most significant change and largest impact on the net change were compensated absences, lease liability, bonds payable, other financing arrangements payable, and net pension liability.

Deferred outflows of resources increased \$115.3 million and deferred inflows of resources decreased \$31.6 million, due largely to the recognition of amounts related to pensions and other postemployment benefits (OPEB), as well as the recognition of a deferred outflow of resources for the University of Iowa acquisition of Mission Cancer + Blood, PLLC (see NOTE 24 – GOVERNMENT ACQUISITION).

The chart presented below provides a visual representation of the three components of the State’s total net position of \$34,463.2 million at June 30, 2025.

Total Net Position (In Millions)



Changes in Net Position

The State's total net position increased by \$1,795.6 million from June 30, 2024 (restated) to June 30, 2025, as indicated in Table 3.

Table 3
Changes in Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2024-2025
	2025	2024 ¹	2025	2024 ¹	2025	2024 ¹	
Program revenues							
Charges for services	\$ 1,804.0	\$ 1,704.3	\$ 7,300.0	\$ 6,764.5	\$ 9,104.0	\$ 8,468.8	7.5%
Operating grants & contributions	10,491.0	9,985.7	1,052.5	1,075.1	11,543.5	11,060.8	4.4%
Capital grants & contributions	613.7	830.8	71.1	71.5	684.8	902.3	-24.1%
General revenues							
Personal income tax	4,031.7	4,598.1	-	-	4,031.7	4,598.1	-12.3%
Corporate income tax	610.9	625.2	-	-	610.9	625.2	-2.3%
Sales & use tax	3,616.2	3,601.9	-	-	3,616.2	3,601.9	0.4%
Other tax	1,498.4	1,491.4	7.0	7.3	1,505.4	1,498.7	0.4%
Restricted for transportation purposes:							
Motor fuel tax	676.6	680.3	-	-	676.6	680.3	-0.5%
Road use tax	508.7	514.0	-	-	508.7	514.0	-1.0%
Unrestricted investment earnings	494.6	546.6	556.7	445.9	1,051.3	992.5	5.9%
Other	179.8	136.1	167.5	117.1	347.3	253.2	37.2%
Total revenues	24,525.6	24,714.4	9,154.8	8,481.4	33,680.4	33,195.8	1.5%
Expenses							
Administration & regulation	1,895.4	1,674.8	-	-	1,895.4	1,674.8	13.2%
Education	5,193.5	5,167.9	-	-	5,193.5	5,167.9	0.5%
Health & human services	12,499.1	11,748.6	-	-	12,499.1	11,748.6	6.4%
Justice & public defense	1,465.7	1,355.0	-	-	1,465.7	1,355.0	8.2%
Economic development	296.8	262.2	-	-	296.8	262.2	13.2%
Transportation	1,638.7	1,662.4	-	-	1,638.7	1,662.4	-1.4%
Agriculture & natural resources	323.8	287.5	-	-	323.8	287.5	12.6%
Interest expense	31.7	33.3	-	-	31.7	33.3	-4.8%
University Funds	-	-	7,446.1	6,769.6	7,446.1	6,769.6	10.0%
Unemployment Benefits Fund	-	-	357.4	275.9	357.4	275.9	29.5%
Other	-	-	736.6	771.1	736.6	771.1	-4.5%
Total expenses	23,344.7	22,191.7	8,540.1	7,816.6	31,884.8	30,008.3	6.3%
Increase (decrease) in net position							
before transfers	1,180.9	2,522.7	614.7	664.8	1,795.6	3,187.5	-43.7%
Transfers	(380.2)	(353.7)	380.2	353.7	-	-	0.0%
Increase in net position	800.7	2,169.0	994.9	1,018.5	1,795.6	3,187.5	-43.7%
Net position - July 1	21,209.3	18,981.4	11,514.1	10,424.3	32,723.4	29,405.7	11.3%
Restatement of net position	(8.0)	46.7	(47.8)	38.8	(55.8)	85.5	-165.3%
Net position - July 1, restated	21,201.3	19,028.1	11,466.3	10,463.1	32,667.6	29,491.2	10.8%
Net position - June 30	\$22,002.0	\$ 21,197.1	\$12,461.2	\$ 11,481.6	\$34,463.2	\$ 32,678.7	5.5%

¹ Figures for June 30, 2024 have been restated to include fiscal year 2025 adjustments to beginning net position related to accounting error corrections, and were not restated for the change in accounting principle or changes within the reporting entity, in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. See NOTE 23.

Governmental Activities

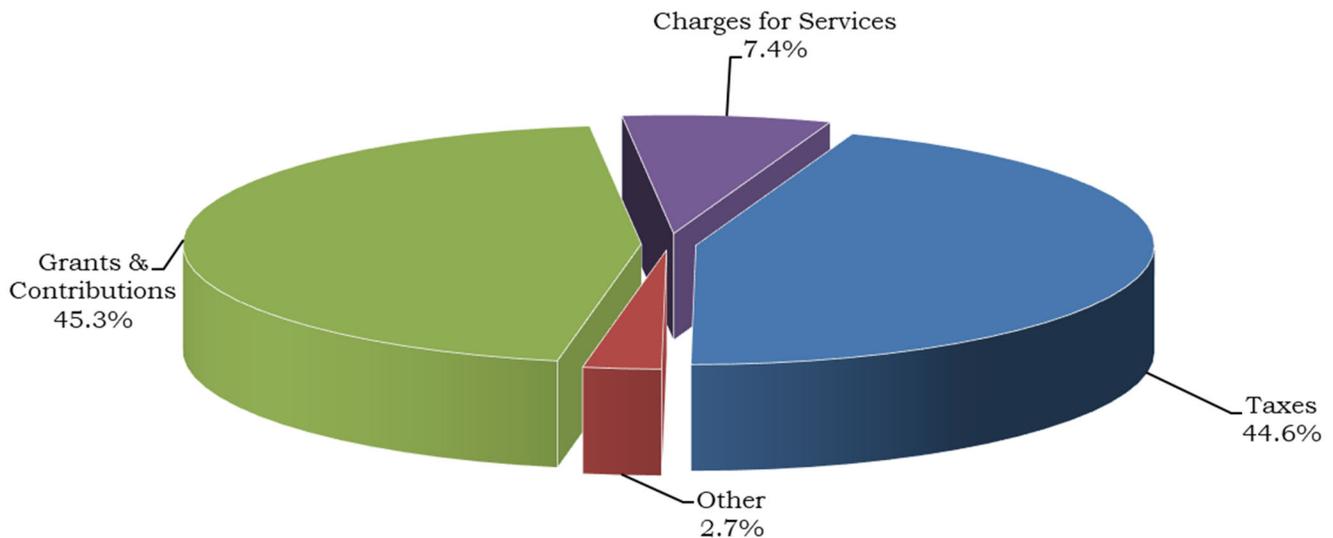
Overall, total revenues for governmental activities decreased 0.8% from the prior year. Program revenues increased \$387.9 million, or 3.1%, with increases in charges for services and operating grants & contributions, which were partially offset by a decrease in capital grants & contributions. General revenues decreased \$576.7 million, or 4.7%.

Charges for services increased \$99.7 million, or 5.8% (restated). The fiscal year 2024 amounts for charges for services were restated for a reclassification with operating grants & contributions. There was no impact on total revenues or ending net position for fiscal year 2024. The largest fluctuations include: (1) an increase in health and human services of \$23.7 million due to sales of farmland at Woodward Resource Center and Eldora State Training School, and an increase in premium collections for Medicaid services that had been paused during the COVID-19 pandemic, (2) an increase of \$55.2 million in justice & public defense primarily due to farmland sales at the Department of Corrections and timing of revenue recognition, and (3) an increase in transportation of \$22.6 million for increased reimbursements for projects.

Operating grants & contributions increased \$505.3 million, or 5.1% (restated). The fiscal year 2024 amounts for operating grants & contributions were restated for a reclassification with charges for services. There was no impact on total revenue or ending net position for fiscal year 2024. The overall increase was due to an increase in health & human services revenues of \$435.1 million, largely due to an increase in federal support including the Medical Assistance program and receiving intergovernmental transfers for hospital direct payments. In addition, justice & public defense revenues increased \$44.9 million due to an increase in federal grant revenue for disaster relief. Administration & regulation increased \$193.5 million due to timing of revenue recognition. These increases were offset by a decrease in education of \$183.1 million which was due to decreases in federal stimulus funding.

Capital grants & contributions decreased \$217.1 million, or 26.1%. This change is primarily attributable to a decrease in transportation resulting from annual fluctuations in the completion of projects and the receipt of the related federal funding.

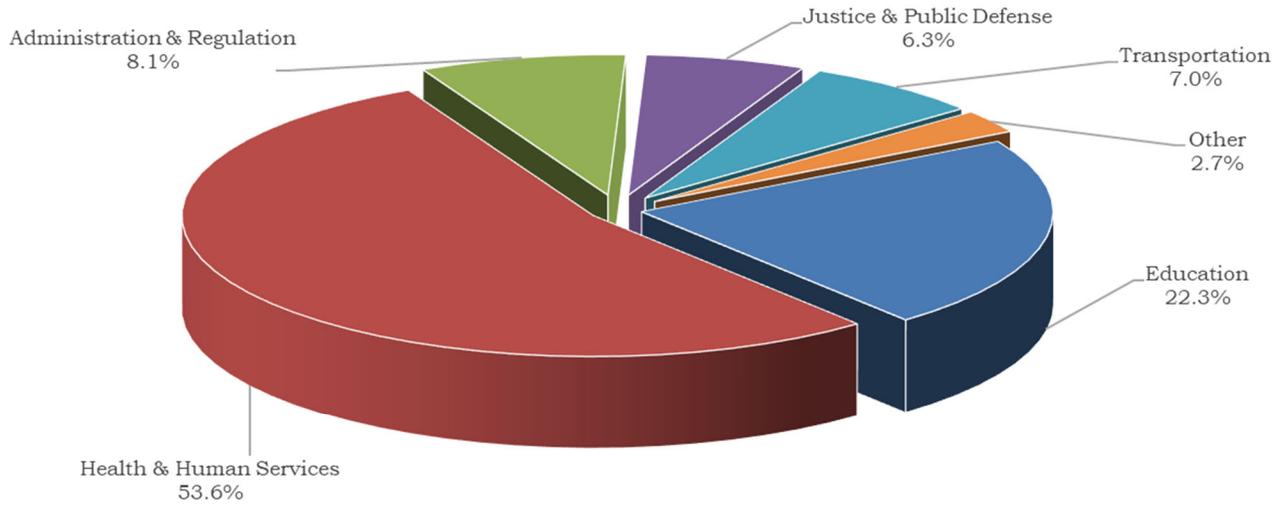
Revenues by Source



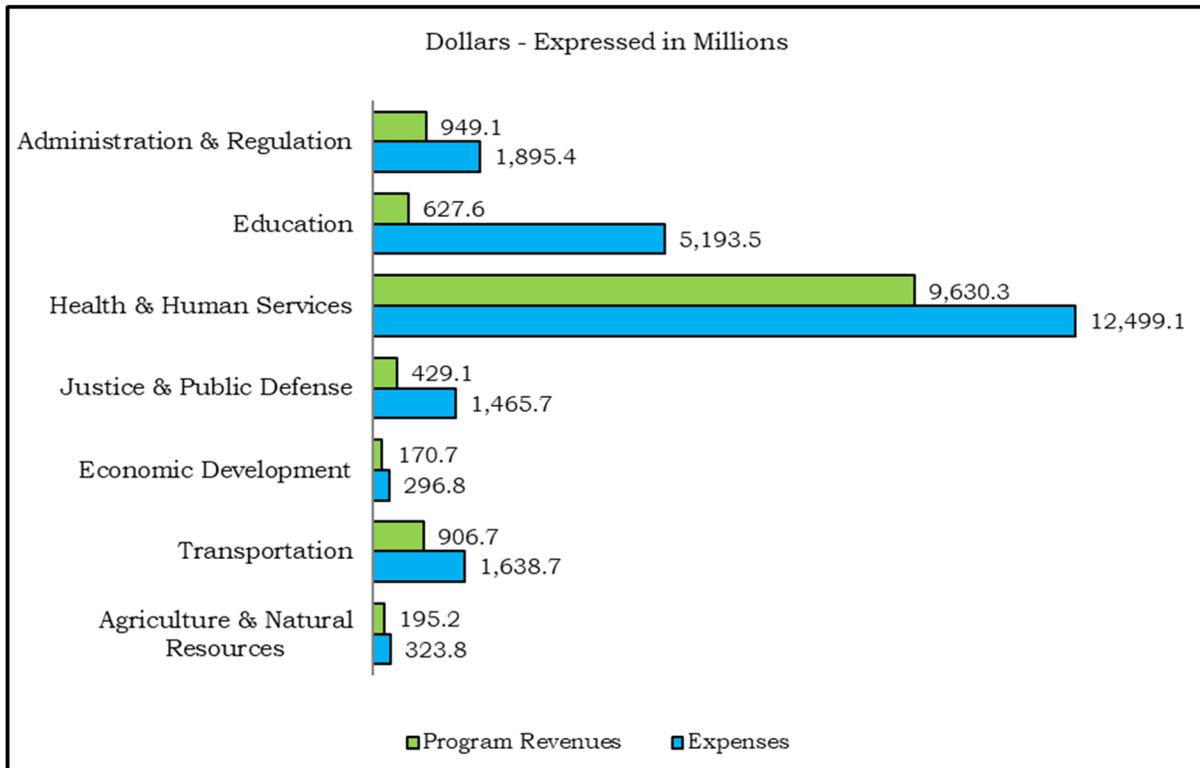
Overall, total expenses for governmental activities increased 5.2% over the prior year (restated).

The overall increase is due to an increase of \$220.6 million (restated) in administration & regulation due to disaster relief for severe storms and flooding and an increase in broadband projects through the Department of Management, an increase of \$750.5 million (restated) in health & human services primarily due to an increase in state aid in the medical assistance programs, and an increase of \$110.7 million in justice & public defense due to disaster relief assistance.

Expenses by Function



Program Revenues and Expenses



The cost of all governmental activities this fiscal year was \$23,344.7 million. Of the total cost of activities other governments and organizations subsidized certain programs with operating and capital grants and contributions (\$11,104.7 million), while taxpayers paid \$10,942.5 million of the costs through State taxes, and those who directly benefited from the programs contributed \$1,804.0 million.

Business-type Activities

- University Funds had \$7,446.1 million in expenses and \$7,051.0 million in program revenues for net expenses of \$395.1 million. The largest change in revenues occurred in charges for services, which increased \$570.2 million, or 10.6%. The increase was primarily due to increases in patient services (\$492.0 million) at the University of Iowa, and student tuition and fees and auxiliary operations at the three universities. Operating grants & contributions decreased \$23.3 million, or 2.2%, most significantly due to a net decrease in gifts received at the three universities. Capital grants & contributions decreased \$0.7 million, or 1.0%, as a result of the completion of projects at Iowa State University, and an increase in capital grants & contributions at the University of Northern Iowa. Operating expenses increased \$661.3 million, or 9.9%. The increase is largely attributed to increases in personal services, supplies & materials, and equipment & repairs at the three universities. Investment income increased \$97.9 million, or 25.3%, due to improved market performance over the prior fiscal year. Assets increased \$1,068.2 million over the prior year (restated) to \$15,230.6 million due to increases of \$492.3 million in cash & investments, \$88.4 million in current accounts receivable (restated), and \$643.0 million in depreciable capital assets (restated). This net increase in assets is offset by nondepreciable capital assets decreasing by \$137.8 million. Liabilities increased \$481.3 million over the prior year (restated) due to increases in accounts payable & accruals, bonds payable and other financing arrangements payable, while deferred inflows of resources decreased \$52.1 million, primarily due to the recognition of amounts related to other postemployment benefits at the three universities and public-private partnership at the University of Iowa.
- The Unemployment Benefits Fund had \$357.4 million in expenses, \$411.2 million in program revenues with operating income of \$53.8 million. Employer contributions increased \$26.7 million, or 7.0%, as a result of a net increase in the recognition of unemployment insurance revenues collected for the current year. Unemployment benefit payments increased \$81.6 million, or 29.6%, due to an increase in claim filings as a result of a number of contributing factors.
- Other business-type activities expenses decreased \$34.5 million and program revenues decreased \$61.1 million. The Iowa Lottery Fund, which accounts for lottery revenues, administrative and operating expenses of the Iowa Lottery, and the distribution of lottery proceeds to the General Fund, had \$435.0 million in operating revenues, a decrease of \$54.9 million due to declining sales over the prior year, while operating expenses were \$348.2 million, a \$34.0 million decrease, primarily due to the decline in prize expense as a result of the decrease in sales. The Iowa Lottery Fund provided \$86.1 million in proceeds to the General Fund in fiscal year 2025.
- In total, business-type activities had net expenses of \$116.5 million, \$731.2 million in net general revenues and \$380.2 million in net transfers, for a net increase of \$994.9 million over the prior year (restated), to end with a net position of \$12,461.2 million.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

The governmental funds reported total fund balances of \$9,356.5 million, an increase of 0.9% over the previous year (restated). Net revenues totaled \$24,513.4 million with expenditures of \$24,088.9 million.

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 balances include 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 balances include resources that are in spendable form (e.g. cash) and are available for spending. Spendable fund balances are 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* – \$1,673.0 million and \$1,189.7 million for FY2025 and FY2024 (not restated), 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* – \$8,183.6 million and \$8,621.7 million for FY2025 and FY2024 (not restated), 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 \$622.0 million and negative \$662.9 million for FY2025 and FY2024 (not restated), 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 statements recognizes revenues if received within sixty days of year-end and recognizes deferred inflows of resources if received beyond sixty days. This creates a negative impact when the payables/expenditures related to the deferred inflows of resources are recognized in the governmental fund financial statements. These are recognized in accordance with generally accepted accounting principles. A portion of the negative unassigned fund balance is due to deferral of federal receivables/revenues while associated payables/expenditures have been recognized.

General Fund

The General Fund is the chief operating fund of the State. Total fund balance increased from \$9,121.7 million for fiscal year 2024 (not restated) to \$9,181.7 million for fiscal year 2025. The fiscal year 2025 General Fund consists of the following fund balances: \$102.9 million nonspendable, an increase of 1.7% from the prior year (not restated), \$1,547.5 million restricted, an increase of 42.0% from the prior year (not restated), \$8,153.0 million committed, a decrease of 5.1% from the prior year (not restated), and negative \$621.7 million unassigned, a decrease in the deficit of 6.2% from the prior year (not restated). For fiscal year 2025, the committed fund balance includes \$896.3 million in reserve (rainy day) funds, a decrease of 1.5%. Gross revenues of the General Fund decreased \$313.6 million, or 1.2%, in fiscal year 2025. Taxes decreased \$684.6 million, while receipts from other entities increased \$264.1 million. The decrease in taxes is the result of reductions in statutory income tax rates. The increase in receipts from other entities is most significantly attributed to increases in: (1) federal funding for the Medical Assistance Program due to an increase in aid to individuals, and (2) federal funding for health insurance related programs increased as a result of intergovernmental transfers for state directed payments and changes in eligibility for coverage. These increases were offset by decreases in federal funding due to COVID-19 and American Rescue Plan Act (ARPA) programs ending. Miscellaneous income increased \$133.1 million for fiscal year 2025 over the prior year primarily due to the Department of Health & Human Services receiving increases in: (1) intergovernmental transfers for hospital directed payments, (2) Hawk-I and Medicaid related payments, and (3) HIV funding. Other changes include: investment income decreased \$49.9 million or 9.3%, fees, licenses & permits increased \$44.6 million or 2.7%, refunds & reimbursements decreased \$13.6 million or 1.4%, and sales, rents, & services decreased \$7.2 million or 17.9%.

Revenue refunds decreased \$101.6 million, or 4.1% from 2024 refunds, positively impacting net revenues. The decrease occurred mainly due to tax refunds decreasing \$128.7 million as a result of lower individual income tax withholdings due to reductions in statutory income tax rates.

Total expenditures of the General Fund increased \$1,151.9 million in fiscal year 2025. This increase is the result of an increase in: (1) health & human services expenditures of \$729.1 million due to an increase in state aid for the Medical Assistance Program, most significantly due to hospital directed payments, (2) administration & regulation expenditures increased \$200.7 million due to continuing work on state broadband projects, as well as disaster relief related to severe storms and flooding, (3) justice & public defense expenditures increased \$133.4 million primarily due to disaster response, (4) agriculture & natural resources expenditures of \$36.6 million due to water quality and natural resources projects, and (5) economic development expenditures of \$35.0 million primarily due to increases in federal program expenditures at Iowa Workforce Development. Other changes include: education expenditures increased \$44.4 million or 0.9% and transportation expenditures increased \$18.0 million or 2.8%. Capital outlay expenditures decreased \$54.2 million or 3.1%.

Tobacco Settlement Authority & Tobacco Collections Fund

The Tobacco Settlement Authority, a blended component unit, and the Tobacco Collections Fund, are no longer presented as major funds, and are now included in the Combining Nonmajor Special Revenue Funds statements. Because these two funds are now classified as nonmajor funds, discussion of significant changes is no longer required by GASB pronouncements. See NOTE 23 - RESTATEMENT OF PRIOR PERIOD for additional information.

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.

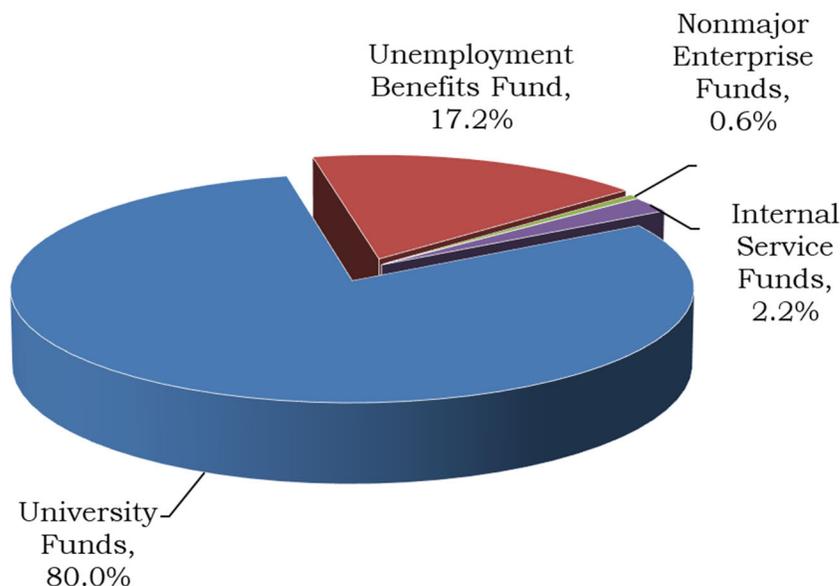
Total net position of the University Funds increased \$890.0 million (restated) to \$10,202.0 million. Of this amount \$4,798.4 million represents net investment in capital assets, \$726.5 million represents restricted net position, and \$4,677.1 million represents unrestricted net position.

The total net position of the Unemployment Benefits Fund, which is entirely restricted for unemployment benefits, increased \$103.0 million (restated) to end fiscal year 2025 at \$2,196.8 million.

The nonmajor enterprise funds' total net position increased \$6.4 million (restated), or 9.7%, to \$72.6 million.

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

Total Net Position - Proprietary Funds



General Fund Budgetary Highlights

Over the course of the year, the State normally revises the budget several times via supplemental appropriations and adjustments to standing appropriations. In fiscal year 2025, there were no supplemental appropriations.

- Adjustments to standing appropriations: \$50,696,505

The originally enacted General Fund budget for fiscal year 2025 of \$8,918.0 million was predicated on \$9,637.1 million, or a 1.1 percent decrease in General Fund revenues, as projected by the State's Revenue Estimating Conference (REC) on December 13, 2023. The December estimate reflected the expectation that revenues would decrease from an estimated \$9,746.5 million for fiscal year 2024.

At the March 15, 2024 meeting, the REC revised its fiscal year 2025 General Fund revenue estimate upward \$60.7 million, or 0.7 percent. At the October 17, 2024 meeting, the REC revised its fiscal year 2025 estimate downward to \$9,238.9 million to a revised change of negative 5.3 percent from 2024, based upon the law changes enacted

during the 2024 legislative session. On December 12, 2024, the REC decreased the estimate to \$9,153.6 million, a decrease of \$85.3 million. On March 13, 2025, the REC decreased the revenue estimate to \$9,134.6 million, or a revised change of negative 6.4 percent from 2024.

The State of Iowa has various statutory standing appropriations where a fixed amount is not appropriated. These are either formula-driven (as is the case for the largest General Fund appropriation, 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 2025, these standing appropriations were more than the original estimates by \$50.7 million. A variety of standing appropriations make up the changes to standing appropriations.

During April, May and June of 2025, and throughout the accrual period, actual General Fund revenue collections continued to run below the revised projections. At the close of fiscal year 2025, revenue collections totaled \$8,942.2 million, which is an 8.3 percent decrease from fiscal year 2024.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the State had \$21,059.0 million invested in capital assets, net of accumulated depreciation/amortization of \$21,482.6 million. Depreciation/amortization charges totaled \$1,435.7 million in fiscal year 2025. 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/Amortization
(In Millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2024-2025
	2025	2024 ¹	2025	2024 ¹	2025	2024 ¹	
Land	\$ 1,087.0	\$ 1,055.4	\$ 112.3	\$ 111.8	\$ 1,199.3	\$ 1,167.2	2.8%
Permanent easements	8.0	6.5	-	-	8.0	6.5	23.1%
Construction in progress	124.4	79.1	771.0	867.9	895.4	947.0	-5.4%
Computer software in progress	54.5	68.7	6.4	58.3	60.9	127.0	-52.0%
Subscriptions in progress	3.9	8.8	4.7	-	8.6	8.8	-2.3%
Land improvements	111.2	104.9	64.6	70.9	175.8	175.8	0.0%
Works of art & collections	1.0	1.0	492.7	487.5	493.7	488.5	1.1%
Infrastructure	10,495.3	10,069.9	496.9	495.6	10,992.2	10,565.5	4.0%
Buildings & improvements	1,105.9	1,096.3	4,387.4	3,926.9	5,493.3	5,023.2	9.4%
Equipment & vehicles	331.9	321.7	541.6	461.0	873.5	782.7	11.6%
Computer software	225.9	197.4	24.7	34.2	250.6	231.6	8.2%
Other intangibles	-	-	0.1	0.2	0.1	0.2	-50.0%
Lease assets	31.1	32.2	215.2	167.5	246.3	199.7	23.3%
Subscriptions	208.4	200.7	152.9	84.2	361.3	284.9	26.8%
Total	\$ 13,788.5	\$ 13,242.6	\$ 7,270.5	\$ 6,766.0	\$21,059.0	\$ 20,008.6	5.2%

¹ Figures for June 30, 2024 have been restated to include fiscal year 2025 adjustments to beginning net position related to accounting error corrections, and were not restated for the change in accounting principle or changes within the reporting entity, in accordance with GASB Statement No. 100, Accounting Changes and Error Corrections. See NOTE 23.

In the governmental activities, capital assets, net of accumulated depreciation/amortization, increased \$545.9 million (restated), or 4.1%, to \$13,788.5 million. The largest changes were in infrastructure (an increase of \$425.4 million, or 4.2%), construction in progress (an increase of \$45.3 million, or 57.3%), computer software (an increase of \$28.5 million, or 14.4%), and land (an increase of \$31.6 million, or 3.0%). Infrastructure increased due to the completion of \$1,153.0 million of highway and bridge construction projects by the Department of Transportation (DOT), offset by the recognition of depreciation expense of \$724.6 million for the year. The increase in construction in progress is primarily the result of ongoing construction projects at the Department of Health & Human Services,

the Department of Corrections, and the Department of Public Defense. The increase in computer software is primarily due to the completion of a computer software project at Iowa Workforce Development. Land increased primarily due to acquisitions for road construction at DOT and land purchases by the Department of Natural Resources.

Capital assets, net of accumulated depreciation/amortization, in the business-type activities increased \$504.5 million over the prior year (restated) to \$7,270.5 million. The largest changes were in buildings & improvements (an increase of \$460.5 million, or 11.7%), as well as, equipment & vehicles (an increase of \$80.6 million, or 17.5%). These changes were primarily the result of construction projects and acquisition of equipment & vehicles at the University of Iowa, Iowa State University, and the University of Northern Iowa, offset by the recognition of depreciation expense of \$368.7 million for the year.

Outstanding commitments for future capital expenditures as of June 30, 2025 include \$416.7 million for highway and bridge construction, \$607.9 million for various projects at the three State universities, \$46.8 million for State facilities and buildings, \$19.0 million for State parks, recreational areas, fisheries and wetland projects, and \$5.1 million for public defense improvements at various locations.

Long-term Debt

At year-end, the State had \$3,621.5 million in revenue bonds, leases, subscriptions, and other financing arrangements outstanding as shown in Table 5. More detailed information about the State's long-term liabilities is presented in NOTE 8 of the financial statements.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2025	2024 ¹	2025	2024 ¹	2025	2024 ¹	2024-2025
Revenue bonds	\$ 837.9	\$ 964.2	\$2,089.3	\$1,919.6	\$2,927.2	\$2,883.8	1.5%
Leases	31.9	33.0	201.1	166.4	233.0	199.4	16.9%
Subscriptions	127.4	134.1	81.2	68.1	208.6	202.2	3.2%
Other financing arrangements	3.9	7.9	248.8	108.0	252.7	115.9	118.0%
Total	\$1,001.1	\$ 1,139.2	\$2,620.4	\$2,262.1	\$3,621.5	\$3,401.3	6.5%

¹ Figures for June 30, 2024 have been restated to include fiscal year 2025 adjustments to beginning net position related to accounting error corrections, and were not restated for the change in accounting principle or changes within the reporting entity, in accordance with GASB Statement No. 100, Accounting Changes and Error Corrections. See NOTE 23.

The State's total revenue bonds outstanding at fiscal year-end was \$2,927.2 million. This amount consisted of \$2,089.3 million in revenue bonds outstanding for the three State universities (for equipment and facilities), \$470.2 million in revenue bonds outstanding for the Tobacco Settlement Authority, \$3.4 million in revenue bonds outstanding for the Iowa Utilities Board, \$337.4 million in revenue bonds outstanding for the IJOBS program, and \$26.9 million in revenue bonds outstanding for Prison Infrastructure. These bonds are backed by the revenues of the issuing program.

Governmental activities outstanding revenue bonds decreased \$126.3 million, due to the payment of principal during fiscal year 2025. While business-type activities outstanding revenue bonds increased \$169.7 million, due to the issuance of \$275.9 million and \$23.5 million of new debt at the University of Iowa and the University of Northern Iowa, respectively; and the payment of principal by the three State universities.

The State's total lease liability was \$233.0 million at fiscal year-end, an increase of \$33.6 million over the prior year (restated). The increase is primarily due to the issuance of new leases totaling \$81.4 million, the largest being at Iowa PBS, Iowa Workforce Development, the University of Iowa, and Iowa State University, offset by the payment of principal as it was due.

The State's total subscription liability was \$208.6 million at fiscal year-end, an increase of \$6.4 million over the prior year (restated). The increase is primarily due to the issuance of new subscriptions totaling \$89.1 million, the largest being at the Department of Education, the Department of Transportation, the University of Iowa, and Iowa State University, offset by the payment of principal as it was due.

The State's total other financing arrangements was \$252.7 million at fiscal year-end, an increase of \$136.8 million. The increase is primarily due to the issuance of new loans totaling \$137.6 million at the University of Iowa, offset by the payment of principal as it was due.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Iowa saw revenue contraction in fiscal year 2025. Iowa's 8.3 percent decrease in General Fund revenues was more of a decrease than estimated. Personal income taxes dropped 0.9 percent, sales and use taxes grew 1.5 percent, and corporate income taxes dropped 7.3 percent.

The Governor and General Assembly finished their work on May 15, 2025. Amounts available for appropriation in fiscal year 2026, based on the 99 percent budget limitation for the General Fund budget, were \$10,483.1 million. General Fund appropriations totaled \$9,422.8 million.

At the REC meeting in October 2025, the fiscal year 2026 revenue estimate was decreased from \$8,507.9 million to \$8,134.1 million, largely as a reflection of law changes enacted by the federal government. The revised estimate reflects a projected revenue decrease of 9.0 percent compared to actual revenues for the previous fiscal year.

The unemployment rate nationally stands at 4.3 percent for the month of September 2025, up from 4.2 percent in July 2025. Nationally, GDP growth for the first quarter of the calendar year 2025 decreased 0.6 percent and increased 3.8 percent in the second quarter. Moody's Analytics expects the third quarter to be 1.8 percent, the fourth quarter to be 0.8 percent, and 1.5 percent growth for 2026.

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, 2025
(Expressed in Thousands)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Current assets:				
Cash & investments	\$ 9,948,114	\$ 3,458,622	\$ 13,406,736	\$ 2,086,084
Deposits with trustees	70,663	43	70,706	-
Accounts receivable (net)	2,828,833	1,371,729	4,200,562	190,690
Interest receivable	-	3,738	3,738	16,244
Loans receivable (net)	9,140	2,182	11,322	230,654
Lease receivable	1,243	-	1,243	86
Internal balances	45,765	(45,765)	-	-
Inventory	45,300	138,665	183,965	1,183
Prepaid expenses	78,319	63,252	141,571	1,739
Investments in prize annuities	-	87	87	-
Other assets	-	-	-	37,454
Total current assets	<u>13,027,377</u>	<u>4,992,553</u>	<u>18,019,930</u>	<u>2,564,134</u>
Noncurrent assets:				
Cash & investments	10,560	5,276,886	5,287,446	5,513,961
Deposits with trustees	15,015	5,183	20,198	-
Accounts receivable (net)	183,483	31,340	214,823	342,140
Loans receivable (net)	23,581	33,258	56,839	2,870,577
Lease receivable	2,827	-	2,827	2,876
Capital assets - nondepreciable/nonamortizable	1,277,806	1,373,099	2,650,905	36,504
Capital assets - depreciable/amortizable (net)	12,510,690	5,897,374	18,408,064	118,456
Prepaid expenses	2,720	2,050	4,770	-
Net pension asset	15,794	324	16,118	-
Investments in prize annuities	-	1,358	1,358	-
Lottery prize reserve	-	6,722	6,722	-
Other assets	-	18,842	18,842	58,641
Total noncurrent assets	<u>14,042,476</u>	<u>12,646,436</u>	<u>26,688,912</u>	<u>8,943,155</u>
TOTAL ASSETS	<u>27,069,853</u>	<u>17,638,989</u>	<u>44,708,842</u>	<u>11,507,289</u>
DEFERRED OUTFLOWS OF RESOURCES				
Debt refunding loss	26,207	9,087	35,294	3,720
Related to acquisitions	-	256,410	256,410	-
Related to other postemployment benefits	51,105	73,282	124,387	815
Related to pensions	256,909	110,878	367,787	3,361
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>334,221</u>	<u>449,657</u>	<u>783,878</u>	<u>7,896</u>

(continued on next page)

STATE OF IOWA
Statement of Net Position

June 30, 2025
(Expressed in Thousands)

(continued)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
LIABILITIES				
Current liabilities:				
Accounts payable & accruals	2,509,831	824,799	3,334,630	78,650
Interest payable	1,866	28,645	30,511	75,845
Unearned revenue	477,046	184,536	661,582	98,104
Compensated absences	109,117	199,227	308,344	2,467
Lease liability	8,532	24,789	33,321	34
Subscription liability	23,144	27,156	50,300	-
Bonds payable	47,243	111,062	158,305	143,521
Other financing arrangements payable	3,890	11,817	15,707	-
Annuity prizes payable	-	87	87	-
Lottery prizes payable	-	5,201	5,201	-
Other postemployment benefits liability	10,300	12,881	23,181	100
Refundable allowances on student loans	-	392	392	-
Funds held in custody	-	4,486	4,486	120,824
Total current liabilities	3,190,969	1,435,078	4,626,047	519,545
Noncurrent liabilities:				
Accounts payable & accruals	72,900	73,463	146,363	51,942
Unearned revenue	4,682	2,032	6,714	-
Compensated absences	244,597	115,446	360,043	3,532
Lease liability	23,348	176,268	199,616	70
Subscription liability	104,295	54,079	158,374	-
Bonds payable	790,690	1,978,246	2,768,936	4,186,428
Other financing arrangements payable	-	236,934	236,934	-
Annuity prizes payable	-	1,358	1,358	-
Lottery prizes payable	-	6,722	6,722	-
Net pension liability	629,881	175,553	805,434	8,679
Other postemployment benefits liability	152,676	186,394	339,070	2,251
Refundable allowances on student loans	-	33,431	33,431	-
Funds held in custody	-	-	-	24,198
Total noncurrent liabilities	2,023,069	3,039,926	5,062,995	4,277,100
TOTAL LIABILITIES	5,214,038	4,475,004	9,689,042	4,796,645
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	-	-	-	13,721
Debt refunding gain	3,792	1,972	5,764	11,724
Related to contracts & grants	-	720	720	-
Related to leases	3,812	6,955	10,767	2,833
Related to life interest in real estate	1,182	-	1,182	-
Related to other postemployment benefits	118,601	100,443	219,044	1,850
Related to pensions	60,463	2,364	62,827	1,007
Related to public-private partnership	-	1,039,970	1,039,970	-
Unconditional remainder interest	152	-	152	-
TOTAL DEFERRED INFLOWS OF RESOURCES	188,002	1,152,424	1,340,426	31,135
NET POSITION				
Net investment in capital assets	13,510,658	4,843,187	18,353,845	153,320
Restricted for:				
Administration & regulation	669,909	-	669,909	-
Education	91,251	-	91,251	-
Health & human services	17,881	-	17,881	-
Justice & public defense	50,599	-	50,599	-
Economic development	48,196	-	48,196	-
Transportation	917,487	-	917,487	-
Agriculture & natural resources	20,464	-	20,464	-
University Funds - expendable	-	627,981	627,981	-
University Funds - nonexpendable	-	98,529	98,529	-
Permanent Funds - nonexpendable	18,610	-	18,610	-
Unemployment Benefits Fund	-	2,196,835	2,196,835	-
Net pension asset	15,794	324	16,118	-
Other	-	-	-	6,124,070
Unrestricted	6,641,185	4,694,362	11,335,547	410,015
TOTAL NET POSITION	\$ 22,002,034	\$ 12,461,218	\$ 34,463,252	\$ 6,687,405

The notes are an integral part of the financial statements.



STATE OF IOWA
Statement of Activities
For the Year Ended June 30, 2025
(Expressed in Thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES & CHANGES IN NET POSITION			COMPONENT UNITS
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
PRIMARY GOVERNMENT:								
Governmental activities:								
Administration & regulation	\$ 1,895,380	\$ 453,725	\$ 495,426	\$ -	\$ (946,229)	\$	\$ (946,229)	
Education	5,193,539	5,380	622,176	-	(4,565,983)		(4,565,983)	
Health & human services	12,499,135	957,711	8,672,601	-	(2,868,823)		(2,868,823)	
Justice & public defense	1,465,667	129,198	286,208	13,720	(1,036,541)		(1,036,541)	
Economic development	296,796	24,555	146,136	-	(126,105)		(126,105)	
Transportation	1,638,662	128,819	191,306	586,576	(731,961)		(731,961)	
Agriculture & natural resources	323,785	104,628	77,133	13,444	(128,580)		(128,580)	
Interest expense	31,703	-	-	-	(31,703)		(31,703)	
Total governmental activities	<u>23,344,667</u>	<u>1,804,016</u>	<u>10,490,986</u>	<u>613,740</u>	<u>(10,435,925)</u>		<u>(10,435,925)</u>	
Business-type activities:								
University Funds	7,446,115	5,928,618	1,051,573	70,807		(395,117)	(395,117)	
Unemployment Benefits Fund	357,454	410,242	973	-		53,761	53,761	
Other	736,578	961,170	-	274		224,866	224,866	
Total business-type activities	<u>8,540,147</u>	<u>7,300,030</u>	<u>1,052,546</u>	<u>71,081</u>		<u>(116,490)</u>	<u>(116,490)</u>	
TOTAL PRIMARY GOVERNMENT	<u>\$ 31,884,814</u>	<u>\$ 9,104,046</u>	<u>\$ 11,543,532</u>	<u>\$ 684,821</u>	<u>(10,435,925)</u>	<u>(116,490)</u>	<u>(10,552,415)</u>	
COMPONENT UNITS:								
Iowa Finance Authority	\$ 414,693	\$ 29,235	\$ 302,597	\$ -				\$ (82,861)
Iowa Economic Development Authority	242,866	1,174	247,396	-				5,704
Iowa State Fair Authority	45,566	44,845	3,778	2,683				5,740
University of Iowa Center for Advancement & Affiliate	211,845	-	185,041	-				(26,804)
Iowa State University Foundation	190,841	-	163,398	-				(27,443)
University of Northern Iowa Foundation	32,825	24,586	-	-				(8,239)
University of Iowa Health System	24,541	18,623	-	-				(5,918)
TOTAL COMPONENT UNITS	<u>\$ 1,163,177</u>	<u>\$ 118,463</u>	<u>\$ 902,210</u>	<u>\$ 2,683</u>				<u>(139,821)</u>
GENERAL REVENUES:								
Personal income tax					4,031,701	-	4,031,701	-
Corporate income tax					610,873	-	610,873	-
Sales & use tax					3,616,174	-	3,616,174	-
Other tax					1,498,393	7,013	1,505,406	-
Motor fuel tax restricted for transportation purposes					676,565	-	676,565	-
Road use tax restricted for transportation purposes					508,743	-	508,743	-
Unrestricted investment earnings					494,610	556,739	1,051,349	604,062
Other					129,418	167,261	296,679	26,446
Gain on extinguishment of debt					48,116	-	48,116	-
Gain (loss) on disposal of assets					2,287	94	2,381	-
Transfers					(380,244)	380,244	-	-
TOTAL GENERAL REVENUES & TRANSFERS					<u>11,236,636</u>	<u>1,111,351</u>	<u>12,347,987</u>	<u>630,508</u>
CHANGE IN NET POSITION					800,711	994,861	1,795,572	490,687
NET POSITION - JULY 1					21,209,299	11,514,134	32,723,433	6,196,718
RESTATEMENT OF NET POSITION					(7,976)	(47,777)	(55,753)	-
NET POSITION - JULY 1, RESTATED					<u>21,201,323</u>	<u>11,466,357</u>	<u>32,667,680</u>	<u>6,196,718</u>
NET POSITION - JUNE 30					<u>\$ 22,002,034</u>	<u>\$ 12,461,218</u>	<u>\$ 34,463,252</u>	<u>\$ 6,687,405</u>

The notes are an integral part of the financial statements.



GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Funds

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

Tobacco Settlement Authority, a blended component unit of the State of Iowa, was reclassified from a major special revenue fund to a nonmajor special revenue fund. See NOTE 23 - RESTATEMENT OF PRIOR PERIOD.

Tobacco Collections Fund was reclassified from a major special revenue fund to a nonmajor special revenue fund. See NOTE 23 - RESTATEMENT OF PRIOR PERIOD.

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

STATE OF IOWA

**Balance Sheet
Governmental Funds**

June 30, 2025
(Expressed in Thousands)

	GENERAL FUND	TOBACCO SETTLEMENT AUTHORITY	TOBACCO COLLECTIONS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Current assets:					
Cash & investments	\$ 9,599,005	\$ -	\$ -	\$ 200,846	\$ 9,799,851
Deposits with trustees	70,663	-	-	-	70,663
Accounts receivable (net)	2,770,054	-	-	55,908	2,825,962
Loans receivable (net)	9,140	-	-	-	9,140
Lease receivable	1,243	-	-	-	1,243
Due from other funds	112,327	-	-	19,350	131,677
Inventory	38,583	-	-	105	38,688
Prepaid expenditures	63,068	-	-	236	63,304
Total current assets	<u>12,664,083</u>	<u>-</u>	<u>-</u>	<u>276,445</u>	<u>12,940,528</u>
Noncurrent assets:					
Cash & investments	-	-	-	10,560	10,560
Deposits with trustees	-	-	-	15,015	15,015
Accounts receivable (net)	183,410	-	-	73	183,483
Loans receivable (net)	23,581	-	-	-	23,581
Lease receivable	2,827	-	-	-	2,827
Prepaid expenditures	1,266	-	-	-	1,266
Total noncurrent assets	<u>211,084</u>	<u>-</u>	<u>-</u>	<u>25,648</u>	<u>236,732</u>
TOTAL ASSETS	<u>\$ 12,875,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,093</u>	<u>\$ 13,177,260</u>
LIABILITIES					
Current liabilities:					
Accounts payable & accruals	\$ 2,409,251	\$ -	\$ -	\$ 15,616	\$ 2,424,867
Due to other funds	113,121	-	-	85,924	199,045
Unearned revenue	426,297	-	-	1,743	428,040
Total current liabilities	<u>2,948,669</u>	<u>-</u>	<u>-</u>	<u>103,283</u>	<u>3,051,952</u>
Noncurrent liabilities:					
Accounts payable & accruals	5	-	-	315	320
Unearned revenue	4,682	-	-	-	4,682
Total noncurrent liabilities	<u>4,687</u>	<u>-</u>	<u>-</u>	<u>315</u>	<u>5,002</u>
TOTAL LIABILITIES	<u>2,953,356</u>	<u>-</u>	<u>-</u>	<u>103,598</u>	<u>3,056,954</u>
DEFERRED INFLOWS OF RESOURCES					
Leases	3,812	-	-	-	3,812
Deferred revenue	736,308	-	-	23,542	759,850
Unconditional remainder interest	-	-	-	152	152
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>740,120</u>	<u>-</u>	<u>-</u>	<u>23,694</u>	<u>763,814</u>
FUND BALANCES					
Nonspendable	102,917	-	-	18,951	121,868
Spendable:					
Restricted	1,547,530	-	-	125,496	1,673,026
Committed	8,152,992	-	-	30,651	8,183,643
Unassigned	(621,748)	-	-	(297)	(622,045)
TOTAL FUND BALANCES	<u>9,181,691</u>	<u>-</u>	<u>-</u>	<u>174,801</u>	<u>9,356,492</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	<u>\$ 12,875,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,093</u>	<u>\$ 13,177,260</u>

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, 2025
(Expressed in Thousands)

Total fund balances - governmental funds \$ 9,356,492

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 \$27,690,227,000 and the accumulated depreciation/amortization is \$(14,128,310,000). 13,561,917

Revenue recognition for capital assets acquired through life-interests in real estate is deferred until the conclusion of the related agreements. (1,182)

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. 288,733

Certain revenues are earned but not available and, therefore, are recognized as deferred inflows of resources in governmental funds. 759,850

Net pension assets are not available in the current period and therefore are not reported in the governmental funds. 15,794

Pension related and other postemployment benefits (OPEB) deferred amounts are not due and payable in the current year and, therefore, are not reported in the governmental funds:

Pension related deferred outflows of resources	\$ 250,470	
Pension related deferred inflows of resources	(59,635)	
Net pension related deferred		190,835
OPEB related deferred outflows of resources	50,021	
OPEB related deferred inflows of resources	(116,480)	
Net OPEB related deferred		(66,459)

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. 22,415

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

Bonds payable	(837,933)	
Accrued interest payable	(1,866)	
Compensated absences	(344,885)	
Lease liability	(31,409)	
Subscription liability	(77,100)	
Other financing arrangements payable	(3,890)	
Early retirement/termination benefits	(19,507)	
Risk management	(30,000)	
Net pension liability	(617,308)	
Other postemployment benefits liability	(159,687)	
Other long-term liabilities	(2,776)	
Total long-term liabilities		(2,126,361)

Net position of governmental activities \$ 22,002,034

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, 2025
(Expressed in Thousands)

	GENERAL FUND	TOBACCO SETTLEMENT AUTHORITY	TOBACCO COLLECTIONS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 11,938,586	\$ -	\$ -	\$ -	\$ 11,938,586
Receipts from other entities	10,668,647	-	-	16,176	10,684,823
Investment income	485,838	-	-	8,922	494,760
Fees, licenses & permits	1,723,499	-	-	145,765	1,869,264
Refunds & reimbursements	924,381	-	-	46,298	970,679
Sales, rents & services	33,129	-	-	26,356	59,485
Miscellaneous	874,870	-	-	22,851	897,721
GROSS REVENUES	<u>26,648,950</u>	<u>-</u>	<u>-</u>	<u>266,368</u>	<u>26,915,318</u>
Less revenue refunds	2,397,274	-	-	4,599	2,401,873
NET REVENUES	<u>24,251,676</u>	<u>-</u>	<u>-</u>	<u>261,769</u>	<u>24,513,445</u>
EXPENDITURES					
Current:					
Administration & regulation	1,852,168	-	-	13,296	1,865,464
Education	5,176,577	-	-	12,468	5,189,045
Health & human services	12,466,945	-	-	1,019	12,467,964
Justice & public defense	1,382,892	-	-	3,730	1,386,622
Economic development	299,268	-	-	-	299,268
Transportation	661,424	-	-	-	661,424
Agriculture & natural resources	288,242	-	-	10,929	299,171
Capital outlay	1,718,152	-	-	55,989	1,774,141
Debt service:					
Principal	81,123	-	-	34,660	115,783
Interest & fiscal charges	20,352	-	-	9,659	30,011
TOTAL EXPENDITURES	<u>23,947,143</u>	<u>-</u>	<u>-</u>	<u>141,750</u>	<u>24,088,893</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>304,533</u>	<u>-</u>	<u>-</u>	<u>120,019</u>	<u>424,552</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	411,183	-	-	98,457	509,640
Transfers out	(689,294)	-	-	(200,590)	(889,884)
Leases, subscriptions & other financing	39,424	-	-	-	39,424
TOTAL OTHER FINANCING SOURCES (USES)	<u>(238,687)</u>	<u>-</u>	<u>-</u>	<u>(102,133)</u>	<u>(340,820)</u>
NET CHANGE IN FUND BALANCES	65,846	-	-	17,886	83,732
FUND BALANCES - JULY 1	9,121,705	31,107	-	115,518	9,268,330
RESTATEMENT OF FUND BALANCES	(5,860)	(31,107)	-	41,397	4,430
FUND BALANCES - JULY 1, RESTATED	<u>9,115,845</u>	<u>-</u>	<u>-</u>	<u>156,915</u>	<u>9,272,760</u>
FUND BALANCES - JUNE 30	<u>\$ 9,181,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,801</u>	<u>\$ 9,356,492</u>

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, 2025
(Expressed in Thousands)

Net change in fund balances - total governmental funds \$ 83,732

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/amortization expense. In the current year, these amounts are:

Capital outlay	\$	1,452,942	
Depreciation/amortization expense		(890,129)	
Excess of capital outlay over depreciation/amortization expense			562,813

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. (8,600)

Some capital additions were financed through 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:

Leases		(9,577)	
Subscriptions		(29,847)	
Total			(39,424)

Gain on extinguishment of debt 48,116

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		75,602	
Lease payments		9,929	
Subscription payments		31,085	
Other financing arrangements payments		4,023	
Total long-term debt repayments			120,639

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. 25,536

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. (41,899)

Pension related and other postemployment benefits (OPEB) related deferred amounts are not due and payable in the current year and, therefore, are not reported in governmental funds:

Pension related deferred outflows of resources		(116,658)	
Pension related deferred inflows of resources		(10,969)	
Net pension related deferred			(127,627)
OPEB related deferred outflows of resources		(2,118)	
OPEB related deferred inflows of resources		(15,208)	
Net OPEB related deferred			(17,326)

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

Compensated absences		(7,699)	
Early retirement/termination benefits		1,341	
Net pension liability (asset)		188,508	
Other postemployment benefits liability		14,740	
Other		(2,139)	
Total additional expenses			194,751

Change in net position of governmental activities \$ 800,711

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 contributions from employers and federal funds 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, 2025
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS		
ASSETS					
Current assets:					
Cash & investments	\$ 1,243,826	\$ 2,144,148	\$ 63,697	\$ 3,451,671	\$ 155,213
Deposits with trustees	43	-	-	43	-
Accounts receivable (net)	1,208,991	146,973	15,765	1,371,729	2,871
Interest receivable	3,738	-	-	3,738	-
Loans receivable (net)	2,182	-	-	2,182	-
Due from other funds	-	1,012	3,980	4,992	120,138
Inventory	127,706	-	10,959	138,665	6,612
Prepaid expenses	57,457	-	5,795	63,252	15,015
Investment in prize annuities	-	-	87	87	-
Total current assets	<u>2,643,943</u>	<u>2,292,133</u>	<u>100,283</u>	<u>5,036,359</u>	<u>299,849</u>
Noncurrent assets:					
Cash & investments	5,276,886	-	-	5,276,886	-
Deposits with trustees	5,183	-	-	5,183	-
Accounts receivable (net)	31,340	-	-	31,340	-
Loans receivable (net)	33,258	-	-	33,258	-
Capital assets - nondepreciable/nonamortizable	1,366,056	-	7,043	1,373,099	67
Capital assets - depreciable/amortizable (net)	5,853,945	-	43,429	5,897,374	226,512
Prepaid expenses	2,050	-	-	2,050	1,454
Net pension asset	-	-	324	324	-
Investment in prize annuities	-	-	1,358	1,358	-
Lottery prize reserve	-	-	6,722	6,722	-
Other assets	17,977	-	865	18,842	-
Total noncurrent assets	<u>12,586,695</u>	<u>-</u>	<u>59,741</u>	<u>12,646,436</u>	<u>228,033</u>
TOTAL ASSETS	<u>15,230,638</u>	<u>2,292,133</u>	<u>160,024</u>	<u>17,682,795</u>	<u>527,882</u>
DEFERRED OUTFLOWS OF RESOURCES					
Debt refunding loss	9,087	-	-	9,087	-
Related to acquisitions	256,410	-	-	256,410	-
Related to other postemployment benefits	72,363	-	919	73,282	1,084
Related to pensions	107,788	-	3,090	110,878	6,439
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>445,648</u>	<u>-</u>	<u>4,009</u>	<u>449,657</u>	<u>7,523</u>

(continued on next page)

STATE OF IOWA
Statement of Net Position
Proprietary Funds

June 30, 2025
(Expressed in Thousands)

(continued)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS		
LIABILITIES					
Current liabilities:					
Accounts payable & accruals	792,724	10,337	21,738	824,799	52,541
Due to other funds	-	2,852	31,489	34,341	23,421
Interest payable	28,645	-	-	28,645	-
Unearned revenue	101,195	82,109	424	183,728	49,814
Compensated absences	196,809	-	2,418	199,227	3,027
Lease liability	23,654	-	1,135	24,789	415
Subscription liability	27,156	-	-	27,156	6,674
Bonds payable	111,062	-	-	111,062	-
Other financing arrangements payable	11,817	-	-	11,817	-
Annuity prizes payable	-	-	87	87	-
Lottery prizes payable	-	-	5,201	5,201	-
Other postemployment benefits liability	12,720	-	161	12,881	208
Refundable allowances on student loans	392	-	-	392	-
Funds held in custody	4,486	-	-	4,486	-
Total current liabilities	<u>1,310,660</u>	<u>95,298</u>	<u>62,653</u>	<u>1,468,611</u>	<u>136,100</u>
Noncurrent liabilities:					
Accounts payable & accruals	73,269	-	194	73,463	52,719
Unearned revenue	1,754	-	278	2,032	-
Compensated absences	112,242	-	3,204	115,446	5,802
Lease liability	171,769	-	4,499	176,268	56
Subscription liability	54,079	-	-	54,079	43,665
Bonds payable	1,978,246	-	-	1,978,246	-
Other financing arrangements payable	236,934	-	-	236,934	-
Annuity prizes payable	-	-	1,358	1,358	-
Lottery prizes payable	-	-	6,722	6,722	-
Net pension liability	169,175	-	6,378	175,553	12,573
Other postemployment benefits liability	184,036	-	2,358	186,394	3,081
Refundable allowances on student loans	33,431	-	-	33,431	-
Total noncurrent liabilities	<u>3,014,935</u>	<u>-</u>	<u>24,991</u>	<u>3,039,926</u>	<u>117,896</u>
TOTAL LIABILITIES	<u>4,325,595</u>	<u>95,298</u>	<u>87,644</u>	<u>4,508,537</u>	<u>253,996</u>
DEFERRED INFLOWS OF RESOURCES					
Debt refunding gain	1,972	-	-	1,972	-
Related to contracts & grants	720	-	-	720	-
Related to leases	6,955	-	-	6,955	-
Related to other postemployment benefits	98,212	-	2,231	100,443	2,121
Related to pensions	855	-	1,509	2,364	828
Related to public-private partnership	1,039,970	-	-	1,039,970	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,148,684</u>	<u>-</u>	<u>3,740</u>	<u>1,152,424</u>	<u>2,949</u>
NET POSITION					
Net investment in capital assets	4,798,349	-	44,838	4,843,187	175,769
Restricted for:					
Expendable	627,981	-	-	627,981	-
Nonexpendable	98,529	-	-	98,529	-
Unemployment benefits	-	2,196,835	-	2,196,835	-
Net pension asset	-	-	324	324	-
Unrestricted	4,677,148	-	27,487	4,704,635	102,691
TOTAL NET POSITION	<u>\$ 10,202,007</u>	<u>\$ 2,196,835</u>	<u>\$ 72,649</u>	<u>12,471,491</u>	<u>\$ 278,460</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(10,273)	
NET POSITION OF BUSINESS-TYPE ACTIVITIES				<u>\$ 12,461,218</u>	

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, 2025
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS		
OPERATING REVENUES					
Employer contributions	\$ -	\$ 410,237	\$ -	\$ 410,237	\$ -
Receipts from other entities	-	973	197	1,170	267,830
Fees, licenses & permits	5,017,894	-	17,906	5,035,800	-
Refunds & reimbursements	-	-	1,214	1,214	48,901
Sales, rents & services	529,068	-	931,510	1,460,578	4,811
Grants & contracts	812,265	-	-	812,265	-
Independent/auxiliary operations	381,656	-	-	381,656	-
Miscellaneous	84,242	5	10,343	94,590	704
TOTAL OPERATING REVENUES	6,825,125	411,215	961,170	8,197,510	322,246
OPERATING EXPENSES					
General & administrative	-	-	9,867	9,867	-
Scholarship & fellowship	60,126	-	-	60,126	-
Depreciation/amortization	498,113	-	8,933	507,046	38,483
Direct & other	-	-	47,181	47,181	-
Prize	-	-	283,538	283,538	-
Personal services	3,897,978	-	7,614	3,905,592	49,663
Travel & subsistence	42,730	-	383	43,113	10,299
Supplies & materials	1,481,886	-	4,102	1,485,988	30,475
Contractual services	140,691	-	64,479	205,170	67,607
Equipment & repairs	1,142,275	-	4,682	1,146,957	58,294
Claims & miscellaneous	88,905	-	300,838	389,743	45,083
Licenses, permits & refunds	6,718	-	978	7,696	13
State aid & credits	-	357,454	3,520	360,974	-
TOTAL OPERATING EXPENSES	7,359,422	357,454	736,115	8,452,991	299,917
OPERATING INCOME (LOSS)	(534,297)	53,761	225,055	(255,481)	22,329
NONOPERATING REVENUES (EXPENSES)					
Gifts	239,308	-	-	239,308	-
Taxes	-	-	7,013	7,013	-
Investment income	485,724	68,856	1,733	556,313	1,261
Interest expense	(75,700)	-	(77)	(75,777)	(1,581)
Other nonoperating revenue (expense)	83,019	-	-	83,019	-
Gain (loss) on disposal of capital assets	(6,144)	-	(177)	(6,321)	(1,011)
NET NONOPERATING REVENUES (EXPENSES)	726,207	68,856	8,492	803,555	(1,331)
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	191,910	122,617	233,547	548,074	20,998
Capital contributions & grants	70,807	-	274	71,081	-
Transfers in	627,273	-	-	627,273	-
Transfers out	-	(19,568)	(227,461)	(247,029)	-
CHANGE IN NET POSITION	889,990	103,049	6,360	999,399	20,998
TOTAL NET POSITION - JULY 1	9,340,773	2,108,546	70,550	11,519,869	257,462
RESTATEMENT OF NET POSITION	(28,756)	(14,760)	(4,261)	(47,777)	-
TOTAL NET POSITION - JULY 1, RESTATED	9,312,017	2,093,786	66,289	11,472,092	257,462
TOTAL NET POSITION - JUNE 30	\$ 10,202,007	\$ 2,196,835	\$ 72,649	\$ 12,471,491	\$ 278,460
Change in net position of enterprise funds				999,399	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(4,538)	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES				\$ 994,861	

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, 2025
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES -			TOTAL	GOVERNMENTAL
	ENTERPRISE FUNDS				
	UNIVERSITY	UNEMPLOYMENT	NONMAJOR		SERVICE
	FUNDS	BENEFITS	ENTERPRISE		FUNDS
		FUND	FUNDS		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers/students	\$ 5,578,282	\$ -	\$ 952,607	\$ 6,530,889	\$ -
Cash received from miscellaneous	138,886	5	10,261	149,152	-
Cash received from employers	-	398,509	-	398,509	-
Cash received from other entities	845,320	973	-	846,293	51,465
Cash received from interfund transactions	-	132	-	132	-
Cash received from reciprocal interfund activity	-	-	-	-	267,981
Cash payments to suppliers for goods & services	(2,891,974)	-	(421,198)	(3,313,172)	(197,875)
Cash payments to employees/students for services	(3,648,040)	-	(27,715)	(3,675,755)	(49,893)
Cash payments for unemployment claims	-	(354,688)	-	(354,688)	-
Cash payments for prizes	-	-	(285,102)	(285,102)	-
Cash payments for miscellaneous	(75,936)	-	-	(75,936)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(53,462)	44,931	228,853	220,322	71,678
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	590,776	-	-	590,776	-
Transfers out to other funds	-	(19,576)	(230,244)	(249,820)	-
Receipts from related agencies	334,201	-	-	334,201	-
Payments to related agencies	(334,544)	-	-	(334,544)	-
Other noncapital financing receipts	110,944	-	-	110,944	-
Other noncapital financing payments	(131)	-	-	(131)	-
Proceeds from noncapital gifts	200,722	-	-	200,722	-
Tax receipts	-	-	7,013	7,013	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	901,968	(19,576)	(223,231)	659,161	-
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES					
Acquisition & construction of capital assets	(1,228,383)	-	(9,830)	(1,238,213)	(37,467)
Interest payments	(82,275)	-	(77)	(82,352)	(1,581)
Debt payments	(217,501)	-	(1,297)	(218,798)	-
Other capital & related financing payments	(587)	-	-	(587)	-
Capital grants & contributions	37,530	-	-	37,530	-
Capital transfers in from other funds	35,192	-	-	35,192	-
Debt proceeds	568,455	-	-	568,455	-
Proceeds from disposal of capital assets	5,298	-	142	5,440	-
Other capital & related financing receipts	40,954	-	-	40,954	-
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	(841,317)	-	(11,062)	(852,379)	(39,048)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest & dividends on investments	156,120	68,856	1,770	226,746	1,261
Proceeds from sale & maturities of investments	1,660,117	-	227	1,660,344	-
Purchase of investments	(1,596,479)	-	-	(1,596,479)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	219,758	68,856	1,997	290,611	1,261
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	226,947	94,211	(3,443)	317,715	33,891
CASH & CASH EQUIVALENTS - JULY 1	421,613	2,049,937	71,665	2,543,215	121,322
RESTATEMENT OF CASH & CASH EQUIVALENTS	-	-	(4,525)	(4,525)	-
CASH & CASH EQUIVALENTS - JULY 1, RESTATED	421,613	2,049,937	67,140	2,538,690	121,322
CASH & CASH EQUIVALENTS - JUNE 30	648,560	2,144,148	63,697	2,856,405	155,213
INVESTMENTS	5,872,152	-	-	5,872,152	-
CASH & INVESTMENTS PER STATEMENT OF NET POSITION	\$ 6,520,712	\$ 2,144,148	\$ 63,697	\$ 8,728,557	\$ 155,213

(continued on next page)

STATE OF IOWA
Statement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2025
(Expressed in Thousands)
(continued)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (534,297)	\$ 53,761	\$ 225,055	\$ (255,481)	\$ 22,329
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation/amortization	498,113	-	8,933	507,046	38,483
(Increase) decrease in accounts receivable	(75,199)	(3,435)	5,485	(73,149)	477
(Increase) decrease in due from other funds	-	132	(3,214)	(3,082)	(10,947)
(Increase) decrease in inventory	(24,594)	-	493	(24,101)	689
(Increase) decrease in prepaid expenses	5,356	-	(4,106)	1,250	(3,312)
(Increase) decrease in loans receivable	418	-	-	418	-
(Increase) decrease in net pension asset	-	-	(324)	(324)	-
(Increase) decrease in other assets	(660)	-	(287)	(947)	-
(Increase) decrease in deferred outflows of resources	11,245	-	1,485	12,730	1,203
Increase (decrease) in accounts payable	93,998	(4,408)	(1,056)	88,534	16,519
Increase (decrease) in due to other funds	-	-	635	635	330
Increase (decrease) in unearned revenue	5,596	(1,119)	(288)	4,189	7,340
Increase (decrease) in compensated absences	14,997	-	472	15,469	1,583
Increase (decrease) in other liabilities	(1,223)	-	-	(1,223)	-
Increase (decrease) in lottery prizes payable	-	-	(1,344)	(1,344)	-
Increase (decrease) in prize annuities	-	-	(227)	(227)	-
Increase (decrease) in net pension liability	(15,142)	-	(2,725)	(17,867)	(2,619)
Increase (decrease) in other postemployment benefits liability	19,168	-	(196)	18,972	(1,479)
Increase (decrease) in deferred inflows of resources	(51,238)	-	62	(51,176)	1,082
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (53,462)	\$ 44,931	\$ 228,853	\$ 220,322	\$ 71,678
NONCASH CAPITAL, FINANCING & INVESTING ACTIVITIES					
Capital assets acquired	\$ 140,315	\$ -	\$ 559	\$ 140,874	\$ 1,059
Capital assets contributed	17,308	-	274	17,582	-
Capital gifts & grants	2,134	-	-	2,134	-
Unrealized gain on investments	248,359	-	-	248,359	-
TOTAL NONCASH INVESTING, CAPITAL & RELATED FINANCING ACTIVITIES	\$ 408,116	\$ -	\$ 833	\$ 408,949	\$ 1,059

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, 2025
(Expressed in Thousands)

	PENSION & OTHER EMPLOYEE BENEFIT FUNDS	PRIVATE PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
ASSETS			
Cash & cash equivalents	\$ 525,155	\$ 22,754	\$ 229,238
Receivables:			
Accounts	-	-	5,218
Contributions	94,294	-	-
Investments sold	86,158	-	-
Foreign exchange contracts	924,942	-	-
Taxes for other governments	-	-	148,990
Interest & dividends	73,366	-	2
Total receivables	<u>1,178,760</u>	<u>-</u>	<u>154,210</u>
Investments, at fair value:			
Fixed income securities	13,525,374	-	5,637
Equity investments	19,646,019	7,401,251	12,507
Real estate partnerships	76,364	-	-
Investment in private equity/debt	10,716,648	-	-
Real assets	3,198,567	-	-
Securities lending collateral pool	249,501	-	-
Total investments	<u>47,412,473</u>	<u>7,401,251</u>	<u>18,144</u>
Capital assets:			
Nondepreciable/nonamortizable	500	-	-
Depreciable/amortizable (net)	12,350	-	348
Total capital assets	<u>12,850</u>	<u>-</u>	<u>348</u>
Other assets	-	-	219
TOTAL ASSETS	<u>49,129,238</u>	<u>7,424,005</u>	<u>402,159</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to other postemployment benefits	<u>272</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Accounts payable & accruals	22,313	206	55,887
Accounts payable to other governments	-	-	289,450
Foreign exchange contracts payable	925,262	-	-
Payable for investments purchased	61,286	-	-
Payable to brokers for rebate & collateral	249,429	-	-
TOTAL LIABILITIES	<u>1,258,290</u>	<u>206</u>	<u>345,337</u>
DEFERRED INFLOWS OF RESOURCES			
Related to other postemployment benefits	<u>677</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted for:			
Pension/other postemployment benefits	47,870,543	-	-
Individuals, organizations & other entities	-	7,423,799	56,822
TOTAL NET POSITION	<u>\$ 47,870,543</u>	<u>\$ 7,423,799</u>	<u>\$ 56,822</u>

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, 2025
(Expressed in Thousands)

	PENSION & OTHER EMPLOYEE BENEFIT FUNDS	PRIVATE PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
ADDITIONS			
Contributions:			
Member/participant contributions	\$ 679,059	\$ 531,183	\$ 413,879
Employer contributions	1,022,116	-	-
Buy-back/buy-in contributions	3,994	-	-
Other contributions	-	2,175	107,250
Gifts, bequests & endowments	-	-	5,131
Total contributions	<u>1,705,169</u>	<u>533,358</u>	<u>526,260</u>
Investment income:			
Net increase (decrease) in fair value of investments	3,838,829	772,886	(3,147)
Interest	415,200	304	1,637
Dividends	85,493	-	-
Real assets & private equity	104,783	-	-
Other	1,104	-	-
Total investment income (loss)	<u>4,445,409</u>	<u>773,190</u>	<u>(1,510)</u>
Less investment expense	61,595	-	-
Net investment income (loss)	<u>4,383,814</u>	<u>773,190</u>	<u>(1,510)</u>
Tax collections for other governments	-	-	1,521,547
Court revenue collections for others	-	-	326,217
Court settlements	-	-	287
Miscellaneous	-	-	61,491
TOTAL ADDITIONS	<u><u>6,088,983</u></u>	<u><u>1,306,548</u></u>	<u><u>2,434,292</u></u>
DEDUCTIONS			
Pension & annuity benefits	2,820,792	-	-
Distributions to participants	-	740,745	413,263
Payments in accordance with agreements	2,282	-	143,669
Administrative expense	18,480	-	23,715
Payments of tax collections to other entities	-	-	1,521,547
Payment of court collections to others	-	-	326,217
Refunds	74,844	-	-
Other	-	2,976	3,623
TOTAL DEDUCTIONS	<u><u>2,916,398</u></u>	<u><u>743,721</u></u>	<u><u>2,432,034</u></u>
CHANGE IN NET POSITION	3,172,585	562,827	2,258
NET POSITION - JULY 1	<u>44,697,958</u>	<u>6,860,972</u>	<u>54,564</u>
NET POSITION - JUNE 30	<u><u>\$ 47,870,543</u></u>	<u><u>\$ 7,423,799</u></u>	<u><u>\$ 56,822</u></u>

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.

The **University of Iowa Center for Advancement & Affiliate, 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 Health System 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, 2025
(Expressed in Thousands)

	IOWA FINANCE AUTHORITY	IOWA ECONOMIC DEVELOPMENT AUTHORITY	IOWA STATE FAIR AUTHORITY	UNIVERSITY OF IOWA CENTER FOR ADVANCEMENT & AFFILIATE
ASSETS				
Current assets:				
Cash & investments	\$ 1,253,994	\$ 230,871	\$ 67,207	\$ 111,192
Accounts receivable (net)	-	35,539	8,113	96,441
Interest receivable	15,914	-	330	-
Loans receivable (net)	223,662	6,992	-	-
Lease receivable	-	-	86	-
Inventory	-	-	336	-
Prepaid expenses	-	418	306	-
Other assets	37,300	58	-	-
Total current assets	<u>1,530,870</u>	<u>273,878</u>	<u>76,378</u>	<u>207,633</u>
Noncurrent assets:				
Cash & investments	1,771,128	10,914	-	1,893,837
Accounts receivable (net)	-	-	1,006	176,921
Loans receivable (net)	2,806,432	64,102	-	-
Lease receivable	-	-	2,876	-
Capital assets - nondepreciable/nonamortizable	3,244	100	30,655	1,508
Capital assets - depreciable/amortizable (net)	11,073	44	88,273	14,786
Other assets	50,414	-	-	-
Total noncurrent assets	<u>4,642,291</u>	<u>75,160</u>	<u>122,810</u>	<u>2,087,052</u>
TOTAL ASSETS	<u>6,173,161</u>	<u>349,038</u>	<u>199,188</u>	<u>2,294,685</u>
DEFERRED OUTFLOWS OF RESOURCES				
Debt refunding loss	3,720	-	-	-
Related to other postemployment benefits	287	196	332	-
Related to pensions	1,272	1,319	770	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,279</u>	<u>1,515</u>	<u>1,102</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable & accruals	25,216	37,963	901	5,102
Interest payable	75,845	-	-	-
Unearned revenue	47,985	49,422	697	-
Compensated absences	529	241	326	-
Lease liability	-	-	34	-
Bonds payable	143,521	-	-	-
Other postemployment benefits liability	-	47	53	-
Funds held in custody	-	-	-	110,218
Total current liabilities	<u>293,096</u>	<u>87,673</u>	<u>2,011</u>	<u>115,320</u>
Noncurrent liabilities:				
Accounts payable & accruals	2,972	21	-	21,800
Compensated absences	1,100	1,406	1,026	-
Lease liability	-	-	70	-
Bonds payable	4,186,428	-	-	-
Net pension liability	3,100	3,529	2,050	-
Other postemployment benefits liability	856	701	694	-
Funds held in custody	-	-	-	-
Total noncurrent liabilities	<u>4,194,456</u>	<u>5,657</u>	<u>3,840</u>	<u>21,800</u>
TOTAL LIABILITIES	<u>4,487,552</u>	<u>93,330</u>	<u>5,851</u>	<u>137,120</u>
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of				
hedging derivatives	13,721	-	-	-
Debt refunding gain	11,724	-	-	-
Related to leases	-	-	2,833	-
Related to other postemployment benefits	644	746	460	-
Related to pensions	181	321	505	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>26,270</u>	<u>1,067</u>	<u>3,798</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	14,317	144	118,823	16,294
Restricted for:				
Bond resolutions	1,261,429	-	-	-
Clean water and drinking water programs	213,929	-	-	-
Title guaranty program	109,675	-	-	-
Economic development	-	64,591	-	-
Other purposes	43,245	-	27,722	2,103,825
Nonexpendable - foundations	-	-	-	-
Expendable - foundations	-	-	-	-
Unrestricted	22,023	191,421	44,096	37,446
TOTAL NET POSITION	<u>\$ 1,664,618</u>	<u>\$ 256,156</u>	<u>\$ 190,641</u>	<u>\$ 2,157,565</u>

(continued on next page)

STATE OF IOWA
Statement of Net Position
Component Units

June 30, 2025
(Expressed in Thousands)
(continued)

	IOWA STATE UNIVERSITY FOUNDATION	UNIVERSITY OF NORTHERN IOWA FOUNDATION	UNIVERSITY OF IOWA HEALTH SYSTEM	TOTAL COMPONENT UNITS
ASSETS				
Current assets:				
Cash & investments	\$ 371,122	\$ 34,758	\$ 16,940	\$ 2,086,084
Accounts receivable (net)	36,921	8,871	4,805	190,690
Interest receivable	-	-	-	16,244
Loans receivable (net)	-	-	-	230,654
Lease receivable	-	-	-	86
Inventory	-	-	847	1,183
Prepaid expenses	53	-	962	1,739
Other assets	-	96	-	37,454
Total current assets	<u>408,096</u>	<u>43,725</u>	<u>23,554</u>	<u>2,564,134</u>
Noncurrent assets:				
Cash & investments	1,581,845	240,696	15,541	5,513,961
Accounts receivable (net)	138,927	25,286	-	342,140
Loans receivable (net)	43	-	-	2,870,577
Lease receivable	-	-	-	2,876
Capital assets - nondepreciable/nonamortizable	960	-	37	36,504
Capital assets - depreciable/amortizable (net)	1,843	38	2,399	118,456
Other assets	6,485	1,742	-	58,641
Total noncurrent assets	<u>1,730,103</u>	<u>267,762</u>	<u>17,977</u>	<u>8,943,155</u>
TOTAL ASSETS	<u>2,138,199</u>	<u>311,487</u>	<u>41,531</u>	<u>11,507,289</u>
DEFERRED OUTFLOWS OF RESOURCES				
Debt refunding loss	-	-	-	3,720
Related to other postemployment benefits	-	-	-	815
Related to pensions	-	-	-	3,361
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,896</u>
LIABILITIES				
Current liabilities:				
Accounts payable & accruals	490	4,267	4,711	78,650
Interest payable	-	-	-	75,845
Unearned revenue	-	-	-	98,104
Compensated absences	1,371	-	-	2,467
Lease liability	-	-	-	34
Bonds payable	-	-	-	143,521
Other postemployment benefits liability	-	-	-	100
Funds held in custody	10,606	-	-	120,824
Total current liabilities	<u>12,467</u>	<u>4,267</u>	<u>4,711</u>	<u>519,545</u>
Noncurrent liabilities:				
Accounts payable & accruals	23,805	2,328	1,016	51,942
Compensated absences	-	-	-	3,532
Lease liability	-	-	-	70
Bonds payable	-	-	-	4,186,428
Net pension liability	-	-	-	8,679
Other postemployment benefits liability	-	-	-	2,251
Funds held in custody	24,198	-	-	24,198
Total noncurrent liabilities	<u>48,003</u>	<u>2,328</u>	<u>1,016</u>	<u>4,277,100</u>
TOTAL LIABILITIES	<u>60,470</u>	<u>6,595</u>	<u>5,727</u>	<u>4,796,645</u>
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of				
hedging derivatives	-	-	-	13,721
Debt refunding gain	-	-	-	11,724
Related to leases	-	-	-	2,833
Related to other postemployment benefits	-	-	-	1,850
Related to pensions	-	-	-	1,007
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,135</u>
NET POSITION				
Net investment in capital assets	2,803	38	901	153,320
Restricted for:				
Bond resolutions	-	-	-	1,261,429
Clean water and drinking water programs	-	-	-	213,929
Title guaranty program	-	-	-	109,675
Economic development	-	-	-	64,591
Other purposes	-	-	-	2,174,792
Nonexpendable - foundations	1,564,334	-	-	1,564,334
Expendable - foundations	445,725	289,595	-	735,320
Unrestricted	64,867	15,259	34,903	410,015
TOTAL NET POSITION	<u>\$ 2,077,729</u>	<u>\$ 304,892</u>	<u>\$ 35,804</u>	<u>\$ 6,687,405</u>

The notes are an integral part of the financial statements.

STATE OF IOWA
Statement of Activities
Component Units

For the Year Ended June 30, 2025
(Expressed in Thousands)

	IOWA FINANCE AUTHORITY	IOWA ECONOMIC DEVELOPMENT AUTHORITY	IOWA STATE FAIR AUTHORITY	UNIVERSITY OF IOWA CENTER FOR ADVANCEMENT & AFFILIATE
Expenses	\$ 414,693	\$ 242,866	\$ 45,566	\$ 211,845
Program revenues:				
Charges for services	29,235	1,174	44,845	-
Operating grants & contributions	302,597	247,396	3,778	185,041
Capital grants & contributions	-	-	2,683	-
Total program revenues	<u>331,832</u>	<u>248,570</u>	<u>51,306</u>	<u>185,041</u>
Net program (expenses) revenues	<u>(82,861)</u>	<u>5,704</u>	<u>5,740</u>	<u>(26,804)</u>
General revenues (expenses):				
Investment income	217,106	8,838	1,875	156,992
Other	-	683	6,124	-
Total general revenues	<u>217,106</u>	<u>9,521</u>	<u>7,999</u>	<u>156,992</u>
CHANGE IN NET POSITION	134,245	15,225	13,739	130,188
NET POSITION - JULY 1	<u>1,530,373</u>	<u>240,931</u>	<u>176,902</u>	<u>2,027,377</u>
NET POSITION - JUNE 30	<u>\$ 1,664,618</u>	<u>\$ 256,156</u>	<u>\$ 190,641</u>	<u>\$ 2,157,565</u>

(continued on next page)

STATE OF IOWA
Statement of Activities
Component Units

For the Year Ended June 30, 2025
(Expressed in Thousands)

(continued)

	IOWA STATE UNIVERSITY FOUNDATION	UNIVERSITY OF NORTHERN IOWA FOUNDATION	UNIVERSITY OF IOWA HEALTH SYSTEM	TOTAL COMPONENT UNITS
Expenses	\$ 190,841	\$ 32,825	\$ 24,541	\$ 1,163,177
Program revenues:				
Charges for services	-	24,586	18,623	118,463
Operating grants & contributions	163,398	-	-	902,210
Capital grants & contributions	-	-	-	2,683
Total program revenues	<u>163,398</u>	<u>24,586</u>	<u>18,623</u>	<u>1,023,356</u>
Net program (expenses) revenues	<u>(27,443)</u>	<u>(8,239)</u>	<u>(5,918)</u>	<u>(139,821)</u>
General revenues (expenses):				
Investment income	193,143	25,983	125	604,062
Other	5,101	219	14,319	26,446
Total general revenues	<u>198,244</u>	<u>26,202</u>	<u>14,444</u>	<u>630,508</u>
CHANGE IN NET POSITION	170,801	17,963	8,526	490,687
NET POSITION - JULY 1	<u>1,906,928</u>	<u>286,929</u>	<u>27,278</u>	<u>6,196,718</u>
NET POSITION - JUNE 30	<u>\$ 2,077,729</u>	<u>\$ 304,892</u>	<u>\$ 35,804</u>	<u>\$ 6,687,405</u>

The notes are an integral part of the financial statements.



STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Financial Reporting Entity

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

As required by GAAP, these financial statements present the State of Iowa (the primary government) and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State. The individual component unit financial statements, except for the Iowa Economic Development Authority (a single fund type) and the University of Iowa Strategic Initiatives Fund (a blended component unit of the University of Iowa), which do not issue separate financial statements, can be obtained by contacting: Iowa Department of Administrative Services, State Accounting Enterprise, Hoover State Office Bldg., 3rd Floor, 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.

- Tobacco Settlement Authority (Special Revenue Fund) was created to issue bonds to securitize payments due to the State pursuant to the Master Settlement Agreement between the State and the five largest tobacco manufacturers. The Authority's board consists of the Treasurer of State, Auditor of State and the Director of the Department of Management. The State has the ability to impose its will on the Authority and its sole purpose is to provide a secure and stable source of revenue from the tobacco settlement for the State.
- Iowa PBS Foundation (Special Revenue and Permanent Funds) promotes and serves as a funding medium for Iowa PBS, a division of the Iowa Department of Education. It solicits and manages gifts of money or property for the exclusive purpose of granting gifts of money or property to Iowa PBS which has sole discretion as to the use of the money or property. Iowa PBS provides support to the Foundation, including office space, website, legal services, television studio space and equipment, as well as, broadcast production staff. The State has the ability to control fundraising 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.
- The University of Iowa Strategic Initiatives Fund (Enterprise Fund) is a non-profit corporation organized and operated exclusively for charitable, educational and scientific purposes for the benefit of the University of Iowa. It manages the funds under the long-term lease and concession agreement for the University of Iowa Utility System; selects and supervises the independent investment manager(s); grants money to the University of Iowa to support the concessionaire payments of the public-private partnership (P3) agreement; determines the annual payout of the endowment for the purpose of granting gifts of money to the University of Iowa for scientific research and educational activities; and reviews all grant requests received by the Budget Review Board to ensure that each grant advances the University of Iowa's strategic plans and to advance the cause of education and research.

Discretely Presented Component Units

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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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. The State has the ability to impose its will upon the Authority.
- Iowa Economic Development Authority (Proprietary) undertakes programs to enhance economic development and to provide financing programs. The eleven 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.
- Iowa State Fair Authority (Proprietary) conducts the annual State Fair and Exposition and other interim events on the Iowa State Fairgrounds. The State is financially accountable for the Authority through fiscal dependency and imposition of a financial burden. Bonds issued by the Authority must be approved by the State and there is a history of financial support. (October 31 year-end)
- The University of Iowa Center for Advancement & Affiliate, Iowa State University Foundation and the University of Northern Iowa Foundation (Foundations) are private, nonprofit organizations that report under Financial Accounting Standards Board (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, liabilities, 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 Health System reports under GASB standards.
 - The Foundations are legally separate, tax exempt entities. They act primarily as fundraising 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, 2025, the Foundations distributed \$350.5 million to the Universities for academic and institutional support.
- University of Iowa Health System (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.

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.

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NOTES TO THE FINANCIAL STATEMENTS

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/amortization and reduced by outstanding balances for bonds, notes, leases, subscriptions, 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 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 balances include 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.

Spendable fund balances include resources that are in spendable form (e.g. cash) and are available for spending. Spendable fund balances are 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 used 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 and unassigned resources are available to be spent for the same purpose, the State's policy is, in general, to spend committed resources first.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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, was reclassified from a major special revenue fund to a nonmajor special revenue fund. See NOTE 23 – RESTATEMENT OF PRIOR PERIOD.

Tobacco Collections Fund – The Tobacco Collections Fund was reclassified from a major special revenue fund to a nonmajor special revenue fund. See NOTE 23 – RESTATEMENT OF PRIOR PERIOD.

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 contributions from employers and federal funds to provide benefits to eligible unemployed workers.

In addition, the State reports the following fund types:

Governmental Funds

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

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

Permanent Funds account for resources 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 fiduciary activities (1) for pension plans and other postemployment benefits (OPEB) plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet the criteria in paragraph 3 of GASB Statement No. 67 or paragraph 3 of GASB Statement No. 74, respectively, and (2) for other employee benefit plans when (a) resources are held in a trust where assets associated with the activity are administered through a trust in which the government is *not* a beneficiary, are dedicated to providing benefits to recipients in accordance with the benefit terms, and are legally protected from the creditors of the government and (b) contributions to the trust and earnings on those contributions are irrevocable. 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 all fiduciary activities that are (1) not required to be reported in pension (and other employee benefit) trust funds or investment trust funds and (2) assets associated with the activity are administered through a trust in which the government is *not* a beneficiary, are dedicated to

STATE OF IOWA

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providing benefits to recipients in accordance with the benefit terms, and are legally protected from the creditors of the government. Examples include Iowa Educational Savings Plan Trust and Iowa ABLE Savings Plan Trust.

Custodial Funds account for fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. These funds include local sales and services tax collections, offender/resident deposits, fines, fees and settlements.

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.

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.

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 30th, of the fiscal year, and paid within 60 days.

Proprietary and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Fiduciary fund liabilities are incurred when an event has happened that compels the government to disburse resources or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets.

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/amortization of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In fiscal year 2025, the State of Iowa implemented the following GASB standards:

- GASB Statement No. 101, *Compensated Absences*. This statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation, and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The statement also allows governments to disclose only the net change in the liability (as long as they identify it as a net change).
- GASB Statement No. 102, *Certain Risk Disclosures*. This statement establishes disclosure requirements to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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 \$74.6 million associated with certain funds has been assigned to other funds for fiscal year 2025.

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 the 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 reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*. (See NOTE 2 – CASH, INVESTMENTS AND SECURITIES LENDING.) IPERS has derivatives that are reported on the Statement of Fiduciary Net Position at fair value. (See NOTE 15 – PENSION PLANS.)

Certain State institutions participate in the Iowa Public Agency Investment Trust (IPAIT), a state and local government pooled investment account, created by Chapter 28E of the Code of Iowa. 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 administered by the Treasurer of State with Deutsche Bank as the lending agent. 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 lending agent 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 lending agent is permitted to accept collateral in the form of cash in U.S. dollars or U.S. government securities. 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.

At year end, the Systems had no credit risk exposure to borrowers because the amounts the borrowers owed the Systems did not exceed the amount the Systems owed the borrowers. The contracts with Deutsche Bank require it to indemnify the Systems if a borrower becomes insolvent, or if a loss is incurred from an investment of collateral in an overnight repurchase agreement. The securities lending contracts do not allow the Systems to pledge or sell collateral securities received unless the borrower defaults. As of June 30, 2025, the Systems had securities on loan, including accrued interest income, with a total value of \$266.7 million against collateral with a total value of \$279.9 million.

The majority of securities loans are open loans, i.e. one day maturity, where the rebate rate due to 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 account which is managed by Deutsche Bank in accordance with investment guidelines established by the Treasurer of State and reviewed 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.

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NOTES TO THE FINANCIAL STATEMENTS

The effective duration of the cash collateral pool at June 30, 2025, for IPERS was 0.00. Credit quality and years to maturity statistics for the cash collateral pool at June 30, 2025, for the Systems are as follows (expressed in thousands):

Securities Lending Collateral Pool

Investment Type	Fair Value *	Fair Value Hierarchy	Credit Risk: S&P Quality Rating	Investment Maturity (Years)	Redemption Frequency	Redemption Notice Period
Fixed income securities	\$ 338	Level 2	Not Rated	Less than 1	N/A	N/A
Money market funds	130,088	NAV	AAA	Less than 1	Daily	N/A
Overnight repurchase agreements	118,995	NAV	Not Rated	Less than 1	N/A	N/A
	<u>\$ 249,421</u>					

* See NOTE 2 - CASH, INVESTMENTS AND SECURITIES LENDING for additional information about fair value measurement.

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.

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.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

J. Capital Assets

Capital assets are reported in the government-wide and proprietary fund financial statements at historical cost. Donated capital assets acquired after June 30, 2015, are reported at their acquisition value at the date of acquisition. Capital assets received in a service concession arrangement are reported at their acquisition value when the asset is placed into service. 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 is recognized as an expense in the period incurred. Infrastructure (acquired after June 30, 1980) and intangible assets (acquired after June 30, 2009), as defined by the State's policy are reported. Reportable capital assets are defined by the State as assets above the following thresholds:

Tangible assets:	
Infrastructure	\$ 1,000,000
Land, buildings & improvements	50,000
Equipment & vehicles	5,000
Intangible assets:	
Computer Software	500,000
Subscriptions	500,000
Lease assets	50,000
Other	500,000

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

Tangible assets:	
Buildings & improvements other than buildings	20 - 50 years
Infrastructure	10 - 50 years
Equipment	2 - 20 years
Vehicles	3 - 10 years
Intangible assets:	
Lease assets	2 - 30 years
Computer software	5 - 20 years
Subscriptions	2 - 20 years
Other	5 - 20 years

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

K. Deferred Outflows of Resources

In addition to assets, the government-wide and fund financial statements may report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net assets 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 rate 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. In governmental fund types, bond discounts are recognized in the current period.

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

N. Deferred Inflows of Resources

In addition to liabilities, the government-wide and fund financial statements may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets 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 financial 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(2), of the Code of Iowa, states, "A payment of an obligation for goods and services shall not 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 subsection." 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 reserve funds: The Cash Reserve Fund and the Iowa Economic Emergency Fund, created in Sections 8.56 and 8.55 of the Code of Iowa. 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 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 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

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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 General Fund for the current fiscal year. Interest or earnings on moneys deposited in the Iowa Economic Emergency 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 Iowa Economic Emergency Fund by the end of each fiscal year. The balance may be used in determining the cash position of the General Fund of the State for payment of State obligations. Amounts in excess of the maximum balance are distributed as follows: (1) the difference between the actual net revenue for the General Fund of the State and the adjusted revenue estimate for the fiscal year is transferred to the Taxpayers Trust Fund, (2) the remainder of the excess, if any, shall be transferred to the General Fund of the State.

The General Assembly can only appropriate moneys in the fund for emergency expenditures. A maximum of 1% of the adjusted revenue estimate for the fiscal year may be used to prevent a deficit in the General Fund when *all* of the following have occurred: (1) the balance of the General Fund of the State at the end of the fiscal year prior to the appropriation made in this paragraph was negative; and (2) the Governor has issued an official proclamation and has notified the Legislative fiscal committee and the Legislative Services Agency that the balance of the General Fund is negative and that an appropriation made pursuant to Iowa Code section 8.55 brings the General Fund of the State into balance. Additionally, the Executive Council may receive an amount sufficient to pay expenses authorized in 7D.29 of the Code of Iowa.

R. Minimum Fund Balance Requirements

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

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles provide a hierarchy that prioritizes the inputs to fair value measurements based on the extent inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that would reflect the State's assumptions about how market participants would value an asset or liability based on the best information available. Fair value measurements should maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability that are used to measure fair value when observable inputs are not available. These inputs are developed based upon the best information available in such circumstances.

The categorization of fair value measurements by level of the hierarchy is based upon the lowest level input that is significant to the overall fair value measurement for a given asset or liability. In the event that changes in the inputs used in the fair value measurement of an asset or liability result in a transfer into a different level, such transfers are recognized at the end of the reporting period. In the absence of actively quoted market prices, price information

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

for external sources, including broker quotes and industry publications, is used. If pricing information from external sources is not available, or if observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value using discounted cash flows and other income valuation approaches.

Valuation techniques – Treasurer: The custodians for the Treasurer's investments, Bank of New York Mellon and Wells Fargo Bank, N.A., price securities based on information from third-party vendors. Where available, the custodians use more than one vendor for securities of each asset type, class, or issue. Vendor-provided prices are subjected to automated tolerance checks to identify and avoid, where possible, the use of inaccurate prices. Data received from vendors is checked to test for possible errors, which are researched manually. Vendor prices or prices from other specified alternative sources which are considered to be reliable are then applied for all customer accounts.

When a portfolio includes limited partnerships, commingled funds, real estate funds or other similar private investment vehicles that do not actively trade through established exchange mechanisms, such positions are usually valued by a general or managing partner (or functional equivalent). Certain private placements, or other difficult to price holdings, where there is no, or limited, information in the market place are frequently priced by investment managers whose portfolio holds the asset.

Valuation techniques – IPERS: Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest, which approximates fair value.

Debt, equity and derivative instrument securities classified in Level 1 are valued using prices quoted in active markets for those securities. Derivative instrument securities classified in Level 2 are securities whose values are either derived daily from associated traded securities or are determined by using a market approach that considers benchmark interest rates.

Debt and debt derivative instrument securities classified in Level 2 and Level 3 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 2 debt securities have nonproprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. Level 3 debt securities are solely composed of bank loans and these investments use proprietary information or single-source pricing.

Other real assets and private real estate separate accounts classified in Level 3 are investments generally valued using one or a combination of the following accepted valuation approaches: market, cost, or income. Independent third-party appraisals are required every three years. Annual appraisals are done internally by the advisors, and all portfolios have audited financials completed at fiscal year-end.

Net asset value per share (NAV): Universities' investments that do not have a readily determinable fair value, such as ownership interest in partners' capital, are reported using NAV. Used as a practical expedient for the estimated fair value, NAV per share or its equivalent is provided by the fund manager and reviewed by the Universities. Investment holdings using the NAV as a practical expedient consist of Universities' interests in funds investing in nonmarketable private equity, private debt, real assets, and infrastructure, as well as indirect holdings of publicly traded assets in fixed income and international equity commingled funds.

Due to the nature of the investments held by the funds, changes in market conditions, economic environment, regulatory environment, currency exchange rates, interest rates, and commodity price fluctuations may significantly impact the NAV of the funds and, consequently, the fair value of the Universities' interest in the funds and could materially affect the amounts reported in the financial statements. The Universities attempt to manage these risks through diversification, ongoing due diligence of fund managers, maintaining adequate liquidity, and continuously monitoring economic and market conditions.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

The fair value measurements, categorized by level of the fair value hierarchy, for the investments of the primary government, at June 30, 2025 follow (expressed in thousands):

Investments Measured at Fair Value					
Primary Government					
Investment Type	Total	Level 1	Level 2	Level 3	NAV
Fixed:					
U.S. government treasuries	\$ 1,934,407	\$ 168,114	\$ 1,766,293	\$ -	\$ -
U.S. government agencies	1,822,955	-	1,822,955	-	-
Government asset & mortgage-backed	385,759	-	385,759	-	-
Corporate bonds	171,987	1,843	170,144	-	-
Corporate asset backed	25,623	-	25,623	-	-
Private placements	3,312	-	3,312	-	-
Fixed income mutual funds	7,171,957	5,779,606	-	-	1,392,351
Commercial paper	164,485	-	164,485	-	-
Other fixed income	1,845,515	2,437	1,843,078	-	-
Total fixed	13,526,000	5,952,000	6,181,649	-	1,392,351
Equity:					
U.S. equity	62,293	61,059	1,234	-	-
Private equity	355,998	-	-	-	355,998
Non U.S. equity	2,731	2,731	-	-	-
Pooled & mutual funds	1,306,460	925,837	-	3	380,620
Real assets	309,767	-	-	-	309,767
Investment pools	2,301	154	196	-	1,951
Other	122,552	-	-	1,470	121,082
Total equity	2,162,102	989,781	1,430	1,473	1,169,418
Total	15,688,102	\$ 6,941,781	\$ 6,183,079	\$ 1,473	\$ 2,561,769
Other:					
Bank investments	66,248				
Money markets	514,060				
Total invested assets	\$ 16,268,410				

(Notes continue on next page.)

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NOTES TO THE FINANCIAL STATEMENTS

The following table summarizes investments measured at the net asset value per share, or equivalent, for the primary government, at June 30, 2025 (expressed in thousands):

Investments Measured at the Net Asset Value Primary Government

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed:				
Fixed income mutual funds	\$ 1,392,351	\$ -	daily - quarterly	5 - 60 days
Equity:				
Private equity	355,998	159,954	N/A	N/A
Pooled & mutual funds	380,620	-	daily - monthly	2 - 30 days
Real assets - redeemable	268,680	-	quarterly	60 - 90 days
Real assets - nonredeemable	41,087	951	N/A	N/A
Investment pools	1,951	-	N/A	N/A
Other - redeemable	91,726	11,870	daily, quarterly	lock period
Other - nonredeemable	29,356	91,776	N/A	N/A
Total equity	1,169,418	264,551		
Total	\$ 2,561,769	\$ 264,551		

The following information is provided for the investments of the primary government that are valued using the net asset value per share as a practical expedient:

- Fixed income mutual funds – This category includes investments in mutual funds holding assets that provide stability, generate income, and diversify market risk.
- Private equity – This category includes funds that invest in strategies such as private equity, private real estate, and private resource investments. Capital is committed during the course of the investment period, typically four years, of each fund, after which point capital commitments stop. The Universities’ interest in the nonredeemable funds is considered to be illiquid in that liquidation of the underlying assets of the fund are at the discretion of the general partner per the terms of the limited partnership agreement. Funds are typically liquidated over a period of 5 to 10 years, and include a mechanism to extend the length of the partnership with approval from limited partners.
- Pooled & mutual funds – This category includes investments in global equities including both developed and emerging markets.
- Real assets – This category includes funds that invest in open-end real estate. The Universities subscribe to purchase interests in the funds, which may be called up to 18 months after subscription date, based on the fund contribution queue. The Universities’ interest in the funds is redeemable on a quarterly or semi-annual basis following an additional lock period, with withdrawals dependent on each the fund’s redemption queue per the terms of the limited partnership agreement.
- Other – The other category includes (1) infrastructure and (2) private debt. The infrastructure category includes funds that invest in global infrastructure assets. The Universities subscribe to purchase interest in funds, which may be called up to 18 months after subscription date, based on the fund contribution queue. The Universities’ interest in the funds is redeemable on a quarterly or semi-annual basis following an additional lock period, with withdrawals dependent on each funds’ redemption queue per the terms of the limited partnership agreement. The private debt category includes funds that invest in financing to support private business, often by national and regional banks. Capital is committed during the course of the investment period, typically three to four years, of each fund, after which point capital commitments stop. The Universities’ interest in the nonredeemable funds is considered to be illiquid in that distributions from liquidation of the underlying assets of the fund are at the discretion of the general partner per the terms of the limited partnership agreement. Funds are typically liquidated over a period of three to five years and include a mechanism to extend the length of the partnership with approval from the limited partners.

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NOTES TO THE FINANCIAL STATEMENTS

The fair value measurements, categorized by level of the fair value hierarchy, for the investments of the fiduciary funds, at June 30, 2025 follow (expressed in thousands):

Investments Measured at Fair Value Fiduciary Funds					
Investment Type	Total	Level 1	Level 2	Level 3	NAV
Fixed:					
U.S. government treasuries	\$ 199,317	\$ 114,100	\$ 85,217	\$ -	\$ -
U.S. government agencies	266,009	-	266,009	-	-
Government asset & mortgage-backed	19,241	-	19,205	36	-
Corporate bonds	331,295	-	290,409	40,886	-
Corporate asset backed	4,167	-	4,167	-	-
Private placements	851,267	-	851,267	-	-
Fixed income mutual funds	879,685	1,280	-	9,556	868,849
Commingled bond funds	10,596,991	-	-	-	10,596,991
Other fixed income	909,948	143,017	4,483	762,448	-
Total fixed	<u>14,057,920</u>	<u>258,397</u>	<u>1,520,757</u>	<u>812,926</u>	<u>11,465,840</u>
Equity:					
U.S. equity	3,964,767	3,668,789	293,321	2,657	-
Private equity	7,887,581	-	-	-	7,887,581
Real assets	6,131,918	-	-	3,275,903	2,856,015
Commingled & mutual funds	22,991,863	6,892,204	511,375	-	15,588,284
Other	75,299	4,972	70,327	-	-
Total equity	<u>41,051,428</u>	<u>10,565,965</u>	<u>875,023</u>	<u>3,278,560</u>	<u>26,331,880</u>
Total	55,109,348	<u>\$ 10,824,362</u>	<u>\$ 2,395,780</u>	<u>\$ 4,091,486</u>	<u>\$ 37,797,720</u>
Other:					
Bank investments	55				
Money markets	944				
Total invested assets	<u>\$ 55,110,347</u>				

The following table summarizes investments measured at the net asset value per share, or equivalent, for the fiduciary funds, at June 30, 2025 (expressed in thousands):

Investments Measured at the Net Asset Value Fiduciary Funds				
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed:				
Fixed income mutual funds	\$ 868,849	\$ -	daily - quarterly	5 - 60 days
Commingled bond funds	10,596,991	-	daily - monthly	2 days
Total fixed	<u>11,465,840</u>	<u>-</u>		
Equity:				
Private equity	7,887,581	7,923	N/A	N/A
Real assets - redeemable	291	-	quarterly	60 - 90 days
Real assets - nonredeemable	2,855,724	769,163	N/A	N/A
Commingled & mutual funds	15,588,284	-	daily - monthly	2 - 30 days
Total equity	<u>26,331,880</u>	<u>777,086</u>		
Total	<u>\$ 37,797,720</u>	<u>\$ 777,086</u>		

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NOTES TO THE FINANCIAL STATEMENTS

The following information is provided for the investments of the fiduciary funds that are valued using the net asset value per share as a practical expedient:

- Commingled bond funds and commingled & mutual funds – Consists of various collective trust funds where assets are commingled for investment purposes. Each are valued at the net asset value of the units held at the end of the period based upon the fair value of the underlying investments.
- Private equity – Consists of 99 active partnerships within a legacy program and a fund-of-one investment that invests primarily in buyout, venture capital, special situations, and distressed debt funds. The fair values of these funds and the fund-of-one have been determined using net assets valued one quarter in arrears plus current quarter cash flows. These funds are not eligible for redemption. As underlying investments within the funds are liquidated, which on average can occur over the span of 5 to 10 years, distributions are received.
- Real assets – nonredeemable – Consists of 22 partnerships. All of the funds determine fair value by utilizing net asset values from one quarter in arrears plus current quarter cash flows. None of the private credit funds are eligible for redemption. As underlying investments within the funds are liquidated, which on average can occur over the span of 3 to 7 years, distributions are received.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State's exposure to credit risk for the fixed income investments of the primary government and fiduciary funds at June 30, 2025, is summarized as follows (expressed in thousands):

Primary Government			Fiduciary Funds		
S & P Quality Ratings	Fair Value	Percentage	S & P Quality Ratings	Fair Value	Percentage
TSY	\$ 1,923,521	14.22%	TSY	\$ 4,776,539	33.98%
AGY	33,730	0.25%	AGY	381	0.00%
AAA	90,629	0.67%	AAA	395,516	2.81%
AA	5,064,922	37.44%	AA	3,135,747	22.31%
A	216,520	1.60%	A	1,256,318	8.94%
BBB	116,092	0.86%	BBB	1,553,346	11.05%
BB	157,974	1.17%	BB	495,522	3.52%
B	117,089	0.87%	B	345,119	2.45%
Below B	4,798	0.04%	Below B	124,545	0.89%
Not rated	5,800,725	42.88%	Not rated	1,974,887	14.05%
Total	<u>\$ 13,526,000</u>	<u>100.00%</u>	Total	<u>\$ 14,057,920</u>	<u>100.00%</u>

The Treasurer of State's Investment Policy sets forth the objectives for the Pooled Money Fund. (Website: https://www.iowatreasurer.gov/media/cms/Investment_Policy_FY_2020_FINAL_276ABA86FD10C.pdf). The policy authorizes the investment in U.S. treasuries, agencies and instrumentalities; certificates of deposit and other evidences of deposit at federally insured depository institutions approved pursuant to Chapter 12C of the Code of Iowa.

The Universities investments are made in accordance with Chapter 12B.10 of the Code of Iowa, and the Iowa Board of Regents (BOR) policy. (Website: <https://www.iowaregents.edu/plans-and-policies/board-policy-manual/22-business-procedures#Investment%20Policy>). The Universities also manage exposure to credit risk by measuring portfolios against benchmarks as established by the BOR.

As a matter of practice, there are no overarching limitations of policies for credit risk exposures within the fixed-income portfolios of the Systems (IPERS, PORS and JRS). Each of the Systems' fixed-income portfolios are managed in accordance with an investment contract that is specific about permissible credit quality ranges and the average credit quality of the overall portfolios. In circumstances where downgrades occurred after the purchase, investment managers are permitted to hold a downgraded security if the manager believes it is prudent to do so. Policies related

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to credit risk pertaining to IPERS', PORS' and JRS' securities lending programs are 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 as TSY and AGY in the credit risk schedules.

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 issuer.

Policies of the Treasurer and Universities require that, except for U.S. treasuries, government agencies or instrumentalities, no more than five percent of an investment portfolio shall be invested in securities of a single issuer.

IPERS' guidelines for each investment manager establish limits on investments in any corporate entity. IPERS has no separate account 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 IPERS' net position restricted for pensions. PORS' and JRS' investment policies state no more than 4.9% of outstanding issues in a given security class may be purchased.

Custodial Credit Risk

Deposits: Custodial credit risk for deposits is the risk that in the event of a failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. 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 exceeds the total capital of the bank. If the applicable deposit insurance, the liquidation of pledged collateral, or the funds received from drawing on any Letters of Credit, and the assets of the bank which are liquidated within 30 days of the closing of the bank are not sufficient to satisfy the loss to public units, then the Treasurer shall obtain the additional amount needed to satisfy all remaining claims from the state sinking fund for public deposits in banks to the extent funds in the sinking fund are sufficient to cover public funds depositors' claims. If the funds in the sinking fund for public deposits in banks are inadequate to cover the remaining loss, the Treasurer shall make assessments against all remaining banks whose public funds deposits exceed federal deposit insurance coverage to satisfy the remaining loss. The \$1.2 billion of total combined bank deposits of the primary government and fiduciary funds at June 30, 2025, were exposed to custodial credit risk for \$456.8 million of uninsured and uncollateralized bank deposits, of which \$453.9 million was invested in money market funds as cash equivalents.

Investments: Custodial credit risk is the risk that, in the event of a failure of the counterparty, a government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the government's name and are held by either the counterparty or the counterparty's trust department or agent. The Treasurer's investment policy requires that all investments be held by a third-party custodian while the Universities and Systems have no formal policy for investment custodial credit risk. Of the \$71.4 billion of total combined investments of the primary government and fiduciary funds at June 30, 2025, \$2.3 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 \$1.95 billion 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.

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 maturity diversification parameters and liquidity funding requirements set by the Investment Committee.

Maturity Limitations: No investment shall be made in a U.S. Treasury note or bond, 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 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

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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 the investment policy.

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

The Universities' policies for the operating portfolio prohibit investment in securities that at the time of purchase have effective maturities exceeding 63 months. There is no explicit limit on the average maturity of fixed income securities in the endowment portfolios. Each fixed income portfolio is managed to an appropriate benchmark.

The Systems measure interest rate risk using the effective duration (or option-adjusted) methodology. 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. There are no organization-wide policies for interest rate risk exposure within the overall fixed-income portfolios. IPERS' core fixed-income investment contracts generally require the effective duration of the manager's portfolio to remain between 80% and 120% of the effective duration measure of a specific fixed-income index. However, all of IPERS' core fixed-income managers have authority under their contracts to reduce the interest rate sensitivity of their portfolios to less than 80% of the benchmark's effective duration (up to zero effective duration) if the managers forecast a period of rising interest rates. For high-yield bond portfolios, the effective duration must remain between 75% and 125% of the benchmark's effective duration. Interest rate risks associated with swaps and other derivative instruments are found in NOTE 2 C. No interest rate futures or options positions will be established that affect the duration or weighted average maturity of a fixed-income managed account by more than one year.

The State's exposure to interest rate risk for the fixed income investments of the primary government and the fiduciary funds at June 30, 2025, is summarized using the effective duration method, as follows (expressed in thousands):

Primary Government			Fiduciary Funds		
Investment Type	Fair Value	Effective Duration (Years)	Investment Type	Fair Value	Effective Duration (Years)
U.S. government treasuries	\$ 1,934,407	0.64	U.S. government treasuries	\$ 199,317	5.98
U.S. government agencies	1,822,955	1.84	U.S. government agencies	266,009	6.36
Government asset & mortgage-backed	385,759	0.67	Government asset & mortgage-backed	19,241	4.63
Corporate bonds	171,987	4.64	Corporate bonds	331,295	4.02
Corporate asset backed	25,623	0.64	Corporate asset backed	4,167	1.18
Private placements	3,312	0.41	Private placements	851,267	3.22
Fixed income mutual funds	7,171,957	1.64	Fixed income mutual funds	879,685	0.11
Commercial paper	164,485	0.20	Commingled bond funds	10,596,991	6.07
Other fixed income	1,845,515	0.12	Other fixed income	909,948	5.82
Total	\$ 13,526,000	1.31	Total	\$ 14,057,920	5.46

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of investments.

IPERS' currency policy allows its investment managers the discretion to hedge their foreign currency exposures. PORS' 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 upon their views on a specific foreign currency relative to the U.S. dollar. IPERS generally does not allow its managers to enter into currency positions greater than 100% or less than 0% of the underlying asset exposure in their respective portfolios. Exceptions are (1) as it relates to specific cross-hedging activity, which may be permitted in certain investment manager contracts, and (2) in liquid absolute return strategies (LARS) where the managers are permitted to tactically

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allocate across several asset classes and strategies, including currency. IPERS' net foreign currency exposure of the LARS managers was less than 1% of IPERS' total foreign currency exposure on June 30, 2025.

Foreign currency risk by investment type for the fiduciary funds, at June 30, 2025, follows (expressed in thousands):

	Total	Cash	Derivatives	Equity	Fixed Income
Australian dollar	\$ 85,928	\$ 484	\$ (1,483)	\$ 86,927	\$ -
Brazilian real	15,900	(15,931)	-	31,578	253
British pound	151,085	2,528	(1,619)	149,299	877
Canadian dollar	39,477	(141)	(620)	40,238	-
Chilean peso	6,395	517	-	5,834	44
Chinese yuan renminbi	31,083	6,813	-	24,270	-
Chinese yuan	(28,889)	(28,889)	-	-	-
Colombian peso	7,499	6,938	-	561	-
Czech koruna	40,719	39,812	-	953	(46)
Danish krone	16,132	2,082	-	14,050	-
Egyptian pound	504	6	-	498	-
Euro	416,528	(9,839)	156	405,207	21,004
Hong Kong dollar	99,304	963	(1,726)	100,067	-
Hungarian forint	4,327	(6,515)	-	10,777	65
Indian rupee	203,878	113,415	-	90,463	-
Indonesian rupiah	53,321	44,313	-	9,008	-
Israeli shekel	38,175	10,615	-	27,560	-
Japanese yen	322,043	8,100	141	313,802	-
Kuwaiti dinar	1,063	11	-	1,052	-
Malaysian ringgit	9,873	54	(13)	9,832	-
Mexican peso	30,711	10,313	-	18,155	2,243
New Zealand dollar	6,634	24	-	6,610	-
Norwegian krone	16,841	170	-	16,671	-
Philippine peso	7,358	3,095	-	4,263	-
Polish zloty	8,559	4,581	-	3,990	(12)
Qatari riyal	4,496	-	-	4,496	-
Romanian leu	6,782	6,782	-	-	-
Russian ruble	45	45	-	-	-
Saudi Arabian riyal	9,468	10	-	9,458	-
Singapore dollar	28,026	(1,998)	-	30,024	-
South African rand	26,832	1,908	(3)	23,761	1,166
South Korean won	40,458	(18,604)	363	58,672	27
Swedish krona	47,788	972	185	46,631	-
Swiss franc	76,559	3,812	-	72,747	-
Taiwanese dollar	120,167	33,676	-	86,491	-
Thai baht	4,687	(2,884)	(51)	7,613	9
Turkish lira	8,886	2	-	8,254	630
United Arab Emirates dirham	13,914	115	-	13,799	-
Uruguayan peso	316	-	-	-	316
Total	\$ 1,972,872	\$ 217,355	\$ (4,670)	\$ 1,733,611	\$ 26,576

Deposits with Trustees

Deposits with trustees totaled \$90.9 million at June 30, 2025. \$88.8 million was invested in equity securities not subject to credit quality ratings and the remaining \$2.1 million of deferred compensation funds are invested with a trustee in a mutual fund not subject to credit quality ratings.

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University Endowments

For donor restricted endowments, Chapter 540A of the Code of Iowa permits the Universities to spend the net appreciation of realized and unrealized earnings as the Universities determine to be prudent.

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

- University of Iowa: 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 5% of calendar year-end market values.
- Iowa State University: 5.5%, which includes a 1.25% administrative fee, of a three-year moving average market value.
- University of Northern Iowa: 5% of the three-year moving average of the fair value of the endowment.

Net appreciation of endowment funds available to meet spending rate distributions are as follows (expressed in thousands):

	Amount	Net Position Classification
University of Iowa	\$ 29,020	Restricted nonexpendable net position
Iowa State University	3,460	Restricted expendable net position
University of Northern Iowa	1,083	Restricted expendable net position

B. Component Units

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles provides a hierarchy of valuation classifications based on whether the inputs to the valuation techniques used in each valuation classification are observable or unobservable. See NOTE 2 A, for definitions of the three levels of the hierarchy.

The Iowa Finance Authority (Authority) categorizes its fair value measurements according to the fair value hierarchy. The Authority obtains its fair value pricing on fixed income investments from its third-party custodian. There are multiple pricing methodologies which are used to value the Authority's fixed income investments. These methods include, but are not limited to, gathering pricing from multiple market sources and vendor credit information, observed market movements, sector news into the pricing applications and models, or manual methods. Since none of the Authority's fixed income investments are actively traded on an exchange, yet rely on significant observable inputs for fair value pricing, these securities are classified as Level 2.

The Authority also holds investments in governmental money market mutual funds and the State of Iowa Treasurer pooled money fund. These investments are valued using cost-based measures. The State Treasurer manages the investments and accepts all risks with respect to the investments in the pool. The pool has no limitations or restrictions on withdrawals and transacts with the Authority at a value of \$1 per share.

The Authority obtains its fair value pricing on interest rate swaps and cap derivative instruments from a third-party vendor. The fair value of the forward mortgage-backed securities (MBS) sales and MBS purchase commitments are estimated based on internal valuation models. See NOTE 2 C, for further description of the fair value methodology for derivative instruments.

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The fair value measurements, categorized by level of the fair value hierarchy, for the investments of the component units, at June 30, 2025 follow (expressed in thousands):

Investments Measured at Fair Value

Investment Type	Total	Level 2
Fixed:		
U.S. government treasuries	\$ 130,327	\$ 130,327
U.S. government agencies	16,165	16,165
Government asset & mortgage-backed	1,788,866	1,788,866
Corporate bonds	6,339	6,339
Certificates of deposit	735	735
Total fixed	1,942,432	1,942,432
Other:		
Money markets	864,836	
State of Iowa Treasurer pooled money fund	101,207	
Healthcare joint ventures	15,500	
Total invested assets	\$ 2,923,975	

The University Foundations', discretely presented component units, cash and investments of \$4.2 billion are not subject to GASB disclosure requirements.

Credit Risk

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

The Iowa Finance Authority's (Authority) investment of funds may be governed by the Authority's investment policy approved by the Authority's board of directors, the Authority's various bond indentures and the State. Permitted investments include direct obligations of, or obligations guaranteed by or issued by, certain agencies of the federal government; repurchase agreements fully collateralized and secured by the U.S. Treasury; corporate bonds issued or guaranteed by a domestic U.S. corporation meeting certain credit rating standards; municipal bonds backed by the full faith and credit of the municipality; pooled money funds; money market funds; certificates of deposits; commercial paper with qualified corporations; and guaranteed investment contracts with financial institutions meeting certain credit rating standards. The Authority minimizes credit risk by limiting securities to the credits and types of investments authorized in the investment policy or relevant bond indentures; and prequalifying the financial institutions, brokers, dealers, and advisers with whom the Authority does business, as outlined in the Authority's investment policy.

The other 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, 2025, is summarized as follows (expressed in thousands):

S & P Quality Ratings	Fair Value	Percentage
AA	\$ 152,831	7.87%
Not rated	1,789,601	92.13%
Total	\$ 1,942,432	100.00%

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 type of security or single issuer.

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The Iowa Finance Authority's investment policy outlines the allowable concentrations of various investment categories. Bond indentures restrict the types of permitted investments. Portfolio maturities are staggered to avoid undue concentration of assets within a specific maturity period, which provides for stability of income and reasonable liquidity.

The other component units have no formal policy to manage concentration of credit risk.

Interest Rate Risk

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

The Iowa Finance Authority's strategy, as discussed in its investment policy, is to minimize interest rate risk by structuring investment portfolios so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

The other component units do not have formal policies limiting investment maturities as a means of managing exposure to interest rate risk.

The component units' exposure to interest rate risk for the fixed income investments at June 30, 2025, 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	\$ 130,327	1.55
U.S. government agencies	16,165	0.78
Government asset & mortgage-backed	1,788,866	24.41
Corporate bonds	6,339	1.18
Certificates of deposit	735	1.52
Total	<u>\$ 1,942,432</u>	<u>22.60</u>

C. Derivatives

Fiduciary Funds

GAAP requires the fair value of financial arrangements called "derivative instruments" to be reported in the financial statements of state and local governments. Further, derivative instruments are required to be categorized as either hedging derivative instruments or investment derivative instruments. All of IPERS' derivative instrument exposures at June 30, 2025, are categorized as investment derivative instruments and, therefore hedge accounting provisions are not applicable. No derivatives held by IPERS contain contingent features.

Some of IPERS' external investment managers may be permitted through their individual investment contracts to use derivative instruments, subject to IPERS' derivative instruments policy. Derivative instruments are contracts or securities whose returns are derived from the returns of other securities, indexes, or derivative instruments. This definition includes the most common type of derivative instrument, collateralized mortgage obligations (which typically make up a portion of IPERS' fixed-income portfolio), it also includes (but is not limited to) futures, forwards, options, options on futures, swaps, and swaptions. IPERS' managers are not permitted to utilize derivative instruments 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 instrument 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 implementing portable alpha strategies, including liquid absolute return strategies.

The various derivative instruments 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 Fiduciary Net Position. IPERS holds investments in limited partnerships and commingled investment funds, which may occasionally utilize derivative instruments for hedging purposes; however, any derivative instruments held by these types of investment vehicles are not included in this Note. IPERS could be exposed to risk if the counterparties to derivative instrument contracts are unable to meet the terms of the contracts (credit risk). 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 the counterparties will be

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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 derivative instruments for hedging purposes.

Futures and Options Contracts: IPERS had investments in various futures and options during the year. The Statement of Fiduciary Net Position reports these contracts at fair value.

Futures and options can potentially offer lower-cost, more efficient alternatives to buying the underlying securities or currency. They 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.

Summaries of futures and options contracts by sector that were outstanding at June 30, 2025, follow (expressed in thousands):

Futures Exposure Summary

	Number of Contracts	Notional Value	Fair Value	% of Total Fund NAV
Long Futures:				
Agriculture	3,592	\$ 74,943	\$ (1,853)	(0.00397)
Currency	1,687	113,785	1,542	0.00330
Energy	16,910	396,028	(3,025)	(0.00648)
Index	2,197	330,617	1,895	0.00406
Interest	5,992	975,661	5,757	0.01233
Metal	3,448	214,926	3,417	0.00732
Total	33,826	\$ 2,105,960	\$ 7,733	0.01656
Short Futures:				
Agriculture	(7,126)	\$ (115,250)	\$ 2,965	0.00635
Currency	(2,445)	(234,644)	(5,014)	(0.01074)
Energy	(14,452)	(355,639)	6,717	0.01439
Index	(648)	(118,765)	(262)	(0.00056)
Interest	(2,911)	(229,809)	(1,980)	(0.00424)
Metal	(2,469)	(175,244)	(4,392)	(0.00941)
Total	(30,051)	\$(1,229,351)	\$ (1,966)	(0.00421)

Options Exposure Summary

	Fair Value	% of Total Fund NAV
Options written:		
Agriculture	\$ (19)	(0.00004)
Energy	(585)	(0.00125)
Metal	(196)	(0.00042)
Total	\$ (800)	(0.00171)
Options purchased:		
Agriculture	\$ 6	0.00001

Credit Default Swaps: IPERS had investments in credit default swaps during the year. The credit default swaps are derivative instruments used to hedge or to replicate investments in debt obligations of corporate bond issuers.

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The risk of the credit default swap is comparable to the credit risk of the reference security. At June 30, 2025, the net notional value of the credit default swaps held in IPERS' fixed-income portfolio was \$62.5 million. The credit default swaps are reported at a fair value of \$0.8 million in the Statement of Fiduciary Net Position.

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 vice versa. 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, 2025, the net notional value of the interest rate swaps held in IPERS' fixed-income portfolio was \$461.7 million. All interest rate swaps held by IPERS are reported at a fair value of \$4.3 million in the Statement of Fiduciary Net Position.

Mortgage-Backed Securities: IPERS invests in mortgage-backed securities, which are reported in the Statement of Fiduciary Net Position at fair value based on estimated future cash flows from the interest and principal payments of the underlying mortgages. Mortgage-backed securities prices are sensitive to prepayments by mortgagees, a scenario that is more likely in declining-interest-rate environments. IPERS invests in mortgage-backed securities to diversify the portfolio and earn the return premium associated with prepayment risk. See NOTE 2 A for details on interest rate risks for these investments.

Component Units

Iowa Finance Authority (Authority) uses derivative instruments to manage and reduce exposure to adverse fluctuations in interest rates and to lower the overall cost of financing. All derivative instruments are recorded at fair value. Certain of the Authority's derivatives consist of interest rate swap and interest rate cap agreements entered into in connection with its issuance of variable rate mortgage revenue bonds. These derivative instruments are considered hedging derivative instruments and are recorded as other assets or other liabilities in the Statement of Net Position.

The Authority's additional derivative instruments are commitments to purchase mortgage-backed securities (MBS). These derivative instruments consist of forward sales of MBS in the To-Be-Announced market, which hedge changes in the fair value of the mortgage loan inventory and commitments. These contracts are considered investment derivative instruments and are recorded as other assets or other liabilities in the Statement of Net Position.

The Authority reports hedging derivative instruments' accumulated change in fair value as either deferred inflows or deferred outflows of resources in the Statement of Net Position, and investment derivative instruments' accumulated changes in fair value as part of the net increase/decrease in fair value of investments within the Statement of Revenues, Expenses and Changes in Net Position.

Aggregate debt service requirements of the Authority's hedged variable-rate debt and net receipts/payments on associated derivative instruments at June 30, 2025, follow (expressed in thousands):

Year Ending June 30,	Variable-rate Bonds Principal	Variable-rate Bonds Interest	Interest Rate Swaps, Net	Total
2026	\$ -	\$ 4,418	\$ (1,907)	\$ 2,511
2027	245	4,058	(1,910)	2,393
2028	505	4,054	(1,816)	2,743
2029	845	4,030	(1,655)	3,220
20.3	1,830	4,009	(1,654)	4,185
2031-2035	27,547	18,965	(6,431)	40,081
2036-2040	57,329	14,832	(2,762)	69,399
2041-2045	63,476	9,608	(1,346)	71,738
2046-2050	69,859	3,786	(188)	73,457
Thereafter	10,554	138	-	10,692
Total	<u>\$ 232,190</u>	<u>\$ 67,898</u>	<u>\$ (19,669)</u>	<u>\$ 280,419</u>

The amounts presented in the table above assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on hedging derivative instruments will vary. Not all variable rate debt is associated with a derivative instrument.

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Hedging Derivatives – Swaps: Swap agreements allow the Authority to raise funds at variable rates and swap them into fixed rates that are lower than those available to the Authority if fixed-rate borrowings were made directly. These contracts involve the exchange of variable-rate for fixed-rate payments between the parties, without the exchange of the underlying debt, based on a common notional amount and maturity date. The terms of the authority's swap hedging derivative instruments outstanding at June 30, 2025, follow (expressed in thousands):

Bond Series	2025		Termination Date	Pay	Terms	S & P Global Rating
	Notional Amount	Effective Date				
SF 2016 E	\$ 11,250	01/01/18	07/01/46	2.292%	67% (SOFR + 0.11448%)	A+
SF 2017 D	13,125	01/01/18	01/01/47	2.126%	67% (SOFR + 0.11448%)	A+
SF 2018 B	15,000	07/01/18	07/01/47	2.490%	70% (SOFR + 0.11448%)	AA-
SF 2018 D	11,250	07/01/19	07/01/48	2.638%	70% (SOFR + 0.11448%)	AA-
SF 2019 B	15,000	07/01/19	07/01/30	1.939%	SIFMA	A+
SF 2019 E	11,250	01/01/20	01/01/49	1.605%	SIFMA until 1/1/2029; 67% (SOFR + 0.11448% thereafter)	AA-
SF 2020 B	15,000	07/01/20	07/01/49	1.691%	SIFMA until 7/1/2029; 67% (SOFR + 0.11448% thereafter) (SOFR + 0.11448%) thereafter	A+
SF 2020 E	11,250	07/01/21	07/01/35	1.051%	SIFMA	A+
SF 2016 B	15,000	07/01/21	01/01/28	0.870%	SIFMA	AA-
SF 2021 E	15,000	01/01/22	01/01/34	1.332%	SIFMA	AA-
SF 2022 B	15,000	03/01/22	04/01/31	1.522%	SIFMA	AA-
SF 2022 E	15,000	09/01/22	07/01/34	1.986%	70% SOFR	AA-
SF 2022 H	15,000	01/01/23	06/01/42	2.357%	70% SOFR + 0.10%	A+
	<u>\$ 178,125</u>					

SIFMA = Securities Industry and Financial Markets Association Swap Index

SOFR = Secured Overnight Financing Rate (Daily Compounded Rate)

Hedging Derivatives – Caps: Interest rate cap derivatives are when the Authority receives payments at the end of each period, based on a notional amount, when the interest rate exceeds the agreed-upon strike rate. Terms of the Authority's cap derivative instruments outstanding at June 30, 2025, follow (expressed in thousands):

Bond Series	2025		Maturity Date	Strike Rate	S & P Global Rating
	Notional Amount	Effective Date			
MF 2007 A	\$ 10,525	07/01/24	07/01/26	SIFMA = 6.0%	A+

Investment Derivatives: The maturities of the Authority's investment derivative instruments as of June 30, 2025, follow (expressed in thousands):

Investment Type	Notional Value	Fair Value	Investment Maturities (in Years)	
			Less than 1	More than 10
Investment derivative instruments:				
Swaps & caps	\$ 35,380	\$ 324	\$ -	\$ 324
Forward MBS sales	2,745	11	11	-
MBS purchase commitments	122,762	1,522	1,522	-
Total	<u>\$ 160,887</u>	<u>\$ 1,857</u>	<u>\$ 1,533</u>	<u>\$ 324</u>

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Fair Values of Derivatives: The Authority's fair value of derivative instruments outstanding at June 30, 2025, classified by type, and changes 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, 2025 asset/(liability)	Change in Fair Value	Fair Value June 30, 2024 asset/(liability)
Hedging derivatives:				
SF 2016 B	Swap	\$ 587	\$ (464)	\$ 1,051
SF 2016 E	Swap	334	(444)	778
SF 2017 D	Swap	623	(101)	724
SF 2018 B	Swap	308	(838)	1,146
SF 2018 D	Swap	442	(391)	833
SF 2019 B	Swap	536	(321)	857
SF 2019 E	Swap	1,654	(128)	1,782
SF 2020 B	Swap	2,060	(208)	2,268
SF 2020 E	Swap	1,901	(83)	1,984
SF 2021 E	Swap	1,876	(235)	2,111
SF 2022 B	Swap	925	(342)	1,267
SF 2022 E	Swap	671	(321)	992
SF 2022 H	Swap	1,161	(197)	1,358
Total hedging derivatives		<u>\$ 13,078</u>	<u>\$ (4,073)</u>	<u>\$ 17,151</u>
Investment derivatives:				
SF 2015 B Retired	Swap	\$ -	\$ (24)	\$ 24
SF 2015 B Retired	Swap	324	(216)	540
NONE	Cap	-	(1)	1
NONE	Basis swap	-	(3)	3
Forward MBS and cash sales	Forward	11	11	-
MBS purchase commitments	Commitment	1,522	909	613
Total investment derivatives		<u>\$ 1,857</u>	<u>\$ 676</u>	<u>\$ 1,181</u>

The fair values, categorized by level of the fair value hierarchy, for the hedging and investment derivative instruments of the Authority, at June 30, 2025 follow (expressed in thousands):

Derivative Type	Total	Level 2	Level 3
Hedging derivative instruments	\$ 13,078	\$ 13,078	\$ -
Investment derivative instruments	1,857	335	1,522

Methodology: The fair values of the interest rate derivative transactions 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 expected transaction cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing benchmark interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the benchmark yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the transactions, where future amounts (the expected transaction cash flows) are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows and time value of money. Where applicable under the income approach (which takes into consideration the risk of nonperformance) an option pricing model technique is applied such as the Black-Scholes-Merton model, the Black-Derman-Toy model, one of the

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short-rate models, or other market-standard models consistent with accepted practices in the market for interest rate option products. The option models would consider probabilities, volatilities, time, settlement prices, and other variables pertinent to the transactions. This valuation technique is applied consistently across all transactions.

The fair value of the forward MBS sales is estimated based on an internal valuation model, which includes current trade pricing for similar financial instruments in active markets that the Authority has the ability to access.

The fair value of the MBS purchase commitments is estimated using an internal valuation model, which includes grouping the commitments by interest rate and terms, applying an estimated closing ratio, and then multiplying by quoted investor prices determined to be reasonably applicable to the commitment groups based on interest rate, terms, and commitment expiration dates of the commitment group. The closing ratio calculation, which represents the percentage of commitments that management estimates it will ultimately fund, takes into consideration historical data and loan-level data. The weighted average closing ratio at June 30, 2025, was 82.36%.

Risks Associated with Derivative Transactions:

Credit risk: The Authority is exposed to credit risk on derivative instruments that are in asset positions. The aggregate fair value of derivative instruments in asset positions at June 30, 2025 was \$13.1 million. 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, Goldman Sachs Bank USA, Royal Bank of Canada, and Wells Fargo Bank, N.A. are currently counterparties under the derivatives agreements with the Authority.

With respect to counterparty risk, the Authority will also manage the agreements, and all transactions entered into, with its counterparties to ensure that the Authority's exposure to any 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 SIFMA and SOFR 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, 2025, the SIFMA swap index rate is 1.92% and daily SOFR is 4.45%.

Termination risk: Termination risk is the risk that 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 a derivative counterparty covenant violation, bankruptcy, swap payment default, and default events as defined in the Authority's Single-Family Mortgage Bonds Resolution; however, the Authority believes that the likelihood of any such termination event is remote.

Rollover risk: Rollover risk is the risk that 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 that it wishes to maintain the same or similar hedge position, it may incur additional 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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NOTE 3 – TRANSFERS

Interfund transfers for the year ended June 30, 2025, consisted of the following (expressed in thousands):

Transferred Out	Transferred In			Total
	General Fund	Nonmajor Governmental Funds	University Funds	
General Fund	\$ -	\$ 62,021	\$ 627,273	\$ 689,294
Nonmajor Governmental Funds	164,154	36,436	-	200,590
Unemployment Benefits Fund	19,568	-	-	19,568
Nonmajor Enterprise Funds	227,461	-	-	227,461
Total	\$ 411,183	\$ 98,457	\$ 627,273	\$ 1,136,913

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) proceeds from the Iowa Lottery Fund and profits from the Liquor Control Act Fund as required by law.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2025, consisted of the following (expressed in thousands):

	Governmental Funds	Proprietary Funds		Component Units
		Enterprise Funds	Internal Service Funds	
Accounts receivable:				
Taxes	\$ 826,068	\$ 1,489	\$ -	\$ -
Pledges	1,127	-	-	483,783
Benefit overpayments	-	81,040	-	-
Employer contributions	-	153,189	-	-
Grants & contracts	1,715,946	2,366,875	2	-
Other	1,355,876	482,297	2,869	118,750
Less:				
Allowance for doubtful accounts	889,572	1,681,821	-	13,249
Discount to present value	-	-	-	56,454
Accounts receivable (net)	\$ 3,009,445	\$ 1,403,069	\$ 2,871	\$ 532,830
Current	\$ 2,825,962	\$ 1,371,729	\$ 2,871	\$ 190,690
Noncurrent	183,483	31,340	-	342,140
Total	\$ 3,009,445	\$ 1,403,069	\$ 2,871	\$ 532,830
Loans receivable:				
Loans receivable	\$ 40,576	\$ 36,415	\$ -	\$ 3,285,926
Less:				
Allowance for doubtful accounts	7,855	975	-	184,695
Loans receivable (net)	\$ 32,721	\$ 35,440	\$ -	\$ 3,101,231
Current	\$ 9,140	\$ 2,182	\$ -	\$ 230,654
Noncurrent	23,581	33,258	-	2,870,577
Total	\$ 32,721	\$ 35,440	\$ -	\$ 3,101,231

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NOTE 5 – INTERFUND BALANCES

Interfund balances for the year ended June 30, 2025, consisted of the following (expressed in thousands):

Due To Other Funds	Due From Other Funds					Total
	General Fund	Nonmajor Governmental Funds	Unemployment Benefits Fund	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 8,705	\$ 1,012	\$ 181	\$ 103,223	\$ 113,121
Nonmajor Governmental Funds	71,091	10,644	-	3,799	390	85,924
Unemployment Benefits Fund	2,852	-	-	-	-	2,852
Nonmajor Enterprise Funds	31,355	-	-	-	134	31,489
Internal Service Funds	7,029	1	-	-	16,391	23,421
Total	\$ 112,327	\$ 19,350	\$ 1,012	\$ 3,980	\$ 120,138	\$ 256,807

\$77.1 million is due from the General Fund to the Workers’ Compensation Fund (an Internal Service Fund) to fund the cost of claims incurred. \$18.2 million is due from the Iowa Lottery Fund (an Enterprise Fund) to the General Fund to transfer lottery proceeds as required by law. 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.

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NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows (expressed in thousands):

	Beginning Balance, Restated	Reclass- ifications	Increases	Decreases	Ending Balance
Governmental activities					
Capital assets not being depreciated/amortized:					
Land	\$ 1,055,360	\$ 322	\$ 32,689	\$ 1,331	\$ 1,087,040
Permanent easements	6,475	-	1,526	-	8,001
Construction in progress	79,099	(28,871)	74,138	-	124,366
Computer software in progress	68,650	(36,433)	22,355	30	54,542
Subscriptions in progress	8,752	(14,845)	9,950	-	3,857
Total capital assets not being depreciated/amortized	<u>1,218,336</u>	<u>(79,827)</u>	<u>140,658</u>	<u>1,361</u>	<u>1,277,806</u>
Capital assets being depreciated/amortized:					
Infrastructure	21,677,658	-	1,153,016	369	22,830,305
Buildings & improvements	2,213,556	22,982	41,010	42,985	2,234,563
Equipment & vehicles	836,302	1,666	84,080	48,504	873,544
Land improvements	158,275	3,901	6,703	147	168,732
Works of art & historical treasures	1,426	-	-	-	1,426
Computer software	395,034	36,433	17,767	-	449,234
Lease assets:					
Land	2,214	-	-	-	2,214
Buildings	50,530	-	7,763	6,155	52,138
Equipment & vehicles	5,785	-	2,292	2,101	5,976
Subscriptions	249,868	14,845	32,238	24,026	272,925
Total capital assets being depreciated/amortized	<u>25,590,648</u>	<u>79,827</u>	<u>1,344,869</u>	<u>124,287</u>	<u>26,891,057</u>
Less accumulated depreciation/amortization for:					
Infrastructure	11,607,740	-	727,485	202	12,335,023
Buildings & improvements	1,117,301	-	51,994	40,625	1,128,670
Equipment & vehicles	514,647	-	69,197	42,182	541,662
Land improvements	53,398	-	4,288	147	57,539
Works of art & historical treasures	374	-	17	-	391
Computer software	197,603	-	25,682	-	223,285
Lease assets:					
Land	450	-	174	-	624
Buildings	22,633	-	9,770	6,019	26,384
Equipment & vehicles	3,099	-	674	1,469	2,304
Subscriptions	49,180	-	39,331	24,026	64,485
Total accumulated depreciation/amortization	<u>13,566,425</u>	<u>-</u>	<u>928,612</u>	<u>114,670</u>	<u>14,380,367</u>
Total capital assets being depreciated/amortized (net)	<u>12,024,223</u>	<u>79,827</u>	<u>416,257</u>	<u>9,617</u>	<u>12,510,690</u>
Governmental activities capital assets (net)	<u>\$ 13,242,559</u>	<u>\$ -</u>	<u>\$ 556,915</u>	<u>\$ 10,978</u>	<u>\$ 13,788,496</u>

(continued on next page)

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NOTES TO THE FINANCIAL STATEMENTS

(continued)

	Beginning Balance, Restated	Reclass- ifications	Increases	Decreases	Ending Balance
Business-type activities					
Capital assets not being depreciated/amortized:					
Land	\$ 111,792	\$ -	\$ 785	\$ 278	\$ 112,299
Land improvements	6,026	-	-	-	6,026
Library collections	432,466	-	12,197	2,682	441,981
Works of art	30,152	-	558	-	30,710
Construction in progress	867,896	(766,860)	670,406	483	770,959
Computer software in progress	58,277	-	6,517	58,346	6,448
Subscriptions in progress	-	-	4,676	-	4,676
Total capital assets not being depreciated/amortized	<u>1,506,609</u>	<u>(766,860)</u>	<u>695,139</u>	<u>61,789</u>	<u>1,373,099</u>
Capital assets being depreciated/amortized:					
Infrastructure	1,332,414	38,821	-	1,285	1,369,950
Buildings & improvements	8,078,211	717,414	6,794	16,794	8,785,625
Equipment & vehicles	1,563,509	8,983	188,495	64,968	1,696,019
Land improvements	142,295	1,642	-	-	143,937
Library collections	304,620	-	1,430	5,809	300,241
Computer software	183,746	-	2,555	12,157	174,144
Goodwill	2,302	-	-	-	2,302
Trademarks	107	-	-	-	107
Lease assets:					
Land	2,033	-	-	32	2,001
Buildings	196,012	-	63,531	7,186	252,357
Equipment & vehicles	32,199	-	15,043	9,443	37,799
Subscriptions	141,688	-	114,552	21,098	235,142
Total capital assets being depreciated/amortized	<u>11,979,136</u>	<u>766,860</u>	<u>392,400</u>	<u>138,772</u>	<u>12,999,624</u>
Less accumulated depreciation/amortization for:					
Infrastructure	836,858	-	37,445	1,285	873,018
Buildings & improvements	4,151,245	-	260,264	13,301	4,398,208
Equipment & vehicles	1,102,550	-	111,297	59,448	1,154,399
Land improvements	77,444	-	7,932	-	85,376
Library collections	279,705	-	6,363	5,809	280,259
Computer software	149,525	-	12,062	12,142	149,445
Goodwill	2,064	-	153	-	2,217
Trademarks	96	-	7	-	103
Lease assets:					
Land	1,057	-	239	31	1,265
Buildings	46,566	-	19,223	4,525	61,264
Equipment & vehicles	15,089	-	8,438	9,078	14,449
Subscriptions	57,520	-	43,623	18,896	82,247
Total accumulated depreciation/amortization	<u>6,719,719</u>	<u>-</u>	<u>507,046</u>	<u>124,515</u>	<u>7,102,250</u>
Total capital assets being depreciated/amortized (net)	<u>5,259,417</u>	<u>766,860</u>	<u>(114,646)</u>	<u>14,257</u>	<u>5,897,374</u>
Business-type activities capital assets (net)	<u>\$ 6,766,026</u>	<u>\$ -</u>	<u>\$ 580,493</u>	<u>\$ 76,046</u>	<u>\$ 7,270,473</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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

Governmental activities:	
Administration & regulation	\$ 27,803
Education	5,849
Health & human services	33,870
Justice & public defense	62,091
Economic development	5,651
Transportation	740,127
Agriculture & natural resources	14,738
Subtotal	<u>890,129</u>
Depreciation/amortization 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>38,483</u>
Total	<u>\$ 928,612</u>
Business-type activities:	
Enterprise	<u>\$ 507,046</u>

Discretely Presented Component Units (expressed in thousands)

Capital assets not being depreciated/amortized:	
Land	\$ 24,935
Construction in progress	10,974
Goodwill	595
Total capital assets not being depreciated/amortized	<u>36,504</u>
Capital assets being depreciated/amortized:	
Infrastructure	30,204
Buildings & improvements	183,758
Equipment & vehicles	14,434
Land improvements	700
Computer software	682
Lease assets	3,890
Subscriptions	23
Total capital assets being depreciated/amortized	<u>233,691</u>
Less accumulated depreciation/amortization	<u>115,235</u>
Total capital assets being depreciated/amortized (net)	<u>118,456</u>
Discretely presented component units capital assets (net)	<u>\$ 154,960</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable and accruals at June 30, 2025, consisted of the following (expressed in thousands):

	Current	Noncurrent
PRIMARY GOVERNMENT		
Governmental activities		
Salaries & fringes	\$ 72,677	\$ -
Early retirement/termination benefits	9,194	10,708
Risk management	20,930	9,070
State aid	1,273,915	-
Trade & other payables	1,133,115	53,122
Total governmental activities	\$ 2,509,831	\$ 72,900
Business-type activities		
Salaries & fringes	\$ 325,021	\$ -
Early retirement/termination benefits	169	204
General claims	109,838	-
Unemployment benefits	10,337	-
Trade & other payables	379,434	73,259
Total business-type activities	\$ 824,799	\$ 73,463
COMPONENT UNITS		
Annuity & life income obligations	\$ 281	\$ 23,811
Other	78,369	28,131
Total component units	\$ 78,650	\$ 51,942

(Notes continue on next page.)

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2025, are summarized as follows (expressed in thousands):

	Beginning Balance, Restated	Additions	Deductions	Ending Balance	Amounts due within one year
Governmental activities					
Compensated absences **	\$ 337,186	\$ 7,699	\$ -	\$ 344,885	\$ 106,090
Lease liability	31,761	9,577	9,929	31,409	8,117
Subscription liability	78,338	29,847	31,085	77,100	16,470
Bonds payable	964,237	-	126,304	837,933	47,243
Other financing arrangements payable	7,913	-	4,023	3,890	3,890
Net pension liability	791,614	-	174,306	617,308	-
Other postemployment benefits liability	174,427	-	14,740	159,687	10,092
Early retirement/termination benefits	20,848	9,311	10,652	19,507	8,978
Risk management	30,000	24,753	24,753	30,000	20,930
Other liabilities	747	2,092	63	2,776	2,516
Total *	<u>2,437,071</u>	<u>83,279</u>	<u>395,855</u>	<u>2,124,495</u>	<u>224,326</u>
Allocation of Internal Service					
Funds liabilities:					
Compensated absences **	7,139	1,690	-	8,829	3,027
Lease liability	1,260	-	789	471	415
Subscription liability	55,801	1,059	6,521	50,339	6,674
Net pension liability	15,192	-	2,619	12,573	-
Other postemployment benefits liability	4,768	-	1,479	3,289	208
Early retirement/termination benefits	501	160	266	395	216
Total	<u>84,661</u>	<u>2,909</u>	<u>11,674</u>	<u>75,896</u>	<u>10,540</u>
Total primary government - governmental activities	<u>\$ 2,521,732</u>	<u>\$ 86,188</u>	<u>\$ 407,529</u>	<u>\$ 2,200,391</u>	<u>\$ 234,866</u>
Business-type activities					
Compensated absences **	\$ 288,407	\$ 26,266	\$ -	\$ 314,673	\$ 199,227
Lease liability	166,458	71,861	37,262	201,057	24,789
Subscription liability	68,112	58,237	45,114	81,235	27,156
Bonds payable	1,919,597	301,613	131,902	2,089,308	111,062
Other financing arrangements payable	107,955	149,541	8,745	248,751	11,817
Net pension liability	193,420	-	17,867	175,553	-
Other postemployment benefits liability	180,303	19,167	195	199,275	12,881
Early retirement/termination benefits	408	245	280	373	169
Total primary government - business-type activities	<u>\$ 2,924,660</u>	<u>\$ 626,930</u>	<u>\$ 241,365</u>	<u>\$ 3,310,225</u>	<u>\$ 387,101</u>

* The General Fund has typically been used to liquidate most long-term liabilities, except for \$436.3 million of bonds payable to be liquidated by the Tobacco Settlement Authority, a Special Revenue Fund.

** The change in compensated absences liability is presented as a net change.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – LEASE RECEIVABLES

Primary Government

Governmental Activities

The State has entered into agreements, as the lessor, for various land, buildings, and equipment. The terms of the various lease agreements expire before June 30, 2044. The State recognized \$1.9 million of lease revenue and \$98 thousand of interest revenue in the fiscal year. As of June 30, 2025, the total lease receivable is \$4.1 million. The following revenue schedule reflects the future principal and interest payments required by the leases (expressed in thousands):

Year Ending June 30,	Principal	Interest
2026	\$ 1,243	\$ 58
2027	302	48
2028	240	42
2029	254	38
2030	808	112
2031-2035	663	85
2036-2040	443	34
Thereafter	117	2
Total	\$ 4,070	\$ 419

Business-type Activities

The State has entered into agreements, as the lessor, for various land and buildings. The terms of the various lease agreements expire before June 30, 2044. The State recognized \$2.0 million of lease revenue and \$224 thousand of interest revenue in the fiscal year. As of June 30, 2025, the total lease receivable is \$7.4 million. These amounts are related to the University Funds and the Nonmajor Enterprise Funds and are included in accounts receivable on the Proprietary Funds Statement of Net Position. The following revenue schedule reflects the future principal and interest payments required by the leases (expressed in thousands):

Year Ending June 30,	Principal	Interest
2026	\$ 1,856	\$ 208
2027	1,196	155
2028	1,055	121
2029	741	95
2030	677	71
2031-2035	1,614	137
2036-2040	244	18
Thereafter	26	3
Total	\$ 7,409	\$ 808

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – LEASE LIABILITY

Primary Government

The State has entered into agreements to lease various land, buildings, and equipment. See NOTE 6 – CAPITAL ASSETS for a summary of the lease assets and related accumulated amortization.

Governmental Activities

The terms of the various lease agreements expire before June 30, 2050. As of June 30, 2025, the total lease liability is \$31.9 million. The following is a schedule by year of the future principal and interest payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2026	\$ 8,532	\$ 747
2027	6,582	550
2028	4,782	391
2029	3,602	277
2030	3,527	240
2031-2035	2,649	503
2036-2040	810	312
2041-2045	706	198
Thereafter	690	61
Total	<u>\$ 31,880</u>	<u>\$ 3,279</u>

Business-type Activities

The terms of the various lease agreements expire before June 30, 2056. As of June 30, 2025, the total lease liability is \$201.1 million. The following is a schedule by year of the future principal and interest payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2026	\$ 24,789	\$ 6,648
2027	23,096	5,889
2028	20,938	5,192
2029	19,161	4,555
2030	17,041	3,978
2031-2035	47,625	13,948
2036-2040	22,960	8,384
2041-2045	18,138	3,980
2046-2050	4,349	1,441
2051-2055	2,333	617
Thereafter	627	22
Total	<u>\$ 201,057</u>	<u>\$ 54,654</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – SUBSCRIPTION LIABILITY

Primary Government

A subscription-based information technology arrangement (SBITA) is defined as a contractual agreement that conveys control of the right to use another party’s information technology software, alone or in combination with tangible capital assets (the underlying information technology assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The State uses various SBITA assets that it contracts for through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in amounts equal to the present value of subscription payments, payable during the remaining SBITA term. See NOTE 6 – CAPITAL ASSETS for a summary of the subscription assets and related accumulated amortization.

Governmental Activities

The terms of the various SBITAs expire before June 30, 2036. As of June 30, 2025, the total subscription liability is \$127.4 million. The following is a schedule by year of the future principal and interest payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2026	\$ 23,144	\$ 3,480
2027	21,337	2,824
2028	19,733	2,208
2029	11,945	1,648
2030	11,097	1,336
2031-2035	39,306	2,415
Thereafter	877	4
Total	\$ 127,439	\$ 13,915

Four departments have SBITAs which include variable payments based on future consumption and/or usage and those payments totaled \$9.4 million for the year ended June 30, 2025. Components of variable payments that are fixed in substance, are included in the measurement of the subscription liability presented in the table above.

Additionally, the State has SBITA commitments totaling \$46.8 million at June 30, 2025.

Business-type Activities

The terms of the various SBITAs expire before June 30, 2035. As of June 30, 2025, the total subscription liability is \$81.2 million. The following is a schedule by year of the future principal and interest payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2026	\$ 27,156	\$ 2,511
2027	21,510	1,535
2028	11,307	902
2029	8,279	515
2030	4,589	299
Thereafter	8,394	295
Total	\$ 81,235	\$ 6,057

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – OTHER FINANCING ARRANGEMENTS PAYABLE

Primary Government

Governmental Activities

The State has entered into a financing agreement for equipment. The agreement has an interest rate of 1.64%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2026	\$ 3,890	\$ 64
Total	<u>\$ 3,890</u>	<u>\$ 64</u>

Business-type Activities

The Universities have entered into financing agreements for various equipment and properties. The agreements have interest rates ranging from 0.00% to 8.50%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2026	\$ 11,817	\$ 18,428
2027	11,672	17,704
2028	52,798	16,138
2029	10,654	12,913
2030	52,754	11,369
2031-2035	44,756	34,078
2036-2040	37,660	18,717
2041-2045	26,610	5,126
Thereafter	30	-
Total	<u>\$ 248,751</u>	<u>\$ 134,473</u>

(Notes continue on next page.)

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – UTILITY SYSTEM LEASE & CONCESSION AGREEMENT

On December 10, 2019, the University of Iowa entered into a 50-year agreement, a public-private partnership, to lease the University's utility system, including all utility facilities and land, to University of Iowa Energy Collaborative LLC (UIEC) and grant it the exclusive right to operate the utility system and provide utility services to the University campus. On March 10, 2020, the University received an upfront payment of \$1.2 billion. The upfront payment is reported as deferred inflows of resources related to public-private partnership and is being amortized as an increase to operating revenue on a straight-line basis over the term of the agreement. At June 30, 2025, the balance of the deferred inflows of resources related to public-private partnership is \$1.0 billion.

Under the agreement, UIEC operates, maintains, and makes capital investments in the utility system and charges the University a utility fee, which includes fixed, variable and operating & maintenance (O&M) components. UIEC capital investments in the utility system are recognized as capital assets and a related long-term payable to UIEC. The fixed and O&M components of the utility fee are recognized as operating expense. The variable component of the utility fee will be recognized as a reduction in the long-term payable to UIEC and as interest expense.

The University recognized fixed and O&M utility fees totaling \$71.2 million for the year ended June 30, 2025. The fixed fee is set at \$35.5 million for the year ended June 30, 2025. The fee increases by 1.5% at the start of each fiscal year. The carrying amounts of UIEC capital investments and related payable to UIEC at June 30, 2025 was \$139.4 million.

A summary of the carrying value of assets and construction in progress under this agreement at June 30, 2025, are as follows (expressed in thousands):

Depreciable capital assets	\$ 56,239
Accumulated depreciation	<u>(5,596)</u>
Net	50,643
Construction in progress	<u>94,200</u>
Carrying value at June 30	<u><u>\$ 144,843</u></u>

(Notes continue on next page.)

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 – BONDS PAYABLE

Revenue bonds payable at June 30, 2025, are as follows (expressed in thousands):

	ISSUE DATES	ORIGINAL ISSUANCE	INTEREST RATES	MATURITY DATE RANGE	OUTSTANDING PRINCIPAL
PRIMARY GOVERNMENT					
Governmental activities					
Revenue bonds					
<i>Term bonds</i>					
Tobacco Settlement Authority	2021	\$ 308,255	0.375-4.00	2030-2049	\$ 83,255
<i>Serial bonds</i>					
Refunding, Prison Infrastructure - 2016	2017	79,790	5.00	2021-2027	25,640
Refunding, IJOBS - 2016	2017	265,425	2.00-5.00	2017-2029	83,430
Refunding, IJOBS - 2019	2019	143,675	5.00	2029-2034	143,675
Refunding, Iowa Utilities Board - 2020	2020	7,230	1.88	2021-2029	3,366
Refunding, IJOBS - 2020	2021	90,825	5.00	2021-2034	71,880
Tobacco Settlement Authority	2021	106,610	0.51-5.00	2021-2040	87,745
Total					<u>415,736</u>
<i>Capital appreciation bonds</i>					
Tobacco Settlement Authority (2)	2021	1,607,540	4.00-4.05	2049-2065	1,549,540
Unamortized appreciation discount					(1,284,232)
Total					<u>265,308</u>
Total revenue bonds					<u>764,299</u>
Unamortized premium					73,634
Total governmental activities					<u>\$ 837,933</u>
Business-type activities					
Revenue bonds					
University of Iowa	2013-2025	\$ 1,867,315	0.30-6.00	2015-2062	\$ 1,528,480
Iowa State University	2009-2024	634,380	1.50-5.25	2011-2044	384,455
University of Northern Iowa	2016-2025	138,332	2.00-5.00	2017-2045	93,126
Total revenue bonds					<u>2,006,061</u>
Unamortized premium					83,247
Total business-type activities					<u>\$ 2,089,308</u>
COMPONENT UNITS					
Revenue bonds					
Iowa Finance Authority	2007-2025	\$ 5,273,038	variable (1)	2025-2055	\$ 4,044,407
Unamortized premium					<u>285,542</u>
Total component units					<u>\$ 4,329,949</u>

(1) Variable rates are as of June 30, 2025

(2) Accreted value at maturity

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

A. Primary Government – Governmental Activities

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.

On April 13, 2021, the Authority issued Tobacco Settlement Asset-Backed Bonds, Series 2021 Senior Bonds to refund Tobacco Settlement Asset-Backed Series 2005 Bonds, in the par amount of \$2,022.4 million. 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, 2025, total principal and interest remaining on the debt is \$753.3 million, net of capital appreciation discount of \$1,284.2 million, with annual requirements ranging from \$11.3 million in 2026 to \$527.1 million in the final year. For the current year, principal and interest paid by the Authority and the total TSRs recognized by the State were \$44.3 million and \$45.5 million, respectively.

The Authority executed a partial redemption on the Series 2021B-2 Class 2 Senior Capital Appreciation Bonds pursuant to the applicable provisions of the bond agreement. This partial redemption resulted in a gain on extinguishment of debt in the amount of \$48.1 million for the year ended June 30, 2025.

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.

Refunding, Prison Infrastructure – 2016

The State of Iowa has issued Special Obligation Refunding Bonds (Prison Infrastructure Fund), Series 2016 to advance refund a portion of the outstanding Special Obligation Bonds (Prison Infrastructure Fund), Series 2010 and to pay certain costs of issuance. 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 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 \$79.8 million in refunding bonds issued in July 2016. 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 63% of total deposits into the Prison Infrastructure Fund. As of June 30, 2025, total principal and interest remaining to be paid on the debt is \$27.6 million. Principal and interest paid in the current year and total deposits into the Prison Infrastructure Fund were \$13.8 million and \$14.6 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.

Refunding, IJOBS – 2016

The State of Iowa has issued IJOBS Program Special Obligation Refunding Bonds, Series 2016A to refund the IJOBS Program Special Obligation Bonds, Series 2009A, fund a Bond Reserve Fund and pay costs of issuance. The State has pledged a portion of future revenues to repay \$265.4 million of bonds issued in July 2016. These revenues include amounts to be deposited in the Revenue Bonds Debt Service Fund, including a standing appropriation of \$55.0 million annually from gaming revenues which would otherwise be deposited in the State’s General Fund 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 2029. Annual principal and interest payments on the bonds are expected to require less than 50% of total deposits into the Revenue Bonds Debt Service Fund. As of June 30, 2025, total principal and interest remaining to be paid on

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

the debt is \$92.1 million. Principal and interest paid for the current year and total deposits into the Revenue Bonds Debt Service Fund were \$29.1 million and \$59.3 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.

Refunding, IJOBS – 2019

The State of Iowa has issued IJOBS Program Special Obligation Refunding Bonds, Series 2019A to refund the IJOBS Program Special Obligation Bonds, Taxable Series 2009B, fund a Bond Reserve Fund and pay costs of issuance. The State has pledged a portion of future revenues to repay \$143.7 million of bonds issued in June 2019. These revenues include amounts to be deposited in the Revenue Bonds Debt Service Fund, including a standing appropriation of \$55.0 million annually from gaming revenues which would otherwise be deposited in the State's General Fund 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 2034. Annual principal and interest payments on the bonds are expected to require less than 13% of total deposits into the Revenue Bonds Debt Service Fund. As of June 30, 2025, total principal and interest remaining to be paid on the debt is \$192.3 million. Interest paid for the current year and total deposits into the Revenue Bonds Debt Service Fund were \$7.2 million and \$59.3 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.

Refunding, Iowa Utilities Board and Consumer Advocate State Building – 2020

The State of Iowa has issued Iowa Utilities Board and Consumer Advocate State Building Special Obligation Refunding Bonds, Series 2020 to refund the Iowa Utilities Board and Consumer Advocate State Building Special Obligation Bonds, Series 2009, fund a Debt Service Reserve Fund, and pay certain costs of issuance. The State has pledged a portion of future revenues to repay \$7.2 million of bonds issued in June 2020. The Series 2020 bonds will be payable solely and only out of moneys, assets, or revenues of the Chargeable Expenses Fund (as defined in Iowa Code Section 12.91(1)(c)). In accordance with Iowa Code Section 12.91, the Treasurer shall deposit in the Chargeable Expenses Fund all amounts collected by the Iowa Utilities Board in accordance with Iowa Code Sections 476.10 and 476.10B as chargeable expenses in each fiscal year until the amount on deposit in the Chargeable Expenses Fund is equal to the amount of principal and interest on the Series 2020 bonds due in that fiscal year. The bonds are payable from the Bond Fund and are payable through fiscal year 2029. Annual principal and interest payments on the bonds are expected to require less than 97% of total deposits into the Bond Fund. As of June 30, 2025, total principal and interest remaining to be paid on the debt is \$3.5 million. Principal and interest paid for the current year and total deposits into the Bond Fund were \$.9 million and \$.9 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.

Refunding, IJOBS – 2020

The State of Iowa has issued IJOBS Program Special Obligation Refunding Bonds, Series 2020A to refund the IJOBS program Special Obligation Bonds, Taxable Series 2010A, fund a Bond Reserve Fund and pay costs of issuance. The State has pledged a portion of future revenues to repay \$90.8 million of bonds issued in September 2020. These revenues include amounts to be deposited in the Revenue Bonds Debt Service Fund, including a standing appropriation of \$55.0 million annually from gaming revenues which would otherwise be deposited in the State's General Fund 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 2034. Annual principal and interest payments on the bonds are expected to require less than 14% of total deposits into the Revenue Bonds Debt Service Fund. As of June 30, 2025, total principal and interest remaining to be paid on the debt is \$92.3 million. Principal and interest paid for the current year and total deposits into the Revenue Bonds Debt Service Fund were \$8.1 million and \$59.3 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.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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

Year Ending June 30,	Principal	Interest
2026	\$ 47,243	\$ 23,061
2027	49,219	21,122
2028	37,809	18,762
2029	36,015	16,898
2030	36,895	15,125
2031-2035	173,145	46,107
2036-2040	35,410	21,007
2041-2045	42,740	13,361
2046-2050	305,823	221,266
Total	<u>\$ 764,299</u>	<u>\$ 396,709</u>

B. Primary Government – Business-type Activities

Universities

During the current year, the *University of Iowa* issued the following revenue bonds:

- \$241.7 million of University of Iowa Hospital Revenue Bonds, Series S.U.I. 2025A, with an interest rate range of 4.00-5.00% for the General Hospital project. The revenues pledged to these bonds consist of charges to patients for medical services.
- \$34.2 million of University of Iowa Facilities Corporation Revenue Bonds, Series S.U.I. 2024B, with an interest rate range of 4.00-5.00% for the Health Services Academic Building project. The bonds are payable solely from the lease payments paid by the University for the facilities.

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, 2025, bonds totaling \$38.7 million for the University of Iowa were considered defeased.

During the current year, the *University of Northern Iowa* issued \$23.5 million of Dormitory System Bonds, Series U.N.I. 2025, with an interest rate range of 4.00-5.00% for the cost of constructing and equipping dormitories and related facilities. The bonds are payable solely from the net rents, profits, and income of the system.

(Notes continue on next page.)

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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
2026	\$ 111,062	\$ 71,705
2027	175,157	65,379
2028	121,557	59,700
2029	116,482	55,074
2030	110,507	50,722
2031-2035	522,425	194,843
2036-2040	356,943	113,544
2041-2045	192,428	66,577
2046-2050	156,140	36,816
2051-2055	70,120	14,926
2056-2060	50,720	7,273
Thereafter	22,520	681
Total	\$2,006,061	\$ 737,240

C. Component Units

Iowa Finance Authority

The Iowa Finance Authority (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 resolutions, by the revenues, moneys, investments, loans and other assets in the programs and accounts established by the respective bond resolutions.

Direct placement bonds have been issued to Federal Home Loan Bank. These bonds are secured with the mortgage-backed securities or loans purchased with the bond proceeds and have both principal and interest receipts pledged to the bondholders in the Housing Agency Fund.

Direct placement bonds have been issued to Bank of America, N.A. These bonds are secured with loans purchased with the bond proceeds in the State Revolving Fund.

The Single-Family Mortgage Bonds Resolution and the Multifamily Housing Bonds Master Trust Indenture contain covenants that require the Authority to make payments of principal and interest from amounts available in the Authority’s General Account should deficiencies occur in the accounts established for such payments by the respective bond resolutions.

During the current fiscal year, the Authority issued five new bond series totaling \$644.0 million to purchase mortgage-backed securities (MBS) and fund State Revolving Fund (SRF) loans. The Authority made bond payments of \$179.8 million.

In prior years, the Authority defeased certain SRF bonds by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the irrevocable trust account assets and the liabilities for the defeased bonds are not included in the Authority’s financial statements. As of June 30, 2025, bonds totaling \$66.0 million were considered defeased.

The Authority uses conduit debt under the Private Activity Bond Program. Each conduit bond is issued under, and secured by, a separate trust indenture for the project. The bond proceeds are loaned to the conduit project under a loan agreement and promissory note, where the borrower is obligated to make principal and interest payments on the conduit bonds. The conduit debt is not reported on the Authority’s statement of net position. As of June 30, 2025, the outstanding conduit bond balance is approximately \$5.1 billion.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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

Year Ending June 30,	Principal	Interest
<u>2026</u>	<u>\$ 143,521</u>	<u>\$ 174,467</u>
2027	133,800	172,328
2028	139,080	166,653
2029	141,805	160,606
2030	147,980	154,328
2031-2035	958,600	664,943
2036-2040	778,381	456,194
2041-2045	617,726	298,716
2046-2050	551,670	176,185
2051-2055	422,339	55,020
Thereafter	9,505	264
Total	<u>\$ 4,044,407</u>	<u>\$ 2,479,704</u>

(Notes continue on next page.)

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 – PENSION PLANS

A. Summary of Significant Accounting Policies & Pension Totals

Pensions

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.

Deferred Outflows and Inflows of Resources Related to Pensions

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources related to pensions consist of unrecognized items not yet charged to pension expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and contributions from the employer after the measurement date but before the end of the employer’s reporting period. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources related to pensions consist of unrecognized items not yet credited to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Investments

IPERS – All investments are reported at fair value.

IPERS 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 5.00% 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.

PORS’ and JRS’ investments in governmental bonds and treasury notes constitute approximately 7.83% and 6.3%, respectively, of total assets. PORS and JRS are not permitted to invest more than 5.00% of their System accounts in any one corporate issuer without written direction and approval of the Treasurer of State of Iowa.

Pension Totals

At June 30, 2025, the State of Iowa recognized the following amounts related to pensions in financial statements prepared using the economic resources measurement focus and accrual basis of accounting (expressed in thousands):

	Defined Benefit				
	Cost-sharing, Multiple-employer	Single-employer			Cost-sharing, Multiple-employer
	IPERS - Primary Government	PORS	JRS	Total Primary Government	IPERS - Discretely Presented Component Units
Net pension liability (asset)	\$ 591,439	\$ 213,671	\$ (15,794)	\$ 789,316	\$ 8,679
Deferred outflows of resources related to pensions	326,142	38,751	2,894	367,787	3,361
Deferred inflows of resources related to pensions	46,994	6,250	9,583	62,827	1,007
Pension expense for the period associated with net pension liabilities	91,823	46,770	635	139,228	884

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

B. Pension Plans

Iowa Public Employees' Retirement System (IPERS)

General Information about the Plan

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 the administrator of the 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. At June 30, 2025, IPERS had 1,949 public employers with 186,221 active members contributing to the system.

Plan Membership.

	Fiscal Years Ended June 30,	
	2025	2024
Inactive employees or beneficiaries currently receiving benefits	137,833	136,060
Inactive employees entitled to but not yet receiving benefits	99,935	94,723
Active employees	186,221	183,389
Total	423,989	414,172

IPERS has three membership classes: (1) Regular, (2) Sheriffs and Deputies, and (3) Protection Occupation. Each membership class has different retirement benefits and contribution rates. The regular membership accounts for approximately 95% of all members.

Benefits Provided. Members are eligible for all rights and benefits once they become vested. *Regular members*, prior to July 1, 2012, vested after completing four years of covered service or upon reaching the age of 55 while in IPERS-covered employment. Beginning July 1, 2012, regular members vested after seven years of covered service or upon reaching the age of 65 while in IPERS-covered employment. *Special Service members (Sheriffs and Deputies and Protection Occupation)* vest when they complete four years of covered service or reach the age of 55 while in covered employment.

At retirement, members have six benefit options. Each option provides for lifetime monthly member benefits and available death benefits. The benefit amounts are dependent upon the option selected, but once calculated, remain constant. However, members which began receiving benefits before July 1, 1990, receive a guaranteed dividend with their November payment per Iowa Code Section 97B.49F(1)(b).

- **Regular members** are eligible for full benefits at normal retirement which occurs at: (1) age 65, (2) age 62 with 20 or more years of covered employment, or (3) when years of service plus age equal or exceed 88. This membership class cannot receive benefits before 55, and those who are 70 and still working for a covered employer may receive benefits while still employed. Monthly benefits are equal to a member's highest five-year average salary multiplied by a percentage based on years of service, up to a maximum of 65%. Members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary. If retirement occurs prior to normal retirement, an early-retirement reduction is permanently applied to benefits. For service earned prior to July 1, 2012, the reduction is 0.25% for each month benefits are received before the earliest *normal retirement*. For service earned on or after July 1, 2012, the reduction increases to 0.50% per month benefits are received before the member reaches age 65.
- **Special Service members** have different retirement eligibility requirements than regular members. Both special service member classes are eligible for monthly benefits equal to the average of the highest three years' salary multiplied by a percentage based on years of service, up to a maximum of 80%.
 - **Sheriffs and deputies** are eligible for retirement benefits at age 50, with 22 years of qualified service.
 - **Protection occupation members** are eligible for retirement benefits if vested, no longer working for an IPERS-covered employer, and reach age 55.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Disability Benefits. A vested member that is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. Special service members that retire due to a disability may be eligible for regular member or special service member disability benefits.

Death Benefits. If a member dies before retirement, their designated beneficiary may receive a lump-sum payment based on the greater of two formulas: (1) actuarial present value of the member's accrued benefit as of the date of death, or (2) actual years of service divided by either 30 years for a regular member or 22 years for special service member multiplied by the member's highest annual covered wage plus the member's accumulated contributions. If the member's beneficiary is a sole individual, they will be offered either a lump sum or life time annuity. If a member dies after retirement, the beneficiary is paid according to the benefit option selected by the member at the time of retirement.

Contributions. A valuation of the liabilities and assets 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 contribution. The unfunded actuarial liability contribution 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 for all three membership groups, the required contribution rates for the Regular membership were set in law through June 30, 2012. From fiscal year 2002 through fiscal year 2013, 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. Iowa statute limits the amount rates can vary to 1.0 percentage point each year for Regular members.

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 Contribution Rate Funding Policy. Therefore, these groups have consistently paid the rate needed to fully fund their benefits.

In fiscal year 2025, the contribution rates for all members exceeded the actuarial rates.

	Fiscal Year 2025		
	Employee	Employer	Total
Regular members	6.29%	9.44%	15.73%
Sheriffs and deputies	8.51%	8.51%	17.02%
Protection occupation members	6.21%	9.31%	15.52%

Contributions are remitted by participating employers. Wages were covered up to the Internal Revenue Code Section 401(a)(17) compensation limit of \$330,000 for calendar year 2024 and \$350,000 for calendar year 2025. There are no non-employer contributing entities to IPERS.

The State's employer contributions to IPERS for the years ended June 30, 2025 and 2024 were \$182,823,000 and \$170,228,000, respectively.

Change in Benefit and Funding Terms: The 2024 Iowa Legislature passed House File 2661 (HF 2661) which provided for the following benefit enhancements for members of the Sheriffs and Deputies group.

- Increased the benefit multiplier from 1.5% to 2.5% for years of service between 22 and 30 thereby increasing the maximum benefit from 72% to 80% of average salary.
- Granted an automatic 1.5% compound cost-of-living adjustment (COLA) for members who retire on or after July 1, 2024 who are at least age 50 when they terminate employment and have at least 22 years of special service. This COLA is provided in lieu of any favorable experience dividend that future retirees would have otherwise been eligible for.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Actuarial Methods and Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions and the entry age normal actuarial cost method.

- Inflation rate: 2.6%
- Long-term rate of return: 7.00%
- Projected salary increases: 3.25% – 16.25%

Mortality rates were based on the PubG-2010 Generational Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Projection Scale MP-2021. Different adjustments apply to pre-retirement, post-retirement, and post-disability mortality tables.

The actuarial assumptions used in the June 30, 2024 valuation are based on the results of the most recent actuarial experience study, which covered the four-year period ending June 30, 2021. That experience study report is dated June 16, 2022.

The long-term rate of return, 7.00%, is reviewed as part of regular experience studies, prepared every four years for IPERS. Several factors are considered in evaluating the long-term rate of return 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 return, net of investment expense and inflation) along with estimates of variability and correlations for each asset class, were developed by the investment consultant. These ranges were combined to develop 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 capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans, which cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of arithmetic real rates of return for each major asset class included in IPERS' target asset allocation as of June 30, 2025, are shown in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core-plus fixed income	25.00%	2.84%
Domestic equity	21.00%	3.33%
International equity	13.00%	4.99%
Private equity	17.00%	7.68%
Private real assets	9.00%	4.62%
Public credit	3.00%	4.21%
Private credit	6.00%	6.23%
Global smart beta equity	5.00%	3.87%
Cash	1.00%	1.24%
Total	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed plan contributions from members and the State will be made according to the current Contribution Rate Funding Policy. That policy is currently: (1) employee contributions are 40% of the required contribution rate for regular and protection occupation members and 50% of the required contribution rate for sheriffs and deputies; and (2) employer contributions are 60% of the required contribution rate for regular and protection occupation members and 50% of the required contribution rate for sheriffs and deputies; and (3) administrative expense in the prior year were projected forward with inflation as an estimate for administrative expense in the current and future years. The portion of the expenses in future years allocated to the current members was based on the proportionate share of covered payroll in each year for the remainder of existing members to the total covered payroll for all members. Based on those assumptions, the pension fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on plan investments of 7.00% was applied to all periods of

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

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 3.94%. The projected future benefit payments for all current plan members were projected through 2123.

The components of the IPERS' total net pension liability (asset) (NPL) at June 30 are (expressed in thousands):

	2025	2024
Total pension liability	\$ 49,063,230	\$ 47,302,619
Plan fiduciary net position	46,740,552	43,661,123
Employers' net pension liability (asset)	\$ 2,322,678	\$ 3,641,496
Plan fiduciary net position as a percentage of the total pension liability (asset)	95.27%	92.30%

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, or by calling 515-281-0020.

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report, as well as the fiduciary combining statements included in the supplementary information section of this report.

State of Iowa Proportionate Share of the Collective Net Pension Liability (Asset) Assumptions and Inputs

At June 30, 2025, the State reported a total of \$600.1 million for its proportionate share of the net pension liability, with a \$591.4 million liability in the primary government and \$8.7 million liability in the discretely presented component units. The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability as of June 30, 2024, used to calculate the net pension liability (asset) was determined based on the June 30, 2024 actuarial valuation for funding, dated October 28, 2024.

The State's proportion of the net pension liability (asset) was based on the State's share of contributions to the pension plan relative to the contributions of all participating employers, actuarially determined. At June 30, 2025, the State's total proportion was 16.48165103% (16.23763928% in the primary government and 0.24401175% in the discretely presented component units). This was a decrease of 0.61563756% from the State's total proportion (a decrease of 0.60394753% in the primary government and a decrease of 0.01169003% in the discretely presented component units), measured as of June 30, 2024.

For the year ended June 30, 2025, the State recognized IPERS pension expense of \$91.8 million for the primary government and \$0.9 million for the discretely presented component units. The State also reported deferred outflows of resources and deferred inflows of resources related to IPERS pensions from the following sources:

	Deferred Outflows of Resources (expressed in thousands)	
	Primary Government	Discretely Presented Component Units
Differences between expected and actual experience	\$ 70,674	\$ 802
Net difference between projected and actual earnings on pension plan investments	8,415	115
Changes in proportion and differences between contributions and proportionate share of contributions	64,230	121
Contributions subsequent to the measurement date	182,823	2,323
Total	\$ 326,142	\$ 3,361

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	Deferred Inflows of Resources (expressed in thousands)	
	Primary	Discretely Presented
	Government	Component Units
Differences between expected and actual experience	\$ 398	\$ 6
Changes in assumptions	5,513	22
Changes in proportion and differences between contributions and proportionate share of contributions	41,083	979
Total	\$ 46,994	\$ 1,007

The primary government and discretely presented component units reported deferred outflows of resources related to pensions of \$182.8 million and \$2.3 million, respectively, as a result of employer contributions subsequent to the measurement date which will be recognized as a reduction of net pension liability in the year ended June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

Year Ending June 30,	Primary Government	Discretely Presented Component Units
2026	\$ 25,718	\$ (31)
2027	22,697	6
2028	21,889	10
2029	20,059	35
2030	5,962	11
Total	\$ 96,325	\$ 31

There are no non-employer contributing entities to IPERS.

Sensitivity Analysis. The State's proportionate share of the net pension liability (asset) was calculated using a discount rate of 7.00%, as well as a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate. The sensitivity of the State's proportionate share of the net pension liability (asset) to changes in the discount rate is presented below (expressed in thousands):

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
	State's proportionate share of the net pension liability (asset):		
Primary government	\$ 1,630,487	\$ 591,439	\$ (279,125)
Discretely presented component units	22,527	8,679	(2,540)
Total	\$ 1,653,014	\$ 600,118	\$ (281,665)

Payables to the Pension Plan

At June 30, 2025, the State had remitted to IPERS all legally required employer contributions and employee contributions which had been withheld from employee wages.

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NOTES TO THE FINANCIAL STATEMENTS

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

General Information about the Plan

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. PORS is the administrator of the single-employer defined benefit pension plan.

A member that leaves employment before attaining retirement age but after completing at least four years of covered service is vested and entitled to receive a service retirement benefit upon attaining the minimum retirement age provided their accumulated contributions have not been withdrawn.

Plan Membership. At June 30, 2025, the following employees were covered by the benefit terms:

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

Benefits Provided. PORS provides service retirement benefits, ordinary disability retirement benefits, accidental disability benefits, ordinary death benefits, accidental death benefits and line of duty death benefits. Benefits vest after four years of credited service.

- *Service retirement benefits* are calculated as 60.5% of the member's average final compensation plus an additional 2.75% for each year of service over 22 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. A member may retire with a service allowance after completing 22 years of creditable service and attaining the minimum service retirement age of 55.
- *Ordinary disability retirement benefits* are 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 22 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 55 years of age or 50% of the member's average final compensation. A member may receive ordinary disability retirement benefits if 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.
- *Accidental disability benefit* is equal to 60% of the member's average final compensation. If the member has had 22 or more years of membership service, the member will receive the greater of the benefit payable under a service retirement if the member were 55 years of age or 60% of the member's average final compensation. 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, 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.
- *Ordinary death benefit* is provided to the beneficiaries of a member with 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. 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 55. In addition, each child of the member will be paid a monthly pension equal to 6% of the monthly earnable compensation payable to an active member having the rank of senior patrol officer.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

- *Accidental death benefit* is payable to the member's surviving spouse, children or dependent parent upon the death of a member as a result of an accident or exposure occurring in the performance of duty in an amount equal to 50% of the average final compensation of the member. If there is a surviving spouse, each child of a member will be paid a monthly pension equal to 6% of the monthly earnable compensation payable to an active member having the rank of senior patrol officer. If there is no surviving spouse, children or dependent parent, the death will be treated as an ordinary death and the benefit will be payable to the member's estate.
- *Line of duty death benefit* is provided 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.

Adjustments to Benefits. All benefits payable to retired members and to beneficiaries, except children of a deceased member, are adjusted on July 1 and January 1, for changes in salary scales. An amount equal to a percentage of the difference between the 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 will be added to the monthly benefit of each member as follows:

- 40% for members receiving a service retirement allowance, beneficiaries receiving an accidental death benefit, members with five or more years of membership who are receiving an ordinary disability benefit, and members receiving an accidental disability benefit.
- 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.
- Surviving spouses of retirees receive 50% of the amounts above, as applicable.

For each adjustment occurring on July 1, an additional fixed amount is added to the initial monthly pension based on the years since the member retired: 0-4 years \$15; 5-9 years \$20; 10-14 years \$25; 15-19 years \$30; and 20 or more years \$35.

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.

Contributions. Contributions to PORS 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. Beginning July 1, 2025, the member contribution rate is 11.525%. The employer contribution rate is the lessor of 37.0% of payroll and the actuarial rate, but not less than 17.0% of payroll. In addition, the State contributed an additional \$5 million and will continue the supplemental contribution until the funded status of PORS attains 85%. Contribution provisions are established by State law and may be amended only by the State Legislature. The State of Iowa has historically followed a contribution policy of appropriating funds based upon a percentage of the current salaries for which funds are appropriated.

The member contribution required and contributed was \$7,249,000, representing 11.4% of the current year covered payroll. The State contribution required by statute and the amount actually contributed was \$26,697,000. \$5,000,000 of the State contribution was an annual appropriation, which was in addition to the required employer 37.0% contribution rate. Costs of administering the plan are financed through employer contributions and investment income.

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

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, Accident and Disability System, Oran Pape State Office Building, 215 East 7th Street, Des Moines, IA 50319 or at info@aos.iowa.gov.

Net Pension Liability (Asset)

The net pension liability (asset) was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

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Change in Benefit and Funding Terms: Due to the passage of House File 969 (HF 969) during the 2024 Iowa Legislative session, the cancer and infectious disease definition was broadened to include all cancers and increased the POR member contributions 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, HF 969 did not have an impact on the net pension liability.

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: 2.5%
- Salary increases: 4.00% to 8.50%, including inflation
- Investment rate of return: 6.5% 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 2 years for males and females, projected generationally using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 Safety Retirees Median Mortality Table, set-back 2 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 2 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 2 years for males and females, projected generationally using Scale MP-2021.

The actuarial assumptions used in the July 1, 2025 valuation are based on the results of the most recent actuarial experience study, which covered the five-year period ending June 30, 2021. The experience study report is dated October 12, 2022.

The long-term expected rate of return on pension plan investments is reviewed as part of the experience study. Several factors are considered in evaluating the long-term rate of return assumption including the 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) 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 capital market assumptions developed by investment consultants are often intended for use over a 10-year investment horizon and are not always useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The long-term rate of return assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap equities	20.00%	4.71%
Small cap equities	15.00%	5.86%
International equity	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 bonds	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>	

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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: (1) employee contribution rate: 11.525%; (2) employer contribution rate: the lesser of 37.0% of payroll and the actuarial rate, but not less than 17.0% of payroll; and (3) supplemental State contributions: \$5 million until PORS is 85% funded. Based on those assumptions, the pension fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on plan assets 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 net pension liability (asset) was calculated using a discount rate of 6.50%, as well as a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate. The sensitivity of the net pension liability (asset) to changes in the discount rate is presented below (expressed in thousands):

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability (asset)	\$ 365,803	\$ 213,671	\$ 90,551

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PORS financial report, as well as the fiduciary combining statements included in the supplementary information section of this report.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease) Expressed in Thousands		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	\$	\$	\$
Balances at June 30, 2024	988,955	749,102	239,853
Changes for the year:			
Service cost	21,147	-	21,147
Interest	62,901	-	62,901
Differences between expected and actual experience	1,566	-	1,566
Contributions - employer	-	26,697	(26,697)
Contributions - employee	-	7,249	(7,249)
Net investment income	-	78,157	(78,157)
Benefit payments, including refunds of employee contributions	(43,181)	(43,181)	-
Administrative expense	-	(307)	307
Net changes	42,433	68,615	(26,182)
Balances at June 30, 2025	\$ 1,031,388	\$ 817,717	\$ 213,671

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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the State recognized pension expense related to PORS of \$46.8 million. At June 30, 2025, the State reported deferred outflows of resources and deferred inflows of resources related to pensions for PORS from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,895	\$ 161
Changes in assumptions	18,856	-
Net difference between projected and actual earnings on pension plan investments	-	6,089
Total	\$ 38,751	\$ 6,250

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

Year Ending June 30,	
2026	\$ 48,246
2027	(5,612)
2028	(7,291)
2029	(3,116)
2030	258
Thereafter	16
Total	\$ 32,501

There are no non-employer contributing entities to PORS.

Payables to the Pension Plan

At June 30, 2025, the State had remitted to PORS all legally required employer contributions and employee contributions which had been withheld from employee wages.

Judicial Retirement System (JRS)

General Information about the Plan

Plan Description. JRS was created under Chapter 602 of the Code of Iowa to provide pension benefits to judges serving on the Supreme Court, District Courts and the Court of Appeals. JRS is the administrator of a single-employer defined benefit pension plan.

Plan Membership. At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	263
Inactive employees entitled to but not yet receiving benefits	4
Active employees	217
Total	484

Benefits Provided. JRS provides retirement annuities to judges with at least four years of service as a judge of one or more of the above courts and is at least age 65 or has served 20 years of consecutive service as a judge of one or more of the above courts and is at least age 50.

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The annual annuity benefits available under JRS are:

- *Judge* – 3.25% of the average annual basic salary for the highest three years as a judge multiplied by the judge’s years of service, not to exceed an amount equal to a *specified percentage* of the highest basic annual salary the judge received at the time the judge separated from service.
- *Senior judge* – 3.00% (retirement prior to July 1, 2006) or 3.25% (retirement on or after July 1, 2006) of the basic senior judge salary multiplied by the judge’s years of service, not to exceed an amount equal to a *specified percentage* of the basic senior judge salary as of the time the senior judge separated from service. The basic senior judge salary is equal to the highest salary the judge is receiving or received at the time the judge separated from full time service plus 75% of the difference between that salary and the basic current salary of the office the judge last served as a judge. Effective January 1, 2018, a judge must be 62 years of age or older at the time a judge assumes senior status. Senior judges may only serve for a total of six years and shall cease holding office upon reaching age 84. These requirements do not apply to judges who have 20 years of service prior to January 1, 2018.
- The *specified percentages* to determine maximum annuity benefits for judges and senior judges are: (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 retired and received an annuity on or after July 1, 2001 but before July 1, 2006, and (5) 65% for judges who retired and received an annuity on or after July 1, 2006.
- *Disability* – 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.
- *Survivor* – annuity is equal to 50% of the amount the retired judge was receiving or would have received at the time of their death.

Contributions. The contributions to JRS are made pursuant to Section 602.9104 of the Code of Iowa.

The system attained fully funded status with the July 1, 2021 actuarial valuation. Effective July 1, 2024, members contribute 35% and the State contributes 65% of the required contribution rate.

The member contribution required and contributed was \$3,088,000, representing 8.86% of the current year covered payroll. The State contribution required by statute and the amount contributed was \$5,734,000. The State share was based on 16.46% of actual salaries. Costs of administering the plan are financed through State appropriation, member contributions and investment income.

An actuarial valuation of JRS’ assets and liabilities is required at least once every four years per Section 602.9116 of the Code of Iowa.

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 or at info@aos.iowa.gov.

Net Pension Liability (Asset)

The net pension liability (asset) was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Change in Benefit and Funding Terms: The 2025 Iowa Legislative session passed House File 956 (HF 956) which increased the mandatory retirement age from 72 to 78 for judicial officers from 78 to 84 for senior judges.

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: 2.60%
- Salary increases: 3.75%, including inflation
- Investment rate of return: 6.75%, net of investment expense, and including inflation

Pre-retirement mortality rates were based on the Pub-2010 General Above Median Employees Mortality Table with a three-year age setback and generational improvements using MP-2021.

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Post-retirement mortality rates for retirees were based on the Pub-2010 General Above Median Retiree Mortality Table with a three- year age set back and generational improvements using MP-2021.

Post-retirement mortality rates for beneficiaries were based on the Pub-2010 Above Median Contingent Survivor Mortality Table with a three-year age set back and generational improvements using MP-2021.

The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience study, which covered the five-year period ending June 30, 2023. The experience study report is dated July 3, 2024.

The long-term expected rate of return on pension plan investments is reviewed as part of the experience study. Several factors are considered in evaluating the long-term rate of return assumption including the 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 develop 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 capital market assumptions developed by investment consultants are often intended for use over a 10-year investment horizon and are not always useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The long-term rate of return assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap equities	20.00%	4.40%
Small/mid cap equities	15.00%	4.60%
International equity	25.00%	4.20%
Private equity	5.00%	7.30%
U.S. fixed income	14.25%	3.70%
Diversified fixed income	5.75%	2.70%
Private debt	5.00%	6.50%
Real estate - non-core	6.00%	5.40%
Real estate - core	4.00%	3.60%
Total	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 6.75%. 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: (1) employee contribution rate: 35% of the required contribution rate; and (2) employer contribution rate: 65% of the required contribution rate. Based on those assumptions, the pension fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on plan assets 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.

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Sensitivity Analysis. The net pension liability (asset) was calculated using a discount rate of 6.75%, as well as a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate. The sensitivity of the net pension liability (asset) to changes in the discount rate is presented below (expressed in thousands):

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	\$ 14,557	\$ (15,794)	\$ (41,651)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued JRS financial report, as well as the fiduciary combining statements included in the supplementary information section of this report.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease) Expressed in Thousands		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	Balances at June 30, 2024	\$ 276,789	\$ 278,381
Changes for the year:			
Service cost	8,885	-	8,885
Interest	18,065	-	18,065
Benefit changes	(304)	-	(304)
Differences between expected and actual experience	267	-	267
Contributions - employer	-	5,734	(5,734)
Contributions - employee	-	3,088	(3,088)
Net investment income	-	32,330	(32,330)
Benefit payments, including refunds of employee contributions	(18,611)	(18,611)	-
Administrative expense	-	(37)	37
Net changes	8,302	22,504	(14,202)
Balances at June 30, 2025	\$ 285,091	\$ 300,885	\$ (15,794)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the State recognized pension expense related to JRS of \$0.6 million. At June 30, 2025, the State reported deferred outflows of resources and deferred inflows of resources related to pensions for JRS from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,894	\$ 2,350
Changes in assumptions	-	579
Net difference between projected and actual earnings on pension plan investments	-	6,654
Total	\$ 2,894	\$ 9,583

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

Year Ending June 30,	
2026	\$ 9,764
2027	(8,340)
2028	(5,883)
2029	(2,280)
2030	44
Thereafter	6
Total	<u>\$ (6,689)</u>

There are no non-employer contributing entities to JRS.

Payables to the Pension Plan

At June 30, 2025, the State had remitted to JRS all legally required employer contributions and employee contributions which had been withheld from employee wages.

C. Teachers Insurance and Annuity Association (TIAA) Retirement Program

The Universities, Board of Regents, Iowa Educational Services for the Blind & Visually Impaired (IESBVI), and Iowa School for the Deaf (ISD) contribute to the TIAA retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the institutions listed above. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Board of Regents and the Code of Iowa, all eligible University and Board of Regents employees must participate in a retirement plan from the date they are employed.

Benefit terms, for Universities and Board of Regents employees, including contribution requirements, are established in accordance with the Board of Regents policy and specified by the contract with TIAA. 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 the balance of earnings. Upon completion of five years of service, the employee contributes 5.00% and the employer contributes 10.00% on all earnings.

Contribution rates for employer and employees of IESBVI and ISD are 9.44% and 6.29%, respectively.

During fiscal years 2025 and 2024, the employers' required and actual contributions amounted to \$204,132,000 and \$195,155,000, respectively. During fiscal years 2025 and 2024, the employees' required and actual contributions amounted to \$101,684,000 and \$97,930,000, respectively. As of June 30, 2025, the employers reported payables of \$16,517,000 for legally required employer contributions and \$8,322,000 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA.

(Notes continue on next page.)

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS

A. Other Postemployment Benefits Totals

At June 30, 2025, the State of Iowa recognized the following amounts related to other postemployment benefits (OPEB) in financial statements prepared using the economic resources measurement focus and accrual basis of accounting (expressed in thousands):

	Defined Benefit - Single-employer			
	State Plan	University Plan	Total	State Plan
	Primary	Primary	Primary	Discretely
	Government	Government	Government	Presented Component Units
Total OPEB liability	\$ 165,495	\$ 196,756	\$ 362,251	\$ 2,351
Deferred outflows of resources related to OPEB	52,024	72,363	124,387	815
Deferred inflows of resources related to OPEB	120,832	98,212	219,044	1,850
OPEB expense for the period associated with total OPEB liabilities	13,040	12,572	25,612	165

B. 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75), 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 of Iowa Postretirement Medical Plan operates as a single-employer retiree benefit plan which provides medical insurance benefits for retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4, of GASB No. 75. The State currently finances the retiree benefit plan on a pay-as-you-go basis.

A copy of the plan's separately issued actuarial valuation may be obtained by writing to the Iowa Department of Administrative Services, Hoover State Office Building, Des Moines, Iowa 50319.

Plan Membership

There are 17,575 active and 1,740 retired participants in the plan.

Plan Benefits

The State currently offers three plans which are available to participants: Iowa Choice, National Choice and SPOC (Alliance Select). The contribution requirements of the plan participants are established and may be amended by the State Legislature.

Total OPEB Liability

The total OPEB liability of \$167,846,000 (\$165,495,000 in the primary government and \$2,351,000 in the discretely presented component units), was measured as of June 30, 2025, and was determined by an actuarial valuation as

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of January 1, 2024. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2025.

Actuarial Assumptions

The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

- Payroll growth: 3.25 to 16.25%, based on years of service
- Discount rate: 5.20%, as of June 30, 2025
- Healthcare cost trend rate – non SPOC - Medical: 3.00%, then 6.75%, trending down to 4.50%, over 9 years
- Healthcare cost trend rate – non SPOC - Rx: -5.14%, then 8.75%, trending down to 4.50%, over 17 years
- Healthcare cost trend rate – SPOC - Medical & Rx: 1.23%, then 7.19%, trending down to 4.50%, over 17 years

The majority of State of Iowa employees are participants in the Iowa Public Employees' Retirement System (IPERS). For this reason, the individual salary increases, the mortality rates, withdrawal, retirement and age of spouse assumptions are based on the assumptions used for the IPERS Actuarial Valuation Report as of June 30, 2021. The plan participation and coverage at retirement assumptions are based upon the recent experience of the State of Iowa Postretirement Medical Plan.

The discount rate is based on the municipal bond rate of 5.20% using the 20-year Bond Buyer GO Index as of June 30, 2025.

Mortality rates for general population pre-retirement employees were based on the PubG-2010 Employee Headcount-weighted Table, set back 2 years for males and females, projected generationally using scale MP-2021. Mortality rates for postretirement employees were based on the PubG-2010 Healthy Annuitant Headcount-weighted Table, set forward 2 years for males and females, with an 8.0% increase below age 75 for males and a 20.0% increase below age 75 for females, projected generationally using scale MP-2021.

Mortality rates for the SPOC population pre-retirement employees were based on the PubG-2010 Employee Headcount-weighted Table, set back 4 years for males and 2 years for females, projected generationally using scale MP-2021. Mortality rates for postretirement employees were based on the PubS-2010 Healthy Annuitant Headcount-weighted Table, set forward 3 years for males and 2 years for females, with a 4.0% decrease at all ages for females, projected generationally using scale MP-2021.

Changes in the Total OPEB Liability

	Increase (Decrease) Expressed in Thousands	
	Primary Government	Discretely Presented Component Units
Balances at June 30, 2024	\$ 181,909	\$ 2,673
Changes for the year:		
Service cost	13,732	122
Interest	7,523	67
Change in assumptions	(27,107)	(480)
Benefit payments - implicit subsidy	(10,562)	(31)
Net changes	(16,414)	(322)
Balances at June 30, 2025	\$ 165,495	\$ 2,351

The following changes in assumptions are also reflected in the change in the total OPEB liability:

- Increased the discount rate from 3.93% to 5.20%.
- Updated medical and prescription drug trend rates to reflect recent experience and future expectations.

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Sensitivity Analysis – Changes to the Discount Rate. The total OPEB liability was calculated using a discount rate of 5.20%, as well as a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate. The sensitivity of the total OPEB liability to changes in the discount rate is presented below (expressed in thousands):

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability			
Primary government	\$ 177,180	\$ 165,495	\$ 154,543
Discretely presented component units	2,522	2,351	2,200
Total	\$ 179,702	\$ 167,846	\$ 156,743

Sensitivity Analysis – Changes to the Healthcare Cost Trend Rate. The total OPEB liability was calculated using a healthcare cost trend rate of 6.75% for non SPOC - Medical, 8.75% for non SPOC – Rx and 7.19% for SPOC - Medical & Rx, as well as a healthcare cost trend rate that is 1-percentage-point lower (5.75%, 7.75%, and 6.19%) or 1-percentage-point higher (7.75%, 9.75% and 8.19%) than the current rate. The sensitivity of the total OPEB liability to changes in the healthcare cost trend rate is presented below (expressed in thousands):

	1% Decrease (5.75%, 7.75% & 6.19%)	Current Healthcare Cost Trend Rate (6.75%, 8.75% & 7.19%)	1% Increase (7.75%, 9.75% & 8.19%)
Total OPEB liability			
Primary government	\$ 147,871	\$ 165,495	\$ 186,066
Discretely presented component units	2,105	2,351	2,649
Total	\$ 149,976	\$ 167,846	\$ 188,715

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the State of Iowa recognized OPEB expense related to the Plan of \$13,205,000 (\$13,040,000 in the primary government and \$165,000 in the discretely presented component units). At June 30, 2025, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB for the Plan from the following sources (expressed in thousands):

	Deferred Outflows of Resources	
	Primary Government	Discretely Presented Component Units
Differences between expected and actual experience	\$ 38,070	\$ 470
Changes in assumptions	4,840	175
Changes in proportion and differences between contributions and proportionate share of contributions	9,114	170
Total	\$ 52,024	\$ 815

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NOTES TO THE FINANCIAL STATEMENTS

	Deferred Inflows of Resources	
	Primary Government	Discretely Presented Component Units
Differences between expected and actual experience	\$ 15,936	\$ 274
Changes in assumptions	96,425	990
Changes in proportion and differences between contributions and proportionate share of contributions	8,471	586
Total	<u>\$ 120,832</u>	<u>\$ 1,850</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

Year Ending June 30,	Primary Government	Discretely Presented Component Units
2026	\$ (8,761)	\$ (130)
2027	(9,078)	(137)
2028	(9,078)	(137)
2029	(10,833)	(163)
2030	(12,873)	(194)
Thereafter	(18,185)	(274)
Total	<u>\$ (68,808)</u>	<u>\$ (1,035)</u>

C. University Plans

Plan Description

The University of Iowa (U of I), Iowa State University (ISU) and the University of Northern Iowa (UNI) operate single employer benefit plans which provide medical, dental and life insurance benefits for retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4, of GASB No. 75.

Plan Benefits

Detailed plan benefit information is available in the Universities' separately issued financial reports. These reports may be obtained by writing to the Iowa Department of Administrative Services, Hoover State Office Building, Des Moines, Iowa 50319.

Plan Membership

	2025		
	U of I	ISU	UNI
Inactive employees or beneficiaries currently receiving benefits	2,371	3,823	77
Active employees	19,414	7,327	1,628
Total	<u>21,785</u>	<u>11,150</u>	<u>1,705</u>

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NOTES TO THE FINANCIAL STATEMENTS

Total OPEB Liability

The total OPEB liability of \$196,756,000 is reported based on the following measurement dates, actuarial valuation dates, and actuarial assumptions:

	U of I	ISU	UNI
Measurement date	June 30, 2024	January 1, 2025	June 30, 2025
Actuarial valuation date	January 1, 2023	January 1, 2024	June 30, 2025
Actuarial cost method	Entry age normal	Entry age normal - level % of salary	Entry age normal - level % of salary
Amortization method	Level percentage of pay on an open basis	Linearly on a principal only basis	Linearly on a principal only basis
Amortization period	10.49 years (LTD 12.37 years)	5 years	5 years
Discount rate	3.93%	4.28%	5.20%
Medical trend rate	7.45% (6.34% for post age 65)	8.00%	8.00%
Ultimate medical trend rate	4.50%	4.50%	4.50%
Inflation rate	2.30%	2.60%	2.60%
Payroll growth rate	3.00%	3.25%	0.50% - 7.00% based on years of service

Discount Rate. The U of I discount rate of 3.93% is based on the Bond Buyer 20 Year GO Index as of June 30, 2024. The ISU discount rate of 4.28% is based on the Bond Buyer 20-Bond GO Index as of January 1, 2025. The UNI discount rate of 5.20% is based on the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2025.

Mortality Rates. The U of I rates are from the Pub-2010 Aggregate Mortality Table projected using Scale MP-2021. The ISU rates are from the Pub-2010 General Headcount-weighted Mortality Table fully generational using Scale MP-2021. The UNI rates are from Pub-2010 Teacher Headcount-weighted Mortality Table fully generational using Scale MP-2021.

Changes in the Total OPEB Liability

	Increase (Decrease) Expressed in Thousands		
	U of I	ISU	UNI
Balances at June 30, 2024	\$ 104,118	\$ 64,929	\$ 8,542
Changes for the year:			
Service cost	5,708	6,059	336
Interest	3,885	2,746	368
Difference between expected and actual experience	(386)	9,347	117
Change in assumptions	(2,076)	5,425	(567)
Benefit payments	(6,809)	(4,723)	(263)
Net changes	322	18,854	(9)
Balances at June 30, 2025	\$ 104,440	\$ 83,783	\$ 8,533

The following changes in assumptions are also reflected in the change in the total OPEB liability:

U of I

- Increased the discount rate from 3.65% to 3.93%.
- Updated rates to better reflect recent experience.
- Decreased the healthcare trend rate from 7.73% to 7.45%.

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ISU

- Increased the discount rate from 4.00% to 4.28%.

UNI

- Increased the discount rate from 4.21% to 5.20%.

Sensitivity Analysis – Changes to the Discount Rate. The total OPEB liability was calculated using a discount rate of 3.93%, 4.28% and 5.20% for the U of I, ISU, and UNI, respectively, as well as a discount rate that is 1-percentage-point lower (2.93%, 3.28% and 4.20%) or 1-percentage-point higher (4.93%, 5.28% and 6.20%) than the current rate. The sensitivity of the total OPEB liability to changes in the discount rate is presented below (expressed in thousands):

	Current		
	1% Decrease (2.93%, 3.28% & 4.20%)	Discount Rate (3.93%, 4.28% & 5.20%)	1% Increase (4.93%, 5.28% & 6.20%)
Total OPEB liability			
U of I	\$ 111,742	\$ 104,440	\$ 97,653
ISU	89,972	83,783	78,058
UNI	9,354	8,533	7,794

Sensitivity Analysis – Changes to the Healthcare Cost Trend Rate. The total OPEB liability was calculated using a healthcare cost trend rate of 7.45%, 8.00% and 8.00% for the U of I, ISU, and UNI, respectively, as well as a healthcare cost trend rate that is 1-percentage-point lower (6.45%, 7.00% and 7.00%) or 1-percentage-point higher (8.45%, 9.00% and 9.00%) than the current rate. The sensitivity of the total OPEB liability to changes in the healthcare cost trend rate is presented below (expressed in thousands):

	Current		
	1% Decrease (6.45%, 7.00% & 7.00%)	Healthcare Cost Trend Rate (7.45%, 8.00% & 8.00%)	1% Increase (8.45%, 9.00% & 9.00%)
Total OPEB liability			
U of I *	\$ 116,489	\$ 104,440	\$ 96,460
ISU	75,631	83,783	93,304
UNI	7,581	8,533	9,646

* For the U of I healthcare cost trend rate sensitivity specifically, the census data, minimum capital requirement (MCR), and assumptions coupled with the interaction of marginal cost adjustments impacting gross claims, and the U of I providing only a fixed non-increasing flat subsidy where participants then cover the difference results in the total OPEB liability decreasing as trend rates increase (and vice versa).

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the U of I, ISU, and UNI recognized OPEB expense related to the Plans of \$0.7 million, \$14.2 million, and negative \$2.2 million, respectively.

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At June 30, 2025, the U of I, ISU, and UNI reported deferred outflows of resources and deferred inflows of resources related to OPEB for the Plans from the following sources (expressed in thousands):

	Deferred Outflows of Resources		
	U of I	ISU	UNI
Differences between expected and actual experience	\$ 15,761	\$ 14,788	\$ 92
Changes in assumptions	25,041	6,222	453
Contributions subsequent to the measurement date	7,555	2,451	-
Total	\$ 48,357	\$ 23,461	\$ 545

	Deferred Inflows of Resources		
	U of I	ISU	UNI
Differences between expected and actual experience	\$ 36,765	\$ -	\$ 3,626
Changes in assumptions	54,350	1,775	1,696
Total	\$ 91,115	\$ 1,775	\$ 5,322

Employer contributions subsequent to the measurement date will be recognized as a reduction of total OPEB liability in the year ended June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

Year Ending	U of I	ISU	UNI
June 30,			
2026	\$ (10,132)	\$ 8,390	\$ (2,623)
2027	(10,132)	7,152	(1,199)
2028	(6,114)	3,693	(656)
2029	(4,400)	-	(224)
2030	(6,573)	-	(75)
Thereafter	(12,961)	-	-
Total	\$ (50,312)	\$ 19,235	\$ (4,777)

NOTE 17 – OTHER TERMINATION BENEFITS

A. 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.

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.

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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, 2025, 353 SPOC retirees received benefits totaling \$2.3 million.

B. Other Voluntary Termination Benefit Programs

The state offers voluntary termination benefit programs, collectively referred to as Sick Leave Insurance Program (SLIP), which have been established through collective bargaining agreements with AFSCME, IUP, and PPME for contract-covered employees in Executive, Legislative, and Judicial branches. These programs are also offered to non-contract employees in all three branches, with the exception of judicial officers and SPOC covered employees. SLIP allows eligible employees 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, the employee's sick leave balance is converted into a dollar value by multiplying the employee's total number of accrued sick leave hours by their regular hourly rate of pay at retirement. Up to \$2,000 of this total dollar value is paid on the employee's final payroll warrant that includes the retirement date. The remainder of the retired employee's sick leave dollar value after the cash payout is converted according to the chart below and is credited to their SLIP account.

<u>If the sick leave balance on the last day of work is:</u>	<u>The conversion rate is:</u>
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

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. Retired employees may stay with the same health insurance plan as when employed or switch to a lower premium plan at any time without underwriting. The converted value of the sick leave can only be applied to the employer share of health insurance premium payments. It has no cash value and it is not transferrable to another use or to an heir.

The employer will continue to pay the employer share of the retiree's health insurance premium each month until the balance of the retiree's SLIP account is exhausted, the retiree is eligible for Medicare, the retiree waives the benefit, the retiree returns to permanent employment, or the retiree dies, whichever comes first.

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, 2025, 1,122 State of Iowa employees have retired and received benefits totaling \$11.4 million under SLIP.

C. Board of Regents Retirement Incentive Options

Iowa State University's phased retirement program was approved by the Iowa Board of Regents effective July 1, 2017. Those eligible for participation in the 2017 program are faculty, professional and scientific employees, and merit system employees employed by the Iowa Board of Regents for a period of 15 consecutive years and who had attained age 57. Participation in the program is subject to approval by the employee's department. The maximum phasing period is two years, followed by full retirement. Compensation in the first year of a two-year phasing period reflects the reduced responsibilities plus, at the discretion of the institution, an additional ten percent of the budgeted salary, had the person worked full time. In the only or last year following the initiation of phased retirement, the employee's salary is proportional to the budgeted salary had the person worked full time. During the phased retirement period, employer and employee contributions continue for life insurance, health and dental insurance, disability insurance, and defined contribution retirement at the same levels that would have prevailed had the employee continued a full-time appointment. An employee participating in this program is allowed access to their defined contribution retirement account to assist in supplementing the loss of income that occurs when participating in this program.

Additionally, Iowa State University's Specialized Retirement Incentive Program was approved by the Iowa Board of Regents in April 2022. Employees could apply for the option from October 3, 2022 to December 2, 2022. Eligible employees were required to meet the entirety of the following criteria: have a tenured primary academic appointment in the College of Liberal Arts and Sciences (LAS) or in the College of Agriculture and Life Sciences (CALs) provided the CALs faculty member's appointment resides in a dually administered department with LAS; have a medical

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benefits eligible appointment with Iowa State; have a continuous service and age that is equal to 70 and be at least 60 years of age at the time of Retirement; have not already communicated and received approval to retire or resign prior to the announcement of the program; and not already be participating in another Iowa State retirement program. Employees agreed to fully retire no later than June 30, 2023. Participants chose from the following options: a) receive two years of employer retirement contributions as well as the employer and employee portions of health and dental coverage up to the self and spouse/partner level (health and dental coverage require five years of continuous participation in Iowa State's medical and dental plans prior to retirement); b) receive three years of retirement contributions.

The University's contributions for the fiscal year ended June 30, 2025, totaled \$0.6 million for 39 participants in these two programs.

NOTE 18 – NET POSITION AND FUND BALANCES

A. Net Position Restricted by Enabling Legislation

The Governmental Activities Statement of Net Position reports \$1,850.2 million of Restricted Net Position, of which \$29.9 million is restricted by enabling legislation.

B. Governmental Fund Balances

Fund balances for governmental funds are 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. Other governmental funds may report a negative unassigned fund balance if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes.

(Notes continue on next page.)

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NOTES TO THE FINANCIAL STATEMENTS

The nonspendable and spendable fund balances for governmental funds at June 30, 2025, are as follows (expressed in thousands):

	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
NONSPENDABLE			
Inventory & prepaid expenditures	\$ 102,917	\$ 341	103,258
Permanent fund principal	-	18,610	18,610
Total nonspendable	102,917	18,951	121,868
SPENDABLE			
Restricted:			
Administration & regulation	884,570	36,825	921,395
Education	23,239	66,714	89,953
Health & human services	13,473	3,521	16,994
Justice & public defense	43,463	2,284	45,747
Economic development	39,298	-	39,298
Transportation	539,212	1,913	541,125
Agriculture & natural resources	4,275	14,239	18,514
Total restricted	1,547,530	125,496	1,673,026
Committed:			
Cash reserve	697,456	-	697,456
Economic emergency	198,804	-	198,804
Administration & regulation	6,344,662	222	6,344,884
Education	159,913	-	159,913
Health & human services	362,587	9,239	371,826
Justice & public defense	116,837	16,441	133,278
Economic development	17,123	-	17,123
Transportation	48,456	-	48,456
Agriculture & natural resources	207,154	4,749	211,903
Total committed	8,152,992	30,651	8,183,643
Unassigned	(621,748)	(297)	(622,045)
TOTAL FUND BALANCES	\$ 9,181,691	\$ 174,801	\$ 9,356,492

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 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.

See NOTE 1, section Q for additional information on the two reserve funds.

NOTE 19 – 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.

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.

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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 2024 and 2025 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 2024	\$ 71,392	37,674	33,898	\$ 75,168
FY 2025	75,168	42,211	34,094	83,285

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 (incurred but not reported) claims. Changes in the balances for estimated claims liabilities for fiscal years 2024 and 2025 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 2024	\$ 2,294	731	1,506	\$ 1,519
FY 2025	1,519	1,029	1,759	789

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 2024 and 2025 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 2024	\$ 585	474	374	\$ 685
FY 2025	685	469	347	807

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 an Iowa district court must determine the allowable attorney fees and expenses for pending cases. The liability for unpaid claims is estimated based on historical experience and analysis. Changes in the balances for estimated claims liabilities for fiscal years 2024 and 2025 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 2024	\$ 30,000	20,157	20,157	\$ 30,000
FY 2025	30,000	24,753	24,753	30,000

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The Universities retain risk liability for medical faculty malpractice; medical, dental, unemployment and workers' compensation coverage for some employees; and for 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 damages are based on historical analysis. Changes in the balances for estimated claims liabilities for fiscal years 2024 and 2025 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 2024	\$ 89,830	587,408	580,674	\$ 96,564
FY 2025	96,564	621,105	611,446	106,223

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 University of Iowa is insured for \$2.0 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 fine art collections are insured for \$210.0 million.
- Iowa State University is insured for \$3.6 billion for catastrophic property loss for general fund properties with various deductibles on general University buildings. Additional coverage is provided for auxiliary enterprises.
- The University of Northern Iowa is insured for \$1.0 billion for catastrophic property loss for general fund properties with a \$1.0 million deductible on general University buildings. Additional coverage is provided for auxiliary enterprises.
- Iowa Workforce Development is insured for \$26.6 million for buildings and contents.
- The Iowa Department of Revenue - Lottery Division is insured for \$15.5 million for buildings and contents. Additional coverage of \$10.0 million is provided for commercial umbrella liability.
- Iowa PBS insures broadcasting trucks and contents for \$4.6 million.
- The Iowa Department of Administrative Services is insured for open builders risk insurance for various individual projects: construction coverage of \$2.9 million to \$19.0 million, earthquake coverage of \$2.9 million to \$10.0 million, and flood coverage of \$4.7 million to \$10.0 million.
- The Iowa Finance Authority is insured for \$27.4 million for buildings and contents.

There were no settlements in excess of coverage for the past three fiscal years, except for the University of Iowa 2020 COVID-19 claim settlement that exceeded the Communicable Disease sublimit of \$1 million on the property policy.

NOTE 20 – LITIGATION, CONTINGENCIES AND COMMITMENTS

The *Iowa Public Employees' Retirement System* (IPERS) has commitments to fund an additional \$2.5 billion to various private equity/debt partnerships, \$197.0 million to various real estate debt partnerships, \$158.4 million to corporate debt partnerships, \$413.7 million to opportunistic credit partnerships and \$140.2 million to private real assets at June 30, 2025.

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.

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IPERS participates in federal securities class-actions as the lead plaintiff, co-lead plaintiff, a named plaintiff, or a member of the class action. During the fiscal year, IPERS made 70 recoveries in the amount of \$0.9 million that are reflected in the financial statements for the year ended June 30, 2025.

The following commitments and obligations remain at June 30, 2025:

- *Iowa Department of Transportation* has contractual obligations for construction and other contracts of \$935.3 million.
- *University of Iowa* has outstanding construction contract commitments of \$532.3 million.
- *Iowa State University* has outstanding construction contract commitments of \$64.9 million.
- *University of Northern Iowa* has outstanding construction contract commitments of \$10.7 million.
- *Iowa Department of Natural Resources* has outstanding construction and other contractual commitments of \$25.1 million.
- *Iowa Department of Administrative Services* has outstanding construction contract commitments of \$46.8 million.
- *Iowa Department of Public Safety* has outstanding contractual obligations of \$11.6 million.
- *Iowa Department of Health & Human Services* has outstanding contractual obligations of \$1,016.8 million.
- *Iowa Department of Management* has outstanding contractual obligations of \$234.2 million.
- *Iowa Department of Public Defense* has outstanding contractual obligations for construction contracts of \$5.1 million.
- *Iowa Department of Homeland Security & Emergency Management* has outstanding contractual obligations of \$30.4 million.
- *Iowa Department of Inspections, Appeals, & Licensing* has outstanding contractual obligations of \$13.5 million.
- *Iowa Finance Authority* has signed loan agreements under the State Revolving Fund for which \$491.9 million had not been disbursed.
- *Iowa Economic Development Authority* has outstanding contractual commitments of \$333.2 million.

The State of Iowa has encumbrances at June 30, 2025 totaling \$96.7 million (\$64.1 million in the General Fund and \$32.6 million in the nonmajor governmental funds).

NOTE 21 – TAX ABATEMENTS

High Quality Jobs Program (HQJP)

The High Quality Jobs Program, as described in Iowa Code Sections 15.326 through 15.336, provides tax incentives dependent on the number of jobs created or retained and the qualifying investment made. Actual award amounts will be based on the business's level of need, the quality of the jobs, the percentage of created jobs defined as high-quality, and the economic impact of the project. The new and retained jobs must have a wage which is at least equal to the applicable laborshed wage and provide sufficient benefits to be eligible for these tax credits. To be eligible to receive incentives, a business shall meet all of the following requirements:

- The community has approved the project by ordinance or resolution, if the qualifying investment is over \$10 million.
- The business has not closed or substantially reduced operations in one area of the state and relocated substantially the same operations in a community in another area of the state. This requirement does not prohibit a business from expanding its operation in a community if existing operations of a similar nature in the state are not closed or substantially reduced.
- The business shall meet the qualifying wage thresholds (the laborshed wage estimated for the geographic area surrounding the employment center in which the business is locating or expanding).
- If the business is creating jobs, the business shall demonstrate that the jobs will pay at least 100% of the qualifying wage threshold at the start of the project completion period, at least 120% of the qualifying wage threshold by the project completion date, and at least 120% of the qualifying wage threshold until the

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maintenance period completion date. If the business is retaining jobs, the business shall demonstrate that the jobs retained will pay at least 120% of the qualifying wage threshold throughout both the project completion period and the maintenance period. A business located at a Brownfield or a Grayfield site or in an economically distressed area may be awarded incentives for jobs that will pay less than 120% of the qualifying wage threshold.

- The business shall provide a sufficient package of benefits to each employee holding a created or retained job.
- The business shall demonstrate that the jobs created or retained will have a sufficient impact on State and local government revenues.
- The business shall not be a retail business, a business where entrance is limited by a cover charge or membership requirement, or a service business where a service business is a business providing services to a local consumer market which does not have a significant portion of its sales coming from outside the state.

The maximum tax credit awards available to a business range from up to 1% Investment Tax Credit (ITC) for qualifying investments of less than \$100 thousand for modernization or retention projects only, to up to 10% ITC, Sales Tax Refund, Supplemental Research Activities Credit (SRAC), and property tax exemption, for qualifying investments of more than \$10 million for projects creating or retaining more than 100 jobs.

The ITC is amortized equally over a 5-year period at the inception of the project instead of the entire credit being available when the asset is placed in service. An ITC in excess of the tax liability can be credited to the tax liability for the following seven years.

A SRAC may be awarded to a company participating in the program. The supplemental credit could allow the company to as much as double their Research Activities Tax Credit for up to five years for awards made prior to July 1, 2010. For awards made on or after July 1, 2010, the SRAC available is a function of the annual gross receipts of the company and can be claimed over five years up to the total amount of the award.

Credits are awarded based on application to the Iowa Economic Development Authority (IEDA). The Sales Tax Refund applies to the sales and use taxes and requires filing the Construction Contract Claim for Refund form. The Corporation Tax Credit for Third Party Sales Tax applies to corporation income, franchise, insurance premium, and moneys and credits taxes. The ITC applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes. The SRAC applies to corporation income and individual income taxes.

The maximum Sales Tax Refund or Corporation Tax Credit for Third Party Sales Tax is awarded by IEDA prior to construction. To claim the refund or credit after construction, the business must submit to the Iowa Department of Revenue (IDR) a refund claim or tax credit application within one year of project completion. If the taxpayer received a Sales Tax Refund award, IDR will issue a refund for all eligible sales tax paid based on submitted contractor's statements and invoices up to the initial award amount; if the taxpayer received a Corporation Tax Credit for Third Party Sales Tax, IDR will issue a tax credit certificate with the final amount of the tax credit, based on that same information, up to the initial award amount.

Historic Preservation and Cultural and Entertainment District Tax Credit

The Historic Preservation and Cultural and Entertainment District Tax Credit as described in Iowa Code Chapter 404A, is available for 25% of the qualified rehabilitation expenditures incurred for the substantial rehabilitation of eligible property in Iowa.

To qualify, the property or district must meet one or more of the following criteria:

- The property must be listed on the National Register of Historic Places or be eligible for such a listing.
- The property is designated as having historic significance to a district listed in the National Register of Historic Places or be eligible for such a listing.
- The property or district is designated as a local landmark by a city or county ordinance.
- The property is a barn constructed before 1937.

Substantial rehabilitation for commercial property means rehabilitation costs must equal at least \$50,000 or 50% of the assessed value of the property, prior to rehabilitation, excluding the land, whichever is less. For residential property or barns, in order to meet the standard of substantial rehabilitation, rehabilitation costs must equal at least \$25,000 or 25% of the property's assessed value, prior to rehabilitation, excluding the land, whichever is less.

Credits are allocated to projects based on applications made to IEDA. Applications include a description of the proposed rehabilitation project. Prior to receiving the tax credit award certificate, the applicant must complete the proposed rehabilitation and have those expenditures approved by IEDA in consultation with the State Historic Preservation Office.

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The Historic Preservation and Cultural and Entertainment District Tax Credit applies to individual income, corporation income, franchise, and insurance premium taxes.

Iowa Industrial New Jobs Training Program

The Iowa Industrial New Jobs Training Program, as described by Iowa Code Chapter 260E, assists businesses, which are creating new positions, with new employee training. Eligible businesses may be new, expanding their Iowa workforce, or relocating to the state. Employees qualifying for training services must fill newly-created positions and be subject to Iowa withholding tax.

A business must be engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, assembling products, warehousing, wholesaling, or conducting research and development. A business which provides services must have customers outside of Iowa. A business cannot have closed or substantially reduced its employment base at any of its other business sites in Iowa in order to relocate substantially the same operation to another area of the state. The employees who will receive training must occupy job positions which did not exist during the six months prior to the date that the business and community college agree to pursue a training project. As part of the project, costs expended for on-the-job training can be no more than 50% of the annual gross payroll for up to one year of the new jobs.

The company's partner community college sells bonds to finance the cost of the established training. Dollars available through the program are dependent upon the training and development needs and the projected tax revenue from the new positions created. The business diverts 1.5% of gross payroll from the State withholding taxes generated by the new positions to the community college to retire the bonds. The employee whose wages are subject to a withholding agreement will receive full credit for the amount withheld when filing their individual income tax returns. Participating businesses must remit payments to the community colleges before making claims to the withholding tax credit.

A Supplemental New Jobs Withholding Tax Credit is also available to businesses who have an Enterprise Zone Program award from IEDA or who surpass the established wage threshold. If eligible, the business diverts an additional 1.5% of gross payroll from the State withholding taxes generated by the new positions. According to the statute, the bonds can also be paid off through tax increment financing (TIF).

Credits are awarded based on application to one of Iowa's 15 community colleges. Community colleges or the IEDA issues a tax credit certificate number. The New Jobs Credit from Withholding and the Supplemental New Jobs Credit from Withholding apply to withholding tax. Companies are required to pay withholding taxes semi-monthly, monthly, or quarterly. Companies can reduce semi-monthly and monthly payments by these credits, but file claims for the New Jobs Credit from Withholding and Supplemental New Jobs Credit from Withholding using their tax credit certificate number on the quarterly return after making payments to the community colleges.

Redevelopment Tax Credit

The Redevelopment Tax Credit, as described by Iowa Code sections 15.291, 15.293A, 15.293B, and 15.294, is available to taxpayers that invest in redeveloping a Brownfield or Grayfield site in Iowa. A Brownfield site is defined as an abandoned, idled, or underutilized industrial or commercial facility where expansion or redevelopment is complicated by real or perceived environmental contamination. A Grayfield site is defined as a property that has been developed and has infrastructure in place but the property's current use is outdated or prevents a better or more efficient use of the property. Such property includes vacant, blighted, obsolete, or otherwise underutilized property, including an abandoned public building.

A project must apply for the tax credit with the IEDA. Applications, reviewed by the Brownfield Redevelopment Advisory Council, are scored based on feasibility, quality, and financial need of the projects. Successful applications result in registration of the project and a preliminary determination as to the amount of the tax credit for which the applicant qualifies. After registering the project, IEDA shall issue a letter notifying the applicant of successful registration and the preliminary amount of the tax credit. The amount of the issued tax credit certificate is contingent upon the completion of the project and submission of a project audit performed by an independent certified public accountant licensed in Iowa. A registered project must be completed within 30 months of the project's approval unless IEDA provides additional time (not to exceed 12 months) to complete the project.

The amount of the tax credit shall equal, at most, one of the following: 12% of the qualifying costs in a Grayfield site, 15% of the qualifying costs in a Grayfield site if the redevelopment meets the green development standards, 24% of the qualifying costs in a Brownfield site, or 30% of the qualifying costs in a Brownfield site if the redevelopment meets the green development standards.

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NOTES TO THE FINANCIAL STATEMENTS

Credits are awarded based on application to the IEDA. The Redevelopment Tax Credit applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes. The credits are nonrefundable and transferable; however, non-profit entities can be awarded a refundable tax credit.

Renewable Energy Tax Credit

The Renewable Energy Tax Credit, as described in Iowa Code Chapter 476C, is available for a producer or purchaser of energy from an eligible renewable energy facility approved by the Iowa Utilities Commission (IUC). A power-purchase agreement is signed between the purchaser and producer which sets forth which party will receive the tax credit. The credit can also be received for renewable energy produced for on-site consumption by the producer provided the facility is capable of producing not less than $\frac{3}{4}$ megawatts.

A renewable energy facility includes a wind energy conversion facility, a biogas recovery facility, a biomass conversion facility, a methane gas recovery facility, a solar energy conversion facility, or a refuse conversion facility. The facility must be located in Iowa and placed in service between July 1, 2005 and January 1, 2018. A producer or purchaser of renewable energy may receive Renewable Energy Tax Credits for a 10-year period for each eligible renewable energy facility.

Participants in the program receive Renewable Energy Tax Credits equal to \$0.015 per kilowatt-hour of electricity, or \$4.50 per million British thermal units of heat for a commercial purpose, or \$4.50 per million British thermal units of methane gas or other biogas used to generate electricity, or \$1.44 per one thousand standard cubic feet of hydrogen fuel generated by and purchased from an eligible renewable energy facility.

The Small Wind Innovation Zone Program, effective in tax years starting on or after January 1, 2009, allows Renewable Energy Tax Credits for small wind energy systems in small wind innovation zones. A small wind energy system is defined as a wind energy conversion system that collects and converts wind into energy to generate electricity which has a nameplate generating capacity of one hundred kilowatts or less. A small wind innovation zone is defined as a political subdivision of the State.

Facilities must be approved as eligible through an application to the IUC and energy production and sales must be shown. The purchaser or producer notifies IUC of the amount of eligible renewable energy generated and purchased, and IUC then notifies the IDR. IDR issues tax credit certificates to the designated awardee under the agreement. The nonrefundable and transferrable Renewable Energy Tax Credit applies to corporation income, individual income, franchise, insurance premium, consumer's use, and replacement taxes.

Targeted Jobs Tax Credit from Withholding

The Targeted Jobs Tax Credit from Withholding program, as described by Iowa Code Section 403.19A, authorized four pilot project cities, each of which must contain three or more census tracts, and are approved by IEDA. One city must be in a county bordering South Dakota, one city in a county bordering Nebraska, and two cities must be in counties bordering a state other than South Dakota or Nebraska.

Current pilot project cities include: Sioux City, Council Bluffs, Burlington, Keokuk, and Fort Madison. Because Keokuk and Fort Madison are in the same county and have a total population of fewer than 45,000, they are considered as one pilot project city.

A pilot project city, in conjunction with IEDA, must enter into a withholding agreement with an employer. An agreement cannot be entered into with a business currently located in Iowa unless the business either creates or retains ten jobs, each paying a wage at least equal to the average county wage, or makes a qualifying investment of at least \$1,000,000 within the city. The withholding agreement may have a term of up to ten years. A copy of the withholding agreement must be provided to the IDR. A pilot project city cannot enter into a withholding agreement with an employer after June 30, 2027.

The withholding credit is equal to 3% of the gross wages paid by the employer to each employee covered under the withholding agreement. If the amount of withholding is less than 3% of the gross wages paid to employees covered under the withholding agreement, the employer shall receive a credit against other withholding taxes due or may carry the credit forward for up to ten years. The employer shall remit the amount of the credit quarterly to the pilot project city, and the city must use this amount for a project related to the employer. The employee whose wages are subject to a withholding agreement will receive full credit for the amount withheld when filing their individual income tax returns. The amount of tax credits awarded cannot exceed the qualifying investment.

A retained job is defined as a full-time equivalent position in existence at the time an employer applies to IEDA for approval of a withholding agreement and which remains continuously filled and which is at risk of elimination if the project for which the employer is seeking assistance under the withholding agreement does not proceed.

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If IEDA determines the employer no longer meets the requirements of the withholding agreement, the agreement is terminated and the tax credit will also cease. IEDA can negotiate a new agreement or terminate the agreement early if, after three years, it is determined the employer is incapable of meeting the original job or investment promises.

An employer may enter into a New Jobs Tax Credit from Withholding Agreement or a Supplemental New Jobs Tax Credit from Withholding at the same time as the employer is participating in a withholding agreement with a pilot project city. The credits are collected and disbursed first to the community college before the withholding is collected and disbursed to a pilot project city.

Credits are awarded based on application to a pilot project city and IEDA. The Targeted Jobs Tax Credit from Withholding applies to withholding tax. Companies are required to pay withholding taxes semi-monthly, monthly, or quarterly. Companies can reduce semi-monthly and monthly payments by the amount of payments made to the city, but file claims for the Targeted Jobs Tax Credit from Withholding using their tax credit certificate number on the quarterly return.

Enterprise Zone Program

The Enterprise Zone (EZ) Program, as most recently described in the 2013 Code of Iowa, Section 15E.191 through 15E.196, provided incentives to encourage investment in Iowa's economically distressed areas. State tax credits, refunds, and exemptions were available for qualifying companies that expanded or located in designated EZs. This program was repealed effective July 1, 2014.

To receive these benefits the business: must make a minimum capital investment of \$500,000, must create or retain at least 10 full-time equivalent positions and maintain them until the maintenance period completion date, shall provide a sufficient package of benefits to each employee holding a created or retained job, cannot be a retail establishment or a business whose entrance is limited by cover charge or membership, must pay an average wage that is at least 90% of the qualifying wage threshold, if only partially located in an EZ, must be located on contiguous parcels of land, cannot close or reduce its operation in one area of the state and relocate substantially the same operation in the EZ, and must be approved by the local EZ Commission and IEDA prior to project initiation.

A business locating or expanding in an EZ may have received multiple tax incentives, including:

- Supplemental New Jobs Credit from Withholding, which provides additional funding for training new employees. Credit applied to the withholding tax.
- Refund of State sales, service, or use taxes paid to contractors or subcontractors during construction. Refund applied to the sales and use tax.
- Investment Tax Credit of up to 10% of the new investment in machinery and equipment, land, buildings, and improvements to existing buildings. Credit applied to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.
- Housing Investment Tax Credit of up to 10% of the new investment which is directly related to the building or rehabilitating of a minimum of four single-family homes or one multiple dwelling unit building containing three or more individual dwelling units located in that part of a city or county in which there is a designated EZ. Credit applied to corporation income, individual income, franchise, and insurance premium taxes.
- Supplemental Research Activities Tax Credit that could allow the participating company to as much as double their Research Activities Tax Credit for up to five years for awards made prior to July 1, 2010. Credit applied to corporation income and individual income taxes.

Credits were awarded based on application to the IEDA. IEDA would issue tax credit certificates to eligible housing businesses that were awarded Housing Investment Tax Credits. A Supplemental New Jobs Credit required a valid agreement with a community college under Iowa Code Chapter 260E.

Accelerated Career Education Program

The Accelerated Career Education Program (ACE), as described in Iowa Code Chapter 260G, assists Iowa's community colleges to either establish or expand programs that train individuals in the occupations most needed by Iowa businesses. The ACE program allows participating companies to divert a portion of the company's current Iowa individual income withholding tax based on the number of seats in a training program sponsored by a business, up to an annual capped award amount. Businesses participating in the program divert taxes up to 10% of the hiring wage that a sponsoring business would pay to an individual that completes the program's requirements (with a minimum wage level of no less than 200% of the federal poverty guideline for a family of two). The diversion goes to the community college over the life of the agreement (usually 5 years). The business also provides cash or in-kind contributions equal to at least 20% of the program costs.

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To be eligible for the program a business must be engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, or assembling products; construction; conducting research and development; or providing services in interstate or intrastate commerce.

Credits are awarded based on application to one of Iowa's 15 community colleges, and withholding tax credits are issued by the IEDA which monitors the program. Companies can reduce semi-monthly and monthly payments by the credit, but file claims for the ACE Credit from withholding using their tax credit certificate number on the quarterly return.

Beginning Farmer Tax Credit Program

The Beginning Farmer Tax Credit (formerly known as the Agricultural Assets Transfer Tax Credit) is allowed for an owner of agricultural assets that are subject to a lease or rental agreement with a beginning farmer qualifying under Iowa Code section 16.79 or former Iowa Code section 16.80(6), as applicable. The lease must be for a term of at least 2 years, but not more than 5 years. The tax credit equals 5% of the amount paid to the taxpayer under the rental agreement or 15% of the amount paid to the taxpayer from crops or animals sold under an agreement in which the payment is exclusively made from the sale of crops or animals.

The lease or rental agreement may be terminated by either the taxpayer or the beginning farmer. If the Iowa Agricultural Development Division (IADD) determines that the taxpayer is not at fault for the termination, IADD will not issue a tax credit certificate for subsequent years, but any prior tax credit certificates issued will be allowed. If IADD determines that the taxpayer is at fault for the termination, any prior tax credit certificates issued will be disallowed, and the tax credits can be recaptured by the IDR.

The Custom Farming Contract Tax Credit is available for landowners who hire a beginning farmer to do custom work and allows the landowner to claim 7% of the value of the contract as a tax credit. If the beginning farmer is a veteran, the credit is 8% for the first year. The Custom Farming Contract Tax Credit was repealed effective January 1, 2018.

An eligible applicant for the Beginning Farmer Tax Credit Program is defined as an Iowa resident aged 18 or older with a net worth of no more than \$833,000 as of January 1, 2023. The allowed maximum net worth is indexed annually based on the October 1 annual change in the U.S. Department of Agriculture's Prices Paid by Farmers Index. The applicant must materially participate in the farm and have sufficient education, training, or experience in farming.

Credits are awarded based on application to the IADD. The Agricultural Assets Transfer Tax Credit and the Custom Farming Contract Tax Credit apply to corporation and individual income taxes.

Wind Energy Production Tax Credit

The Wind Energy Production Tax Credit is described in Iowa Code Chapter 476B. This program has expired, with the last projects qualifying for this tax credit operational through 2021. However, credits in excess of tax liability may be carried forward for up to seven years such that claims awarded for projects operating in the program's final year may be claimed through tax year 2028.

A Wind Energy Production Tax Credit could be claimed by a qualified facility, defined as a facility that produces electricity from wind that is located in Iowa, was originally placed in service on or after July 1, 2005, but before July 1, 2012, and was approved by the local board of supervisors and the Iowa Utilities Commission (IUC).

The credit was equal to \$0.01 per kilowatt-hour of electricity sold or generated for on-site consumption. Credits were available for a ten-year period from the initial in-service date of the facility. Facilities had to be in service within 18 months of their designation as an eligible facility or the eligibility would be revoked.

This program went into effect on July 1, 2005. Qualifying facilities were approved as eligible through an application to IUB. Credits are awarded based on certificates issued by the Iowa Department of Revenue (IDR) to the energy producer or purchaser so designated on the tax certificate. The Wind Energy Production Tax Credit applied to corporation income, individual income, franchise, insurance premium, consumer's use, and replacement taxes.

Workforce Housing Tax Incentive Program

The Workforce Housing Tax Incentive Program, as described by Iowa Code Sections 15.351 through 15.356, provides tax incentives to taxpayers who complete a housing project in Iowa. Eligible projects include four or more single-family dwelling units, one or more multiple dwelling unit buildings each containing three or more individual dwelling units, or two or more dwelling units located in the upper story of an existing multi-use building. The project consists of rehabilitation, repair, or redevelopment at a Brownfield or Grayfield site that results in new dwelling units, the

STATE OF IOWA

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rehabilitation, repair, or redevelopment of dilapidated dwelling units, the rehabilitation, repair, or redevelopment of dwelling units located in the upper story of an existing multi-use building, or the new construction, rehabilitation, repair, or redevelopment of dwelling units in a distressed workforce housing community as determined by IEDA based on application by the communities. Each fiscal year, \$17.5 million of the \$35 million allocation of incentives is reserved for projects in small cities, defined as a city located in any Iowa county but the 11 most populous.

Projects must be registered with IEDA in order to receive tax credits, and only work completed after registration is eligible. A qualifying new investment eligible for tax incentives includes costs directly related to the acquisition, repair, or redevelopment of a housing project, but is limited to a per dwelling unit maximum set by the IDEA board, or 125% of the applicable maximum per unit if the property is considered historic. A housing business is required to complete the housing project within three years from the date the housing project is registered by IEDA.

Sales tax refunds are allowed for sales and use taxes paid that are directly related to the housing project. Investment tax credits are available for up to 10 percent of the qualifying new investment in the housing project; for projects in a small city, the investment tax credits equal 20 percent of the qualifying new investment. For corporation income, individual income, and franchise tax, the increase in the basis of the property that would otherwise result from the investment made under this project must be reduced by the amount of tax credit received.

Credits are awarded based on application to IEDA. The Workforce Housing Investment Tax Credit applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes. Sales tax refund applies to the sales and use tax.

The following is a schedule by program of the amount of taxes abated during the year ended June 30, 2025, (expressed in thousands):

	Sales & Use Tax	Individual Income Tax	Corporate Income Tax	Franchise Tax	Insurance Premium Tax	Withholding Tax	Total
High Quality Jobs Program (HQJP)	\$ 3,253	\$ 6,383	\$ 17,534	\$ -	\$ -	\$ -	\$ 27,170
Historic Preservation and Cultural and Entertainment District Tax Credit	-	13,162	15,279	-	-	-	28,441
Iowa Industrial New Jobs Training Program	-	-	-	-	-	38,974	38,974
Redevelopment Tax Credit	-	1,187	4,099	-	-	-	5,286
Renewable Energy Tax Credit	-	629	323	-	-	-	952
Targeted Jobs Tax Credit from Withholding	-	-	-	-	-	299	299
Enterprise Zone Program	-	80	517	-	-	-	597
Accelerated Career Education Program	-	-	-	-	-	3,787	3,787
Beginning Farmer Tax Credit Program	-	3,667	106	-	-	-	3,773
Wind Energy Production Tax Credit	-	-	-	-	-	-	-
Workforce Housing Tax Incentive Program	4,440	2,969	3,346	-	-	-	10,755
Total	\$ 7,693	\$ 28,077	\$ 41,204	\$ -	\$ -	\$ 43,060	\$ 120,034

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 22 – SUBSEQUENT EVENTS

In July 2025, the University of Iowa issued Facilities Corporation Revenue Bonds, Series 2025, in the amount of \$34.6 million for the purpose of financing a portion of the cost of building, furnishing, and equipping a new health science academic building on the campus of the University and paying costs of issuance. The 2025 bonds will bear interest at varying rates between 4.25% and 5.00% and will mature in varying amounts from June 1, 2026 through June 1, 2050.

In July 2025, the University of Iowa issued Iowa Memorial Union Revenue Bonds, Series 2025, in the amount of \$34.3 million for the purpose of financing a portion of the cost of improving and renovating the Iowa Memorial Union and paying costs of issuance. The 2025 bonds will bear interest at varying rates between 4.375% and 5.00% and will mature in varying amounts from July 1, 2026 through July 1, 2050.

In July 2025, the University of Iowa issued Parking System Revenue Refunding Bonds, Series 2025, in the amount of \$133.7 million for the purpose of financing a portion of the cost of constructing, extending, equipping and improving parking facilities on the campus of the University, defeasing and current refunding the Parking System Bond Anticipation Project Notes Series 2023, defeasing and current refunding the Parking System Revenue Bonds Series 2014, and paying costs of issuance. The 2025 bonds will bear interest at varying rates between 4.50% and 5.00% and will mature in varying amounts from July 1, 2026 through July 1, 2050.

In July 2025, the Iowa Finance Authority (IFA) issued State Revolving Fund Bonds in the par amount of \$198.6 million. Proceeds will be used to fund participant loans, meet anticipated state match requirements for federal capitalization grants, to refund the Authority's refunded bonds, and to pay for costs of issuance.

In September 2025, the IFA issued Single Family Mortgage Bonds in the par amount of \$115.4 million. Proceeds will be used to finance the purchase of mortgage-backed securities, guaranteed by GNMA, Fannie Mae and Freddie Mac, and to finance down payment assistance.

The Iowa Department of Health & Human Services is subject to various audits and reviews performed each year. As the audits and reviews are finalized, the impact is reflected in the State's financial statements. Obligations related to audits and reviews not yet complete, if any, are undeterminable at this time.

In accordance with Iowa Code Chapter 904.317, the Department of Corrections (DOC) may acquire and sell real estate for the proper uses of the institutions. Subsequent to the DOC Farms year-end of December 31, 2024, DOC sold approximately 1,327 acres of land in the amount of \$11.3 million, net of commissions.

NOTE 23 – RESTATEMENT OF PRIOR PERIOD

Governmental activities were restated for changes to or within the reporting entity. Senate File (SF) 514 and SF 513, effective July 1, 2023, lead to the alignment of the executive branch structure resulting in reclassification of activity from a nonmajor enterprise fund to the general fund and from the general fund to a nonmajor governmental fund. Additionally, two major special revenue funds (Tobacco Settlement Authority and Tobacco Collections Fund) were reclassified to nonmajor governmental funds, as they no longer meet criteria for reporting as major funds.

Business-type activities were restated for a change in accounting principle at the University of Iowa for the effect of implementation of GASB Statement No. 101 *Compensated Absences*, which resulted in restating beginning net position to retroactively report the change in valuing the sick leave liability at a 0% discount rate and no other changes in assumptions.

Additionally, governmental activities were restated for error corrections of \$11.8 million related to the recognition of capital assets (construction in progress, subscriptions in progress, works of art & collections, lease assets, and subscriptions) and subscription liability of \$0.4 million in accordance with GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Business-type activities were restated for error corrections at Iowa State University primarily related to recognition of lease and subscription activity in accordance with GASB Statement No. 87, *Leases* and GASB Statement No. 96, respectively, and the recognition of government receivables.

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NOTES TO THE FINANCIAL STATEMENTS

Schedules of reporting units affected by adjustments to and restatements of beginning balances are provided in the following table (expressed in thousands):

	Funds					Government-Wide		
	Tobacco		Nonmajor		Unemployment	Nonmajor	Governmental	Business-Type
	General	Settlement Authority	Govern-mental	University				
Fund Balance/Net Position:								
6/30/2024, as previously reported	\$9,121,705	\$ 31,107	\$ 115,518	\$9,340,773	\$ 2,108,546	\$ 70,550	\$ 21,209,299	\$ 11,514,134
Change in accounting principle	-	-	-	(11,024)	-	-	-	(11,024)
Change to or within reporting entity:								
From general fund to nonmajor governmental fund	(10,290)	-	10,290	-	-	-	-	-
From tobacco settlement authority to nonmajor governmental funds	-	(31,107)	31,107	-	-	-	-	-
From nonmajor enterprise fund to general fund	4,430	-	-	-	-	(4,261)	4,261	(4,261)
Subtotal	(5,860)	(31,107)	41,397	-	-	(4,261)	4,261	(4,261)
Error Corrections	-	-	-	(17,732)	(14,760)	-	(12,237)	(32,492)
Total restatements	(5,860)	(31,107)	41,397	(28,756)	(14,760)	(4,261)	(7,976)	(47,777)
7/1/2024, as restated	\$9,115,845	\$ -	\$ 156,915	\$9,312,017	\$ 2,093,786	\$ 66,289	\$ 21,201,323	\$ 11,466,357

NOTE 24 – GOVERNMENT ACQUISITION

In December 2024, University of Iowa acquired substantially all assets of Mission Cancer + Blood, PLLC pursuant to an asset purchase agreement approved by the Iowa Board of Regents in October 2024, advancing the University’s goal of expanding access to high-quality cancer care across Iowa. Total consideration of \$280 million, including a deferred payment obligation of \$84 million, was provided. The transaction was accounted for as a government acquisition under GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. Identifiable assets and liabilities were recognized at acquisition value as of the acquisition date. The excess consideration over the net position acquired was recognized as a deferred outflow of resources related to acquisitions.

NOTE 25 – PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*. This statement will be implemented for the fiscal year ending June 30, 2026. The objective of this statement is to improve the financial reporting model, including updating the requirements for disclosure in the Management’s Discussion and Analysis, clarifying reporting for unusual or infrequent items, updating the presentation of the Statement of Revenues, Expenses, and Changes in Fund Net Position, updating the presentation of major component units, and adding the requirement to present additional budgetary comparison information.

The Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement will be implemented for the fiscal year ending June 30, 2026. This statement requires separate disclosure of certain capital assets in the notes to the financial statements and establishes requirements and disclosure of capital assets held for sale.

REQUIRED
SUPPLEMENTARY
INFORMATION

STATE OF IOWA

**Required Supplementary Information
Budgetary Comparison Schedule - General Fund**

For the Year Ended June 30, 2025
(Expressed in Thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE				
Special taxes:				
Personal income tax	\$ 5,187,350	\$ 5,485,273	\$ 4,887,052	\$ (598,221)
Sales/use tax	4,369,150	4,301,767	4,235,351	(66,416)
Corporation income tax	941,500	797,487	833,292	35,805
Inheritance tax	52,100	40,714	35,628	(5,086)
Insurance premium tax	183,500	188,100	202,575	14,475
Cigarette tax	-	23	45	22
Tobacco tax	-	45	4,258	4,213
Beer & liquor tax	12,500	12,259	12,276	17
Franchise tax	90,900	107,542	94,006	(13,536)
Miscellaneous tax	(184,700)	(166,468)	212,034	378,502
Total special taxes	<u>10,652,300</u>	<u>10,766,742</u>	<u>10,516,517</u>	<u>(250,225)</u>
Reimbursements & fees:				
Institutional reimbursements	8,900	7,982	12,990	5,008
Liquor transfers	152,900	140,915	140,315	(600)
Interest	76,900	113,542	122,818	9,276
Fees	25,750	25,106	28,231	3,125
Judicial revenue	89,700	87,371	87,427	56
Miscellaneous receipts	56,900	57,572	90,264	32,692
Racing and gaming receipts	2,300	2,300	2,250	(50)
Total receipts	<u>11,065,650</u>	<u>11,201,530</u>	<u>11,000,812</u>	<u>(200,718)</u>
Transfers	130,900	114,100	116,512	2,412
Economic emergency fund surplus	1,961,600	1,885,684	1,885,684	-
TOTAL APPROPRIATED REVENUE	<u>13,158,150</u>	<u>13,201,314</u>	<u>13,003,008</u>	<u>(198,306)</u>
RECEIPTS CREDITED TO APPROPRIATIONS				
Other taxes	120,594	120,594	-	(120,594)
Multi suspense	37,182	37,183	33,188	(3,995)
Federal support	7,231,031	7,130,251	7,686,880	556,629
Local governments	52,987	53,055	47,607	(5,448)
Internal service transfers	2,516,054	2,587,752	2,792,029	204,277
Reimbursements from other departments	6,394	10,944	5,496	(5,448)
Government fund type transfers:				
Attorney General	22,493	22,327	21,416	(911)
Auditor of State	5,070	4,980	3,670	(1,310)
Other agencies	57,132	63,920	74,602	10,682
Interest	260	302	1,016	714
Fees, licenses & permits	46,272	46,483	44,159	(2,324)
Refunds & reimbursements	1,067,032	1,068,235	875,383	(192,852)
Sale of equipment & salvage	2	2	9	7
Rents & leases	1,099	1,195	1,090	(105)
Agricultural sales	3	3	1	(2)
Other sales & services	3,685	3,687	4,113	426
Unearned receipts	587,837	587,837	629,973	42,136
Other	30,413	30,394	48,297	17,903
Income offsets	2,000	2,000	-	(2,000)
TOTAL APPROPRIATED RECEIPTS	<u>11,787,540</u>	<u>11,771,144</u>	<u>12,268,929</u>	<u>497,785</u>
TOTAL ALL REVENUE	<u>24,945,690</u>	<u>24,972,458</u>	<u>25,271,937</u>	<u>299,479</u>
SCHOOL INFRASTRUCTURE TRANSFER	<u>(1,119,252)</u>	<u>(1,483,500)</u>	<u>(1,481,075)</u>	<u>2,425</u>
REFUNDS OF TAXES COLLECTED	<u>(717,600)</u>	<u>(700,900)</u>	<u>(694,063)</u>	<u>6,837</u>
TOTAL REVENUES AVAILABLE	<u>23,108,838</u>	<u>22,788,058</u>	<u>23,096,799</u>	<u>308,741</u>

(continued on next page)

STATE OF IOWA

**Required Supplementary Information
Budgetary Comparison Schedule - General Fund**

For the Year Ended June 30, 2025

(Expressed in Thousands)

(continued)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
EXPENDITURES				
Administration & regulation	682,588	703,799	707,829	(4,030)
Agriculture & natural resources	214,034	214,004	194,359	19,645
Economic development	79,907	94,071	90,795	3,276
Education	5,324,254	5,432,757	5,413,615	19,142
Health & human services	13,425,490	13,321,204	13,931,201	(609,997)
Justice	814,404	818,146	835,472	(17,326)
Judicial	223,696	223,696	218,319	5,377
Legislature	40,289	40,299	39,279	1,020
TOTAL EXPENDITURES	20,804,662	20,847,976	21,430,869	(582,893)
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & TRANSFERS	<u>2,304,176</u>	<u>1,940,082</u>	<u>1,665,930</u>	<u>(274,152)</u>
OTHER FINANCING SOURCES (USES)				
Balances credited to appropriations	232,459	434,910	431,770	(3,140)
Unexpended appropriations	<u>(126,207)</u>	<u>(324,969)</u>	<u>(218,556)</u>	<u>106,413</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>106,252</u>	<u>109,941</u>	<u>213,214</u>	<u>103,273</u>
REVENUES AVAILABLE OVER EXPENDITURES & OTHER ITEMS	2,410,428	2,050,023	1,879,144	(170,879)
BEGINNING FUND BALANCE (BUDGETARY)	-	-	-	-
REMAINING FUND BALANCE (BUDGETARY)	<u>\$ 2,410,428</u>	<u>\$ 2,050,023</u>	<u>\$ 1,879,144</u>	<u>\$ (170,879)</u>
ENDING FUND BALANCE (BUDGETARY)	\$ 2,410,428	\$ 2,050,023	\$ 1,879,144	
AUTHORIZED TRANSFER FROM (TO) THE:				
Taxpayer Relief Fund	-	-	3,270	
Cash Reserve Fund	<u>(2,410,428)</u>	<u>(2,050,023)</u>	<u>(1,882,414)</u>	
REMAINING FUND BALANCE (BUDGETARY)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

STATE OF IOWA

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

June 30, 2025
(Expressed in Thousands)

Fund balance - budgetary/legal	\$ 1,879,144
Basis of accounting differences:	
Balance sheet accounts:	
Accounts receivable	728,992
Leases receivable	2,381
Due from other funds	26,427
Prepaid expenditures	43,260
Accounts payable & accruals	(859,914)
Due to other funds	(99,056)
Unearned revenue	(13,423)
Deferred inflows of resources	
Leases	(2,223)
Deferred revenue	(294,636)
Budgetary unexpended appropriations	218,556
Timing differences:	
Petty cash & inventory expensed in budgetary accounting	16,000
Perspective differences	<u>7,536,183</u>
Total fund balance - GAAP basis	<u><u>\$ 9,181,691</u></u>

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, 2025, actual expenditures exceeded budgeted expenditures in the General Fund, in the Administration and Regulation, Health and Human Services, and Justice System functions. For the Administration and Regulation function, the Department of Administrative Services received additional state funding over budget and expended those funds for allowable program expenditures. For the Health and Human Services function, the Department of Health and Human Services and the Iowa Department of Veterans Affairs received additional federal funds and expended those funds for allowable program expenditures. For the Justice System function, the Department of Public Defense received additional federal funding over budgeted and expended those funds for allowable program expenditures. Additionally, the Department of Public Safety received additional state funding over budget and expended those funds for allowable program expenditures.

BUDGETARY PRESENTATION

The budget encompasses the General Fund of the State and some Special Revenue Funds: Primary Road Fund, Fish and Game Trust Fund, Environment First Fund, Health Care Trust Fund and Other Funds. Other Funds include: IOWAccess Revolving Fund, Consumer Education Fund, Real Estate Education, Medicaid Fraud Fund, Unclaimed Winnings, Sports Wagering Receipts Fund, Technology Reinvestment Fund, Address Confidentiality Program Revolving Fund, Revenue Bonds Capital II Fund, Revenue Bonds Capital Fund, 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, Conservation Administration Fund, Forestry Management Enhancement Fund, Water Quality Protection, National Pollutant Discharge Elimination System Permit, Workforce Development Withholding, Wine and Beer Promotion Board Fund, Grow Iowa Values Fund, Renewable Fuel Infrastructure Fund, State Housing Trust Fund, Special Contingency Fund, Stafford Loan Program Fund, Pharmaceutical Settlement Fund, Hospital Health Care Access Trust Fund, Quality Assurance Fund, Veterans License Plate Fund, Opioid Settlement 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 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, 2024 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.

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(2), of the Code of Iowa, states, "A payment of an obligation for goods and services shall not be charged to an appropriation subsequent to the last day of the fiscal year for which the appropriation is made unless the

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Budgetary Reporting

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 subsection.” 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. These reports may be obtained by writing to the Department of Management, 1007 East Grand Avenue, G13, Des Moines, IA 50319, or by calling 515-281-3322.

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.

RESERVE FUNDS

The State maintains two reserve funds: the Cash Reserve Fund and the Iowa Economic Emergency Fund, created in Sections 8.56 and 8.55 of the Code of Iowa. 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 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.

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Budgetary Reporting

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 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 General Fund for the current fiscal year. Interest or earnings on moneys deposited in the Iowa Economic Emergency 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 Iowa Economic Emergency Fund by the end of each fiscal year. The balance may be used in determining the cash position of the General Fund of the State for payment of State obligations. Amounts in excess of the maximum balance are distributed as follows: (1) the difference between the actual net revenue for the General Fund of the State and the adjusted revenue estimate for the fiscal year is transferred to the Taxpayers Trust Fund, (2) the remainder of the excess, if any, shall be transferred to the General Fund of the State.

The General Assembly can only appropriate moneys in the fund for emergency expenditures. A maximum of 1% of the adjusted revenue estimate for the fiscal year may be used to prevent a deficit in the General Fund when *all* of the following have occurred: (1) the balance of the General Fund of the State at the end of the fiscal year prior to the appropriation made in this paragraph was negative; and (2) the Governor has issued an official proclamation and has notified the Legislative Fiscal Committee and the Legislative Services Agency that the balance of the General Fund is negative and that an appropriation made pursuant to Iowa Code section 8.55 brings the General Fund of the State into balance. Additionally, the Executive Council may receive an amount sufficient to pay expenses authorized in 7D.29 of the Code of Iowa.

STATE OF IOWA

Required Supplementary Information Schedule of the Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System (IPERS)

Last Ten Fiscal Years as of June 30

(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
State's proportion of the net pension liability (asset)	16.237639%	16.841587%	15.979531%	36.428638% *	16.563546%
State's proportionate share of the net pension liability (asset)	\$ 591,439	\$ 760,373	\$ 603,898	\$ (125,776)	\$ 1,163,545
State's covered payroll	\$ 1,788,583	\$ 1,726,457	\$ 1,595,271	\$ 1,541,309	\$ 1,475,401
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.07%	44.04%	37.84%	-8.16%	78.86%
Plan fiduciary net position as a percentage of the total pension liability	92.30%	90.13%	91.41%	100.81%	82.90%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
State's proportion of the net pension liability (asset)	16.155224%	16.561596%	16.960683%	17.130052%	16.899393%
State's proportionate share of the net pension liability (asset)	\$ 935,567	\$ 1,048,060	\$ 1,129,772	\$ 1,078,059	\$ 834,918
State's covered payroll	\$ 1,419,476	\$ 1,414,609	\$ 1,431,290	\$ 1,388,017	\$ 1,356,263
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	65.90%	74.09%	78.93%	77.67%	61.56%
Plan fiduciary net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%

In accordance with GASB Statement No. 68, the amounts presented were determined as of June 30 of the preceding fiscal year.

* Overall plan net pension asset.

See accompanying independent auditor's report.

STATE OF IOWA

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios

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

Last Ten Fiscal Years as of June 30

(Expressed in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	\$ 21,147	\$ 19,328	\$ 18,152	\$ 14,906	\$ 14,707	\$ 12,692	\$ 12,194	\$ 12,109	\$ 13,071	\$ 12,207
Interest	62,901	59,246	56,240	53,322	51,368	50,117	48,185	46,564	42,298	41,661
Differences between expected & actual experience	1,566	19,553	11,550	1,028	(1,917)	(5,567)	(1,471)	(5,279)	(1,886)	(5,613)
Changes in assumptions	-	-	-	72,349	-	42,755	-	-	33,549	23,791
Benefit payments, including refunds of employee contributions	(43,181)	(40,653)	(38,776)	(37,440)	(35,085)	(33,672)	(32,643)	(30,966)	(29,362)	(28,284)
Net change in total pension liability	42,433	57,474	47,166	104,165	29,073	66,325	26,265	22,428	57,670	43,762
Total pension liability - beginning	988,955	931,481	884,315	780,150	751,077	684,752	658,487	636,059	578,389	534,627
Total pension liability - ending (a)	<u>\$ 1,031,388</u>	<u>\$ 988,955</u>	<u>\$ 931,481</u>	<u>\$ 884,315</u>	<u>\$ 780,150</u>	<u>\$ 751,077</u>	<u>\$ 684,752</u>	<u>\$ 658,487</u>	<u>\$ 636,059</u>	<u>\$ 578,389</u>
Plan fiduciary net position										
Contributions - employer	\$ 26,697	\$ 28,283	\$ 23,721	\$ 23,057	\$ 22,711	\$ 22,364	\$ 21,840	\$ 21,498	\$ 17,274	\$ 20,519
Contributions - employee	7,249	7,620	5,991	6,056	5,458	5,535	5,486	5,124	5,053	5,080
Net investment income (loss)	78,157	76,621	61,940	(173,854)	210,222	71,219	16,147	65,058	72,488	(4,581)
Benefit payments, including refunds of employee contributions	(43,181)	(40,653)	(38,776)	(37,440)	(35,085)	(33,672)	(32,643)	(30,966)	(29,362)	(28,284)
Administrative expense	(307)	(359)	(349)	(350)	(285)	(235)	(250)	(233)	(237)	(248)
Net change in fiduciary net position	68,615	71,512	52,527	(182,531)	203,021	65,211	10,580	60,481	65,216	(7,514)
Plan fiduciary net position - beginning	749,102	677,590	625,063	807,594	604,573	539,362	528,782	468,301	403,085	410,599
Plan fiduciary net position - ending (b)	<u>\$ 817,717</u>	<u>\$ 749,102</u>	<u>\$ 677,590</u>	<u>\$ 625,063</u>	<u>\$ 807,594</u>	<u>\$ 604,573</u>	<u>\$ 539,362</u>	<u>\$ 528,782</u>	<u>\$ 468,301</u>	<u>\$ 403,085</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 213,671</u>	<u>\$ 239,853</u>	<u>\$ 253,891</u>	<u>\$ 259,252</u>	<u>\$ (27,444)</u>	<u>\$ 146,504</u>	<u>\$ 145,390</u>	<u>\$ 129,705</u>	<u>\$ 167,758</u>	<u>\$ 175,304</u>
Plan fiduciary net position as a percentage of the total pension liability	79.28%	75.75%	72.74%	70.68%	103.52%	80.49%	78.77%	80.30%	73.63%	69.69%
Covered payroll	\$ 58,640	\$ 54,922	\$ 50,599	\$ 48,803	\$ 47,869	\$ 46,931	\$ 45,514	\$ 44,589	\$ 42,212	\$ 47,028
Net pension liability (asset) as a percentage of covered payroll	364.38%	436.72%	501.77%	531.22%	-57.33%	312.17%	319.44%	290.89%	397.42%	372.77%

See accompanying independent auditor's report.

STATE OF IOWA

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios

Judicial Retirement System (JRS)

Last Ten Fiscal Years as of June 30

(Expressed in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	\$ 8,885	\$ 8,279	\$ 8,402	\$ 7,928	\$ 7,823	\$ 7,666	\$ 7,124	\$ 6,230	\$ 6,235	\$ 6,231
Interest	18,065	17,365	17,056	16,434	16,048	15,957	15,417	14,396	13,880	13,548
Changes in benefit terms	(304)	-	-	-	-	-	-	(1,208)	-	-
Differences between expected & actual experience	267	3,562	(4,007)	980	(2,634)	(7,323)	(328)	(3,222)	(865)	(3,655)
Changes in assumptions	-	(868)	-	-	-	-	-	33,526	-	-
Benefit payments, including refunds of employee contributions	(18,611)	(17,328)	(16,448)	(15,803)	(15,233)	(14,699)	(13,724)	(12,812)	(11,950)	(11,460)
Net change in total pension liability	8,302	11,010	5,003	9,539	6,004	1,601	8,489	36,910	7,300	4,664
Total pension liability - beginning	276,789	265,779	260,776	251,237	245,233	243,632	235,143	198,233	190,933	186,269
Total pension liability - ending (a)	<u>\$ 285,091</u>	<u>\$ 276,789</u>	<u>\$ 265,779</u>	<u>\$ 260,776</u>	<u>\$ 251,237</u>	<u>\$ 245,233</u>	<u>\$ 243,632</u>	<u>\$ 235,143</u>	<u>\$ 198,233</u>	<u>\$ 190,933</u>
Plan fiduciary net position										
Contributions - employer	\$ 5,734	\$ 5,132	\$ 4,916	\$ 9,374	\$ 9,200	\$ 9,211	\$ 8,771	\$ 8,503	\$ 8,544	\$ 8,667
Contributions - employee	3,088	3,407	3,277	2,965	2,811	2,814	2,680	2,598	2,611	2,648
Net investment income (loss)	32,330	31,762	28,350	(71,280)	81,921	17,776	7,237	26,227	26,632	(2,673)
Benefit payments, including refunds of employee contributions	(18,611)	(17,328)	(16,448)	(15,803)	(15,233)	(14,699)	(13,724)	(12,812)	(11,950)	(11,460)
Administrative expense	(37)	(39)	(46)	(22)	(19)	(22)	(26)	(20)	(18)	(20)
Net change in fiduciary net position	22,504	22,934	20,049	(74,766)	78,680	15,080	4,938	24,496	25,819	(2,838)
Plan fiduciary net position - beginning	278,381	255,447	235,398	310,164	231,485	216,405	211,467	186,971	161,152	163,990
Plan fiduciary net position - ending (b)	<u>\$ 300,885</u>	<u>\$ 278,381</u>	<u>\$ 255,447</u>	<u>\$ 235,398</u>	<u>\$ 310,165</u>	<u>\$ 231,485</u>	<u>\$ 216,405</u>	<u>\$ 211,467</u>	<u>\$ 186,971</u>	<u>\$ 161,152</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (15,794)</u>	<u>\$ (1,592)</u>	<u>\$ 10,332</u>	<u>\$ 25,378</u>	<u>\$ (58,928)</u>	<u>\$ 13,748</u>	<u>\$ 27,227</u>	<u>\$ 23,676</u>	<u>\$ 11,262</u>	<u>\$ 29,781</u>
Plan fiduciary net position as a percentage of the total pension liability	105.54%	100.58%	96.11%	90.27%	123.46%	94.39%	88.82%	89.93%	94.32%	84.40%
Covered payroll	\$ 34,837	\$ 33,049	\$ 32,839	\$ 30,633	\$ 30,065	\$ 30,100	\$ 28,664	\$ 27,788	\$ 27,922	\$ 28,322
Net pension liability(asset) as a percentage of covered payroll	-45.34%	-4.82%	31.46%	82.85%	-196.00%	45.67%	94.99%	85.20%	40.33%	105.15%

See accompanying independent auditor's report.

STATE OF IOWA

**Required Supplementary Information
Schedule of Contributions**

Iowa Public Employees' Retirement System (IPERS)
Last Ten Fiscal Years as of June 30
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contribution	\$ 182,823	\$ 170,228	\$ 162,004	\$ 149,496	\$ 144,855
Contributions in relation to statutorily required contributions	<u>182,823</u>	<u>170,228</u>	<u>162,004</u>	<u>149,496</u>	<u>144,855</u>
Contribution deficiency (excess)	<u>\$ -</u>				
State's covered payroll	\$ 1,949,723	\$ 1,788,583	\$ 1,726,457	\$ 1,595,271	\$ 1,541,309
Contributions as a percentage of covered payroll	9.38%	9.52%	9.38%	9.37%	9.40%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 139,227	\$ 134,356	\$ 126,868	\$ 128,532	\$ 124,718
Contributions in relation to statutorily required contributions	<u>139,227</u>	<u>134,356</u>	<u>126,868</u>	<u>128,532</u>	<u>124,718</u>
Contribution deficiency (excess)	<u>\$ -</u>				
State's covered payroll	\$ 1,475,401	\$ 1,419,476	\$ 1,414,609	\$ 1,431,290	\$ 1,388,017
Contributions as a percentage of covered payroll	9.44%	9.47%	8.97%	8.98%	8.99%

See Notes to Required Supplementary Information - Schedules of Contributions.

See accompanying independent auditor's report.

STATE OF IOWA

Required Supplementary Information Schedule of Contributions

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

Last Ten Fiscal Years as of June 30

(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 33,231	\$ 30,295	\$ 27,349	\$ 19,751	\$ 22,996
Actual employer contribution	<u>26,697</u>	<u>28,283</u>	<u>23,721</u>	<u>23,057</u>	<u>22,711</u>
Contribution deficiency (excess)	<u>\$ 6,534</u>	<u>\$ 2,012</u>	<u>\$ 3,628</u>	<u>\$ (3,306)</u>	<u>\$ 285</u>
Covered payroll	\$ 58,640	\$ 54,922	\$ 50,599	\$ 48,803	\$ 47,869
Contributions as a percentage of covered payroll	45.53%	51.50%	46.88%	47.25%	47.45%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 19,378	\$ 19,403	\$ 20,306	\$ 17,746	\$ 17,081
Actual employer contribution	<u>22,364</u>	<u>21,840</u>	<u>21,498</u>	<u>17,274</u>	<u>20,519</u>
Contribution deficiency (excess)	<u>\$ (2,986)</u>	<u>\$ (2,437)</u>	<u>\$ (1,192)</u>	<u>\$ 472</u>	<u>\$ (3,438)</u>
Covered payroll	\$ 46,931	\$ 45,514	\$ 44,589	\$ 42,212	\$ 47,028
Contributions as a percentage of covered payroll	47.65%	47.99%	48.21%	40.92%	43.63%

See Notes to Required Supplementary Information - Schedules of Contributions.

See accompanying independent auditor's report.

STATE OF IOWA

**Required Supplementary Information
Schedule of Contributions**

Judicial Retirement System (JRS)

Last Ten Fiscal Years as of June 30

(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 5,734	\$ 5,133	\$ 4,916	\$ 7,836	\$ 7,691
Actual employer contribution	<u>5,734</u>	<u>5,133</u>	<u>4,916</u>	<u>9,373</u>	<u>9,200</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,537)</u>	<u>\$ (1,509)</u>
Covered payroll	\$ 34,837	\$ 33,049	\$ 32,839	\$ 30,633	\$ 30,065
Contributions as a percentage of covered payroll *	16.46%	15.53%	14.97%	30.60%	30.60%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 8,567	\$ 8,674	\$ 5,688	\$ 6,201	\$ 6,667
Actual employer contribution	<u>9,211</u>	<u>8,771</u>	<u>8,503</u>	<u>8,544</u>	<u>8,667</u>
Contribution deficiency (excess)	<u>\$ (644)</u>	<u>\$ (97)</u>	<u>\$ (2,815)</u>	<u>\$ (2,343)</u>	<u>\$ (2,000)</u>
Covered payroll	\$ 30,100	\$ 28,664	\$ 27,788	\$ 27,922	\$ 28,322
Contributions as a percentage of covered payroll *	30.60%	30.60%	30.60%	30.60%	30.60%

* Due to the Judicial Retirement System's funded ratio exceeding 100% in the July 1, 2021 funding valuation, contribution rates for both the employer and the employees moved away from fixed contribution rates and became based on the actuarial contribution rate (split employer; 60%, member; 40%). With the one-year lag, the actuarial-based contribution rates first went into effect during FY2023. Prior to FY2023, the employer contributed a fixed rate equal to 30.60% of pay.

See Notes to Required Supplementary Information - Schedules of Contributions.

See accompanying independent auditor's report.

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Schedules of Contributions

A. Iowa Public Employees' Retirement System (IPERS)

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 as of the June 30 listed below:

2024: The 2024 Iowa Legislature passed House File 2661 (HF2661) which provided for the following benefit enhancements for members of the Sheriffs and Deputies group:

- Increased the benefit multiplier from 1.5% to 2.5% for years of service between 22 and 30, thereby increasing the maximum benefit from 72% to 80% of average salary.
- Granted an automatic 1.5% compound cost-of-living adjustment (COLA) for members who retire on or after July 1, 2024 who are at least age 50 when they terminate employment and have at least 22 years of special service. This COLA is provided in lieu of any favorable experience dividend that future retirees would have otherwise been eligible for.

Changes in Assumptions

Valuation date: July 1, 2021:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

Valuation date: July 1, 2018:

- Mortality assumption was changed to the family of RP-2014 Mortality Tables for all groups, with mortality improvements modeled using Scale MP-2017.
- Retirement rates for Regular members was lowered to better reflect actual experience. The Sheriffs and Deputies retirement assumption was modified to reflect lower retirement rates at younger ages. The Protection Occupation retirement rates were modified both higher and lower across age ranges.

Valuation date: July 1, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the long-term rate of return assumption from 7.50% to 7.00%.
- Decreased the wage growth and payroll growth assumption from 4.00% to 3.25%.
- Decreased the salary increase assumption by 0.75%.

B. Peace Officers' Retirement, Accident and Disability System (PORS)

Valuation date: July 1, 2025

PORS is funded with fixed contribution rates for both the employee and employer (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 were used to determine the actuarially determined employer contribution reported for the fiscal year ended June 30, 2025 (based on the July 1, 2024 actuarial valuation):

- *Actuarial cost method:* Entry age normal
- *Amortization method:* Level percentage of payroll, closed
- *Amortization period:* 20 years
- *Asset valuation method:* 5-year-smoothed market
- *Inflation:* 2.50%
- *Salary increase:* 4.00% to 8.50%, including inflation
- *Investment rate of return:* 6.50% compounded annually, net of investment expense, including inflation

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Schedules of Contributions

- *Post-retirement adjustment:* Pensions are adjusted by a 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:* Pre-retirement mortality rates were based on the Pub-2010 Safety Employees Median Mortality Table, set-back 2 years for males and females, projected generationally using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 Safety Retirees Median Mortality Table, set-back 2 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 2 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 2 years for males and females, projected generationally using Scale MP-2021.

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 (HF 969) 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, HF 969 did not have an impact on the net pension liability.

2024: Due to the passage of Senate File 513 during the 2023 legislation session, designated peace officers in the Department of Transportation under section 321.477, Code 2023, who had fewer than 10 years of membership service and were transferred to the Department of Public Safety, became members of the Peace Officers' Retirement, Accident and Disability System. An amount equal to the actuarial cost of the transferred members was provided by the State, so the transfer had no impact on the net position liability. The legislation did not change 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 actuary reports.

2017: The State's contribution rate increased from 35% to 37% of payroll. In May, 2016, legislation was signed which reduced the State's supplemental contribution from \$5.0 million to \$2.5 million for fiscal year 2017.

2016: The State's contribution rate increased from 33% to 35% of payroll.

Changes in Assumptions

July 1, 2022 valuation:

- The long-term investment return assumption was decreased from 7.00% to 6.50%.
- The mortality assumption was changed to the PUB-2010 Safety Mortality Table, set-back 2 years for males and females, with generationally 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.

July 1, 2020 valuation:

- The price inflation assumption was decreased from 2.75% to 2.50%.
- The productivity assumption was increased from 0.75% to 1.00%.
- The payroll growth assumption was decreased from 3.00% to 2.75%.
- The long-term investment return assumption was 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.

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Schedules of Contributions

- The amortization of the UAAL was changed to a “layered” approach with new pieces of the 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 was decreased from 3.00% to 2.75%.
- The wage inflation assumption was decreased from 3.75% to 3.50%.
- The payroll growth assumption was decreased from 3.75% to 3.00%.
- The long-term investment return assumption was decreased from 8.00% to 7.50%.

C. Judicial Retirement System (JRS)

Valuation date: July 1, 2025

JRS was funded with fixed contribution rates for both the employee and employer (State) until the funding ratio reached 100%. JRS was first fully funded in the July 1, 2021 actuarial valuation. 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 were used to determine the actuarially determined employer contribution reported for the fiscal year ended June 30, 2025 (based on the July 1, 2023 actuarial valuation):

- *Actuarial cost method:* Entry age normal
- *Amortization method:* Level dollar, closed
- *Amortization period:* Initial base established July 1, 2022 over a closed 25-year period. New bases will be established in each subsequent year equal to the difference in actual versus expected experience. The new base is amortized over a new, closed 25-year period commencing on the date it is established.
- *Asset valuation method:* 75% expected value plus 25% market value
- *Inflation:* 2.60%
- *Salary increase:* 3.75% including inflation
- *Investment rate of return:* 6.75% compounded annually
- *Mortality:* Pre-retirement mortality rates were based on the Pub-2010 General Above Median Employees Mortality Table within a three-year age set back and generational improvements using MP-2021. Post-retirement mortality rates were based on the Pub-2010 General Above Median Retiree Mortality Table with a three-year age set back and generational improvements using MP-2021. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 Above Median Contingent Survivor Mortality Table with a three-year age set back and generational improvements using MP-2021.

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: The 2025 Iowa Legislative Session passed House File 956 (HF 956) which increased the mandatory retirement age from 72 to 78 for judicial officers and from 78 to 84 for Senior Judges.

2024: Senate File 2436 (SF 2436) passed during the 2024 Iowa Legislative session. SF 2436 decreased the members' share of the total required contribution rate from 40% to 35% effective July 1, 2024. SF 2436 also provides for a 1% cap on the change in the total required contribution rate each year. This change had no impact on the liabilities in the July 1, 2024 valuation but will impact the employer required contribution rate beginning with the fiscal year 2025.

2018: Effective January 1, 2018, a judge must be 62 years of age or older at the time a judge assumes senior status. Senior judges may only serve for a total of six years and shall cease holding office upon reaching age 78. These requirements do not apply to judges who have 20 years of service prior to January 1, 2018.

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Schedules of Contributions

Changes in Assumptions

July 1, 2025 valuation:

- Retirement rates were adjusted to model anticipated retirement behavior changes due to HF 956.
- Long-term member contributions rate was lowered from 10.25% to 9.00%.

July 1, 2024 valuation:

- Retirement rates were adjusted to partially reflect observed experience.
- Termination assumption was eliminated.
- Election of Senior Judge status assumption decreased from 80% to 75%.
- Administrative expense assumption increased from 0.06% to 0.07% of payroll.
- Mortality assumption was changed to the Pub-2010 General Employees Above Median Mortality Tables for males and females, with a three-year age set back. Future mortality improvements are anticipated with Projection Scale MP-2021.

July 1, 2018 valuation:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the long-term investment return assumption from 7.50% to 6.75%.
- Decreased the salary increase assumption from 4.25% to 3.75%.
- Decreased the Senior Judge benefit adjustment from 3.1875% to 3.00%.
- Adopted an explicit assumption of the annual administrative expense.
- Changed the mortality assumption to the RP-2014 White Collar Mortality Tables with a two-year age setback and generational improvements using MP-2017.

STATE OF IOWA

Required Supplementary Information Schedule of Changes in Total OPEB Liability and Related Ratios

State Plan

Last Eight Fiscal Years as of June 30 *

(Expressed in Thousands)

	<u>2025</u>	<u>2024**</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB liability					
Service cost	\$ 13,854	\$ 14,601	\$ 15,860	\$ 17,294	\$ 17,256
Interest	7,590	7,784	8,245	4,865	4,929
Differences between expected & actual experience	-	(14,270)	-	61,042	(5,897)
Changes in assumptions	(27,587)	(16,893)	(28,174)	(60,080)	(3,067)
Change in proportion	-	-	-	-	-
Benefit payments - implicit subsidy	(10,593)	(13,195)	(14,020)	(12,551)	(12,356)
Net change in total OPEB liability	(16,736)	(21,973)	(18,089)	10,570	865
Total OPEB liability - beginning	184,582	206,555	223,490	212,920	212,055
Total OPEB liability - ending	<u>\$ 167,846</u>	<u>\$ 184,582</u>	<u>\$ 205,401</u>	<u>\$ 223,490</u>	<u>\$ 212,920</u>
Covered-employee payroll	\$ 1,566,738	\$ 1,418,483	\$ 1,388,616	\$ 1,428,761	\$ 1,407,753
Total OPEB liability as a percentage of covered-employee payroll	10.71%	13.01%	14.79%	15.64%	15.12%
	<u>2020</u>	<u>2019</u>	<u>2018</u>		
Total OPEB liability					
Service cost	\$ 13,491	\$ 12,374	\$ 12,964		
Interest	7,244	7,448	6,520		
Differences between expected & actual experience	(6,842)	-	(1,066)		
Changes in assumptions	10,426	4,773	2,642		
Change in proportion	-	-	(23)		
Benefit payments - implicit subsidy	(11,338)	(11,073)	(9,191)		
Net change in total OPEB liability	12,981	13,522	11,846		
Total OPEB liability - beginning	199,074	185,552	173,706		
Total OPEB liability - ending	<u>\$ 212,055</u>	<u>\$ 199,074</u>	<u>\$ 185,552</u>		
Covered-employee payroll	\$ 1,365,553	\$ 1,249,303	\$ 1,254,711		
Total OPEB liability as a percentage of covered-employee payroll	15.53%	15.93%	14.79%		

* GASB Statement No. 75 requires ten years of information to be presented in this schedule; however, until a full 10-year trend is compiled, the State will present information for those years for which information is available.

** Beginning balance adjusted for restatement, due to the change in the reporting entity, effective 7/1/2023.

See Notes to Required Supplementary Information - Schedules of Changes in Total OPEB Liability and Related Ratios.

See accompanying independent auditor's report.

STATE OF IOWA

Required Supplementary Information Schedule of Changes in Total OPEB Liability and Related Ratios

University Plans

Last Eight Fiscal Years as of June 30 *

(Expressed in Thousands)

	2025			2024			2023		
	U of I	ISU	UNI	U of I	ISU	UNI	U of I **	ISU	UNI
Total OPEB liability									
Service cost	\$ 5,708	\$ 6,059	\$ 336	\$ 5,731	\$ 3,520	\$ 308	\$ 6,789	\$ 3,726	\$ 300
Interest	3,885	2,746	368	4,553	2,230	383	3,084	1,071	399
Differences between expected & actual experience	(386)	9,347	117	(17,213)	9,527	(1,425)	3,019	12,054	368
Changes in assumptions	(2,076)	5,425	(567)	(6,574)	4,306	533	(15,454)	(7,099)	(32)
Changes in benefit terms	-	-	-	-	-	-	-	-	(1,088)
Benefit payments	(6,809)	(4,723)	(263)	(10,442)	(5,691)	(423)	(10,681)	(5,121)	(447)
Net change in total OPEB liability	322	18,854	(9)	(23,945)	13,892	(624)	(13,243)	4,631	(500)
Total OPEB liability - beginning	104,118	64,929	8,542	128,063	51,037	9,166	141,306	46,406	9,666
Total OPEB liability - ending	<u>\$ 104,440</u>	<u>\$ 83,783</u>	<u>\$ 8,533</u>	<u>\$ 104,118</u>	<u>\$ 64,929</u>	<u>\$ 8,542</u>	<u>\$ 128,063</u>	<u>\$ 51,037</u>	<u>\$ 9,166</u>
Covered-employee payroll	\$ 1,631,073	\$ 561,649	\$ 121,094	\$ 1,583,565	\$ 546,969	\$ 165,365	\$ 1,526,680	\$ 522,986	\$ 104,485
Total OPEB liability as a percentage of covered-employee payroll	6.40%	14.92%	7.05%	6.57%	11.87%	5.17%	8.39%	9.76%	8.77%
	2022			2021			2020		
	U of I **	ISU	UNI	U of I **	ISU	UNI	U of I	ISU	UNI
Total OPEB liability									
Service cost	\$ 6,778	\$ 3,881	\$ 487	\$ 7,112	\$ 5,470	\$ 1,123	\$ 3,860	\$ 6,714	\$ 1,769
Interest	3,675	943	277	6,217	2,052	427	5,604	3,382	885
Differences between expected & actual experience	(5,297)	2,124	(1,471)	(36,141)	(22,902)	(267)	4,430	(24,818)	(10,479)
Changes in assumptions	(17,186)	781	(1,556)	23,982	3,243	(3,537)	26,867	2,251	(74)
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Benefit payments	(12,325)	(3,796)	(461)	(11,931)	(5,669)	(549)	(10,497)	(5,571)	(711)
Net change in total OPEB liability	(24,355)	3,933	(2,724)	(10,761)	(17,806)	(2,803)	30,264	(18,042)	(8,610)
Total OPEB liability - beginning	165,661	42,473	12,390	176,422	60,279	15,193	146,157	78,321	23,803
Total OPEB liability - ending	<u>\$ 141,306</u>	<u>\$ 46,406</u>	<u>\$ 9,666</u>	<u>\$ 165,661</u>	<u>\$ 42,473</u>	<u>\$ 12,390</u>	<u>\$ 176,421</u>	<u>\$ 60,279</u>	<u>\$ 15,193</u>
Covered-employee payroll	\$ 1,482,214	\$ 476,625	\$ 163,404	\$ 1,384,343	\$ 462,527	\$ 162,977	\$ 1,384,343	\$ 465,055	\$ 171,815
Total OPEB liability as a percentage of covered-employee payroll	9.53%	9.74%	5.92%	11.97%	9.18%	7.60%	12.74%	12.96%	8.84%

(continued on next page)

STATE OF IOWA

Required Supplementary Information Schedule of Changes in Total OPEB Liability and Related Ratios

University Plans

Last Eight Fiscal Years as of June 30 *

(Expressed in Thousands)

(continued)

	2019			2018		
	U of I	ISU	UNI	U of I	ISU	UNI
Total OPEB liability						
Service cost	\$ 4,193	\$ 7,335	\$ 1,767	\$ 33,734	\$ 6,464	\$ 1,690
Interest	4,971	3,084	980	18,168	2,868	807
Differences between expected & actual experience	1	(7,719)	(3,327)	48,567	3,076	-
Changes in assumptions	(13,968)	(3,800)	1,091	(95,303)	6,260	779
Changes in benefit terms	21,519	-	-	(465,008)	-	-
Benefit payments	(10,394)	(5,713)	(533)	(8,001)	(4,654)	(600)
Net change in total OPEB liability	6,322	(6,813)	(22)	(467,843)	14,014	2,676
Total OPEB liability - beginning	139,835	85,134	23,825	607,678	71,120	21,149
Total OPEB liability - ending	<u>\$ 146,157</u>	<u>\$ 78,321</u>	<u>\$ 23,803</u>	<u>\$ 139,835</u>	<u>\$ 85,134</u>	<u>\$ 23,825</u>
 Covered-employee payroll	 \$ 1,308,289	 \$ 457,651	 \$ 172,925	 \$ 1,291,758	 \$ 443,245	 \$ 169,533
 Total OPEB liability as a percentage of covered-employee payroll	 11.17%	 17.11%	 13.76%	 10.83%	 19.21%	 14.05%

* GASB Statement No. 75 requires ten years of information to be presented in this schedule; however, until a full 10-year trend is compiled, the State will present information for those years for which information is available.

** FY2021 through FY2023 were restated for the U of I. Restatements of the periods prior to FY2021 are not practical due to systems not being readily available to recalculate liability results for earlier periods.

See Notes to Required Supplementary Information - Schedules of Changes in Total OPEB Liability and Related Ratios.

See accompanying independent auditor's report.

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Schedules of Changes in Total OPEB Liability and Related Ratios

A. State Plan

No assets are accumulated in a trust that meets the criteria in paragraph 4, of GASB No. 75.

Changes in Assumptions

2025:

- Increased the discount rate from 3.93% to 5.20%.
- Updated medical and prescription drug trend rates based on recent experience and future expectations.

2024:

- Increased the discount rate from 3.65% to 3.93%.
- Updated medical claims costs based on recent experience.
- Updated annual medical trend rates based on recent experience and future expectations.
- The actuarial factors used to estimate individual retiree and spouse costs by age and by gender were updated. The new factors are based on a review of historical claims experience by age, gender, and status (active vs retired). This resulted in retiree and spouse costs by gender becoming the same.

2023:

- Increased the discount rate from 3.54% to 3.65%.
- Updated medical claims costs based on recent experience.
- Updated annual medical trend rates based on recent experience and future expectations.

2022:

- Increased the discount rate from 2.16% to 3.54%.
- Updated medical claims costs based on recent experience.
- Updated annual medical trend rates based on recent experience and future expectations.
- Inflation rate was replaced with payroll growth rate.

2021:

- Decreased the discount rate from 2.21% to 2.16%.
- Updated medical claims costs based on recent experience.
- Updated annual medical trend rates based on recent experience and future expectations.

2020:

- Decreased the discount rate from 3.50% to 2.21%.
- Updated medical claims costs and premiums based on recent experience.
- Updated annual medical trend rates based on industry observations and the current SOA-Getzen model.
- Updated mortality assumptions and the salary scale to be consistent with the assumptions used in the June 30, 2019 IPERS actuarial valuation.

2019:

- Decreased the discount rate from 3.87% to 3.50%.

2018:

- Increased the discount rate from 3.58% to 3.87%.
- Decreased the inflation rate from 3.00% to 2.6%.

B. University Plans

No assets are accumulated in a trust that meets the criteria in paragraph 4, of GASB No. 75.

Changes of Benefit and Funding Terms

2023:

UNI:

- Updated plan that no life insurance benefit is offered effective July 1, 2023.

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Schedules of Changes in Total OPEB Liability and Related Ratios

2020:

ISU:

- An eligibility cut-off date for life insurance has been implemented such that only employees retiring prior to July 1, 2020, are eligible for life insurance coverage. The impact of this change is a decrease in liabilities.
- An eligibility cut-off date for long-term disability has been implemented such that only employees approved for LTD and participating in the subsidy program prior to July 1, 2020 are eligible for LTD coverage. The impact of this change is a decrease in liabilities.
- A new Retirement Incentive Option Program has been implemented for fiscal year 2020/21, which includes three options that provide retirees with a one-time, up-front payout of pension-related employer contributions, medical/dental coverage, or a combination of both. As part of this change, the retirement rates for FY 2020/21 only have been increased by 133% to reflect expected increased retirements in 2020/21. The impact of these changes is an increase in liabilities.
- The Affordable Care Act Excise Tax was repealed in December 2019, so this valuation no longer reflects any liabilities associated with the Tax. The impact of this change is a slight decrease in liabilities.

2018:

U of I:

- Implemented a cap on the University's contribution for retiree health at the current \$288 per month for current and future retirees.

Changes in Assumptions

2025:

U of I:

- Increased the discount rate from 3.65% to 3.93%.

ISU:

- Updated the discount rate assumption based on the yield for 20-year-tax-exempt general obligation municipal bonds as of December 31, 2024. The discount rate is 4.28%. Making this change resulted in a decrease in liabilities.
- Health care trend rates for pre-65 and post-65 have been set to an annual trend of 8.00% and 6.50%, respectfully. The impact of this change is an increase in liabilities.
- Interim year valuation results have been projected from the prior year's valuation, with adjustments for actual premium, contribution, and cost of coverage changes from 2024 to 2025. The impact of these changes was a significant increase in liabilities due to actual health care costs being higher than expected.

UNI:

- Increased the discount rate from 4.21 to 5.20%.
- Health care trend rates have been updated to an initial rate of 8.00% decreased by 0.50% annually to an ultimate rate of 4.50%. This change caused a significant increase in liabilities.

2024:

U of I:

- Increased the discount rate from 3.54% to 3.65%.
- Increased the healthcare trend rate from 5.89% to 7.73% for Pre-65 participants, and from 6.34% to 8.27% for Post-65 participants.
- Changed the mortality projection scale from MP-2020 to MP-2021.

ISU:

- Decreased the discount rate from 4.31% to 4.00%.
- Increased the healthcare trend rate from 7.00% to 8.00%.

UNI:

- Increased the discount rate from 4.13 to 4.21%.
- Increased the healthcare trend rate from 7.00% to 8.00%.
- Health care trend rates have been updated to an initial rate of 8.0% decreased by 0.5% annually to an ultimate rate of 4.5%. This change caused an increase in liabilities.
- Updated process to allow for the valuation of a negative implicit subsidy.

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Schedules of Changes in Total OPEB Liability and Related Ratios

2023:

U of I:

- Increased the discount rate from 2.16% to 3.54%.
- Decreased the healthcare trend rate from 6.12% to 5.89% for Pre-65 participants, and from 6.57% to 6.34% for Post-65 participants.

ISU:

- Increased the discount rate from 2.25% to 4.31%.
- Decreased the healthcare trend rate from 7.50% to 7.00%.

UNI:

- Increased the discount rate from 4.09 to 4.13%.
- Decreased the healthcare trend rate from 7.50% to 7.00%.
- Changed the discount rate assumption to be based on the yield for 20-year-tax-exempt general obligation municipal bonds.

2022:

U of I:

- Decreased the discount rate from 2.21% to 2.16%.
- Updated rates to better reflect recent experience.
- Changed the mortality projection scale from MP-2018 to MP-2020.
- Decreased the healthcare trend rate from 6.19% to 6.12%.

ISU:

- Increased the discount rate from 2.12% to 2.25%.
- Changed the mortality projection scale from MP-2019 to MP-2021.

UNI:

- Increased the discount rate from 2.19 to 4.09%.
- Changed the mortality projection scale from MP-2019 to MP-2021.

2021:

U of I:

- Decreased the discount rate from 3.50% to 2.21%.
- Removed the impact of the excise tax on high cost plans from future medical trend rate assumptions.

ISU:

- Decreased the discount rate from 3.26% to 2.12%.

UNI:

- Decreased the discount rate from 2.66 to 2.19%.

2020:

U of I:

- Decreased the discount rate from 3.58% to 3.50%.
- Changed the mortality assumption for healthy lives from the RP-2014 Aggregate Mortality Table projected using Scale MP-2016 to the Pub-2010 Aggregate Mortality Table projected using Scale MP-2018, and for disabled lives from the CIA 1988-94 LTD Table to the Pub-2010 Disabled Mortality Table projected using Scale MP-2018.
- Updated the healthcare trend rates to a schedule of rates beginning at 6.65% in 2019, grading down to 4.50% in 2028 and beyond for pre-65 participants and 7.61% in 2019 grading down to 4.50% in 2029 and beyond for post-65 participants.
- Changed the marginal cost adjustment factors for pre-65 participants from 60.10% to 62.90% and for post-65 participants from 87.60% to 89.50%.
- Updated the impact of the excise tax on high cost plans based on current claims and medical trend assumptions.

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Schedules of Changes in Total OPEB Liability and Related Ratios

ISU:

- Decreased the discount rate from 4.11% to 3.26%.
- Changed the mortality assumption for actives and healthy retirees from the RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017 to Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019, for surviving spouses from the RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017 to Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale PM-2019, and for disabled retirees from the RPH-2017 Disabled Retiree Mortality Table fully generational using Scale MP-2017 set forward 10 years to Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2019.
- Medical trend rates have been set to an initial rate of 8.00% decreasing by 0.50% annually to an ultimate rate of 4.50%.

UNI:

- Decreased the discount rate from 3.51% to 2.66%.
- Changed the mortality assumption from the RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017 to Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2019 for non-faculty employees and retirees, to Pub-2010 Teachers Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2019 for faculty employees and retirees, and to Pub-2010 Contingent Survivor Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2019 for surviving spouses.
- Updated the termination and retirement rates to follow the actuarial assumptions from the IPERS actuarial valuation as of June 30, 2019.
- Medical trend rates have been set to an initial rate of 8.00% decreasing by 0.50% annually to an ultimate rate of 4.50%.

2019:

U of I:

- Increased the discount rate from 3.58% to 3.87%.
- Changed the Merit employees demographic assumptions from State to University assumptions.

ISU:

- Increased the discount rate from 3.44% to 4.11%.

UNI:

- Decreased the discount rate from 3.87% to 3.51%.

2018:

U of I:

- Decreased the discount rate from 6.75% to 3.58%.
- Changed the withdrawal rates for staff to better anticipate future experience.
- Changed the mortality assumption from the RP-2014 Aggregate Mortality Table projected using Scale MP-2014 to the RP-2014 Aggregate Mortality Table projected using Scale MP-2016.
- Changed the healthcare trend rate for pre-65 participants to 7.55% in 2017 grading down to 4.50% in 2026 and for post-65 participants to 9.17% in 2017 grading down to 4.50% in 2026.
- Changed the marginal cost adjustment factors for pre-65 participants from 59.40% to 60.10% and for post-65 participants from 86.80% to 87.60%.
- Updated the impact of the excise tax on high cost plans based on current claims and medical trend assumptions.

ISU:

- Decreased the discount rate from 3.78% to 3.44%.
- Reset medical trend rates to an initial rate of 9.00% decreasing by 0.50% to an ultimate rate of 5.00%.
- Updated the mortality assumption to RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017.

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Schedules of Changes in Total OPEB Liability and Related Ratios

- Updated the excise tax threshold trend rate from 3.0% starting in 2020 to 3.50% in 2022 and 2.50% subsequently.

UNI:

- Increased the discount rate from 3.58% to 3.87%.
- Increased the healthcare trend rate for pre-65 participants to an initial 9.00% grading down to 4.50% and reset the rate for post-65 participants to an initial 6.50% grading down to 4.50%.
- Updated the mortality assumption to RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017.
- Updated the healthcare coverage election rate for pre-65 retirees to 45.00% from 65.00%.



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, 2025
(Expressed in Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Current assets:				
Cash & investments	\$ 122,553	\$ 70,243	\$ 8,050	\$ 200,846
Accounts receivable (net)	55,468	440	-	55,908
Due from other funds	3,203	16,147	-	19,350
Inventory	105	-	-	105
Prepaid expenditures	220	16	-	236
Total current assets	<u>181,549</u>	<u>86,846</u>	<u>8,050</u>	<u>276,445</u>
Noncurrent assets:				
Cash & investments	-	-	10,560	10,560
Deposits with trustees	15,015	-	-	15,015
Accounts receivable (net)	73	-	-	73
Total noncurrent assets	<u>15,088</u>	<u>-</u>	<u>10,560</u>	<u>25,648</u>
TOTAL ASSETS	<u><u>\$ 196,637</u></u>	<u><u>\$ 86,846</u></u>	<u><u>\$ 18,610</u></u>	<u><u>\$ 302,093</u></u>
LIABILITIES				
Current liabilities:				
Accounts payable & accruals	\$ 6,736	\$ 8,880	\$ -	\$ 15,616
Due to other funds	37,971	47,953	-	85,924
Unearned revenue	16	1,727	-	1,743
Total current liabilities	<u>44,723</u>	<u>58,560</u>	<u>-</u>	<u>103,283</u>
Noncurrent liabilities:				
Accounts payable & accruals	315	-	-	315
TOTAL LIABILITIES	<u>45,038</u>	<u>58,560</u>	<u>-</u>	<u>103,598</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	23,542	-	-	23,542
Unconditional remainder interest	152	-	-	152
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>23,694</u>	<u>-</u>	<u>-</u>	<u>23,694</u>
FUND BALANCES				
Nonspendable	325	16	18,610	18,951
Spendable:				
Restricted	125,496	-	-	125,496
Committed	2,084	28,567	-	30,651
Unassigned	-	(297)	-	(297)
TOTAL FUND BALANCES	<u>127,905</u>	<u>28,286</u>	<u>18,610</u>	<u>174,801</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	<u><u>\$ 196,637</u></u>	<u><u>\$ 86,846</u></u>	<u><u>\$ 18,610</u></u>	<u><u>\$ 302,093</u></u>

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, 2025
(Expressed in Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Receipts from other entities	\$ 5,931	\$ 10,245	\$ -	\$ 16,176
Investment income	8,363	559	-	8,922
Fees, licenses & permits	145,765	-	-	145,765
Refunds & reimbursements	46,298	-	-	46,298
Sales, rents & services	4,830	21,526	-	26,356
Miscellaneous	22,568	-	283	22,851
GROSS REVENUES	233,755	32,330	283	266,368
Less revenue refunds	4,427	172	-	4,599
NET REVENUES	229,328	32,158	283	261,769
EXPENDITURES				
Current:				
Administration & regulation	13,030	266	-	13,296
Education	12,368	100	-	12,468
Health & human services	353	666	-	1,019
Justice & public defense	3,012	718	-	3,730
Agriculture & natural resources	1,924	9,005	-	10,929
Capital outlay:				
Administration & regulation	89	5,678	-	5,767
Education	29	3,047	-	3,076
Health & human services	5	13,260	-	13,265
Justice & public defense	306	21,654	-	21,960
Transportation	500	-	-	500
Agriculture & natural resources	40	11,381	-	11,421
Debt service:				
Principal	34,660	-	-	34,660
Interest	9,659	-	-	9,659
TOTAL EXPENDITURES	75,975	65,775	-	141,750
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	153,353	(33,617)	283	120,019
OTHER FINANCING SOURCES (USES)				
Transfers in	40,895	57,562	-	98,457
Transfers out	(198,805)	(1,785)	-	(200,590)
TOTAL OTHER FINANCING SOURCES (USES)	(157,910)	55,777	-	(102,133)
NET CHANGE IN FUND BALANCES	(4,557)	22,160	283	17,886
FUND BALANCES - JULY 1	91,065	6,126	18,327	115,518
RESTATEMENT OF FUND BALANCES	41,397	-	-	41,397
FUND BALANCES - JULY 1, RESTATED	132,462	6,126	18,327	156,915
FUND BALANCES - JUNE 30	\$ 127,905	\$ 28,286	\$ 18,610	\$ 174,801



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.

Iowa PBS Foundation, a blended component unit of the State of Iowa, is a non-profit corporation that solicits and manages gifts of money and property for Iowa PBS.

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 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.

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, 2025
(Expressed in Thousands)

	GUARANTY AGENCY OPERATING	IOWA PBS FOUNDATION	TOBACCO SETTLEMENT AUTHORITY	TOBACCO COLLECTIONS FUND	OTHER FUNDS	TOTAL
ASSETS						
Current assets:						
Cash & investments	\$ 20,851	\$ 30,881	\$ 8,523	\$ -	\$ 62,298	\$ 122,553
Accounts receivable (net)	363	1,127	23	21,601	32,354	55,468
Due from other funds	756	-	-	-	2,447	3,203
Inventory	-	17	-	-	88	105
Prepaid expenditures	138	15	-	-	67	220
Total current assets	<u>22,108</u>	<u>32,040</u>	<u>8,546</u>	<u>21,601</u>	<u>97,254</u>	<u>181,549</u>
Noncurrent assets:						
Deposits with trustees	-	-	15,015	-	-	15,015
Accounts receivable (net)	-	-	-	-	73	73
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>15,015</u>	<u>-</u>	<u>73</u>	<u>15,088</u>
TOTAL ASSETS	<u>\$ 22,108</u>	<u>\$ 32,040</u>	<u>\$ 23,561</u>	<u>\$ 21,601</u>	<u>\$ 97,327</u>	<u>\$ 196,637</u>
LIABILITIES						
Current liabilities:						
Accounts payable & accruals	\$ 1,066	\$ 171	\$ -	\$ -	\$ 5,499	\$ 6,736
Due to other funds	149	1,298	844	-	35,680	37,971
Unearned revenue	14	-	-	-	2	16
Total current liabilities	<u>1,229</u>	<u>1,469</u>	<u>844</u>	<u>-</u>	<u>41,181</u>	<u>44,723</u>
Noncurrent liabilities:						
Accounts payable & accruals	-	288	-	-	27	315
TOTAL LIABILITIES	<u>1,229</u>	<u>1,757</u>	<u>844</u>	<u>-</u>	<u>41,208</u>	<u>45,038</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	1	1,089	-	21,601	851	23,542
Unconditional remainder interest	-	152	-	-	-	152
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1</u>	<u>1,241</u>	<u>-</u>	<u>21,601</u>	<u>851</u>	<u>23,694</u>
FUND BALANCES						
Nonspendable	138	31	-	-	156	325
Spendable:						
Restricted	20,740	29,011	22,717	-	53,028	125,496
Committed	-	-	-	-	2,084	2,084
TOTAL FUND BALANCES	<u>20,878</u>	<u>29,042</u>	<u>22,717</u>	<u>-</u>	<u>55,268</u>	<u>127,905</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	<u>\$ 22,108</u>	<u>\$ 32,040</u>	<u>\$ 23,561</u>	<u>\$ 21,601</u>	<u>\$ 97,327</u>	<u>\$ 196,637</u>

STATE OF IOWA

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

For the Year Ended June 30, 2025
(Expressed in Thousands)

	GUARANTY AGENCY OPERATING	IOWA PBS FOUNDATION	TOBACCO SETTLEMENT AUTHORITY	TOBACCO COLLECTIONS FUND	OTHER FUNDS	TOTAL
REVENUES						
Receipts from other entities	\$ 5,071	\$ -	\$ -	\$ -	\$ 860	\$ 5,931
Investment income	1,034	2,689	1,614	-	3,026	8,363
Fees, licenses & permits	-	-	-	-	145,765	145,765
Refunds & reimbursements	-	-	-	45,492	806	46,298
Sales, rents & services	-	-	-	-	4,830	4,830
Miscellaneous	43	12,399	-	-	10,126	22,568
GROSS REVENUES	6,148	15,088	1,614	45,492	165,413	233,755
Less revenue refunds	-	-	-	-	4,427	4,427
NET REVENUES	6,148	15,088	1,614	45,492	160,986	229,328
EXPENDITURES						
Current:						
Administration & regulation	-	-	1,175	-	11,855	13,030
Education	8,241	4,123	-	-	4	12,368
Health & human services	-	-	-	-	353	353
Justice & public defense	-	-	-	-	3,012	3,012
Agriculture & natural resources	-	-	-	-	1,924	1,924
Capital outlay:						
Administration & regulation	-	-	-	-	89	89
Education	29	-	-	-	-	29
Health & human services	-	-	-	-	5	5
Justice & public defense	-	-	-	-	306	306
Transportation	-	-	-	-	500	500
Agriculture & natural resources	-	-	-	-	40	40
Debt service:						
Principal	-	6	34,654	-	-	34,660
Interest	-	-	9,659	-	-	9,659
TOTAL EXPENDITURES	8,270	4,129	45,488	-	18,088	75,975
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,122)	10,959	(43,874)	45,492	142,898	153,353
OTHER FINANCING SOURCES (USES)						
Transfers in	4,496	-	35,484	-	915	40,895
Transfers out	(4,246)	(5,861)	-	(45,492)	(143,206)	(198,805)
TOTAL OTHER FINANCING SOURCES (USES)	250	(5,861)	35,484	(45,492)	(142,291)	(157,910)
NET CHANGE IN FUND BALANCES	(1,872)	5,098	(8,390)	-	607	(4,557)
FUND BALANCES - JULY 1	22,750	23,944	-	-	44,371	91,065
RESTATEMENT OF FUND BALANCES	-	-	31,107	-	10,290	41,397
FUND BALANCES - JULY 1, RESTATED	22,750	23,944	31,107	-	54,661	132,462
FUND BALANCES - JUNE 30	\$ 20,878	\$ 29,042	\$ 22,717	\$ -	\$ 55,268	\$ 127,905



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, 2025
(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
APPROPRIATED REVENUE:								
Transfers	\$ 744,257	\$ 744,257	\$ 842,567	\$ 98,310	\$ 1,000	\$ 1,000	\$ 1,017	\$ 17
RECEIPTS CREDITED TO APPROPRIATIONS:								
Beer tax	-	-	-	-	-	-	-	-
Cigarette tax	-	-	-	-	-	-	-	-
Tobacco products tax	-	-	-	-	-	-	-	-
Liquor tax	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Wagering tax receipts	-	-	-	-	-	-	-	-
Individual income tax quarterly	-	-	-	-	-	-	-	-
Federal support	528,355	528,355	605,486	77,131	20,800	20,800	24,308	3,508
Local governments	12,040	12,040	14,944	2,904	-	-	-	-
Other states	22,100	22,100	38,676	16,576	-	-	-	-
Reimbursements from other agencies	-	-	-	-	30	30	-	(30)
Governmental fund type transfers from other agencies	74,653	74,654	152,235	77,581	1	1	1	-
Interest	-	-	-	-	950	950	976	26
Bonds & loans	510	510	-	(510)	-	-	-	-
Fees, licenses & permits	5,500	5,500	5,688	188	35,700	35,700	42,004	6,304
Refunds & reimbursements	-	-	2	2	600	600	722	122
Sale of real estate	805	805	686	(119)	1	1	-	(1)
Sale of equipment & salvage	-	-	-	-	2	2	1	(1)
Rents & leases	1	1	109	108	500	500	519	19
Agricultural sales	-	-	-	-	325	325	73	(252)
Other sales & services	-	-	-	-	750	750	381	(369)
Unearned receipts	-	-	-	-	265	265	373	108
Income tax checkoffs	-	-	-	-	50	50	121	71
Other	108,281	108,282	7,653	(100,629)	500	500	302	(198)
TOTAL APPROPRIATED RECEIPTS	752,245	752,247	825,479	73,232	60,474	60,474	69,781	9,307
TOTAL REVENUES AVAILABLE	1,496,502	1,496,504	1,668,046	171,542	61,474	61,474	70,798	9,324
EXPENDITURES:								
Administration & regulation	-	-	-	-	-	-	-	-
Agriculture & natural resources	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Health & human services	-	-	-	-	-	-	-	-
Justice	-	-	-	-	-	-	-	-
Transportation	795,631	795,631	1,304,947	(509,316) *	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	795,631	795,631	1,304,947	(509,316)	-	-	-	-
TRANSFERS	704,961	704,961	398,861	306,100	65,522	65,522	69,350	(3,828)
TOTAL EXPENDITURES & TRANSFERS	1,500,592	1,500,592	1,703,808	(203,216)	65,522	65,522	69,350	(3,828)
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & TRANSFERS	(4,090)	(4,088)	(35,762)	(31,674)	(4,048)	(4,048)	1,448	5,496
FUND BALANCES - JULY 1 (BUDGETARY)	261,612	302,286	302,407	121	18,500	21,130	21,130	-
FUND BALANCES - JUNE 30 (BUDGETARY)	\$ 257,522	\$ 298,198	\$ 266,645	\$ (31,553)	\$ 14,452	\$ 17,082	\$ 22,578	\$ 5,496

(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, 2025
(Expressed in Thousands)
(continued)

	ENVIRONMENT FIRST FUND				HEALTH CARE TRUST FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE:								
Transfers	\$ 42,000	\$ 42,000	\$ 42,000	\$ -	\$ -	\$ -	\$ -	\$ -
RECEIPTS CREDITED TO APPROPRIATIONS:								
Beer tax	-	-	-	-	-	-	-	-
Cigarette tax	-	-	-	-	174,260	174,260	124,796	(49,464)
Tobacco products tax	-	-	-	-	32,310	32,310	18,998	(13,312)
Liquor tax	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Wagering tax receipts	-	-	-	-	-	-	-	-
Individual income tax quarterly	-	-	-	-	-	-	-	-
Federal support	-	-	-	-	-	-	-	-
Local governments	-	-	-	-	-	-	-	-
Other states	-	-	-	-	-	-	-	-
Reimbursements from other agencies	-	-	-	-	-	-	-	-
Governmental fund type transfers from other agencies	-	-	-	-	-	-	-	-
Interest	-	-	-	-	130	130	730	600
Bonds & loans	-	-	-	-	-	-	-	-
Fees, licenses & permits	-	-	-	-	-	-	36	36
Refunds & reimbursements	130	130	111	(19)	-	-	-	-
Sale of real estate	-	-	-	-	-	-	-	-
Sale of equipment & salvage	-	-	-	-	-	-	-	-
Rents & leases	-	-	-	-	-	-	-	-
Agricultural sales	-	-	-	-	-	-	-	-
Other sales & services	-	-	-	-	-	-	-	-
Unearned receipts	-	-	-	-	-	-	-	-
Income tax checkoffs	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
TOTAL APPROPRIATED RECEIPTS	130	130	111	(19)	206,700	206,700	144,560	(62,140)
TOTAL REVENUES AVAILABLE	42,130	42,130	42,111	(19)	206,700	206,700	144,560	(62,140)
EXPENDITURES:								
Administration & regulation	12,193	12,163	10,356	1,807	-	-	-	-
Agriculture & natural resources	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Health & human services	-	-	-	-	-	-	-	-
Justice	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	12,193	12,163	10,356	1,807	-	-	-	-
TRANSFERS	35,068	34,808	30,586	4,222	176,470	176,470	144,436	32,034
TOTAL EXPENDITURES & TRANSFERS	47,261	46,971	40,942	6,029	176,470	176,470	144,436	32,034
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & TRANSFERS	(5,131)	(4,841)	1,169	6,010	30,230	30,230	124	(30,106)
FUND BALANCES - JULY 1 (BUDGETARY)	5,636	16,455	16,456	1	20,776	4,893	4,893	-
FUND BALANCES - JUNE 30 (BUDGETARY)	\$ 505	\$ 11,614	\$ 17,625	\$ 6,011	\$ 51,006	\$ 35,123	\$ 5,017	\$ (30,106)

(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, 2025
(Expressed in Thousands)
(continued)

	OTHER FUNDS				TOTAL			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE:								
Transfers	\$ 52,811	\$ 56,146	\$ 69,028	\$ 12,882	\$ 840,068	\$ 843,403	\$ 954,612	\$ 111,209
RECEIPTS CREDITED TO APPROPRIATIONS:								
Beer tax	175	175	197	22	175	175	197	22
Cigarette tax	-	-	-	-	174,260	174,260	124,796	(49,464)
Tobacco products tax	-	-	-	-	32,310	32,310	18,998	(13,312)
Liquor tax	190	190	169	(21)	190	190	169	(21)
Other taxes	6,100	6,100	4,587	(1,513)	6,100	6,100	4,587	(1,513)
Wagering tax receipts	5,000	5,000	16,215	11,215	5,000	5,000	16,215	11,215
Individual income tax quarterly	7,750	11,625	11,625	-	7,750	11,625	11,625	-
Federal support	4,271	8,413	12,677	4,264	553,426	557,568	642,471	84,903
Local governments	7,075	7,075	7,006	(69)	19,115	19,115	21,950	2,835
Other states	-	-	-	-	22,100	22,100	38,676	16,576
Reimbursements from other agencies	11,201	11,301	5,958	(5,343)	11,231	11,331	5,958	(5,373)
Governmental fund type transfers from other agencies	6,379	5,987	5,511	(476)	81,033	80,642	157,747	77,105
Interest	3,109	3,109	10,484	7,375	4,189	4,189	12,190	8,001
Bonds & loans	1,235	1,235	2,358	1,123	1,745	1,745	2,358	613
Fees, licenses & permits	160,948	160,948	151,682	(9,266)	202,148	202,148	199,410	(2,738)
Refunds & reimbursements	3,205	3,205	6,303	3,098	3,935	3,935	7,138	3,203
Sale of real estate	-	-	-	-	806	806	686	(120)
Sale of equipment & salvage	35	35	41	6	37	37	42	5
Rents & leases	686	686	756	70	1,187	1,187	1,384	197
Agricultural sales	-	-	-	-	325	325	73	(252)
Other sales & services	430	430	390	(40)	1,180	1,180	771	(409)
Unearned receipts	427	432	167	(265)	692	697	540	(157)
Income tax checkoffs	-	-	-	-	50	50	121	71
Other	212	255	8,714	8,459	108,993	109,037	16,669	(92,368)
TOTAL APPROPRIATED RECEIPTS	218,428	226,201	244,840	18,639	1,237,977	1,245,752	1,284,771	39,019
TOTAL REVENUES AVAILABLE	271,239	282,347	313,868	31,521	2,078,045	2,089,155	2,239,383	150,228
EXPENDITURES:								
Administration & regulation	40,475	41,723	30,668	11,055	52,668	53,886	41,024	12,862
Agriculture & natural resources	30,358	30,358	27,762	2,596	30,358	30,358	27,762	2,596
Economic development	26,278	28,138	31,433	(3,295) *	26,278	28,138	31,433	(3,295)
Education	7,392	10,923	8,321	2,602	7,392	10,923	8,321	2,602
Health & human services	109	109	20	89	109	109	20	89
Justice	-	30,717	26,721	3,996	-	30,717	26,721	3,996
Transportation	4,260	4,260	5,812	(1,552) *	799,891	799,891	1,310,759	(510,868)
Judicial	7,952	7,952	14,886	(6,934) *	7,952	7,952	14,886	(6,934)
TOTAL EXPENDITURES	116,824	154,180	145,623	8,557	924,648	961,974	1,460,926	(498,952)
TRANSFERS	178,131	182,455	178,511	3,944	1,160,152	1,164,216	821,744	342,472
TOTAL EXPENDITURES & TRANSFERS	294,955	336,635	324,134	12,501	2,084,800	2,126,190	2,282,670	(156,480)
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & TRANSFERS	(23,716)	(54,288)	(10,266)	44,022	(6,755)	(37,035)	(43,287)	(6,252)
FUND BALANCES - JULY 1 (BUDGETARY)	160,842	245,131	245,131	-	467,366	589,895	590,017	122
FUND BALANCES - JUNE 30 (BUDGETARY)	\$ 137,126	\$ 190,843	\$ 234,865	\$ 44,022	\$ 460,611	\$ 552,860	\$ 546,730	\$ (6,130)

* 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 Special Contingency Fund and State Housing Trust Fund in the Economic Development Function; the Primary Road Fund and State Aviation Fund in the Transportation Function; and the Court Technology 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.

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.

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

Corrections Capital Reinvestment Fund is used to account for Department of Corrections capital improvements.

DHHS Capital Reinvestment Fund is used to account capital and property improvements of property under DHHS control.

STATE OF IOWA
Combining Balance Sheet
Nonmajor Capital Projects Funds

June 30, 2025
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS FUND	MARINE FUEL TAX CAPITALS FUND	FISH & GAME CAPITALS FUND	CORRECTIONS CAPITAL REINVESTMENT FUND	DHHS CAPITAL REINVESTMENT FUNDS	TOTAL
ASSETS						
Current assets:						
Cash & investments	\$ 50,217	\$ 4,226	\$ 493	\$ 6,669	\$ 8,638	\$ 70,243
Accounts receivable (net)	-	439	1	-	-	440
Due from other funds	1,972	682	1,250	10,671	1,572	16,147
Prepaid expenditures	-	-	16	-	-	16
TOTAL ASSETS	\$ 52,189	\$ 5,347	\$ 1,760	\$ 17,340	\$ 10,210	\$ 86,846
LIABILITIES						
Current liabilities:						
Accounts payable & accruals	\$ 6,441	\$ 527	\$ 1,892	\$ 20	\$ -	\$ 8,880
Due to other funds	45,271	77	26	2,500	79	47,953
Unearned revenue	600	-	-	-	1,127	1,727
TOTAL LIABILITIES	52,312	604	1,918	2,520	1,206	58,560
FUND BALANCES						
Nonspendable:						
Inventories & prepaid expenditures	-	-	16	-	-	16
Spendable:						
Committed	-	4,743	-	14,820	9,004	28,567
Unassigned	(123)	-	(174)	-	-	(297)
TOTAL FUND BALANCES	(123)	4,743	(158)	14,820	9,004	28,286
TOTAL LIABILITIES & FUND BALANCES	\$ 52,189	\$ 5,347	\$ 1,760	\$ 17,340	\$ 10,210	\$ 86,846

STATE OF IOWA

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

For the Year Ended June 30, 2025
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS FUND	MARINE FUEL TAX CAPITALS FUND	FISH & GAME CAPITALS FUND	CORRECTIONS CAPITAL REINVESTMENT FUND	DHHS CAPITAL REINVESTMENT FUNDS	TOTAL
REVENUES						
Receipts from other entities	\$ 9,722	\$ 523	\$ -	\$ -	\$ -	\$ 10,245
Investment income	-	-	-	314	245	559
Sales, rents & services	-	-	-	11,805	9,721	21,526
GROSS REVENUES	9,722	523	-	12,119	9,966	32,330
Less revenue refunds	172	-	-	-	-	172
NET REVENUES	9,550	523	-	12,119	9,966	32,158
EXPENDITURES						
Current:						
Administration & regulation	266	-	-	-	-	266
Education	100	-	-	-	-	100
Health & human services	664	-	-	-	2	666
Justice & public defense	652	-	-	66	-	718
Agriculture & natural resources	-	1,055	7,950	-	-	9,005
Capital outlay:						
Administration & regulation	5,678	-	-	-	-	5,678
Education	3,047	-	-	-	-	3,047
Health & human services	13,257	-	-	-	3	13,260
Justice & public defense	21,654	-	-	-	-	21,654
Agriculture & natural resources	-	1,062	10,319	-	-	11,381
TOTAL EXPENDITURES	45,318	2,117	18,269	66	5	65,775
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(35,768)	(1,594)	(18,269)	12,053	9,961	(33,617)
OTHER FINANCING SOURCES (USES)						
Transfers in	35,767	3,850	17,945	-	-	57,562
Transfers out	-	(622)	(26)	(180)	(957)	(1,785)
TOTAL OTHER FINANCING SOURCES (USES)	35,767	3,228	17,919	(180)	(957)	55,777
NET CHANGE IN FUND BALANCES	(1)	1,634	(350)	11,873	9,004	22,160
FUND BALANCES - JULY 1	(122)	3,109	192	2,947	-	6,126
FUND BALANCES - JUNE 30	\$ (123)	\$ 4,743	\$ (158)	\$ 14,820	\$ 9,004	\$ 28,286



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 PBS Foundation Endowment, a blended component unit of the State of Iowa, is used to hold a restricted gift made to Iowa PBS. 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 PBS 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 Health & Human Services.

STATE OF IOWA
Combining Balance Sheet
Nonmajor Permanent Funds

June 30, 2025
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL FUND	IOWA CULTURAL TRUST FUND	IOWA PBS FOUNDATION ENDOWMENT	PILOT GROVE TRUST FUND	HENRY ALBERT TRUST FUND	TOTAL
ASSETS						
Current assets:						
Cash & investments	\$ 8,038	\$ 1	\$ -	\$ 10	\$ 1	\$ 8,050
Noncurrent assets:						
Cash & investments	-	-	10,560	-	-	10,560
TOTAL ASSETS	<u>\$ 8,038</u>	<u>\$ 1</u>	<u>\$ 10,560</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 18,610</u>
FUND BALANCES						
Nonspendable	\$ 8,038	\$ 1	\$ 10,560	\$ 10	\$ 1	\$ 18,610
TOTAL FUND BALANCES	<u>\$ 8,038</u>	<u>\$ 1</u>	<u>\$ 10,560</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 18,610</u>

STATE OF IOWA

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

For the Year Ended June 30, 2025
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL FUND	IOWA CULTURAL TRUST FUND	IOWA PBS FOUNDATION ENDOWMENT	PILOT GROVE TRUST FUND	HENRY ALBERT TRUST FUND	TOTAL
REVENUES						
Miscellaneous	\$ -	\$ -	\$ 283	\$ -	\$ -	\$ 283
NET CHANGE IN FUND BALANCES	-	-	283	-	-	283
FUND BALANCES - JULY 1	8,038	1	10,277	10	1	18,327
FUND BALANCES - JUNE 30	<u>\$ 8,038</u>	<u>\$ 1</u>	<u>\$ 10,560</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 18,610</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 Lottery Fund is used to account for lottery revenues, administrative and operating expenses of the Iowa Lottery, and the distribution of proceeds to the General Fund.

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

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

The **Iowa Communications Network** fund accounts for a statewide telecommunications system and its related revenues and expenses.

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, 2025
(Expressed in Thousands)

	IOWA LOTTERY FUND	LIQUOR CONTROL ACT FUND	IOWA STATE PRISON INDUSTRIES	IOWA COMMUNICATIONS NETWORK	OTHER FUNDS	TOTAL
ASSETS						
Current assets:						
Cash & investments	\$ 23,125	\$ 23,393	\$ 9,556	\$ 3,542	\$ 4,081	\$ 63,697
Accounts receivable (net)	4,728	5,281	499	4,615	642	15,765
Due from other funds	-	625	3,322	31	2	3,980
Inventory	2,858	9	6,636	910	546	10,959
Prepaid expenses	927	411	3,426	1,027	4	5,795
Investment in prize annuities	87	-	-	-	-	87
Total current assets	<u>31,725</u>	<u>29,719</u>	<u>23,439</u>	<u>10,125</u>	<u>5,275</u>	<u>100,283</u>
Noncurrent assets:						
Capital assets - nondepreciable/nonamortizable	2,032	4,446	423	-	142	7,043
Capital assets - depreciable/amortizable (net)	10,471	14,568	10,457	7,500	433	43,429
Net pension asset	-	-	324	-	-	324
Investment in prize annuities	1,358	-	-	-	-	1,358
Lottery prize reserve	6,722	-	-	-	-	6,722
Other assets	-	-	-	865	-	865
Total noncurrent assets	<u>20,583</u>	<u>19,014</u>	<u>11,204</u>	<u>8,365</u>	<u>575</u>	<u>59,741</u>
TOTAL ASSETS	<u>52,308</u>	<u>48,733</u>	<u>34,643</u>	<u>18,490</u>	<u>5,850</u>	<u>160,024</u>
DEFERRED OUTFLOWS OF RESOURCES						
Related to other postemployment benefits	230	221	297	147	24	919
Related to pensions	941	474	672	866	137	3,090
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,171</u>	<u>695</u>	<u>969</u>	<u>1,013</u>	<u>161</u>	<u>4,009</u>
LIABILITIES						
Current liabilities:						
Accounts payable & accruals	2,468	14,924	749	3,472	125	21,738
Due to other funds	18,206	12,501	-	-	782	31,489
Unearned revenue	250	-	-	174	-	424
Compensated absences	918	170	725	536	69	2,418
Lease liability	289	-	132	714	-	1,135
Annuity prizes payable	87	-	-	-	-	87
Lottery prizes payable	5,201	-	-	-	-	5,201
Other postemployment benefits liability	54	26	43	34	4	161
Total current liabilities	<u>27,473</u>	<u>27,621</u>	<u>1,649</u>	<u>4,930</u>	<u>980</u>	<u>62,653</u>
Noncurrent liabilities:						
Accounts payable & accruals	122	-	-	72	-	194
Unearned revenue	-	-	-	278	-	278
Compensated absences	755	335	886	1,187	41	3,204
Lease liability	873	-	235	3,391	-	4,499
Annuity prizes payable	1,358	-	-	-	-	1,358
Lottery prizes payable	6,722	-	-	-	-	6,722
Net pension liability	2,815	806	-	2,610	147	6,378
Other postemployment benefits liability	804	380	631	497	46	2,358
Total noncurrent liabilities	<u>13,449</u>	<u>1,521</u>	<u>1,752</u>	<u>8,035</u>	<u>234</u>	<u>24,991</u>
TOTAL LIABILITIES	<u>40,922</u>	<u>29,142</u>	<u>3,401</u>	<u>12,965</u>	<u>1,214</u>	<u>87,644</u>
DEFERRED INFLOWS OF RESOURCES						
Related to other postemployment benefits	765	205	514	663	84	2,231
Related to pensions	495	4	369	620	21	1,509
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,260</u>	<u>209</u>	<u>883</u>	<u>1,283</u>	<u>105</u>	<u>3,740</u>
NET POSITION						
Net investment in capital assets	11,341	19,014	10,513	3,395	575	44,838
Restricted for net pension asset	-	-	324	-	-	324
Unrestricted	(44)	1,063	20,491	1,860	4,117	27,487
TOTAL NET POSITION	<u>\$ 11,297</u>	<u>\$ 20,077</u>	<u>\$ 31,328</u>	<u>\$ 5,255</u>	<u>\$ 4,692</u>	<u>\$ 72,649</u>

STATE OF IOWA

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

For the Year Ended June 30, 2025
(Expressed in Thousands)

	IOWA LOTTERY FUND	LIQUOR CONTROL ACT FUND	IOWA STATE PRISON INDUSTRIES	IOWA COMMUNICATIONS NETWORK	OTHER FUNDS	TOTAL
OPERATING REVENUES						
Receipts from other entities	\$ -	\$ 197	\$ -	\$ -	\$ -	\$ 197
Fees, licenses & permits	6	17,900	-	-	-	17,906
Refunds & reimbursements	-	17	-	-	1,197	1,214
Sales, rents & services	434,935	434,998	29,058	31,186	1,333	931,510
Miscellaneous	72	5,871	3,792	-	608	10,343
TOTAL OPERATING REVENUES	435,013	458,983	32,850	31,186	3,138	961,170
OPERATING EXPENSES						
General & administrative	-	-	-	9,867	-	9,867
Depreciation/amortization	1,280	4,541	1,212	1,766	134	8,933
Direct & other	13,031	-	23,838	9,882	430	47,181
Prize	283,538	-	-	-	-	283,538
Personal services	-	5,221	1,687	-	706	7,614
Travel & subsistence	-	344	26	-	13	383
Supplies & materials	3,958	79	21	-	44	4,102
Contractual services	46,367	14,800	1,905	-	1,407	64,479
Equipment & repairs	-	4,674	8	-	-	4,682
Claims & miscellaneous	-	287,656	771	12,253	158	300,838
Licenses, permits & refunds	-	978	-	-	-	978
State aid & credits	-	3,520	-	-	-	3,520
TOTAL OPERATING EXPENSES	348,174	321,813	29,468	33,768	2,892	736,115
OPERATING INCOME (LOSS)	86,839	137,170	3,382	(2,582)	246	225,055
NONOPERATING REVENUES (EXPENSES)						
Taxes	-	7,013	-	-	-	7,013
Investment income	1,094	-	407	209	23	1,733
Interest expense	(22)	(55)	-	-	-	(77)
Gain (loss) on disposal of capital assets	9	-	(19)	-	(167)	(177)
NET NONOPERATING REVENUES (EXPENSES)	1,081	6,958	388	209	(144)	8,492
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	87,920	144,128	3,770	(2,373)	102	233,547
Capital contributions & grants	203	71	-	-	-	274
Transfers out	(86,147)	(141,314)	-	-	-	(227,461)
CHANGE IN NET POSITION	1,976	2,885	3,770	(2,373)	102	6,360
TOTAL NET POSITION - JULY 1	9,321	17,192	27,558	7,628	8,851	70,550
RESTATEMENT OF NET POSITION	-	-	-	-	(4,261)	(4,261)
TOTAL NET POSITION - JULY 1, RESTATED	9,321	17,192	27,558	7,628	4,590	66,289
TOTAL NET POSITION - JUNE 30	\$ 11,297	\$ 20,077	\$ 31,328	\$ 5,255	\$ 4,692	\$ 72,649

STATE OF IOWA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025
(Expressed in Thousands)

	IOWA LOTTERY FUND	LIQUOR CONTROL ACT FUND	IOWA STATE PRISON INDUSTRIES	IOWA COMMUNICATIONS NETWORK	OTHER FUNDS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 434,659	\$ 456,484	\$ 27,514	\$ 31,669	\$ 2,281	\$ 952,607
Cash received from miscellaneous	78	6,068	3,792	-	323	10,261
Cash payments to suppliers for goods & services	(56,381)	(311,408)	(30,341)	(22,681)	(387)	(421,198)
Cash payments to employees for services	(10,768)	(5,418)	(1,519)	(9,314)	(696)	(27,715)
Cash payments for prizes	(285,102)	-	-	-	-	(285,102)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>82,486</u>	<u>145,726</u>	<u>(554)</u>	<u>(326)</u>	<u>1,521</u>	<u>228,853</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers out to other funds	(89,400)	(140,844)	-	-	-	(230,244)
Tax receipts	-	7,013	-	-	-	7,013
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(89,400)</u>	<u>(133,831)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(223,231)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES						
Acquisition & construction of capital assets	(1,582)	(6,520)	(872)	(862)	6	(9,830)
Interest payments	(22)	(55)	-	-	-	(77)
Debt payments	(1,104)	656	(117)	(732)	-	(1,297)
Proceeds from disposal of capital assets	18	-	2	-	122	142
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(2,690)</u>	<u>(5,919)</u>	<u>(987)</u>	<u>(1,594)</u>	<u>128</u>	<u>(11,062)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest & dividends on investments	1,131	-	407	209	23	1,770
Proceeds from sale & maturities of investments	227	-	-	-	-	227
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>1,358</u>	<u>-</u>	<u>407</u>	<u>209</u>	<u>23</u>	<u>1,997</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(8,246)	5,976	(1,134)	(1,711)	1,672	(3,443)
CASH & CASH EQUIVALENTS - JULY 1	31,371	17,417	10,690	5,253	6,934	71,665
RESTATEMENT OF CASH & CASH EQUIVALENTS	-	-	-	-	(4,525)	(4,525)
CASH & CASH EQUIVALENTS - JULY 1, RESTATED	<u>31,371</u>	<u>17,417</u>	<u>10,690</u>	<u>5,253</u>	<u>2,409</u>	<u>67,140</u>
CASH & CASH EQUIVALENTS - JUNE 30	<u>\$ 23,125</u>	<u>\$ 23,393</u>	<u>\$ 9,556</u>	<u>\$ 3,542</u>	<u>\$ 4,081</u>	<u>\$ 63,697</u>

(continued on next page)

STATE OF IOWA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025
(Expressed in Thousands)
(continued)

	IOWA LOTTERY FUND	LIQUOR CONTROL ACT FUND	IOWA STATE PRISON INDUSTRIES	IOWA COMMUNICATIONS NETWORK	OTHER FUNDS	TOTAL
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 86,839	\$ 137,170	\$ 3,382	\$ (2,582)	\$ 246	\$ 225,055
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation/amortization	1,280	4,541	1,212	1,766	134	8,933
(Increase) decrease in accounts receivable	(236)	3,499	1,756	762	(296)	5,485
(Increase) decrease in due from other funds	-	70	(3,300)	(31)	47	(3,214)
(Increase) decrease in inventory	200	19	(490)	(7)	771	493
(Increase) decrease in prepaid expenses	(863)	(38)	(3,343)	(57)	195	(4,106)
(Increase) decrease in net pension asset	-	-	(324)	-	-	(324)
(Increase) decrease in other assets	-	-	-	(287)	-	(287)
(Increase) decrease in deferred outflows of resources	472	(30)	526	430	87	1,485
Increase (decrease) in accounts payable	(2,522)	662	61	679	64	(1,056)
Increase (decrease) in due to other funds	-	-	-	-	635	635
Increase (decrease) in unearned revenue	(40)	-	-	(248)	-	(288)
Increase (decrease) in compensated absences	(75)	221	279	58	(11)	472
Increase (decrease) in lottery prizes payable	(1,344)	-	-	-	-	(1,344)
Increase (decrease) in prize annuities	(227)	-	-	-	-	(227)
Increase (decrease) in net pension liability	(1,126)	(327)	(276)	(934)	(62)	(2,725)
Increase (decrease) in other postemployment benefits liability	(86)	115	(74)	(116)	(35)	(196)
Increase (decrease) in deferred inflows of resources	214	(176)	37	241	(254)	62
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 82,486	\$ 145,726	\$ (554)	\$ (326)	\$ 1,521	\$ 228,853
NONCASH CAPITAL, FINANCING & INVESTING ACTIVITIES						
Capital assets acquired	274	-	75	210	-	559
Capital assets contributed	203	71	-	-	-	274
TOTAL NONCASH INVESTING, CAPITAL & RELATED FINANCING ACTIVITIES	\$ 477	\$ 71	\$ 75	\$ 210	\$ -	\$ 833



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.

Office of Chief Information Officer Fund provides data processing services to other State departments and 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, 2025

(Expressed in Thousands)

	WORKERS' COMP- ENSATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	OFFICE OF CHIEF INFORMATION OFFICER FUND	OTHER FUNDS	TOTAL
ASSETS						
Current assets:						
Cash & investments	\$ 5,386	\$ 72,503	\$ 44,576	\$ 2,901	\$ 29,847	\$ 155,213
Accounts receivable (net)	28	451	-	978	1,414	2,871
Due from other funds	78,800	223	7,790	14,743	18,582	120,138
Inventory	-	4,501	-	-	2,111	6,612
Prepaid expenses	1	-	-	8,674	6,340	15,015
Total current assets	<u>84,215</u>	<u>77,678</u>	<u>52,366</u>	<u>27,296</u>	<u>58,294</u>	<u>299,849</u>
Noncurrent assets:						
Capital assets - nondepreciable/nonamortizable	-	67	-	-	-	67
Capital assets - depreciable/amortizable (net)	-	164,720	-	54,594	7,198	226,512
Prepaid expenses	-	-	-	1,454	-	1,454
Total noncurrent assets	<u>-</u>	<u>164,787</u>	<u>-</u>	<u>56,048</u>	<u>7,198</u>	<u>228,033</u>
TOTAL ASSETS	<u>84,215</u>	<u>242,465</u>	<u>52,366</u>	<u>83,344</u>	<u>65,492</u>	<u>527,882</u>
DEFERRED OUTFLOWS OF RESOURCES						
Related to other postemployment benefits	4	191	-	221	668	1,084
Related to pensions	29	617	-	2,378	3,415	6,439
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>33</u>	<u>808</u>	<u>-</u>	<u>2,599</u>	<u>4,083</u>	<u>7,523</u>
LIABILITIES						
Current liabilities:						
Accounts payable & accruals	31,477	9,386	39	9,147	2,492	52,541
Due to other funds	701	1	41	7,671	15,007	23,421
Unearned revenue	-	-	45,027	3,889	898	49,814
Compensated absences	10	383	-	1,414	1,220	3,027
Lease liability	-	-	-	415	-	415
Subscription liability	-	205	-	5,655	814	6,674
Other postemployment benefits liability	1	36	-	69	102	208
Total current liabilities	<u>32,189</u>	<u>10,011</u>	<u>45,107</u>	<u>28,260</u>	<u>20,533</u>	<u>136,100</u>
Noncurrent liabilities:						
Accounts payable & accruals	51,927	24	-	43	725	52,719
Compensated absences	21	406	-	3,288	2,087	5,802
Lease liability	-	-	-	56	-	56
Subscription liability	-	208	-	41,813	1,644	43,665
Net pension liability	86	1,690	-	5,096	5,701	12,573
Other postemployment benefits liability	16	531	-	1,030	1,504	3,081
Total noncurrent liabilities	<u>52,050</u>	<u>2,859</u>	<u>-</u>	<u>51,326</u>	<u>11,661</u>	<u>117,896</u>
TOTAL LIABILITIES	<u>84,239</u>	<u>12,870</u>	<u>45,107</u>	<u>79,586</u>	<u>32,194</u>	<u>253,996</u>
DEFERRED INFLOWS OF RESOURCES						
Related to other postemployment benefits	4	494	-	604	1,019	2,121
Related to pensions	5	119	-	216	488	828
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>9</u>	<u>613</u>	<u>-</u>	<u>820</u>	<u>1,507</u>	<u>2,949</u>
NET POSITION						
Net investment in capital assets	-	164,374	-	6,655	4,740	175,769
Unrestricted	-	65,416	7,259	(1,118)	31,134	102,691
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ 229,790</u>	<u>\$ 7,259</u>	<u>\$ 5,537</u>	<u>\$ 35,874</u>	<u>\$ 278,460</u>

STATE OF IOWA

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

For the Year Ended June 30, 2025
(Expressed in Thousands)

	WORKERS' COMP- ENSATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	OFFICE OF CHIEF INFORMATION OFFICER FUND	OTHER FUNDS	TOTAL
OPERATING REVENUES						
Receipts from other entities	\$ 45,064	\$ 38,580	\$ 14,611	\$ 95,338	\$ 74,237	\$ 267,830
Refunds & reimbursements	442	41,485	548	2,793	3,633	48,901
Sales, rents & services	-	1,776	2,656	-	379	4,811
Miscellaneous	-	676	-	-	28	704
TOTAL OPERATING REVENUES	45,506	82,517	17,815	98,131	78,277	322,246
OPERATING EXPENSES						
Depreciation/amortization	-	28,093	-	8,380	2,010	38,483
Personal services	275	6,225	-	20,931	22,232	49,663
Travel & subsistence	2	78	-	34	10,185	10,299
Supplies & materials	1	11,499	-	83	18,892	30,475
Contractual services	2,771	3,151	-	47,650	14,035	67,607
Equipment & repairs	-	7,596	17,670	29,942	3,086	58,294
Claims & miscellaneous	42,457	-	-	327	2,299	45,083
Licenses, permits & refunds	-	-	-	-	13	13
TOTAL OPERATING EXPENSES	45,506	56,642	17,670	107,347	72,752	299,917
OPERATING INCOME (LOSS)	-	25,875	145	(9,216)	5,525	22,329
NONOPERATING REVENUES (EXPENSES)						
Investment income	-	-	-	358	903	1,261
Interest expense	-	(11)	-	(1,531)	(39)	(1,581)
Loss on disposal of capital assets	-	(489)	-	(447)	(75)	(1,011)
NET NONOPERATING REVENUES (EXPENSES)	-	(500)	-	(1,620)	789	(1,331)
CHANGE IN NET POSITION	-	25,375	145	(10,836)	6,314	20,998
TOTAL NET POSITION - JULY 1	-	204,415	7,114	16,373	29,560	257,462
TOTAL NET POSITION - JUNE 30	\$ -	\$ 229,790	\$ 7,259	\$ 5,537	\$ 35,874	\$ 278,460



STATE OF IOWA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025
(Expressed in Thousands)

	WORKERS' COMP- ENSATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	OFFICE OF CHIEF INFORMATION OFFICER FUND	OTHER FUNDS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from other entities	\$ 442	\$ 41,152	\$ 2,748	\$ 2,733	\$ 4,390	\$ 51,465
Cash received from reciprocal interfund activity	34,120	41,296	20,555	98,172	73,838	267,981
Cash payments to suppliers for goods & services	(37,112)	(15,449)	(17,631)	(75,268)	(52,415)	(197,875)
Cash payments to employees for services	(276)	(6,620)	-	(20,826)	(22,171)	(49,893)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(2,826)</u>	<u>60,379</u>	<u>5,672</u>	<u>4,811</u>	<u>3,642</u>	<u>71,678</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES						
Acquisition & construction of capital assets	-	(28,846)	-	(6,613)	(2,008)	(37,467)
Interest payments	-	(11)	-	(1,531)	(39)	(1,581)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(28,857)</u>	<u>-</u>	<u>(8,144)</u>	<u>(2,047)</u>	<u>(39,048)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest & dividends on investments	-	-	-	358	903	1,261
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>358</u>	<u>903</u>	<u>1,261</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(2,826)	31,522	5,672	(2,975)	2,498	33,891
CASH & CASH EQUIVALENTS - JULY 1	8,212	40,981	38,904	5,876	27,349	121,322
CASH & CASH EQUIVALENTS - JUNE 30	<u>\$ 5,386</u>	<u>\$ 72,503</u>	<u>\$ 44,576</u>	<u>\$ 2,901</u>	<u>\$ 29,847</u>	<u>\$ 155,213</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ -	\$ 25,875	\$ 145	\$ (9,216)	\$ 5,525	\$ 22,329
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation/amortization	-	28,093	-	8,380	2,010	38,483
(Increase) decrease in accounts receivable	(25)	120	92	(60)	350	477
(Increase) decrease in due from other funds	(11,120)	(185)	(142)	1,352	(852)	(10,947)
(Increase) decrease in inventory	-	228	-	-	461	689
(Increase) decrease in prepaid expenses	(1)	-	-	(288)	(3,023)	(3,312)
(Increase) decrease in deferred outflows of resources	15	311	-	278	599	1,203
Increase (decrease) in accounts payable	8,120	6,647	39	3,056	(1,343)	16,519
Increase (decrease) in due to other funds	201	(4)	(2)	(191)	326	330
Increase (decrease) in unearned revenue	-	-	5,540	1,673	127	7,340
Increase (decrease) in compensated absences	8	(168)	-	1,298	445	1,583
Increase (decrease) in net pension liability	(28)	(597)	-	(778)	(1,216)	(2,619)
Increase (decrease) in other postemployment benefits liability	(3)	(108)	-	(1,083)	(285)	(1,479)
Increase (decrease) in deferred inflows of resources	7	167	-	390	518	1,082
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (2,826)</u>	<u>\$ 60,379</u>	<u>\$ 5,672</u>	<u>\$ 4,811</u>	<u>\$ 3,642</u>	<u>\$ 71,678</u>
NONCASH CAPITAL, FINANCING & INVESTING ACTIVITIES						
Capital assets acquired	\$ -	\$ -	\$ -	\$ -	\$ 1,059	\$ 1,059



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, 2025
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	INSURANCE FUND	SPOC INSURANCE FUND	TOTAL
ASSETS						
Cash & cash equivalents	\$ 502,014	\$ 7,933	\$ 7,552	\$ 6,030	\$ 1,626	\$ 525,155
Receivables:						
Contributions	89,129	785	247	4,008	125	94,294
Investments sold	78,683	76	7,399	-	-	86,158
Foreign exchange contracts	924,942	-	-	-	-	924,942
Interest & dividends	70,896	2,470	-	-	-	73,366
Total receivables	1,163,650	3,331	7,646	4,008	125	1,178,760
Investments, at fair value:						
Fixed income securities	13,309,256	159,786	56,332	-	-	13,525,374
Equity investments	18,829,505	572,179	244,335	-	-	19,646,019
Real estate partnerships	-	76,364	-	-	-	76,364
Investment in private equity/debt	10,716,648	-	-	-	-	10,716,648
Real assets	3,198,567	-	-	-	-	3,198,567
Securities lending collateral pool	217,212	25,904	6,385	-	-	249,501
Total investments	46,271,188	834,233	307,052	-	-	47,412,473
Capital assets:						
Nondepreciable/nonamortizable	500	-	-	-	-	500
Depreciable/amortizable (net)	12,350	-	-	-	-	12,350
Total capital assets	12,850	-	-	-	-	12,850
TOTAL ASSETS	47,949,702	845,497	322,250	10,038	1,751	49,129,238
DEFERRED OUTFLOWS OF RESOURCES						
Related to other postemployment benefits	272	-	-	-	-	272
LIABILITIES						
Accounts payable & accruals	21,268	528	117	400	-	22,313
Foreign exchange contracts payable	925,262	-	-	-	-	925,262
Payable for investments purchased	45,075	1,348	14,863	-	-	61,286
Payable to brokers for rebate & collateral	217,140	25,904	6,385	-	-	249,429
TOTAL LIABILITIES	1,208,745	27,780	21,365	400	-	1,258,290
DEFERRED INFLOWS OF RESOURCES						
Related to other postemployment benefits	677	-	-	-	-	677
NET POSITION						
Restricted for pension/other postemployment benefits	\$ 46,740,552	\$ 817,717	\$ 300,885	\$ 9,638	\$ 1,751	\$ 47,870,543

STATE OF IOWA

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

For the Year Ended June 30, 2025
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	INSURANCE FUND	SPOC INSURANCE FUND	TOTAL
ADDITIONS						
Contributions:						
Member contributions	\$ 664,692	\$ 7,249	\$ 3,088	\$ 3,854	\$ 176	\$ 679,059
Employer contributions	989,685	26,697	5,734	-	-	1,022,116
Buy-back/buy-in contributions	3,994	-	-	-	-	3,994
Total contributions	<u>1,658,371</u>	<u>33,946</u>	<u>8,822</u>	<u>3,854</u>	<u>176</u>	<u>1,705,169</u>
Investment income:						
Net increase (decrease) in fair value of investments	3,744,811	66,138	27,866	14	-	3,838,829
Interest	405,391	7,419	2,113	277	-	415,200
Dividends	75,879	6,793	2,821	-	-	85,493
Real assets & private equity	104,783	-	-	-	-	104,783
Other	1,038	49	17	-	-	1,104
Total investment income (loss)	<u>4,331,902</u>	<u>80,399</u>	<u>32,817</u>	<u>291</u>	<u>-</u>	<u>4,445,409</u>
Less investment expense	58,866	2,242	487	-	-	61,595
Net investment income (loss)	<u>4,273,036</u>	<u>78,157</u>	<u>32,330</u>	<u>291</u>	<u>-</u>	<u>4,383,814</u>
TOTAL ADDITIONS	<u>5,931,407</u>	<u>112,103</u>	<u>41,152</u>	<u>4,145</u>	<u>176</u>	<u>6,088,983</u>
DEDUCTIONS						
Pension & annuity benefits	2,758,999	43,182	18,611	-	-	2,820,792
Payments in accordance with agreements	-	-	-	1,893	389	2,282
Administrative expense	18,136	307	37	-	-	18,480
Refunds	74,844	-	-	-	-	74,844
TOTAL DEDUCTIONS	<u>2,851,979</u>	<u>43,489</u>	<u>18,648</u>	<u>1,893</u>	<u>389</u>	<u>2,916,398</u>
CHANGE IN NET POSITION	3,079,428	68,614	22,504	2,252	(213)	3,172,585
NET POSITION - JULY 1	<u>43,661,124</u>	<u>749,103</u>	<u>278,381</u>	<u>7,386</u>	<u>1,964</u>	<u>44,697,958</u>
NET POSITION - JUNE 30	<u>\$ 46,740,552</u>	<u>\$ 817,717</u>	<u>\$ 300,885</u>	<u>\$ 9,638</u>	<u>\$ 1,751</u>	<u>\$ 47,870,543</u>



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 ABLE Savings Plan Trust receives contributions to be invested for the future payment of disability-related costs of an individual.

Iowa Educational Services for the Blind & Visually Impaired (IESBVI) Trust (formerly the Iowa Braille & Sight Saving School Trust) receives donations and contributions to be spent for the benefit of students.

Wagner Award Trust 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

For the Year Ended June 30, 2025
(Expressed in Thousands)

	IOWA EDUCATIONAL SAVINGS PLAN TRUST	IOWA ABLE SAVINGS PLAN TRUST	IESBVI TRUST	WAGNER AWARD TRUST	TOTAL
ASSETS					
Cash	\$ 3,357	\$ 18,616	\$ 765	\$ 16	\$ 22,754
Investments	7,380,068	21,183	-	-	7,401,251
TOTAL ASSETS	7,383,425	39,799	765	16	7,424,005
LIABILITIES					
Accounts payable & accruals	174	32	-	-	206
NET POSITION					
Restricted for individuals, organizations & other entities	\$ 7,383,251	\$ 39,767	\$ 765	\$ 16	\$ 7,423,799

STATE OF IOWA

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

For the Year Ended June 30, 2025
(Expressed in Thousands)

	IOWA EDUCATIONAL SAVINGS PLAN TRUST	IOWA ABLE SAVINGS PLAN TRUST	IESBVI TRUST	WAGNER AWARD TRUST	TOTAL
ADDITIONS					
Contributions:					
Participant contributions	\$ 518,120	\$ 13,063	\$ -	\$ -	\$ 531,183
Other contributions	1,956	219	-	-	2,175
Total contributions	<u>520,076</u>	<u>13,282</u>	<u>-</u>	<u>-</u>	<u>533,358</u>
Investment income:					
Net increase (decrease) in fair value of investments	770,503	2,383	-	-	772,886
Interest	156	59	88	1	304
Total investment income (loss)	<u>770,659</u>	<u>2,442</u>	<u>88</u>	<u>1</u>	<u>773,190</u>
TOTAL ADDITIONS	<u>1,290,735</u>	<u>15,724</u>	<u>88</u>	<u>1</u>	<u>1,306,548</u>
DEDUCTIONS					
Distributions to participants	736,277	4,423	45	-	740,745
Other	2,790	155	31	-	2,976
TOTAL DEDUCTIONS	<u>739,067</u>	<u>4,578</u>	<u>76</u>	<u>-</u>	<u>743,721</u>
CHANGE IN NET POSITION	551,668	11,146	12	1	562,827
NET POSITION - JULY 1	<u>6,831,583</u>	<u>28,621</u>	<u>753</u>	<u>15</u>	<u>6,860,972</u>
NET POSITION - JUNE 30	<u>\$ 7,383,251</u>	<u>\$ 39,767</u>	<u>\$ 765</u>	<u>\$ 16</u>	<u>\$ 7,423,799</u>



COMBINING FINANCIAL STATEMENTS

Custodial Funds

Custodial Funds account for the receipt and distribution of various taxes, deposits, and property collected for individuals, organizations or other governments, which are not required to be reported in other fiduciary fund types.

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 distributed to the counties which have jurisdictions imposing local option sales tax.

Child Support Collection & Refund Fund receives child support collections from employers, obligors, federal and state tax setoffs, debtors setoffs, and others. The child support collections are distributed to families in accordance with federal distribution laws.

The **Judicial - Clerks of District Court** fund collects fees and taxes that are distributed to the proper local government or recipient.

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

Other Custodial Funds are aggregated for reporting purposes and represent amounts held at the Universities, offender and resident deposits held at the State institutions, and other deposits and taxes collected for others.

STATE OF IOWA

**Combining Statement of Fiduciary Net Position
Custodial Funds**

June 30, 2025

(Expressed in Thousands)

	LOCAL SALES & SERVICES TAX FUND	CHILD SUPPORT COLLECTION & REFUND FUND	JUDICIAL - CLERKS OF DISTRICT COURT	SCHOOL DISTRICT SURTAX FUND	OTHER FUNDS	TOTAL
ASSETS						
Cash	\$ 44,136	\$ 10,636	\$ 41,853	\$ 91,562	\$ 41,051	\$ 229,238
Receivables:						
Accounts	-	336	-	-	4,882	5,218
Taxes for other governments	135,718	-	-	1,844	11,428	148,990
Interest	-	-	-	-	2	2
Total receivables	<u>135,718</u>	<u>336</u>	<u>-</u>	<u>1,844</u>	<u>16,312</u>	<u>154,210</u>
Investments, at fair value:						
Fixed income securities	-	-	-	-	5,637	5,637
Equity investments	-	-	-	-	12,507	12,507
Total investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,144</u>	<u>18,144</u>
Capital assets:						
Depreciable/amortizable (net)	-	-	-	-	348	348
Total capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>348</u>	<u>348</u>
Prepaid expenses	-	-	-	-	201	201
Inventory	-	-	-	-	18	18
TOTAL ASSETS	<u>179,854</u>	<u>10,972</u>	<u>41,853</u>	<u>93,406</u>	<u>76,074</u>	<u>402,159</u>
LIABILITIES						
Accounts payable & accruals	-	10,972	41,853	-	3,062	55,887
Accounts payable to other governments	179,854	-	-	93,406	16,190	289,450
TOTAL LIABILITIES	<u>179,854</u>	<u>10,972</u>	<u>41,853</u>	<u>93,406</u>	<u>19,252</u>	<u>345,337</u>
NET POSITION						
Restricted for individuals, organizations & other entities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,822</u>	<u>\$ 56,822</u>

STATE OF IOWA

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

For the Year Ended June 30, 2025
(Expressed in Thousands)

	LOCAL SALES & SERVICES TAX FUND	CHILD SUPPORT COLLECTION & REFUND FUND	JUDICIAL - CLERKS OF DISTRICT COURT	SCHOOL DISTRICT SURTAX FUND	OTHER FUNDS	TOTAL
ADDITIONS						
Contributions:						
Participant contributions	\$ -	\$ 365,388	\$ -	\$ -	\$ 48,491	\$ 413,879
Other contributions	-	-	-	-	107,250	107,250
Gifts, bequests & endowments	-	-	-	-	5,131	5,131
Total contributions	-	365,388	-	-	160,872	526,260
Investment income:						
Net increase (decrease) in fair value of investments	-	(16)	-	-	(3,131)	(3,147)
Interest	-	351	-	-	1,286	1,637
Total investment income (loss)	-	335	-	-	(1,845)	(1,510)
Tax collections for other governments	1,264,485	-	-	106,057	151,005	1,521,547
Court revenue collections for others	-	-	326,217	-	-	326,217
Court settlements	-	-	-	-	287	287
Miscellaneous	-	-	-	-	61,491	61,491
TOTAL ADDITIONS	1,264,485	365,723	326,217	106,057	371,810	2,434,292
DEDUCTIONS						
Distributions to participants	-	365,723	-	-	47,540	413,263
Payments in accordance with agreements	-	-	-	-	143,669	143,669
Administrative expense	-	-	-	-	23,715	23,715
Payments of tax collections to other entities	1,264,485	-	-	106,057	151,005	1,521,547
Payment of court collections to others	-	-	326,217	-	-	326,217
Other	-	-	-	-	3,623	3,623
TOTAL DEDUCTIONS	1,264,485	365,723	326,217	106,057	369,552	2,432,034
CHANGE IN NET POSITION	-	-	-	-	2,258	2,258
NET POSITION - JULY 1	-	-	-	-	54,564	54,564
NET POSITION - JUNE 30	\$ -	\$ -	\$ -	\$ -	\$ 56,822	\$ 56,822



STATISTICAL
SECTION



STATE OF IOWA
STATISTICAL SECTION
TABLE OF CONTENTS

This part of the State of Iowa's annual comprehensive 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.

	<u>Schedule</u>
Financial Trends These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.	1 - 4
Revenue Capacity These schedules contain information to help the reader assess the State's most significant revenue source, individual income tax.	5 - 7
Debt Capacity 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.	8 - 9
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.	10 - 11
Operating Information 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.	12 - 15

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive 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									
	2016	2017	2018 ⁽¹⁾	2019	2020 ⁽²⁾	2021	2022 ⁽³⁾	2023 ⁽⁴⁾	2024 ⁽⁵⁾	2025
Governmental activities										
Net investment in capital assets	\$ 8,751,926	\$ 9,242,231	\$ 9,775,608	\$ 10,186,385	\$ 10,738,785	\$ 11,324,737	\$ 11,834,025	\$ 12,329,691	\$ 12,925,865	\$ 13,510,658
Restricted	922,557	941,514	941,197	1,004,597	924,880	880,011	1,237,588	1,332,597	1,632,581	1,850,191
Unrestricted	(808,123)	(999,603)	(1,013,268)	(522,156)	(65,977)	1,203,788	3,373,160	5,319,075	6,638,653	6,641,185
Total governmental activities net position	\$ 8,866,360	\$ 9,184,142	\$ 9,703,537	\$ 10,668,826	\$ 11,597,688	\$ 13,408,536	\$ 16,444,773	\$ 18,981,363	\$ 21,197,099	\$ 22,002,034
Business-type activities										
Net investment in capital assets	\$ 3,600,966	\$ 3,858,357	\$ 3,981,137	\$ 4,101,636	\$ 4,247,671	\$ 4,226,846	\$ 4,224,005	\$ 4,364,869	\$ 4,588,263	\$ 4,843,187
Restricted	1,788,374	1,864,113	1,894,868	2,001,983	2,149,841	2,207,634	2,387,524	2,571,740	2,788,588	2,923,669
Unrestricted	1,816,683	1,768,131	1,845,650	2,057,362	2,125,751	2,632,441	3,009,690	3,487,701	4,104,783	4,694,362
Total business-type activities net position	\$ 7,206,023	\$ 7,490,601	\$ 7,721,655	\$ 8,160,981	\$ 8,523,263	\$ 9,066,921	\$ 9,621,219	\$ 10,424,310	\$ 11,481,634	\$ 12,461,218
Primary government										
Net investment in capital assets	\$ 12,352,892	\$ 13,100,588	\$ 13,756,745	\$ 14,288,021	\$ 14,986,456	\$ 15,551,583	\$ 16,058,030	\$ 16,694,560	\$ 17,514,128	\$ 18,353,845
Restricted	2,710,931	2,805,627	2,836,065	3,006,580	3,074,721	3,087,645	3,625,112	3,904,337	4,421,169	4,773,860
Unrestricted	1,008,560	768,528	832,382	1,535,206	2,059,774	3,836,229	6,382,850	8,806,776	10,743,436	11,335,547
Total primary government net position	\$ 16,072,383	\$ 16,674,743	\$ 17,425,192	\$ 18,829,807	\$ 20,120,951	\$ 22,475,457	\$ 26,065,992	\$ 29,405,673	\$ 32,678,733	\$ 34,463,252

- (1) - Fiscal year 2018 was the first year of implementation of GASB No. 75; therefore, recognized other postemployment benefits liability and related deferred amounts. Fiscal year 2018 amounts also include restatements made in 2019 for capital assets.
- (2) - Fiscal year 2020 reflects the implementation of GASB No. 84; fiscal year 2019 was not restated.
- (3) - Fiscal year 2022 reflects the implementation of GASB No. 87; fiscal year 2021 was not restated.
- (4) - Fiscal year 2023 reflects the implementation of GASB No. 96; fiscal year 2022 was not restated.
- (5) - Fiscal year 2024 reflects changes due to state government alignment in accordance with SF 514 and SF 513; fiscal year 2023 was not restated. Additionally, fiscal year 2024 was restated due to accounting errors.

STATE OF IOWA
Changes in Net Position

Schedule 2

For the Last Ten Fiscal Years

(Accrual Basis of Accounting Expressed in Thousands)

	Fiscal Year									
	2016	2017	2018 ⁽¹⁾	2019	2020 ⁽²⁾	2021	2022 ⁽³⁾	2023 ⁽⁴⁾	2024 ⁽⁶⁾	2025
Expenses										
Governmental activities:										
Administration & regulation ⁽⁵⁾	\$ 1,799,186	\$ 1,864,959	\$ 1,862,199	\$ 1,902,217	\$ 1,444,538	\$ 1,841,432	\$ 1,893,879	\$ 1,792,137	\$ 1,674,764	\$ 1,895,380
Education	4,005,597	4,162,360	4,185,133	4,244,257	4,418,383	4,839,703	5,135,794	5,168,828	5,167,935	5,193,539
Health & human rights	436,330	445,057	435,776	434,416	455,753	565,016	632,371	648,027	N/A	N/A
Human services	6,708,824	6,585,944	6,772,755	7,103,013	7,687,332	8,497,262	9,427,716	9,769,449	N/A	N/A
Health & human services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,748,574	12,499,135
Justice & public defense	1,097,646	1,041,523	999,154	997,681	1,136,219	1,207,698	1,227,878	1,191,437	1,354,994	1,465,667
Economic development	144,472	157,288	133,810	132,911	140,858	173,455	172,216	199,353	262,180	296,796
Transportation	1,321,540	1,396,315	1,419,426	1,446,090	1,354,468	1,367,551	1,384,872	1,438,787	1,662,443	1,638,662
Agriculture & natural resources	227,612	233,883	224,382	230,063	238,515	268,107	232,102	271,244	287,502	323,785
Interest expense	90,105	79,424	78,773	76,984	65,434	58,436	34,783	35,114	33,379	31,703
Total governmental activities expenses	15,831,312	15,966,753	16,111,408	16,567,632	16,941,500	18,818,660	20,141,611	20,514,376	22,191,771	23,344,667
Business-type activities:										
University Funds	4,580,247	4,843,267	5,052,039	5,232,658	5,349,571	5,600,805	5,941,995	6,292,508	6,769,596	7,446,115
Unemployment Benefits Fund	416,582	430,068	384,371	361,076	2,234,620	2,353,780	305,047	268,150	275,849	357,454
Other	273,939	285,205	294,471	309,649	334,712	372,382	385,653	393,174	771,100	736,578
Total business-type activities expenses	5,270,768	5,558,540	5,730,881	5,903,383	7,918,903	8,326,967	6,632,695	6,953,832	7,816,545	8,540,147
Total primary government expenses	\$ 21,102,080	\$ 21,525,293	\$ 21,842,289	\$ 22,471,015	\$ 24,860,403	\$ 27,145,627	\$ 26,774,306	\$ 27,468,208	\$ 30,008,316	\$ 31,884,814
Program revenues										
Governmental activities:										
Charges for services:										
Administration & regulation ⁽⁵⁾	\$ 1,106,530	\$ 1,118,233	\$ 1,103,732	\$ 1,135,177	\$ 405,170	\$ 472,735	\$ 748,484	\$ 569,581	\$ 466,706	\$ 453,725
Education	17,374	17,714	26,308	20,003	12,936	20,311	22,421	20,757	18,048	5,380
Health & human rights	77,168	75,320	75,204	75,144	80,002	78,464	44,581	48,103	N/A	N/A
Human services	550,432	823,549	772,301	732,181	829,034	711,411	802,786	1,093,152	N/A	N/A
Health & human services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	934,057	957,711
Justice & public defense	97,638	97,779	116,771	108,876	90,690	137,035	92,661	180,435	73,983	129,198
Economic development	2,049	1,739	1,662	4,392	1,269	4,823	13,065	19,273	10,876	24,555
Transportation	79,955	100,598	168,402	143,928	106,007	92,727	104,714	121,844	106,250	128,819
Agriculture & natural resources	86,807	72,052	76,734	84,729	80,161	92,937	94,419	90,765	94,396	104,628
Operating grants & contributions	5,500,402	5,194,216	5,251,400	5,646,598	6,950,835	8,491,371	9,453,411	8,864,599	9,985,712	10,490,986
Capital grants & contributions	440,783	503,121	509,091	448,902	544,550	520,257	596,862	446,231	830,786	613,740
Total governmental activities program revenues	7,959,138	8,004,321	8,101,605	8,399,930	9,100,654	10,622,071	11,973,404	11,454,740	12,520,814	12,908,742
Business-type activities:										
Charges for services:										
University Funds	3,273,055	3,390,227	3,639,063	3,865,376	3,869,117	4,021,078	4,645,065	4,916,077	5,358,412	5,928,618
Unemployment Benefits Fund	448,914	493,643	427,407	409,293	416,798	413,464	457,628	405,570	383,507	410,242
Other	378,533	391,346	403,102	428,109	459,798	511,758	530,711	541,450	1,022,551	961,170
Operating grants & contributions	777,368	801,120	798,834	808,427	2,283,904	2,563,073	1,101,038	989,214	1,075,127	1,052,546
Capital grants & contributions	101,682	57,588	15,131	71,706	31,680	33,205	40,067	45,435	71,458	71,081
Total business-type activities program revenues	4,979,552	5,133,924	5,283,537	5,582,911	7,061,297	7,542,578	6,774,509	6,897,746	7,911,055	8,423,657
Total primary government program revenues	\$ 12,938,690	\$ 13,138,245	\$ 13,385,142	\$ 13,982,841	\$ 16,161,951	\$ 18,164,649	\$ 18,747,913	\$ 18,352,486	\$ 20,431,869	\$ 21,332,399
Net (expense) revenue										
Governmental activities	\$ (7,872,174)	\$ (7,962,432)	\$ (8,009,803)	\$ (8,167,702)	\$ (7,840,846)	\$ (8,196,589)	\$ (8,168,207)	\$ (9,059,636)	\$ (9,670,957)	\$ (10,435,925)
Business-type activities	(291,216)	(424,616)	(447,344)	(320,472)	(857,606)	(784,389)	141,814	(56,086)	94,510	(116,490)
Total primary government net expense	\$ (8,163,390)	\$ (8,387,048)	\$ (8,457,147)	\$ (8,488,174)	\$ (8,698,452)	\$ (8,980,978)	\$ (8,026,393)	\$ (9,115,722)	\$ (9,576,447)	\$ (10,552,415)

(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									
	2016	2017	2018 ⁽¹⁾	2019	2020 ⁽²⁾	2021	2022 ⁽³⁾	2023 ⁽⁴⁾	2024 ⁽⁶⁾	2025
General revenues & other changes in net position										
Governmental activities:										
Personal income tax	\$ 3,542,419	\$ 3,637,895	\$ 3,862,624	\$ 4,078,355	\$ 3,945,877	\$ 4,224,590	\$ 4,956,099	\$ 4,601,453	\$ 4,598,091	\$ 4,031,701
Corporate income tax	374,559	432,056	443,698	529,969	634,508	799,466	866,690	826,897	625,169	610,873
Sales & use tax	2,758,405	2,793,825	2,850,789	2,989,537	3,121,580	3,510,049	3,722,192	4,105,823	3,601,933	3,616,174
Other tax	803,003	791,607	773,204	828,992	812,882	902,673	966,620	1,038,794	1,491,411	1,498,393
Motor fuel tax restricted for transportation purposes	677,999	674,603	671,936	665,799	670,238	673,745	701,247	684,739	680,311	676,565
Road use tax restricted for transportation purposes	360,993	371,361	374,701	381,003	382,757	444,548	466,322	501,030	514,041	508,743
Unrestricted investment earnings (loss)	22,156	16,257	29,730	75,371	55,748	14,595	(66,456)	230,609	546,579	494,610
Other	35,013	38,369	50,091	72,097	68,188	129,563	67,256	192,161	133,941	129,418
Gain on extinguishment of debt	-	-	-	-	-	-	-	-	-	48,116
Gain on disposal of assets	1,197	2,260	804	1,250	1,141	1,920	1,368	2,821	2,178	2,287
Transfers	(538,347)	(478,019)	(515,933)	(489,382)	(968,910)	(693,712)	(476,480)	(498,694)	(353,734)	(380,244)
Total governmental activities	\$ 8,037,397	\$ 8,280,214	\$ 8,541,644	\$ 9,132,991	\$ 8,724,009	\$ 10,007,437	\$ 11,204,858	\$ 11,685,633	\$ 11,839,920	\$ 11,236,636
Business-type activities:										
Other tax	\$ 7,649	\$ 8,078	\$ 8,167	\$ 8,220	\$ 8,348	\$ 11,008	\$ 8,112	\$ 7,655	\$ 7,312	\$ 7,013
Unrestricted investment earnings (loss)	78,133	162,438	110,237	190,955	162,806	473,811	(230,455)	244,906	445,873	556,739
Other	68,961	60,590	59,863	71,220	70,118	149,487	162,381	109,633	117,023	167,261
Gain on disposal of assets	4,000	69	658	21	-	29	99	1,063	55	94
Special items - change in OPEB	-	-	465,008	-	-	-	-	-	-	-
Transfers	538,347	478,019	515,933	489,382	968,910	693,712	476,480	498,694	353,734	380,244
Total business-type activities	\$ 697,090	\$ 709,194	\$ 1,159,866	\$ 759,798	\$ 1,210,182	\$ 1,328,047	\$ 416,617	\$ 861,951	\$ 923,997	\$ 1,111,351
Change in net position										
Governmental activities	\$ 165,223	\$ 317,782	\$ 531,841	\$ 965,289	\$ 883,163	\$ 1,810,848	\$ 3,036,651	\$ 2,625,997	\$ 2,168,963	\$ 800,711
Business-type activities	405,874	284,578	712,522	439,326	352,576	543,658	558,431	805,865	1,018,507	994,861
Total primary government	\$ 571,097	\$ 602,360	\$ 1,244,363	\$ 1,404,615	\$ 1,235,739	\$ 2,354,506	\$ 3,595,082	\$ 3,431,862	\$ 3,187,470	\$ 1,795,572

(1) - Fiscal Year 2018 amounts reported include a special item due to benefit changes to an OPEB plan at the University of Iowa, unrelated to the implementation of GASB No. 75.

(2) - Fiscal Year 2020 reflects the implementation of GASB No. 84; fiscal year 2019 was not restated.

(3) - Fiscal Year 2022 reflects the implementation of GASB No. 87; fiscal year 2021 was not restated.

(4) - Fiscal Year 2023 reflects the implementation of GASB No. 96; fiscal year 2022 was not restated.

(5) - Due to the implementation of GASB Statement No. 84 in FY2020, certain funds were reclassified from Agency Funds to General Funds. As a result, activity previously reported as revenues and expenses is now reflected as transfers. FY2020 through FY2022 amounts have been updated to reflect this change.

(6) - Fiscal year 2024 reflects changes to state government alignment in accordance with SF 514 and SF 513; health & human services function replaces the health & human rights and human services functions in fiscal year 2024. Fiscal year 2023 was not restated. Additionally, fiscal year 2024 was restated due to accounting errors.

N/A - Not applicable.

STATE OF IOWA
Fund Balances of Governmental Funds
For the Last Ten Fiscal Years
(Modified Accrual Basis of Accounting Expressed in Thousands)

Schedule 3

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024 ⁽³⁾	2025
General Fund										
Nonspendable	\$ 44,917	\$ 46,445	\$ 52,577	\$ 53,235	\$ 99,455	\$ 122,285	\$ 106,487	\$ 108,689	\$ 101,192	\$ 102,917
Spendable:										
Restricted	835,913	883,016	807,570	810,448	769,625	679,646	817,365 ⁽²⁾	962,716	1,090,119	1,547,530
Committed	1,323,878	1,274,404	1,335,606	1,784,658	2,140,303	3,348,953	5,404,356 ⁽²⁾	7,175,859	8,593,137	8,152,992
Unassigned	(214,504)	(328,131)	(395,625)	(384,360)	(357,748)	(398,227)	(541,258)	(632,975)	(662,743)	(621,748)
Total General Fund	<u>\$ 1,990,204</u>	<u>\$ 1,875,734</u>	<u>\$ 1,800,128</u>	<u>\$ 2,263,981</u>	<u>\$ 2,651,635</u>	<u>\$ 3,752,657</u>	<u>\$ 5,786,950</u>	<u>\$ 7,614,289</u>	<u>\$ 9,121,705</u>	<u>\$ 9,181,691</u>
All other governmental funds										
Nonspendable	\$ 16,846	\$ 10,813	\$ 11,115	\$ 11,181	\$ 16,031	\$ 16,660	\$ 18,253	\$ 18,186	\$ 18,604	\$ 18,951
Spendable:										
Restricted	389,796 ⁽¹⁾	347,117 ⁽¹⁾	304,512 ⁽¹⁾	275,598 ⁽¹⁾	236,808 ⁽¹⁾	158,483 ⁽¹⁾	116,713 ⁽¹⁾	112,573 ⁽¹⁾	99,563	125,496
Committed	41,215	22,225	20,732	19,021	20,791	40,190	21,871	51,487	28,580	30,651
Unassigned	(253,068) ⁽¹⁾	(201,706) ⁽¹⁾	(162,019) ⁽¹⁾	(123,345) ⁽¹⁾	(84,833) ⁽¹⁾	(43,590) ⁽¹⁾	(2,617) ⁽¹⁾	(480) ⁽¹⁾	(122)	(297)
Total all other governmental funds	<u>\$ 194,789</u>	<u>\$ 178,449</u>	<u>\$ 174,340</u>	<u>\$ 182,455</u>	<u>\$ 188,797</u>	<u>\$ 171,743</u>	<u>\$ 154,220</u>	<u>\$ 181,766</u>	<u>\$ 146,625</u>	<u>\$ 174,801</u>

(1) - Due to the implementation of GASB No. 48, an interfund advance was recorded in the Tobacco Settlement Authority and Tobacco Collections funds. The interfund advance was zero as of June 30, 2023.

(2) - The Governmental Funds (General Fund) was revised to reclassify \$2,426.3 million of restricted fund balance as committed fund balance. There was no impact on total fund balance.

(3) - Fiscal year 2024 reflects changes due to state government alignment in accordance with SF 514 and SF 513; fiscal year 2023 was not restated.

STATE OF IOWA
Changes in Fund Balances of Governmental Funds
For the Last Ten Fiscal Years
(Modified Accrual Basis of Accounting Expressed in Thousands)

Schedule 4

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024 ⁽²⁾	2025
Revenues										
Taxes	\$ 9,263,248	\$ 9,503,731	\$ 9,846,473	\$ 10,307,880	\$ 10,380,464	\$ 11,314,249	\$ 12,325,647	\$ 12,576,527	\$ 12,623,228	\$ 11,938,586
Receipts from other entities ⁽¹⁾	6,064,791	5,971,601	5,981,877	6,291,339	7,618,762	9,204,248	10,143,578	9,699,615	10,424,058	10,684,823
Investment income (loss)	22,093	16,228	29,604	75,009	55,573	14,557	(68,129)	231,652	544,554	494,760
Fees, licenses & permits	1,409,339	1,425,131	1,455,332	1,495,057	1,537,320	1,711,717	1,700,261	1,793,140	1,799,998	1,869,264
Refunds & reimbursements	711,301	849,553	805,250	798,210	923,093	782,346	883,486	1,047,618	1,123,075	970,679
Sales, rents & services	39,665	41,714	36,851	44,113	36,990	35,187	35,749	42,075	45,785	59,485
Miscellaneous	209,066	213,667	207,692	254,099	255,457	301,740	298,802	404,077	769,079	897,721
Gross revenues	17,719,503	18,021,625	18,363,079	19,265,707	20,807,659	23,364,044	25,319,394	25,794,704	27,329,777	26,915,318
Less revenue refunds	1,155,612	1,215,155	1,269,478	1,258,773	2,001,394	2,072,273	1,947,317	2,185,266	2,503,648	2,401,873
Net revenues	16,563,891	16,806,470	17,093,601	18,006,934	18,806,265	21,291,771	23,372,077	23,609,438	24,826,129	24,513,445
Expenditures										
Administration & regulation ⁽¹⁾	1,792,103	1,836,187	1,848,943	1,880,653	1,408,418	1,839,062	1,919,712	1,765,044	1,665,482	1,865,464
Education	4,000,660	4,154,268	4,177,218	4,236,228	4,409,475	4,834,800	5,152,073	5,168,110	5,146,683	5,189,045
Health & human rights	431,555	437,703	424,547	426,720	443,743	552,417	634,818	646,053	N/A	N/A
Human services	6,720,396	6,601,224	6,759,205	7,099,933	7,660,699	8,496,089	9,482,225	9,772,945	N/A	N/A
Health & human services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,739,546	12,467,964
Justice & public defense	1,054,586	986,780	947,730	947,720	1,073,702	1,172,842	1,235,993	1,123,527	1,253,236	1,386,622
Economic development	145,436	156,032	136,717	131,231	140,168	169,241	183,270	200,585	264,309	299,268
Transportation	610,992	626,535	673,706	680,525	642,878	606,021	566,369	558,873	643,418	661,424
Agriculture & natural resources	210,453	213,091	204,893	197,969	211,546	236,439	225,907	244,882	262,444	299,171
Capital outlay	1,217,290	1,299,102	1,360,623	1,279,182	1,379,577	1,442,255	1,416,570	1,717,556	1,809,543	1,774,141
Debt service:										
Payment to escrow agent	-	3,246	-	-	-	-	-	-	-	-
Principal	53,050	58,295	46,960	270,465	59,360	139,587	71,576	104,434	204,684	115,783
Interest & fiscal charges	87,219	79,960	79,898	77,968	67,174	62,654	38,684	38,792	35,089	30,011
Total expenditures	16,323,740	16,452,423	16,660,440	17,228,594	17,496,740	19,551,407	20,927,197	21,340,801	23,024,434	24,088,893
Excess of revenues over expenditures	240,151	354,047	433,161	778,340	1,309,525	1,740,364	2,444,880	2,268,637	1,801,695	424,552
Other financing sources (uses)										
Transfers in	220,599	220,253	211,240	208,551	292,255	286,906	280,636	341,891	636,928	509,640
Transfers out	(758,946)	(743,522)	(727,173)	(697,933)	(1,261,165)	(980,618)	(757,116)	(840,585)	(1,008,662)	(889,884)
Leases, subscriptions & other financing	587	37,227	3,057	2,744	452	1,147	48,370	93,054	32,670	39,424
Premium (discount) on bonds	-	74,176	-	36,591	-	83,311	-	-	-	-
Revenue refunding bonds issued	-	345,215	-	143,675	7,230	779,631	-	-	-	-
Payment to refunded bond escrow agent	-	(418,206)	-	-	-	(826,773)	-	-	-	-
Total other financing sources (uses)	(537,760)	(484,857)	(512,876)	(306,372)	(961,228)	(656,396)	(428,110)	(405,640)	(339,064)	(340,820)
Net change in fund balances	\$ (297,609)	\$ (130,810)	\$ (79,715)	\$ 471,968	\$ 348,297	\$ 1,083,968	\$ 2,016,770	\$ 1,862,997	\$ 1,462,631	\$ 83,732
Debt service as a percentage of noncapital expenditures	0.9%	0.9%	0.8%	2.2%	0.8%	1.1%	0.5%	0.7%	1.1%	0.7%

(1) - Due to the implementation of GASB Statement No. 84 in FY2020, certain funds were reclassified from Agency Funds to General Funds. As a result, activity previously reported as revenues and expenditures is now reflected as transfers. FY2020 through FY2022 amounts have been updated to reflect this change.

(2) - Fiscal year 2024 reflects changes due to state government alignment in accordance with SF 514 and SF 513. Additionally, the health & human services function replaces the health & human rights and human services functions in fiscal year 2024. Fiscal year 2023 was not restated.

N/A - Not applicable.

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									
	2016	2017	2018	2019	2020	2021	2022	2023 ⁽¹⁾	2024	2025
Individual income tax	\$ 4,364,229	\$ 4,503,420	\$ 4,754,464	\$ 4,938,615	\$ 4,895,257	\$ 5,169,294	\$ 5,800,190	\$ 5,684,614	\$ 5,841,392	\$ 5,131,545
Sales tax	2,332,220	2,344,828	2,390,342	2,438,260	2,471,213	2,766,208	3,546,228	3,746,824	3,715,577	3,730,340
Use tax	497,160	515,740	566,509	647,016	743,581	833,211	282,208	470,353	511,858	536,185
Fuel tax	746,601	768,810	751,064	731,710	732,345	737,010	764,345	752,910	740,550	744,053
Corporate tax	510,664	564,423	580,805	699,007	727,390	882,489	961,059	945,504	828,670	820,940
Inheritance tax	88,759	88,093	85,245	79,243	78,277	102,053	94,231	89,871	61,598	35,629
Insurance premium tax	119,675	114,809	121,863	153,428	143,464	143,901	152,546	172,959	190,372	303,905
Cigarette & tobacco tax	227,901	221,077	212,567	202,135	211,600	204,614	190,407	183,839	159,583	148,098
Wagering tax	290,004	291,980	295,333	294,629	244,602	337,074	377,300	372,937	362,699	347,264
Franchise tax	50,354	53,831	48,581	64,440	67,653	66,748	72,340	94,926	110,836	94,006
Beer tax	14,214	13,941	13,593	13,439	9,435	18,208	13,660	13,197	12,661	12,276
Other	21,467	22,779	26,107	45,958	55,647	53,439	71,133	48,593	87,432	34,345
Gross taxes	9,263,248	9,503,731	9,846,473	10,307,880	10,380,464	11,314,249	12,325,647	12,576,527	12,623,228	11,938,586
Less refunds	1,111,432	1,173,495	1,229,918	1,213,022	1,200,953	1,198,193	1,050,913	1,249,438	1,566,075	1,437,393
Net taxes	\$ 8,151,816	\$ 8,330,236	\$ 8,616,555	\$ 9,094,858	\$ 9,179,511	\$ 10,116,056	\$ 11,274,734	\$ 11,327,089	\$ 11,057,153	\$ 10,501,193

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

(1) - Certain amounts were reclassified from other to individual income tax for fiscal year 2023.

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

Schedule 6

Tax Year 2015		Tax Year 2016		Tax Year 2017		Tax Year 2018		Tax Year 2019	
Net Taxable Income	Number of Returns								
No AGI	61,291	No AGI	48,908	No AGI	48,804	No AGI	47,981	No AGI	48,614
\$1 - 9,999	311,295	\$1 - 9,999	225,555	\$1 - 9,999	219,061	\$1 - 9,999	208,384	\$1 - 9,999	210,503
\$10,000 - 19,999	310,750	\$10,000 - 19,999	210,605	\$10,000 - 19,999	206,883	\$10,000 - 19,999	201,124	\$10,000 - 19,999	202,061
\$20,000 - 29,999	294,558	\$20,000 - 29,999	190,879	\$20,000 - 29,999	188,232	\$20,000 - 29,999	184,891	\$20,000 - 29,999	184,805
\$30,000 - 39,999	274,223	\$30,000 - 39,999	167,467	\$30,000 - 39,999	166,897	\$30,000 - 39,999	167,834	\$30,000 - 39,999	172,010
\$40,000 - 49,999	218,392	\$40,000 - 49,999	131,987	\$40,000 - 49,999	134,985	\$40,000 - 49,999	136,926	\$40,000 - 49,999	140,805
\$50,000 - 74,999	308,245	\$50,000 - 74,999	222,665	\$50,000 - 74,999	224,795	\$50,000 - 74,999	228,665	\$50,000 - 74,999	234,764
\$75,000 - 99,999	118,823	\$75,000 - 99,999	145,455	\$75,000 - 99,999	145,603	\$75,000 - 99,999	148,240	\$75,000 - 99,999	150,024
\$100,000 & above	163,513	\$100,000 & above	259,266	\$100,000 & above	270,641	\$100,000 & above	289,139	\$100,000 & above	300,350
	<u>2,061,090</u>		<u>1,602,787</u>		<u>1,605,901</u>		<u>1,613,184</u>		<u>1,643,936</u>
Net Taxable Income	Tax Rate*								
\$0 - 1,539	0.36%	\$0 - 1,554	0.36%	\$0 - 1,573	0.36%	\$0 - 1,598	0.36%	\$0 - 1,638	0.33%
\$1,539 - 3,078	0.72%	\$1,554 - 3,108	0.72%	\$1,573 - 3,146	0.72%	\$1,598 - 3,196	0.72%	\$1,638 - 3,276	0.67%
\$3,078 - 6,156	2.43%	\$3,108 - 6,216	2.43%	\$3,146 - 6,292	2.43%	\$3,196 - 6,392	2.43%	\$3,276 - 6,552	2.25%
\$6,156 - 13,851	4.50%	\$6,216 - 13,986	4.50%	\$6,292 - 14,157	4.50%	\$6,392 - 14,382	4.50%	\$6,552 - 14,742	4.14%
\$13,851 - 23,085	6.12%	\$13,986 - 23,310	6.12%	\$14,157 - 23,595	6.12%	\$14,382 - 23,970	6.12%	\$14,742 - 24,570	5.63%
\$23,085 - 30,780	6.48%	\$23,310 - 31,080	6.48%	\$23,595 - 31,460	6.48%	\$23,970 - 31,960	6.48%	\$24,570 - 32,760	5.96%
\$30,780 - 46,170	6.80%	\$31,080 - 46,620	6.80%	\$31,460 - 47,190	6.80%	\$31,960 - 47,940	6.80%	\$32,760 - 49,140	6.25%
\$46,170 - 69,255	7.92%	\$46,620 - 69,930	7.92%	\$47,190 - 70,785	7.92%	\$47,940 - 71,910	7.92%	\$49,140 - 73,710	7.44%
\$69,255 & above	8.98%	\$69,930 & above	8.98%	\$70,785 & above	8.98%	\$71,910 & above	8.98%	\$73,710 & above	8.53%

Tax Year 2020		Tax Year 2021		Tax Year 2022		Tax Year 2023 ⁽¹⁾		Tax Year 2024	
Net Taxable Income	Number of Returns	Net Taxable Income	Number of Returns	Net Taxable Income	Number of Returns	Iowa Taxable Income	Number of Taxpayers	Iowa Taxable Income	Number of Taxpayers
No AGI	66,701	No AGI	52,492	No AGI	50,315	\$0	350,241		
\$1 - 9,999	204,063	\$1 - 9,999	180,869	\$1 - 9,999	164,989	\$1 - 9,999	201,312		
\$10,000 - 19,999	195,193	\$10,000 - 19,999	189,371	\$10,000 - 19,999	176,577	\$10,000 - 19,999	176,577	Information not available.	
\$20,000 - 29,999	180,224	\$20,000 - 29,999	166,294	\$20,000 - 29,999	153,577	\$20,000 - 29,999	139,507		
\$30,000 - 39,999	170,468	\$30,000 - 39,999	163,409	\$30,000 - 39,999	159,232	\$30,000 - 39,999	122,592		
\$40,000 - 49,999	143,251	\$40,000 - 49,999	143,317	\$40,000 - 49,999	143,294	\$40,000 - 49,999	100,797		
\$50,000 - 74,999	237,315	\$50,000 - 74,999	243,140	\$50,000 - 74,999	247,678	\$50,000 - 74,999	176,006		
\$75,000 - 99,999	149,288	\$75,000 - 99,999	152,921	\$75,000 - 99,999	154,110	\$75,000 - 99,999	114,350		
\$100,000 & above	312,836	\$100,000 & above	352,949	\$100,000 & above	373,507	\$100,000 & above	258,022		
	<u>1,659,339</u>		<u>1,644,762</u>		<u>1,623,279</u>		<u>1,599,536</u>		
Net Taxable Income	Tax Rate*	Net Taxable Income	Tax Rate*	Net Taxable Income	Tax Rate*	Iowa Taxable Income	Tax Rate	Iowa Taxable Income	Tax Rate
\$0 - 1,666	0.33%	\$0 - 1,676	0.33%	\$0 - 1,743	0.33%	\$0 - 6,000	4.40%	\$0 - 6,210	4.40%
\$1,666 - 3,332	0.67%	\$1,676 - 3,352	0.67%	\$1,743 - 3,486	0.67%	\$6,000 - 30,000	4.82%	\$6,210 - 31,050	4.82%
\$3,332 - 6,664	2.25%	\$3,352 - 6,704	2.25%	\$3,486 - 6,972	2.25%	\$30,000 - 75,000	5.70%	\$31,050 & above	5.70%
\$6,664 - 14,994	4.14%	\$6,704 - 15,084	4.14%	\$6,972 - 15,687	4.14%	\$75,000 & above	6.00%		
\$14,994 - 24,990	5.63%	\$15,084 - 25,140	5.63%	\$15,687 - 26,145	5.63%				
\$24,990 - 33,320	5.96%	\$25,140 - 33,520	5.96%	\$26,145 - 34,860	5.96%				
\$33,320 - 49,980	6.25%	\$33,520 - 50,280	6.25%	\$34,860 - 52,290	6.25%				
\$49,980 - 74,970	7.44%	\$50,280 - 75,420	7.44%	\$52,290 - 78,435	7.44%				
\$74,970 & above	8.53%	\$75,420 & above	8.53%	\$78,435 & above	8.53%				

Source: Iowa Individual Income Tax Annual Statistical Report, compiled by the Iowa Department of Revenue, Research and Policy Division

* Iowa allowed all taxpayers full deductibility of net federal tax payments through Tax Year 2022.

(1) - As a result of a tax reform, starting in Tax Year 2023, there have been changes in income tax rates, tax brackets (resulting in a flat tax rate beginning with Tax Year 2025), and the taxable income calculation.

STATE OF IOWA
Retail Sales by Business Classification

Schedule 7

Sales Tax Annual Period July 1 through June 30 of the following year 2016 through 2025

Classification	2016		2017		2018		2019		2020	
	Number of Returns	Taxable Sales								
	<i>(in thousands)</i>		<i>(in thousands)</i>		<i>(in thousands)</i>		<i>(in thousands)</i>		<i>(in thousands)</i>	
Utilities & transportation	14,134	\$ 3,669,812	13,029	\$ 3,929,813	12,973	\$ 3,889,513	15,954	\$ 3,975,371	15,788	\$ 3,818,914
Building materials	5,943	2,763,359	5,695	2,862,822	5,592	2,908,678	5,477	2,930,829	5,423	3,212,510
General merchandise	3,073	4,719,728	3,067	4,676,612	3,112	4,708,984	3,157	4,613,828	3,355	4,586,447
Food dealers	12,724	3,478,201	12,607	3,519,738	12,419	3,550,649	12,317	3,638,167	11,991	3,796,789
Motor vehicles	9,340	1,860,126	9,241	1,904,414	9,196	1,951,368	9,089	2,044,357	8,852	2,126,945
Apparel	6,225	1,067,251	6,215	1,025,902	6,252	977,631	6,552	986,377	6,653	835,162
Home furnishings & appliances	5,917	1,235,700	5,750	1,227,997	5,504	1,206,237	5,360	1,179,722	5,146	1,122,915
Eating & drinking places	30,362	4,228,185	30,720	4,306,324	30,988	4,394,774	31,196	4,527,602	30,955	4,238,738
Specialty retail stores	56,083	3,052,179	56,480	3,082,359	56,593	3,031,680	56,462	3,057,059	55,910	3,166,684
Services	126,900	5,324,603	127,633	5,409,162	127,468	5,544,380	130,089	5,830,492	131,156	5,462,049
Wholesale goods	17,346	3,937,460	17,139	3,889,348	16,712	3,950,029	16,615	3,914,185	16,597	4,039,534
All other	49,763	3,082,894	49,819	3,122,021	49,761	3,216,042	50,407	3,399,148	51,033	3,605,962
Total	337,810	\$ 38,419,498	337,395	\$ 38,956,512	336,570	\$ 39,329,965	342,675	\$ 40,097,137	342,859	\$ 40,012,649

Classification	2021		2022		2023 ⁽¹⁾		2024		2025	
	Number of Returns	Taxable Sales								
	<i>(in thousands)</i>		<i>(in thousands)</i>		<i>(in thousands)</i>		<i>(in thousands)</i>		<i>(in thousands)</i>	
Utilities & transportation	17,618	\$ 3,859,075	15,510	\$ 3,804,495	33,890	\$ 3,765,788	34,730	\$ 3,604,519	37,700	\$ 3,784,354
Building materials	5,435	3,807,841	5,193	4,324,069	12,468	4,361,928	12,205	4,185,360	14,151	4,615,865
General merchandise	3,516	4,810,055	2,520	4,349,210	5,868	4,433,136	6,322	4,495,040	23,103	5,140,055
Food dealers	12,132	4,048,441	11,162	4,034,527	28,267	3,975,779	35,722	5,059,211	30,237	3,994,025
Motor vehicles	9,441	2,346,410	8,203	2,265,798	18,982	2,543,456	19,696	2,546,269	24,870	2,606,149
Apparel	6,923	976,638	7,710	1,099,640	15,579	1,144,090	16,197	1,134,608	17,735	1,080,590
Home furnishings & appliances	4,979	1,325,063	7,029	1,950,228	16,127	1,860,454	16,127	1,766,043	14,297	1,611,475
Eating & drinking places	31,423	4,524,619	29,653	4,724,243	79,955	5,105,757	89,729	5,633,439	97,528	5,657,304
Specialty retail stores	56,172	3,894,417	54,903	4,369,809	91,659	4,720,590	100,269	4,642,672	85,409	3,752,887
Services	130,457	5,670,482	126,825	6,581,524	234,297	7,038,760	251,406	7,334,311	270,284	7,375,580
Wholesale goods	16,792	4,697,337	14,312	5,018,360	34,488	5,253,162	32,707	4,295,865	43,825	4,981,174
All other	50,353	3,706,251	57,158	4,189,249	115,953	4,944,699	133,659	5,344,584	137,242	5,306,132
Total	345,241	\$ 43,666,629	340,178	\$ 46,711,152	687,533	\$ 49,147,599	748,769	\$ 50,041,921	796,381	\$ 49,905,590

Source: Iowa Retail Sales and Use Taxes Annual Report, compiled by the Iowa Department of Revenue, Research and Policy Division

The sales tax rate has remained at 6% since September 2008.

(1) - Beginning in 2023, the tax returns were completed and accepted monthly rather than quarterly, resulting in an increase in the number of returns.

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
	Bonds Payable	Lease Liability	Subscription Liability	Other Financing Arrangements Payable	Bonds Payable	Lease Liability	Subscription Liability	Other Financing Arrangements Payable			
2016	\$ 1,623,980	\$ 52	\$ -	\$ 1,801	\$ 1,936,944	\$ 31,865	\$ -	\$ 54,134	\$ 3,648,776	2.60	1,168
2017	1,587,738	32,843	-	1,548	1,916,145	29,487	-	46,004	3,613,765	2.46	1,153
2018	1,535,957	29,665	-	2,783	1,984,189	25,604	-	33,118	3,611,316	2.50	1,148
2019	1,442,712	28,169	-	956	1,945,238	23,688	-	24,771	3,465,534	2.25	1,098
2020	1,385,066	24,192	-	321	1,805,709	22,469	-	14,870	3,252,627	1.95	1,031
2021	1,281,000	20,529	-	500	1,763,848	22,492	-	26,913	3,115,282	1.84	977
2022 ⁽¹⁾	1,213,740	40,666	-	16,194	2,000,266	150,954	-	60,485	3,482,305	1.91	1,091
2023 ⁽²⁾	1,141,605	39,044	127,684	11,828	1,951,734	170,421	64,146	81,901	3,588,363	1.84	1,120
2024 ⁽³⁾	964,237	33,021	133,717	7,913	1,919,597	172,011	68,112	107,955	3,406,563	1.69	1,062
2025	837,933	31,880	127,439	3,890	2,089,308	201,057	81,235	248,751	3,621,493	1.76	1,117

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

(1) - Fiscal Year 2022 reflects the implementation of GASB No. 87, *Leases*; fiscal year 2021 was not restated.

(2) - Fiscal Year 2023 reflects the implementation of GASB No. 96, *Subscription-Based Information Technology Arrangements*; fiscal year 2022 was not restated.

(3) - Fiscal year 2024 reflects changes due to state government alignment in accordance with SF 514 and SF 513; fiscal year 2023 was not restated.

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

Schedule 9

Governmental Activities - General Fund
(Expressed in Thousands)

IJOBS - 2009

	Less:			Net Available		Debt Service			Coverage
	Gross Revenues	Operating Expenses		Revenues	Principal	Interest	Total		
2016	\$ 49,569	\$ 11		\$ 49,558	\$ 17,120	\$ 29,905	\$ 47,025	1.05	
2017	16,131	-		16,131	-	14,914	14,914	1.08	
2018	16,099	-		16,099	-	14,914	14,914	1.08	
2019**	20,069	-		20,069	-	14,914	14,914	1.35	

Pledged revenues consist of casino and racetrack gaming revenues.

** The outstanding revenue bonds were refunded.

IJOBS - 2010

	Less:			Net Available		Debt Service			Coverage
	Gross Revenues	Operating Expenses		Revenues	Principal	Interest	Total		
2016	\$ 10,486	\$ 2		\$ 10,484	\$ 3,480	\$ 6,571	\$ 10,051	1.04	
2017	11,302	-		11,302	3,650	6,432	10,082	1.12	
2018	11,273	-		11,273	3,835	6,249	10,084	1.12	
2019	10,278	-		10,278	4,025	6,077	10,102	1.02	
2020**	12,097	2		12,095	4,225	5,916	10,141	1.19	

Pledged revenues consist of casino and racetrack gaming revenues.

** The outstanding revenue bonds were refunded.

IJOBS - 2016

	Less:			Net Available		Debt Service			Coverage
	Gross Revenues	Operating Expenses		Revenues	Principal	Interest	Total		
2017	\$ 32,633	\$ -		\$ 32,633	\$ 18,735	\$ 10,374	\$ 29,109	1.12	
2018	32,537	-		32,537	17,155	11,951	29,106	1.12	
2019	29,614	-		29,614	18,015	11,093	29,108	1.02	
2020	34,722	7		34,715	18,915	10,192	29,107	1.19	
2021	37,653	5		37,648	19,860	9,246	29,106	1.29	
2022	36,108	1		36,107	20,720	8,385	29,105	1.24	
2023	36,098	7		36,091	21,755	7,349	29,104	1.24	
2024	36,493	-		36,493	22,850	6,262	29,112	1.25	
2025	36,098	7		36,091	23,990	5,119	29,109	1.24	

Pledged revenues consist of casino and racetrack gaming revenues.

IJOBS - 2019

	Less:			Net Available		Debt Service			Coverage
	Gross Revenues	Operating Expenses		Revenues	Principal	Interest	Total		
2020	\$ 8,355	\$ 2		\$ 8,353	\$ -	\$ 7,004	\$ 7,004	1.19	
2021	9,293	1		9,292	-	7,184	7,184	1.29	
2022	8,913	-		8,913	-	7,184	7,184	1.24	
2023	8,910	1		8,909	-	7,184	7,184	1.24	
2024	9,005	-		9,005	-	7,184	7,184	1.25	
2025	8,910	2		8,908	-	7,184	7,184	1.24	

Pledged revenues consist of casino and racetrack gaming revenues.

IJOBS - 2020

	Less:			Net Available		Debt Service			Coverage
	Gross Revenues	Operating Expenses		Revenues	Principal	Interest	Total		
2021	\$ 8,080	\$ 1		\$ 8,079	\$ 3,130	\$ 3,116	\$ 6,246	1.29	
2022	9,999	-		9,999	3,675	4,385	8,060	1.24	
2023	9,992	2		9,990	3,855	4,201	8,056	1.24	
2024	10,088	-		10,088	4,040	4,008	8,048	1.25	
2025	9,992	2		9,990	4,245	3,806	8,051	1.24	

Pledged revenues consist of casino and racetrack gaming revenues.

(continued on next page)

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

Schedule 9

Governmental Activities - General Fund
(Expressed in Thousands)

Vision Iowa

				Debt Service			
	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Principal	Interest	Total	Coverage
2016	\$ 15,987	\$ 3	\$ 15,984	\$ 11,645	\$ 4,339	\$ 15,984	1.00
2017	16,018	8	16,010	12,295	3,709	16,004	1.00
2018	16,019	3	16,016	12,980	3,036	16,016	1.00
2019	16,050	3	16,047	13,715	2,332	16,047	1.00
2020**	16,026	3	16,023	14,445	1,578	16,023	1.00

Pledged revenues consist of casino and racetrack gaming revenues.

** Bonds matured.

Iowa Utilities Board and Consumer Advocate State Building

				Debt Service			
	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Principal	Interest	Total	Coverage
2016	\$ 1,064	\$ -	\$ 1,064	\$ 535	\$ 529	\$ 1,064	1.00
2017	1,062	-	1,062	560	502	1,062	1.00
2018	1,064	-	1,064	590	474	1,064	1.00
2019	1,064	-	1,064	620	444	1,064	1.00
2020**	1,060	-	1,060	650	404	1,054	1.01

Pledged revenues are from utility company assessments.

**The outstanding revenue bonds were refunded.

Iowa Utilities Board & Consumer Advocate State Building 2020

				Debt Service			
	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Principal	Interest	Total	Coverage
2021	\$ 879	\$ -	\$ 879	\$ 740	\$ 139	\$ 879	1.00
2022	881	-	881	759	122	881	1.00
2023	881	-	881	774	107	881	1.00
2024	881	-	881	788	93	881	1.00
2025	884	-	884	803	78	881	1.00

Pledged revenues are from utility company assessments.

Prison Infrastructure 2010

				Debt Service			
	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Principal	Interest	Total	Coverage
2016	\$ 11,853	\$ 4	\$ 11,849	\$ 5,855	\$ 5,994	\$ 11,849	1.00
2017	10,698	5	10,693	9,120	1,573	10,693	1.00
2018	10,696	4	10,692	9,445	1,247	10,692	1.00
2019	10,700	4	10,696	9,795	901	10,696	1.00
2020**	10,700	4	10,696	10,235	461	10,696	1.00

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

** Bonds matured.

Prison Infrastructure 2016

				Debt Service			
	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Principal	Interest	Total	Coverage
2017	\$ 3,513	\$ -	\$ 3,513	\$ -	\$ 3,513	\$ 3,513	1.00
2018	3,990	-	3,990	-	3,990	3,990	1.00
2019	3,990	-	3,990	-	3,990	3,990	1.00
2020	3,990	-	3,990	-	3,990	3,990	1.00
2021	13,790	-	13,790	9,800	3,990	13,790	1.00
2022	13,790	-	13,790	10,290	3,500	13,790	1.00
2023	13,790	-	13,790	10,805	2,985	13,790	1.00
2024	13,790	-	13,790	11,345	2,445	13,790	1.00
2025	14,315	-	14,315	11,910	1,878	13,788	1.04

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

(continued on next page)

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

Schedule 9

Governmental Activities - Special Revenue Funds
(Expressed in Thousands)

Tobacco Settlement Authority				Debt Service						
Gross Revenues		Less: Operating Expenses	Net Available Revenues	Principal	Interest	Total	Coverage			
2016	\$ 69,218	\$ 1,054	\$ 68,164	\$ 14,415	\$ 39,881	\$ 54,296	1.26			
2017	68,541	1,216	67,325	13,935	38,944	52,879	1.27			
2018	53,559	1,778	51,781	2,955	38,038	40,993	1.26			
2019	52,180	467	51,713	3,345	37,846	41,191	1.26			
2020	51,978	612	51,366	3,350	37,629	40,979	1.25			
2021**	52,930	538	52,392	-	18,706	18,706	2.80			

* 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.

** The outstanding revenue bonds were refunded.

Tobacco Settlement Authority 2021				Debt Service						
Gross Revenues		Less: Operating Expenses	Net Available Revenues	Principal	Interest	Total	Coverage			
2021**	\$ 41,286	\$ 1,293	\$ 39,993	\$ 30,665	\$ 1,964	\$ 32,629	1.23			
2022**	41,516	1,262	40,254	25,705	14,610	40,315	1.00			
2023**	44,097	1,300	42,797	28,520	14,138	42,658	1.00			
2024	146,301	1,340	144,961	134,205	13,136	147,341	0.98			
2025	44,292	1,364	42,928	34,654	9,659	44,313	0.97			

* Due to implementation of GASB Statement No. 48, the Tobacco Settlement Authority did not report tobacco settlement revenues. All tobacco settlement revenues were reported in the Tobacco Collections Fund and funds were advanced to the Tobacco Settlement Authority for debt repayment. The amount shown represents the amount advanced and interest income. The advance was paid down to zero in FY2023, as a result funds are transferred from the Tobacco Collections Fund to the Tobacco Settlement Authority beginning FY2024.

** Certain amounts have been revised to reflect changes made by the Authority.

(continued on next page)

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

Schedule 9

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

Residence/Dormitory Building Revenue Bonds				Debt Service*			
	Gross Revenues	Less: Operating Expenses*	Net Available Revenues	Principal	Interest	Total	Coverage
2016	\$ 226,911	\$ 156,044	\$ 70,867	\$ 25,339	\$ 9,314	\$ 34,653	2.05
2017	228,397	159,745	68,652	25,574	9,784	35,358	1.94
2018	227,522	163,152	64,370	25,689	10,715	36,404	1.77
2019	219,133	151,616	67,517	26,169	9,799	35,968	1.88
2020	204,090	136,761	67,329	24,157	9,265	33,422	2.01
2021	176,644	124,619	52,025	15,430	15,137	30,567	1.70
2022	184,104	129,848	54,256	21,845	10,074	31,919	1.70
2023	203,338	139,521	63,817	23,480	9,314	32,794	1.95
2024	222,210	158,196	64,014	23,330	8,531	31,861	2.01
2025	236,468	164,412	72,056	22,475	7,753	30,228	2.38

Athletic/Multipurpose/Academic Facilities Revenue Bonds				Debt Service*			
	Gross Revenues*	Less: Operating Expenses*	Net Available Revenues	Principal	Interest	Total	Coverage
2016	\$ 92,519	\$ 23,735	\$ 68,784	\$ 9,745	\$ 6,958	\$ 16,703	4.12
2017	97,974	22,067	75,907	9,845	6,562	16,407	4.63
2018	115,210	21,011	94,199	11,615	6,412	18,027	5.23
2019	124,144	22,037	102,107	14,225	8,586	22,811	4.48
2020	124,842	26,243	98,599	14,055	9,119	23,174	4.25
2021	71,778	11,179	60,599	15,745	9,853	25,598	2.37
2022	133,442	31,508	101,934	15,510	9,537	25,047	4.07
2023	135,950	25,214	110,736	15,480	8,950	24,430	4.53
2024††	148,237	27,757	120,480	17,025	8,433	25,458	4.73
2025	158,523	23,923	134,600	17,800	7,842	25,642	5.25

Telecommunications Revenue Bonds				Debt Service*			
	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Principal	Interest	Total	Coverage
2016	\$ 26,065	\$ 19,537	\$ 6,528	\$ 1,160	\$ 1,252	\$ 2,412	2.71
2017	24,666	18,639	6,027	1,190	1,219	2,409	2.50
2018	23,857	17,255	6,602	1,215	1,183	2,398	2.75
2019	24,001	18,217	5,784	1,255	1,147	2,402	2.41
2020	24,271	18,747	5,524	1,305	1,108	2,413	2.29
2021	28,671	21,415	7,256	530	1,019	1,549	4.68
2022	25,996	20,251	5,745	365	867	1,232	4.66
2023	27,935	20,656	7,279	760	810	1,570	4.64
2024	28,942	21,930	7,012	1,440	772	2,212	3.17
2025	31,250	20,735	10,515	1,530	700	2,230	4.72

Student Health Facility Revenue Bonds				Debt Service*			
	Gross Revenues	Less: Operating Expenses*	Net Available Revenues	Principal	Interest	Total	Coverage
2016	\$ 3,719	\$ 3,356	\$ 363	\$ 210	\$ 42	\$ 252	1.44
2017	3,930	3,608	322	215	37	252	1.28
2018	3,998	3,725	273	215	33	248	1.10
2019	4,139	3,866	273	220	29	249	1.10
2020	3,736	3,236	500	225	24	249	2.01
2021	3,902	3,604	298	230	20	250	1.19
2022	3,519	3,330	189	235	15	250	0.76
2023	3,259	2,977	282	240	11	251	1.12
2024†	3,251	3,251	-	245	6	251	0.00

(continued on next page)

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

Schedule 9

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

Utility System Revenue Bonds

	Less:			Net Available		Debt Service*			Coverage
	Gross Revenues*	Operating Expenses*	Revenues	Principal	Interest	Total			
2016	\$ 133,687	\$ 86,424	\$ 47,263	\$ 11,405	\$ 7,386	\$ 18,791	2.52		
2017	136,677	96,620	40,057	11,725	7,187	18,912	2.12		
2018	139,436	93,268	46,168	13,590	7,514	21,104	2.19		
2019	153,198	100,209	52,989	15,115	7,912	23,027	2.30		
2020	49,734	37,802	11,932	3,965	2,065	6,030	1.98		
2021	49,054	34,868	14,186	4,590	2,419	7,009	2.02		
2022	51,552	41,758	9,794	4,700	2,259	6,959	1.41		
2023	55,482	46,428	9,054	4,825	2,092	6,917	1.31		
2024	56,718	42,155	14,563	4,965	1,915	6,880	2.12		
2025	60,867	42,584	18,283	4,860	1,833	6,693	2.73		

Parking System Revenue Bonds

	Less:			Net Available		Debt Service*			Coverage
	Gross Revenues*	Operating Expenses	Revenues	Principal	Interest	Total			
2016	\$ 25,366	\$ 13,531	\$ 11,835	\$ 3,220	\$ 1,832	\$ 5,052	2.34		
2017	26,907	13,974	12,933	3,205	1,743	4,948	2.61		
2018	26,884	14,487	12,397	3,310	1,656	4,966	2.50		
2019	28,153	16,400	11,753	3,345	1,564	4,909	2.39		
2020	23,938	12,792	11,146	2,700	1,473	4,173	2.67		
2021	22,809	12,384	10,425	2,775	1,399	4,174	2.50		
2022	27,028	12,102	14,926	2,860	1,324	4,184	3.57		
2023	23,545	10,119	13,426	2,595	1,246	3,841	3.50		
2024	28,980	10,431	18,549	2,670	1,174	3,844	4.83		
2025	28,785	11,016	17,769	2,725	1,099	3,824	4.65		

Recreational/Regulated Materials Facility Revenue Bonds

	Less:			Net Available		Debt Service*			Coverage
	Gross Revenues	Operating Expenses	Revenues	Principal	Interest	Total			
2016	\$ 46,479	\$ 13,668	\$ 32,811	\$ 3,870	\$ 4,975	\$ 8,845	3.71		
2017	50,828	14,864	35,964	3,816	5,086	8,902	4.04		
2018	56,196	15,543	40,653	4,250	3,949	8,199	4.96		
2019	54,971	15,172	39,799	4,900	3,548	8,448	4.71		
2020	47,683	14,889	32,794	5,150	3,414	8,564	3.83		
2021	38,151	12,114	26,037	4,950	3,262	8,212	3.17		
2022	38,481	12,968	25,513	5,110	3,109	8,219	3.10		
2023	41,906	14,130	27,776	5,335	2,941	8,276	3.36		
2024	43,848	14,859	28,989	5,550	2,751	8,301	3.49		
2025	46,548	15,629	30,919	5,440	2,553	7,993	3.87		

Memorial/Maucker Union Revenue Bonds

	Less:			Net Available		Debt Service*			Coverage
	Gross Revenues*	Operating Expenses*	Revenues	Principal	Interest	Total			
2016	\$ 32,317	\$ 23,091	\$ 9,226	\$ 2,285	\$ 816	\$ 3,101	2.98		
2017	32,403	23,473	8,930	2,330	771	3,101	2.88		
2018	34,193	24,029	10,164	2,375	724	3,099	3.28		
2019	37,697	26,629	11,068	2,425	674	3,099	3.57		
2020	34,414	21,902	12,512	2,510	617	3,127	4.00		
2021	31,067	18,289	12,778	2,570	553	3,123	4.09		
2022	20,674	6,283	14,391	2,620	659	3,279	4.39		
2023***	22,530	6,344	16,186	2,160	712	2,872	5.64		
2024	36,989	5,000	31,989	2,235	636	2,871	11.14		
2025	43,857	5,296	38,561	2,325	555	2,880	13.39		

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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)

Hospital Revenue Bonds				Debt Service*			
	Gross Revenues*	Less: Operating Expenses*	Net Available Revenues	Principal	Interest	Total	Coverage
2016	\$ 1,456,666	\$ 1,276,516	\$ 180,150	\$ 11,510	\$ 13,023	\$ 24,533	7.34
2017	1,502,410	1,385,284	117,126	8,190	10,925	19,115	6.13
2018	1,666,437	1,364,481	301,956	11,990	10,949	22,939	13.16
2019	1,834,928	1,633,577	201,351	12,815	11,469	24,284	8.29
2020	1,939,629	1,778,270	161,359	13,440	12,999	26,439	6.10
2021	2,158,883	1,965,411	193,472	14,745	11,985	26,730	7.24
2022	2,631,533	2,098,341	533,192	8,980	6,900	15,880	33.58
2023	2,820,605	2,275,335	545,270	11,670	22,256	33,926	16.07
2024	3,024,754	2,531,601	493,153	18,485	22,898	41,383	11.92
2025	3,447,676	3,056,374	391,302	19,305	21,994	41,299	9.47

Center For University Advancement Revenue Bonds				Debt Service*			
	Gross Revenues*	Less: Operating Expenses	Net Available Revenues	Principal	Interest	Total	Coverage
2016	\$ 869	\$ -	\$ 869	\$ 725	\$ 144	\$ 869	1.00
2017	851	-	851	740	111	851	1.00
2018	856	-	856	780	76	856	1.00
2019**	864	-	864	825	39	864	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.

** The outstanding revenue bonds were refunded.

*** UNI Maucker Union Revenue Bond was paid off in FY2023.

† UNI Student Health Facility Revenue bond matured in FY2024.

†† UNI Field House Revenue Bond matured in FY2024.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Population (in thousands)	3,124	3,135	3,146	3,156	3,155	3,189	3,193	3,205	3,207	3,242
Personal income (in millions)	\$ 140,501	\$ 146,685	\$ 144,691	\$ 154,091	\$ 166,070	\$ 169,182	\$ 182,525	\$ 195,292	\$ 201,333	\$ 206,072
Per capita personal income	\$ 44,971	\$ 46,794	\$ 45,996	\$ 48,823	\$ 52,636	\$ 53,057	\$ 57,163	\$ 60,938	\$ 62,779	\$ 63,573
Resident civilian labor force & employment (annual averages)										
Civilian labor force (in thousands)	1,701.3	1,701.0	1,678.5	1,686.8	1,739.0	1,682.3	1,676.1	1,717.0	1,709.4	1,713.1
Resident employment (in thousands)	1,638.9	1,638.3	1,626.0	1,644.3	1,691.0	1,595.8	1,605.2	1,670.0	1,659.1	1,660.9
Resident unemployed (in thousands)	62.5	62.4	52.5	42.6	47.8	86.4	70.9	47.0	50.3	52.2
Percent unemployed	3.7	3.7	3.1	2.5	2.7	5.1	4.2	2.7	2.9	3.0
Employment by industry, non-agricultural (in thousands)										
Construction	78.6	80.9	76.2	77.4	78.1	76.6	77.7	81.2	83.1	84.6
Manufacturing	216.1	213.3	216.3	223.0	226.2	216.6	217.7	223.8	226.7	222.4
Trade, transportation & utilities	316.0	316.2	314.8	312.8	310.3	300.9	308.4	312.8	311.9	311.8
Information	24.7	22.6	22.0	22.0	21.3	19.1	18.9	19.1	18.6	18.0
Financial activities	105.7	108.5	109.2	109.1	109.7	109.3	108.9	108.5	108.2	106.1
Professional & business	139.2	138.6	139.4	140.9	139.3	134.9	139.6	145.8	146.1	145.9
Education & health	225.0	228.6	231.6	234.7	235.2	224.2	225.3	227.7	233.9	240.1
Leisure & hospitality	139.7	142.6	143.5	143.8	144.7	118.4	128.4	137.0	140.6	143.1
Other services	62.4	61.7	59.9	60.0	60.9	56.7	57.0	57.9	58.2	57.9
Government	254.8	257.9	260.3	260.5	260.3	251.9	253.7	257.2	263.0	266.6
Total non-agricultural employment	1,562.2	1,570.9	1,573.2	1,584.2	1,586.0	1,508.6	1,535.6	1,571.0	1,590.3	1,596.5

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 2024

Rank	Employer	Type of Business
1	Hy-Vee Food Stores	Retail Food
2	Wal-Mart Stores Inc	Retail General Merchandise
3	John Deere Shared Services Inc	Machinery Manufacturing
4	Wells Fargo Bank Na	Financial Activities
5	Caseys General Stores	Convenience Stores
6	Fareway Stores Inc	Retail Food
7	Rockwell Collins Inc	Equipment Manufacturing
8	Mercy Hospital Medical Center	Health Care Services
9	Amazon.com Services Inc	Warehousing
10	Tyson Fresh Meats Inc	Food Manufacturing

CALENDAR YEAR 2015

Rank	Employer	Type of Business
1	Hy-Vee Food Stores	Retail Food
2	Wal-Mart	Retail General Merchandise
3	Wells Fargo	Financial Activities
4	Mercy Health	Health Care Services
5	Deere and Company	Machinery Manufacturing
6	Casey's General Store	Convenience Stores
7	Rockwell Collins	Equipment Manufacturing
8	Tyson Fresh Meats	Food Manufacturing
9	Fareway Food Stores	Retail Food
10	Principal Financial Group	Finance & Insurance

Source: Iowa Workforce Development

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

STATE OF IOWA
Significant Classes of Capital Assets by Function
 Capital Intensive Departments Only
 For the Last Ten Fiscal Years

Schedule 12

	2016	2017	2018	2019	2020	2021	2022	2023	2024 **	2025
ADMINISTRATION & REGULATION **										
Department of Administrative Services										
Land (acres)	138	138	150	150	150	150	150	150	165	168
Buildings & improvements (square footage)	2,558,182	2,489,205	2,468,257	2,468,257	2,468,257	2,468,257	2,468,257	2,468,257	2,639,770	2,639,770
Machinery & equipment	321	300	282	284	275	270	288	413	507	506
Alcoholic Beverages Division										
Land (acres)	15	15	15	15	15	15	15	15	N/A	N/A
Buildings & improvements (square footage)	181,966	181,966	181,996	181,996	206,996	206,996	206,996	206,996	N/A	N/A
Department of Revenue										
Land (acres)	N/A	18	15							
Buildings & improvements (square footage)	N/A	246,748	206,996							
Machinery & equipment	N/A	366	76							
EDUCATION										
Iowa PBS										
Land (acres)	208	209	209	209	209	209	201	201	201	201
Buildings & improvements (square footage)	75,500	75,500	75,500	75,500	75,500	75,500	70,037	70,037	70,037	70,037
Machinery & equipment	797	786	780	786	776	739	720	797	792	795
Iowa Educational Services for the Blind & Visually Impaired										
Buildings & improvements (square footage) *	190,612	190,612	190,612	190,612	190,612	-	-	-	-	-
Iowa School for the Deaf										
Buildings & improvements (square footage)	407,426	407,426	407,426	407,426	407,426	407,426	407,426	407,426	407,426	-
HEALTH & HUMAN RIGHTS **										
Department for the Blind										
Buildings & improvements (square footage)	100,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	N/A	N/A
Machinery & equipment	177	176	166	167	183	246	234	261	N/A	N/A
Veterans Home										
Land (acres)	158	158	158	158	158	158	158	158	N/A	N/A
Buildings & improvements (square footage)	891,811	891,811	909,073	909,073	909,073	909,073	909,073	909,073	N/A	N/A
Machinery & equipment	629	640	720	789	790	811	800	798	N/A	N/A
Department of Public Health										
Machinery & equipment	593	502	553	417	453	575	690	912	N/A	N/A
HUMAN SERVICES **										
Department of Human Services & Institutions										
Land (acres)	1,965	1,965	1,965	1,757	1,757	1,757	1,752	1,752	N/A	N/A
Buildings & improvements (square footage)	4,222,668	3,448,804	3,448,804	3,448,804	3,376,656	3,376,656	3,376,656	3,234,336	N/A	N/A
Machinery & equipment	1,823	1,738	1,728	1,740	1,526	1,524	1,532	1,532	N/A	N/A
HEALTH & HUMAN SERVICES **										
Department of Health & Human Services										
Land (acres)	N/A	1,752	1,521							
Buildings & improvements (square footage)	N/A	3,263,736	2,213,388							
Machinery & equipment	N/A	2,045	1,575							
Department for the Blind										
Buildings & improvements (square footage)	N/A	120,000	119,000							
Machinery & equipment	N/A	293	306							
Veterans Home										
Land (acres)	N/A	158	158							
Buildings & improvements (square footage)	N/A	909,073	909,073							
Machinery & equipment	N/A	841	861							

(continued on next page)

STATE OF IOWA
Significant Classes of Capital Assets by Function
Capital Intensive Departments Only
For the Last Ten Fiscal Years
(continued)

Schedule 12

	2016	2017	2018	2019	2020	2021	2022	2023	2024 **	2025
JUSTICE & PUBLIC DEFENSE **										
Department of Corrections & Correctional Facilities										
Land (acres) ***	128	128	128	128	128	128	128	128	128	128
Buildings & improvements (square footage)	4,685,047	5,328,016	5,304,224	5,306,324	5,303,181	5,304,643	5,304,615	5,304,615	5,003,617	5,003,617
Machinery & equipment	2,181	1,922	2,278	2,320	2,299	2,364	2,443	2,469	2,503	2,546
Department of Corrections - Judicial Districts										
Land (acres)	68	68	68	68	68	68	68	74	58	58
Buildings & improvements (square footage)	663,203	663,203	663,203	663,203	663,183	663,203	663,203	666,187	664,543	664,543
Machinery & equipment	336	338	354	340	334	346	373	381	437	447
Department of Public Defense										
Land (acres)	2,769	2,994	3,113	3,121	3,121	3,293	3,344	3,344	3,344	3,258
Buildings & improvements (square footage)	2,857,147	2,807,365	2,815,120	2,723,484	2,611,437	2,611,437	2,723,744	2,723,774	2,723,744	2,971,421
Machinery & equipment	490	496	493	488	530	549	599	597	627	664
Department of Homeland Security & Emergency Management										
Machinery & equipment	143	185	222	283	303	298	589	613	643	897
Department of Public Safety										
Land (acres)	60	60	60	60	60	60	60	60	60	65
Buildings & improvements (square footage)	151,160	151,160	151,160	151,160	151,160	162,584	162,584	162,584	162,584	355,441
Machinery & equipment	2,122	2,098	2,112	2,206	2,303	2,931	3,096	2,870	3,570	3,636
ECONOMIC DEVELOPMENT **										
Iowa Workforce Development										
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	234	185	181	184	177	180	184	194	166	112
TRANSPORTATION										
Department of Transportation										
Land (acres)	4,580	4,233	3,984	4,082	3,908	3,881	3,796	3,668	3,695	3,726
Buildings & improvements (square footage)	2,590,038	2,565,443	2,604,705	2,618,644	2,625,310	2,634,956	2,634,956	2,731,307	2,772,143	3,635,228
Highway lane miles	237,637	238,364	236,814	236,968	231,690	237,397	237,581	237,045	237,971	238,099
Heavy equipment	6,695	6,779	7,102	7,407	7,878	8,202	8,072	8,252	8,461	8,527
Machinery & equipment ***	3,839	3,901	3,952	4,055	4,124	4,183	4,095	3,882	3,937	3,999
AGRICULTURE & NATURAL RESOURCES										
Department of Natural Resources										
Land (acres)	184,546	189,678	192,337	196,322	200,304	202,830	206,024	207,644	210,137	214,267
Buildings & improvements (square footage)	850,613	859,335	901,579	911,063	917,092	909,456	907,744	907,515	919,048	918,829
State parks	71	72	72	72	72	72	72	72	72	70
Wildlife management areas	16	16	16	16	16	16	16	16	16	16
Machinery & equipment ***	2,265	2,217	2,118	2,184	2,245	2,327	2,405	2,510	2,552	2,802

Source: Information provided by the Departments.

* Iowa Educational Services for the Blind & Visually Impaired (formerly Iowa Braille & Sight Saving School) sold all buildings in 2021

** Fiscal year 2024 reflects changes due to state government alignment in accordance with SF 514 and SF 513. Within Administration & Regulation, the Department of Revenue includes the Alcoholic Beverages Division and the Iowa Lottery Division. Health & Human Services replaced Health & Human Rights and Human Services. Within Health & Human Services, the Department of Health & Human Services includes Department of Public Health, previously reported under Health & Human Rights. Within Justice & Public Defense, Department of Corrections - Judicial Districts previously were reported as Judicial Districts. Within Economic Development, Iowa Workforce Development includes Iowa Vocational Rehabilitation Services. Fiscal year 2023 was not restated.

*** Department of Corrections & Correction Facilities' land was revised to exclude noncapitalized land in fiscal years 2015-2023. Machinery & equipment was revised to include boats, resulting in changes for the Department of Transportation in fiscal years 2022-2023 and the Department of Natural Resources in fiscal years 2021-2023.

N/A Not applicable.

STATE OF IOWA
Operating Indicators by Function
For the Last Ten Fiscal Years or as Identified

Schedule 13

	2016	2017	2018	2019	2020	2021	2022	2023	2024 **	2025
ADMINISTRATION & REGULATION										
<i>Department of Administrative Services</i>										
State employees covered by benefit plans	17,602	17,224	16,474	16,333	16,459	16,484	16,893	17,280	17,651	19,068
Number of State payroll warrants processed *	488,231	461,197	441,669	440,578	444,908	447,035	465,693	481,996	494,112	516,400
EDUCATION										
<i>Department of Education</i>										
Enrollment:										
Public schools	483,451	485,147	486,264	487,651	490,094	484,159	485,630	486,476	483,699	480,665
Universities	80,132	81,899	80,066	77,860	75,128	71,795	69,848	68,933	69,240	70,494
Community colleges	93,074	91,430	90,531	89,894	88,375	83,109	81,749	82,251	85,362	86,582
HEALTH & HUMAN RIGHTS **										
<i>Department for the Blind</i>										
Number of clients served	6,150	6,835	7,284	6,840	6,745	6,601	6,665	6,595	N/A	N/A
HUMAN SERVICES **										
<i>Department of Human Services</i>										
Average number of residents/patients	680	668	646	630	614	541	549	523	N/A	N/A
Average number of Medicaid recipients	416,285	424,916	423,924	428,601	427,797	468,144	499,016	528,527	N/A	N/A
HEALTH & HUMAN SERVICES **										
<i>Department of Health & Human Services</i>										
Average number of residents/patients	N/A	470	424							
Average number of Medicaid recipients	N/A	446,393	415,486							
<i>Department for the Blind</i>										
Number of clients served	N/A	6,475	6,561							
JUSTICE & PUBLIC DEFENSE **										
<i>Department of Corrections</i>										
Average number of inmates	9,742	9,865	9,902	10,034	9,663	7,527	9,285	9,487	9,811	8,315
<i>Department of Public Safety</i>										
Vehicles weighed (in thousands, federal fiscal year)	N/A	766	906							
ECONOMIC DEVELOPMENT										
<i>Iowa Workforce Development</i>										
Number of unemployment claims accepted (calendar year)	88,566	79,125	74,064	78,695	315,701	75,639	51,596	55,395	67,087	INA
Unemployment insurance regular benefits paid (in millions, calendar year)	423.5	402.6	364.7	381.8	1,254.2	404.7	253.9	260.5	316.4	INA
TRANSPORTATION **										
<i>Department of Transportation</i>										
Automobile driver licenses issued	873,457	793,156	1,000,189	991,867	793,587	754,178	677,678	799,702	786,793	831,114
Vehicles weighed (in thousands, federal fiscal year)	760	880	890	755	571	546	834	873	N/A	N/A
AGRICULTURE & NATURAL RESOURCES										
<i>Department of Natural Resources</i>										
Hunting & fishing licenses issued	1,935,104	1,431,849	1,431,008	1,452,288	1,629,460	1,233,878	1,058,416	1,067,457	1,114,519	1,124,817

Source: Information provided by Departments.

* Centralized State Payroll system only - excludes the Universities, Department of Transportation, Judicial Districts and certain other departments.

** Fiscal year 2024 reflects changes due to state government alignment in accordance with SF 514 and SF513. Health & Human Services replaced Health & Human Rights and Human Services.

N/A Not applicable.

INA Information not available.

STATE OF IOWA
Number of Employees - Primary Government
For the Last Ten Fiscal Years

Schedule 14

	2016	2017	2018	2019	2020	2021	2022	2023	2024 ⁽¹⁾	2025
Administration & regulation	1,925	1,928	1,924	1,904	1,921	1,917	2,092	2,320	3,187	3,474
Education	1,028	1,018	1,092	1,080	1,117	1,075	1,119	1,189	505	745
Health & human rights	1,767	1,801	1,620	1,637	1,632	1,625	1,713	1,807	N/A	N/A
Human services	4,838	4,689	4,450	4,235	4,251	4,309	4,274	4,349	N/A	N/A
Health & human services	N/A	5,787	5,652							
Justice & public defense	6,195	6,059	5,769	5,761	5,891	5,871	5,915	6,278	6,240	7,445
Economic development	662	663	644	607	629	644	678	692	1,019	1,027
Transportation	2,992	2,913	2,833	2,703	2,760	2,833	2,837	2,837	2,414	2,425
Agriculture & natural resources	1,449	1,433	1,333	1,407	1,444	1,417	1,505	1,567	1,627	1,641
Universities	43,463	44,339	45,065	44,390	46,187	43,591	44,142	43,674	44,034	45,754
Other enterprise funds	171	174	174	164	253	168	177	175	230	173
Total primary government	64,490	65,017	64,904	63,888	66,085	63,450	64,452	64,888	65,043	68,336

Source: Department of Administrative Services

(1) Fiscal year 2024 reflects changes due to state government alignment in accordance with SF 514 and SF 513. Health & Human Services replaced Health & Human Rights and Human Services.

N/A Not applicable.

STATE OF IOWA
Schedule of Current Expenditures - General Fund
Year Ended June 30, 2025

Schedule 15

(Expressed in Thousands)

	Personal Services	Travel & Subsistence	Supplies	Contractual Services	Equipment & Repairs	Claims & Miscellaneous	Licenses Permits & Refunds	State Aid	Plant Improvement	Adjustments	Total Current Expenditures
Administration & regulation	\$ 219,514	\$ 7,877	\$ 7,091	\$ 217,416	\$ 13,399	\$ 1,625,776	\$ 56,077	\$ 934,219	\$ 28,804	\$ (1,258,005)	\$ 1,852,168
Education	63,117	2,556	8,716	62,091	3,583	279	4	5,053,864	4	(17,637)	5,176,577
Health & human services	516,392	7,460	42,364	636,980	35,992	1,500	4	11,366,855	-	(140,602)	12,466,945
Justice & public defense	808,304	22,665	50,557	244,771	54,069	10,533	41	248,214	28,022	(84,284)	1,382,892
Economic development	117,736	1,345	3,151	136,175	4,344	11,149	-	33,109	273	(8,014)	299,268
Transportation	275,511	1,995	69,429	193,394	42,164	2,091	2,441	118,843	1,473,990	(1,518,434)	661,424
Agriculture & natural resources	135,998	6,564	9,462	102,978	6,145	1,059	3	36,467	29,033	(39,467)	288,242
Total primary government	\$ 2,136,572	\$ 50,462	\$ 190,770	\$ 1,593,805	\$ 159,696	\$ 1,652,387	\$ 58,570	\$ 17,791,571	\$ 1,560,126	\$ (3,066,443)	\$ 22,127,516

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

ACKNOWLEDGMENTS

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**Department of
Administrative Services**

**Iowa Department of Administrative Services
State Accounting Enterprise**

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