

# State of Iowa

175 Years • Iowa Statehood  
100 Years • State of Iowa Flag



Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2021

**Cover: Dixie Cornell Gebhardt with the State of Iowa Flag  
Cira 1917**

Handwritten note by Dixie Cornell Gebhardt, "One picture is worth a thousand words. Original photo was taken by Hostetter Des Moines, upon request of Iowa's Governor. Flag used in above [front cover photo] is the Iowa flag presented by Iowa D.A.R. to Historical Society after World War I and never been replaced".

Dixie Cornell Gebhardt Scrapbooks, Volume I, inside cover, State Historical Society of Iowa, Des Moines. Cira 1917.

**Symbolism of Iowa's State Flag**

The State of Iowa was almost 75 years old when the General Assembly adopted an official state flag. On March 29, 1921 the Iowa Legislature accepted the design, made by Mrs. Dixie Cornell Gebhardt of Knoxville, Iowa, as the official Iowa State Flag.

Mrs. Gebhardt was asked to explain the significance of its symbols. She responded that she felt the flag should reflect the teachings of the Stars and Stripes, and, at the same time embrace the history of Iowaland from the Indian Era, its discovery by the French, its purchase from Napoleon by President Jefferson, its admission to the union and its present grandeur.

It should be so simple that every school child could recognize its symbolism and know that it meant "IOWA".

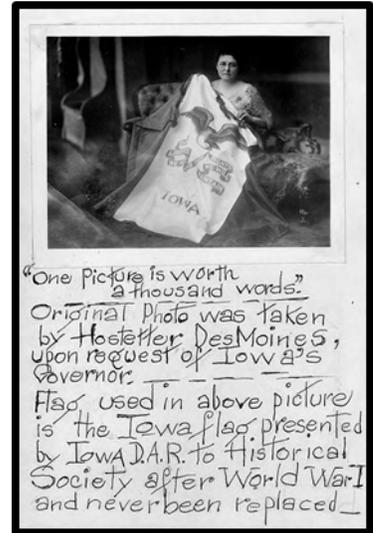
Blue, white and red are the colors. Those were the hues of France's Tricolor, the insignia of Iowaland until the Louisiana Purchase in 1803. And in reverse, of course, they are the colors of America's flag.

In Iowa's flag, a vertical blue panel is at the left and a red panel is at the right. For the sake of symmetry and clarity, the white panel at the center is twice as wide as the red and blue stripes and forms the background for the central design.

**Inspired By Seal**

For this design, Mrs. Gebhardt obtained inspiration from the Great Seal of Iowa. From that seal she selected the soaring eagle, our national bird, bearing in its beak blue streamers with Iowa's state motto - "Our liberties we prize and our rights we will maintain". Beneath in large crimson capitals, the name "IOWA", so christened by the Indians, meaning "Beautiful land".

"Thus", Mrs., Gebhardt explains, "we have a state flag of blue, white and red, with perhaps if we so desire, a touch of gold. As in our national emblem the red is for courage, zeal and fervency; the white for purity, clean living and rectitude of conduct; and the blue for loyalty, devotion, friendship, justice and truth".





**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

For the Fiscal Year  
Ended June 30, 2021

GOVERNOR:  
Kim Reynolds

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

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**STATE OF IOWA**

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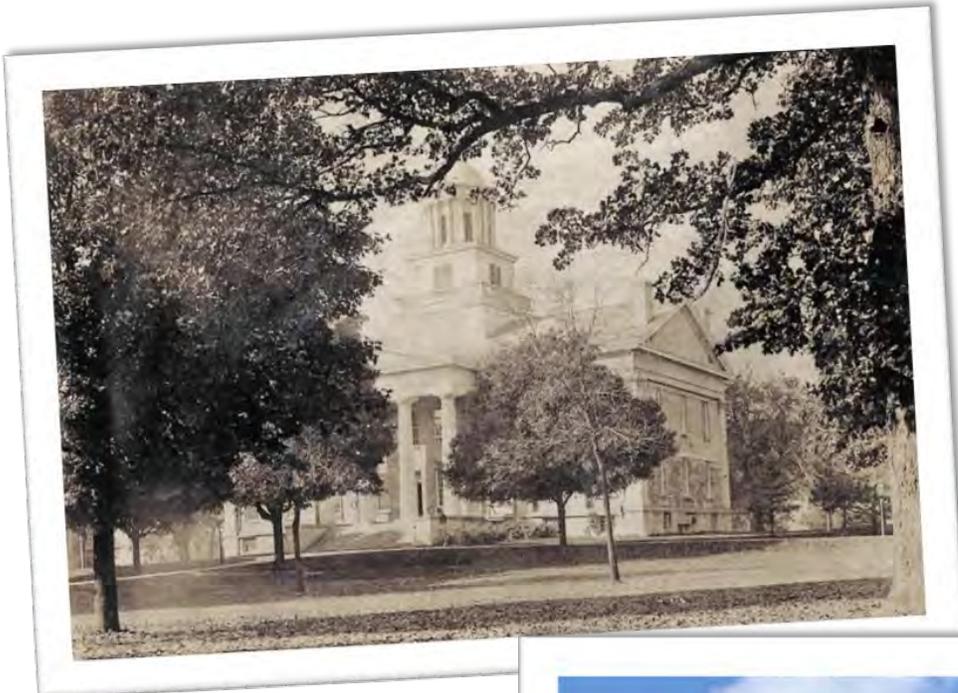
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## **ACKNOWLEDGMENTS**

# Celebrating 175 Years of Iowa Statehood 1846 - 2021



1846

Iowa State Capitol  
Iowa City, Iowa



2021

Iowa State Capitol  
Des Moines, Iowa

INTRODUCTORY  
SECTION



August 5, 2022

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

In accordance with Iowa Code Section 8A.502(8), we are pleased to submit the Annual Comprehensive Financial Report for the State of Iowa for the fiscal year ended June 30, 2021. 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 audit annually all departments of the State. The accompanying basic financial statements of the State of Iowa have been audited by the Auditor of State in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The Auditor of State's report appears elsewhere herein. In addition, the Auditor of State conducts a single audit under the requirements set forth in the Single Audit Act of 1984, the Single Audit Amendments of 1996 and 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 29<sup>th</sup> state in 1846. Iowa is a midsize state with a mid-continent location. It covers 56,272 square miles, making it the 26<sup>th</sup> largest state in the United States. The Mississippi River carves out Iowa's eastern border, while the flow of the Missouri River and Big Sioux River forms the western border. Iowa has a population of 3.19 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 37 agencies 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, Iowa Lottery Authority, University of Iowa Center for Advancement & Affiliate, Iowa State University Foundation, University of Northern Iowa Foundation, University of Iowa Research Foundation, and University of Iowa Health System. The reader is directed to Note 1.B in the Notes to the Financial Statements for a more complete description of the factors used to define the reporting entity.

**State Budget and Budgetary Controls.** The annual budgetary process serves as the foundation for the State's financial planning and control. Each year State departments submit budget requests to the Governor's Office by October 1. The State's budget is prepared by the Governor on an annual basis and is required to be submitted, along with proposed appropriation bills, to the General Assembly by 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**

### **COVID-19**

The outbreak of the COVID-19 pandemic has globally affected travel, commerce and financial markets, and is widely impacting economic growth worldwide. As vaccines have become available, markets are opening back up and economic growth is coming back. While not at the levels before the pandemic, all economic indicators are growing both nationally and at the State level.

### **National Economic Outlook 2021-2022**

During calendar year 2020, real gross domestic product reduced by 3.4 percent due to the COVID-19 pandemic, reflecting a decrease from calendar year 2019 growth of 2.3 percent. According to Moody's Analytics, the projection for gross domestic product growth in calendar year 2021 is for a growth of 5.8 percent and continued growth into calendar year 2022 of 4.3 percent.

Job growth has been impacted by the COVID-19 pandemic. During calendar year 2020, 5.7 million jobs were lost nationally. Projections provided by Moody's Analytics for calendar year 2021 are for a recovery of 2.8 million jobs, with growth to 3.9 million jobs in 2022.

### **State and Local Economy**

Iowa's economy is supported by a diverse mixture of industry, agriculture, services and government employment. In calendar year 2020, 17.3 percent of the State's gross domestic product was in manufacturing, down 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 25.6 percent during calendar year 2020, up from 20.7 percent 10 years ago. Agriculture has dropped slightly from 4.5 percent in 2010 to 3.8 percent in 2020. However, with the continued impact of the COVID-19 pandemic in calendar year 2020, Iowa's real gross domestic product decreased 2.3 percent, ranking Iowa 8th nationally. The United States' average reduction in real gross domestic product during the calendar year was 3.5 percent

**Personal Income.** Personal income, as reported by the U.S. Department of Commerce, for the nation increased 6.1 percent during calendar year 2020. Iowa's personal income rose 6.8 percent for calendar year 2020, ranking Iowa 18<sup>th</sup> in growth rate nationally.

**Employment.** Over the past 10 years, Iowa's unemployment rate has been below the national average. As of September 2021, the State's unemployment rate stood at 4.0 percent, while the national average stood at 4.8 percent. During calendar year 2020, nonfarm employment on a seasonally adjusted basis decreased a net 71,200 jobs as the impact from the COVID-19 pandemic swept across the nation impacting all sectors of the economy. During this time period, the leisure & hospitality sector lost 26,300 jobs, the education and health sector lost 10,900 jobs, the government sector lost 13,100 jobs and manufacturing lost 7,900 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 2020, according to the U.S. Census Bureau, the value of Iowa exports decreased 4.4 percent, after decreasing 8.0 percent in calendar year 2019 and increasing 7.1 percent in calendar year 2018.

For exported goods, Canada and Mexico remain Iowa's first and second best trading partners, respectively. In 2020, Iowa's agricultural export value was second only to California nationally

**Farmland Values.** The Federal Reserve Bank of Chicago, in their August 2021 public release, reported that farmland values for the Seventh Federal Reserve District (Chicago) had increased 14.0 percent from a year ago for the second quarter of 2021. Farmland values in Iowa increased 18.0 percent for the period July 1, 2020 to July 1, 2021. According to survey respondents, District farmland values were expected to keep rising in the near future.

**Manufacturing.** Iowa's manufacturing employment decreased from the 2019 average of 226,100 jobs to the 2020 average of 216,600 jobs. During calendar year 2020, durable goods products accounted for about 56.2 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**

**Tax Relief.** During the 2021 legislative session, the General Assembly passed and Governor Reynolds signed into law, SF 619 which provided \$300 million in income tax cuts by removing triggers, \$100 million in property tax relief by fully removing the mental health levy, and phase out the inheritance tax with complete removal by January 2025.

**Investing in Education.** The General Assembly passed and the Governor signed legislation ensuring every child and family in Iowa has an opportunity to attend school 100% in-person during the pandemic, allowing parents to make health care decisions for their children by prohibiting schools from requiring masks, expand charter schools, expanding open enrollment opportunities for families, invest a record \$3.418 billion in Prek-12 education, increase transportation equity and further reduce the pupil equity gap to \$145.

**Ensuring Universal Broadband.** The General Assembly passed and Governor Reynolds signed into law HF 867 which invests \$100 million in broadband to transform our infrastructure into a powerful network, enabling fast, high quality connectivity across the entire state and resulting in one of the most significant broadband build-outs in the nation.

## **AWARDS AND ACKNOWLEDGMENTS**

**Certificate of Achievement.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

**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.

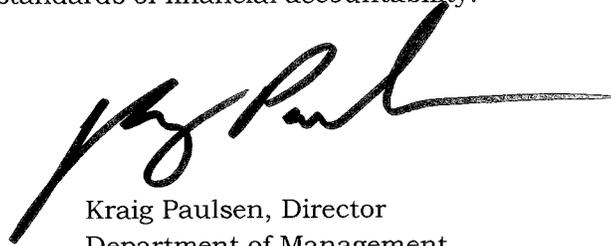
This report was accomplished through the professionalism and dedication of the staff in the Department of Management, the Department of Administrative Services – State Accounting Enterprise, the Auditor of State’s Office, and the financial and management personnel throughout State government.

This report, issued for the thirty-third 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,



Adam Steen, 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**

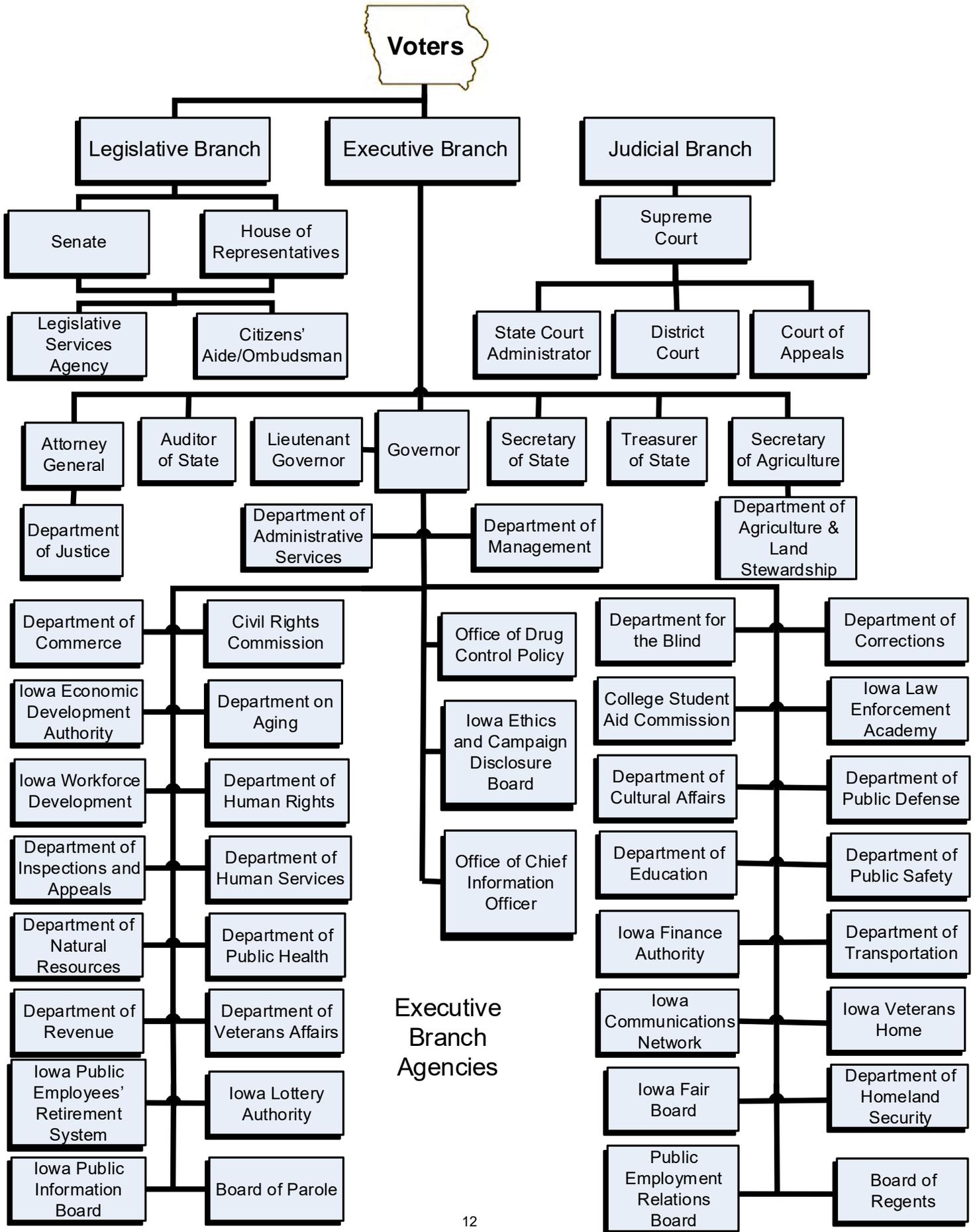
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morrill*

Executive Director/CEO

# State of Iowa Organizational Chart



# Principal Officials

as of June 30, 2021

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## Elected Officials

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GOVERNOR	-	<b>Kim Reynolds</b>
LIEUTENANT GOVERNOR	-	<b>Adam Gregg</b>
SECRETARY OF STATE	-	<b>Paul D. Pate</b>
AUDITOR OF STATE	-	<b>Rob Sand</b>
TREASURER OF STATE	-	<b>Michael L. Fitzgerald</b>
SECRETARY OF AGRICULTURE	-	<b>Mike Naig</b>
ATTORNEY GENERAL	-	<b>Thomas J. Miller</b>

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## Legislative Branch

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PRESIDENT OF THE SENATE	-	<b>Jake Chapman</b>
SPEAKER OF THE HOUSE OF REPRESENTATIVES	-	<b>Pat Grassley</b>

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## Judicial Branch

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CHIEF JUSTICE OF THE SUPREME COURT	-	<b>Susan Christensen</b>
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Crew working on excavation of  
Iowa State Capitol grounds.  
Des Moines, Iowa ca 1871



Crew laying foundation for Iowa's new State Capitol  
Building, Des Moines, Iowa 1871

State Historical Library and Archives of Iowa, State Historical Society of Iowa, Des Moines.

FINANCIAL  
SECTION



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834 Facsimile (515) 281-6518

Independent Auditor's Report

To the Governor and Members of the General Assembly:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the State's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tobacco Settlement Authority, which is a major fund and represents less than 1% of the assets, the net position and the revenues of the governmental activities. We did not audit the Iowa PBS Foundation and the Iowa Public Radio, Inc., which represent less than 1% of the assets, the net position and the revenues of the governmental activities and less than 1% of the assets, the net position and the revenues of 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 67%, 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 Public Radio, Inc., 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. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the 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.

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

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

### Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Iowa as of June 30, 2021, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### Other Matters

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the Proportionate Share of the Net Pension Liability, the Schedules of Changes in Net Pension Liability and Related Ratios, the Schedules of Contributions and the Schedules of Changes in Total OPEB Liability and Related Ratios on pages 19 through 33 and 146 through 166 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 Public Radio, Inc., the Iowa Finance Authority and the University of Iowa Health System have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to the auditor's inquiries, the basic financial statements and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

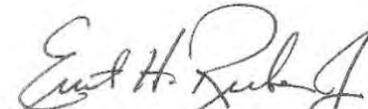
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Iowa's basic financial statements. The supplementary information identified in the Table of Contents and the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

Our report on the State of Iowa's internal control over financial reporting and other tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters required by Government Auditing Standards will be issued under separate cover. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

  
Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

August 5, 2022

## 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, 2021. Readers are encouraged to consider this information in conjunction with the letter of transmittal located at the front of the Annual Comprehensive Financial Report and the State's financial statements, which follow this section of the Annual Comprehensive Financial Report.

### FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

#### Government-wide Highlights

- The assets and deferred outflows of resources of the State of Iowa exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$22,475.4 million (net position). Of this amount, \$3,836.2 million (unrestricted net position) is available to be used to meet the State's ongoing obligations to citizens and creditors.
- Total net position increased \$2,354.4 million over the June 30, 2020 balance. Net position of governmental activities increased \$1,810.8 million, or 15.6%, while net position of business-type activities increased \$543.6 million, or 6.4%.
- In the State's governmental activities, revenues increased 13.2% to \$21,982.3 million while expenses increased 10.8% to \$19,477.8 million.
- For business-type activities, revenues increased 12.0% to \$8,176.9 million while expenses increased 5.2% to \$8,327.0 million.

#### Fund Highlights

- The State's governmental funds reported a combined ending fund balance of \$3,924.4 million, a \$1,084.0 million increase over the prior year. Of this amount, \$138.9 million represents nonspendable fund balances, \$838.1 million represents spendable restricted fund balances, \$3,389.1 million represents spendable committed fund balances and a negative \$441.8 million represents unassigned fund balances.
- The General Fund total fund balance increased \$1,101.1 million to \$3,752.7 million.
- The proprietary funds reported net position at year-end of \$9,290.3 million, an increase of \$573.0 million over the June 30, 2020 net position.

#### Long-term Debt

- The State's total long-term debt decreased \$137.4 million to \$3,115.2 million during the current fiscal year.

### 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, such as administration & regulation, education, health & human rights, human services, justice & public defense, economic development, transportation and agriculture & natural resources, are included in this category.
- *Business-type activities* – State operations such as the Universities and the Unemployment Benefits Fund that charge fees to external customers and function similarly to private 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)
  - Iowa Lottery 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 Research Foundation (Business-type)
  - University of Iowa Health System (Business-type)

Additional information about the State's component units is presented in NOTE 1-B of the Notes to the Financial Statements.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the State's most significant funds. The State has three types of funds:

- *Governmental funds* – Most of the basic services provided by the State are accounted for in governmental funds. Governmental funds use the modified accrual basis of accounting and the flow of current financial resources measurement focus. Modified accrual accounting is used to show the flow of financial assets of the funds and the balances available for spending at year-end. These statements provide a detailed *short-term* view that assists in determining whether there are adequate financial resources available to meet the current needs of the State. Because this information does not encompass the long-term focus of the government-wide statements, reconciliation schedules accompany the governmental funds statements. The General Fund, Tobacco Settlement Authority and Tobacco Collections Fund are the State's major governmental funds. Nonmajor governmental funds are reported by fund type in the Combining Financial Statements – Nonmajor Funds.
- *Proprietary funds* – Services for which the State charges customers a fee are generally reported in proprietary funds. Proprietary funds use the accrual basis of accounting and, like the government-wide statements, provide both long-term and short-term financial information.
  - The State's enterprise funds (one type of proprietary fund) are used to report activities, such as 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 Workers' Compensation Fund.

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

- *Fiduciary funds* – These funds are used to 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**

<b>Major Features of the State's Government-wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Scope</b>	Entire State government (except fiduciary funds) and the State's component units	The activities of the State that are not proprietary or fiduciary, such as Human Services and Transportation	Activities the State operated similar to private businesses; 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
<b>Required financial statements</b>	Statement of net position  Statement of activities	Balance sheet  Statement of revenues, expenditures, and changes in fund balances	Statement of net position  Statement of revenues, expenses, and changes in fund net position Statement of cash flows	Statement of fiduciary net position  Statement of changes in fiduciary net position
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, and capital assets
<b>Type of deferred outflow/inflow information</b>	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of fund balance that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

**Notes to the Financial Statements**

The notes provide additional information that is essential to fully understand the government-wide and fund financial statements. The notes also explain some of the information contained in the financial statements and present more detail than is practical in the financial statements.

**Required Supplementary Information**

In addition to this Management's Discussion and Analysis, Required Supplementary Information (RSI) includes the Budgetary Comparison Schedule. This schedule presents both the original and final appropriated budget for major funds. The Budgetary Comparison Schedule is accompanied by a Budget to GAAP Reconciliation and by Notes to

RSI. Schedules of Net Pension Liability and a Schedule of Contributions for each pension plan along with accompanying Notes to RSI and a Schedule of Changes in Total OPEB Liability and Related Ratios for each OPEB plan along with accompanying Notes to RSI are also presented.

## Supplementary Information

The Supplementary Information includes combining financial statements for non-major governmental funds, non-major enterprise funds, internal service funds and fiduciary funds, which are added together and presented in single columns in the basic financial statements.

## FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

### Net Position

The State's combined net position (governmental and business-type activities) totaled \$22,475.4 million at June 30, 2021, compared to \$20,121.0 million at June 30, 2020, as indicated in Table 2.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2020-2021
	2021	2020	2021	2020	2021	2020	
Current & other assets	\$ 6,506.7	\$ 5,792.5	\$ 7,738.1	\$ 7,053.2	\$ 14,244.8	\$ 12,845.7	10.9%
Capital assets	11,526.8	10,963.3	5,931.5	5,975.8	17,458.3	16,939.1	3.1%
Total assets	18,033.5	16,755.8	13,669.6	13,029.0	31,703.1	29,784.8	6.4%
Deferred outflows of resources	334.1	327.9	199.5	173.4	533.6	501.3	6.4%
Long-term liabilities	2,535.8	2,664.1	3,489.5	3,453.4	6,025.3	6,117.5	-1.5%
Other liabilities	2,117.6	2,565.2	1,180.9	1,076.2	3,298.5	3,641.4	-9.4%
Total liabilities	4,653.4	5,229.3	4,670.4	4,529.6	9,323.8	9,758.9	-4.5%
Deferred inflows of resources	305.7	256.7	131.8	149.5	437.5	406.2	7.7%
Net position:							
Net investment in capital assets	11,324.7	10,738.8	4,226.9	4,247.7	15,551.6	14,986.5	3.8%
Restricted	880.0	924.9	2,207.6	2,149.8	3,087.6	3,074.7	0.4%
Unrestricted	1,203.8	(66.0)	2,632.4	2,125.8	3,836.2	2,059.8	86.2%
Total net position	\$ 13,408.5	\$ 11,597.7	\$ 9,066.9	\$ 8,523.3	\$ 22,475.4	\$ 20,121.0	11.7%

The net position of the State's governmental activities increased 15.6% to \$13,408.5 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.

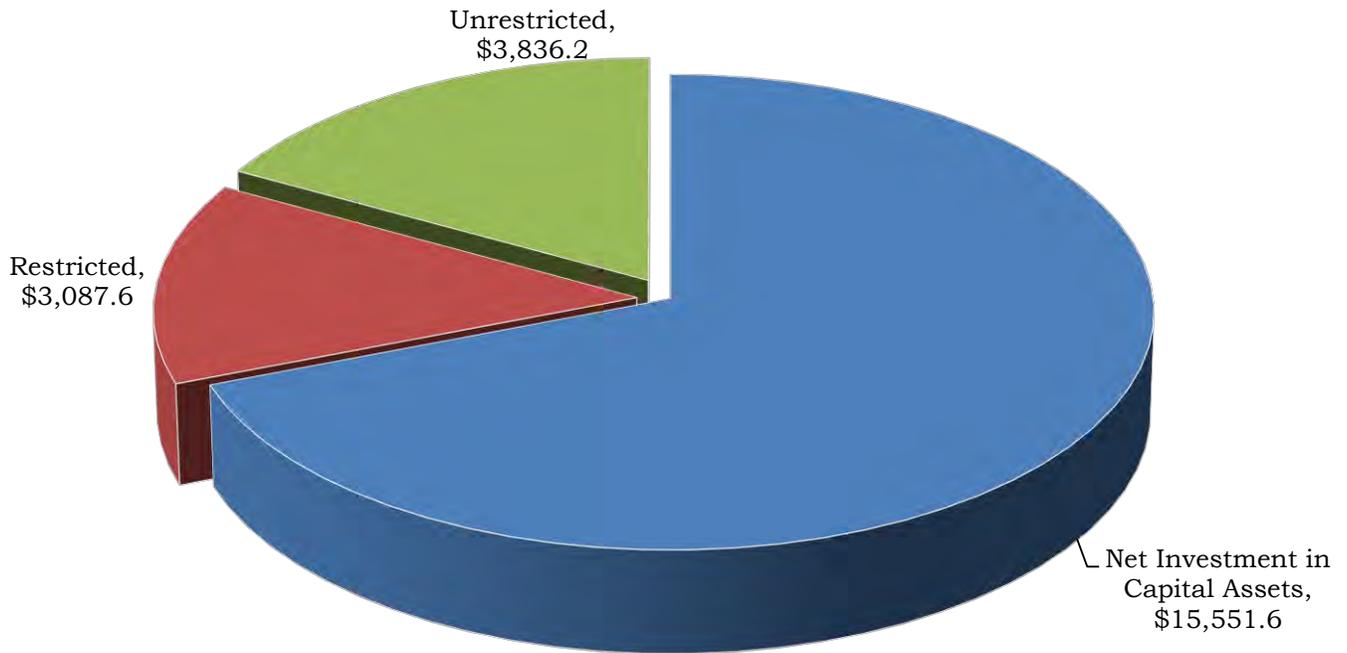
The net position of business-type activities increased 6.4% to \$9,066.9 million. Generally, the State can only use the net position to finance the continuing operations of the universities, unemployment insurance and other business-type activities.

Long-term liabilities decreased \$92.2 million, or 1.5%, to \$6,025.3 million due primarily to the decrease in bonds payable in the amount of \$132.7 million as well as a decrease of \$18.5 million in net pension liability. Deferred outflows of resources increased \$32.3 million and deferred inflows of resources increased \$31.3 million, due largely to the recognition of amounts related to pensions and OPEB.

Other liabilities decreased 9.4% to \$3,298.5 million. The \$342.9 million decrease resulted mostly from increases of \$191.4 million in accounts payable & accruals, a decrease of \$510.9 million in unearned revenue, as well as a decrease of \$13.3 million in short-term bonds payable.

The chart presented below provides a visual representation of the three components of the State's total net position of \$22,475.4 million at June 30, 2021.

### Total Net Position (In Millions)



(Continued on next page.)

## Changes in Net Position

The State's total net position increased by \$2,354.4 million from June 30, 2020 to June 30, 2021, as indicated in Table 3.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2020-2021
	2021	2020	2021	2020	2021	2020	
<b>Program revenues</b>							
Charges for services	\$ 2,269.5	\$ 2,238.3	\$ 4,946.3	\$ 4,745.7	\$ 7,215.8	\$ 6,984.0	3.3%
Operating grants & contributions	8,491.4	6,950.8	2,563.1	2,283.9	11,054.5	9,234.7	19.7%
Capital grants & contributions	520.3	544.6	33.2	31.7	553.5	576.3	-4.0%
<b>General revenues</b>							
Personal income tax	4,224.6	3,945.9	-	-	4,224.6	3,945.9	7.1%
Corporate income tax	799.5	634.5	-	-	799.5	634.5	26.0%
Sales & use tax	3,510.0	3,121.6	-	-	3,510.0	3,121.6	12.4%
Other tax	902.7	812.9	11.0	8.3	913.7	821.2	11.3%
Restricted for transportation purposes:							
Motor fuel tax	673.7	670.2	-	-	673.7	670.2	0.5%
Road use tax	444.5	382.8	-	-	444.5	382.8	16.1%
Unrestricted investment earnings	14.6	55.7	473.8	162.8	488.4	218.5	123.5%
Other	131.5	69.3	149.5	70.1	281.0	139.4	101.6%
Total revenues	<u>21,982.3</u>	<u>19,426.6</u>	<u>8,176.9</u>	<u>7,302.5</u>	<u>30,159.2</u>	<u>26,729.1</u>	12.8%
<b>Expenses</b>							
Administration & regulation	2,500.6	2,077.5	-	-	2,500.6	2,077.5	20.4%
Education	4,839.7	4,418.4	-	-	4,839.7	4,418.4	9.5%
Health & human rights	565.0	455.8	-	-	565.0	455.8	24.0%
Human services	8,497.2	7,687.3	-	-	8,497.2	7,687.3	10.5%
Justice & public defense	1,207.7	1,136.2	-	-	1,207.7	1,136.2	6.3%
Economic development	173.5	140.9	-	-	173.5	140.9	23.1%
Transportation	1,367.6	1,354.5	-	-	1,367.6	1,354.5	1.0%
Agriculture & natural resources	268.1	238.5	-	-	268.1	238.5	12.4%
Interest expense	58.4	65.4	-	-	58.4	65.4	-10.7%
University Funds	-	-	5,600.8	5,349.6	5,600.8	5,349.6	4.7%
Unemployment Benefits Fund	-	-	2,353.8	2,234.6	2,353.8	2,234.6	5.3%
Other	-	-	372.4	334.7	372.4	334.7	11.3%
Total expenses	<u>19,477.8</u>	<u>17,574.5</u>	<u>8,327.0</u>	<u>7,918.9</u>	<u>27,804.8</u>	<u>25,493.4</u>	9.1%
Increase (decrease) in net position							
before special item and transfers	2,504.5	1,852.1	(150.1)	(616.4)	2,354.4	1,235.7	90.5%
Transfers	(693.7)	(968.9)	693.7	968.9	-	-	0.0%
Increase in net position	1,810.8	883.2	543.6	352.6	2,354.4	1,235.8	90.5%
Net position - July 1	11,597.7	10,714.5	8,523.3	8,170.7	20,121.0	18,885.2	6.5%
Net position - June 30	<u>\$ 13,408.5</u>	<u>\$ 11,597.7</u>	<u>\$ 9,066.9</u>	<u>\$ 8,523.3</u>	<u>\$ 22,475.4</u>	<u>\$ 20,121.0</u>	11.7%

### Governmental Activities

Overall, total revenues for governmental activities increased 13.2% over the prior year. Program revenues increased \$1,547.5 million, or 15.9%, with most of the increase in operating grants & contributions. General revenues increased \$1,008.2 million, or 10.4%, with taxes comprising the largest change.

Operating grants & contributions increased \$1,540.6 million, or 22.2%. The largest contributors to this increase were: a \$839.7 million increase in human services revenues, largely due to a pandemic related increase in the federal participation rate for medical assistance, a \$306.9 million increase in education revenues, directly associated with the receipt of pandemic funding for child nutrition programs, and a \$193.9 million increase in administration & regulation revenues, resulting directly from the receipt of federal assistance for pandemic relief.

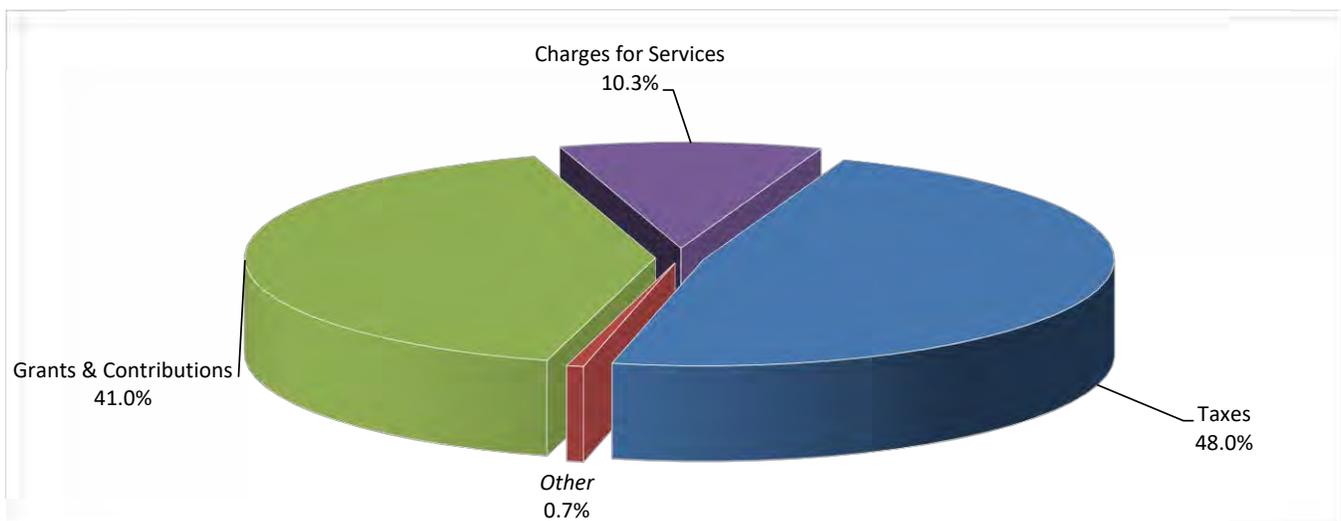
Charges for services increased \$31.2 million, or 1.4%. The largest fluctuations include an increase of \$93.7 million, or 9.0% in administration and regulation and a net decrease of \$117.6 million, or 14.2%, in human services.

Capital grants & contributions decreased \$24.3 million, or 4.5%. This change is attributable to a decrease of \$22.1 million in transportation resulting from annual fluctuations in the completion of projects and the receipt of the related federal funding, and to smaller changes that occurred in other functions.

General revenues experienced a net increase of \$1,008.2 million, or 10.4%, over fiscal year 2020. This is due in part to increases in sales & use tax of \$388.4 million, or 12.4%, in personal income tax of \$278.7 million, or 7.1%, in corporate income tax of \$165.0 million, or 26.0%, and in other taxes of \$89.8 million, or 11.0%. Investment income decreased by \$41.1 million or 73.8%.

A significant amount of the fluctuation in tax revenues in fiscal year 2021 were a consequence of the lessening of measures taken during fiscal year 2020 to mitigate the impact of the pandemic, creating a rebounding effect. Other factors contributing to the change in sales and use tax were an increase to receipts due to greater consumer spending during fiscal year 2021 as well as an expansion on the sales and use tax base to include digital goods and the requirement for online retailers and marketplace facilitators to collect the tax. The largest factor contributing to the change in other taxes was a \$10.7 million decrease in local transit guest tax receipts due to a decline in travel in response to the pandemic.

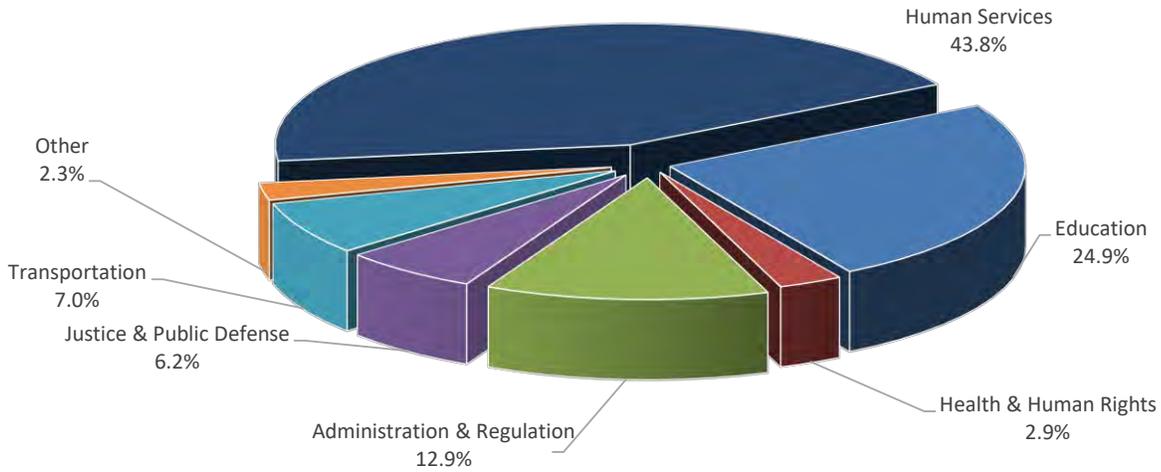
### Revenues by Source



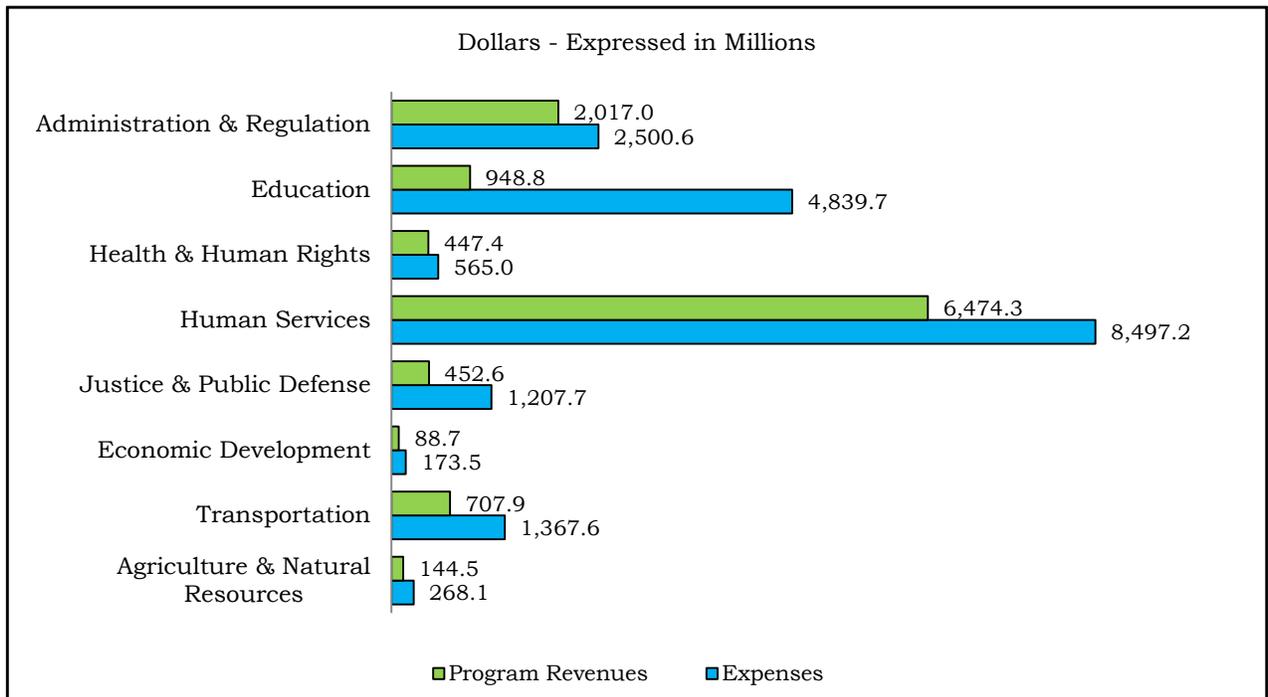
Overall, total expenses for governmental activities increased 10.8% over the prior year.

Expenses increased most significantly in human services, \$809.9 million, administration & regulation, \$423.1 million, education, \$421.3 million, and health & human rights, \$109.2 million. The increase in human services is largely related to medical assistance and food assistance programs where payments increased most significantly as a result of the pandemic. Increases in administration & regulation and health & human rights functions also occurred primarily as a result of payments made for various activities and programs in response to the pandemic emergency. The increase in education is primarily due to an increase in state aid to schools of \$114.0 million, accompanied by the addition of \$186.4 million in CARES School Emergency Relief.

### Expenses by Function



### Program Revenues and Expenses



The cost of all governmental activities this fiscal year was \$19,477.8 million. However, the amount that taxpayers paid for these activities through State taxes was \$10,555.0 million. Part of the cost was paid by:

- Those who directly benefited from the programs (\$2,269.5 million) or
- Other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$9,011.7 million).

### **Business-type Activities**

- University Funds had \$5,600.8 million in expenses and \$4,934.4 million in program revenues for net expenses of \$666.4 million. The largest change in revenues occurred in charges for services, which increased \$152.0 million, or 3.9%. The increase was mainly due to an increase in patient services at the University of Iowa Hospitals and Clinics (UIHC) and continued services to patients during COVID-19. Operating grants & contributions only increased by \$1.0 million, or 0.1%, capital grants & contributions revenue increased \$1.5 million, or 4.8%, due mainly to private gifts for the Sports Performance Center, Gerdin Business Building, Poultry Farm teaching and research facilities, and the Curtiss Farm feed mill and grain science complex at Iowa State University. Operating expenses increased \$267.8 million, or 5.1%. The increase is largely attributed to the provision of patient services at the UIHC during the COVID-19 pandemic. Investment income increased \$318.8 million, or 242.7%, due to the rebounding market performance following COVID-19. Assets increased \$694.9 million to \$11,970.6 million due to an increase of \$708.7 million in noncurrent cash & investments largely due to the increase in investment returns from the previous year. Liabilities increased \$193.7 million, due mainly to bond issuances at ISU and UNI. Deferred outflows of resources increased \$25.2 million and deferred inflows of resources decreased \$17.8 million, both primarily due to the recognition of amounts related to pensions and OPEB.
- The Unemployment Benefits Fund had \$2,353.8 million in expenses, \$2,096.5 million in program revenues with net expenses of \$257.3 million. Employer contributions decreased \$3.3 million, or 0.8%, due to reductions in workforce as a result of the COVID-19 pandemic. Unemployment benefit payments increased \$119.2 million, or 5.3%, due to the continued increase in claim filings as a result of the Unemployment Benefits program expansion in response to the economic situation due to the pandemic.
- Other business-type activities expenses increased \$37.7 million and program revenues increased \$52.0 million. The Liquor Control Act Fund which accounts for the revenues and expenses related to the sale of alcoholic beverages experienced a \$49.9 million increase in operating revenues and a \$35.6 million increase in operating expenses. In addition, the Iowa Prison Industries experienced a \$2.3 million increase in operating revenue and a \$2.4 million increase in operating expenses.
- In total, business-type activities had net expenses of \$784.3 million, \$634.3 million in net general revenues and \$693.7 million in net transfers, for a net increase of \$543.7 million, to end with a net position of \$9,066.9 million.

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

### **Governmental Funds**

The governmental funds reported total fund balances of \$3,924.4 million, an increase of 38.2% over the previous year. Net revenues totaled \$21,950.9 million with expenditures of \$20,210.5 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* – \$838.1 million and \$1,006.4 million for FY2021 and FY2020, 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* – \$3,389.1 million and \$2,161.1 million for FY2021 and FY2020, 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 \$441.8 million and negative \$442.6 million for FY2021 and FY2020, 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 deferred inflows of resources if received past sixty days. This creates a negative impact when the payables/expenditures related to the deferred inflows of resources are recognized in the statements. A portion of the negative unassigned fund balance is due to deferral of federal receivables/revenues while associated payables/expenditures have been recognized. In addition, a portion of the negative unassigned fund balance relates to the Tobacco Collections Fund deficit (See NOTE 21 – DEFICIT FUND BALANCE).

**General Fund**

The General Fund is the chief operating fund of the State. Total fund balance increased from \$2,651.6 million for fiscal year 2020 to \$3,752.7 million for fiscal year 2021. The fiscal year 2021 General Fund consists of the following fund balances: \$122.3 million nonspendable, an increase of 23.0%, \$679.6 million restricted, a decrease of 11.7%, \$3,349.0 million committed, an increase of 56.5%, and negative \$398.2 million unassigned, an increase of 11.3%. For fiscal year 2021, the committed fund balance includes \$795.4 million in reserve (rainy day) funds, an increase of 2.0%.

Gross revenues of the General Fund increased \$2,552.3 million, or 12.0%, in fiscal year 2021. Receipts from other entities increased \$1,611.3 million, mainly due to federal pandemic aid. Fiscal year 2021 federal revenues included an additional \$329.4 million in Food Assistance – SNAP EBT due to increased costs associated with the pandemic, a net increase of \$418.6 million in Medical Assistance, \$114.0 million for federal school pandemic economic aid, and \$103.6 million for information technology and broadband. Taxes increased \$933.8 million over fiscal year 2020, to \$11,314.2 million in fiscal year 2021. Major contributors to the tax revenue increase include a \$384.6 million increase in sales and use tax, as a result of greater consumer spending with online retailers and a \$429.1 million increase in wagering tax following the due to the reopening of casinos following the pandemic. Investment income decreased \$48.2 million and fees, licenses & permits increased \$158.5 million. Net revenues were negatively impacted as tax refunds increased \$71.0 million, or 3.6% over 2020 refunds.

Total expenditures of the General Fund increased \$1,994.2 million in fiscal year 2021, primarily due to the pandemic emergency. Examples include an increase in Education expenditures of \$422.6 million due to a \$210.5 million increase for child nutrition programs related to the pandemic as well as expenditures of \$183.0 million for health safety education. Human Services expenditures increased \$366.0 million for EBT and other COVID related services.

Capital outlays increased \$75.3 million due primarily to fluctuations in Department of Transportation projects as well as an increase in capital outlays of \$18.7 million by the Department of Natural Resources including \$13.7 million of depreciable land improvements and \$5 million in land purchases. Additionally, the Judicial Department implemented new audio/visual recorders for every courthouse resulting in an increase of \$6.1 million.

**Tobacco Settlement Authority**

The Tobacco Settlement Authority (Authority), a blended component unit of the State of Iowa classified as a special revenue fund, receives money from the Tobacco Collections Fund to pay operating expenditures and for repayment of debt. During 2021, the Authority issued approximately \$688.8 million of Tobacco Settlement Asset-backed Bonds with a par amount of \$2,022.4 million. The proceeds of the 2021 Bonds were used to refund the series 2005 Bonds, fund a debt service reserve account and pay costs of issuance. The Authority’s ending fund balance decreased \$91.1 million to \$75.1 million. The decrease was due to the combined effects of receipt of funds from the Tobacco Collections Fund which reduced the interfund advance (receivable), removal of the Guaranteed Insurance Contract required for the 2005 Bonds but not the required 2021 Bonds, and a decrease in liabilities primarily due to the favorable pricing on the 2021 Bonds. Funds of the Authority were primarily used to pay principal and interest on bonds totaling \$90.8 million and \$36.8 million, respectively.

### **Tobacco Collections Fund**

The Tobacco Collections Fund, a special revenue fund, accounts for the tobacco settlement moneys received pursuant to a Master Settlement Agreement between the State of Iowa and the five largest tobacco manufacturers. The ending fund balance in the Tobacco Collections Fund increased \$41.3 million to a deficit balance of \$43.5 million. The increase is due to the reduction of the interfund advance (liability) for the tobacco settlement moneys remitted to the Tobacco Settlement Authority during the year.

### **Proprietary Funds**

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

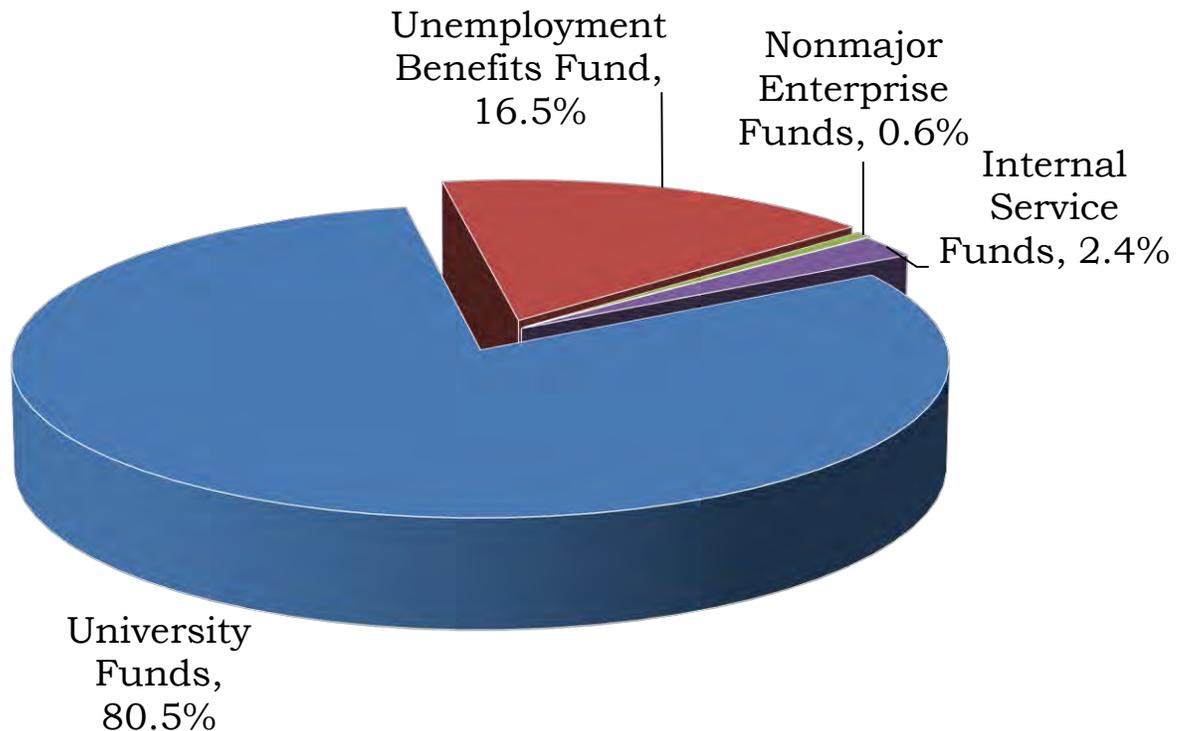
Total net position of the University Funds increased \$544.2 million to \$7,481.2 million, while unrestricted net position increased \$505.5 million to \$2,614.8 million.

The total net position of the Unemployment Benefits Fund, which is entirely restricted for unemployment benefits, decreased \$1.6 million to end fiscal year 2021 at \$1,535.9 million.

The nonmajor enterprise funds total net position decreased \$0.3 million, or 0.5%, to \$55.6 million. The Iowa Communications Network net position decreased \$1.5 million, or 12.0%, to \$10.7 million. The decrease in net position is primarily due to a decrease in outdated equipment that has been replaced by an upgraded network over the course of several prior years.

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 revised the budget several times. These budget amendments fall into two categories:

- Supplemental appropriations: \$44,230,000
- Adjustments to standing appropriations: \$4,111,898

The 2020 legislative session started on January 13, 2020. However, due to the COVID-19 pandemic, the session was suspended on March 16, 2020. Before the Legislature reconvened, the REC met on May 29, 2020 to review the impact the COVID-19 pandemic and subsequent closures had on the national and state economies. The REC lowered the fiscal year 2021 estimate from March 2020 by \$64.6 million to \$7,876.6 million or -0.8 percent reduction from fiscal year 2020. The legislative session reconvened on June 3, 2020 and finished its work on June 14, 2020.

The originally enacted General Fund budget for fiscal year 2021 of \$7,778.5 million was predicated on \$7,876.6 million, or a slightly less than 1% decrease in General Fund revenues, as projected by the State's Revenue Estimating Conference (REC) on May 29, 2020.

At the October 13, 2020 meeting, the REC revised its fiscal year 2021 General Fund revenue estimate upward \$35.1 million and with a finalized FY2020 base, the revenue growth was flat. This change was based upon the finalized base for fiscal year 2020 at nearly 1%. On December 11, 2020, the REC increased the estimate to \$7,969.3 million, an increase of \$38.7 million. On March 19, 2021, the REC raised the revenue estimate to \$8,078.9 million, or 1.9 percent growth.

During the 2021 legislative session, the legislature passed and Governor Reynolds signed two appropriation bills which contained supplemental appropriations from the General Fund totaling \$44.2 million for fiscal year 2021, both to provide funding for the purchase and installation of the new ERP system for the State.

The State of Iowa has various statutory standing appropriations where a fixed amount is not appropriated. These are either formula-driven (as in the case of the largest General Fund appropriation, for school foundation aid to local school districts), or for items such as paying claims against the State through the State Appeal Board. These are either increases or decreases to the estimates made at the beginning of the year. For fiscal year 2021, these standing appropriations were more than the original estimates by \$4.1 million. A variety of standing appropriations make up the changes to standing appropriations.

During April, May and June of 2021, and throughout the accrual period, actual General Fund revenue collections continued to run ahead of the revised projections. At the close of fiscal year 2021, revenue collections totaled \$8,800.6 million, which is 11.0 percent growth over fiscal year 2020.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2021, the State had \$17,458.3 million invested in capital assets, net of accumulated depreciation of \$16,923.2 million. Depreciation charges totaled \$1,120.6 million in fiscal year 2021. The details of these assets are presented in Table 4. Additional information about the State's capital assets is presented in NOTE 6 of the financial statements.

**Table 4**  
**Capital Assets, Net of Depreciation**  
**(In Millions)**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2020-2021
	2021	2020	2021	2020	2021	2020	
Land	\$ 998.8	\$ 978.1	\$ 100.3	\$ 99.7	\$ 1,099.1	\$ 1,077.8	2.0%
Land improvements	80.2	67.9	54.2	46.6	134.4	114.5	17.4%
Construction in progress	52.4	94.2	215.8	364.8	268.2	459.0	-41.6%
Computer software in progress	76.8	41.4	8.5	7.2	85.3	48.6	75.5%
Infrastructure	8,756.9	8,261.9	480.6	482.3	9,237.5	8,744.2	5.6%
Buildings & improvements	1,067.4	1,081.4	4,121.8	4,014.2	5,189.2	5,095.6	1.8%
Equipment	272.4	239.9	414.7	421.7	687.1	661.6	3.9%
Works of art & collections	1.1	1.1	472.7	468.0	473.8	469.1	1.0%
Computer software	220.8	197.4	62.2	70.4	283.0	267.8	5.7%
Other intangibles	-	-	0.7	0.9	0.7	0.9	-22.2%
<b>Total</b>	<b>\$ 11,526.8</b>	<b>\$ 10,963.3</b>	<b>\$ 5,931.5</b>	<b>\$ 5,975.8</b>	<b>\$ 17,458.3</b>	<b>\$ 16,939.1</b>	<b>3.1%</b>

In the governmental activities, capital assets, net of accumulated depreciation, increased \$563.5 million, or 5.1%, to \$11,526.8 million. The largest changes were in infrastructure (an increase of \$495.0 million, or 6.0%), computer software in progress (an increase of \$35.4 million, or 85.5%), computer software (an increase of \$23.4 million, or 11.9%) and land (an increase of \$20.7 million, or 2.1%). Infrastructure increased due to the completion of \$1,079.2 million of highway and bridge construction projects by the Department of Transportation (DOT), offset by the recognition of depreciation expense of \$588.8 million for the year. Computer software in progress increased as a result of the increase in ongoing software projects at the Department of Human Services as well as the Department of Revenue. Computer software increased due to the completion of computer software projects for the Department of Human Services. Land increased primarily due to acquisitions for road construction at DOT.

Capital assets, net of accumulated depreciation, in the business-type activities decreased \$44.3 million, or 0.7%, to \$5,931.5 million. The largest changes were in construction in progress (a decrease of \$149.0 million, or 40.8%) as well as buildings & improvements (an increase of \$107.6 million, or 2.7%). These changes were primarily the result of the completion of construction projects at the University of Iowa, Iowa State University, and the University of Northern Iowa.

Outstanding commitments for future capital expenditures as of June 30, 2021 include \$938.4 million (net of \$684.7 million in anticipated federal funding) for highway and bridge construction, \$175.7 million for various projects at the three State universities, \$16.2 million for the Iowa Statewide Interoperable Communications System (ISICS), an emergency public safety communication system, \$29.4 million for statewide 911 and mass notification systems, \$34.8 million for State facilities and buildings, \$10.9 million for State parks, recreational areas, fisheries and wetland projects, \$11.3 million for public defense improvements at various locations, \$36.1 million for the modernization of the State's unemployment compensation system, and \$33.3 million for the modernization of the State's human resources and accounting systems.

## Long-term Debt

At year-end, the State had \$3,115.2 million in revenue bonds and leases & other financing arrangements outstanding as shown in Table 5. More detailed information about the State's long-term liabilities is presented in NOTE 7 through NOTE 10 to the financial statements.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2020-2021
	2021	2020	2021	2020	2021	2020	
Revenue bonds	\$ 1,281.0	\$ 1,385.1	\$ 1,763.8	\$ 1,805.7	\$ 3,044.8	\$ 3,190.8	-4.6%
Leases & other financing arrangements	21.0	24.5	49.4	37.3	70.4	61.8	13.9%
Total	\$ 1,302.0	\$ 1,409.6	\$ 1,813.2	\$ 1,843.0	\$ 3,115.2	\$ 3,252.6	-4.2%

Revenue bonds issued by the Primary Government totaled \$3,044.8 million outstanding at fiscal year-end. This amount consisted of \$1,763.8 million in revenue bonds issued by the three State universities (for equipment and facilities), \$715.0 million in revenue bonds issued by the Tobacco Settlement Authority, \$6.5 million in revenue bonds issued by the State of Iowa for the Iowa Utilities Board, \$481.3 million in revenue bonds issued by the State of Iowa for the IJOBS program, and \$78.2 million in revenue bonds issued by the State of Iowa for Prison Infrastructure. These bonds are backed by the revenues of the issuing program.

Governmental activities outstanding revenue bonds decreased \$104.1 million, due to the issuance of \$2,113.2 million of refunding bonds to refund \$874.5 million of outstanding bonds, as well as the payment of principal during fiscal year 2021. Leases & other financing arrangements decreased \$3.5 million, due to new capital leases and new other financing arrangement agreements totaling \$1.1 million along with the payment of principal in the amounts of \$4.2 million and \$0.4 million for capital leases and other financing arrangements, respectively

Business-type activities outstanding revenue bonds decreased \$41.9 million, due to the issuance of \$97.4 million, \$23.0 million, and \$15.4 million of new debt at the University of Iowa, Iowa State University, and the University of Northern Iowa, respectively; and the payment of principal by the three State universities. Leases & other financing arrangements increased \$12.1 million, due to new capital leases and other new financing arrangement agreements totaling \$27.8 million along with the payment of principal in the amounts of \$2.5 million and \$13.3 million for capital leases and other financing arrangements, respectively.

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

The Governor and General Assembly finished their work on May 19, 2021. Amounts available for appropriation in fiscal year 2022, based on the 99 percent budget limitation for the General Fund budget, were \$8,287.9 million. General Fund appropriations totaled \$8,118.5 million.

At the REC meeting in October 2021, the fiscal year 2022 revenue estimate was increased from a revised \$8,288.5 million to \$8,934.2 million, largely as a reflection of actual revenue collections in fiscal year 2020, law changes passed during the 2021 Legislative Sessions, and current year to date revenue growth. The revised estimate reflects projected revenue growth of 1.5 percent compared to actual revenues for the previous fiscal year.

The unemployment rate nationally stands at 4.8 percent for the month of September 2021, down from a revised 5.2 percent in August 2021. This measure is down considerably from the high at the end of the February-April 2020 recession. However, it remains above the level prior to the COVID-19 pandemic of 3.5 percent. Nationally, GDP growth has been high the first half of the calendar year 2021, growing at 6.3 percent in the first quarter and 6.7 percent in the second quarter. Moody's Analytics expects the third quarter to be slower at 3.4 percent with the fourth quarter coming back at 6.2 percent. Moody's expects 4.3 percent growth for 2022.

## **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



Building our State Capitol!



Construction of the Iowa State Capitol  
September 1, 1880

BASIC  
FINANCIAL  
STATEMENTS

# STATE OF IOWA

## Statement of Net Position

June 30, 2021

(Expressed in Thousands)

	<b>PRIMARY GOVERNMENT</b>			<b>COMPONENT UNITS</b>
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>	
<b>ASSETS</b>				
Current assets:				
Cash & investments	\$ 3,952,182	\$ 1,932,417	\$ 5,884,599	\$ 1,783,949
Cash & investments - restricted	-	-	-	795
Deposits with trustees	60,752	40,043	100,795	-
Accounts receivable (net)	2,412,937	830,444	3,243,381	125,488
Interest receivable	-	1,792	1,792	6,165
Loans receivable (net)	5,150	3,002	8,152	158,877
Internal balances	(208,944)	208,944	-	-
Inventory	74,132	102,186	176,318	4,091
Prepaid expenses	69,118	59,114	128,232	944
Other assets	-	-	-	33,033
<b>Total current assets</b>	<b>6,365,327</b>	<b>3,177,942</b>	<b>9,543,269</b>	<b>2,113,342</b>
Noncurrent assets:				
Cash & investments	-	4,469,287	4,469,287	3,897,947
Deposits with trustees	26,252	2,776	29,028	-
Accounts receivable (net)	104,188	18,777	122,965	238,394
Interest receivable	-	618	618	-
Loans receivable (net)	10,972	43,301	54,273	2,235,547
Capital assets - nondepreciable	1,128,014	761,112	1,889,126	35,479
Capital assets - depreciable (net)	10,398,803	5,170,383	15,569,186	121,596
Prepaid expenses	-	9,097	9,097	-
Other assets	-	16,254	16,254	39,072
<b>Total noncurrent assets</b>	<b>11,668,229</b>	<b>10,491,605</b>	<b>22,159,834</b>	<b>6,568,035</b>
<b>TOTAL ASSETS</b>	<b>18,033,556</b>	<b>13,669,547</b>	<b>31,703,103</b>	<b>8,681,377</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Accumulated decrease in fair value of hedging derivatives	-	-	-	7,307
Debt refunding loss	39,019	16,830	55,849	10,529
Excess consideration provided for acquisition	-	167	167	-
Related to other postemployment benefits	13,135	102,078	115,213	437
Related to pensions	281,940	80,399	362,339	5,457
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>334,094</b>	<b>199,474</b>	<b>533,568</b>	<b>23,730</b>

(continued on next page)

# STATE OF IOWA

## Statement of Net Position

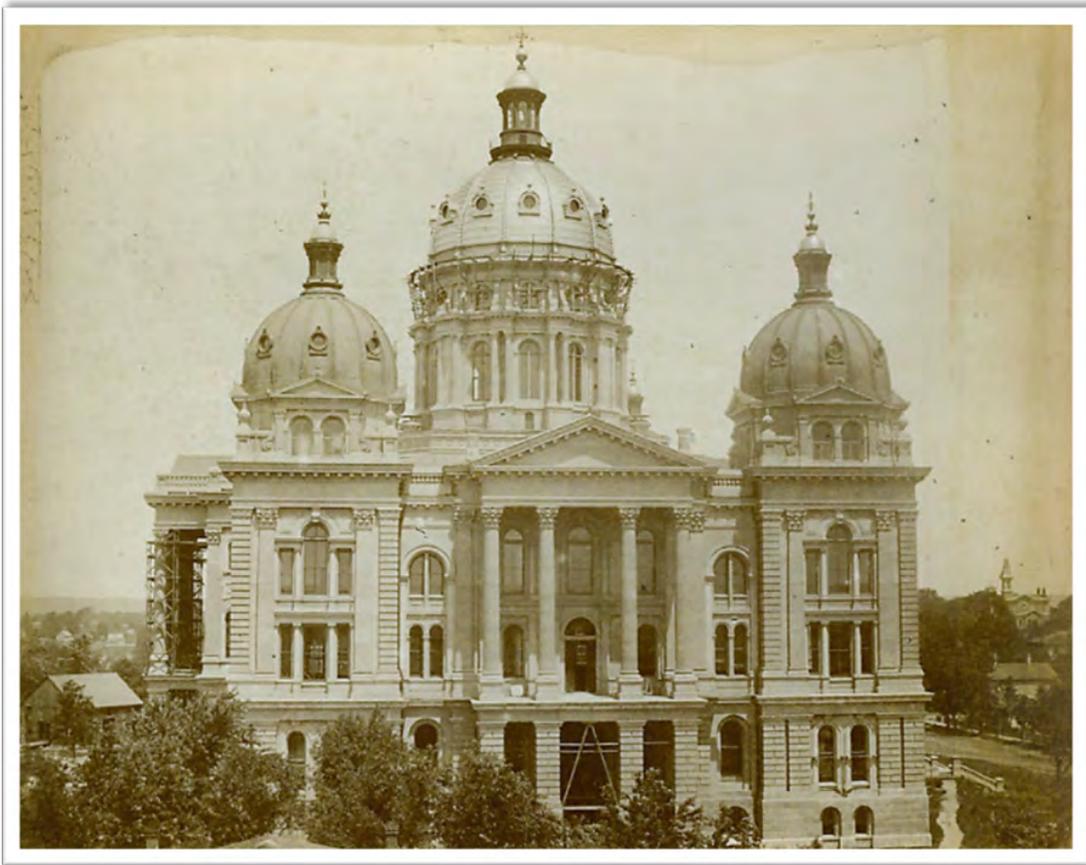
June 30, 2021

(Expressed in Thousands)

(continued)

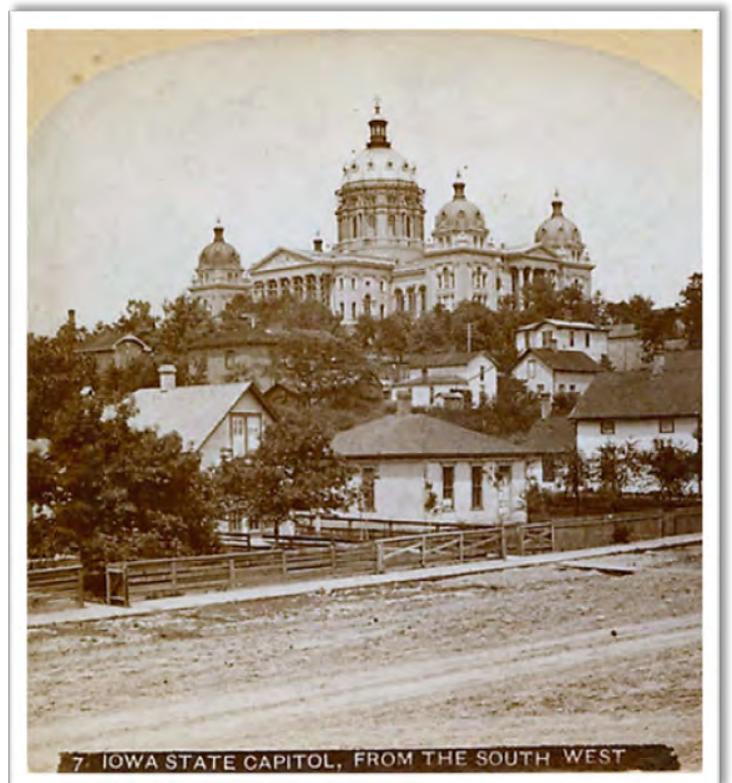
	<b>PRIMARY GOVERNMENT</b>			<b>COMPONENT UNITS</b>
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable & accruals	1,681,212	711,147	2,392,359	83,753
Interest payable	3,035	23,652	26,687	33,776
Unearned revenue	200,849	136,353	337,202	201,571
Compensated absences	146,342	129,338	275,680	2,994
Capital leases	4,363	2,870	7,233	-
Bonds payable	69,884	155,818	225,702	74,276
Other financing arrangements payable	121	943	1,064	-
Other postemployment benefits liability	11,842	18,631	30,473	-
Refundable allowances on student loans	-	1,472	1,472	-
Funds held in custody	-	613	613	122,000
<b>Total current liabilities</b>	<b>2,117,648</b>	<b>1,180,837</b>	<b>3,298,485</b>	<b>518,370</b>
Noncurrent liabilities:				
Accounts payable & accruals	73,041	42,818	115,859	63,800
Unearned revenue	2,825	22,250	25,075	-
Compensated absences	182,446	128,987	311,433	2,821
Capital leases	16,166	19,622	35,788	-
Bonds payable	1,211,116	1,608,030	2,819,146	2,537,629
Other financing arrangements payable	379	25,970	26,349	-
Net pension liability	854,808	222,366	1,077,174	24,510
Other postemployment benefits liability	194,975	243,331	438,306	3,845
Advance From Concessionaire	-	1,133,044	1,133,044	-
Refundable allowances on student loans	-	43,096	43,096	-
Funds held in custody	-	-	-	13,809
<b>Total noncurrent liabilities</b>	<b>2,535,756</b>	<b>3,489,514</b>	<b>6,025,270</b>	<b>2,646,414</b>
<b>TOTAL LIABILITIES</b>	<b>4,653,404</b>	<b>4,670,351</b>	<b>9,323,755</b>	<b>3,164,784</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Accumulated increase in fair value of hedging derivatives	-	-	-	1,937
Debt refunding gain	5,542	1,919	7,461	-
Grants received in advance of meeting timing requirements	-	144	144	-
Related to other postemployment benefits	14,033	121,689	135,722	450
Related to pensions	285,989	7,997	293,986	1,806
Unconditional remainder interest	146	-	146	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>305,710</b>	<b>131,749</b>	<b>437,459</b>	<b>4,193</b>
<b>NET POSITION</b>				
Net investment in capital assets	11,324,737	4,226,846	15,551,583	155,475
Restricted for:				
Education	64,202	-	64,202	-
Human services	36,120	-	36,120	-
Justice & public defense	15,698	-	15,698	-
Transportation	483,721	-	483,721	-
Agriculture & natural resources	6,201	-	6,201	-
Underground Storage Tank Program	5,556	-	5,556	-
Capital projects	5,389	-	5,389	-
University Funds - expendable	-	578,962	578,962	-
University Funds - nonexpendable	-	92,728	92,728	-
Permanent Funds - nonexpendable	16,180	-	16,180	-
Unemployment Benefits Fund	-	1,535,944	1,535,944	-
Other	246,944	-	246,944	5,030,867
Unrestricted	1,203,788	2,632,441	3,836,229	349,788
<b>TOTAL NET POSITION</b>	<b>\$ 13,408,536</b>	<b>\$ 9,066,921</b>	<b>\$ 22,475,457</b>	<b>\$ 5,536,130</b>

The notes are an integral part of the financial statements.



Iowa State Capitol Building from the North,  
with some exterior construction still underway.  
Des Moines, Iowa ca 1885

Iowa State Capitol Building  
and neighborhood to the  
Southwest.  
Des Moines, Iowa 1885



**STATE OF IOWA**  
**Statement of Activities**  
For the Year Ended June 30, 2021  
(Expressed in Thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES & CHANGES IN NET POSITION			
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENT UNITS
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>PRIMARY GOVERNMENT:</b>								
<b>Governmental activities:</b>								
Administration & regulation	\$ 2,500,552	\$ 1,131,855	\$ 885,096	\$ -	\$ (483,601)	\$ -	\$ (483,601)	
Education	4,839,703	20,311	929,699	-	(3,889,693)	-	(3,889,693)	
Health & human rights	565,016	78,464	364,699	4,277	(117,576)	-	(117,576)	
Human services	8,497,262	711,411	5,762,932	-	(2,022,919)	-	(2,022,919)	
Justice & public defense	1,207,698	137,035	313,250	1,145	(756,268)	-	(756,268)	
Economic development	173,455	4,823	83,851	-	(84,781)	-	(84,781)	
Transportation	1,367,551	92,727	104,832	510,329	(659,663)	-	(659,663)	
Agriculture & natural resources	268,107	92,937	47,012	4,506	(123,652)	-	(123,652)	
Interest expense	58,436	-	-	-	(58,436)	-	(58,436)	
Total governmental activities	19,477,780	2,269,563	8,491,371	520,257	(8,196,589)	-	(8,196,589)	
<b>Business-type activities:</b>								
University Funds	5,600,805	4,021,078	880,076	33,205	-	(666,446)	(666,446)	
Unemployment Benefits Fund	2,353,780	413,464	1,682,997	-	-	(257,319)	(257,319)	
Other	372,382	511,758	-	-	-	139,376	139,376	
Total business-type activities	8,326,967	4,946,300	2,563,073	33,205	-	(784,389)	(784,389)	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 27,804,747</b>	<b>\$ 7,215,863</b>	<b>\$ 11,054,444</b>	<b>\$ 553,462</b>	<b>(8,196,589)</b>	<b>(784,389)</b>	<b>(8,980,978)</b>	
<b>COMPONENT UNITS:</b>								
Iowa Finance Authority	\$ 323,918	\$ 30,400	\$ 263,282	\$ -	-	-	-	\$ (30,236)
Iowa Economic Development Authority	269,571	2,963	237,940	-	-	-	-	(28,668)
Iowa State Fair Authority	16,653	3,198	818	2,801	-	-	-	(9,836)
Iowa Lottery Authority	452,528	452,603	-	-	-	-	-	75
University of Iowa Center for Advancement & Affiliate	131,725	-	103,873	-	-	-	-	(27,852)
Iowa State University Foundation	111,943	-	147,668	-	-	-	-	35,725
University of Northern Iowa Foundation	16,807	-	32,902	-	-	-	-	16,095
University of Iowa Research Foundation	4,686	3,389	-	-	-	-	-	(1,297)
University of Iowa Health System	20,778	18,721	-	-	-	-	-	(2,057)
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 1,348,609</b>	<b>\$ 511,274</b>	<b>\$ 786,483</b>	<b>\$ 2,801</b>				<b>(48,051)</b>
<b>GENERAL REVENUES:</b>								
Personal income tax					4,224,590	-	4,224,590	-
Corporate income tax					799,466	-	799,466	-
Sales & use tax					3,510,049	-	3,510,049	-
Other tax					902,673	11,008	913,681	-
Motor fuel tax restricted for transportation purposes					673,745	-	673,745	-
Road use tax restricted for transportation purposes					444,548	-	444,548	-
Unrestricted investment earnings					14,595	473,811	488,406	851,604
Other					129,563	149,487	279,050	22,449
Gain (loss) on sale of assets					1,920	29	1,949	18
Transfers					(693,712)	693,712	-	-
<b>TOTAL GENERAL REVENUES &amp; TRANSFERS</b>					<b>10,007,437</b>	<b>1,328,047</b>	<b>11,335,484</b>	<b>874,071</b>
<b>CHANGE IN NET POSITION</b>					<b>1,810,848</b>	<b>543,658</b>	<b>2,354,506</b>	<b>826,020</b>
<b>NET POSITION - JULY 1</b>					<b>11,597,688</b>	<b>8,523,263</b>	<b>20,120,951</b>	<b>4,710,110</b>
<b>NET POSITION - JUNE 30</b>					<b>\$ 13,408,536</b>	<b>\$ 9,066,921</b>	<b>\$ 22,475,457</b>	<b>\$ 5,536,130</b>

The notes are an integral part of the financial statements.



Crews grading Iowa State Capitol grounds. ca 1891



View of Iowa State Capitol Building from slight Northwest angle and showing street car on Grand Avenue. Ca 1900

# GOVERNMENTAL FUND FINANCIAL STATEMENTS

## Major Funds

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

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

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

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

**STATE OF IOWA**  
**Balance Sheet**  
**Governmental Funds**

June 30, 2021  
(Expressed in Thousands)

	GENERAL FUND	TOBACCO SETTLEMENT AUTHORITY	TOBACCO COLLECTIONS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Current assets:					
Cash & investments	\$ 3,716,474	\$ 5,413	\$ -	\$ 140,795	\$ 3,862,682
Deposits with trustees	60,752	-	-	-	60,752
Accounts receivable (net)	2,335,841	5	22,833	50,944	2,409,623
Loans receivable (net)	5,055	-	-	95	5,150
Due from other funds	54,464	43,540	-	2,487	100,491
Inventory	65,169	-	-	192	65,361
Prepaid expenditures	57,116	-	-	318	57,434
Total current assets	<u>6,294,871</u>	<u>48,958</u>	<u>22,833</u>	<u>194,831</u>	<u>6,561,493</u>
Noncurrent assets:					
Deposits with trustees	-	26,252	-	-	26,252
Accounts receivable (net)	103,847	-	-	341	104,188
Loans receivable (net)	10,972	-	-	-	10,972
Total noncurrent assets	<u>114,819</u>	<u>26,252</u>	<u>-</u>	<u>341</u>	<u>141,412</u>
TOTAL ASSETS	<u>\$ 6,409,690</u>	<u>\$ 75,210</u>	<u>\$ 22,833</u>	<u>\$ 195,172</u>	<u>\$ 6,702,905</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable & accruals	\$ 1,608,382	\$ -	\$ -	\$ 4,673	\$ 1,613,055
Due to other funds/advances from other funds	323,386	144	43,540	37,197	404,267
Unearned revenue	147,979	-	-	700	148,679
Total current liabilities	<u>2,079,747</u>	<u>144</u>	<u>43,540</u>	<u>42,570</u>	<u>2,166,001</u>
Noncurrent liabilities:					
Accounts payable & accruals	-	-	-	1,891	1,891
Unearned revenue	2,825	-	-	-	2,825
Total noncurrent liabilities	<u>2,825</u>	<u>-</u>	<u>-</u>	<u>1,891</u>	<u>4,716</u>
TOTAL LIABILITIES	<u>2,082,572</u>	<u>144</u>	<u>43,540</u>	<u>44,461</u>	<u>2,170,717</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	574,461	-	22,833	10,348	607,642
Unconditional remainder interest	-	-	-	146	146
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>574,461</u>	<u>-</u>	<u>22,833</u>	<u>10,494</u>	<u>607,788</u>
<b>FUND BALANCES</b>					
Nonspendable	122,285	-	-	16,660	138,945
Spendable:					
Restricted	679,646	75,066	-	83,417	838,129
Committed	3,348,953	-	-	40,190	3,389,143
Unassigned	(398,227)	-	(43,540)	(50)	(441,817)
TOTAL FUND BALANCES	<u>3,752,657</u>	<u>75,066</u>	<u>(43,540)</u>	<u>140,217</u>	<u>3,924,400</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	<u>\$ 6,409,690</u>	<u>\$ 75,210</u>	<u>\$ 22,833</u>	<u>\$ 195,172</u>	<u>\$ 6,702,905</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, 2021  
(Expressed in Thousands)

**Total fund balances - governmental funds** \$ 3,924,400

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 \$22,344,815 and the accumulated depreciation is \$(11,001,338). 11,343,477

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. 223,417

Certain revenues are earned but not available and, therefore, are recognized as deferred inflows of resources in governmental funds. 607,642

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	\$ 276,559	
Pension related deferred inflows of resources	(283,835)	
Net pension related deferred		(7,276)
OPEB related deferred outflows of resources	12,892	
OPEB related deferred inflows of resources	(13,821)	
Net OPEB related deferred		(929)

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. 33,477

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	(1,281,000)	
Accrued interest payable	(3,035)	
Compensated absences	(322,278)	
Capital leases	(20,529)	
Other financing arrangements payable	(500)	
Pollution remediation	(5,303)	
Early retirement/termination benefits	(20,692)	
Risk management	(25,000)	
Net pension liability	(833,712)	
Other postemployment benefits liability	(203,057)	
Other long-term liabilities	(566)	
Total long-term liabilities		(2,715,672)

**Net position of governmental activities** \$ 13,408,536

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, 2021  
(Expressed in Thousands)

	GENERAL FUND	TOBACCO SETTLEMENT AUTHORITY	TOBACCO COLLECTIONS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Taxes	\$ 11,314,249	\$ -	\$ -	\$ -	\$ 11,314,249
Receipts from other entities	9,849,820	-	-	13,548	9,863,368
Investment income	3,441	2,041	-	9,075	14,557
Fees, licenses & permits	1,587,065	-	-	124,652	1,711,717
Refunds & reimbursements	723,627	-	52,930	5,789	782,346
Sales, rents & services	29,543	-	-	5,644	35,187
Miscellaneous	272,318	-	-	29,422	301,740
GROSS REVENUES	23,780,063	2,041	52,930	188,130	24,023,164
Less revenue refunds	2,068,448	-	-	3,825	2,072,273
NET REVENUES	21,711,615	2,041	52,930	184,305	21,950,891
<b>EXPENDITURES</b>					
Current:					
Administration & regulation	2,461,615	5,442	-	31,125	2,498,182
Education	4,815,441	-	-	19,359	4,834,800
Health & human rights	552,064	-	-	353	552,417
Human services	8,495,835	-	-	254	8,496,089
Justice & public defense	1,171,264	-	-	1,578	1,172,842
Economic development	169,241	-	-	-	169,241
Transportation	605,948	-	-	73	606,021
Agriculture & natural resources	226,838	-	-	9,601	236,439
Capital outlay	1,419,721	-	-	22,534	1,442,255
Debt service:					
Principal	48,800	90,787	-	-	139,587
Interest & fiscal charges	25,877	36,777	-	-	62,654
TOTAL EXPENDITURES	19,992,644	133,006	-	84,877	20,210,527
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,718,971	(130,965)	52,930	99,428	1,740,364
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	260,593	-	-	26,313	286,906
Transfers out	(875,970)	-	(11,645)	(93,003)	(980,618)
Leases, installment purchases & other	1,147	-	-	-	1,147
Premium on revenue refunding bonds	26,811	56,500	-	-	83,311
Revenue refunding bonds issued	90,825	688,806	-	-	779,631
Payment to refunded bond agent	(121,355)	(705,418)	-	-	(826,773)
TOTAL OTHER FINANCING SOURCES (USES)	(617,949)	39,888	(11,645)	(66,690)	(656,396)
NET CHANGE IN FUND BALANCES	1,101,022	(91,077)	41,285	32,738	1,083,968
FUND BALANCES - JULY 1	2,651,635	166,143	(84,825)	107,479	2,840,432
FUND BALANCES - JUNE 30	\$ 3,752,657	\$ 75,066	\$ (43,540)	\$ 140,217	\$ 3,924,400

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, 2021  
(Expressed in Thousands)

**Net change in fund balances - total governmental funds** \$ 1,083,968

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current year, these amounts are:

Capital outlay	\$ 1,247,707	
Depreciation expense	(700,085)	
Excess of capital outlay over depreciation expense		547,622

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. (12,341)

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

Bonds	(862,942)	
Capital leases	(547)	
Other financing arrangements	(600)	
Total		(864,089)

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	966,361	
Capital lease payments	4,210	
Other financing arrangements payments	421	
Total long-term debt repayments		970,992

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. 29,301

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. 35,569

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	1,103	
Pension related deferred inflows of resources	(38,962)	
Net pension related deferred		(37,859)
OPEB related deferred outflows of resources	(1,905)	
OPEB related deferred inflows of resources	(6,978)	
Net OPEB related deferred		(8,883)

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	(11,527)	
Early retirement/termination benefits	88	
Net pension liability	73,360	
Other postemployment benefits liability	(652)	
Other	5,299	
Total additional expenses		66,568

**Change in net position of governmental activities** \$ 1,810,848

The notes are an integral part of the financial statements.



Iowa State Capitol Building during fire.  
January 4, 1904  
Photographer - T.F. Shannon

# 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, 2021

(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS		
<b>ASSETS</b>					
Current assets:					
Cash & investments	\$ 706,133	\$ 1,166,738	\$ 53,620	\$ 1,926,491	\$ 95,426
Deposits with trustees	40,043	-	-	40,043	-
Accounts receivable (net)	607,191	207,035	16,218	830,444	3,313
Interest receivable	1,792	-	-	1,792	-
Loans receivable (net)	3,002	-	-	3,002	-
Due from other funds/advances to other funds	-	237,840	787	238,627	100,648
Inventory	95,583	-	6,603	102,186	8,771
Prepaid expenses	57,316	-	1,798	59,114	11,684
<b>Total current assets</b>	<b>1,511,060</b>	<b>1,611,613</b>	<b>79,026</b>	<b>3,201,699</b>	<b>219,842</b>
Noncurrent assets:					
Cash & investments	4,469,287	-	-	4,469,287	-
Deposits with trustees	2,776	-	-	2,776	-
Accounts receivable (net)	18,777	-	-	18,777	-
Interest receivable	618	-	-	618	-
Loans receivable (net)	43,301	-	-	43,301	-
Capital assets - nondepreciable	757,741	-	3,371	761,112	27,103
Capital assets - depreciable (net)	5,141,648	-	28,735	5,170,383	156,237
Prepaid expenses	9,097	-	-	9,097	-
Other assets	16,254	-	-	16,254	-
<b>Total noncurrent assets</b>	<b>10,459,499</b>	<b>-</b>	<b>32,106</b>	<b>10,491,605</b>	<b>183,340</b>
<b>TOTAL ASSETS</b>	<b>11,970,559</b>	<b>1,611,613</b>	<b>111,132</b>	<b>13,693,304</b>	<b>403,182</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Debt refunding loss	16,830	-	-	16,830	-
Excess consideration provided for acquisition	167	-	-	167	-
Related to other postemployment benefits	101,753	-	325	102,078	244
Related to pensions	76,493	-	3,906	80,399	5,381
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>195,243</b>	<b>-</b>	<b>4,231</b>	<b>199,474</b>	<b>5,625</b>

(continued on next page)

# STATE OF IOWA

## Statement of Net Position Proprietary Funds

June 30, 2021

(Expressed in Thousands)

(continued)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS		
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable & accruals	646,159	44,555	20,431	711,145	44,380
Due to other funds/advances from other funds	-	1,626	17,256	18,882	16,617
Interest payable	23,652	-	-	23,652	-
Unearned revenue	104,297	29,488	1,532	135,317	53,206
Compensated absences	127,238	-	2,100	129,338	2,965
Capital leases	2,870	-	-	2,870	-
Bonds payable	155,818	-	-	155,818	-
Other financing arrangements payable	943	-	-	943	-
Other postemployment benefits liability	18,508	-	123	18,631	215
Refundable allowances on student loans	1,472	-	-	1,472	-
Funds held in custody	613	-	-	613	-
<b>Total current liabilities</b>	<b>1,081,570</b>	<b>75,669</b>	<b>41,442</b>	<b>1,198,681</b>	<b>117,383</b>
Noncurrent liabilities:					
Accounts payable & accruals	42,625	-	193	42,818	43,369
Unearned revenue	22,250	-	-	22,250	-
Compensated absences	127,224	-	1,763	128,987	3,545
Capital leases	19,622	-	-	19,622	-
Bonds payable	1,608,030	-	-	1,608,030	-
Other financing arrangements payable	25,970	-	-	25,970	-
Net pension liability	211,610	-	10,756	222,366	21,096
Other postemployment benefits liability	241,196	-	2,135	243,331	3,545
Advance From Concessionaire	1,133,044	-	-	1,133,044	-
Refundable allowances on student loans	43,096	-	-	43,096	-
<b>Total noncurrent liabilities</b>	<b>3,474,667</b>	<b>-</b>	<b>14,847</b>	<b>3,489,514</b>	<b>71,555</b>
<b>TOTAL LIABILITIES</b>	<b>4,556,237</b>	<b>75,669</b>	<b>56,289</b>	<b>4,688,195</b>	<b>188,938</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Debt refunding gain	1,919	-	-	1,919	-
Grants received in advance of meeting timing requirements	144	-	-	144	-
Related to other postemployment benefits	121,168	-	521	121,689	211
Related to pensions	5,089	-	2,908	7,997	2,154
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>128,320</b>	<b>-</b>	<b>3,429</b>	<b>131,749</b>	<b>2,365</b>
<b>NET POSITION</b>					
Net investment in capital assets	4,194,740	-	32,106	4,226,846	183,340
Restricted for:					
Expendable	578,962	-	-	578,962	-
Nonexpendable	92,728	-	-	92,728	-
Unemployment benefits	-	1,535,944	-	1,535,944	-
Unrestricted	2,614,815	-	23,539	2,638,354	34,164
<b>TOTAL NET POSITION</b>	<b>\$ 7,481,245</b>	<b>\$ 1,535,944</b>	<b>\$ 55,645</b>	<b>9,072,834</b>	<b>\$ 217,504</b>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds (5,913)

**NET POSITION OF BUSINESS-TYPE ACTIVITIES** **\$ 9,066,921**

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, 2021  
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS		
<b>OPERATING REVENUES</b>					
Employer contributions	\$ -	\$ 413,453	\$ -	\$ 413,453	\$ -
Receipts from other entities	-	1,682,997	18	1,683,015	214,349
Fees, licenses & permits	3,400,353	-	23,259	3,423,612	-
Refunds & reimbursements	-	9	1,258	1,267	56,493
Sales, rents & services	386,207	-	481,241	867,448	1,754
Grants & contracts	674,593	-	-	674,593	-
Independent/auxiliary operations	234,517	-	-	234,517	-
Miscellaneous	76,061	2	5,982	82,045	17,147
<b>TOTAL OPERATING REVENUES</b>	<b>4,771,731</b>	<b>2,096,461</b>	<b>511,758</b>	<b>7,379,950</b>	<b>289,743</b>
<b>OPERATING EXPENSES</b>					
General & administrative	-	-	10,602	10,602	-
Scholarship & fellowship	59,973	-	-	59,973	-
Depreciation	396,090	-	5,094	401,184	19,337
Direct & other	-	-	42,378	42,378	-
Personal services	3,152,006	-	7,036	3,159,042	37,555
Travel & subsistence	11,753	-	254	12,007	18,362
Supplies & materials	916,153	-	335	916,488	46,543
Contractual services	173,939	-	12,891	186,830	71,354
Equipment & repairs	759,646	-	5,665	765,311	36,733
Claims & miscellaneous	63,649	-	284,767	348,416	29,528
Licenses, permits & refunds	6,905	-	1,224	8,129	16
State aid & credits	-	2,353,780	2,638	2,356,418	-
<b>TOTAL OPERATING EXPENSES</b>	<b>5,540,114</b>	<b>2,353,780</b>	<b>372,884</b>	<b>8,266,778</b>	<b>259,428</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(768,383)</b>	<b>(257,319)</b>	<b>138,874</b>	<b>(886,828)</b>	<b>30,315</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Gifts	205,483	-	-	205,483	-
Taxes	-	-	11,008	11,008	-
Investment income	450,170	23,371	29	473,570	292
Interest expense	(50,648)	-	-	(50,648)	-
Miscellaneous revenue	73,428	-	-	73,428	-
Gain (loss) on sale of capital assets	(10,281)	-	(347)	(10,628)	50
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b>668,152</b>	<b>23,371</b>	<b>10,690</b>	<b>702,213</b>	<b>342</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>(100,231)</b>	<b>(233,948)</b>	<b>149,564</b>	<b>(184,615)</b>	<b>30,657</b>
Capital contributions & grants	33,205	-	-	33,205	-
Transfers in	611,210	237,470	2,071	850,751	-
Transfers out	-	(5,102)	(151,937)	(157,039)	-
<b>CHANGE IN NET POSITION</b>	<b>544,184</b>	<b>(1,580)</b>	<b>(302)</b>	<b>542,302</b>	<b>30,657</b>
<b>TOTAL NET POSITION - JULY 1</b>	<b>6,937,061</b>	<b>1,537,524</b>	<b>55,947</b>		<b>186,847</b>
<b>TOTAL NET POSITION - JUNE 30</b>	<b>\$ 7,481,245</b>	<b>\$ 1,535,944</b>	<b>\$ 55,645</b>		<b>\$ 217,504</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,356	
<b>CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>				<b>\$ 543,658</b>	

The notes are an integral part of the financial statements.

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

For the Year Ended June 30, 2021  
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers/students	\$ 3,983,187	\$ -	\$ 505,689	\$ 4,488,876	\$ -
Cash received from miscellaneous	109,704	11	6,000	115,715	-
Cash received from employers	-	469,211	-	469,211	-
Cash received from other entities	663,836	1,682,997	-	2,346,833	33,096
Cash received from interfund transactions	-	(237,441)	-	(237,441)	268,237
Cash payments to suppliers for goods & services	(2,066,191)	-	(346,082)	(2,412,273)	(197,922)
Cash payments to employees/students for services	(2,968,991)	-	(16,423)	(2,985,414)	(36,409)
Cash payments for unemployment claims	-	(2,403,364)	-	(2,403,364)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(278,455)</u>	<u>(488,586)</u>	<u>149,184</u>	<u>(617,857)</u>	<u>67,002</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in from other funds	576,837	-	2,071	578,908	-
Transfers out to other funds	-	222,113	(148,271)	73,842	-
Receipts from related agencies	403,385	-	-	403,385	-
Payments to related agencies	(334,127)	-	-	(334,127)	-
Other noncapital financing receipts	85,805	-	-	85,805	-
Other noncapital financing payments	(2,536)	-	-	(2,536)	-
Proceeds from noncapital gifts	124,633	-	-	124,633	-
Tax receipts	-	-	11,008	11,008	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>853,997</u>	<u>222,113</u>	<u>(135,192)</u>	<u>940,918</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>					
Acquisition & construction of capital assets	(365,548)	-	(5,344)	(370,892)	(47,488)
Interest payments	(57,109)	-	-	(57,109)	-
Debt payments	(220,040)	-	-	(220,040)	-
Capital grants & contributions	27,548	-	-	27,548	-
Capital transfers in from other funds	31,295	-	-	31,295	-
Debt proceeds	77,464	-	-	77,464	-
Proceeds from sale of capital assets	3,664	-	29	3,693	-
Other capital & related financing activities	105,498	-	-	105,498	-
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(397,228)</u>	<u>-</u>	<u>(5,315)</u>	<u>(402,543)</u>	<u>(47,488)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest & dividends on investments	49,501	23,371	29	72,901	292
Proceeds from sale & maturities of investments	1,176,114	-	-	1,176,114	-
Purchase of investments	(1,487,776)	-	-	(1,487,776)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(262,161)</u>	<u>23,371</u>	<u>29</u>	<u>(238,761)</u>	<u>292</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(83,847)	(243,102)	8,706	(318,243)	19,806
CASH & CASH EQUIVALENTS - JULY 1	509,843	1,409,840	44,914	1,964,597	75,620
CASH & CASH EQUIVALENTS - JUNE 30	425,996	1,166,738	53,620	1,646,354	95,426
INVESTMENTS	4,749,424	-	-	4,749,424	-
CASH & INVESTMENTS PER STATEMENT OF NET POSITION	<u>\$ 5,175,420</u>	<u>\$ 1,166,738</u>	<u>\$ 53,620</u>	<u>\$ 6,395,778</u>	<u>\$ 95,426</u>

(continued on next page)

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

For the Year Ended June 30, 2021  
(Expressed in Thousands)

(continued)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS		
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (768,383)	\$ (257,319)	\$ 138,874	\$ (886,828)	\$ 30,315
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	396,090	-	5,094	401,184	19,337
(Increase) decrease in accounts receivable	(72,515)	62,801	609	(9,105)	(1,721)
(Increase) decrease in due from other funds/advances to other funds		(237,441)	(443)	(237,884)	(4,505)
(Increase) decrease in inventory	(13,574)	-	2,736	(10,838)	219
(Increase) decrease in prepaid expenses	(4,013)	-	(447)	(4,460)	(2,244)
(Increase) decrease in loans receivable	6,487	-	-	6,487	-
(Increase) decrease in other assets	84	-	-	84	-
(Increase) decrease in deferred outflows of resources	(27,873)	-	(910)	(28,783)	(286)
Increase (decrease) in accounts payable	126,115	(51,366)	2,371	77,120	6,638
Increase (decrease) in due to other funds/advances from other funds	-	-	194	194	31
Increase (decrease) in unearned revenue	46,524	(5,260)	(235)	41,029	17,785
Increase (decrease) in compensated absences	18,740	-	262	19,002	417
Increase (decrease) in net pension liability	50,392	-	953	51,345	3,445
Increase (decrease) in other postemployment benefits liability	7,810	-	84	7,894	110
Increase (decrease) in Advance From Concessionaire	(26,974)	-	-	(26,974)	-
Increase (decrease) in deferred inflows of resources	(17,365)	-	42	(17,323)	(2,540)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (278,455)</u>	<u>\$ (488,585)</u>	<u>\$ 149,184</u>	<u>\$ (617,856)</u>	<u>\$ 67,001</u>
Capital assets contributed	\$ 318,415	\$ -	\$ -	\$ 318,415	\$ -
Unrealized loss on investments	378,672	-	-	378,672	-
<b>TOTAL NONCASH INVESTING, CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<u>\$ 697,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 697,087</u>	<u>\$ -</u>

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, 2021  
(Expressed in Thousands)

	<b>PENSION &amp; OTHER EMPLOYEE BENEFIT FUNDS</b>	<b>PRIVATE PURPOSE TRUST FUNDS</b>	<b>CUSTODIAL FUNDS</b>
<b>ASSETS</b>			
Cash & cash equivalents	\$ 522,076	\$ 8,623	\$ 217,001
Receivables:			
Accounts	-	-	9,187
Contributions	75,352	-	-
Investments sold	743,139	-	-
Foreign exchange contracts	317,903	-	-
Taxes for other governments	-	-	301,628
Interest & dividends	83,528	-	1
Miscellaneous	7	-	-
Total receivables	<u>1,219,929</u>	<u>-</u>	<u>310,816</u>
Investments, at fair value:			
Fixed income securities	12,849,403	-	5,456
Equity investments	19,767,097	6,956,570	14,313
Real estate partnerships	69,906	-	-
Investment in private equity/debt	8,652,675	-	-
Real assets	2,360,617	-	-
Securities lending collateral pool	580,774	-	-
Total investments	<u>44,280,472</u>	<u>6,956,570</u>	<u>19,769</u>
Capital assets:			
Land	500	-	-
Other - depreciable (net)	12,627	-	125
Total capital assets	<u>13,127</u>	<u>-</u>	<u>125</u>
Other assets	<u>628</u>	<u>-</u>	<u>508</u>
<b>TOTAL ASSETS</b>	<u><u>46,036,232</u></u>	<u><u>6,965,193</u></u>	<u><u>548,219</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to other postemployment benefits	<u>99</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Accounts payable & accruals	60,913	243	55,629
Accounts payable to other governments	-	-	422,915
Foreign exchange contracts payable	317,154	-	-
Payable for investments purchased	1,062,696	-	-
Payable to brokers for rebate & collateral	580,675	-	-
<b>TOTAL LIABILITIES</b>	<u>2,021,438</u>	<u>243</u>	<u>478,544</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to other postemployment benefits	<u>78</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted for:			
Pension/other postemployment benefits	44,014,815	-	-
Individuals, organizations & other entities	-	6,964,950	69,675
<b>TOTAL NET POSITION</b>	<u><u>\$ 44,014,815</u></u>	<u><u>\$ 6,964,950</u></u>	<u><u>\$ 69,675</u></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, 2021  
(Expressed in Thousands)

	<b>PENSION &amp; OTHER EMPLOYEE BENEFIT FUNDS</b>	<b>PRIVATE PURPOSE TRUST FUNDS</b>	<b>CUSTODIAL FUNDS</b>
<b>ADDITIONS</b>			
Contributions:			
Member/participant contributions	\$ 561,086	\$ 485,115	\$ 457,764
Employer contributions	849,472	-	-
Buy-back/buy-in contributions	5,220	-	-
Other contributions	-	1,514	73,118
Gifts, bequests & endowments	-	-	3,638
Total contributions	<u>1,415,778</u>	<u>486,629</u>	<u>534,520</u>
Investment income:			
Net increase in fair value of investments	9,673,605	1,251,589	5,266
Interest	394,806	1,035	-
Dividends	124,147	-	-
Other	67,035	-	-
Total investment income	<u>10,259,593</u>	<u>1,252,624</u>	<u>5,266</u>
Less investment expense	<u>72,073</u>	<u>-</u>	<u>-</u>
Net investment income	<u>10,187,520</u>	<u>1,252,624</u>	<u>5,266</u>
Tax collections for other governments	-	-	1,259,371
Court revenue collections for others	-	-	293,265
Miscellaneous	-	-	47,299
<b>TOTAL ADDITIONS</b>	<u>11,603,298</u>	<u>1,739,253</u>	<u>2,139,721</u>
<b>DEDUCTIONS</b>			
Pension & annuity benefits	2,415,494	-	409,419
Distributions to participants	-	541,262	-
Payments in accordance with agreements	2,040	-	101,425
Administrative expense	14,156	-	30,017
Payments of tax collections to other entities	-	-	1,259,640
Payment of court collections to others	-	-	292,362
Refunds	53,636	-	-
Other	-	1,189	35,537
<b>TOTAL DEDUCTIONS</b>	<u>2,485,326</u>	<u>542,451</u>	<u>2,128,400</u>
Extraordinary item -settlement payment <sup>1</sup>	7,600	-	-
<b>CHANGE IN NET POSITION</b>	9,125,572	1,196,802	11,321
<b>NET POSITION - JULY 1</b>	<u>34,889,243</u>	<u>5,768,148</u>	<u>58,354</u>
<b>NET POSITION - JUNE 30</b>	<u>\$ 44,014,815</u>	<u>\$ 6,964,950</u>	<u>\$ 69,675</u>

<sup>1</sup>Iowa Public Employees' Retirement System (IPERS) received the final settlement payment from the Westridge Capital fraud case, CFTC V. Walsh/SEC v. WG. The payment resulted in an extraordinary item.

The notes are an integral part of the financial statements.

Celebration at Iowa State Capitol Building in honor of President Theodore Roosevelt's visit. President Roosevelt is standing in carriage in foreground.



Iowa State Capitol Building from West showing group gathered around fountain. ca 1905

## COMPONENT UNIT FINANCIAL STATEMENTS

**Iowa Finance Authority** issues bonds to assist in attainment of adequate housing for special needs individuals such as the low to moderate income and the disabled and to provide limited types of financing to small businesses.

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

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

**Iowa Lottery Authority** is used to account for lottery revenues, administrative and operating expenses of the Lottery Authority and the distribution of revenue to the General Fund.

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

**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, 2021  
(Expressed in Thousands)

	IOWA FINANCE AUTHORITY	IOWA ECONOMIC DEVELOPMENT AUTHORITY	IOWA STATE FAIR AUTHORITY	IOWA LOTTERY AUTHORITY	UNIVERSITY OF IOWA CENTER FOR ADVANCEMENT & AFFILIATE
<b>ASSETS</b>					
Current assets:					
Cash & investments	\$ 1,056,254	\$ 168,291	\$ 23,623	\$ 29,383	\$ 102,799
Cash & investments - restricted	-	-	-	795	-
Accounts receivable (net)	-	12,765	1,296	5,429	51,294
Interest receivable	6,116	-	45	4	-
Loans receivable (net)	152,669	6,208	-	-	-
Inventory	-	-	262	3,367	-
Prepaid expenses	-	314	26	59	-
Other assets	32,847	-	-	59	-
Total current assets	<u>1,247,886</u>	<u>187,578</u>	<u>25,252</u>	<u>39,096</u>	<u>154,093</u>
Noncurrent assets:					
Cash & investments	846,025	-	-	-	1,578,964
Accounts receivable (net)	-	-	1,067	-	115,513
Loans receivable (net)	2,167,397	67,953	-	-	-
Capital assets - nondepreciable	1,208	-	31,596	1,592	123
Capital assets - depreciable (net)	12,748	-	84,753	5,343	15,964
Other assets	24,443	-	-	5,636	-
Total noncurrent assets	<u>3,051,821</u>	<u>67,953</u>	<u>117,416</u>	<u>12,571</u>	<u>1,710,564</u>
TOTAL ASSETS	<u>4,299,707</u>	<u>255,531</u>	<u>142,668</u>	<u>51,667</u>	<u>1,864,657</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated decrease in fair value of					
hedging derivatives	4,827	-	-	-	-
Debt refunding loss	10,529	-	-	-	-
Related to other postemployment benefits	136	61	131	109	-
Related to pensions	1,432	1,555	1,032	1,438	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>16,924</u>	<u>1,616</u>	<u>1,163</u>	<u>1,547</u>	<u>-</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable & accruals	21,697	16,301	1,375	32,709	4,942
Interest payable	33,776	-	-	-	-
Unearned revenue	197,399	5	3,959	208	-
Compensated absences	-	609	341	1,020	-
Bonds payable	74,276	-	-	-	-
Funds held in custody	-	-	-	-	99,559
Total current liabilities	<u>327,148</u>	<u>16,915</u>	<u>5,675</u>	<u>33,937</u>	<u>104,501</u>
Noncurrent liabilities:					
Accounts payable & accruals	8,600	45	58	5,718	22,970
Compensated absences	-	1,087	780	954	-
Bonds payable	2,537,629	-	-	-	-
Net pension liability	6,026	6,914	5,040	6,530	-
Other postemployment benefits liability	909	1,016	817	1,103	-
Funds held in custody	-	-	-	-	-
Total noncurrent liabilities	<u>2,553,164</u>	<u>9,062</u>	<u>6,695</u>	<u>14,305</u>	<u>22,970</u>
TOTAL LIABILITIES	<u>2,880,312</u>	<u>25,977</u>	<u>12,370</u>	<u>48,242</u>	<u>127,471</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated increase in fair value of					
hedging derivatives	1,937	-	-	-	-
Related to other postemployment benefits	90	131	54	175	-
Related to pensions	785	488	137	396	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,812</u>	<u>619</u>	<u>191</u>	<u>571</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	13,956	-	116,349	6,935	16,087
Restricted for:					
Bond resolutions	1,138,102	-	-	-	-
Clean water and drinking water programs	176,286	-	-	-	-
Title guaranty program	54,788	-	-	-	-
Economic development	-	53,514	-	-	-
Other purposes	43,655	-	11,392	-	1,694,409
Nonexpendable - foundations	-	-	-	-	-
Expendable - foundations	-	-	-	-	-
Unrestricted	6,720	177,037	3,529	(2,534)	26,690
TOTAL NET POSITION	<u>\$ 1,433,507</u>	<u>\$ 230,551</u>	<u>\$ 131,270</u>	<u>\$ 4,401</u>	<u>\$ 1,737,186</u>

(continued on next page)

**STATE OF IOWA**  
**Statement of Net Position**  
**Component Units**  
June 30, 2021  
(Expressed in Thousands)

(continued)

	<b>IOWA STATE UNIVERSITY FOUNDATION</b>	<b>UNIVERSITY OF NORTHERN IOWA FOUNDATION</b>	<b>UNIVERSITY OF IOWA RESEARCH FOUNDATION</b>	<b>UNIVERSITY OF IOWA HEALTH SYSTEM</b>	<b>TOTAL COMPONENT UNITS</b>
<b>ASSETS</b>					
Current assets:					
Cash & investments	\$ 356,758	\$ 30,654	\$ 544	\$ 15,643	\$ 1,783,949
Cash & investments - restricted	-	-	-	-	795
Accounts receivable (net)	49,097	1,296	2,069	2,242	125,488
Interest receivable	-	-	-	-	6,165
Loans receivable (net)	-	-	-	-	158,877
Inventory	-	-	-	462	4,091
Prepaid expenses	9	-	74	462	944
Other assets	-	127	-	-	33,033
<b>Total current assets</b>	<b>405,864</b>	<b>32,077</b>	<b>2,687</b>	<b>18,809</b>	<b>2,113,342</b>
Noncurrent assets:					
Cash & investments	1,268,809	184,336	8,452	11,361	3,897,947
Accounts receivable (net)	104,597	17,217	-	-	238,394
Loans receivable (net)	-	-	197	-	2,235,547
Capital assets - nondepreciable	960	-	-	-	35,479
Capital assets - depreciable (net)	2,399	96	2	291	121,596
Other assets	7,878	865	250	-	39,072
<b>Total noncurrent assets</b>	<b>1,384,643</b>	<b>202,514</b>	<b>8,901</b>	<b>11,652</b>	<b>6,568,035</b>
<b>TOTAL ASSETS</b>	<b>1,790,507</b>	<b>234,591</b>	<b>11,588</b>	<b>30,461</b>	<b>8,681,377</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated decrease in fair value of					
hedging derivatives	-	-	-	2,480	7,307
Debt refunding loss	-	-	-	-	10,529
Related to other postemployment benefits	-	-	-	-	437
Related to pensions	-	-	-	-	5,457
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,480</b>	<b>23,730</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable & accruals	1,935	1,450	1,516	1,828	83,753
Interest payable	-	-	-	-	33,776
Unearned revenue	-	-	-	-	201,571
Compensated absences	1,024	-	-	-	2,994
Bonds payable	-	-	-	-	74,276
Funds held in custody	16,710	-	-	5,731	122,000
<b>Total current liabilities</b>	<b>19,669</b>	<b>1,450</b>	<b>1,516</b>	<b>7,559</b>	<b>518,370</b>
Noncurrent liabilities:					
Accounts payable & accruals	24,213	2,196	-	-	63,800
Compensated absences	-	-	-	-	2,821
Bonds payable	-	-	-	-	2,537,629
Net pension liability	-	-	-	-	24,510
Other postemployment benefits liability	-	-	-	-	3,845
Funds held in custody	13,809	-	-	-	13,809
<b>Total noncurrent liabilities</b>	<b>38,022</b>	<b>2,196</b>	<b>-</b>	<b>-</b>	<b>2,646,414</b>
<b>TOTAL LIABILITIES</b>	<b>57,691</b>	<b>3,646</b>	<b>1,516</b>	<b>7,559</b>	<b>3,164,784</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated increase in fair value of					
hedging derivatives	-	-	-	-	1,937
Related to other postemployment benefits	-	-	-	-	450
Related to pensions	-	-	-	-	1,806
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,193</b>
<b>NET POSITION</b>					
Net investment in capital assets	1,855	-	2	291	155,475
Restricted for:					
Bond resolutions	-	-	-	-	1,138,102
Clean water and drinking water programs	-	-	-	-	176,286
Title guaranty program	-	-	-	-	54,788
Economic development	-	-	-	-	53,514
Other purposes	-	-	-	-	1,749,456
Nonexpendable - foundations	1,252,462	-	-	-	1,252,462
Expendable - foundations	390,750	215,509	-	-	606,259
Unrestricted	87,749	15,436	10,070	25,091	349,788
<b>TOTAL NET POSITION</b>	<b>\$ 1,732,816</b>	<b>\$ 230,945</b>	<b>\$ 10,072</b>	<b>\$ 25,382</b>	<b>\$ 5,536,130</b>

The notes are an integral part of the financial statements.

**STATE OF IOWA**  
**Statement of Activities**  
**Component Units**

For the Year Ended June 30, 2021  
(Expressed in Thousands)

	<b>IOWA FINANCE AUTHORITY</b>	<b>IOWA ECONOMIC DEVELOPMENT AUTHORITY</b>	<b>IOWA STATE FAIR AUTHORITY</b>	<b>IOWA LOTTERY AUTHORITY</b>	<b>UNIVERSITY OF IOWA CENTER FOR ADVANCEMENT &amp; AFFILIATE</b>
Expenses	\$ 323,918	\$ 269,571	\$ 16,653	\$ 452,528	\$ 131,725
Program revenues:					
Charges for services	30,400	2,963	3,198	452,603	-
Operating grants & contributions	263,282	237,940	818	-	103,873
Capital grants & contributions	-	-	2,801	-	-
Total program revenues	<u>293,682</u>	<u>240,903</u>	<u>6,817</u>	<u>452,603</u>	<u>103,873</u>
Net program (expenses) revenues	<u>(30,236)</u>	<u>(28,668)</u>	<u>(9,836)</u>	<u>75</u>	<u>(27,852)</u>
General revenues:					
Investment income	72,938	471	411	59	348,065
Other	-	7,531	4,944	-	-
Gain (loss) on sale of assets	-	-	-	18	-
Total general revenues	<u>72,938</u>	<u>8,002</u>	<u>5,355</u>	<u>77</u>	<u>348,065</u>
CHANGE IN NET POSITION	42,702	(20,666)	(4,481)	152	320,213
NET POSITION - JULY 1	<u>1,390,805</u>	<u>251,217</u>	<u>135,751</u>	<u>4,249</u>	<u>1,416,973</u>
NET POSITION - JUNE 30	<u>\$ 1,433,507</u>	<u>\$ 230,551</u>	<u>\$ 131,270</u>	<u>\$ 4,401</u>	<u>\$ 1,737,186</u>

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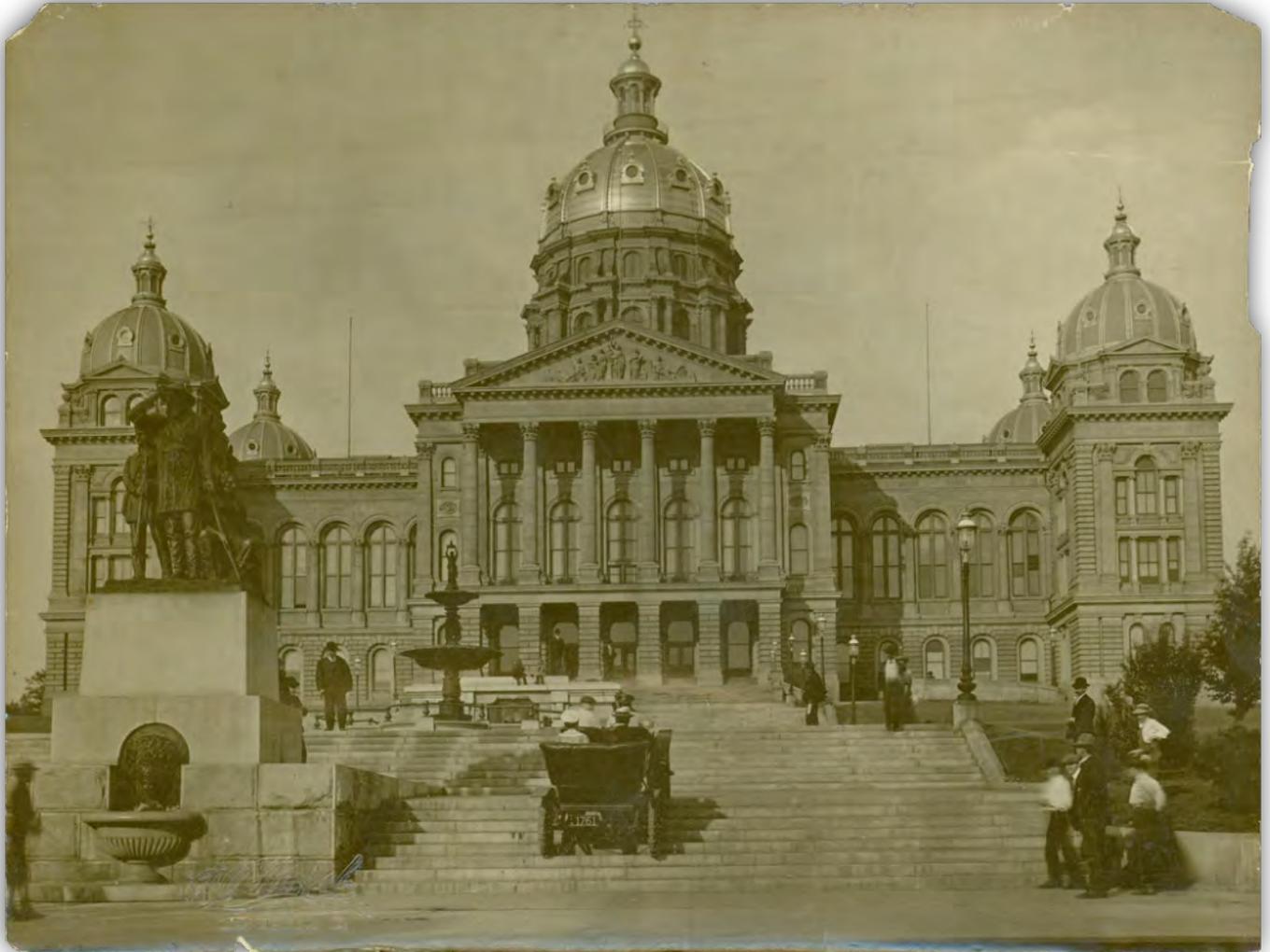
**STATE OF IOWA**  
**Statement of Activities**  
**Component Units**

For the Year Ended June 30, 2021  
(Expressed in Thousands)

(continued)

	<b>IOWA STATE UNIVERSITY FOUNDATION</b>	<b>UNIVERSITY OF NORTHERN IOWA FOUNDATION</b>	<b>UNIVERSITY OF IOWA RESEARCH FOUNDATION</b>	<b>UNIVERSITY OF IOWA HEALTH SYSTEM</b>	<b>TOTAL COMPONENT UNITS</b>
Expenses	\$ 111,943	\$ 16,807	\$ 4,686	\$ 20,778	\$ 1,348,609
Program revenues:					
Charges for services	-	-	3,389	18,721	511,274
Operating grants & contributions	147,668	32,902	-	-	786,483
Capital grants & contributions	-	-	-	-	2,801
Total program revenues	<u>147,668</u>	<u>32,902</u>	<u>3,389</u>	<u>18,721</u>	<u>1,300,558</u>
Net program (expenses) revenues	<u>35,725</u>	<u>16,095</u>	<u>(1,297)</u>	<u>(2,057)</u>	<u>(48,051)</u>
General revenues:					
Investment income	383,985	42,432	212	3,031	851,604
Other	6,028	1,267	120	2,559	22,449
Gain (loss) on sale of assets	-	-	-	-	18
Total general revenues	<u>390,013</u>	<u>43,699</u>	<u>332</u>	<u>5,590</u>	<u>874,071</u>
CHANGE IN NET POSITION	425,738	59,794	(965)	3,533	826,020
NET POSITION - JULY 1	<u>1,307,078</u>	<u>171,151</u>	<u>11,037</u>	<u>21,849</u>	<u>4,710,110</u>
NET POSITION - JUNE 30	<u>\$ 1,732,816</u>	<u>\$ 230,945</u>	<u>\$ 10,072</u>	<u>\$ 25,382</u>	<u>\$ 5,536,130</u>

The notes are an integral part of the financial statements.



Mason Motor Company car climbing steps of the  
Iowa State Capitol Building in a promotional  
exhibition of the automobile's power.

Des Moines, Iowa 1907

Photographer: A.O. Harpel, Des Moines

# 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 Fund (a blended component unit of the University of Iowa), which does not issue separate financial statements, can be obtained by contacting: Iowa Department of Administrative Services, State Accounting Enterprise, Hoover State Office Bldg., 3<sup>rd</sup> 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, formerly Iowa Public Television Foundation, (Special Revenue and Permanent Funds) promotes and serves as a funding medium for Iowa PBS, a department of the State of Iowa. It solicits and manages gifts of money or property for the exclusive purpose of granting gifts of money or property to 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.
- Iowa Public Radio (Special Revenue Fund) manages the day-to-day operations of the State University radio stations and ensures compliance with Federal Communications Commission requirements on behalf of the Iowa Board of Regents (Regents). The Regents appoints the board of directors and has assumed the obligation to provide financial support to, and finance deficits of, Iowa Public Radio. It serves as the primary fundraising entity for the stations and exclusively benefits the State and provides services entirely to the State.
- The University of Iowa Strategic 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.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### ***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. 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)
- Iowa Lottery Authority (Proprietary) was created to operate the State Lottery. The five members of the board of directors are appointed by the Governor and confirmed by the Senate. The State has the ability to impose its will on the Authority. The Authority's purpose is to produce the maximum amount of net revenues for the State in a dignified manner that maintains the general welfare of the people, while providing a financial benefit to the State.

During the year ended June 30, 2021, the Iowa Lottery Authority provided \$101.7 million to the State of Iowa.

- 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 Research Foundation and the University of Iowa Health System report 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, 2021, the Foundations distributed \$196.1 million to the Universities for academic and institutional support.

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

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## NOTES TO THE FINANCIAL STATEMENTS

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.

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

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

When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are reported as general revenues.

#### **Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds 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.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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.

### D. Financial Statement Presentation

The State reports the following major governmental funds:

#### General Fund

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

#### Special Revenue Funds

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

*Tobacco Collections Fund* – The Tobacco Collections Fund accounts for tobacco settlement moneys 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 (a collateralized borrowing per GASB Statement No. 48). Per Code of Iowa Section 12E.12.1.b(3)(b), the State’s portion is then transferred to the Rebuild Iowa Infrastructure Fund.

The State reports the following major proprietary funds:

#### Enterprise Funds

*University Funds* account for the operations of the State’s public institutions of higher education. The State University of Iowa, Iowa State University and the University of Northern Iowa comprise this group.

The *Unemployment Benefits Fund* receives 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).

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## NOTES TO THE FINANCIAL STATEMENTS

*Permanent Funds* account for resources legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the government or its citizenry.

### Proprietary Funds

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

*Internal Service Funds* account for the financing of goods or services provided by one department or agency to other departments or agencies of the State, or to other governmental units, on a cost reimbursement basis. The activities accounted for in internal service funds include information technology, workers' compensation, fleet operations, printing and mail services, and property management.

### Fiduciary Funds

*Pension and Other Employee Benefit Trust Funds* account for 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 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.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

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 on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In fiscal year 2021, the State of Iowa implemented the following GASB standards:

- GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate. All paragraphs were implemented except for 11b, 13 and 14, which are effective for fiscal 2022.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*, was early implemented for the State's 2021 annual financial statements. This statement updates the term "comprehensive annual financial report" or "CAFR" to "annual comprehensive financial report" or "ACFR".

#### **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 \$4.6 million associated with certain funds has been assigned to other funds for fiscal year 2021.

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

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collateral in the form of cash in U.S. dollars, U.S. government securities or irrevocable letters of credit. The types of securities on loan included equity investments and fixed income securities.

A borrower is required to initially deliver collateral in an amount equal to 102% of the fair value of any U.S. securities lent and 105% of the fair value of any non-U.S. securities lent. Borrowers are required to provide additional collateral any time the value of the collateral drops below 100% of the value of the security lent plus accrued interest income.

At year-end, IPERS had \$7.6 million in risk exposure due to the amount on loan by IPERS exceeding the amount owed to IPERS. This was because of a timing issue on the receipt of payment and was resolved the next day. PORS and JRS had no credit risk exposure to borrowers because the amounts the borrowers owed PORS and JRS did not exceed the amount the PORS and JRS 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, 2021, the Systems had securities on loan, including accrued interest income, with a total value of \$560.7 million against collateral with a total value of \$580.7 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. PORS and JRS bear interest rate risk if the custodian bank invests in securities which decrease in value or default. (See NOTE 2.)

The effective duration of the cash collateral pool at June 30, 2021, for IPERS was 0.00. Credit quality and years to maturity statistics for the cash collateral pool at June 30, 2021, for the Systems are as follows (expressed in thousands):

<b>Securities Lending Collateral Pool</b>							
<u>Investment Type</u>	<u>Fair Value *</u>	<u>Credit Risk: S&amp;P Quality Rating</u>			<u>Investment Maturity (Years)</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
		<u>AAA</u>	<u>A-1</u>	<u>Not Rated</u>			
Money market funds	\$ 356,629	\$356,629	\$ -	\$ -	Less than 1	N/A	on demand
Overnight repurchase agreements	210,290	-	184,500	25,790	Less than 1	Daily	on demand
	<u>\$ 566,919</u>	<u>\$356,629</u>	<u>\$184,500</u>	<u>\$ 25,790</u>			

\* Investments are measured at the net asset value. 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

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amounts to correlate with the consumption method. Inventory asset amounts are not available for budgetary appropriation as they have been charged to expenditures when purchased rather than when used.

### I. Prepaid Items

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

### J. Capital Assets

Capital assets are reported in the government-wide and proprietary fund financial statements at historical cost. Donated capital assets acquired before July 1, 2015, are reported at their estimated fair market value at the date of acquisition. Donated capital assets acquired after June 30, 2015, are reported at their acquisition value at the date of acquisition. Capital assets utilized in governmental funds are reported as expenditures when purchased in the governmental fund financial statements. Interest incurred during the construction phase of capital assets of enterprise funds is generally included as part of the capitalized value of the assets constructed. Infrastructure (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:

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

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

Infrastructure	10-50 years
Buildings and improvements other than buildings	20-50 years
Intangible assets	5-20 years
Equipment	2-20 years
Vehicles	3-10 years

Each University sets its own capitalization threshold and useful life policies. See individual University 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 position or fund balance that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

### L. Compensated Absences

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

### 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

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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 position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

### **O. Interfund Activity and Balances**

#### ***Interfund Activity***

As a general rule, the effect of interfund activity has been eliminated from the government-wide 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, unnumbered paragraph 2, of the Code of Iowa, states, "No payment of an obligation for goods and services shall be charged to an appropriation subsequent to the last day of the fiscal year for which the appropriation is made unless the goods or services are received on or before the last day of the fiscal year, except that repair projects, purchase of specialized equipment and furnishings, and other contracts for services and capital expenditures for the purchase of land or the erection of buildings or new construction or remodeling, which were committed and in progress prior to the end of the fiscal year are excluded from this provision." That is, except for the above stated exceptions, the State must have received the goods or services on or before June 30, creating an actual liability, or the encumbrance is cancelled against that fiscal year. If the encumbrances are still valid after June 30, they become expenditures/expenses of the next fiscal year.

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

The State maintains two 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 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

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

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**

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

#### **S. Budgeting and Budgetary Control**

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

(Notes continue on next page.)

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### 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 an asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for an 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. The assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each 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.

*Valuation techniques – Treasurer:* The custodian for the Treasurer's investments, Bank of New York Mellon (BNYM), prices securities based on information from third-party vendors. Where available, BNYM uses 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

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

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 and real assets, 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. 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.

The fair value measurements, categorized by level of the fair value hierarchy, for the investments of the primary government, at June 30, 2021 follow (expressed in thousands):

#### Investments Measured at Fair Value Primary Government

Investment Type	Total	Level 1	Level 2	Level 3	NAV
<b>Fixed:</b>					
U.S. government treasuries, bills, notes & bonds	\$ 1,636,362	\$ 179,283	\$ 1,457,079	\$ -	-
U.S. government agency	1,102,017	-	1,102,017	-	-
Government asset & mortgage-backed	413,248	-	413,248	-	-
Corporate bonds	246,689	-	246,689	-	-
Corporate asset backed	28,385	-	28,385	-	-
Private placements	5,244	-	5,244	-	-
Fixed income mutual funds	2,911,891	1,902,456	-	-	1,009,435
Commercial paper	53,934	-	53,934	-	-
Other fixed income	797,421	-	797,421	-	-
Total fixed	<u>7,195,191</u>	<u>2,081,739</u>	<u>4,104,017</u>	<u>-</u>	<u>1,009,435</u>
<b>Equity:</b>					
U.S. equity	46,671	46,091	580	-	-
Private equity	196,693	-	-	-	196,693
Non U.S. equity	4,592	4,474	-	-	118
Pooled & mutual funds	1,115,641	775,401	1,123	-	339,117
Real assets	237,136	-	-	-	237,136
Investment pools	2,187	423	123	22	1,619
Other	1,775	490	1,131	38	116
Total equity	<u>1,604,695</u>	<u>826,879</u>	<u>2,957</u>	<u>60</u>	<u>774,799</u>
Total	8,799,886	\$ 2,908,618	\$ 4,106,974	\$ 60	\$ 1,784,234
<b>Other:</b>					
Bank investments	56,860				
Money markets	600,076				
Total invested assets	<u>\$ 9,456,822</u>				

## STATE OF IOWA

### 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, 2021 (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	\$ 1,009,435	\$ -	daily - quarterly	5 - 60 days
Equity:				
Private equity	196,693	113,514	N/A	N/A
Non U.S. equity - redeemable	118	35	daily - monthly	1 - 30 days
Pooled & mutual funds	339,117	-	daily - monthly	2 - 30 days
Real assets - redeemable	176,488	-	quarterly	60 - 90 days
Real assets - nonredeemable	60,648	4,707	N/A	N/A
Investment Pool	1,619	-	N/A	N/A
Other	116	-	quarterly	60 - 90 days
Total equity	774,799	118,256		
Total	\$ 1,784,234	\$ 118,256		

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 venture capital, leveraged buyouts and mezzanine debt.
- Pooled & mutual funds – This category includes investments in global equities including both developed and emerging markets.
- Real assets – This category includes investments in private real estate and natural resource equities funds.
- For the private equity and real assets investment types, 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 distributions from liquidation of the underlying asset 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 the limited partners.

## 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 fiduciary funds, at June 30, 2021 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, bills, notes & bonds	\$ 1,621,704	\$ 1,557,682	\$ 64,022	\$ -	\$ -
U.S. government agency	556,582	1,349	555,233	-	-
Government asset & mortgage-backed	1,521,455	-	1,521,455	-	-
Corporate bonds	2,815,801	-	2,637,666	178,135	-
Corporate asset backed	148,428	-	148,428	-	-
Private placements	2,368,350	-	2,368,350	-	-
Fixed income mutual funds	1,233,333	3,125	-	7,923	1,222,285
Commingled bond funds	2,745,647	-	-	-	2,745,647
Other fixed income	404,085	4,662	45,584	353,839	-
Total fixed	<u>13,415,385</u>	<u>1,566,818</u>	<u>7,340,738</u>	<u>539,897</u>	<u>3,967,932</u>
Equity:					
U.S. equity	6,660,769	6,268,991	388,703	3,075	-
Private equity	7,498,079	-	-	-	7,498,079
Commingled & mutual funds	19,958,169	6,475,135	484,246	-	12,998,788
Real assets	3,580,158	-	-	2,430,523	1,149,635
Other	54,721	7,735	46,986	-	-
Total equity	<u>37,751,896</u>	<u>12,751,861</u>	<u>919,935</u>	<u>2,433,598</u>	<u>21,646,502</u>
Total	51,167,281	<u>\$ 14,318,679</u>	<u>\$ 8,260,673</u>	<u>\$ 2,973,495</u>	<u>\$ 25,614,434</u>
Other:					
Bank investments	41				
Money markets	211				
Total invested assets	<u>\$ 51,167,533</u>				

The following table summarizes investments measured at the net asset value per share, or equivalent, for the fiduciary funds, at June 30, 2021 (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	\$ 1,222,285	\$ -	daily - monthly	5 - 60 days
Commingled bond funds	<u>2,745,647</u>	-	daily	2 days
Total fixed	<u>3,967,932</u>	-		
Equity:				
Private equity	7,498,079	2,484,644	N/A	N/A
Commingled & mutual funds	12,998,788	-	daily - monthly	1 - 30 days
Real assets - redeemable	286	-	quarterly	60 - 90 days
Real assets - nonredeemable	1,149,349	449,696	N/A	N/A
Total equity	<u>21,646,502</u>	<u>2,934,340</u>		
Total	<u>\$ 25,614,434</u>	<u>\$ 2,934,340</u>		

## STATE OF IOWA

### 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 153 active partnerships within the legacy program and a fund-of-one investment, which invests primarily in buyout funds, with some exposure to 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. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of 5 to 10 years.
- Real assets – nonredeemable – Consists of nine partnerships. Four of the funds determine fair value by utilizing net asset values from one quarter in arrears plus current quarter cash flows. Three of the funds determine fair value by utilizing net asset values from the current quarter. Two funds have not yet been funded. None of the private credit funds are eligible for redemption. Distributions are received as underlying investments are liquidated, which on average can occur over the span of 3 to 7 years.

#### **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, 2021, is summarized as follows (expressed in thousands):

<b>Primary Government</b>			<b>Fiduciary Funds</b>		
S & P Quality Ratings	Fair Value	Percentage	S & P Quality Ratings	Fair Value	Percentage
TSY	\$ 213,362	2.97%	TSY	\$ 2,658,482	19.82%
AGY	7,600	0.11%	AGY	256,679	1.91%
AAA	113,399	1.58%	AAA	1,089,182	8.12%
AA	4,315,204	59.97%	AA	966,461	7.20%
A	725,510	10.08%	A	1,359,755	10.14%
BBB	253,563	3.52%	BBB	2,478,202	18.47%
BB	184,821	2.57%	BB	1,158,311	8.63%
B	371,321	5.16%	B	709,517	5.29%
Below B	51,732	0.72%	Below B	211,174	1.57%
Not rated	958,679	13.32%	Not rated	2,527,622	18.85%
<b>Total</b>	<b>\$ 7,195,191</b>	<b>100.00%</b>	<b>Total</b>	<b>\$ 13,415,385</b>	<b>100.00%</b>

The Treasurer's investment 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; domestic prime bankers' acceptances that are eligible for purchase by a federal reserve bank and which mature within 270 days from the date of purchase; domestic commercial paper maturing within 270 days from the date of purchase having a rating of A1+/P1 or A1/P1 by Standard & Poor's and Moody's on the date of purchase; short-term corporate debt, other than commercial paper, maturing within 270 days from the date of purchase having one of the two highest ratings of either Standard & Poor's or Moody's on the date of purchase, provided that at the time of purchase no more than 5% of amounts invested in short-term corporate debt or commercial paper maturing within 270 days are rated in the second highest rating classification; perfected repurchase agreements; obligations or guaranteed investment contracts of domestic corporations with maturities greater than 270 days from the date of purchase which have long-term ratings of not less than A2 by Moody's and not less than A by Standard & Poor's; asset-backed securities rated AAA by Standard & Poor's or Aaa by Moody's which are purchased at par value or at a discount to par value and have an expected average time to receipt of principal (average life) of less than two years and a final maturity of less than three years at the time of purchase; and money market mutual funds which are open-end investment management companies organized in trust form registered with the SEC under the Investment Company Act of 1940.

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

The State Board of Regents (BOR) establishes policy and sets objectives for the Universities' investments. The BOR investment policy ([https://www.iowaregents.edu/plans-and-policies/board-policy-manual/22-business-procedures/#Investment Policy](https://www.iowaregents.edu/plans-and-policies/board-policy-manual/22-business-procedures/#Investment%20Policy)) permits investments authorized in Chapter 12B.10 of the Code of Iowa. The Universities manage exposure to credit risk by measuring portfolios against benchmarks as established by the BOR.

There are no policy limitations for credit risk exposures within the investment 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 as to 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 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 limit investment in any single issuer to no more than 5% of the market value of the portfolio or account. The policies do not apply to investments in U.S. treasuries, government agencies or instrumentalities.

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 investment manager shall be permitted to invest more than 5% of the accounts in any corporate issuer without written direction and approval of the Treasurer.

### **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 \$997.4 million of total combined bank deposits of the primary government and fiduciary funds at June 30, 2021, were exposed to custodial credit risk for \$357.8 million of uninsured and uncollateralized bank deposits, of which \$351.9 million was invested in money market funds as cash equivalents.

*Investments:* Custodial credit risk for investments 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 but not in the government's name. 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 \$60.6 billion of total combined investments of the primary government and fiduciary funds at June 30, 2021, \$2.2 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 \$982.3 million on deposit with the U.S. Treasury. This amount is presented as cash and investments but is not included in the carrying amounts of deposits nor is it categorized according to risk because it is neither a deposit with a financial institution nor an investment.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### **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 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 within the portfolios 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-plus 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-plus managers have authority under their contracts to reduce the interest rate sensitivity of their core-plus 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.

The State's exposure to interest rate risk for the fixed income investments of the primary government and the fiduciary funds at June 30, 2021, is summarized using the effective duration method, as follows (expressed in thousands):

<b>Primary Government</b>			<b>Fiduciary Funds</b>		
Investment Type	Fair Value	Effective Duration (Years)	Investment Type	Fair Value	Effective Duration (Years)
U.S. government treasuries, bills, notes & bonds	\$ 1,636,362	0.75	U.S. government treasuries, bills, notes & bonds	\$ 1,621,704	8.89
U.S. government agency	1,102,017	1.89	U.S. government agency	556,582	8.63
Government asset & mortgage-backed	413,248	2.16	Government asset & mortgage-backed	1,521,455	4.03
Corporate bonds	246,689	4.46	Corporate bonds	2,815,801	6.77
Corporate asset backed	28,385	0.60	Corporate asset backed	148,428	1.48
Private placements	5,244	0.67	Private placements	2,368,350	4.16
Fixed income mutual funds	2,911,891	3.26	Fixed income mutual funds	1,233,333	0.10
Commercial paper	53,934	0.10	Commingled bond funds	2,745,647	6.59
Other fixed income	797,421	0.52	Other fixed income	404,085	8.58
Total	<u>\$ 7,195,191</u>	<u>2.12</u>	Total	<u>\$ 13,415,385</u>	<u>5.68</u>

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### **Foreign Currency Risk**

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

IPERS' currency policy is to allow 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 investment managers to enter into currency positions greater than 100% or less than 0% of the underlying asset exposure in their respective portfolios. The only exceptions are (1) as it relates to specific cross-hedging activity, which may be permitted in certain investment manager contracts, and (2) in liquid absolute return strategies (LARS) where the managers are permitted to tactically 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, 2021.

Foreign currency risk by investment type for the fiduciary funds, at June 30, 2021, follows (expressed in thousands):

	Total	Cash	Derivatives	Equity	Fixed Income
Argentine peso	\$ 68	\$ -	\$ -	\$ -	\$ 68
Australian dollar	155,537	920	567	154,050	-
Brazilian real	41,862	623	-	39,113	2,126
British pound	303,151	(4,588)	162	297,821	9,756
Canadian dollar	52,728	815	655	50,993	265
Chilean peso	9,682	128	(156)	9,710	-
Chinese yuan renminbi	103,690	283	-	103,407	-
Chinese yuan	(28,186)	(28,186)	-	-	-
Colombian peso	1,278	1	-	1,277	-
Czech koruna	878	26	-	852	-
Danish krone	65,256	652	-	64,604	-
Egyptian pound	845	(418)	-	1,263	-
Euro	745,009	(97,457)	(960)	736,212	107,214
Hong Kong dollar	214,640	1,500	245	212,895	-
Hungarian forint	14,512	12	-	14,500	-
Indian rupee	99,929	4,714	-	95,213	2
Indonesian rupiah	8,413	165	-	8,248	-
Israeli shekel	15,144	6	-	15,138	-
Japanese yen	557,075	2,888	673	553,514	-
Malaysian ringgit	6,469	24	309	6,136	-
Mexican peso	74,812	(4,610)	362	34,482	44,578
New Zealand dollar	8,838	96	-	8,742	-
Norwegian krone	22,924	206	(221)	22,939	-
Philippine peso	12,202	41	-	12,161	-
Polish zloty	38,659	20	-	38,639	-
Qatari riyal	3,448	127	-	3,321	-
Russian ruble	550	139	-	411	-
Singapore dollar	50,897	152	(56)	50,801	-
South African rand	55,231	94	153	54,984	-
South Korean won	164,574	216	-	164,358	-
Swedish krona	105,006	701	(175)	104,480	-
Swiss franc	170,471	2,771	-	167,700	-
Taiwanese dollar	159,061	452	-	158,609	-
Thai baht	22,647	20	(9)	22,636	-
Turkish lira	18,239	1	170	18,068	-
United Arab Emirates dirham	3,009	107	-	2,902	-
<b>Total</b>	<b>\$ 3,278,548</b>	<b>\$ (117,359)</b>	<b>\$ 1,719</b>	<b>\$ 3,230,179</b>	<b>\$ 164,009</b>

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

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

Deposits with trustees totaled \$129.8 million at June 30, 2021. \$100 thousand was invested in fixed U.S. government agency securities with an effective duration of .25 years and a credit quality rating of AAA, \$87 million was invested in equity securities not subject to credit quality ratings, and the remaining \$42.7 million was cash and cash equivalents.

#### ***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 rules of the Universities. Spending rules for the Universities are as follows:

- The University of Iowa's spending rule adjusts dollar payouts by the trailing calendar year Consumer Price Index (inflation rate). Total payout is banded at no less than 4% and no greater than 5% of calendar year-end market values.
- Iowa State University's spending rule is 5.5%, which includes a 1.25% administrative fee, of a three-year moving average market value.
- The University of Northern Iowa's spending rule is 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	\$ 27,340	Restricted nonexpendable net position
Iowa State University	6,289	Restricted expendable net position
University of Northern Iowa	1,014	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 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 Iowa Finance Authority (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, guaranteed investment contracts 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.

## 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 component units, at June 30, 2021 follow (expressed in thousands):

#### Investments Measured at Fair Value

Investment Type	Total	Level 2	Level 3
Fixed:			
U.S. government treasuries, bills, notes & bonds	\$ 3,762	\$ 3,762	\$ -
U.S. government agency	3,601	3,601	-
Government asset & mortgage-backed	848,615	848,615	-
Corporate bonds	20,920	20,920	-
Certificates of deposit	1,555	1,555	-
Commercial paper	28,475	28,475	-
Total fixed	906,928	906,928	-
Equity:			
Other	955	-	955
Total	907,883	\$ 906,928	\$ 955
Other:			
Money markets	693,108		
State of Iowa Treasurer pooled money fund	57,966		
Healthcare joint ventures	11,408		
Total invested assets	\$ 1,670,365		

The University Foundations', discretely presented component units, cash and investments of \$3.5 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.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

The exposure to credit risk for the component units fixed income investments at June 30, 2021, is summarized as follows (expressed in thousands):

S & P Quality Ratings	Fair Value	Percentage
AAA	\$ 28,475	3.14%
AA	\$ 28,283	3.12%
Not rated	850,170	93.74%
Total	\$ 906,928	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 issuer.

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 changes in interest rates will 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, 2021, 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, bills, notes & bonds	\$ 3,762	1.40
U.S. government agency	3,601	2.69
Government asset & mortgage-backed	848,615	22.66
Corporate bonds	20,920	2.82
Certificates of deposit	1,555	0.93
Commercial paper	28,475	0.53
Total	\$ 906,928	21.31

#### **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, 2021, are categorized as investment derivative instruments and, therefore, hedge accounting provisions are not applicable.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

Some of the 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. While 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 is also intended to include (but not be limited to) futures, forwards, options, options on futures, swaps, and swaptions. IPERS' managers are not permitted to utilize 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. 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 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 outstanding at June 30, 2021, follow (expressed in thousands):

#### Futures Exposure Summary

	Number of Contracts	Notional Value	Fair Value	% of Total Fund NAV
<b>Long Futures:</b>				
Agriculture	199	\$ 5,627	\$ 125	0.00029
Currency	1,164	85,534	(972)	(0.00227)
Energy	404	28,333	653	0.00152
Index	1,792	194,761	(141)	(0.00033)
Interest	19,483	3,106,287	8,113	0.01893
Metal	552	44,451	797	0.00186
Total	23,594	\$ 3,464,993	\$ 8,575	0.02000
<b>Short Futures:</b>				
Agriculture	(59)	\$ (1,606)	\$ (11)	(0.00003)
Currency	(2,458)	(245,315)	5,998	0.01400
Energy	(50)	(1,674)	(151)	(0.00035)
Index	(50)	(975)	6	0.00001
Interest	(13,726)	(2,499,625)	(6,056)	(0.01413)
Metal	(441)	(35,004)	(626)	(0.00146)
Total	(16,784)	\$(2,784,199)	\$ (840)	(0.00196)

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**Options Exposure Summary**

	Fair Value	% of Total Fund NAV
Options purchased:		
Interest	\$ 1,173	0.00274
Total	\$ 1,173	0.00274
Options written:		
Interest	\$ (1,669)	(0.00389)
Total	\$ (1,669)	(0.00389)

*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. The risk of the credit default swap is comparable to the credit risk of the reference security. At June 30, 2021, the net notional value of the credit default swaps held in IPERS' fixed-income portfolio was \$51.3 million. The credit default swaps are reported at a fair value of \$1.7 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, 2021, the net notional value of the interest rate swaps held in IPERS' fixed-income portfolio was \$9.2 billion. All interest rate swaps held by IPERS are reported at a fair value of \$13.7 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.

**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 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 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 mortgage loan inventory and commitments. These contracts are considered investment derivative instruments and 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 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.

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

Aggregate debt service requirements of the Authority's hedged variable-rate debt and net receipts/payments on associated derivative instruments at June 30, 2021, follow (expressed in thousands):

Year Ending June 30,	Variable-rate Bonds Principal	Variable-rate Bonds Interest	Interest Rate Swaps, Net	Total
2022	\$ -	\$ 56	\$ 3,177	\$ 3,233
2023	1,300	55	3,157	4,512
2024	4,720	55	3,146	7,921
2025	1,440	53	2,982	4,475
2026	1,520	53	2,930	4,503
2027-2031	15,460	252	13,662	29,374
2032-2036	39,348	209	9,982	49,539
2037-2041	42,953	142	6,625	49,720
2042-2046	52,191	67	3,152	55,410
2047-2051	17,858	5	278	18,141
Total	<u>\$ 176,790</u>	<u>\$ 947</u>	<u>\$ 49,091</u>	<u>\$ 226,828</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.

*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, 2021, follow (expressed in thousands):

Bond Series	2020		Termination Date	Terms		S & P Global Rating
	Notional Amount	Effective Date		Pay	Receive	
SF 2015 B	\$ 2,185	09/01/06	01/01/36	3.766%	Enhanced LIBOR	A+
MF 2008 A	3,350	04/17/08	06/01/24	3.971%	SIFMA + 0.08%	A+
SF 2015 B	27,765	01/01/17	01/01/46	2.518%	67% of USD LIBOR	AA-
SF 2016 B*	14,800	07/01/16	07/01/21	2.206%	67% of USD LIBOR	AA-
SF 2016 B*	135	12/12/07	07/01/21	4.373%	100% of USD LIBOR	AA-
SF 2016 E	5,355	01/01/18	07/01/46	2.292%	67% of USD LIBOR	A+
SF 2017 D	13,125	01/01/18	01/01/47	2.126%	67% of USD LIBOR	A+
SF 2018 B	15,000	07/01/18	07/01/47	2.490%	70% of USD LIBOR	AA-
SF 2018 D	11,250	07/01/19	07/01/48	2.638%	70% of USD LIBOR	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 Swap Index until 1/1/2029; 67% of USD LIBOR thereafter	AA-
SF 2020 B	15,000	07/01/20	07/01/49	1.691%	SIFMA Swap Index until 7/1/2029; 67% of USD LIBOR 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-
	<u>\$ 160,465</u>					

\* Swap was terminated on 07/01/2021

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### NOTES TO THE FINANCIAL STATEMENTS

*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, 2021, follow (expressed in thousands):

Bond Series	2021		Maturity Date	Strike Rate	S & P Global Rating
	Notional Amount	Effective Date			
MF 2007 B	\$ 9,300	06/14/07	01/01/24	SIFMA = 5.5%	AA-
MF 2007 A	11,305	07/01/18	07/01/21	SIFMA = 3%	AA-
MF 2007 A	11,030	07/01/21	07/01/24	SIFMA = 3%	AA-
MF FHLB B-1	9,839	07/01/18	07/01/22	USD LIBOR = 6%	AA-
	<u>\$ 41,474</u>				

*Investment Derivatives:* The Authority’s investment derivative instruments had the following maturities as of June 30, 2021 (expressed in thousands):

Investment Type	Notional Value	Fair Value	Investment Maturities (in Years)	
			Less than 1	1 - 5
Investment derivative instruments:				
Swaps	\$ 7,900	\$ (348)	\$ -	\$ (348)
Forward MBS sales	28,350	(45)	(45)	-
MBS purchase commitments	125,803	1,169	1,169	-
Total	<u>\$ 162,053</u>	<u>\$ 776</u>	<u>\$ 1,124</u>	<u>\$ (348)</u>

*Fair Values of Derivatives:* The Authority’s fair value of derivative instruments outstanding at June 30, 2021, 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, 2021	Change in Fair Value	Fair Value June 30, 2020
Hedging derivatives:				
SF 2015 B	Swap	\$ (142)	\$ 70	\$ (212)
SF 2015 B	Swap	(372)	477	(849)
SF 2016 B	Swap	(64)	49	(113)
SF 2016 E	Swap	(254)	64	(318)
SF 2017 D	Swap	(398)	223	(621)
SF 2018 B	Swap	(885)	402	(1,287)
SF 2018 D	Swap	(822)	367	(1,189)
SF 2019 B	Swap	(1,206)	764	(1,970)
SF 2019 E	Swap	(156)	391	(547)
SF 2020 B	Swap	(338)	549	(887)
SF 2020 E	Swap	353	353	-
MF 2007 A	Cap	6	6	-
MF 2007 B	Cap	1	(1)	2
MF 2008 A	Swap	(332)	135	(467)
Total hedging derivatives		<u>\$ (4,609)</u>	<u>\$ 3,849</u>	<u>\$ (8,458)</u>
Investment derivatives:				
NONE	Swap	\$ (366)	\$ 227	\$ (593)
NONE	Basis swap	18	(1)	19
NONE	Swap	-	12	(12)
Forward MBS sales	Forward	(45)	(53)	8
MBS purchase commitments	Commitment	1,169	(1,283)	2,452
Total investment derivatives		<u>\$ 776</u>	<u>\$ (1,098)</u>	<u>\$ 1,874</u>

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

The fair values, categorized by level of the fair value hierarchy, for the hedging and investment derivative instruments of the Authority, at June 30, 2021 follow (expressed in thousands):

Derivative Type	Total	Level 2	Level 3
Hedging derivative instruments	\$ (4,609)	\$ (4,609)	\$ -
Investment derivative instruments	776	(393)	1,169

*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 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 are 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 are 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, 2021, was 77.25%.

#### *Risks Associated with Derivative Transactions:*

*Credit risk:* The Authority is exposed to credit risk on hedging derivative instruments that are in asset positions. The aggregate fair value of hedging derivative instruments in asset positions at June 30, 2021 was \$378,000. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

Bank of New York Mellon, 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 LIBOR or SIFMA swap index decreases, the Authority's net payment on the derivatives increases.

*Basis risk:* Basis risk refers to a mismatch between the interest rate received from the derivative counterparty and the interest rate actually owed on the Authority's bonds. Specifically, the Authority's basis risk is that the variable interest payment received from the counterparty will be less than the actual variable interest payments owed on the Authority's variable rate bonds. The mismatch between the Authority's actual bond rate and the derivative rate is the Authority's basis risk. As of June 30, 2021, the SIFMA swap index rate is 0.03% and US 1-month LIBOR is 0.1005%.

*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

## **STATE OF IOWA**

### **NOTES TO THE FINANCIAL STATEMENTS**

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 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.

(Notes continue on next page.)

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 3 – TRANSFERS

Interfund transfers for the year ended June 30, 2021, consisted of the following (expressed in thousands):

Transferred Out	Transferred In					Total
	General Fund	Nonmajor Governmental Funds	University Funds	Unemployment Benefits Fund	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ 25,219	\$ 611,210	\$ 237,470	\$ 2,071	\$ 875,970
Tobacco Collections Fund	11,645	-	-	-	-	11,645
Nonmajor Governmental Funds	91,909	1,094	-	-	-	93,003
Unemployment Benefits Fund	5,102	-	-	-	-	5,102
Nonmajor Enterprise Funds	151,937	-	-	-	-	151,937
<b>Total</b>	<b>\$ 260,593</b>	<b>\$ 26,313</b>	<b>\$ 611,210</b>	<b>\$ 237,470</b>	<b>\$ 2,071</b>	<b>\$ 1,137,657</b>

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

#### NOTE 4 – RECEIVABLES

Receivables at June 30, 2021, consisted of the following (expressed in thousands):

	Proprietary Funds			
	Governmental Funds	Enterprise Funds	Internal Service Funds	Component Units
Accounts receivable:				
Taxes	\$ 796,320	\$ 1,173	\$ -	\$ -
Pledges	2,580	-	-	335,390
Benefit overpayments	-	72,374	-	-
Employer contributions	-	150,810	-	-
Grants & contracts	1,486,755	1,491,902	429	-
Other	1,022,033	125,647	2,884	67,549
Less:				
Allowance for doubtful accounts	793,877	992,685	-	6,802
Discount to present value	-	-	-	32,255
Accounts receivable (net)	<u>\$ 2,513,811</u>	<u>\$ 849,221</u>	<u>\$ 3,313</u>	<u>\$ 363,882</u>
Current	\$ 2,409,623	\$ 830,444	\$ 3,313	\$ 125,488
Noncurrent	104,188	18,777	-	238,394
<b>Total</b>	<b>\$ 2,513,811</b>	<b>\$ 849,221</b>	<b>\$ 3,313</b>	<b>\$ 363,882</b>
Loans receivable:				
Loans receivable	\$ 24,836	\$ 48,449	\$ -	\$ 2,508,565
Less:				
Allowance for doubtful accounts	8,714	2,146	-	114,141
Loans receivable (net)	<u>\$ 16,122</u>	<u>\$ 46,303</u>	<u>\$ -</u>	<u>\$ 2,394,424</u>
Current	\$ 5,150	\$ 3,002	\$ -	\$ 158,877
Noncurrent	10,972	43,301	-	2,235,547
<b>Total</b>	<b>\$ 16,122</b>	<b>\$ 46,303</b>	<b>\$ -</b>	<b>\$ 2,394,424</b>

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – INTERFUND BALANCES**

Interfund balances for the year ended June 30, 2021, consisted of the following (expressed in thousands):

Due To Other Funds / Advances From Other Funds	Due From Other Funds /Advances To Other Funds						Total
	General Fund	Tobacco Settlement Authority	Nonmajor Governmental Funds	Unemployment Benefits Fund	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 2,115	\$ 237,840	\$ 180	\$ 83,251	\$323,386
Tobacco Settlement Authority	144	-	-	-	-	-	144
Tobacco Collections Fund	-	43,540	-	-	-	-	43,540
Nonmajor Governmental Funds	34,570	-	9	-	606	2,012	37,197
Unemployment Benefits Fund	1,626	-	-	-	-	-	1,626
Nonmajor Enterprise Funds	17,102	-	-	-	-	154	17,256
Internal Service Funds	1,022	-	363	-	1	15,231	16,617
Total	<u>\$54,464</u>	<u>\$ 43,540</u>	<u>\$ 2,487</u>	<u>\$ 237,840</u>	<u>\$ 787</u>	<u>\$100,648</u>	<u>\$439,766</u>

\$63.6 million is due from the General Fund to the Workers’ Compensation Fund (an Internal Service Fund) to fund the cost of claims incurred. Remaining interfund balances result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

(Notes continue on next page.)

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021, was as follows (expressed in thousands):

	Beginning Balance	Reclass- ifications	Increases	Decreases	Ending Balance
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$ 978,092	\$ 48	\$ 22,234	\$ 1,593	\$ 998,781
Construction in progress	94,205	(75,833)	34,021	-	52,393
Computer software in progress	41,437	(31,775)	67,178	-	76,840
Total capital assets not being depreciated	<u>1,113,734</u>	<u>(107,560)</u>	<u>123,433</u>	<u>1,593</u>	<u>1,128,014</u>
Capital assets being depreciated:					
Infrastructure	17,267,911	7,751	1,079,050	14	18,354,698
Buildings & improvements	2,011,232	26,598	18,332	17,146	2,039,016
Machinery, equipment & vehicles	680,424	31,511	51,906	29,856	733,985
Land improvements	105,767	9,925	5,778	60	121,410
Works of art & historical treasures	1,426	-	-	-	1,426
Computer software	300,552	31,775	18,433	-	350,760
Total capital assets being depreciated	<u>20,367,312</u>	<u>107,560</u>	<u>1,173,499</u>	<u>47,076</u>	<u>21,601,295</u>
Less accumulated depreciation for:					
Infrastructure	9,005,980	-	591,877	12	9,597,845
Buildings & improvements	929,803	144	48,639	6,970	971,616
Machinery, equipment & vehicles	440,542	(144)	48,728	27,601	461,525
Land improvements	37,882	-	3,426	60	41,248
Works of art & historical treasures	312	-	16	-	328
Computer software	103,192	-	26,738	-	129,930
Total accumulated depreciation	<u>10,517,711</u>	<u>-</u>	<u>719,424</u>	<u>34,643</u>	<u>11,202,492</u>
Total capital assets being depreciated (net)	<u>9,849,601</u>	<u>107,560</u>	<u>454,075</u>	<u>12,433</u>	<u>10,398,803</u>
Governmental activities capital assets (net)	<u>\$ 10,963,335</u>	<u>\$ -</u>	<u>\$ 577,508</u>	<u>\$ 14,026</u>	<u>\$ 11,526,817</u>

(continued on next page)

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

	Beginning Balance	Reclass- ifications	Increases	Decreases	Ending Balance
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$ 99,658	\$ -	\$ 642	\$ -	\$ 100,300
Land improvements	6,026	-	-	-	6,026
Library collections	390,544	-	11,893	924	401,513
Works of art	29,001	-	28	-	29,029
Construction in progress	364,834	(395,765)	246,849	146	215,772
Computer software in progress	7,237	(2,735)	4,033	63	8,472
Total capital assets not being depreciated	<u>897,300</u>	<u>(398,500)</u>	<u>263,445</u>	<u>1,133</u>	<u>761,112</u>
Capital assets being depreciated:					
Infrastructure	1,215,157	35,265	-	-	1,250,422
Buildings & improvements	7,318,325	347,654	22	13,054	7,652,947
Machinery, equipment & vehicles	1,368,176	-	98,251	71,060	1,395,367
Land improvements	103,162	12,846	-	-	116,008
Library collections	309,381	-	7,623	15,441	301,563
Computer software	168,444	2,735	2,274	1,058	172,395
Goodwill	2,302	-	-	-	2,302
Trademarks	107	-	-	-	107
Total capital assets being depreciated	<u>10,485,054</u>	<u>398,500</u>	<u>108,170</u>	<u>100,613</u>	<u>10,891,111</u>
Less accumulated depreciation for:					
Infrastructure	732,826	-	37,035	-	769,861
Buildings & improvements	3,304,129	-	236,232	9,234	3,531,127
Machinery, equipment & vehicles	946,470	-	100,226	66,015	980,681
Land improvements	62,646	-	5,125	-	67,771
Library collections	260,907	-	9,199	10,672	259,434
Computer software	98,027	-	13,208	1,058	110,177
Goodwill	1,450	-	153	-	1,603
Trademarks	67	-	7	-	74
Total accumulated depreciation	<u>5,406,522</u>	<u>-</u>	<u>401,185</u>	<u>86,979</u>	<u>5,720,728</u>
Total capital assets being depreciated (net)	<u>5,078,532</u>	<u>398,500</u>	<u>(293,015)</u>	<u>13,634</u>	<u>5,170,383</u>
Business-type activities capital assets (net)	<u>\$ 5,975,832</u>	<u>\$ -</u>	<u>\$ (29,570)</u>	<u>\$ 14,767</u>	<u>\$ 5,931,495</u>

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

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

Governmental activities:	
Administration & regulation	\$ 12,169
Education	7,644
Health & human rights	8,460
Human services	20,512
Justice & public defense	46,431
Economic development	861
Transportation	592,210
Agriculture & natural resources	<u>11,800</u>
Subtotal	700,087
Depreciation on capital assets held by the State's internal service funds is allocated to the various functions based on their use of the assets	<u>19,337</u>
Total	<u>\$ 719,424</u>
Business-type activities:	
Enterprise	<u>\$ 401,185</u>

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

Capital assets not being depreciated:	
Land	\$ 19,530
Construction in progress	15,454
Goodwill	<u>495</u>
Total capital assets not being depreciated	<u>35,479</u>
Capital assets being depreciated:	
Infrastructure	28,663
Buildings & improvements	163,918
Machinery, equipment & vehicles	16,825
Land improvements	700
Computer software	<u>1,803</u>
Total capital assets being depreciated	211,909
Less accumulated depreciation	<u>90,313</u>
Total capital assets being depreciated (net)	<u>121,596</u>
Discretely presented component units capital assets (net)	<u>\$ 157,075</u>

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

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

Changes in long-term liabilities for the year ended June 30, 2021, are summarized as follows (expressed in thousands):

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts due within one year
<b>Governmental activities</b>					
Compensated absences	\$ 310,751	\$ 155,441	\$ 143,914	\$ 322,278	\$ 143,377
Capital leases	24,192	547	4,210	20,529	4,363
Bonds payable	1,385,066	864,405	968,471	1,281,000	69,884
Other financing arrangements payable	321	600	421	500	121
Net pension liability	907,072	173,263	246,623	833,712	-
Other postemployment benefits liability	202,405	652	-	203,057	11,627
Early retirement/termination benefits	20,780	10,814	10,902	20,692	8,996
Risk management	25,000	12,168	12,168	25,000	12,576
Pollution remediation	6,321	-	1,018	5,303	2,148
Other liabilities	627	-	61	566	61
<b>Total *</b>	<b>2,882,535</b>	<b>1,217,890</b>	<b>1,387,788</b>	<b>2,712,637</b>	<b>253,153</b>
<b>Allocation of Internal Service</b>					
<b>Funds liabilities:</b>					
Compensated absences	5,930	3,212	2,632	6,510	2,965
Net pension liability	17,651	3,445	-	21,096	-
Other postemployment benefits liability	3,650	110	-	3,760	215
Early retirement/termination benefits	527	48	212	363	183
<b>Total</b>	<b>27,758</b>	<b>6,815</b>	<b>2,844</b>	<b>31,729</b>	<b>3,363</b>
Total primary government - governmental activities	<u>\$ 2,910,293</u>	<u>\$ 1,224,705</u>	<u>\$ 1,390,632</u>	<u>\$ 2,744,366</u>	<u>\$ 256,516</u>
<b>Business-type activities</b>					
Compensated absences	\$ 239,071	\$ 155,116	\$ 135,862	\$ 258,325	\$ 129,338
Capital leases	22,469	2,524	2,501	22,492	2,870
Bonds payable	1,805,709	146,645	188,506	1,763,848	155,818
Other financing arrangements payable	14,870	25,319	13,276	26,913	943
Net pension liability	171,021	51,345	-	222,366	-
Other postemployment benefits liability	254,067	7,895	-	261,962	18,631
Early retirement/termination benefits	199	315	138	376	128
Total primary government - business-type activities	<u>\$ 2,507,406</u>	<u>\$ 389,159</u>	<u>\$ 340,283</u>	<u>\$ 2,556,282</u>	<u>\$ 307,728</u>

\* The General Fund has typically been used to liquidate most long-term liabilities, except for \$659.6 million of bonds payable to be liquidated by the Tobacco Settlement Authority, a Special Revenue Fund.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 8 – CAPITAL LEASES

The State has entered into agreements to lease various equipment and property. The agreements have interest rates ranging from 1.64% to 15.40% and expire before June 30, 2035.

The State has also entered into a few installment purchase agreements. Because the amounts involved are not material, and the accounting treatment is similar, such agreements are reported together with capital leases.

#### Primary Government

##### *Governmental Activities*

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

Year Ending June 30,	Principal	Interest
2022	\$ 4,363	\$ 398
2023	4,456	297
2024	3,905	191
2025	3,914	128
2026	3,891	64
Total	<u>\$ 20,529</u>	<u>\$ 1,078</u>

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

Equipment	\$ 3,341
Accumulated depreciation	<u>(1,121)</u>
Net	<u>\$ 2,220</u>

##### *Business-type Activities*

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

Year Ending June 30,	Principal	Interest
2022	\$ 2,870	\$ 696
2023	2,969	851
2024	2,642	733
2025	2,676	623
2026	2,625	510
2027-2031	8,412	1,178
Thereafter	298	17
Total	<u>\$ 22,492</u>	<u>\$ 4,608</u>

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

Buildings & improvements	\$ 35,199
Equipment	<u>2,007</u>
Total	37,206
Accumulated depreciation	<u>(10,859)</u>
Net	<u>\$ 26,347</u>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 9 – OTHER FINANCING ARRANGEMENTS PAYABLE

#### Loans and Contracts Payable – Primary Government

##### *Governmental Activities*

The Iowa Department of Public Defense has entered into agreements for land for a total of \$500,000 with an interest rate of 2.00%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2022	\$ 121	\$ 10
2023	124	8
2024	126	5
2025	129	2
Total	<u>\$ 500</u>	<u>\$ 25</u>

##### *Business-type Activities*

University of Northern Iowa and the University of Iowa have entered into agreements for buildings and equipment for a total of \$28,419,000 with interest rates ranging from 0.00% to 3.19%. The following is a schedule by year of future minimum payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2022	\$ 943	\$ 1,164
2023	2,060	1,313
2024	2,314	1,224
2025	2,651	1,132
2026	2,124	1,042
2027-2031	9,929	3,913
2032-2036	3,446	2,231
Thereafter	3,446	836
Total	<u>\$ 26,913</u>	<u>\$ 12,855</u>

(Notes continue on next page.)

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10 – BONDS PAYABLE**

Revenue bonds payable at June 30, 2021, are as follows (expressed in thousands):

	<b>ISSUE DATES</b>	<b>ORIGINAL ISSUANCE</b>	<b>INTEREST RATES</b>	<b>MATURITY DATE RANGE</b>	<b>OUTSTANDING PRINCIPAL</b>
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental activities</b>					
Revenue bonds					
<i>Term bonds</i>					
Tobacco Settlement Authority	2021	\$ 308,255	.375-4.00	2030-2049	\$ 279,650
<i>Serial bonds</i>					
Refunding, Prison Infrastructure - 2016	2017	79,790	5.00	2021-2027	69,990
Refunding, IJOBS - 2016	2017	265,425	2.00-5.00	2017-2029	172,745
Refunding, IJOBS - 2019	2019	143,675	5.00	2029-2034	143,675
Refunding, Iowa Utilities Board - 2020	2020	7,230	1.88	2021-2029	6,490
Refunding, IJOBS - 2020	2021	90,825	5.00	2021-2034	87,695
Tobacco Settlement Authority	2021	106,610	.51-5.00	2021-2040	104,550
Total					<u>585,145</u>
<i>Capital appreciation bonds</i>					
Tobacco Settlement Authority (2)	2021	\$ 1,607,504	4.00-4.05	2049-2065	1,607,540
Total revenue bonds					<u>2,472,335</u>
Unamortized premium					140,801
Unamortized appreciation discount					(1,332,136)
Total governmental activities					<u>\$ 1,281,000</u>
<b>Business-type activities</b>					
Revenue bonds					
University of Iowa	2010-2021	\$ 1,373,930	0.30-5.00	2012-2050	\$ 1,103,420
Iowa State University	2009-2021	617,200	1.50-5.00	2011-2043	490,870
University of Northern Iowa	2012-2020	148,103	1.00-5.00	2012-2040	106,216
Total revenue bonds					<u>1,700,506</u>
Unamortized premium					64,242
Unamortized discount					(900)
Total business-type activities					<u>\$ 1,763,848</u>
<b>COMPONENT UNITS</b>					
Revenue bonds					
Iowa Finance Authority	2007-2021	\$ 3,164,316	variable (1)	2012-2052	\$ 2,342,997
Unamortized premium					<u>268,908</u>
Total component units					<u>\$ 2,611,905</u>

(1) Variable rates are as of June 30, 2021

(2) Accreted value at maturity

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

### A. Primary Government – Governmental Activities

#### ***Vision Iowa***

The State of Iowa has issued Vision Iowa Special Fund Bonds to provide grants or loans to communities to enhance local recreational, cultural and entertainment opportunities.

The State has pledged a portion of the future revenues to be deposited into the Vision Iowa Fund to repay \$196.4 million of bonds issued in November 2001. These revenues include a standing appropriation of \$15 million annually from gaming revenues, certain earnings on the Vision Iowa Fund and Bond Reserve Fund (including any amounts appropriated to replenish the Bond Reserve Fund to its required balance) and, to the extent of any shortfall in gaming revenues, Lottery revenues. The bonds are payable solely and only from certain revenues deposited into the Vision Iowa Fund and the Bond Reserve Fund and are payable through fiscal year 2021. Annual principal and interest payments on the bonds are expected to require less than 100% of total deposits into the Vision Iowa Fund. Principal and interest paid for the current year and total deposits into the Vision Iowa Fund were \$15.7 million and \$0.5 million, respectively. As of June 30, 2021, there is no principal and interest remaining to be paid on the debt.

#### ***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, 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, 2021, total principal and interest remaining on the debt is \$2,151.1 million with annual requirements ranging from \$49.1 million in 2022 to \$1,607.5 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 \$127.6 million and \$52.9 million, respectively.

The bonds are not a general obligation or general indebtedness of the Authority and do not constitute an obligation or indebtedness of the State or any political subdivision of the State. The State has no obligation or intention to satisfy any deficiency or default of any payment on the bonds.

#### ***IJOBS – 2010***

The State of Iowa has issued IJOBS Program Special Obligation Bonds to finance certain infrastructure projects of the State and certain grant and loan programs of the State. The State has pledged a portion of future revenues to repay \$151.3 million in State of Iowa IJOBS Program Special Obligation Bonds, Series 2010A issued in October 2010. 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 and, to the extent of any shortfall in gaming revenues, beer and liquor revenues. The bonds are payable from the Bond Reserve Fund including any amounts appropriated to replenish such fund and are payable through fiscal year 2038.

In September 2020, the State issued \$90.8 million of IJOBS Program Special Obligation Refunding Bonds, Series 2020A, with an interest rate of 5.00%, to refund the outstanding State of Iowa IJOBS Program Special Obligation Bonds, Taxable Series 2010A bonds. \$117.8 million of proceeds and \$3.6 million of existing reserve funds were used to refund the \$121.4 million on Series 2010A bonds. The advanced refunding of these bonds permitted the State to realize an economic gain (difference between present value of the old and new debt service payments) of \$41.4 million; and reduced the aggregate debt service payments by \$46.7 million over the next 13 years.

There were no principal and interest paid in the current year for the Series 2010A bonds. As of June 30, 2021, there is no principal or interest remaining to be paid on the Series 2010A Bonds.

#### ***Refunding, Prison Infrastructure – 2016***

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

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 91.5% of total deposits into the Prison Infrastructure Fund. As of June 30, 2021, total principal and interest remaining to be paid on the debt is \$82.7 million. Principal and interest paid in the current year and total deposits into the Prison Infrastructure Fund were \$13.8 million and \$15.1 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 52.9% of total deposits into the Revenue Bonds Debt Service Fund. As of June 30, 2021, total principal and interest remaining to be paid on the debt is \$208.5 million. Principal and interest paid for the current year and total deposits into the Revenue Bonds Debt Service Fund were \$29.1 million and \$55.0 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 13.1% of total deposits into the Revenue Bonds Debt Service Fund. As of June 30, 2021, total principal and interest remaining to be paid on the debt is \$221.0 million. Interest paid for the current year and total deposits into the Revenue Bonds Debt Service Fund were \$7.2 million and \$55.0 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 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

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

fiscal year. The bonds are payable from the Bond Fund and are payable through fiscal year 2029. As of June 30, 2021, total principal and interest remaining to be paid on the debt is \$7.1 million.

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 11.3% of total deposits into the Revenue Bonds Debt Service Fund. As of June 30, 2021, total principal and interest remaining to be paid on the debt is \$124.5 million. Principal and interest paid for the current year and total deposits into the Revenue Bonds Debt Service Fund were \$6.2 million and \$55.0 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.

#### ***Prior Year Bond Defeasances***

In a prior year, the State defeased the School Infrastructure Special Fund Refunding Bonds, Series 2012, and the 2021-2027 maturities of the Special Obligation Bonds (Prison Infrastructure Fund), Series 2010, by placing proceeds from existing resources into irrevocable trusts with escrow agents to provide for all future debt service payments. Accordingly, trust account assets and the liabilities for the defeased bonds are not included in the State's financial statements. As of June 30, 2021, bonds totaling \$195.7 million are considered defeased.

## 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
2022	\$ 69,884	\$ 38,186
2023	67,669	35,616
2024	69,983	32,700
2025	72,783	29,664
2026	75,783	26,480
2027-2031	255,623	88,557
2032-2036	140,965	37,574
2037-2041	36,765	19,590
2042-2046	44,385	11,651
2047-2051	30,955	2,508
2052-2056	-	-
2057-2061	-	-
Thereafter	1,607,540	-
Total	<u>\$2,472,335</u>	<u>\$ 322,526</u>

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

##### **Universities**

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

- \$6.8 million of Academic Building Revenue Bonds, Series S.U.I 2020, with an average interest rate of 3.45% and accrued interest of \$19,000 to current refund \$7.8 million of outstanding Academic Building Revenue Bonds, Series S.U.I 2010, with interest rates ranging between 3.35% and 4.20%. Net bond proceeds of \$7.9 million were placed in an escrow account with the University as trustee. The escrow account was sufficient to fully service all remaining principal and interest due on the bonds. The Academic Building Revenue Refunding Bonds, Series S.U.I 2010 were called on October 1, 2020. The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of \$1.5 million; and reduced the aggregate debt service payments by \$1.6 million over the next 12 years.
- \$20.9 million of Hospital Revenue Refunding Bonds, Series S.U.I. 2020, with an average interest reate of 3.03% and accrued interest of \$53,000 to current refund \$23.3 million of outstanding Hospital Revenue Bonds, Series S.U.I. 2010, with interest rates ranging between 3.38% and 4.50%. Net bond proceeds of \$23.8 million were placed in an escrow account with the University as trustee. The escrow account was sufficient to fully service all remaining principal and interest due on the bonds. The Hospital Revenue Refunding Bonds, Series S.U.I 2010 were called on September 1, 2020. The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of \$5.3 million; and reduced the aggregate debt service payments by \$5.7 million over the next 16 years.
- \$13.6 million of Athletics Facilities Revenue Refunding Bonds, Series S.U.I. 2021, with an average interest rate of 3.03% and accrued interest of \$16,000 to current refund \$15.2 million of outstanding Athletic Facilities Revenue Bonds, Series S.U.I. 2010, with interest rates ranging between 3.00% and 4.00%. Net bond proceeds of \$15.6 million were placed in an escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2010 will be called on July 1, 2021. The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of \$2.7 million; and reduced the aggregate debt service payments by \$2.7 million over the next 15 years.
- \$5.8 million of Telecommunications Facilities Revenue Refunding Bonds, Series S.U.I. 2021, with an average interest rate of the 3.51% and accrued interest of \$8,000 to current refund \$7.6 million of outstanding Telecommunications Facilities Revenue Bonds, Series S.U.I 2011, with interest rates ranging between 3.00% and 4.50%. Net bond proceeds of \$6.7 million were placed in an escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

bonds. The Telecommunications Facilities Revenue Refunding Bonds, Series S.U.I. 2011 will be called on July 1, 2021. The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of \$1.5 million; and reduced the aggregate debt service payments by \$1.5 million over the next 11 years.

- \$31.2 million of University of Iowa Facilities Corporation Revenue Refunding Bonds, Series 2021, with an average interest rate of 3.73% and accrued interest of \$45,000 to current refund \$6.4 million of outstanding University of Iowa Facilities Corporation Revenue Refunding Bonds (Roy J. and Lucille A. Carver Biomedical Research Building Project), Series 2012, with an interest rate of 3.00%, \$13.1 million of outstanding University of Iowa Facilities Corporation Revenue Refunding Bonds (Roy J. and Lucille A. Carver Biomedical Research Building Project), Series 2012 A, with interest rates ranging between 3.00% and 3.38%, and \$20.4 million of outstanding University of Iowa Facilities Corporation Revenue Bonds (John and May Pappajohn Biomedical Discover Building Project), Series 2012, with interest rates ranging between 2.00% and 3.30%. Net bond proceeds of \$36.4 million were placed in an escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The University of Iowa Facilities Corporation Revenue Bonds will be called on July 1, 2021. The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of \$5.4 million; and reduced the aggregate debt service payments by \$5.7 million over the next 17 years.

In prior years, the *University of Iowa* defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. As of June 30, 2021, bonds totaling \$113.3 million for the University of Iowa were considered defeased.

During the current year, *Iowa State University* issued \$23.0 million of Academic Building Revenue Refunding Bonds, Series I.S.U. 2020. The bond proceeds were placed in an irrevocable trust to refund \$26.0 million of Academic Building Refunding Revenue Bonds, Series I.S.U. 2010. The current refunding of these bonds permitted the University to realize an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$5.7 million and will reduce future aggregate debt service payments by \$6.1 million over the next 14 years.

During the current year, the *University of Northern Iowa* issued \$14.5 million of Dormitory Revenue Bonds, Series U.N.I. 2017, with an interest rate of 2.00%. The proceeds were used to advance refund \$24.9 million of outstanding Dormitory Revenue Bonds, Series U.N.I. 2001, with interest rates ranging between 2.00% and 4.00% and pay the costs of issuing the Bonds. Net bond proceeds of \$15.3 million were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. The Dormitory Revenue Bonds, Series U.N.I. 2011 were called on July 1, 2021. The advanced refunding resulted in an economic gain of \$1.4 million and reduced the aggregate debt service payments by \$1.9 million over the next 13 years.

In prior years, the *University of Northern 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, 2021, bonds totaling \$16.2 million for the University of Northern Iowa were considered defeased.

## 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
2022	\$ 155,818	\$ 54,158
2023	99,180	50,772
2024	103,560	47,265
2025	106,301	43,557
2026	104,996	39,796
2027-2031	506,227	142,974
2032-2036	404,573	66,093
2037-2041	186,135	17,163
2042-2046	26,970	2,392
Thereafter	6,746	447
Total	<u>\$ 1,700,506</u>	<u>\$ 464,617</u>

#### 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 resolution, 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 the U.S. Treasury and Federal Home Loan Bank. These bonds are secured with the mortgaged-backed securities or loans purchased with the bond proceeds and have both principal and interest receipts pledged to the bondholders.

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 \$533.5 million to purchase mortgage-backed securities (MBS) and State Revolving Fund (SRF) loans. The Authority made bond payments of \$250.2 million.

On June 28, 2021, the Authority placed cash into an irrevocable trust to provide funds for debt service payments on July 1, 2021. Cash for the irrevocable trust came from \$7.3 million of Single-Family Mortgage bonds that were issued on June 17, 2021, in addition to \$0.2 million contributed from accounts related to the defeased debt. The funds required for this transaction equaled the net carrying value of the defeased debt.

In prior years, the Authority defeased certain SRF revenue bonds by issuing bonds to provide resources to purchase investment securities that were placed into an irrevocable trust to provide funds for future debt service payments. 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, 2021, bonds totaling \$214.9 million were considered defeased.

**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
2022	\$ 74,276	\$ 81,760
2023	86,395	82,753
2024	99,039	79,553
2025	96,109	76,237
2026	107,231	72,842
2027-2031	491,500	308,141
2032-2036	503,720	204,801
2037-2041	467,345	105,817
2042-2046	264,617	42,032
2047-2051	146,310	10,175
Thereafter	6,455	109
Total	<u>\$2,342,997</u>	<u>\$ 1,064,220</u>

(Notes continue on next page.)

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 11 – ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable and accruals at June 30, 2021, consisted of the following (expressed in thousands):

	Current	Noncurrent
<b>PRIMARY GOVERNMENT</b>		
<b>Governmental activities</b>		
Salaries & fringes	\$ 29,549	\$ -
Early retirement/termination benefits	9,179	11,876
Risk management	12,576	12,424
Pollution remediation	2,148	3,155
State aid	759,756	-
Trade & other payables	868,004	45,586
Total governmental activities	\$ 1,681,212	\$ 73,041
<b>Business-type activities</b>		
Salaries & fringes	\$ 285,778	\$ -
Early retirement/termination benefits	128	248
General claims	79,508	-
Unemployment benefits	44,555	-
Trade & other payables	301,178	42,570
Total business-type activities	\$ 711,147	\$ 42,818
<b>COMPONENT UNITS</b>		
Annuity & life income obligations	\$ 354	\$ 24,842
Lotto prizes & annuity prizes payable	5,360	896
Other	78,039	38,062
Total component units	\$ 83,753	\$ 63,800

#### **Pollution Remediation Obligations**

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

For the year ended June 30, 2021, pollution remediation obligations totaled \$5.3 million for the Iowa Petroleum Underground Storage Tank Program.

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

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

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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

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

The Governmental Activities Statement of Net Position reports \$880.0 million of Restricted Net Position, of which \$27.1 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.

The nonspendable and spendable fund balances for governmental funds at June 30, 2021, are as follows (expressed in thousands):

	GENERAL FUND	TOBACCO SETTLEMENT AUTHORITY	TOBACCO COLLECTIONS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>NONSPENDABLE</b>					
Inventory & prepaid expenditures	\$ 122,285	\$ -	\$ -	\$ 510	\$ 122,795
Permanent fund principal	-	-	-	16,150	16,150
Total nonspendable	122,285	-	-	16,660	138,945
<b>SPENDABLE</b>					
Restricted:					
Administration & regulation	209,888	75,066	-	4,817	289,771
Education	46,659	-	-	65,764	112,423
Health & human rights	9,878	-	-	2,514	12,392
Human services	9,200	-	-	36	9,236
Justice & public defense	23,557	-	-	4,725	28,282
Economic development	9	-	-	-	9
Transportation	379,851	-	-	5,514	385,365
Agriculture & natural resources	604	-	-	47	651
Total restricted	679,646	75,066	-	83,417	838,129
Committed:					
Cash reserve	587,868	-	-	-	587,868
Economic emergency	207,547	-	-	-	207,547
Administration & regulation	1,822,844	-	-	5,683	1,828,527
Education	50,310	-	-	17	50,327
Health & human rights	75,913	-	-	20	75,933
Human services	314,951	-	-	20,261	335,212
Justice & public defense	89,143	-	-	3,203	92,346
Economic development	19,339	-	-	-	19,339
Transportation	43,839	-	-	120	43,959
Agriculture & natural resources	137,199	-	-	10,886	148,085
Total committed	3,348,953	-	-	40,190	3,389,143
Unassigned	(398,227)	-	(43,540)	(50)	(441,817)
<b>TOTAL FUND BALANCES</b>	<b>\$ 3,752,657</b>	<b>\$ 75,066</b>	<b>\$ (43,540)</b>	<b>\$ 140,217</b>	<b>\$ 3,924,400</b>

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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 and section R for minimum fund balance requirements.

### NOTE 13 – OPERATING LEASES

The State has leased office space and equipment. These leases have been classified as operating leases and expire before June 30, 2051. In most cases, management expects the leases will be renewed or replaced by other leases.

#### A. Primary Government

##### *Governmental Activities*

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

Year Ending June 30,	
2022	\$ 11,936
2023	9,781
2024	6,791
2025	5,054
2026	3,411
2027-2031	6,350
2032-2036	688
2037-2041	352
2042-2046	17
Thereafter	<u>2</u>
Total	<u>\$ 44,382</u>

All leases contain nonappropriation clauses indicating continuation of the lease is subject to funding by the Legislature.

Rental expense for the year ended June 30, 2021 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$14.8 million. Rental expense has not been adjusted for sublease rentals totaling \$0.6 million for the year ended June 30, 2021.

##### *Business-type Activities*

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

Year Ending June 30,	
2022	\$ 20,074
2023	18,539
2024	17,545
2025	12,013
2026	10,348
2027-2031	40,775
2032-2036	13,489
Thereafter	<u>436</u>
Total	<u>\$ 133,219</u>

Rental expense for the year ended June 30, 2021 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$20.1 million.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### B. Component Units

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

Year Ending June 30,	
2022	\$ 2,025
2023	1,949
2024	1,469
2025	1,382
2026	1,416
2027-2031	4,201
Thereafter	2,400
Total	<u>\$ 14,842</u>

Rental expense for the year ended June 30, 2021 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$3.0 million.

#### NOTE 14 – LESSOR OPERATING LEASES

The Iowa Department of Natural Resources leases tracts of land for agricultural purposes valued at \$12.3 million. Glenwood Resource Center leases building space that is fully depreciated (net of accumulated depreciation of \$6.4 million). Iowa PBS leases antenna and building space, Woodward Resource Center and Iowa Workforce Development leases building space, for which no value has been assigned to the leased portions. The Iowa Department of Transportation leases land and office space valued at \$2.7 million. Iowa State University leases building space valued at \$2.4 million (net of accumulated depreciation of \$1.8 million), tower space valued at \$0.3 million (net of accumulated depreciation of \$0.2 million), equipment with an original value of \$0.6 million, and tracts of land for agricultural purposes valued at \$0.3 million. The University of Northern Iowa leases buildings valued at \$0.1 million (net of accumulated depreciation of \$0.8 million), tracts of land for agricultural purposes valued at \$0.2 million and tower space for which no value has been assigned to the lease portions.

The following is a schedule by year of minimum future rentals on operating leases as of June 30, 2021 (expressed in thousands):

Year Ending June 30,	
2022	\$ 4,026
2023	2,823
2024	2,109
2025	1,577
2026	1,086
2027-2031	2,488
2032-2036	1,258
2037-2041	764
2042-2046	632
2047-2051	632
2052-2056	632
2057-2061	631
2062-2066	631
Thereafter	316
Total	<u>\$ 19,605</u>

# 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 position 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 and contributions from the employer after the measurement date but before the end of the employer's reporting period, unamortized portion of the net difference between projected and actual earnings on pension plan investments. Deferred inflows of resources represent an acquisition of net position 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.

##### *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 4.99 % and 8.00%, 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, 2021, 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		Total Primary Government	Cost-sharing, Multiple-employer
	IPERS - Primary Government	PORS	JRS		IPERS - Discretely Presented Component Units
Net pension liability (asset)	\$ 1,163,545	\$ (27,444)	\$(58,928)	\$ 1,077,173	\$ 24,510
Deferred outflows of resources related to pensions	321,147	34,486	6,705	362,338	5,457
Deferred inflows of resources related to pensions	73,723	157,776	62,486	293,985	1,806
Pension expense for the period associated with net pension liabilities	189,205	(18,124)	(8,358)	162,723	3,446

**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, 2021, IPERS had 1,943 public employers with 173,186 active members contributing to the system.

*Plan Membership.*

	Fiscal Years Ended June 30,	
	2021	2020
Inactive employees or beneficiaries currently receiving benefits	129,026	126,600
Inactive employees entitled to but not yet receiving benefits	79,710	78,360
Active employees	173,186	170,380
Total	381,922	375,340

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 72%.
  - **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/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 2021, the contribution rates for all members exceeded the actuarial rates.

	Fiscal Year 2021		
	Employee	Employer	Total
Regular members	6.29%	9.44%	15.73%
Sheriffs and deputies	9.26%	9.26%	18.52%
Protection occupation members	6.41%	9.61%	16.02%

Contributions are remitted by participating employers. Wages were covered up to the Internal Revenue Code Section 401(a)(17) compensation limit of \$285,000 for calendar year 2020 and \$290,000 for calendar year 2021. There are no non-employer contributing entities to IPERS.

The State's employer contributions to IPERS for the years ended June 30, 2021 and 2020 were \$144,855,000 and \$139,227,000, respectively.

*Actuarial Methods and Assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions and the entry age normal actuarial cost method.

- Inflation rate: 2.60%
- Long-term rate of return: 7.00%
- Projected salary increases: 3.25% – 16.25%

Mortality rates were based on the RP-2014 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-2017. Different adjustments apply to pre-retirement, post-retirement, and

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### NOTES TO THE FINANCIAL STATEMENTS

post-disability mortality tables. Pre-retirement mortality rates were based on the RP-2014 Employee Table, post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Table, and post-disability mortality rates were based on the RP-2014 Disabled Mortality Table.

The actuarial assumptions used in the June 30, 2020 valuation are based on the results of the most recent actuarial experience study, which covered the four-year period ending June 30, 2017. That experience study report is dated June 28, 2018.

The long-term rate of return, 7.00% effective June 30, 2020, is reviewed as part of regular experience studies, prepared every four years for IPERS. The Investment Board elected to accelerate the experience study of the economic assumptions by one year, performing the study in early 2017. That recent analysis of economic assumptions is outlined in a report dated March 24, 2017. 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, 2020, are shown in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core-plus fixed income	28.00%	-0.29%
Domestic equity	22.00%	4.43%
International equity	17.50%	5.15%
Private equity	11.00%	3.11%
Private real assets	7.50%	4.48%
Public credit	4.00%	2.29%
Private credit	3.00%	6.54%
Global smart beta equity	6.00%	4.87%
Cash	1.00%	-0.78%
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 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 2.19%. The projected future benefit payments for all current plan members were projected through 2120.

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

	2021	2020
Total pension liability	\$ 42,544,649	\$ 41,072,427
Plan fiduciary net position	42,889,876	34,047,692
Employers' net pension liability (asset)	\$ (345,227)	\$ 7,024,735
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.81%	82.90%

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

*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 Assumptions and Inputs

At June 30, 2021, the State reported a total of \$1,188.1 million for its proportionate share of the net pension liability, with \$1,163.5 million in the primary government and \$24.6 million in the discretely presented component units. The net pension liability was measured as of June 30, 2020, and the total pension liability as of June 30, 2020, used to calculate the net pension liability was determined based on the June 30, 2020 actuarial valuation for funding, dated October 29, 2020.

The State's proportion of the net pension liability 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, 2020, the State's total proportion was 16.912445% (16.563546% in the primary government and 0.348899% in the discretely presented component units). This was an increase of 0.402674% from the State's total proportion (an increase of 0.408322% in the primary government and a decrease of 0.005648% in the discretely presented component units), measured as of June 30, 2019.

For the year ended June 30, 2021, the State recognized IPERS pension expense of \$189.2 million for the primary government and \$3.4 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	\$ 3,284	\$ 27
Changes in assumptions	65,183	1,258
Net difference between projected and actual earnings on pension plan investments	74,993	1,378
Changes in proportion and differences between contributions and proportionate share of contributions	32,617	445
Contributions subsequent to the measurement date	145,070	2,349
Total	\$ 321,147	\$ 5,457

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

	Deferred Inflows of Resources (expressed in thousands)	
	Primary	Discretely Presented
	Government	Component Units
Differences between expected and actual experience	\$ 27,482	\$ 581
Changes in assumptions	301	-
Changes in proportion and differences between contributions and proportionate share of contributions	45,940	1,225
Total	\$ 73,723	\$ 1,806

The primary government and discretely presented component units reported deferred outflows of resources relating to pensions of \$145.1 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, 2022. 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
2022	\$ 20,844	\$ 257
2023	22,172	266
2024	25,595	301
2025	28,305	405
2026	5,438	73
Total	\$ 102,354	\$ 1,302

There are no non-employer contributing entities to IPERS.

*Sensitivity Analysis.* The State's proportionate share of the net pension liability 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 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:		
Primary government	\$ 2,033,570	\$ 1,163,545	\$ 434,164
Discretely presented component units	40,867	24,510	10,793
Total	\$ 2,074,437	\$ 1,188,055	\$ 444,957

#### Payables to the Pension Plan

At June 30, 2021, the State had remitted to IPERS all legally required employer contributions and employee contributions which had been withheld from employee wages.

# STATE OF IOWA

## 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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	654
Inactive employees entitled to but not yet receiving benefits	41
Nonvested terminations	6
Active employees	547
Total	<u>1,248</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.

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### 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, but the amount shall not be less than 25% of the monthly earnable compensation paid to an active member having the rank of senior patrol officer.

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. The member contribution rate is 11.4%. The employer contribution rate is the lesser 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 \$5,458,000, representing 11.4% of the current year covered payroll. The State contribution required by statute and the amount actually contributed was \$22,711,000. \$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 and Disability System, Public Safety Building, 215 East 7<sup>th</sup> Street, Des Moines, IA 50319 or at [info@aos.iowa.gov](mailto:info@aos.iowa.gov).

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### NOTES TO THE FINANCIAL STATEMENTS

#### Net Pension Liability (Asset)

The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement:

- Inflation: 2.50%
- Salary increases: 4.00% to 8.50%, including inflation
- Investment rate of return: 7.00% compounded annually, net of investment expense, and including inflation

Pre-retirement mortality rates were based on the RP-2014 Total Dataset Mortality Table with a one-year age set-back for males and Generational Projection, using MP-2016. Post-retirement mortality rates were based on the RP-2014 Total Dataset Mortality Table with a one-year age set-back for males and Generational Projection, using MP-2016. Disability mortality rates were based on the RP-2014 Total Dataset Mortality Table with a four-year age set-forward for males and Generational Projection, using MP-2016.

The actuarial assumptions used in the July 1, 2021 valuation are based on the results of the most recent actuarial experience study, which covered the five-year period ending June 30, 2016. The experience study report is dated June 19, 2017.

The long-term expected rate of return on pension plan investments is reviewed as part of the experience study. The most recent economic experience study was performed in March 2020. 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap equities	25.00%	5.41%
Small/mid cap equities	15.00%	6.39%
International equity - unhedged	18.75%	6.28%
International equity - emerging	6.25%	9.92%
Core bonds	22.75%	1.09%
High-yield bonds	2.25%	3.81%
Real estate	10.00%	4.21%
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 at the current contribution rates as set in State statute: (1) employee contribution rate: 11.4%; (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

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### 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 2.13%. The projected future benefit payments for all current plan members were projected through 2120.

*Sensitivity Analysis.* 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 net pension liability 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%)
Net pension liability (asset)	\$ 83,792	\$ (27,444)	\$ (118,032)

*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, 2020	\$ 751,077	\$ 604,573
Changes for the year:			
Service cost	14,707	-	14,707
Interest	51,368	-	51,368
Differences between expected and actual experience	(1,917)	-	(1,917)
Contributions - employer	-	22,711	(22,711)
Contributions - employee	-	5,458	(5,458)
Net investment income	-	210,222	(210,222)
Benefit payments, including refunds of employee contributions	(35,085)	(35,085)	-
Administrative expense	-	(285)	285
Net changes	29,073	203,021	(173,948)
Balances at June 30, 2021	\$ 780,150	\$ 807,594	\$ (27,444)

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

For the year ended June 30, 2021, the State recognized pension expense related to PORS of negative \$18.1 million. At June 30, 2021, 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	\$ -	\$ 7,965
Changes in assumptions	34,486	-
Net difference between projected and actual earnings on pension plan investments	-	149,811
Total	\$ 34,486	\$ 157,776

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**NOTES TO THE FINANCIAL STATEMENTS**

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,	
2022	\$ (29,604)
2023	(29,591)
2024	(33,577)
2025	(30,356)
2026	(162)
Total	<u>\$ (123,290)</u>

There are no non-employer contributing entities to PORS.

Payables to the Pension Plan

At June 30, 2021, the State reported payables of \$671,000 for legally required employer contributions and \$207,000 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PORS.

**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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	230
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>205</u>
Total	<u><u>438</u></u>

*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.

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 78. 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

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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 and are not based upon actuarial determinations. Therefore, actual contributions differ from the annual required contribution.

Judges contribute to JRS at the rate of 9.35% multiplied by the basic salary of the judge. The State contributes an amount equal to 30.60% of the basic salary of all covered judges. Commencing with the first fiscal year in which JRS attains fully funded status, and for each subsequent fiscal year, the member contribution shall be 40% of the required contribution rate and the State contribution shall be 60% of the required contribution rate.

The member contribution required and contributed was \$2,811,000, representing 9.35% of the current year covered payroll. The State contribution required by statute and the amount contributed was \$9,200,000. The State share is to be based on 30.60% 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](mailto:info@aos.iowa.gov).

#### Net Pension Liability (Asset)

The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of July 1, 2021, 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

Mortality rates were based on the RP-2014 White Collar Mortality Tables with a two-year age setback and generational improvements using MP-2017.

The actuarial assumptions used in the July 1, 2021 valuation are based on the results of the most recent actuarial experience study, which covered the five-year period ending June 30, 2018. The experience study report is dated September 28, 2018.

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.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

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	25.00%	6.08%
Small/mid cap equities	15.00%	6.89%
International equity - developed	18.75%	6.89%
International equity - emerging	6.25%	9.72%
Core bonds	22.75%	1.17%
High-yield bonds	2.25%	3.51%
Real estate (core)	10.00%	4.50%
Total	<u>100.00%</u>	

*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: 9.35% until the plan is fully funded, after which employees will contribute 40% of the actuarially required contribution rate; and (2) employer contribution rate: 30.60% until the plan is fully funded, after which the employer will contribute 60% of the actuarially 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 2.13%. The projected future benefit payments for all current plan members were projected through 2120.

*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)	\$ (31,911)	\$ (58,928)	\$ (81,924)

*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.

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

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, 2020	\$ 245,233	\$ 231,485
Changes for the year:			
Service cost	7,823	-	7,823
Interest	16,048	-	16,048
Differences between expected and actual experience	(2,634)	-	(2,634)
Contributions - employer	-	9,200	(9,200)
Contributions - employee	-	2,811	(2,811)
Net investment income	-	81,921	(81,921)
Benefit payments, including refunds of employee contributions	(15,233)	(15,233)	-
Administrative expense	-	(19)	19
Net changes	6,004	78,680	(72,676)
Balances at June 30, 2021	\$ 251,237	\$ 310,165	\$ (58,928)

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

For the year ended June 30, 2021, the State recognized pension expense related to JRS of negative \$8.4 million. At June 30, 2021, 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	\$ -	\$ 7,740
Changes in assumptions	6,705	-
Net difference between projected and actual earnings on pension plan investments	-	54,746
Total	\$ 6,705	\$ 62,486

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,	
2022	\$ (10,768)
2023	(14,345)
2024	(15,682)
2025	(14,623)
2026	(363)
Total	\$ (55,781)

There are no non-employer contributing entities to JRS.

Payables to the Pension Plan

At June 30, 2021, the State reported payables of \$354,000 for legally required employer contributions and \$108,000 for legally required employee contributions which had been withheld from employee wages but not yet remitted to JRS.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### **C. Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) Retirement Program**

The Universities, Board of Regents, Iowa Braille and Sight Saving School, Iowa School for the Deaf and Iowa Public Radio contribute to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA-CREF 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 employees must participate in a retirement plan from the date they are employed.

Benefit terms, including contribution requirements, are established in accordance with the Board of Regents, State of Iowa policy and specified by the contract with TIAA-CREF. 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-CREF, 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.

During fiscal years 2021 and 2020, the employers' required and actual contributions amounted to \$171,076,000 and \$178,260,000, respectively. During fiscal years 2021 and 2020, the employees' required and actual contributions amounted to \$88,926,000 and \$89,802,000, respectively. As of June 30, 2021, the employers reported payables of \$13,720,000 for legally required employer contributions and \$7,142,000 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA-CREF.

#### **NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS**

##### **A. Other Postemployment Benefits Totals**

At June 30, 2021, 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 Presented
	Government	Government	Government	Component Units
Total OPEB liability	\$ 209,075	\$ 259,704	\$ 468,779	\$ 3,845
Deferred outflows of resources related to OPEB	13,460	101,753	115,213	437
Deferred inflows of resources related to OPEB	14,554	121,168	135,722	450
OPEB expense for the period associated with total OPEB liabilities	21,921	10,951	32,872	413

##### **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

# STATE OF IOWA

## NOTES TO THE FINANCIAL STATEMENTS

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 17,448 active and 2,227 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 \$212,920,000 (\$209,075,000 in the primary government and \$3,845,000 in the discretely presented component units), was measured as of June 30, 2021, and was determined by an actuarial valuation as of January 1, 2020. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2021.

### **Actuarial Assumptions**

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

- Inflation: 2.60%
- Salary increases: 3.25% to 16.25%, based on years of service
- Discount rate: 2.16%, as of June 30, 2021
- Healthcare cost trend rate – non SPOC - Medical: 7.00% initial, decreasing to 4.50%
- Healthcare cost trend rate – non SPOC - Rx: 8.00% initial, decreasing to 4.50%
- Healthcare cost trend rate – SPOC- Medical & Rx: 7.25% initial, decreasing to 4.50%

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, 2019. 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 2.16% using the 20-year Bond Buyer GO Index as of June 30, 2021.

Mortality rates for general population pre-retirement employees were based on the RP-2014 Employee Table, Generational using MP-2017, set back 4 years for both males and females. Mortality rates for postretirement employees were based on the RP-2014 Healthy Annuitant Table, Generational using MP-2017, with an 8.5% increase in rates above age 75 for males and no age adjustment for females.

Mortality rates for the SPOC population pre-retirement employees were based on the RP-2014 Employee Table, Generational using MP-2017, set back 3 years for males and 4 years for females. Mortality rates for postretirement employees were based on the RP-2014 Healthy Annuitant Table, Generational using MP-2017, set forward 1 year for males with an 10.0% increase in rates above age 75, and no age adjustment for females.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### *Changes in the Total OPEB Liability*

	Increase (Decrease)	
	Expressed in Thousands	
	Primary Government	Discrete Component Units
Balances at June 30, 2020	\$ 208,229	\$ 3,826
Changes for the year:		
Service cost	16,944	312
Interest	4,840	89
Difference between expected and actual experience	(5,790)	(107)
Change in assumptions	(3,012)	(55)
Benefit payments - implicit subsidy	(12,136)	(220)
Net changes	846	19
Balances at June 30, 2021	\$ 209,075	\$ 3,845

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

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

*Sensitivity Analysis – Changes to the Discount Rate.* The total OPEB liability was calculated using a discount rate of 2.16%, as well as a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) 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 (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability			
Primary government	\$ 222,360	\$ 209,075	\$ 196,566
Discretely presented component units	4,089	3,845	3,615
Total	\$ 226,449	\$ 212,920	\$ 200,181

*Sensitivity Analysis – Changes to the Healthcare Cost Trend Rate.* The total OPEB liability was calculated using a healthcare cost trend rate of 7.00% for non SPOC - Medical, 8.00% for non SPOC - Rx and 7.25% SPOC Medical & Rx for as well as a healthcare cost trend rate that is 1-percentage-point lower (6.00%, 7.00%, and 6.25%) or 1-percentage-point higher (8.00%, 9.00% and 8.25%) 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 (6.00%, 7.00% & 6.25%)	Current Healthcare Cost Trend Rate (7.00%, 8.00% & 7.25%)	1% Increase (8.00%, 9.00% & 8.25%)
Total OPEB liability			
Primary government	\$ 185,607	\$ 209,075	\$ 237,075
Discretely presented component units	3,413	3,845	4,360
Total	\$ 189,020	\$ 212,920	\$ 241,435

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

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

For the year ended June 30, 2021, the State of Iowa recognized OPEB expense related to the Plan of \$22,334,000 (\$21,921,000 in the primary government and \$413,000 in the discretely presented component units). At June 30, 2021, 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
	Changes in assumptions	\$ 12,662
Changes in proportion and differences between contributions and proportionate share of contributions	798	139
Total	\$ 13,460	\$ 437

	Deferred Inflows of Resources	
	Primary Government	Discretely Presented Component Units
	Differences between expected and actual experience	\$ 11,047
Changes in assumptions	2,754	80
Changes in proportion and differences between contributions and proportionate share of contributions	753	210
Total	\$ 14,554	\$ 450

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
2022	\$ 134	\$ (1)
2023	134	(1)
2024	134	(1)
2025	134	(1)
2026	106	(2)
Thereafter	(1,736)	(7)
Total	\$ (1,094)	\$ (13)

#### **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.

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**Plan Membership**

	2021		
	U of I	ISU	UNI
Inactive employees or beneficiaries currently receiving benefits	2,790	2,932	676
Active employees	18,785	6,494	1,761
Total	21,575	9,426	2,437

**Total OPEB Liability**

The total OPEB liability of \$259,704,000 is reported based on the following measurement dates, actuarial valuation dates, and actuarial assumptions:

	U of I	ISU	UNI
Measurement date	June 30, 2020	January 1, 2021	June 30, 2021
Actuarial valuation date	June 30, 2020	January 1, 2020	June 30, 2021
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	10.18 years (LDT 12.37 years)	7 years	7 years
Discount rate	2.21%	2.12%	2.19%
Medical trend rate	6.19% (7.00% for post age 65)	7.50%	7.50%
Ultimate medical trend rate	4.50%	4.50%	4.50%
Inflation rate	2.50%	2.60%	2.60%
Payroll growth rate	3.00%	3.25%	1.50%

*Discount Rate.* The U of I discount rate of 2.21% is based on the Bond Buyer 20 Year GO Municipal Bond Index as of June 30, 2020. The ISU discount rate of 2.12% is based on the Bond Buyer GO 20-Bond Municipal Bond Index as of January 1, 2021. The UNI discount rate of 2.19% is based on the S&P Municipal Bond 20-Year High Grade Index as of June 30, 2021.

*Mortality Rates.* The U of I rates are from the Pub-2010 Aggregate Mortality Table projected using Scale MP-2018. The ISU rates are from the Pub-2010 Total Dataset Mortality Table fully generational using Scale MP-2019. The UNI rates are from Pub-2010 Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2019.

**Changes in the Total OPEB Liability**

	Increase (Decrease) Expressed in Thousands		
	U of I	ISU	UNI
Balances at June 30, 2020	\$ 176,421	\$ 60,279	\$ 15,193
Changes for the year:			
Service cost	7,028	5,470	1,123
Interest	6,214	2,052	427
Difference between expected and actual experience	(181)	(22,902)	(267)
Change in assumptions	27,290	3,243	(3,537)
Benefit payments	(11,931)	(5,669)	(549)
Net changes	28,420	(17,806)	(2,803)
Balances at June 30, 2021	\$ 204,841	\$ 42,473	\$ 12,390

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### NOTES TO THE FINANCIAL STATEMENTS

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

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%.

*Sensitivity Analysis – Changes to the Discount Rate.* The total OPEB liability was calculated using a discount rate of 2.21%, 2.12% and 2.19% for the University of Iowa, Iowa State University, and the University of Northern Iowa, respectively, as well as a discount rate that is 1-percentage-point lower (1.21%, 1.12% and 1.19%) or 1-percentage-point higher (3.21%, 3.12% and 3.19%) 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 (1.21%, 1.12% & 1.19%)	Current Discount Rate (2.21%, 2.12% & 2.19%)	1% Increase (3.21%, 3.12% & 3.19%)
Total OPEB liability			
U of I	\$ 223,431	\$ 204,841	\$ 188,015
ISU	45,630	42,473	39,609
UNI	13,641	12,390	11,266

*Sensitivity Analysis – Changes to the Healthcare Cost Trend Rate.* The total OPEB liability was calculated using a healthcare cost trend rate of 6.19%, 7.50% and 7.50% for the University of Iowa, Iowa State University, and the University of Northern Iowa, respectively, as well as a healthcare cost trend rate that is 1-percentage-point lower (5.19%, 6.50% and 6.50%) or 1-percentage-point higher (7.19%, 8.50% and 8.50%) 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 (5.19%, 6.50% & 6.50%)	Current Healthcare Cost Trend Rate (6.19%, 7.50% & 7.50%)	1% Increase (7.19%, 8.50% & 8.50%)
Total OPEB liability			
U of I	\$ 187,297	\$ 204,841	\$ 227,279
ISU	39,015	42,473	46,521
UNI	11,107	12,390	13,912

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

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

For the year ended June 30, 2021, the U of I, ISU, and UNI recognized OPEB expense related to the Plans of \$13.0 million, \$(1.7) million, and \$(0.7) million, respectively. At June 30, 2021, 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	\$ 33,645	\$ 1,318	\$ -
Changes in assumptions	46,892	6,616	957
Contributions subsequent to the measurement date	12,324	-	-
Total	\$ 92,861	\$ 7,934	\$ 957

	Deferred Inflows of Resources		
	U of I	ISU	UNI
Differences between expected and actual experience	\$ 953	\$ 37,581	\$ 9,616
Changes in assumptions	68,034	1,900	3,084
Total	\$ 68,987	\$ 39,481	\$ 12,700

Employer contributions subsequent to the measurement date will be recognized as a reduction of total OPEB liability in the year ended June 30, 2021. 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,	U of I	ISU	UNI
2022	\$ (200)	\$ (9,262)	\$ (2,259)
2023	(200)	(9,262)	(2,259)
2024	(200)	(9,262)	(2,259)
2025	(184)	(3,761)	(2,370)
2026	(71)	-	(2,051)
Thereafter	12,405	-	(545)
Total	\$ 11,550	\$ (31,547)	\$ (11,743)

#### **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

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## NOTES TO THE FINANCIAL STATEMENTS

payment to that carrier upon submission of proof of payment. If there is dissolution of marriage or divorce, it is the employee's responsibility to withdraw their authority.

The benefits are funded on a pay-as-you-go basis for Department of Public Safety retirees and are fully funded for Department of Natural Resources retirees.

For the year ended June 30, 2021, 340 SPOC retirees received benefits totaling \$2.0 million.

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

Voluntary termination benefit programs have been established through collective bargaining for Executive branch AFSCME and IUP employees, Judicial branch AFSCME and PPME employees and Community Based Corrections employees. The programs are also offered to Executive branch non-contract employees, Judicial branch non-contract employees, Legislative employees and Community Based Corrections non-contract employees, except for judicial officers. The programs allow employees who are eligible upon a bona fide retirement to use the value of their unused sick leave to pay the employer share of the monthly premium of the State's group health insurance plan after their retirement.

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

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

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

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

If a retired employee who has utilized this benefit returns to permanent State employment, all remaining balances in the SLIP account will be forfeited.

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

For the year ended June 30, 2021, 1,128 employees from the Executive and Legislative branches have retired and received benefits totaling \$9.3 million under SLIP. In addition, 189 employees from the Judicial branch and Community Based Corrections have retired and received benefits totaling \$2.0 million under SLIP.

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 18 – RISK MANAGEMENT**

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

It is the policy of the State not to purchase commercial insurance, except as detailed below in section B, for the risks of losses to which it is exposed. Instead, State management believes it is more economical to manage its risks internally and set aside assets for claim settlement in its internal service funds or to pay claims from the General Fund.

Specific claim adjustment expenditures/expenses and estimated recoveries on unsettled claims are included in the determination of claims liability. Other allocated or unallocated claims adjustment expenditures/expenses are not included.

The State is self-insured for various risks of loss related to work injuries of its employees. The Workers' Compensation Fund, an internal service fund, services workers' compensation claims. The liability for unpaid claims is estimated based on the average cost per claim-type determined from an actuarial review. Changes in the balances for estimated claims liabilities for fiscal years 2020 and 2021 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 2020	\$ 66,550	28,243	25,219	\$ 69,574
FY 2021	69,574	27,426	25,064	71,936

The State is self-insured for various risks of loss related to its motor vehicle fleet. The Vehicle Dispatcher Self-Insurance Fund, an internal service fund, services liability and property damage claims. The liability for unpaid claims is estimated based on historical experience and the application of an industry standard of 40% for IBNR claims. Changes in the balances for estimated claims liabilities for fiscal years 2020 and 2021 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 2020	\$ 4,036	(2,635)	1,120	\$ 281
FY 2021	281	3,978	1,162	3,097

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 2020 and 2021 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 2020	\$ 1,157	474	770	\$ 861
FY 2021	861	465	290	1,036

The State is self-insured for risks of loss related to property damage and torts. All claims must be filed with the State Appeal Board which has the authority to approve or reject claims. Claims allowed in an amount greater than \$5,000 require the unanimous approval of all members of the Board, the Attorney General and the District Court of the State of Iowa for Polk County. The liability for unpaid claims is estimated based on historical experience and analysis. Changes in the balances for estimated claims liabilities for fiscal years 2020 and 2021 were (expressed in thousands):

**STATE OF IOWA**

**NOTES TO THE FINANCIAL STATEMENTS**

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 2020	\$ 25,000	16,738	16,738	\$ 25,000
FY 2021	25,000	12,168	12,168	25,000

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 2020 and 2021 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 2020	\$ 65,907	447,673	447,077	\$ 66,503
FY 2021	66,503	488,005	480,465	74,043

**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 \$207.4 million.
- Iowa State University is insured for \$2.7 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 \$1.2 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.
- The Iowa School for the Deaf is insured for catastrophic loss liabilities for \$79.9 million after a \$1.0 million deductible.
- The eight Judicial Districts individually insure buildings and contents with coverage ranging from \$4.3 million to \$29.9 million.
- Iowa Workforce Development is insured for \$25.2 million for buildings and contents.
- Iowa PBS insures broadcasting trucks and contents for \$3.4 million.
- The Iowa Department of Administrative Services is insured for construction projects for up to \$2.0 million, with additional coverage for the value of individual projects in excess of \$2.0 million.
- The Iowa Lottery Authority is insured for \$12.1 million for buildings and contents. Additional coverage of \$10.0 million is provided for commercial umbrella liability.
- The Iowa Finance Authority is insured for \$15.1 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.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 19 – 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, \$121.5 million to various real estate debt partnerships, \$528.1 million to corporate debt partnerships and \$300.0 million to private real assets at June 30, 2021.

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.

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 28 recoveries in the amount of \$1.3 million that are reflected in the financial statements for the year ended June 30, 2021.

IPERS successfully defended several appeals filed under the Iowa Administrative Procedures Act. No administrative appeal resulted in a loss to the Trust Fund.

The following commitments and obligations remain at June 30, 2021:

- *Iowa Department of Transportation* has contractual obligations for construction and other contracts of \$938.4 million (net of \$684.7 million in anticipated federal funding).
- *University of Iowa* has outstanding construction contract commitments of \$142.2 million.
- *Iowa State University* has outstanding construction contract commitments of \$90.1 million.
- *University of Northern Iowa* has outstanding construction contract commitments of \$12.2 million.
- *Iowa Department of Natural Resources* has outstanding construction contract commitments of \$10.9 million.
- *Iowa Department of Administrative Services* has outstanding construction contract commitments of \$24.1 million.
- *Iowa Workforce Development* has outstanding contractual obligations of \$36.1 million.
- *Iowa Department of Human Rights* has outstanding contractual obligations of \$35.8 million.
- *Iowa Department of Human Services* has outstanding contractual obligations of \$715.2 million.
- *Iowa Office of the Chief Information Officer* has outstanding contractual obligations of \$76.9 million.
- *Iowa Department of Public Defense* has outstanding contractual obligations for construction and other contracts of \$11.6 million.
- *Iowa Department of Homeland Security and Emergency Management* has outstanding contractual obligations of \$39.4 million.
- *Iowa Department of Public Safety* has outstanding construction contract commitments of \$16.2 million.
- *Iowa Finance Authority* has signed loan agreements under the State Revolving Fund for which \$315.6 million had not been disbursed.
- *Iowa Economic Development Authority* has outstanding contractual commitments of \$161.0 million.

The State of Iowa has encumbrances at June 30, 2021 totaling \$43.6 million (\$35.1 million in the General Fund and \$8.5 million in the nonmajor governmental funds).

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### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 20 – 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 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.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### **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 including a description of the proposed rehabilitation project to the IEDA. 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, Part 3 of the Historic Preservation Tax Credit Application.

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.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### **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.

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 Board (IUB). 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 IUB and energy production and sales must be shown. The purchaser or producer notifies IUB of the amount of eligible renewable energy generated and purchased, and IUB 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

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

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 \$500,000 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, 2018.

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.

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.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

- 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 206G, 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.

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 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 under the program as defined in Iowa Code Sections 16.78 through 16.82. The lease must be for a term of at least 2 years, but not more than 5 years. The tax credit equals 7% of the amount paid to the taxpayer under the rental agreement or 17% 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. If the beginning farmer is also a veteran, landowners may claim an additional 1% of eligible rent or crop share payments.

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 a state resident aged 18 or older with a net worth of less than \$672,171 for 2016. 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.

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### NOTES TO THE FINANCIAL STATEMENTS

#### **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 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, \$5 million of the \$20 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 \$200,000 per dwelling unit or \$250,000 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.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

The following is a schedule by program of the amount of taxes abated during the year ended June 30, 2021, (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)	\$ 10,419	\$ 3,892	\$ 11,635	\$ -	\$ 1,512	\$ -	\$ 27,458
Historic Preservation Tax Credit	-	20,564	3,745	6,279	-	-	30,588
Iowa Industrial New Jobs Training Program	-	-	-	-	-	37,034	37,034
Redevelopment Tax Credit	-	1,446	1,302	2,150	1,309	-	6,207
Renewable Energy Tax Credit*	116	1,822	253	18	309	-	2,518
Targeted Jobs Tax Credit from Withholding	-	-	-	-	-	4,460	4,460
Enterprise Zone Program	-	1,317	1,735	992	-	-	4,044
Accelerated Career Education Program	-	-	-	-	-	3,905	3,905
Beginning Farmer Tax Credit Program	-	5,205	175	-	-	-	5,380
Workforce Housing Tax Incentive Program	2,824	2,326	1,408	7,538	3,907	-	18,003
<b>Total</b>	<b>\$ 13,359</b>	<b>\$ 36,572</b>	<b>\$ 20,253</b>	<b>\$ 16,977</b>	<b>\$ 7,037</b>	<b>\$ 45,399</b>	<b>\$ 139,597</b>

\* The table does not include \$27 thousand of Replacement Tax abated.

#### **NOTE 21 – DEFICIT FUND BALANCE**

The Tobacco Collections Fund, a major special revenue fund, had a deficit fund balance of \$43.5 million at June 30, 2021. In accordance with GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, in fiscal year 2008, an interfund advance was recorded in the Tobacco Collections Fund, causing a deficit fund balance. As future tobacco collections are received in the Tobacco Collections Fund and remitted to the Tobacco Settlement Authority for repayment of debt, the interfund advance will be reduced and the deficit eliminated.

General Services Capitals Fund, a Capital Projects Fund, had a deficit fund balance of \$35,000 at June 30, 2021. The deficit resulted from the timing of revenues recognized and the recognition of building project liabilities.

#### **NOTE 22 – UTILITY SYSTEM LEASE & CONCESSION AGREEMENT**

On December 20, 2019, the University of Iowa entered into a 50-year agreement, a public-private-partnership (P3), to lease the university's utility system to the 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 an Advance from Concessionaire and is being amortized as an increase to operating revenue on a straight-line basis over the term of the agreement. At June 30, 2021, the balance of the Advance from Concessionaire is \$1.1 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 the concessionaire. 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 the concessionaire and as interest expense.

The University recognized fixed and O&M utility fees totaling \$55.4 million for the year ended June 30, 2021. The carrying amounts of UIEC capital investments and related payable to concessionaire at June 30, 2021 was \$13.8 million.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 23 – SUBSEQUENT EVENTS

In July 2021, the University of Iowa received approval from the State Board of Regents to issue Hospital Revenue and Refunding Bonds, Series S.U.I. 2021A, in the amount of \$112.3 million and the Hospital Revenue Refunding Bond Anticipation Note, Series S. U. I. 2021B, in the amount of \$148.7 million for the purpose of defeasing and current refunding the Hospital Revenue Bonds, Series S. U. I. 2011 and 2011A, for defeasing and advance refunding the Hospital Revenue Bonds, Series S. U. I. 2012 and for paying a portion of the costs of constructing, equipping, installing and extending certain Hospital and Clinic facilities related to the Hospital system of the State University of Iowa and paying costs of issuance. The 2021A bonds will bear interest at varying rates between 2.00% and 5.00% and will mature in varying amounts from September 1, 2021 through September 1, 2051. The 2021B bonds will bear interest of .20% and will mature October 1, 2022.

The State Health Facilities Council, in August, 2021, approved an extension of the University of Iowa Hospitals & Clinics academic campus with the construction of a new facility. In September, 2021 the State Board of Regents approved plans for the construction of a new hospital and academic and clinic building. The proposed budget for the project is \$395 million, with funding provided by hospital revenue bonds, gifts, and university hospital building usage funds.

In January 2022, the University of Iowa received approval from the State Board of Regents to issue Hospital Revenue Bonds, Series S.U.I. 2022A in the amount of \$181.7 million. The proceeds of the bonds will be used to pay a portion of the costs of constructing, equipping, installing, and expanding certain hospital and clinic facilities related to the Hospital System of the State University of Iowa and pay the costs of issuing the bonds. The bonds will bear interest at varying rates between 2.38% and 5.00% and will mature in varying amounts from 2022 through 2051.

In January 2022, the University of Iowa received approval from the State Board of Regents to issue Hospital Revenue Bonds, Series S.U.I. 2022B in the amount of \$100.2 million. The proceeds of the bonds will be used to pay a portion of the costs of constructing, equipping, installing, and expanding certain hospital and clinic facilities related to the Hospital System of the State University of Iowa and pay the costs of issuing the bonds. The bonds will bear interest at 3.00% and will mature in varying amounts from 2052 through 2061.

In June 2022, the University of Iowa received approval from the State Board of Regents to issue Hospital Revenue Bonds, Series S.U.I. 2022C in the amount of \$130.7 million. The proceeds of the bonds will be used to provide for the current refunding of the outstanding principal of the Hospital Revenue Bonds, Series S.U.I. 2021B and paying the cost of issuing the bonds. The bonds will bear interest at varying rates between 4.00% and 5.00% and will mature in varying amounts from 2023 through 2038.

Subsequent to June 30, 2021, Iowa State University received approval from the State Board of Regents to issue Athletic Facilities Revenue Refunding Bonds, Series I.S.U. 2021 for \$16.4 million to be issued on December 1, 2021. These bonds will bear interest at varying rates and will mature in varying amounts from July 1, 2022 through July 1, 2037. The proceeds of the bonds will be used to provide for the current refunding of the outstanding principal of the July 1, 2022 through July 1, 2037 maturities of the Athletic Facilities Revenue Bonds, Series I.S.U. 2012, and to pay the costs of issuing the bonds. The bonds will be payable solely from the net revenues of the athletic facilities system of the University.

Iowa State University received approval from the State Board of Regents to issue Memorial Union Revenue Bonds, Series I.S.U. 2021 for \$10.0 million to be issued on December 1, 2021. These bonds will bear interest at varying rates and will mature in varying amounts from July 1, 2022 through July 1, 2042. The proceeds of the bonds will be used to finance the cost of improving, remodeling, repairing, and constructing additions to the Memorial Union building and parking structure. The bonds will be payable solely from the net revenues of the Memorial Union.

In February 2022, the State Board of Regents approved a plan to transfer ownership of three university licensee radio stations and certain related assets to Iowa Public Radio, Inc. (IPR), an Iowa Chapter 504 public benefit corporation, for the purchase price of \$1. IPR Board of Directors and the Federal Communications Commission (FCC) must approve the transfer of broadcast licenses before ownership transfer is finalized. IPR has been managing broadcast operations for the universities' radio stations since 2007. The transfer will allow the universities to redirect resources to other major institutional initiatives and support the mission of public radio. The transfer remains in the FCC's approval process.

## STATE OF IOWA

### NOTES TO THE FINANCIAL STATEMENTS

In June 2022, the State Board of Regents ended the 2-year phased retirement program that was approved July 1, 2017, effective June 2, 2022. The Board approved a 3-year phased retirement program for the University of Iowa to begin June 3, 2022.

On September 29, 2021, the Iowa Finance Authority (IFA) issued Single Family Mortgage Bonds in the par amount of \$99.6 million. Proceeds will be used to purchase mortgage-backed securities under IFA FirstHome and Homes for Iowans program and finance closing costs and down payment assistance. In conjunction with the issue, IFA entered into an interest rate swap agreement with Royal Bank of Canada.

Iowa Finance Authority (IFA) issued Single Family Mortgage Bonds, 2022 Series C (Taxable) in the amount of \$16.1 million on January 26, 2022, 2022 Series A (Non-AMT) in the amount of \$61.7 million and 2022 Series B (Non-AMT) in the amount of \$20.0 million on February 10, 2022. IFA also issued Single Family Mortgage Bonds, 2022 Series D (Non-AMT) in the amount of \$63.4 million, 2022 Series E in the amount of \$20.0 million and 2022 Series F in the amount of \$15.0 million on May 3, 2022. These will primarily be used to provide financing for new lower-interest mortgage loans to certain purchasers of single family owner-occupied residences located throughout the State of Iowa.

On May 3, 2022, IFA also issued State Revolving Fund Revenue Bonds, Series 2022A, in the amount of \$198.0 million and State Revolving Fund Revenue Bonds Taxable, Series 2022B, in the amount of \$8.2 million. Proceeds will be used for the financing or refinancing of projects that adhere to the federal Clean Water Act and the Safe Drinking Water Act, as determined by the Environmental Protection Agency (the "EPA").

The Department of Human Services completes reviews and cost settlements for federal programs including Medicaid. As the reviews and settlements are finalized, the impact is reflected in the State's financial statements. Obligations related to reviews and settlements not yet completed, if any, are undeterminable at this time.

Effective July 1, 2022, the Iowa Department of Human Services and the Iowa Department of Public Health will begin the process of becoming a single department. Currently, expenditures are reported under different functional areas. Once effective, expenditures will be reported under a single functional area.

On April 7, 2022, the Office of the Governor of Iowa announced that the state intends to close Glenwood Resource Center in 2024. Glenwood Resource Center provides residential care and other services for Iowans with intellectual developmental disabilities. Over the next two years, Glenwood Resource Center will continue to provide care for its residents while working with their guardians and families to transition them to community placements or the Woodward Resource Center.

#### **NOTE 24 – COVID-19 PANDEMIC**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate its spread have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries and their political subdivisions.

It is not known how long the adverse conditions associated with COVID-19 will last, and it is uncertain to what extent these conditions and future developments will impact the State's financial operations and position.

#### **NOTE 25 – PROSPECTIVE ACCOUNTING CHANGE**

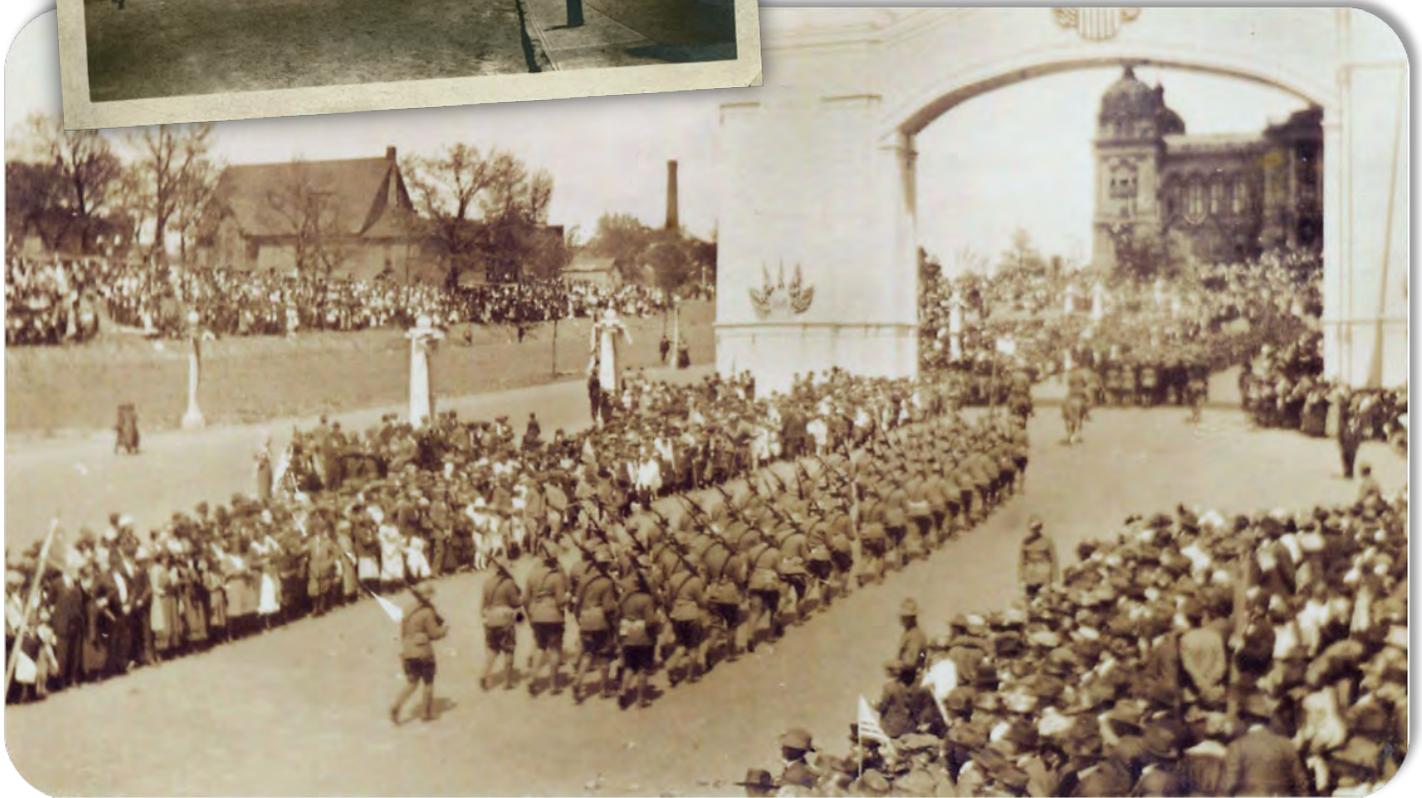
Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. This statement requires recognition of certain lease assets and liabilities not previously reported in the Statements of Net Position.



Victory Arch over Locust Street erected for celebration of the 168th Infantry's homecoming at the Iowa State Capitol grounds.



~ May 15, 1919 ~



"The End of the Rainbow in Iowa...  
From the Rhine to the Mississippi."

REQUIRED  
SUPPLEMENTARY  
INFORMATION

**STATE OF IOWA**

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

For the Year Ended June 30, 2021  
(Expressed in Thousands)

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>FINAL TO ACTUAL</b>
<b>APPROPRIATED REVENUE</b>				
Special taxes:				
Personal income tax	\$ 4,866,400	\$ 5,031,900	\$ 5,192,140	\$ 160,240
Sales/use tax	3,190,300	3,299,300	3,574,035	274,735
Corporation income tax	620,300	747,100	877,986	130,886
Inheritance tax	86,800	89,600	102,053	12,453
Insurance premium tax	152,300	140,300	143,901	3,601
Beer & liquor tax	12,900	12,100	18,208	6,108
Franchise tax	69,800	58,800	66,748	7,948
Miscellaneous tax	20,400	23,000	21,588	(1,412)
Total special taxes	9,019,200	9,402,100	9,996,659	594,559
Reimbursements & fees:				
Institutional reimbursements	11,200	10,300	7,548	(2,752)
Liquor transfers	130,100	141,700	149,826	8,126
Interest	15,100	3,000	2,217	(783)
Fees	30,800	26,200	29,788	3,588
Judicial revenue	95,700	63,500	86,907	23,407
Miscellaneous receipts	52,000	57,300	74,918	17,618
Racing and gaming receipts	2,200	2,200	2,250	50
Total receipts	9,356,300	9,706,300	10,350,113	643,813
Transfers	105,000	121,000	125,408	4,408
Economic emergency fund surplus	268,800	246,724	246,724	-
<b>TOTAL APPROPRIATED REVENUE</b>	<b>9,730,100</b>	<b>10,074,024</b>	<b>10,722,245</b>	<b>648,221</b>
<b>RECEIPTS CREDITED TO APPROPRIATIONS</b>				
Other taxes	602	1,397	1,397	-
Multi suspense	32,661	32,661	26,971	(5,690)
Federal support	5,095,276	5,616,998	5,328,097	(288,901)
Local governments	50,700	29,722	31,165	1,443
Internal service transfers	607,328	607,896	619,620	11,724
Reimbursements from other departments	6,052	6,052	5,940	(112)
Government fund type transfers:				
Attorney General	20,388	20,566	20,502	(64)
Auditor of State	4,652	4,652	3,855	(797)
Other agencies	41,418	44,326	46,242	1,916
Interest	286	286	25	(261)
Fees, licenses & permits	54,660	55,464	43,380	(12,084)
Refunds & reimbursements	634,183	640,165	630,418	(9,747)
Sale of equipment & salvage	11	11	1	(10)
Rents & leases	2,003	1,695	1,379	(316)
Agricultural sales	-	2	295	293
Other sales & services	4,841	4,780	(406)	(5,186)
Unearned receipts	68,539	76,378	76,260	(118)
Other	12,145	13,342	10,534	(2,808)
<b>TOTAL APPROPRIATED RECEIPTS</b>	<b>6,635,745</b>	<b>7,156,393</b>	<b>6,845,675</b>	<b>(310,718)</b>
<b>TOTAL ALL REVENUE</b>	<b>16,365,845</b>	<b>17,230,417</b>	<b>17,567,920</b>	<b>337,503</b>
SCHOOL INFRASTRUCTURE TRANSFER	(519,800)	(531,500)	(560,425)	(28,925)
REFUNDS OF TAXES COLLECTED	(1,104,000)	(1,232,300)	(1,114,467)	117,833
<b>TOTAL REVENUES AVAILABLE</b>	<b>14,742,045</b>	<b>15,466,617</b>	<b>15,893,028</b>	<b>426,411</b>

(continued on next page)

**STATE OF IOWA**

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

For the Year Ended June 30, 2021

(Expressed in Thousands)

(continued)

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>FINAL TO ACTUAL</b>
<b>EXPENDITURES</b>				
Administration & regulation	736,976	776,144	750,289	25,855
Agriculture & natural resources	183,064	183,880	179,312	4,568
Economic development	55,225	59,116	53,788	5,328
Education	4,629,505	4,638,153	4,724,749	(86,596)
Health & human services	8,135,979	8,418,345	7,957,777	460,568
Justice	640,576	659,695	671,085	(11,390)
Judicial	187,537	187,538	188,026	(488)
Legislature	36,004	36,004	36,250	(246)
<b>TOTAL EXPENDITURES</b>	<b>14,604,866</b>	<b>14,958,875</b>	<b>14,561,276</b>	<b>397,599</b>
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & TRANSFERS	<u>137,179</u>	<u>507,742</u>	<u>1,331,752</u>	<u>824,010</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Balances credited to appropriations	201,910	264,281	264,281	-
Unexpended appropriations	(6,284)	(284,726)	(357,619)	(72,893)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>195,626</u>	<u>(20,445)</u>	<u>(93,338)</u>	<u>(72,893)</u>
REVENUES AVAILABLE OVER EXPENDITURES & OTHER ITEMS	332,805	487,297	1,238,414	751,117
BEGINNING FUND BALANCE (BUDGETARY)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REMAINING FUND BALANCE (BUDGETARY)	<u>\$ 332,805</u>	<u>\$ 487,297</u>	<u>\$ 1,238,414</u>	<u>\$ 751,117</u>
ENDING FUND BALANCE (BUDGETARY)	\$ 332,805	\$ 487,297	\$ 1,238,414	
AUTHORIZED TRANSFER TO THE:				
Cash Reserve Fund	(332,805)	(487,297)	(1,238,414)	
<b>REMAINING FUND BALANCE (BUDGETARY)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**STATE OF IOWA**

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

June 30, 2021  
(Expressed in Thousands)

<b>Fund balance - budgetary/legal</b>	\$ 1,238,414
Basis of accounting differences:	
Balance sheet accounts:	
Accounts receivable	457,448
Due from other funds	3,743
Prepaid expenditures	36,906
Accounts payable & accruals	(332,585)
Due to other funds	(76,289)
Unearned revenue	(3,861)
Deferred revenue	(304,641)
Budgetary unexpended appropriations	357,619
Timing differences:	
Petty cash & inventory expensed in budgetary accounting	59,264
Perspective differences	<u>2,316,639</u>
<b>Total fund balance - GAAP basis</b>	<u><u>\$ 3,752,657</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, 2021, actual expenditures exceeded budgeted expenditures in the General Fund, in the Education, Justice, Judicial and Legislature functions. For the Education function, the Department of Education received additional federal and state funding for State Foundation School Aid and the School Food Service program over budget and expended those funds for allowable program expenditures. For the Justice function, the Attorney General and the Department of Public Defense received additional federal funding and expended those funds for allowable program expenditures. The Department of Corrections received additional state funding over budget and expended those funds for allowable program expenditures. For the Judicial function, the Judicial Branch received additional federal funds and other State funds over budget and expended those funds for allowable purposes. For the Legislature, the Legislative Branch received additional state funds over budget and expended those funds for allowable purposes.

#### **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, State Aviation Fund, and Court Technology and Modernization Fund. There is a perspective difference between budget and financial reporting due to the difference in fund structures. The budgetary presentation will vary from the financial presentation for funds displayed in the supplementary information due to this difference. The General Fund is displayed in the Required Supplementary Information (RSI) Budgetary Comparison Schedule. The major Special Revenue Funds, Tobacco Settlement Authority and Tobacco Collections Fund, do not have legally adopted budgets and, therefore, are not displayed. The nonmajor Special Revenue Funds are displayed with the combining financial statements and schedules for nonmajor funds in the Supplementary Information section.

The original budget and related estimated revenues and expenditures represent the spending authority enacted into law by the appropriations bills as of July 1, 2020 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.

# STATE OF IOWA

## Required Supplementary Information

### Notes to Required Supplementary Information – Budgetary Reporting

Section 8.33, unnumbered paragraph 2, of the Code of Iowa, states, “No payment of an obligation for goods and services shall be charged to an appropriation subsequent to the last day of the fiscal year for which the appropriation is made unless the goods or services are received on or before the last day of the fiscal year, except that repair projects, purchase of specialized equipment and furnishings, and other contracts for services and capital expenditures for the purchase of land or the erection of buildings or new construction or remodeling, which were committed and in progress prior to the end of the fiscal year are excluded from this provision.” That is, except for the above stated exceptions, the State must have received the goods or services on or before June 30, creating an actual liability or the encumbrance is cancelled against that fiscal year. If the encumbrances are still valid after June 30, they become expenditures/expenses of the next fiscal year.

Budgetary control is essentially maintained at the department fund level except for certain grant and aid programs where control is maintained at a program level. Revenues and expenditures are monitored on a continuing basis. State law authorizes the Governor to impose across-the-board pro rata reductions in allotments to ensure revenues and other available funds are sufficient to pay expenses of a given fiscal year.

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

### GENERAL FUND EXPENDITURE LIMITATION

The Code of Iowa, Section 8.54, establishes a State General Fund expenditure limitation of 99.0% of the adjusted revenue estimate. The adjusted revenue estimate is the appropriated revenue estimate for the General Fund for the following fiscal year as determined by the Revenue Estimating Conference, adjusted by subtracting estimated tax refunds payable from that estimated revenue and as determined by the Conference, adding any new revenues which may be considered to be eligible for deposit into the General Fund. “New revenues” means moneys which are received by the State due to increased tax rates and fees or newly created taxes and fees over and above those moneys which are received due to State taxes and fees which are in effect as of January 1 following the December Revenue Estimating Conference. “New revenues” also includes moneys received by the General Fund of the State due to new transfers over and above those moneys received by the General Fund of the State due to transfers which are in effect as of January 1 following the December Revenue Estimating Conference. The Department of Management shall obtain concurrence from the Revenue Estimating Conference on the eligibility of transfers to the General Fund which are to be considered as new revenue in determining the General Fund expenditure limitation.

This limitation shall be used by the Governor in the preparation of the budget and by the General Assembly in the budget process. If a source for new revenues is proposed, the budget revenue projection used for that new revenue source for the period beginning on the effective date of the new revenue source and ending in the fiscal year in which the source is included in the revenue base shall be an amount determined by subtracting estimated tax refunds payable from the projected revenue from the new revenue source, multiplied by 95.0%. If a new revenue source is established and implemented, the original General Fund expenditure limitation amount shall be readjusted to include 95.0% of the estimated revenue from the new source.

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

The scope of the expenditure limitation shall not encompass federal funds, donations, constitutionally dedicated moneys and moneys in expenditures from State retirement system moneys. The Governor shall submit and the General Assembly shall pass a budget that does not exceed the State General Fund expenditure limitation. The Governor shall not submit and the General Assembly shall not pass a budget which in order to balance assumes reversion of a specific amount for the total of the appropriations included in the budget.

# STATE OF IOWA

## Required Supplementary Information

### Notes to Required Supplementary Information – Budgetary Reporting

#### RESERVE FUNDS

The 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 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 Seven Fiscal Years as of June 30 \*

(Expressed in Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
State's proportion of the net pension liability	16.563546%	16.155224%	16.561596%	16.960683%	17.130052%
State's proportionate share of the net pension liability	\$ 1,163,545	\$ 935,567	\$ 1,048,060	\$ 1,129,772	\$ 1,078,059
State's covered payroll	\$ 1,475,401	\$ 1,419,476	\$ 1,414,609	\$ 1,431,290	\$ 1,388,017
State's proportionate share of the net pension liability as a percentage of its covered payroll	78.86%	65.90%	74.09%	78.93%	77.67%
Plan fiduciary net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	81.82%
	<u>2016</u>	<u>2015</u>			
State's proportion of the net pension liability	16.899393%	17.009515%			
State's proportionate share of the net pension liability	\$ 834,918	\$ 674,583			
State's covered payroll	\$ 1,356,263	\$ 1,342,673			
State's proportionate share of the net pension liability as a percentage of its covered payroll	61.56%	50.24%			
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%			

In accordance with GASB Statement No. 68, the amounts presented were determined as of the measurement date of the collective net pension liability, which is June 30 of the preceding fiscal year.

\* GASB Statement No. 68 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.

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 Eight Fiscal Years as of June 30 \*

(Expressed in Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>								
Service cost	\$ 14,707	\$ 12,692	\$ 12,194	\$ 12,109	\$ 13,071	\$ 12,207	\$ 11,847	\$ 11,551
Interest	51,368	50,117	48,185	46,564	42,298	41,661	40,222	38,880
Changes in benefit terms	-	-	-	-	-	-	-	(164)
Differences between expected & actual experience	(1,917)	(5,567)	(1,471)	(5,279)	(1,886)	(5,613)	(6,609)	(7,444)
Changes in assumptions	-	42,755	-	-	33,549	23,791	-	-
Benefit payments, including refunds of employee contributions	(35,085)	(33,672)	(32,643)	(30,966)	(29,362)	(28,284)	(26,693)	(25,432)
Net change in total pension liability	29,073	66,325	26,265	22,428	57,670	43,762	18,767	17,391
Total pension liability - beginning	751,077	684,752	658,487	636,059	578,389	534,627	515,860	498,469
Total pension liability - ending (a)	<u>\$ 780,150</u>	<u>\$ 751,077</u>	<u>\$ 684,752</u>	<u>\$ 658,487</u>	<u>\$ 636,059</u>	<u>\$ 578,389</u>	<u>\$ 534,627</u>	<u>\$ 515,860</u>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 22,711	\$ 22,364	\$ 21,840	\$ 21,498	\$ 17,274	\$ 20,519	\$ 18,601	\$ 17,715
Contributions - employee	5,458	5,535	5,486	5,124	5,053	5,080	4,991	4,755
Net investment income (loss)	210,222	71,219	16,147	65,058	72,488	(4,581)	21,722	65,436
Benefit payments, including refunds of employee contributions	(35,085)	(33,672)	(32,643)	(30,966)	(29,362)	(28,284)	(26,693)	(25,432)
Administrative expense	(285)	(235)	(250)	(233)	(237)	(248)	(217)	(199)
Net change in fiduciary net position	203,021	65,211	10,580	60,481	65,216	(7,514)	18,404	62,275
Plan fiduciary net position - beginning	604,573	539,362	528,782	468,301	403,085	410,599	392,195	329,920
Plan fiduciary net position - ending (b)	<u>\$ 807,594</u>	<u>\$ 604,573</u>	<u>\$ 539,362</u>	<u>\$ 528,782</u>	<u>\$ 468,301</u>	<u>\$ 403,085</u>	<u>\$ 410,599</u>	<u>\$ 392,195</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (27,444)</u>	<u>\$ 146,504</u>	<u>\$ 145,390</u>	<u>\$ 129,705</u>	<u>\$ 167,758</u>	<u>\$ 175,304</u>	<u>\$ 124,028</u>	<u>\$ 123,665</u>
Plan fiduciary net position as a percentage of the total pension liability	103.52%	80.49%	78.77%	80.30%	73.63%	69.69%	76.80%	76.03%
Covered payroll	\$ 47,869	\$ 46,931	\$ 45,514	\$ 44,589	\$ 42,212	\$ 47,028	\$ 43,873	\$ 43,845
Net pension liability (asset) as a percentage of covered payroll	-57.33%	312.17%	319.44%	290.89%	397.42%	372.77%	282.70%	282.05%

\* GASB Statement No. 68 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.

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 Eight Fiscal Years as of June 30 \*

(Expressed in Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>								
Service cost	\$ 7,823	\$ 7,666	\$ 7,124	\$ 6,230	\$ 6,235	\$ 6,231	\$ 6,438	\$ 6,503
Interest	16,048	15,957	15,417	14,396	13,880	13,548	13,392	13,022
Changes in benefit terms	-	-	-	(1,208)	-	-	-	-
Differences between expected & actual experience	(2,634)	(7,323)	(328)	(3,222)	(865)	(3,655)	(6,586)	(3,957)
Changes in assumptions	-	-	-	33,526	-	-	-	-
Benefit payments, including refunds of employee contributions	(15,233)	(14,699)	(13,724)	(12,812)	(11,950)	(11,460)	(10,891)	(10,377)
Net change in total pension liability	6,004	1,601	8,489	36,910	7,300	4,664	2,353	5,191
Total pension liability - beginning	245,233	243,632	235,143	198,233	190,933	186,269	183,916	178,725
Total pension liability - ending (a)	<u>\$ 251,237</u>	<u>\$ 245,233</u>	<u>\$ 243,632</u>	<u>\$ 235,143</u>	<u>\$ 198,233</u>	<u>\$ 190,933</u>	<u>\$ 186,269</u>	<u>\$ 183,916</u>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 9,200	\$ 9,211	\$ 8,771	\$ 8,503	\$ 8,544	\$ 8,667	\$ 8,724	\$ 8,630
Contributions - employee	2,811	2,814	2,680	2,598	2,611	2,648	2,665	2,637
Net investment income (loss)	81,921	17,776	7,237	26,227	26,632	(2,673)	7,533	26,172
Benefit payments, including refunds of employee contributions	(15,233)	(14,699)	(13,724)	(12,812)	(11,950)	(11,460)	(10,891)	(10,377)
Administrative expense	(19)	(22)	(26)	(20)	(18)	(20)	(15)	(17)
Net change in fiduciary net position	78,680	15,080	4,938	24,496	25,819	(2,838)	8,016	27,045
Plan fiduciary net position - beginning	231,485	216,405	211,467	186,971	161,152	163,990	155,974	128,929
Plan fiduciary net position - ending (b)	<u>\$ 310,165</u>	<u>\$ 231,485</u>	<u>\$ 216,405</u>	<u>\$ 211,467</u>	<u>\$ 186,971</u>	<u>\$ 161,152</u>	<u>\$ 163,990</u>	<u>\$ 155,974</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (58,928)</u>	<u>\$ 13,748</u>	<u>\$ 27,227</u>	<u>\$ 23,676</u>	<u>\$ 11,262</u>	<u>\$ 29,781</u>	<u>\$ 22,279</u>	<u>\$ 27,942</u>
Plan fiduciary net position as a percentage of the total pension liability	123.46%	94.39%	88.82%	89.93%	94.32%	84.40%	88.04%	84.81%
Covered payroll	\$ 30,065	\$ 30,100	\$ 28,664	\$ 27,788	\$ 27,922	\$ 28,322	\$ 28,510	\$ 28,203
Net pension liability(asset) as a percentage of covered payroll	-196.00%	45.67%	94.99%	85.20%	40.33%	105.15%	78.14%	99.07%

\* GASB Statement No. 68 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.

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 144,855	\$ 139,227	\$ 134,356	\$ 126,868	\$ 128,532
Contributions in relation to statutorily required contributions	144,855	139,227	134,356	126,868	128,532
Contribution deficiency (excess)	<u>\$ -</u>				
State's covered payroll	\$ 1,541,309	\$ 1,475,401	\$ 1,419,476	\$ 1,414,609	\$ 1,431,290
Contributions as a percentage of covered payroll	9.40%	9.44%	9.47%	8.97%	8.98%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 124,718	\$ 122,279	\$ 121,161	\$ 116,630	\$ 110,123
Contributions in relation to statutorily required contributions	124,718	122,279	121,161	116,630	110,123
Contribution deficiency (excess)	<u>\$ -</u>				
State's covered payroll	\$ 1,388,017	\$ 1,356,263	\$ 1,342,673	\$ 1,322,751	\$ 1,327,065
Contributions as a percentage of covered payroll	8.99%	9.02%	9.02%	8.82%	8.30%

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 22,996	\$ 19,378	\$ 19,403	\$ 20,306	\$ 17,746
Actual employer contribution	<u>22,711</u>	<u>22,364</u>	<u>21,840</u>	<u>21,498</u>	<u>17,274</u>
Contribution deficiency (excess)	<u>\$ 285</u>	<u>\$ (2,986)</u>	<u>\$ (2,437)</u>	<u>\$ (1,192)</u>	<u>\$ 472</u>
Covered payroll	\$ 47,869	\$ 46,931	\$ 45,514	\$ 44,589	\$ 42,212
Contributions as a percentage of covered payroll	47.45%	47.65%	47.99%	48.21%	40.92%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 17,081	\$ 16,957	\$ 18,187	\$ 18,665	\$ 16,623
Actual employer contribution	<u>20,519</u>	<u>18,601</u>	<u>17,715</u>	<u>11,778</u>	<u>10,741</u>
Contribution deficiency (excess)	<u>\$ (3,438)</u>	<u>\$ (1,644)</u>	<u>\$ 472</u>	<u>\$ 6,887</u>	<u>\$ 5,882</u>
Covered payroll	\$ 47,028	\$ 43,873	\$ 43,845	\$ 43,621	\$ 42,965
Contributions as a percentage of covered payroll	43.63%	42.40%	40.40%	27.00%	25.00%

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 7,691	\$ 8,567	\$ 8,674	\$ 5,688	\$ 6,201
Actual employer contribution	<u>9,200</u>	<u>9,211</u>	<u>8,771</u>	<u>8,503</u>	<u>8,544</u>
Contribution deficiency (excess)	<u>\$ (1,509)</u>	<u>\$ (644)</u>	<u>\$ (97)</u>	<u>\$ (2,815)</u>	<u>\$ (2,343)</u>
Covered payroll	\$ 30,065	\$ 30,100	\$ 28,664	\$ 27,788	\$ 27,922
Contributions as a percentage of covered payroll	30.60%	30.60%	30.60%	30.60%	30.60%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 6,667	\$ 7,709	\$ 8,376	\$ 8,445	\$ 8,364
Actual employer contribution	<u>8,667</u>	<u>8,724</u>	<u>8,630</u>	<u>8,232</u>	<u>8,216</u>
Contribution deficiency (excess)	<u>\$ (2,000)</u>	<u>\$ (1,015)</u>	<u>\$ (254)</u>	<u>\$ 213</u>	<u>\$ 148</u>
Covered payroll	\$ 28,322	\$ 28,510	\$ 28,203	\$ 26,903	\$ 26,849
Contributions as a percentage of covered payroll	30.60%	30.60%	30.60%	30.60%	30.60%

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*

There are no significant changes in benefit terms.

##### *Changes in Assumptions*

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%.

Valuation date: July 1, 2014:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

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

Valuation date: July 1, 2021

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, 2021 (based on the July 1, 2020 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:* 7.00% compounded annually, net of investment expense, including inflation
- *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 RP-2014 Total Dataset Mortality Table with a one-year age set-back for males and Generational Projection, using MP-2016. Post-retirement mortality rates were based on the RP-2014 Total Dataset Mortality Table with a one-year age set-back for males and Generational Projection, using MP-2016. Disability mortality rates were based on the RP-2014 Total ataset Mortality Table with a four-year age set-forward for males and Generational Projection, using MP-2016.

# STATE OF IOWA

## Required Supplementary Information

### Notes to Required Supplementary Information – Schedules of Contributions

#### ***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:

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.

2015: The State's contribution rate increased from 31% to 33% of payroll. There was an increase in the reemployment limit for disability retirees under the age of 55. This change had no impact on the valuation results.

2014: The 2014 Legislature passed House File 2450 which provided that cancer and infectious disease, as defined in the bill, will be presumed to have been contracted while the member was on active duty as a result of that duty. The presumption means that such members will be eligible for an accidental disability benefit rather than an ordinary disability benefit. The member contribution rate increased from 10.85% to 11.35% of payroll. The House File also increased the member contribution rate 0.05% to cover the cost of the benefit change so the total member contribution rate is 11.40%. The State's contribution rate increases from 29% to 31% of payroll, as scheduled by law.

2013: The member contribution rate increased from 10.35% to 10.85% of payroll and the State's contribution rate increased from 27% to 29% of payroll.

2012: The member contribution rate increased from 9.85% to 10.35% of payroll and the State's contribution rate increased from 25% to 27% of payroll. The first payment of the supplemental state appropriation of \$5 million per year until PORS is 85% funded was delayed one year to fiscal year 2014.

#### ***Changes in Assumptions***

##### *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.
- 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%.

## STATE OF IOWA

### Required Supplementary Information

#### Notes to Required Supplementary Information – Schedules of Contributions

*July 1, 2014 valuation:*

- The disability assumption was modified to assume a higher portion of total disabilities will be payable as accidental disabilities as a result of a law passed which provides for a presumption of cancer and infectious diseases are contracted while on active duty.

*July 1, 2012 valuation:*

- The merit scale component of the salary increase assumption was increased for years of service less than 20 and decreased for years of service more than 20.
- Retirement rates were changed to be age and service based instead of only age based. There are two sets of retirement rates, one if the member has less than 30 years of service and another if the member has 30 or more years of service.
- Wage increase assumption for annual readjustment of pensions was lowered from 4.00% to 3.75%.
- Consumer price inflation was lowered from 3.50% to 3.00%.
- Economic productivity component of the general wage increase assumption was increased from 0.50% to 0.75%.

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

Valuation date: July 1, 2021

JRS 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, 2021 (based on the July 1, 2020 actuarial valuation):

- *Actuarial cost method:* Entry age normal
- *Amortization method:* Level dollar, closed
- *Amortization period:* Initial base established July 1, 2009, over a closed 25-year period. A new base is 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, net of investment expense, including inflation
- *Mortality:* RP-2014 White Collar Mortality Tables with a two-year age setback and generational improvements using MP-2017.

#### **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:

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, 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.

##### *July 1, 2013 valuation:*

- Decreased the salary increase assumption from 4.50% to 4.25%.
- Increased retirement rates to reflect earlier retirement ages.
- The assumption that retiring judges will elect Senior Judge Status was changed from an 80% election, with 50% relinquishing at age 74 to an 80% election, with 60% relinquishing after 6 years if before 78.
- The adjustment to Senior Judge's benefit was reduced to reflect the change in the salary increase assumption.

**STATE OF IOWA**

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

**State Plan**

Last Four Fiscal Years as of June 30 \*  
(Expressed in Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>				
Service cost	\$ 17,256	\$ 13,491	\$ 12,374	\$ 12,964
Interest	4,929	7,244	7,448	6,520
Differences between expected & actual experience	(5,897)	(6,842)	-	(1,066)
Changes in assumptions	(3,067)	10,426	4,773	2,642
Change in proportion	-	-	-	(23)
Benefit payments - implicit subsidy	<u>(12,356)</u>	<u>(11,338)</u>	<u>(11,073)</u>	<u>(9,191)</u>
Net change in total OPEB liability	865	12,981	13,522	11,846
Total OPEB liability - beginning	<u>212,055</u>	<u>199,074</u>	<u>185,552</u>	<u>173,706</u>
Total OPEB liability - ending	<u>\$ 212,920</u>	<u>\$ 212,055</u>	<u>\$ 199,074</u>	<u>\$ 185,552</u>
Covered payroll	\$ 1,407,753	\$ 1,365,553	\$ 1,249,303	\$ 1,254,711
Total OPEB liability as a percentage of covered payroll	15.12%	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.

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 Four Fiscal Years as of June 30 \*

(Expressed in Thousands)

	2021			2020		
	U of I	ISU	UNI	U of I	ISU	UNI
<b>Total OPEB liability</b>						
Service cost	\$ 7,028	\$ 5,470	\$ 1,123	\$ 3,860	\$ 6,714	\$ 1,769
Interest	6,214	2,052	427	5,604	3,382	885
Differences between expected & actual experience	(181)	(22,902)	(267)	4,430	(24,818)	(10,479)
Changes in assumptions	27,290	3,243	(3,537)	26,867	2,251	(74)
Changes in benefit terms	-	-	-	-	-	-
Benefit payments	(11,931)	(5,669)	(549)	(10,497)	(5,571)	(711)
Net change in total OPEB liability	28,420	(17,806)	(2,803)	30,264	(18,042)	(8,610)
Total OPEB liability - beginning	176,421	60,279	15,193	146,157	78,321	23,803
Total OPEB liability - ending	<u>\$ 204,841</u>	<u>\$ 42,473</u>	<u>\$ 12,390</u>	<u>\$ 176,421</u>	<u>\$ 60,279</u>	<u>\$ 15,193</u>
Covered payroll	\$ 1,384,343	\$ 462,527	\$ 162,977	\$ 1,384,343	\$ 465,055	\$ 171,815
Total OPEB liability as a percentage of covered payroll	14.80%	9.18%	7.60%	12.74%	12.96%	8.84%
	2019			2018		
	U of I	ISU	UNI	U of I	ISU	UNI
<b>Total OPEB liability</b>						
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 payroll	\$ 1,308,289	\$ 457,651	\$ 172,925	\$ 1,291,758	\$ 443,245	\$ 169,533
Total OPEB liability as a percentage of covered 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.

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***

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***

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.

# STATE OF IOWA

## Required Supplementary Information

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

#### **Changes in Assumptions**

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.

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%.

## STATE OF IOWA

### Required Supplementary Information

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

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.
- 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, 2021  
(Expressed in Thousands)

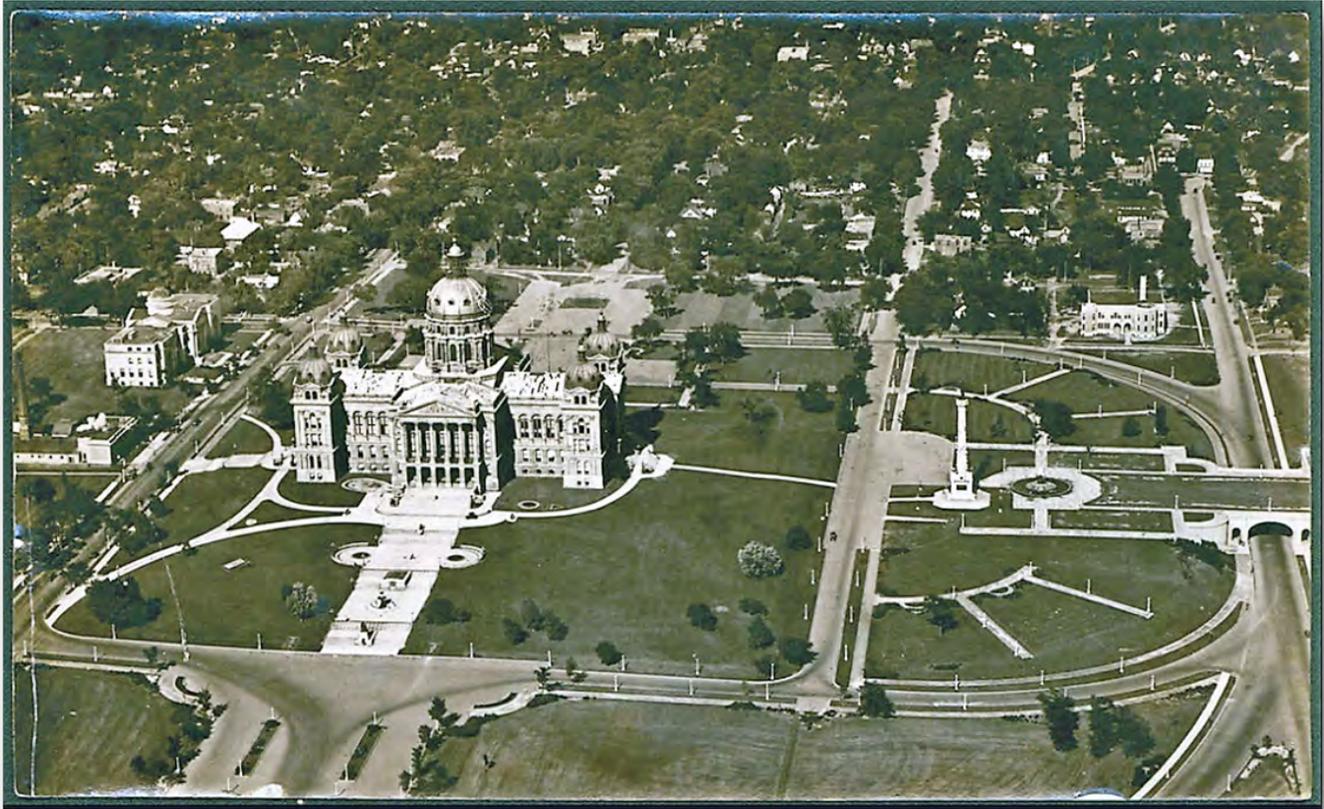
	<b>SPECIAL REVENUE FUNDS</b>	<b>CAPITAL PROJECTS FUNDS</b>	<b>PERMANENT FUNDS</b>	<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>				
Current assets:				
Cash & investments	\$ 101,803	\$ 22,812	\$ 16,180	\$ 140,795
Accounts receivable (net)	50,360	584	-	50,944
Loans receivable (net)	95	-	-	95
Due from other funds	910	1,577	-	2,487
Inventory	192	-	-	192
Prepaid expenditures	318	-	-	318
Total current assets	<u>153,678</u>	<u>24,973</u>	<u>16,180</u>	<u>194,831</u>
Noncurrent assets:				
Accounts receivable (net)	<u>311</u>	<u>-</u>	<u>30</u>	<u>341</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 153,989</u></u>	<u><u>\$ 24,973</u></u>	<u><u>\$ 16,210</u></u>	<u><u>\$ 195,172</u></u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable & accruals	\$ 2,887	\$ 1,786	\$ -	\$ 4,673
Due to other funds	19,930	17,267	-	37,197
Unearned revenue	169	531	-	700
Total current liabilities	<u>22,986</u>	<u>19,584</u>	<u>-</u>	<u>42,570</u>
Noncurrent liabilities:				
Accounts payable & accruals	<u>1,891</u>	<u>-</u>	<u>-</u>	<u>1,891</u>
<b>TOTAL LIABILITIES</b>	<u><u>24,877</u></u>	<u><u>19,584</u></u>	<u><u>-</u></u>	<u><u>44,461</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	9,827	491	30	10,348
Unconditional remainder interest	146	-	-	146
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>9,973</u></u>	<u><u>491</u></u>	<u><u>30</u></u>	<u><u>10,494</u></u>
<b>FUND BALANCES</b>				
Nonspendable	510	-	16,150	16,660
Spendable:				
Restricted	83,387	-	30	83,417
Committed	35,257	4,933	-	40,190
Unassigned	<u>(15)</u>	<u>(35)</u>	<u>-</u>	<u>(50)</u>
<b>TOTAL FUND BALANCES</b>	<u><u>119,139</u></u>	<u><u>4,898</u></u>	<u><u>16,180</u></u>	<u><u>140,217</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCES</b>	<u><u>\$ 153,989</u></u>	<u><u>\$ 24,973</u></u>	<u><u>\$ 16,210</u></u>	<u><u>\$ 195,172</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, 2021  
(Expressed in Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Receipts from other entities	\$ 11,108	\$ 2,440	\$ -	\$ 13,548
Investment income	9,075	-	-	9,075
Fees, licenses & permits	124,652	-	-	124,652
Refunds & reimbursements	5,781	8	-	5,789
Sales, rents & services	5,644	-	-	5,644
Miscellaneous	28,813	-	609	29,422
<b>GROSS REVENUES</b>	<b>185,073</b>	<b>2,448</b>	<b>609</b>	<b>188,130</b>
Less revenue refunds	3,825	-	-	3,825
<b>NET REVENUES</b>	<b>181,248</b>	<b>2,448</b>	<b>609</b>	<b>184,305</b>
<b>EXPENDITURES</b>				
Current:				
Administration & regulation	31,116	9	-	31,125
Education	19,359	-	-	19,359
Health & human rights	353	-	-	353
Human services	254	-	-	254
Justice & public defense	1,578	-	-	1,578
Transportation	73	-	-	73
Agriculture & natural resources	1,579	8,022	-	9,601
Capital outlay:				
Administration & regulation	3	3,057	-	3,060
Education	33	-	-	33
Health & human rights	6	6,372	-	6,378
Human services	-	559	-	559
Justice & public defense	198	1,162	-	1,360
Transportation	3,935	-	-	3,935
Agriculture & natural resources	-	7,209	-	7,209
<b>TOTAL EXPENDITURES</b>	<b>58,487</b>	<b>26,390</b>	<b>-</b>	<b>84,877</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>122,761</b>	<b>(23,942)</b>	<b>609</b>	<b>99,428</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,116	25,197	-	26,313
Transfers out	(92,255)	(748)	-	(93,003)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(91,139)</b>	<b>24,449</b>	<b>-</b>	<b>(66,690)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>31,622</b>	<b>507</b>	<b>609</b>	<b>32,738</b>
<b>FUND BALANCES - JULY 1</b>	<b>87,517</b>	<b>4,391</b>	<b>15,571</b>	<b>107,479</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 119,139</b>	<b>\$ 4,898</b>	<b>\$ 16,180</b>	<b>\$ 140,217</b>



Aerial view of Iowa State Capitol grounds.  
Taken from Barnett Company monoplane  
ca 1930

# 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.

**Hospital Health Care Access Trust Fund** receives hospital health care access assessments imposed by Chapter 249M of the Code of Iowa. These funds are to be used to reimburse participating hospitals the medical assistance program upper payment limit for inpatient and outpatient hospital services. Following payment of such upper payment limit to participating hospitals, any remaining funds on an annual basis may be used for any of the following purposes: (a) to support medical assistance program utilization shortfalls, (b) to maintain the state's capacity to provide access to and delivery of services for vulnerable Iowans, (c) to fund the health care workforce support initiative, (d) to support access to health care services for uninsured Iowans, and (e) to support Iowa hospital programs and services which expand access to health care services for Iowans.

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

**Iowa PBS Foundation** is a non-profit corporation that solicits and manages gifts of money and property for Iowa PBS.

**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, 2021  
(Expressed in Thousands)

	<b>GUARANTY AGENCY OPERATING</b>	<b>HOSPITAL HEALTH CARE ACCESS FUND</b>	<b>QUALITY ASSURANCE TRUST FUND</b>	<b>IOWA PBS FOUNDATION</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Current assets:						
Cash & investments	\$ 25,434	\$ 7	\$ 106	\$ 19,435	\$ 56,821	\$ 101,803
Accounts receivable (net)	1,653	18,527	26,164	2,388	1,628	50,360
Loans receivable (net)	95	-	-	-	-	95
Due from other funds	27	2	-	-	881	910
Inventory	-	-	-	58	134	192
Prepaid expenditures	85	-	-	37	196	318
Total current assets	<u>27,294</u>	<u>18,536</u>	<u>26,270</u>	<u>21,918</u>	<u>59,660</u>	<u>153,678</u>
Noncurrent assets:						
Accounts receivable (net)	200	-	-	-	111	311
<b>TOTAL ASSETS</b>	<u><u>\$ 27,494</u></u>	<u><u>\$ 18,536</u></u>	<u><u>\$ 26,270</u></u>	<u><u>\$ 21,918</u></u>	<u><u>\$ 59,771</u></u>	<u><u>\$ 153,989</u></u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable & accruals	\$ 359	\$ -	\$ -	\$ 198	\$ 2,330	\$ 2,887
Due to other funds	49	8,020	10,155	920	786	19,930
Unearned revenue	-	-	-	1	168	169
Total current liabilities	<u>408</u>	<u>8,020</u>	<u>10,155</u>	<u>1,119</u>	<u>3,284</u>	<u>22,986</u>
Noncurrent liabilities:						
Accounts payable & accruals	-	-	-	238	1,653	1,891
<b>TOTAL LIABILITIES</b>	<u>408</u>	<u>8,020</u>	<u>10,155</u>	<u>1,357</u>	<u>4,937</u>	<u>24,877</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue	1,200	1,196	5,816	1,420	195	9,827
Unconditional remainder interest	-	-	-	146	-	146
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,200</u>	<u>1,196</u>	<u>5,816</u>	<u>1,566</u>	<u>195</u>	<u>9,973</u>
<b>FUND BALANCES</b>						
Nonspendable	85	-	-	95	330	510
Spendable:						
Restricted	25,801	-	-	18,900	38,686	83,387
Committed	-	9,320	10,299	-	15,638	35,257
Unassigned	-	-	-	-	(15)	(15)
<b>TOTAL FUND BALANCES</b>	<u>25,886</u>	<u>9,320</u>	<u>10,299</u>	<u>18,995</u>	<u>54,639</u>	<u>119,139</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCES</b>	<u><u>\$ 27,494</u></u>	<u><u>\$ 18,536</u></u>	<u><u>\$ 26,270</u></u>	<u><u>\$ 21,918</u></u>	<u><u>\$ 59,771</u></u>	<u><u>\$ 153,989</u></u>

## STATE OF IOWA

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

For the Year Ended June 30, 2021  
(Expressed in Thousands)

	GUARANTY AGENCY OPERATING	HOSPITAL HEALTH CARE ACCESS FUND	QUALITY ASSURANCE TRUST FUND	IOWA PBS FOUNDATION	OTHER FUNDS	TOTAL
<b>REVENUES</b>						
Receipts from other entities	\$ 4,969	\$ -	\$ -	\$ -	\$ 6,139	\$ 11,108
Investment income	11	6	7	5,394	3,657	9,075
Fees, licenses & permits	-	42,121	56,743	-	25,788	124,652
Refunds & reimbursements	1,680	-	-	-	4,101	5,781
Sales, rents & services	-	-	-	-	5,644	5,644
Miscellaneous	-	-	-	11,133	17,680	28,813
<b>GROSS REVENUES</b>	<b>6,660</b>	<b>42,127</b>	<b>56,750</b>	<b>16,527</b>	<b>63,009</b>	<b>185,073</b>
Less revenue refunds	-	-	-	-	3,825	3,825
<b>NET REVENUES</b>	<b>6,660</b>	<b>42,127</b>	<b>56,750</b>	<b>16,527</b>	<b>59,184</b>	<b>181,248</b>
<b>EXPENDITURES</b>						
Current:						
Administration & regulation	-	-	-	-	31,116	31,116
Education	8,169	-	-	4,004	7,186	19,359
Health & human rights	-	-	-	-	353	353
Human services	-	-	-	-	254	254
Justice & public defense	-	-	-	-	1,578	1,578
Transportation	-	-	-	-	73	73
Agriculture & natural resources	-	-	-	-	1,579	1,579
Capital outlay:						
Administration & regulation	-	-	-	-	3	3
Education	33	-	-	-	-	33
Health & human rights	-	-	-	-	6	6
Justice & public defense	-	-	-	-	198	198
Transportation	-	-	-	-	3,935	3,935
<b>TOTAL EXPENDITURES</b>	<b>8,202</b>	<b>-</b>	<b>-</b>	<b>4,004</b>	<b>46,281</b>	<b>58,487</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,542)</b>	<b>42,127</b>	<b>56,750</b>	<b>12,523</b>	<b>12,903</b>	<b>122,761</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	73	-	-	-	1,043	1,116
Transfers out	(299)	(33,921)	(46,615)	(6,037)	(5,383)	(92,255)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(226)</b>	<b>(33,921)</b>	<b>(46,615)</b>	<b>(6,037)</b>	<b>(4,340)</b>	<b>(91,139)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,768)</b>	<b>8,206</b>	<b>10,135</b>	<b>6,486</b>	<b>8,563</b>	<b>31,622</b>
FUND BALANCES - JULY 1	27,654	1,114	164	12,509	46,076	87,517
FUND BALANCES - JUNE 30	<u>\$ 25,886</u>	<u>\$ 9,320</u>	<u>\$ 10,299</u>	<u>\$ 18,995</u>	<u>\$ 54,639</u>	<u>\$ 119,139</u>



Aerial view of Iowa State Capitol grounds  
from Northwest of State Capitol Building.  
March 1948

**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, 2021  
(Expressed in Thousands)

	<b>PRIMARY ROAD FUND</b>				<b>FISH AND GAME TRUST FUND</b>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
<b>APPROPRIATED REVENUE:</b>								
Transfers	\$ 372,607	\$ 631,067	\$ 774,802	\$ 143,735	\$ 203	\$ 203	\$ 686	\$ 483
<b>RECEIPTS CREDITED TO APPROPRIATIONS:</b>								
Beer tax	-	-	-	-	-	-	-	-
Cigarette tax	-	-	-	-	-	-	-	-
Tobacco products tax	-	-	-	-	-	-	-	-
Liquor tax	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Wagering tax receipts	-	-	-	-	-	-	-	-
Individual income tax quarterly	-	-	-	-	-	-	-	-
Federal support	586,000	591,000	540,786	(50,214)	15,000	15,000	17,161	2,161
Local governments	10,952	10,952	12,926	1,974	-	-	-	-
Other states	79,705	80,704	29,053	(51,651)	-	-	-	-
Reimbursements from other agencies	-	-	-	-	5	5	104	99
Governmental fund type transfers from other agencies	150,872	145,872	146,309	437	10	10	500	490
Interest	-	-	-	-	150	150	42	(108)
Bonds & loans	12,411	12,411	2,720	(9,691)	-	-	-	-
Fees, licenses & permits	1,700	5,700	5,405	(295)	35,700	35,700	36,304	604
Refunds & reimbursements	-	-	-	-	400	400	380	(20)
Sale of real estate	2,100	2,335	854	(1,481)	-	-	211	211
Sale of equipment & salvage	-	-	-	-	2	2	2	-
Rents & leases	15	15	-	(15)	500	500	443	(57)
Agricultural sales	-	-	-	-	75	75	329	254
Other sales & services	-	-	-	-	1,000	1,000	576	(424)
Unearned receipts	-	-	(1)	(1)	265	265	429	164
Income tax checkoffs	-	-	-	-	150	150	182	32
Other	68,107	70,807	(3,126)	(73,933)	1,540	1,540	404	(1,136)
TOTAL APPROPRIATED RECEIPTS	911,862	919,796	734,926	(184,870)	54,797	54,797	57,067	2,270
TOTAL REVENUES AVAILABLE	1,284,469	1,550,863	1,509,728	(41,135)	55,000	55,000	57,753	2,753
<b>EXPENDITURES:</b>								
Administration & regulation	-	-	-	-	-	-	-	-
Agriculture & natural resources	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Health & human services	-	-	-	-	-	-	-	-
Transportation	799,476	1,266,488	1,213,306	53,182	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	799,476	1,266,488	1,213,306	53,182	-	-	-	-
TRANSFERS	484,993	358,266	395,300	(37,034)	62,274	62,274	55,639	6,635
TOTAL EXPENDITURES & TRANSFERS	1,284,469	1,624,754	1,608,606	16,148	62,274	62,274	55,639	6,635
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & TRANSFERS	-	(73,891)	(98,878)	(24,987)	(7,274)	(7,274)	2,114	9,388
FUND BALANCES - JULY 1 (BUDGETARY)	-	274,011	274,011	-	11,595	16,647	16,647	-
FUND BALANCES - JUNE 30 (BUDGETARY)	-	\$ 200,120	\$ 175,133	\$ (24,987)	\$ 4,321	\$ 9,373	\$ 18,761	\$ 9,388

(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, 2021  
(Expressed in Thousands)  
(continued)

	<b>ENVIRONMENT FIRST FUND</b>				<b>HEALTH CARE TRUST FUND</b>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
<b>APPROPRIATED REVENUE:</b>								
Transfers	\$ 42,000	\$ 42,000	\$ 42,000	\$ -	\$ -	\$ -	\$ -	\$ -
<b>RECEIPTS CREDITED TO APPROPRIATIONS:</b>								
Beer tax	-	-	-	-	-	-	-	-
Cigarette tax	-	-	-	-	173,630	173,630	172,592	(1,038)
Tobacco products tax	-	-	-	-	32,310	32,310	32,023	(287)
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	73	(57)
Bonds & loans	-	-	-	-	-	-	-	-
Fees, licenses & permits	-	-	-	-	-	-	-	-
Refunds & reimbursements	109	109	655	546	-	-	-	-
Sale of real estate	-	-	-	-	-	-	-	-
Sale of equipment & salvage	-	-	-	-	-	-	-	-
Rents & leases	-	-	-	-	-	-	-	-
Agricultural sales	-	-	-	-	-	-	-	-
Other sales & services	-	-	-	-	-	-	-	-
Unearned receipts	-	-	-	-	-	-	-	-
Income tax checkoffs	-	-	-	-	-	-	-	-
Other	-	-	2	2	-	-	-	-
<b>TOTAL APPROPRIATED RECEIPTS</b>	<b>109</b>	<b>109</b>	<b>657</b>	<b>548</b>	<b>206,070</b>	<b>206,070</b>	<b>204,688</b>	<b>(1,382)</b>
<b>TOTAL REVENUES AVAILABLE</b>	<b>42,109</b>	<b>42,109</b>	<b>42,657</b>	<b>548</b>	<b>206,070</b>	<b>206,070</b>	<b>204,688</b>	<b>(1,382)</b>
<b>EXPENDITURES:</b>								
Administration & regulation	11,848	12,734	13,024	(290) *	-	-	-	-
Agriculture & natural resources	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Health & human services	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>11,848</b>	<b>12,734</b>	<b>13,024</b>	<b>(290)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TRANSFERS</b>	<b>33,471</b>	<b>33,545</b>	<b>29,901</b>	<b>3,644</b>	<b>208,460</b>	<b>208,460</b>	<b>204,900</b>	<b>3,560</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>45,319</b>	<b>46,279</b>	<b>42,925</b>	<b>3,354</b>	<b>208,460</b>	<b>208,460</b>	<b>204,900</b>	<b>3,560</b>
<b>REVENUES AVAILABLE OVER (UNDER) EXPENDITURES &amp; TRANSFERS</b>	<b>(3,210)</b>	<b>(4,170)</b>	<b>(268)</b>	<b>3,902</b>	<b>(2,390)</b>	<b>(2,390)</b>	<b>(212)</b>	<b>2,178</b>
<b>FUND BALANCES - JULY 1 (BUDGETARY)</b>	<b>4,681</b>	<b>13,935</b>	<b>13,935</b>	<b>-</b>	<b>3,255</b>	<b>3,596</b>	<b>3,596</b>	<b>-</b>
<b>FUND BALANCES - JUNE 30 (BUDGETARY)</b>	<b>\$ 1,471</b>	<b>\$ 9,765</b>	<b>\$ 13,667</b>	<b>\$ 3,902</b>	<b>\$ 865</b>	<b>\$ 1,206</b>	<b>\$ 3,384</b>	<b>\$ 2,178</b>

(continued on next page)

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

For the Year Ended June 30, 2021  
(Expressed in Thousands)  
(continued)

	OTHER FUNDS				TOTAL			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
<b>APPROPRIATED REVENUE:</b>								
Transfers	\$ 50,425	\$ 67,816	\$ 69,472	\$ 1,656	\$ 465,235	\$ 741,086	\$ 886,960	\$ 145,874
<b>RECEIPTS CREDITED TO APPROPRIATIONS:</b>								
Beer tax	110	110	219	109	110	110	219	109
Cigarette tax	-	-	-	-	173,630	173,630	172,592	(1,038)
Tobacco products tax	-	-	-	-	32,310	32,310	32,023	(287)
Liquor tax	175	225	293	68	175	225	293	68
Other taxes	9,222	9,223	2,587	(6,636)	9,222	9,223	2,587	(6,636)
Wagering tax receipts	-	-	6,092	6,092	-	-	6,092	6,092
Individual income tax quarterly	6,000	6,000	6,000	-	6,000	6,000	6,000	-
Federal support	4,324	4,824	4,803	(21)	605,324	610,824	562,750	(48,074)
Local governments	7,145	6,095	7,013	918	18,097	17,047	19,939	2,892
Other states	-	-	-	-	79,705	80,704	29,053	(51,651)
Reimbursements from other agencies	3,115	3,115	4,317	1,202	3,120	3,120	4,421	1,301
Governmental fund type transfers from other agencies	3,247	3,257	15,659	12,402	154,129	149,139	162,468	13,329
Interest	1,583	1,583	378	(1,205)	1,863	1,863	493	(1,370)
Bonds & loans	1,164	1,164	1,560	396	13,575	13,575	4,280	(9,295)
Fees, licenses & permits	104,956	105,166	92,819	(12,347)	142,356	146,566	134,528	(12,038)
Refunds & reimbursements	6,792	6,827	7,949	1,122	7,301	7,336	8,984	1,648
Sale of real estate	-	-	1	1	2,100	2,335	1,066	(1,269)
Sale of equipment & salvage	50	60	30	(30)	52	62	32	(30)
Rents & leases	-	-	-	-	515	515	443	(72)
Agricultural sales	-	-	-	-	75	75	329	254
Other sales & services	408	408	432	24	1,408	1,408	1,008	(400)
Unearned receipts	101	101	133	32	366	366	561	195
Income tax checkoffs	-	-	-	-	150	150	182	32
Other	226	226	223	(3)	69,873	72,573	(2,497)	(75,070)
TOTAL APPROPRIATED RECEIPTS	148,618	148,384	150,508	2,124	1,321,456	1,329,156	1,147,846	(181,310)
TOTAL REVENUES AVAILABLE	199,043	216,200	219,980	3,780	1,786,691	2,070,242	2,034,806	(35,436)
<b>EXPENDITURES:</b>								
Administration & regulation	24,766	27,676	24,274	3,402	36,614	40,410	37,298	3,112
Agriculture & natural resources	18,059	18,059	14,268	3,791	18,059	18,059	14,268	3,791
Economic development	31,375	36,077	42,304	(6,227) *	31,375	36,077	42,304	(6,227)
Education	8,618	8,618	8,373	245	8,618	8,618	8,373	245
Health & human services	25	25	-	25	25	25	-	25
Transportation	2,003	4,202	5,002	(800) *	801,479	1,270,690	1,218,308	52,382
Judicial	11,185	9,708	9,982	(274) *	11,185	9,708	9,982	(274)
TOTAL EXPENDITURES	96,031	104,365	104,203	162	907,355	1,383,587	1,330,533	53,054
TRANSFERS	127,328	130,204	99,193	31,011	916,526	792,749	784,933	7,816
TOTAL EXPENDITURES & TRANSFERS	223,359	234,569	203,396	31,173	1,823,881	2,176,336	2,115,466	60,870
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & TRANSFERS	(24,316)	(18,369)	16,584	34,953	(37,190)	(106,094)	(80,660)	25,434
FUND BALANCES - JULY 1 (BUDGETARY)	105,025	120,645	122,706	2,061	124,556	428,834	430,895	2,061
FUND BALANCES - JUNE 30 (BUDGETARY)	\$ 80,709	\$ 102,276	\$ 139,290	\$ 37,014	\$ 87,366	\$ 322,740	\$ 350,235	\$ 27,495

\* 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 Environment First Fund in the Administration & Regulation function; the Grow Iowa Value Fund, Renewable Fuel Infrastructure Fund, state Housing Trust Fund, and Special Contingency Fund in the Economic Development function; State Aviation fund in the Transportation function; and the Court Technology & Modernization Fund in the Judicial function.

DEPARTMENT OF COMMERCE  
UNITED STATES PATENT OFFICE

To all persons to whom these presents shall come, Greeting:

THIS IS TO CERTIFY that the annexed is a true copy from the records of this  
office of the

Design Letters Patent of

Dixie Cornell Gebhardt, assignor to  
The State of Iowa,

Number 57,223,

Granted March 8, 1921,

for

Design for a Flag.



IN TESTIMONY WHEREOF I have hereunto set my  
hand and caused the seal of the Patent Office to be  
affixed at the City of Washington, this eighth  
day of July, in the year of our Lord  
one thousand nine hundred and forty-seven  
and of the Independence of the United States of  
America the one hundred and seventy-second.

ATTEST:

*[Signature]*  
Chief of Division.

*Casper W. Ooms*  
Commissioner of Patents.

# COMBINING FINANCIAL STATEMENTS

## **Nonmajor Capital Projects Funds**

Capital Projects Funds are used to account for the construction of major capital facilities other than those financed by proprietary funds and trust funds.

**General Services Capitals Fund** is used to account for various building projects.

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

**Marine Fuel Tax Capitals Fund** is used to account for the acquisition of water access, development projects, water safety stations, marinas and any other project which improves water recreation.

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

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

June 30, 2021  
(Expressed in Thousands)

	<b>GENERAL SERVICES CAPITALS FUND</b>	<b>ENDOWMENT FOR IOWA'S HEALTH RESTRICTED CAPITALS FUND</b>	<b>MARINE FUEL TAX CAPITALS FUND</b>	<b>FISH &amp; GAME CAPITALS FUND</b>	<b>TOTAL</b>
<b>ASSETS</b>					
Current assets:					
Cash & investments	\$ 18,408	\$ 16	\$ 4,270	\$ 118	\$ 22,812
Accounts receivable	487	-	75	22	584
Due from other funds	446	-	381	750	1,577
TOTAL ASSETS	<u>\$ 19,341</u>	<u>\$ 16</u>	<u>\$ 4,726</u>	<u>\$ 890</u>	<u>\$ 24,973</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable & accruals	\$ 1,163	\$ -	\$ 206	\$ 417	\$ 1,786
Due to other funds	17,191	16	60	-	17,267
Unearned revenue	531	-	-	-	531
TOTAL LIABILITIES	<u>18,885</u>	<u>16</u>	<u>266</u>	<u>417</u>	<u>19,584</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	491	-	-	-	491
<b>FUND BALANCES</b>					
Spendable:					
Committed	-	-	4,460	473	4,933
Unassigned	(35)	-	-	-	(35)
TOTAL FUND BALANCES	<u>(35)</u>	<u>-</u>	<u>4,460</u>	<u>473</u>	<u>4,898</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	<u>\$ 19,341</u>	<u>\$ 16</u>	<u>\$ 4,726</u>	<u>\$ 890</u>	<u>\$ 24,973</u>

**STATE OF IOWA**

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

For the Year Ended June 30, 2021  
(Expressed in Thousands)

	<b>GENERAL SERVICES CAPITALS FUND</b>	<b>ENDOWMENT FOR IOWA'S HEALTH RESTRICTED CAPITALS FUND</b>	<b>MARINE FUEL TAX CAPITALS FUND</b>	<b>FISH &amp; GAME CAPITALS FUND</b>	<b>TOTAL</b>
<b>REVENUES</b>					
Receipts from other entities	\$ 2,308	\$ -	\$ 132	\$ -	\$ 2,440
Refunds & reimbursements	8	-	-	-	8
NET REVENUES	<u>2,316</u>	<u>-</u>	<u>132</u>	<u>-</u>	<u>2,448</u>
<b>EXPENDITURES</b>					
Current:					
Administration & regulation	9	-	-	-	9
Agriculture & natural resources	-	-	1,146	6,876	8,022
Capital outlay:					
Administration & regulation	3,057	-	-	-	3,057
Health & human rights	6,372	-	-	-	6,372
Human services	559	-	-	-	559
Justice & public defense	1,146	16	-	-	1,162
Agriculture & natural resources	-	-	2,029	5,180	7,209
TOTAL EXPENDITURES	<u>11,143</u>	<u>16</u>	<u>3,175</u>	<u>12,056</u>	<u>26,390</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,827)</u>	<u>(16)</u>	<u>(3,043)</u>	<u>(12,056)</u>	<u>(23,942)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	8,798	-	4,074	12,325	25,197
Transfers out	(6)	-	(736)	(6)	(748)
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,792</u>	<u>-</u>	<u>3,338</u>	<u>12,319</u>	<u>24,449</u>
NET CHANGE IN FUND BALANCES	(35)	(16)	295	263	507
FUND BALANCES - JULY 1	-	16	4,165	210	4,391
FUND BALANCES - JUNE 30	<u>\$ (35)</u>	<u>\$ -</u>	<u>\$ 4,460</u>	<u>\$ 473</u>	<u>\$ 4,898</u>

# Supplement

## MRS. GEBHARDT



# FLAG DESIGN A WINNER

KNOXVILLE, IOWA, THURSDAY, JUNE 27, 1946

### IOWA STATE FLAG DESIGN FOR NEW CENTENNIAL STAMP

Dixie C. Gebhardt Honored By Use of Her Flag on Iowa Stamp.

An announcement released Monday at Washington, D. C., by Postmaster Robert E. Haugen advised Iowa congressmen that he had approved the design for the Iowa Centennial stamp.

The three-cent stamp will be placed on sale August 3, at the Iowa City post office and will go on sale in post offices generally throughout the state, August 4.

Knoxville is especially proud that one of our citizens designed the Iowa State Flag, which will be used as the predominating design of the centennial stamp. Mrs. Dixie Cornell Gebhardt, who was called "Iowa's Betsy Ross", by the late Governor Harding designed the flag when it was decided that Iowa should have her own emblem. Therefore, Knoxville residents feel that this state emblem makes a fitting and descriptive foundation for the design of the Centennial stamp which commemorates the 100th anniversary of Iowa's admission to the union.

Blue in color, the stamp will consist of the Iowa state flag superimposed on an outline map of the state. Along each side of the stamp will be replicas of corn stalks.

At the top of the stamp will be the inscription, "1846-Iowa Statehood Centennial-1946."

Representative Karl M. LeCombe, of Corndon, who left Tennessee to witness the atomic bomb tests at the Bikini atoll, was active in obtaining post office department approval for the special stamp. Three designs were submitted.

Representative Thomas E. Martin was instrumental in obtaining the first sale of the stamp for Iowa City in recognition of its having been the first state capital.



### Stamp to Honor Iowa Centennial



Reproduction of 3 cent postage stamp to be placed on first day sale at Iowa City, Ia., on Aug. 3 to commemorate the 100th anniversary of the admission of Iowa to statehood. (Amm Photo)



### CENTENNIAL SEAL HONORS IOWA FLAG

Iowa is celebrating the Centennial with an Iowa seal, red, white and blue in color. It is a dignified seal, worthy of the Centennial of a great state and it honors the state's flag.

Agriculture is represented on one side, balanced by industry on the other. In the center is an outline map of Iowa with the Centennial theme "One Hundred Years of Progress". Above is the dome of the Iowa capital. Below is the pioneer breaking sod, the ox-drawn wagon in which he arrived, and the log cabin he built as his first home. At either end of the state map are the stalks of corn for which Iowa is famous.

And over all the Iowa state flag proudly flies. Knoxville people should feel that Knoxville has a great part in this, since Mrs. Dixie Gebhardt, designer of the Iowa flag, lives here in their midst. This year is also the 25th anniversary of the flag.

### Iowa Stamp Designed By Aunt of Local Philatelist

Tom C. Whitmore, Atlantic attorney and former judge of the 15th district, has made stamp collecting his hobby for a number of years, but it is now something more than that, for Mrs. Dixie Cornell Gebhardt of Knoxville, designer of the Iowa centennial stamp, is an aunt of the local attorney. The family boasts not only a stamp designer and a philatelist, but another nephew of Mrs. Gebhardt is also a district judge. He is Judge Norman R. Hays, of the Fifth Iowa district.

Mrs. Gebhardt designed the Iowa official flag which was adopted by the general assembly March 19, 1921, and her suggestion that the state flag be used on the new stamp was adopted by the post office department. Mrs. Gebhardt has been invited by the Iowa centennial committee to be the guest of honor at the centennial stamp issue ceremonies at Iowa City Aug. 3.



### LEAHY, BLUE IN CEREMONY AT IOWA CITY

Important Occasion for Collectors.

By Don Allen. (Reading Staff Writer.)

IOWA CITY, IA.—Word of Iowa's one hundredth year as a state started from here Saturday for the four corners of the world on a blue postage stamp.

Departure of the centennial message was heralded in a 27-minute ceremony on the steps of the classic Old Capitol.

Highlights were a congratulatory message brought from President Truman by his chief-of-staff, Admiral William D. Leahy, and the "sale" of a sheet of 100 stamps to Gov. Robert D. Blue by Joseph J. Lawler, third assistant postmaster general.

This was the "official" opening of the centennial stamp sale in the state.

But four hours earlier they had gone on sale to the general public at the main post office and three sub-stations here. By the end of the business day, Postmaster Walter J. Barrow estimated that more than a million of the three million stamps on hand had been sold. Statewide, sale of the stamps opens Monday.

#### Printing Increased.

Lawler disclosed that interest in the Iowa centennial stamp has been so great that the original printing of 125 million has been increased by 50 million.

The stamp carries a state map, flanked by corn stalks. Centered on the map is Iowa's "tri-colored" state flag. At the top are the figures and words—1846—Iowa Statehood Centennial—1946. Blue is the color chosen for state commemorative stamps.

Mrs. D. C. Gebhardt, Knoxville, who designed the state flag that appears on the stamp, was to have been introduced at the ceremony, but illness prevented her from attending. Robert L. Gage, secretary of the Iowa City Chamber of Commerce, said.

# 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** 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 Public Health.

**STATE OF IOWA**

**Combining Balance Sheet  
Nonmajor Permanent Funds**

June 30, 2021

(Expressed in Thousands)

	<b>PERMANENT SCHOOL PRINCIPAL FUND</b>	<b>IOWA CULTURAL TRUST FUND</b>	<b>IOWA PBS FOUNDATION ENDOWMENT</b>	<b>PILOT GROVE TRUST FUND</b>	<b>HENRY ALBERT TRUST FUND</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Current assets:						
Cash & investments	\$ 8,038	\$ 1	\$ 8,130	\$ 10	\$ 1	\$ 16,180
Noncurrent assets:						
Accounts receivable	-	-	30	-	-	30
<b>TOTAL ASSETS</b>	<u>\$ 8,038</u>	<u>\$ 1</u>	<u>\$ 8,160</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 16,210</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue	\$ -	\$ -	\$ 30	\$ -	\$ -	\$ 30
<b>FUND BALANCES</b>						
Nonspendable	8,038	1	8,100	10	1	16,150
Spendable:						
Restricted	-	-	30	-	-	30
<b>TOTAL FUND BALANCES</b>	<u>8,038</u>	<u>1</u>	<u>8,130</u>	<u>10</u>	<u>1</u>	<u>16,180</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCES</b>	<u>\$ 8,038</u>	<u>\$ 1</u>	<u>\$ 8,160</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 16,210</u>

**STATE OF IOWA**

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

For the Year Ended June 30, 2021  
(Expressed in Thousands)

	<b>PERMANENT SCHOOL PRINCIPAL FUND</b>	<b>IOWA CULTURAL TRUST FUND</b>	<b>IOWA PBS FOUNDATION ENDOWMENT</b>	<b>PILOT GROVE TRUST FUND</b>	<b>HENRY ALBERT TRUST FUND</b>	<b>TOTAL</b>
<b>REVENUES</b>						
Miscellaneous	\$ -	\$ -	\$ 609	\$ -	\$ -	\$ 609
NET CHANGE IN FUND BALANCES	-	-	609	-	-	609
FUND BALANCES - JULY 1	8,038	1	7,521	10	1	15,571
FUND BALANCES - JUNE 30	<u>\$ 8,038</u>	<u>\$ 1</u>	<u>\$ 8,130</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 16,180</u>



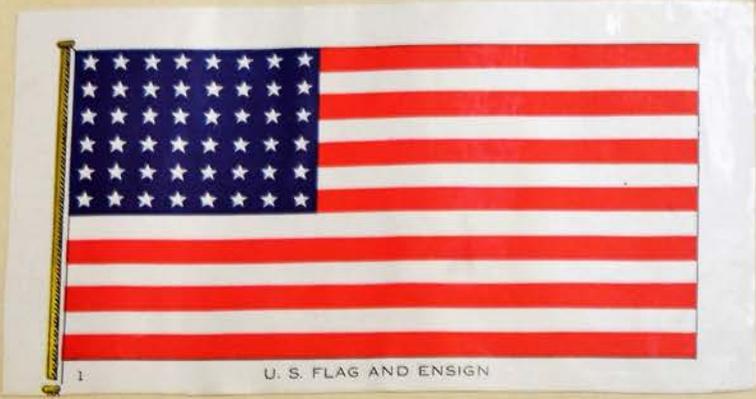
Ancestry of the Iowa Flag

433. NAPOLEON'S FLAG, LOUISIANA, 1803.— Among the many changes of flag that helped to make romantic the early history of Louisiana, this of Napoleon stands out as memorable because it was hauled down to give place for "Old Glory" on the 20th of December, 1803.

Each of the colors of this flag is woven into the tissue of French history by myriad threads. The blue banner of St. Martin was first used by the kings of France in the fourth century, and for 600 years was carried into battle as a sure omen of victory. Next came the well-loved Auvergnonne, the gold-bordered banner of St. Denis. This in turn gave place to the "cornette blanche"—a plain white flag emblematic of the Virgin Mary, carried by Joan of Arc, and later adopted by the Bourbons.

So it was not purely an accident that the choice of the populace storming the Bastille, in 1789, should have been the tricolor; and it is easy to see how the historic associations, as well as the beauty and simplicity of the banner itself, made it the permanent emblem of France.

It was fourteen years after this tricolor had become the national flag of France that the remarkable and startling chain of events, occurring a quarter of the way around the world from our Father of Waters, made it possible for us to purchase the wonderful Louisiana



"The largest real-estate transaction in history was the Louisiana Purchase, in 1803, when the United States bought from France the middle third of this country—a piece of land five times larger than France itself and at a price of only four cents an acre!"

# COMBINING FINANCIAL STATEMENTS

## **Nonmajor Enterprise Funds**

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

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

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

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

**Elevator Safety Fund** accounts for fees collected and pays the actual costs and expenses necessary to operate the elevator safety board and perform the duties of the labor commissioner as described in Chapter 89A of the Code of Iowa.

**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, 2021

(Expressed in Thousands)

	IOWA COMMUNICATIONS NETWORK	IOWA STATE PRISON INDUSTRIES	LIQUOR CONTROL ACT FUND	ELEVATOR SAFETY FUND	OTHER FUNDS	TOTAL
<b>ASSETS</b>						
Current assets:						
Cash & investments	\$ 8,424	\$ 8,920	\$ 27,076	\$ 2,838	\$ 6,362	\$ 53,620
Accounts receivable (net)	3,770	4,175	7,958	143	172	16,218
Due from other funds	-	3	616	109	59	787
Inventory	1,060	3,950	90	-	1,503	6,603
Prepaid expenses	914	154	281	180	269	1,798
Total current assets	<u>14,168</u>	<u>17,202</u>	<u>36,021</u>	<u>3,270</u>	<u>8,365</u>	<u>79,026</u>
Noncurrent assets:						
Capital assets - nondepreciable	-	222	2,729	-	420	3,371
Capital assets - depreciable (net)	8,999	7,814	10,965	129	828	28,735
Total noncurrent assets	<u>8,999</u>	<u>8,036</u>	<u>13,694</u>	<u>129</u>	<u>1,248</u>	<u>32,106</u>
TOTAL ASSETS	<u>23,167</u>	<u>25,238</u>	<u>49,715</u>	<u>3,399</u>	<u>9,613</u>	<u>111,132</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to other postemployment benefits						
	128	46	66	29	56	325
Related to pensions	1,371	1,755	244	333	203	3,906
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,499</u>	<u>1,801</u>	<u>310</u>	<u>362</u>	<u>259</u>	<u>4,231</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable & accruals	2,643	1,263	16,436	28	61	20,431
Due to other funds/advances from other funds	-	-	16,994	10	252	17,256
Unearned revenue	1,532	-	-	-	-	1,532
Compensated absences	1,159	584	133	104	120	2,100
Other postemployment benefits liability	45	42	15	9	12	123
Total current liabilities	<u>5,379</u>	<u>1,889</u>	<u>33,578</u>	<u>151</u>	<u>445</u>	<u>41,442</u>
Noncurrent liabilities:						
Accounts payable & accruals	-	193	-	-	-	193
Compensated absences	818	643	80	84	138	1,763
Net pension liability	6,182	1,987	956	951	680	10,756
Other postemployment benefits liability	831	696	249	147	212	2,135
Total noncurrent liabilities	<u>7,831</u>	<u>3,519</u>	<u>1,285</u>	<u>1,182</u>	<u>1,030</u>	<u>14,847</u>
TOTAL LIABILITIES	<u>13,210</u>	<u>5,408</u>	<u>34,863</u>	<u>1,333</u>	<u>1,475</u>	<u>56,289</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to other postemployment benefits						
	160	86	269	-	6	521
Related to pensions	622	950	1,239	27	70	2,908
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>782</u>	<u>1,036</u>	<u>1,508</u>	<u>27</u>	<u>76</u>	<u>3,429</u>
<b>NET POSITION</b>						
Net investment in capital assets	8,999	8,036	13,694	129	1,248	32,106
Unrestricted	1,675	12,559	(40)	2,272	7,073	23,539
TOTAL NET POSITION	<u>\$ 10,674</u>	<u>\$ 20,595</u>	<u>\$ 13,654</u>	<u>\$ 2,401</u>	<u>\$ 8,321</u>	<u>\$ 55,645</u>

**STATE OF IOWA**

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

For the Year Ended June 30, 2021  
(Expressed in Thousands)

	<b>IOWA COMMUNICATIONS NETWORK</b>	<b>IOWA STATE PRISON INDUSTRIES</b>	<b>LIQUOR CONTROL ACT FUND</b>	<b>ELEVATOR SAFETY FUND</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>						
Receipts from other entities	\$ -	\$ -	\$ 15	\$ -	\$ 3	\$ 18
Fees, licenses & permits	-	-	19,395	1,877	1,987	23,259
Refunds & reimbursements	-	-	704	-	554	1,258
Sales, rents & services	32,094	31,950	415,973	(10)	1,234	481,241
Miscellaneous	-	1,159	4,364	-	459	5,982
<b>TOTAL OPERATING REVENUES</b>	<b>32,094</b>	<b>33,109</b>	<b>440,451</b>	<b>1,867</b>	<b>4,237</b>	<b>511,758</b>
<b>OPERATING EXPENSES</b>						
General & administrative	10,602	-	-	-	-	10,602
Depreciation	2,848	726	1,252	52	216	5,094
Direct & other	13,988	27,859	-	-	531	42,378
Personal services	-	1,803	1,912	1,617	1,704	7,036
Travel & subsistence	-	7	245	7	(5)	254
Supplies & materials	-	19	175	37	104	335
Contractual services	-	1,875	9,590	570	856	12,891
Equipment & repairs	-	8	5,273	21	363	5,665
Claims & miscellaneous	8,203	1,131	275,280	6	147	284,767
Licenses, permits & refunds	-	-	1,198	6	20	1,224
State aid & credits	-	-	2,638	-	-	2,638
<b>TOTAL OPERATING EXPENSES</b>	<b>35,641</b>	<b>33,428</b>	<b>297,563</b>	<b>2,316</b>	<b>3,936</b>	<b>372,884</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(3,547)</b>	<b>(319)</b>	<b>142,888</b>	<b>(449)</b>	<b>301</b>	<b>138,874</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Taxes	-	-	11,008	-	-	11,008
Investment income	18	8	-	1	2	29
Gain on sale of capital assets	-	2	-	11	16	29
Loss on sale of capital assets	-	(376)	-	-	-	(376)
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b>18</b>	<b>(366)</b>	<b>11,008</b>	<b>12</b>	<b>18</b>	<b>10,690</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(3,529)</b>	<b>(685)</b>	<b>153,896</b>	<b>(437)</b>	<b>319</b>	<b>149,564</b>
Transfers in	2,072	-	-	-	(1)	2,071
Transfers out	-	-	(151,937)	-	-	(151,937)
<b>CHANGE IN NET POSITION</b>	<b>(1,457)</b>	<b>(685)</b>	<b>1,959</b>	<b>(437)</b>	<b>318</b>	<b>(302)</b>
<b>TOTAL NET POSITION - JULY 1</b>	<b>12,131</b>	<b>21,280</b>	<b>11,695</b>	<b>2,838</b>	<b>8,003</b>	<b>55,947</b>
<b>TOTAL NET POSITION - JUNE 30</b>	<b>\$ 10,674</b>	<b>\$ 20,595</b>	<b>\$ 13,654</b>	<b>\$ 2,401</b>	<b>\$ 8,321</b>	<b>\$ 55,645</b>

**STATE OF IOWA**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
For the Year Ended June 30, 2021  
(Expressed in Thousands)

	<b>IOWA COMMUNICATIONS NETWORK</b>	<b>IOWA STATE PRISON INDUSTRIES</b>	<b>LIQUOR CONTROL ACT FUND</b>	<b>ELEVATOR SAFETY FUND</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 31,982	\$ 31,212	\$ 436,807	\$ 1,924	\$ 3,764	\$ 505,689
Cash received from miscellaneous	-	1,159	4,379	-	462	6,000
Cash payments to suppliers for goods & services	(23,582)	(28,489)	(291,502)	(659)	(1,850)	(346,082)
Cash payments to employees for services	(9,279)	(1,721)	(2,230)	(1,542)	(1,651)	(16,423)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(879)</u>	<u>2,161</u>	<u>147,454</u>	<u>(277)</u>	<u>725</u>	<u>149,184</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in from other funds	2,072	-	-	-	(1)	2,071
Transfers out to other funds	-	-	(148,271)	-	-	(148,271)
Tax receipts	-	-	11,008	-	-	11,008
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>2,072</u>	<u>-</u>	<u>(137,263)</u>	<u>-</u>	<u>(1)</u>	<u>(135,192)</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>						
Acquisition & construction of capital assets	(219)	(933)	(4,062)	(62)	(68)	(5,344)
Proceeds from sale of capital assets	-	2	-	11	16	29
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(219)</u>	<u>(931)</u>	<u>(4,062)</u>	<u>(51)</u>	<u>(52)</u>	<u>(5,315)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest & dividends on investments	18	8	-	1	2	29
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>18</u>	<u>8</u>	<u>-</u>	<u>1</u>	<u>2</u>	<u>29</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	992	1,238	6,129	(327)	674	8,706
CASH & CASH EQUIVALENTS - JULY 1	<u>7,432</u>	<u>7,682</u>	<u>20,947</u>	<u>3,165</u>	<u>5,688</u>	<u>44,914</u>
CASH & CASH EQUIVALENTS - JUNE 30	<u>\$ 8,424</u>	<u>\$ 8,920</u>	<u>\$ 27,076</u>	<u>\$ 2,838</u>	<u>\$ 6,362</u>	<u>\$ 53,620</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (3,547)	\$ (319)	\$ 142,888	\$ (449)	\$ 301	\$ 138,874
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	2,848	726	1,252	52	216	5,094
(Increase) decrease in accounts receivable	122	(738)	1,111	107	7	609
(Increase) decrease in due from	-	1	(376)	(50)	(18)	(443)
(Increase) decrease in inventory	299	2,386	50	-	1	2,736
(Increase) decrease in prepaid expenses	(208)	(84)	(115)	(18)	(22)	(447)
(Increase) decrease in deferred outflows of resources	2	(917)	81	(26)	(50)	(910)
Increase (decrease) in accounts payable	(698)	108	2,962	5	(6)	2,371
Increase (decrease) in due to	-	-	-	1	193	194
Increase (decrease) in unearned revenue	(234)	(1)	-	-	-	(235)
Increase (decrease) in compensated absences	264	(60)	58	(10)	10	262
Increase (decrease) in net pension liability	750	774	(940)	201	168	953
Increase (decrease) in other postemployment benefits liability	9	(35)	51	14	45	84
Increase (decrease) in deferred inflows of resources	(486)	320	432	(104)	(120)	42
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (879)</u>	<u>\$ 2,161</u>	<u>\$ 147,454</u>	<u>\$ (277)</u>	<u>\$ 725</u>	<u>\$ 149,184</u>

# 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, 2021

(Expressed in Thousands)

	<b>WORKERS' COMPENSATION FUND</b>	<b>MATERIALS &amp; EQUIPMENT REVOLVING FUND</b>	<b>DEPRECIATION REVOLVING FUND</b>	<b>OFFICE OF CHIEF INFORMATION OFFICER FUND</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Current assets:						
Cash & investments	\$ 6,735	\$ 16,121	\$ 36,036	\$ 18,227	\$ 18,307	\$ 95,426
Accounts receivable (net)	17	3	91	475	2,727	3,313
Due from other funds/advances to other funds	65,567	17	3,879	12,487	18,698	100,648
Inventory	-	7,035	-	44	1,692	8,771
Prepaid expenses	1	-	-	8,709	2,974	11,684
Total current assets	<u>72,320</u>	<u>23,176</u>	<u>40,006</u>	<u>39,942</u>	<u>44,398</u>	<u>219,842</u>
Noncurrent assets:						
Capital assets - nondepreciable	-	852	-	26,251	-	27,103
Capital assets - depreciable (net)	-	153,391	-	776	2,070	156,237
Total noncurrent assets	<u>-</u>	<u>154,243</u>	<u>-</u>	<u>27,027</u>	<u>2,070</u>	<u>183,340</u>
<b>TOTAL ASSETS</b>	<u>72,320</u>	<u>177,419</u>	<u>40,006</u>	<u>66,969</u>	<u>46,468</u>	<u>403,182</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to other postemployment benefits						
	1	87	-	21	135	244
Related to pensions	50	808	-	2,325	2,198	5,381
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>51</u>	<u>895</u>	<u>-</u>	<u>2,346</u>	<u>2,333</u>	<u>5,625</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable & accruals	28,860	5,074	-	5,921	4,525	44,380
Due to other funds/advances from other funds	113	-	-	2,204	14,300	16,617
Unearned revenue	-	-	36,128	15,972	1,106	53,206
Compensated absences	15	434	-	1,456	1,060	2,965
Other postemployment benefits liability	1	48	-	70	96	215
Total current liabilities	<u>28,989</u>	<u>5,556</u>	<u>36,128</u>	<u>25,623</u>	<u>21,087</u>	<u>117,383</u>
Noncurrent liabilities:						
Accounts payable & accruals	43,187	84	-	80	18	43,369
Compensated absences	4	795	-	1,855	891	3,545
Net pension liability	174	3,368	-	9,377	8,177	21,096
Other postemployment benefits liability	11	790	-	1,151	1,593	3,545
Total noncurrent liabilities	<u>43,376</u>	<u>5,037</u>	<u>-</u>	<u>12,463</u>	<u>10,679</u>	<u>71,555</u>
<b>TOTAL LIABILITIES</b>	<u>72,365</u>	<u>10,593</u>	<u>36,128</u>	<u>38,086</u>	<u>31,766</u>	<u>188,938</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to other postemployment benefits						
	1	28	-	117	65	211
Related to pensions	5	247	-	1,238	664	2,154
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>6</u>	<u>275</u>	<u>-</u>	<u>1,355</u>	<u>729</u>	<u>2,365</u>
<b>NET POSITION</b>						
Net investment in capital assets	-	154,243	-	27,028	2,069	183,340
Unrestricted	-	13,203	3,878	2,846	14,237	34,164
<b>TOTAL NET POSITION</b>	<u>\$ -</u>	<u>\$ 167,446</u>	<u>\$ 3,878</u>	<u>\$ 29,874</u>	<u>\$ 16,306</u>	<u>\$ 217,504</u>

**STATE OF IOWA**

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

For the Year Ended June 30, 2021  
(Expressed in Thousands)

	<b>WORKERS' COMPENSATION FUND</b>	<b>MATERIALS &amp; EQUIPMENT REVOLVING FUND</b>	<b>DEPRECIATION REVOLVING FUND</b>	<b>OFFICE OF CHIEF INFORMATION OFFICER FUND</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>						
Receipts from other entities	\$ 29,878	\$ 10,825	\$ 7,090	\$ 113,300	\$ 53,256	\$ 214,349
Refunds & reimbursements	235	51,008	402	1,044	3,804	56,493
Sales, rents & services	-	-	1,550	-	204	1,754
Miscellaneous	-	17,125	-	-	22	17,147
<b>TOTAL OPERATING REVENUES</b>	<b>30,113</b>	<b>78,958</b>	<b>9,042</b>	<b>114,344</b>	<b>57,286</b>	<b>289,743</b>
<b>OPERATING EXPENSES</b>						
Depreciation	-	17,925	-	966	446	19,337
Personal services	304	6,330	-	15,795	15,126	37,555
Travel & subsistence	-	8,420	-	5	9,937	18,362
Supplies & materials	1	30,955	-	720	14,867	46,543
Contractual services	2,318	2,226	-	50,833	15,977	71,354
Equipment & repairs	-	7,603	7,462	19,997	1,671	36,733
Claims & miscellaneous	27,490	2	-	323	1,713	29,528
Licenses, permits & refunds	-	15	-	-	1	16
<b>TOTAL OPERATING EXPENSES</b>	<b>30,113</b>	<b>73,476</b>	<b>7,462</b>	<b>88,639</b>	<b>59,738</b>	<b>259,428</b>
<b>OPERATING INCOME (LOSS)</b>	<b>-</b>	<b>5,482</b>	<b>1,580</b>	<b>25,705</b>	<b>(2,452)</b>	<b>30,315</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	-	-	-	48	244	292
Gain on sale of capital assets	-	48	-	-	2	50
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b>-</b>	<b>48</b>	<b>-</b>	<b>48</b>	<b>246</b>	<b>342</b>
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>5,530</b>	<b>1,580</b>	<b>25,753</b>	<b>(2,206)</b>	<b>30,657</b>
<b>TOTAL NET POSITION - JULY 1</b>	<b>-</b>	<b>161,916</b>	<b>2,298</b>	<b>4,121</b>	<b>18,512</b>	<b>186,847</b>
<b>TOTAL NET POSITION - JUNE 30</b>	<b>\$ -</b>	<b>\$ 167,446</b>	<b>\$ 3,878</b>	<b>\$ 29,874</b>	<b>\$ 16,306</b>	<b>\$ 217,504</b>

**STATE OF IOWA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**

For the Year Ended June 30, 2021  
(Expressed in Thousands)

	WORKERS' COMPENSATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	OFFICE OF CHIEF INFORMATION OFFICER FUND	OTHER FUNDS	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from other entities	\$ 235	\$ 28,501	\$ 1,459	\$ 931	\$ 1,970	\$ 33,096
Cash received from reciprocal interfund activity	30,451	52,305	8,997	124,689	51,795	268,237
Cash payments to suppliers for goods & services	(27,551)	(47,246)	(7,540)	(76,763)	(38,822)	(197,922)
Cash payments to employees for services	(268)	(6,158)	-	(15,097)	(14,886)	(36,409)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,867</u>	<u>27,402</u>	<u>2,916</u>	<u>33,760</u>	<u>57</u>	<u>67,002</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>						
Acquisition & construction of capital assets	-	(27,525)	-	(19,586)	(377)	(47,488)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(27,525)</u>	<u>-</u>	<u>(19,586)</u>	<u>(377)</u>	<u>(47,488)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest & dividends on investments	-	-	-	48	244	292
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>	<u>244</u>	<u>292</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	2,867	(123)	2,916	14,222	(76)	19,806
CASH & CASH EQUIVALENTS - JULY 1	3,868	16,244	33,120	4,005	18,383	75,620
CASH & CASH EQUIVALENTS - JUNE 30	<u>\$ 6,735</u>	<u>\$ 16,121</u>	<u>\$ 36,036</u>	<u>\$ 18,227</u>	<u>\$ 18,307</u>	<u>\$ 95,426</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ -	\$ 5,482	\$ 1,580	\$ 25,705	\$ (2,452)	\$ 30,315
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	-	17,925	-	966	446	19,337
(Increase) decrease in accounts receivable	(8)	551	(91)	(113)	(2,060)	(1,721)
(Increase) decrease in due from other funds/advances to other funds	553	1,297	(1,346)	(2,487)	(2,522)	(4,505)
(Increase) decrease in inventory	-	(223)	-	(3)	445	219
(Increase) decrease in prepaid expenses	(1)	-	-	(4,306)	2,063	(2,244)
(Increase) decrease in deferred outflows of resources	21	(114)	-	124	(317)	(286)
Increase (decrease) in accounts payable	2,258	2,198	(78)	(576)	2,836	6,638
Increase (decrease) in due to other funds/advances from other funds	28	-	-	(902)	905	31
Increase (decrease) in unearned revenue	-	-	2,851	14,778	156	17,785
Increase (decrease) in compensated absences	4	32	-	309	72	417
Increase (decrease) in net pension liability	28	624	-	1,267	1,526	3,445
Increase (decrease) in other postemployment benefits liability	-	32	-	37	41	110
Increase (decrease) in deferred inflows of resources	(17)	(402)	-	(1,039)	(1,082)	(2,540)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,866</u>	<u>\$ 27,402</u>	<u>\$ 2,916</u>	<u>\$ 33,760</u>	<u>\$ 57</u>	<u>\$ 67,001</u>

## 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, 2021

(Expressed in Thousands)

	<b>IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM</b>	<b>PEACE OFFICERS' RETIREMENT SYSTEM</b>	<b>JUDICIAL RETIREMENT SYSTEM</b>	<b>INSURANCE FUND</b>	<b>SPOC INSURANCE FUND</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Cash & cash equivalents	\$ 510,184	\$ 3,041	\$ 4,771	\$ 1,656	\$ 2,424	\$ 522,076
Receivables:						
Contributions	70,353	1,247	652	3,100	-	75,352
Investments sold	743,009	22	108	-	-	743,139
Foreign exchange contracts	317,903	-	-	-	-	317,903
Interest & dividends	82,517	1,010	-	1	-	83,528
Miscellaneous	7	-	-	-	-	7
Total receivables	1,213,789	2,279	760	3,101	-	1,219,929
Investments, at fair value:						
Fixed income securities	12,676,858	125,052	47,493	-	-	12,849,403
Equity investments	18,900,697	608,716	257,684	-	-	19,767,097
Real estate partnerships	-	69,906	-	-	-	69,906
Investment in private equity/debt	8,652,675	-	-	-	-	8,652,675
Real assets	2,360,617	-	-	-	-	2,360,617
Securities lending collateral pool	560,618	18,483	1,673	-	-	580,774
Total investments	43,151,465	822,157	306,850	-	-	44,280,472
Capital assets:						
Land	500	-	-	-	-	500
Other - depreciable (net)	12,627	-	-	-	-	12,627
Total capital assets	13,127	-	-	-	-	13,127
Other assets	628	-	-	-	-	628
<b>TOTAL ASSETS</b>	<b>44,889,193</b>	<b>827,477</b>	<b>312,381</b>	<b>4,757</b>	<b>2,424</b>	<b>46,036,232</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to other postemployment benefits	99	-	-	-	-	99
<b>LIABILITIES</b>						
Accounts payable & accruals	60,119	482	312	-	-	60,913
Foreign exchange contracts payable	317,154	-	-	-	-	317,154
Payable for investments purchased	1,061,545	919	232	-	-	1,062,696
Payable to brokers for rebate & collateral	560,520	18,482	1,673	-	-	580,675
<b>TOTAL LIABILITIES</b>	<b>1,999,338</b>	<b>19,883</b>	<b>2,217</b>	<b>-</b>	<b>-</b>	<b>2,021,438</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to other postemployment benefits	78	-	-	-	-	78
<b>NET POSITION</b>						
Restricted for pension/other postemployment benefits	\$ 42,889,876	\$ 807,594	\$ 310,164	\$ 4,757	\$ 2,424	\$ 44,014,815

# STATE OF IOWA

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

For the Year Ended June 30, 2021  
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	INSURANCE FUND	SPOC INSURANCE FUND	TOTAL
<b>ADDITIONS</b>						
Contributions:						
Member contributions	\$ 549,091	\$ 5,458	\$ 2,811	\$ 3,381	\$ 345	\$ 561,086
Employer contributions	817,561	22,711	9,200	-	-	849,472
Buy-back/buy-in contributions	5,220	-	-	-	-	5,220
Total contributions	<u>1,371,872</u>	<u>28,169</u>	<u>12,011</u>	<u>3,381</u>	<u>345</u>	<u>1,415,778</u>
Investment income:						
Net increase in fair value of investments	9,389,337	205,106	79,162	-	-	9,673,605
Interest	388,896	4,919	989	2	-	394,806
Dividends	118,249	3,684	2,214	-	-	124,147
Other	66,999	28	8	-	-	67,035
Total investment income	<u>9,963,481</u>	<u>213,737</u>	<u>82,373</u>	<u>2</u>	<u>-</u>	<u>10,259,593</u>
Less investment expense	68,106	3,515	452	-	-	72,073
Net investment income	<u>9,895,375</u>	<u>210,222</u>	<u>81,921</u>	<u>2</u>	<u>-</u>	<u>10,187,520</u>
TOTAL ADDITIONS	<u>11,267,247</u>	<u>238,391</u>	<u>93,932</u>	<u>3,383</u>	<u>345</u>	<u>11,603,298</u>
<b>DEDUCTIONS</b>						
Pension & annuity benefits	2,365,175	35,086	15,233	-	-	2,415,494
Payments in accordance with agreements	-	-	-	1,528	512	2,040
Administrative expense	13,852	284	20	-	-	14,156
Refunds	53,636	-	-	-	-	53,636
TOTAL DEDUCTIONS	<u>2,432,663</u>	<u>35,370</u>	<u>15,253</u>	<u>1,528</u>	<u>512</u>	<u>2,485,326</u>
Extraordinary item -settlement -payment <sup>1</sup>	7,600	-	-	-	-	7,600
CHANGE IN NET POSITION	8,842,184	203,021	78,679	1,855	(167)	9,125,572
NET POSITION - JULY 1	<u>34,047,692</u>	<u>604,573</u>	<u>231,485</u>	<u>2,902</u>	<u>2,591</u>	<u>34,889,243</u>
NET POSITION - JUNE 30	<u>\$ 42,889,876</u>	<u>\$ 807,594</u>	<u>\$ 310,164</u>	<u>\$ 4,757</u>	<u>\$ 2,424</u>	<u>\$ 44,014,815</u>

<sup>1</sup>Iowa Public Employees' Retirement System (IPERS) received the final settlement payment from the Westridge Capital fraud case, CFTC V. Walsh/SEC v. WG. The payment resulted in an extraordinary item.

NEW IOWA REGIMENTAL FLAG



MRS. DIXIE GEBHARDT, STATE REGENT ... D.A.R.

The Iowa flag, of which the above is a reproduction, was designed by Mrs. Dixie Cornell Gebhardt, of Knoxville, state regent of the D. A. R. The idea of having the flag was originated by Mrs. Gebhardt and her flag committee, of which Mrs. Lue Prentiss

Iowa City is state chairman. The flag was presented for approval to Governor Harding and the state council of defense on May 11, 1917, and a committee was authorized to prepare flags to present to each outgoing regiment of Iowa, of the object being to identify our own

boys among other states of the union.

The D. A. R.'s of Iowa provided money for eight of these flags, one of them now being with the old Third Iowa, somewhere in France. Seven were presented by Governor Harding to the Iowa units at Camp Cody.

The flag design consists of three vertical stripes in blue, white and red, French colors, Iowa having been first French territory, part of the Louisiana purchase. Upon the central white stripe is a spread-

ing eagle from the seal of Iowa, bearing in its beak blue streamers, on which is inscribed the state motto "Our Liberty We Prize and Our Rights We Will Maintain." Beneath in red is the word "Iowa." Mothers feel that "Iowa" in the color of blood is a symbol of the sacrifice our boys may make for us.

The flags are now being manufactured by Annin and Company of 99 Fulton street, New York City. Ten per cent of every sale is donated to the American Red Cross for war relief purposes.

Samples of material from which original flags were made.



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Louisiana Purchase

THE Post Office Department at Washington, searching the titles to post-office sites in Louisiana, was dissatisfied with one because it went back no farther than 1803. To the Department's request for earlier information, the attorney for the owners replied as follows:

Please be advised that the Government of the United States acquired the Territory of Louisiana, including the tract to which your inquiry applies, by purchase from the Government of France, in the year 1803.

The Government of France acquired title by conquest from the Government of Spain.

The Government of Spain acquired title by discovery of Christopher Columbus, explorer, a resident of Genoa, Italy, who, by agreement concerning the acquisition of title to any land he discovered, traveled under the sponsorship and patronage of Her Majesty, the Queen of Spain.

The Queen of Spain had received sanction of her title by consent of the Pope, a resident of Rome, Italy, and ex-officio representative and viceregent of Jesus Christ.

Jesus Christ was the son and heir apparent of God. God made Louisiana.

I trust this complies with your request.—Contributed by Walter F. Dillingham

## 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 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, 2021  
(Expressed in Thousands)

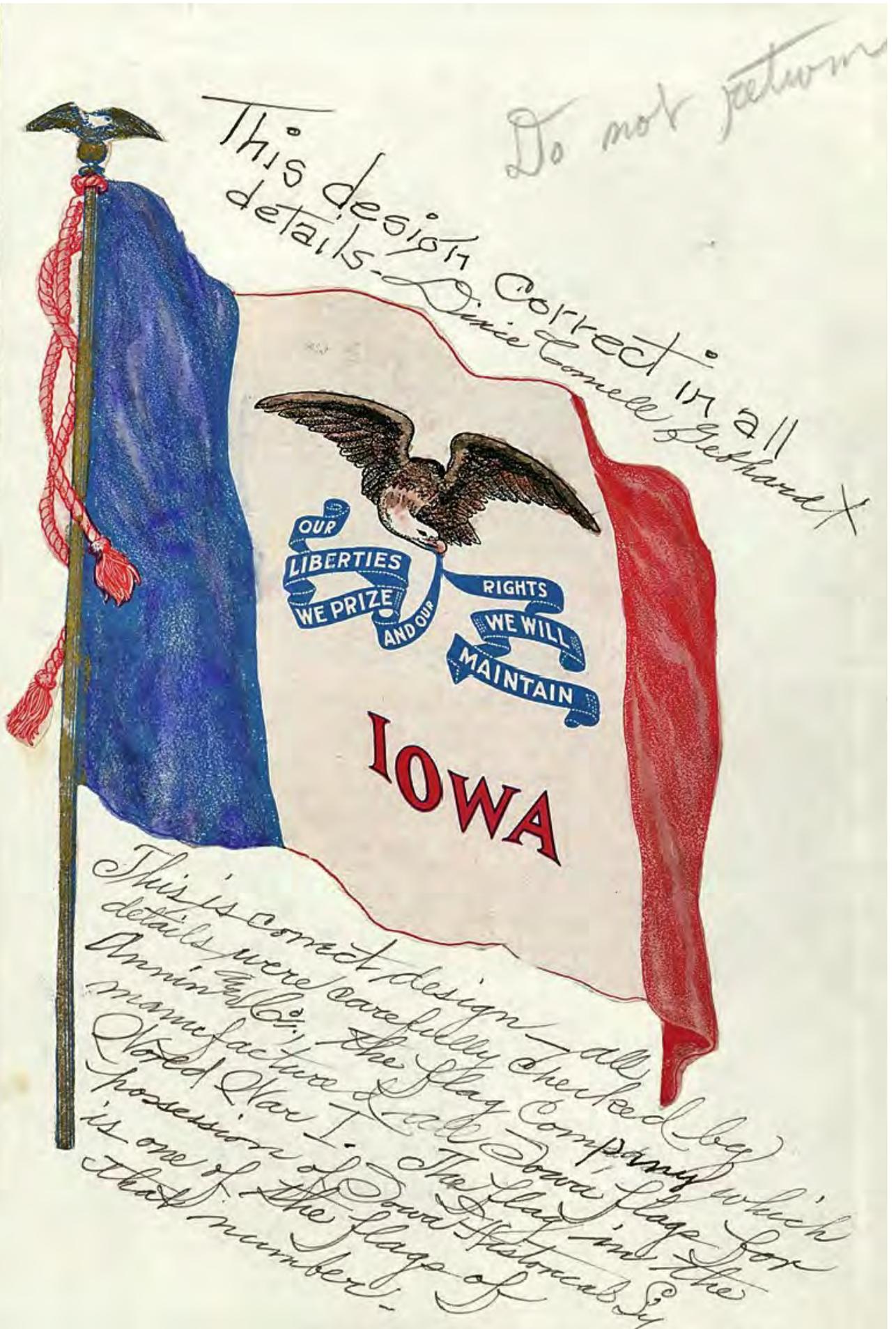
	IOWA EDUCATIONAL SAVINGS PLAN TRUST	IOWA ABLE SAVINGS PLAN TRUST	IOWA BRAILE & SIGHT SAVING SCHOOL TRUST	WAGNER AWARD TRUST	TOTAL
<b>ASSETS</b>					
Cash	\$ 3,334	\$ 5,275	\$ -	\$ 14	\$ 8,623
Investments	6,949,443	6,385	742	-	6,956,570
<b>TOTAL ASSETS</b>	<b>6,952,777</b>	<b>11,660</b>	<b>742</b>	<b>14</b>	<b>6,965,193</b>
<b>LIABILITIES</b>					
Accounts payable & accruals	227	16	-	-	243
<b>NET POSITION</b>					
Restricted for individuals, organizations & other entities	<b>\$ 6,952,550</b>	<b>\$ 11,644</b>	<b>\$ 742</b>	<b>\$ 14</b>	<b>\$ 6,964,950</b>

**STATE OF IOWA**

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

For the Year Ended June 30, 2021  
(Expressed in Thousands)

	<b>IOWA EDUCATIONAL SAVINGS PLAN TRUST</b>	<b>IOWA ABLE SAVINGS PLAN TRUST</b>	<b>IOWA BRAILE &amp; SIGHT SAVING SCHOOL TRUST</b>	<b>WAGNER AWARD TRUST</b>	<b>TOTAL</b>
<b>ADDITIONS</b>					
Contributions:					
Participant contributions	\$ 479,885	\$ 5,230	\$ -	\$ -	\$ 485,115
Other contributions	1,310	204	-	-	1,514
Total contributions	<u>481,195</u>	<u>5,434</u>	<u>-</u>	<u>-</u>	<u>486,629</u>
Investment income:					
Net increase (decrease) in fair value of investments	1,251,436	-	153	-	1,251,589
Interest	1	1,014	20	-	1,035
Total investment income	<u>1,251,437</u>	<u>1,014</u>	<u>173</u>	<u>-</u>	<u>1,252,624</u>
<b>TOTAL ADDITIONS</b>	<u>1,732,632</u>	<u>6,448</u>	<u>173</u>	<u>-</u>	<u>1,739,253</u>
<b>DEDUCTIONS</b>					
Distributions to participants	540,121	1,103	38	-	541,262
Other	1,098	91	-	-	1,189
<b>TOTAL DEDUCTIONS</b>	<u>541,219</u>	<u>1,194</u>	<u>38</u>	<u>-</u>	<u>542,451</u>
<b>CHANGE IN NET POSITION</b>	1,191,413	5,254	135	-	1,196,802
<b>NET POSITION - JULY 1</b>	<u>5,761,137</u>	<u>6,390</u>	<u>607</u>	<u>14</u>	<u>5,768,148</u>
<b>NET POSITION - JUNE 30</b>	<u>\$ 6,952,550</u>	<u>\$ 11,644</u>	<u>\$ 742</u>	<u>\$ 14</u>	<u>\$ 6,964,950</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 offsets, debtors offsets, and others. The child support collections are distributed to families in accordance with federal distribution laws.

**Judicial - Clerks of District Court** act as a collecting agency for many 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, 2021

(Expressed in Thousands)

	<b>LOCAL SALES &amp; SERVICES TAX FUND</b>	<b>CHILD SUPPORT COLLECTION &amp; REFUND FUND</b>	<b>JUDICIAL - CLERKS OF DISTRICT COURT</b>	<b>SCHOOL DISTRICT SURTAX FUND</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Cash	\$ 34,389	\$ 13,944	\$ 40,693	\$ 86,337	\$ 41,638	\$ 217,001
Receivables:						
Accounts	-	2,187	-	-	7,000	9,187
Taxes for other governments	292,680	-	-	8,453	495	301,628
Interest	-	-	-	-	1	1
Total receivables	<u>292,680</u>	<u>2,187</u>	<u>-</u>	<u>8,453</u>	<u>7,496</u>	<u>310,816</u>
Investments	-	-	-	-	19,769	19,769
Capital assets - depreciable (net)	-	-	-	-	125	125
Prepaid expenses	-	-	-	-	499	499
Inventory	-	-	-	-	9	9
<b>TOTAL ASSETS</b>	<u>327,069</u>	<u>16,131</u>	<u>40,693</u>	<u>94,790</u>	<u>69,536</u>	<u>548,219</u>
<b>LIABILITIES</b>						
Accounts payable & accruals	-	12,502	40,693	-	2,434	55,629
Accounts payable to other governments	<u>327,069</u>	<u>-</u>	<u>-</u>	<u>94,790</u>	<u>1,056</u>	<u>422,915</u>
<b>TOTAL LIABILITIES</b>	<u>327,069</u>	<u>12,502</u>	<u>40,693</u>	<u>94,790</u>	<u>3,490</u>	<u>478,544</u>
<b>NET POSITION</b>						
Restricted for individuals, organizations & other entities	<u>\$ -</u>	<u>\$ 3,629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,046</u>	<u>\$ 69,675</u>

# STATE OF IOWA

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

For the Year Ended June 30, 2021

(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
<b>ADDITIONS</b>						
Contributions:						
Participant contributions	\$ -	\$ 374,208	\$ -	\$ -	\$ 83,556	\$ 457,764
Other contributions	-	-	-	-	73,118	73,118
Gifts, bequests & endowments	-	-	-	-	3,638	3,638
Total contributions	<u>-</u>	<u>374,208</u>	<u>-</u>	<u>-</u>	<u>160,312</u>	<u>534,520</u>
Investment income:						
Net increase in fair value of investments	-	-	-	-	5,266	5,266
Total investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,266</u>	<u>5,266</u>
Tax collections for other governments	1,044,961	-	-	101,589	112,821	1,259,371
Court revenue collections for others	-	-	292,362	-	-	292,362
Court settlements	-	-	-	-	903	903
Miscellaneous	-	-	-	-	47,299	47,299
<b>TOTAL ADDITIONS</b>	<u>1,044,961</u>	<u>374,208</u>	<u>292,362</u>	<u>101,589</u>	<u>326,601</u>	<u>2,139,721</u>
<b>DEDUCTIONS</b>						
Distributions to participants	-	376,492	-	-	32,927	409,419
Payments in accordance with agreements	-	-	-	-	101,425	101,425
Administrative expense	-	-	-	-	30,017	30,017
Payments of tax collections to other entities	1,044,961	-	-	101,589	113,090	1,259,640
Payment of court collections to others	-	-	292,362	-	-	292,362
Other	-	-	-	-	35,537	35,537
<b>TOTAL DEDUCTIONS</b>	<u>1,044,961</u>	<u>376,492</u>	<u>292,362</u>	<u>101,589</u>	<u>312,996</u>	<u>2,128,400</u>
<b>CHANGE IN NET POSITION</b>	-	(2,284)	-	-	13,605	11,321
<b>NET POSITION - JULY 1</b>	<u>-</u>	<u>5,913</u>	<u>-</u>	<u>-</u>	<u>52,441</u>	<u>58,354</u>
<b>NET POSITION - JUNE 30</b>	<u>\$ -</u>	<u>\$ 3,629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,046</u>	<u>\$ 69,675</u>



Contributed by "Anonymous"--1921.

A distinctive, an identifying flag for Iowa. A distinguishing banner for the headquarters of Iowa forces at home or abroad.

Some have never admitted that an individual state flag could be safely approved, and have otherwise expressed the fear that the beloved state flags might wreck the country.

One speaker of the Iowa General Assembly who opposed the adoption of an Iowa flag, in a patriotic outburst or oratory, claimed: "All southern states had individual state flags and which had been instrumental in promoting the War between the States." --(Civil War, 1861-1866).

Iowa's flag suggests unity rather than a division. It reflects the colors, the teachings of Old Glory.

While there was keen interest in its design, the Iowa State Legislature eventually adopted what the great majority was ready to accept.

Iowa had the unquestioned right to claim a flag for the commonwealth, a flag of her own--and her lovely banner, her state flag, is an emblem, adopted by Iowans as "Their Own," identifying the state so dear to Iowa people.

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.

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

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									
	2012 <sup>(1)</sup>	2013 <sup>(2)</sup>	2014	2015 <sup>(3)</sup>	2016	2017	2018 <sup>(4)</sup>	2019	2020 <sup>(5)</sup>	2021
<b>Governmental activities</b>										
Net investment in capital assets	\$ 7,297,964	\$ 7,579,657	\$ 7,960,096	\$ 8,360,410	\$ 8,751,926	\$ 9,242,231	\$ 9,775,608	\$ 10,186,385	\$ 10,738,785	\$ 11,324,737
Restricted	1,066,451	1,085,008	1,064,266	855,856	922,557	941,514	941,197	1,004,597	924,880	880,011
Unrestricted	90,401	525,989	413,880	(515,129)	(808,123)	(999,603)	(1,013,268)	(522,156)	(65,977)	1,203,788
Total governmental activities net position	\$ 8,454,816	\$ 9,190,654	\$ 9,438,242	\$ 8,701,137	\$ 8,866,360	\$ 9,184,142	\$ 9,703,537	\$ 10,668,826	\$ 11,597,688	\$ 13,408,536
<b>Business-type activities</b>										
Net investment in capital assets	\$ 2,534,247	\$ 2,700,019	\$ 2,916,998	\$ 3,224,968	\$ 3,600,966	\$ 3,858,357	\$ 3,981,137	\$ 4,101,636	\$ 4,247,671	\$ 4,226,846
Restricted	1,368,589	1,538,055	1,662,891	1,713,840	1,788,374	1,864,113	1,894,868	2,001,983	2,149,841	2,207,634
Unrestricted	1,687,242	1,734,657	1,921,118	1,861,341	1,816,683	1,768,131	1,845,650	2,057,362	2,125,751	2,632,441
Total business-type activities net position	\$ 5,590,078	\$ 5,972,731	\$ 6,501,007	\$ 6,800,149	\$ 7,206,023	\$ 7,490,601	\$ 7,721,655	\$ 8,160,981	\$ 8,523,263	\$ 9,066,921
<b>Primary government</b>										
Net investment in capital assets	\$ 9,832,211	\$ 10,279,676	\$ 10,877,094	\$ 11,585,378	\$ 12,352,892	\$ 13,100,588	\$ 13,756,745	\$ 14,288,021	\$ 14,986,456	\$ 15,551,583
Restricted	2,435,040	2,623,063	2,727,157	2,569,696	2,710,931	2,805,627	2,836,065	3,006,580	3,074,721	3,087,645
Unrestricted	1,777,643	2,260,646	2,334,998	1,346,212	1,008,560	768,528	832,382	1,535,206	2,059,774	3,836,229
Total primary government net position	\$ 14,044,894	\$ 15,163,385	\$ 15,939,249	\$ 15,501,286	\$ 16,072,383	\$ 16,674,743	\$ 17,425,192	\$ 18,829,807	\$ 20,120,951	\$ 22,475,457

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

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

(3) - Fiscal Year 2015 was the first year of implementation of GASB No. 68 and GASB No. 71; therefore, recognized the net pension liability and related deferred amounts.

(4) - Fiscal Year 2018 was the first year of implementation of GASB No. 75; therefore, reflecting the total other postemployment benefits and related deferred amounts and Fiscal Year 2018 amounts also include prior period adjustments made in 2019 for capital assets.

(5) - Fiscal Year 2020 reflects the implementation of GASB No. 84; fiscal year 2019 was not restated.

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

**Schedule 2**

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

	Fiscal Year									
	2012 <sup>(1)</sup>	2013 <sup>(2)</sup>	2014	2015	2016	2017	2018 <sup>(3)</sup>	2019	2020 <sup>(4)</sup>	2021
<b>Expenses</b>										
Governmental activities:										
Administration & regulation	\$ 1,411,797	\$ 1,385,398	\$ 1,436,485	\$ 1,595,922	\$ 1,799,186	\$ 1,864,959	\$ 1,862,199	\$ 1,902,217	\$ 2,077,536	\$ 2,500,552
Education	3,551,294	3,582,770	3,749,195	3,909,866	4,005,597	4,162,360	4,185,133	4,244,257	4,418,383	4,839,703
Health & human rights	423,202	420,844	423,723	422,677	436,330	445,057	435,776	434,416	455,753	565,016
Human services	5,466,172	5,509,926	5,757,061	6,463,802	6,708,824	6,585,944	6,772,755	7,103,013	7,687,332	8,497,262
Justice & public defense	1,082,774	1,095,300	1,255,597	1,202,362	1,097,646	1,041,523	999,154	997,681	1,136,219	1,207,698
Economic development	254,902	186,948	159,964	158,632	144,472	157,288	133,810	132,911	140,858	173,455
Transportation	1,206,924	1,149,919	1,236,035	1,340,548	1,321,540	1,396,315	1,419,426	1,446,090	1,354,468	1,367,551
Agriculture & natural resources	214,526	219,948	219,159	223,916	227,612	233,883	224,382	230,063	238,515	268,107
Interest expense	101,849	99,311	95,312	92,011	90,105	79,424	78,773	76,984	65,434	58,436
<b>Total governmental activities expenses</b>	<b>13,713,440</b>	<b>13,650,364</b>	<b>14,332,531</b>	<b>15,409,736</b>	<b>15,831,312</b>	<b>15,966,753</b>	<b>16,111,408</b>	<b>16,567,632</b>	<b>17,574,498</b>	<b>19,477,780</b>
Business-type activities:										
University Funds	3,842,314	3,960,727	4,156,145	4,339,376	4,580,247	4,843,267	5,052,039	5,232,658	5,349,571	5,600,805
Unemployment Benefits Fund	718,611	554,883	439,937	396,842	416,582	430,068	384,371	361,076	2,234,620	2,353,780
Other	246,673	257,011	260,564	264,092	273,939	285,205	294,471	309,649	334,712	372,382
<b>Total business-type activities expenses</b>	<b>4,807,598</b>	<b>4,772,621</b>	<b>4,856,646</b>	<b>5,000,310</b>	<b>5,270,768</b>	<b>5,558,540</b>	<b>5,730,881</b>	<b>5,903,383</b>	<b>7,918,903</b>	<b>8,326,967</b>
<b>Total primary government expenses</b>	<b>\$ 18,521,038</b>	<b>\$ 18,422,985</b>	<b>\$ 19,189,177</b>	<b>\$ 20,410,046</b>	<b>\$ 21,102,080</b>	<b>\$ 21,525,293</b>	<b>\$ 21,842,289</b>	<b>\$ 22,471,015</b>	<b>\$ 25,493,401</b>	<b>\$ 27,804,747</b>
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
Administration & regulation	\$ 1,060,902	\$ 1,099,289	\$ 1,061,265	\$ 1,064,230	\$ 1,106,530	\$ 1,118,233	\$ 1,103,732	\$ 1,135,177	\$ 1,038,168	\$ 1,131,855
Education	52,686	21,787	18,057	20,656	17,374	17,714	26,308	20,003	12,936	20,311
Health & human rights	66,922	68,865	69,159	80,767	77,168	75,320	75,204	75,144	80,002	78,464
Human services	666,496	438,915	519,909	544,631	550,432	823,549	772,301	732,181	829,034	711,411
Justice & public defense	104,969	89,888	106,730	95,952	97,638	97,779	116,771	108,876	90,690	137,035
Economic development	3,672	3,864	3,374	1,749	2,049	1,739	1,662	4,392	1,269	4,823
Transportation	93,908	106,081	122,683	100,322	79,955	100,598	168,402	143,928	106,007	92,727
Agriculture & natural resources	84,912	78,476	79,777	72,634	86,807	72,052	76,734	84,729	80,161	92,937
Operating grants & contributions	4,489,138	4,619,136	4,905,617	5,349,944	5,500,402	5,194,216	5,251,400	5,646,598	6,950,835	8,491,371
Capital grants & contributions	494,715	426,350	472,885	501,378	440,783	503,121	509,091	448,902	544,550	520,257
<b>Total governmental activities program revenues</b>	<b>7,118,320</b>	<b>6,952,651</b>	<b>7,359,456</b>	<b>7,832,263</b>	<b>7,959,138</b>	<b>8,004,321</b>	<b>8,101,605</b>	<b>8,399,930</b>	<b>9,733,652</b>	<b>11,281,191</b>
Business-type activities:										
Charges for services:										
University Funds	2,590,308	2,687,569	2,845,788	3,037,054	3,273,055	3,390,227	3,639,063	3,865,376	3,869,117	4,021,078
Unemployment Benefits Fund	643,970	543,535	471,738	410,209	448,914	493,643	427,407	409,293	416,798	413,464
Other	325,699	342,596	355,988	366,129	378,533	391,346	403,102	428,109	459,798	511,758
Operating grants & contributions	1,044,159	848,672	783,036	746,633	777,368	801,120	798,834	808,427	2,283,904	2,563,073
Capital grants & contributions	61,339	61,948	90,263	173,150	101,682	57,588	15,131	71,706	31,680	33,205
<b>Total business-type activities program revenues</b>	<b>4,665,475</b>	<b>4,484,320</b>	<b>4,546,813</b>	<b>4,733,175</b>	<b>4,979,552</b>	<b>5,133,924</b>	<b>5,283,537</b>	<b>5,582,911</b>	<b>7,061,297</b>	<b>7,542,578</b>
<b>Total primary government program revenues</b>	<b>\$ 11,783,795</b>	<b>\$ 11,436,971</b>	<b>\$ 11,906,269</b>	<b>\$ 12,565,438</b>	<b>\$ 12,938,690</b>	<b>\$ 13,138,245</b>	<b>\$ 13,385,142</b>	<b>\$ 13,982,841</b>	<b>\$ 16,794,949</b>	<b>\$ 18,823,769</b>
Net expense										
Governmental activities	\$ (6,595,120)	\$ (6,697,713)	\$ (6,973,075)	\$ (7,577,473)	\$ (7,872,174)	\$ (7,962,432)	\$ (8,009,803)	\$ (8,167,702)	\$ (7,840,846)	\$ (8,196,589)
Business-type activities	(142,123)	(288,301)	(309,833)	(267,135)	(291,216)	(424,616)	(447,344)	(320,472)	(857,606)	(784,389)
<b>Total primary government net expense</b>	<b>\$ (6,737,243)</b>	<b>\$ (6,986,014)</b>	<b>\$ (7,282,908)</b>	<b>\$ (7,844,608)</b>	<b>\$ (8,163,390)</b>	<b>\$ (8,387,048)</b>	<b>\$ (8,457,147)</b>	<b>\$ (8,488,174)</b>	<b>\$ (8,698,452)</b>	<b>\$ (8,980,978)</b>

(continued on next page)

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

**Schedule 2**

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

(continued)

	Fiscal Year									
	2012 <sup>(1)</sup>	2013 <sup>(2)</sup>	2014	2015	2016	2017	2018 <sup>(3)</sup>	2019	2020 <sup>(4)</sup>	2021
<b>General revenues &amp; other changes in net position</b>										
Governmental activities:										
Personal income tax	\$ 3,040,391	\$ 3,446,857	\$ 3,206,504	\$ 3,456,503	\$ 3,542,419	\$ 3,637,895	\$ 3,862,624	\$ 4,078,355	\$ 3,945,877	\$ 4,224,590
Corporate income tax	430,395	428,991	387,232	464,121	374,559	432,056	443,698	529,969	634,508	799,466
Sales & use tax	2,454,156	2,509,817	2,625,302	2,670,084	2,758,405	2,793,825	2,850,789	2,989,537	3,121,580	3,510,049
Other tax	756,713	759,681	756,237	771,702	803,003	791,607	773,204	828,992	812,882	902,673
Motor fuel tax restricted for transportation purposes	438,953	438,009	446,449	524,569	677,999	674,603	671,936	665,799	670,238	673,745
Road use tax restricted for transportation purposes	303,368	307,821	322,470	346,901	360,993	371,361	374,701	381,003	382,757	444,548
Unrestricted investment earnings	21,155	6,240	21,406	19,175	22,156	16,257	29,730	75,371	55,748	14,595
Other	27,504	29,746	35,357	36,680	35,013	38,369	50,091	72,097	68,188	129,563
Gain on sale of assets	732	871	1,011	1,401	1,197	2,260	804	1,250	1,141	1,920
Loss on extinguishment of debt	-	-	(5,679)	-	-	-	-	-	-	-
Special items - disposal of operations	-	5,728	-	-	-	-	-	-	-	-
Transfers	(456,940)	(500,210)	(575,626)	(534,103)	(538,347)	(478,019)	(515,933)	(489,382)	(968,910)	(693,712)
<b>Total governmental activities</b>	<b>\$ 7,016,427</b>	<b>\$ 7,433,551</b>	<b>\$ 7,220,663</b>	<b>\$ 7,757,033</b>	<b>\$ 8,037,397</b>	<b>\$ 8,280,214</b>	<b>\$ 8,541,644</b>	<b>\$ 9,132,991</b>	<b>\$ 8,724,009</b>	<b>\$ 10,007,437</b>
Business-type activities:										
Other tax	\$ 7,031	\$ 7,463	\$ 7,527	\$ 7,765	\$ 7,649	\$ 8,078	\$ 8,167	\$ 8,220	\$ 8,348	\$ 11,008
Unrestricted investment earnings	90,891	109,987	186,857	46,888	78,133	162,438	110,237	190,955	162,806	473,811
Other	76,091	67,096	68,072	57,303	68,961	60,590	59,863	71,220	70,118	149,487
Gain on sale of assets	688	78	27	20	4,000	69	658	21	-	29
Special items - change in OPEB	-	-	-	-	-	-	465,008	-	-	-
Extraordinary items - impairment of assets & other	991	(2,580)	-	-	-	-	-	-	-	-
Transfers	456,940	500,210	575,626	534,103	538,347	478,019	515,933	489,382	968,910	693,712
<b>Total business-type activities</b>	<b>\$ 632,632</b>	<b>\$ 682,254</b>	<b>\$ 838,109</b>	<b>\$ 646,079</b>	<b>\$ 697,090</b>	<b>\$ 709,194</b>	<b>\$ 1,159,866</b>	<b>\$ 759,798</b>	<b>\$ 1,210,182</b>	<b>\$ 1,328,047</b>
<b>Change in net position</b>										
Governmental activities	\$ 421,307	\$ 735,838	\$ 247,588	\$ 179,560	\$ 165,223	\$ 317,782	\$ 531,841	\$ 965,289	\$ 883,163	\$ 1,810,848
Business-type activities	490,509	393,953	528,276	378,944	405,874	284,578	712,522	439,326	352,576	543,658
<b>Total primary government</b>	<b>\$ 911,816</b>	<b>\$ 1,129,791</b>	<b>\$ 775,864</b>	<b>\$ 558,504</b>	<b>\$ 571,097</b>	<b>\$ 602,360</b>	<b>\$ 1,244,363</b>	<b>\$ 1,404,615</b>	<b>\$ 1,235,739</b>	<b>\$ 2,354,506</b>

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

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

(3) - 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.

(4) - Fiscal Year 2020 reflects the implementation of GASB No. 84; fiscal year 2019 was not restated.

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

**Schedule 3**

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

	<b>Fiscal Year</b>									
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>General Fund</b>										
Nonspendable	\$ 41,382	\$ 43,138	\$ 41,248	\$ 44,528	\$ 44,917	\$ 46,445	\$ 52,577	\$ 53,235	\$ 99,455	\$ 122,285
Spendable:										
Restricted	1,062,771	1,017,927	1,045,227	861,583	835,913	883,016	807,570	810,448	769,625	679,646
Committed	1,732,552	2,145,980	1,912,518	1,676,632	1,323,878	1,274,404	1,335,606	1,784,658	2,140,303	3,348,953
Unassigned	(210,684)	(156,800)	(214,660)	(273,102)	(214,504)	(328,131)	(395,625)	(384,360)	(357,748)	(398,227)
<b>Total General Fund</b>	<b>\$ 2,626,021</b>	<b>\$ 3,050,245</b>	<b>\$ 2,784,333</b>	<b>\$ 2,309,641</b>	<b>\$ 1,990,204</b>	<b>\$ 1,875,734</b>	<b>\$ 1,800,128</b>	<b>\$ 2,263,981</b>	<b>\$ 2,651,635</b>	<b>\$ 3,752,657</b>
<b>All other governmental funds</b>										
Nonspendable	\$ 16,192	\$ 16,376	\$ 16,327	\$ 16,451	\$ 16,846	\$ 10,813	\$ 11,115	\$ 11,181	\$ 16,031	\$ 16,660
Spendable:										
Restricted	667,541 <sup>(1)</sup>	570,702 <sup>(1)</sup>	489,259 <sup>(1)</sup>	437,487 <sup>(1)</sup>	389,796 <sup>(1)</sup>	347,117 <sup>(1)</sup>	304,512 <sup>(1)</sup>	275,598 <sup>(1)</sup>	236,808 <sup>(1)</sup>	158,483 <sup>(1)</sup>
Committed	26,453	28,346	29,124	24,038	41,215	22,225	20,732	19,021	20,791	40,190
Unassigned	(461,801) <sup>(1)</sup>	(410,619) <sup>(1)</sup>	(354,758) <sup>(1)</sup>	(305,015) <sup>(1)</sup>	(253,068) <sup>(1)</sup>	(201,706) <sup>(1)</sup>	(162,019) <sup>(1)</sup>	(123,345) <sup>(1)</sup>	(84,833) <sup>(1)</sup>	(43,590) <sup>(1)</sup>
<b>Total all other governmental funds</b>	<b>\$ 248,385</b>	<b>\$ 204,805</b>	<b>\$ 179,952</b>	<b>\$ 172,961</b>	<b>\$ 194,789</b>	<b>\$ 178,449</b>	<b>\$ 174,340</b>	<b>\$ 182,455</b>	<b>\$ 188,797</b>	<b>\$ 171,743</b>

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

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

**Schedule 4**

(Modified Accrual Basis of Accounting Expressed in Thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Taxes	\$ 7,985,697	\$ 8,456,345	\$ 8,414,849	\$ 8,917,337	\$ 9,263,248	\$ 9,503,731	\$ 9,846,473	\$ 10,307,880	\$ 10,380,464	\$ 11,314,249
Receipts from other entities	5,626,029	5,400,502	5,655,703	5,943,765	6,064,791	5,971,601	5,981,877	6,291,339	8,251,760	9,863,368
Investment income	21,766	6,244	21,370	19,141	22,093	16,228	29,604	75,009	55,573	14,557
Fees, licenses & permits	1,226,093	1,268,880	1,324,029	1,358,661	1,409,339	1,425,131	1,455,332	1,495,057	1,537,320	1,711,717
Refunds & reimbursements	537,219	527,456	576,484	601,812	711,301	849,553	805,250	798,210	923,093	782,346
Sales, rents & services	33,225	32,639	35,827	39,765	39,665	41,714	36,851	44,113	36,990	35,187
Miscellaneous	141,461	150,035	158,048	177,710	209,066	213,667	207,692	254,099	255,457	301,740
Gross revenues	15,571,490	15,842,101	16,186,310	17,058,191	17,719,503	18,021,625	18,363,079	19,265,707	21,440,657	24,023,164
Less revenue refunds	918,524	909,631	1,039,704	1,066,067	1,155,612	1,215,155	1,269,478	1,258,773	2,001,394	2,072,273
Net revenues	14,652,966	14,932,470	15,146,606	15,992,124	16,563,891	16,806,470	17,093,601	18,006,934	19,439,263	21,950,891
<b>Expenditures</b>										
Administration & regulation	1,403,974	1,364,608	1,419,879	1,596,272	1,792,103	1,836,187	1,848,943	1,880,653	2,041,416	2,498,182
Education	3,544,428	3,575,186	3,731,639	3,908,485	4,000,660	4,154,268	4,177,218	4,236,228	4,409,475	4,834,800
Health & human rights	417,306	414,981	418,906	420,907	431,555	437,703	424,547	426,720	443,743	552,417
Human services	5,461,157	5,540,912	5,783,311	6,454,924	6,720,396	6,601,224	6,759,205	7,099,933	7,660,699	8,496,089
Justice & public defense	1,027,435	1,035,912	1,199,871	1,173,037	1,054,586	986,780	947,730	947,720	1,073,702	1,172,842
Economic development	255,299	184,877	159,626	158,282	145,436	156,032	136,717	131,231	140,168	169,241
Transportation	548,629	552,228	580,831	646,481	610,992	626,535	673,706	680,525	642,878	606,021
Agriculture & natural resources	201,838	200,439	201,194	207,823	210,453	213,091	204,893	197,969	211,546	236,439
Capital outlay	1,136,378	1,012,032	1,128,589	1,238,409	1,217,290	1,299,102	1,360,623	1,279,182	1,379,577	1,442,255
Debt service:										
Payment to escrow agent	-	-	73,940	-	-	3,246	-	-	-	-
Principal	72,555	49,815	69,215	45,625	53,050	58,295	46,960	270,465	59,360	139,587
Interest & fiscal charges	101,327	98,242	94,875	89,659	87,219	79,960	79,898	77,968	67,174	62,654
Total expenditures	14,170,326	14,029,232	14,861,876	15,939,904	16,323,740	16,452,423	16,660,440	17,228,594	18,129,738	20,210,527
Excess of revenues over expenditures	482,640	903,238	284,730	52,220	240,151	354,047	433,161	778,340	1,309,525	1,740,364
<b>Other financing sources (uses)</b>										
Transfers in	197,567	215,291	229,136	200,611	220,599	220,253	211,240	208,551	292,255	286,906
Transfers out	(651,385)	(713,290)	(804,762)	(734,713)	(758,946)	(743,522)	(727,173)	(697,933)	(1,261,165)	(980,618)
Leases, installment purchases & other	562	9	131	199	587	37,227	3,057	2,744	452	1,147
Premium (discount) on bonds	1,643	-	-	-	-	74,176	-	36,591	-	83,311
Revenue refunding bonds issued	20,910	-	-	-	-	345,215	-	143,675	7,230	779,631
Payment to refunded bond escrow agent	-	-	-	-	-	(418,206)	-	-	-	(826,773)
Total other financing sources (uses)	(430,703)	(497,990)	(575,495)	(533,903)	(537,760)	(484,857)	(512,876)	(306,372)	(961,228)	(656,396)
Special items - disposal of operations	-	(24,604)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 51,937	\$ 380,644	\$ (290,765)	\$ (481,683)	\$ (297,609)	\$ (130,810)	\$ (79,715)	\$ 471,968	\$ 348,297	\$ 1,083,968
Debt service as a percentage of noncapital expenditures	1.3%	1.1%	1.7%	0.9%	0.9%	0.9%	0.8%	2.2%	0.8%	1.1%

**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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Individual income tax	\$ 3,677,240	\$ 4,080,794	\$ 3,984,543	\$ 4,224,097	\$ 4,364,229	\$ 4,503,420	\$ 4,754,464	\$ 4,938,615	\$ 4,895,257	\$ 5,169,294
Sales tax	2,066,024	2,097,466	2,171,915	2,251,636	2,332,220	2,344,828	2,390,342	2,438,260	2,471,213	2,766,208
Use tax	439,772	464,126	489,764	501,073	497,160	515,740	566,509	647,016	743,581	833,211
Fuel tax	490,377	481,120	493,999	575,844	746,601	768,810	751,064	731,710	732,345	737,010
Corporate tax	550,343	563,016	507,522	579,881	510,664	564,423	580,805	699,007	727,390	882,489
Inheritance tax	79,670	86,785	90,791	89,807	88,759	88,093	85,245	79,243	78,277	102,053
Insurance premium tax	101,406	104,885	105,532	109,634	119,675	114,809	121,863	153,428	143,464	143,901
Cigarette & tobacco tax	225,499	226,300	225,375	223,069	227,901	221,077	212,567	202,135	211,600	204,614
Wagering tax	287,680	283,168	275,659	280,706	290,004	291,980	295,333	294,629	244,602	337,074
Franchise tax	41,121	43,860	40,330	47,482	50,354	53,831	48,581	64,440	67,653	66,748
Beer tax	14,726	13,865	14,187	14,489	14,214	13,941	13,593	13,439	9,435	18,208
Other	11,839	10,960	15,232	19,619	21,467	22,779	26,107	45,958	55,647	53,439
Gross taxes	7,985,697	8,456,345	8,414,849	8,917,337	9,263,248	9,503,731	9,846,473	10,307,880	10,380,464	11,314,249
Less refunds	820,178	871,332	1,000,031	1,028,612	1,111,432	1,173,495	1,229,918	1,213,022	1,200,953	1,198,193
Net taxes	<u>\$ 7,165,519</u>	<u>\$ 7,585,013</u>	<u>\$ 7,414,818</u>	<u>\$ 7,888,725</u>	<u>\$ 8,151,816</u>	<u>\$ 8,330,236</u>	<u>\$ 8,616,555</u>	<u>\$ 9,094,858</u>	<u>\$ 9,179,511</u>	<u>\$ 10,116,056</u>

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

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

**Schedule 6**

Tax Year 2011		Tax Year 2012		Tax Year 2013		Tax Year 2014		Tax Year 2015	
Net Taxable Income	Number of Returns								
No AGI	52,101	No AGI	52,301	No AGI	53,992	No AGI	58,373	No AGI	61,291
\$1 - 9,999	337,187	\$1 - 9,999	326,822	\$1 - 9,999	315,190	\$1 - 9,999	311,378	\$1 - 9,999	311,295
\$10,000 - 19,999	332,596	\$10,000 - 19,999	324,978	\$10,000 - 19,999	320,585	\$10,000 - 19,999	315,860	\$10,000 - 19,999	310,750
\$20,000 - 29,999	314,841	\$20,000 - 29,999	309,181	\$20,000 - 29,999	303,974	\$20,000 - 29,999	300,205	\$20,000 - 29,999	294,558
\$30,000 - 39,999	272,314	\$30,000 - 39,999	272,654	\$30,000 - 39,999	273,340	\$30,000 - 39,999	273,584	\$30,000 - 39,999	274,223
\$40,000 - 49,999	202,716	\$40,000 - 49,999	207,046	\$40,000 - 49,999	210,320	\$40,000 - 49,999	214,873	\$40,000 - 49,999	218,392
\$50,000 - 74,999	253,213	\$50,000 - 74,999	268,326	\$50,000 - 74,999	278,264	\$50,000 - 74,999	294,842	\$50,000 - 74,999	308,245
\$75,000 - 99,999	89,113	\$75,000 - 99,999	96,439	\$75,000 - 99,999	103,702	\$75,000 - 99,999	111,906	\$75,000 - 99,999	118,823
\$100,000 & above	121,578	\$100,000 & above	138,830	\$100,000 & above	144,703	\$100,000 & above	156,687	\$100,000 & above	163,513
	<u>1,975,659</u>		<u>1,996,577</u>		<u>2,004,070</u>		<u>2,037,708</u>		<u>2,061,090</u>
Net Taxable Income	Tax Rate*								
\$0 - 1,439	0.36%	\$0 - 1,469	0.36%	\$0 - 1,494	0.36%	\$0 - 1,515	0.36%	\$0 - 1,539	0.36%
\$1,439 - 2,878	0.72%	\$1,469 - 2,938	0.72%	\$1,494 - 2,988	0.72%	\$1,515 - 3,030	0.72%	\$1,539 - 3,078	0.72%
\$2,878 - 5,756	2.43%	\$2,938 - 5,876	2.43%	\$2,988 - 5,976	2.43%	\$3,030 - 6,060	2.43%	\$3,078 - 6,156	2.43%
\$5,756 - 12,951	4.50%	\$5,876 - 13,221	4.50%	\$5,976 - 13,446	4.50%	\$6,060 - 13,635	4.50%	\$6,156 - 13,851	4.50%
\$12,951 - 21,585	6.12%	\$13,221 - 22,035	6.12%	\$13,446 - 22,410	6.12%	\$13,635 - 22,725	6.12%	\$13,851 - 23,085	6.12%
\$21,585 - 28,780	6.48%	\$22,035 - 29,380	6.48%	\$22,410 - 29,880	6.48%	\$22,725 - 30,300	6.48%	\$23,085 - 30,780	6.48%
\$28,780 - 43,170	6.80%	\$29,380 - 44,070	6.80%	\$29,880 - 44,820	6.80%	\$30,300 - 45,450	6.80%	\$30,780 - 46,170	6.80%
\$43,170 - 64,755	7.92%	\$44,070 - 66,105	7.92%	\$44,820 - 67,230	7.92%	\$45,450 - 68,175	7.92%	\$46,170 - 69,255	7.92%
\$64,755 & above	8.98%	\$66,105 & above	8.98%	\$67,230 & above	8.98%	\$68,175 & above	8.98%	\$69,255 & above	8.98%
Tax Year 2016		Tax Year 2017		Tax Year 2018		Tax Year 2019		Tax Year 2020	
Net Taxable Income	Number of Returns								
No AGI	48,908	No AGI	48,804	No AGI	47,981	No AGI	48,614	No AGI	66,701
\$1 - 9,999	225,555	\$1 - 9,999	219,061	\$1 - 9,999	208,384	\$1 - 9,999	210,503	\$1 - 9,999	204,063
\$10,000 - 19,999	210,605	\$10,000 - 19,999	206,883	\$10,000 - 19,999	201,124	\$10,000 - 19,999	202,061	\$10,000 - 19,999	195,193
\$20,000 - 29,999	190,879	\$20,000 - 29,999	188,232	\$20,000 - 29,999	184,891	\$20,000 - 29,999	184,805	\$20,000 - 29,999	180,224
\$30,000 - 39,999	167,467	\$30,000 - 39,999	166,897	\$30,000 - 39,999	167,834	\$30,000 - 39,999	172,010	\$30,000 - 39,999	170,468
\$40,000 - 49,999	131,987	\$40,000 - 49,999	134,985	\$40,000 - 49,999	136,926	\$40,000 - 49,999	140,805	\$40,000 - 49,999	143,251
\$50,000 - 74,999	222,665	\$50,000 - 74,999	224,795	\$50,000 - 74,999	228,665	\$50,000 - 74,999	234,764	\$50,000 - 74,999	237,315
\$75,000 - 99,999	145,455	\$75,000 - 99,999	145,603	\$75,000 - 99,999	148,240	\$75,000 - 99,999	150,024	\$75,000 - 99,999	149,288
\$100,000 & above	259,266	\$100,000 & above	270,641	\$100,000 & above	289,139	\$100,000 & above	300,350	\$100,000 & above	312,836
	<u>1,602,787</u>		<u>1,605,901</u>		<u>1,613,184</u>		<u>1,643,936</u>		<u>1,659,339</u>
Net Taxable Income	Tax Rate*								
\$0 - 1,554	0.36%	\$0 - 1,573	0.36%	\$0 - 1,598	0.36%	\$0 - 1,638	0.33%	\$0 - 1,666	0.33%
\$1,554 - 3,108	0.72%	\$1,573 - 3,146	0.72%	\$1,598 - 3,196	0.72%	\$1,638 - 3,276	0.67%	\$1,666 - 3,332	0.67%
\$3,108 - 6,216	2.43%	\$3,146 - 6,292	2.43%	\$3,196 - 6,392	2.43%	\$3,276 - 6,552	2.25%	\$3,332 - 6,664	2.25%
\$6,216 - 13,986	4.50%	\$6,292 - 14,157	4.50%	\$6,392 - 14,382	4.50%	\$6,552 - 14,742	4.14%	\$6,664 - 14,994	4.14%
\$13,986 - 23,310	6.12%	\$14,157 - 23,595	6.12%	\$14,382 - 23,970	6.12%	\$14,742 - 24,570	5.63%	\$14,994 - 24,990	5.63%
\$23,310 - 31,080	6.48%	\$23,595 - 31,460	6.48%	\$23,970 - 31,960	6.48%	\$24,570 - 32,760	5.96%	\$24,990 - 33,320	5.96%
\$31,080 - 46,620	6.80%	\$31,460 - 47,190	6.80%	\$31,960 - 47,940	6.80%	\$32,760 - 49,140	6.25%	\$33,320 - 49,980	6.25%
\$46,620 - 69,930	7.92%	\$47,190 - 70,785	7.92%	\$47,940 - 71,910	7.92%	\$49,140 - 73,710	7.44%	\$49,980 - 74,970	7.44%
\$69,930 & above	8.98%	\$70,785 & above	8.98%	\$71,910 & above	8.98%	\$73,710 & above	8.53%	\$74,970 & above	8.53%

Source: Iowa Individual Income Tax Annual Statistical Report, compiled by the Iowa Department of Revenue, Research and Policy Division

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

**STATE OF IOWA**

**Retail Sales by Business Classification**

**Schedule 7**

Sales Tax Annual Period July 1 through June 30 of the following year 2012 through 2021

Classification	2012		2013		2014 <sup>(1)</sup>		2015		2016	
	Number of Returns	Taxable Sales	Number of Returns	Taxable Sales	Number of Returns	Taxable Sales	Number of Returns	Taxable Sales	Number of Returns	Taxable Sales
		(in thousands)		(in thousands)		(in thousands)		(in thousands)		(in thousands)
Utilities & transportation	14,737	\$ 3,405,479	15,053	\$ 3,335,512	14,701	\$ 3,483,048	14,357	\$ 3,632,047	14,134	\$ 3,669,812
Building materials	6,530	2,704,879	6,504	2,712,261	6,059	2,538,244	6,118	2,706,767	5,943	2,763,359
General merchandise	6,211	5,530,952	6,151	5,475,235	3,156	4,650,592	3,093	4,711,009	3,073	4,719,728
Food dealers	6,776	1,772,985	6,729	1,782,829	12,807	3,156,659	12,790	3,297,011	12,724	3,478,201
Motor vehicles	13,723	2,108,205	13,612	2,124,416	9,534	1,704,501	9,428	1,793,580	9,340	1,860,126
Apparel	6,224	972,815	6,316	1,011,028	6,256	1,044,542	6,221	1,063,320	6,225	1,067,251
Home furnishings & appliances	7,474	1,205,592	7,398	1,202,792	6,246	1,208,754	6,169	1,216,924	5,917	1,235,700
Eating & drinking places	30,248	3,635,252	30,430	3,732,685	30,035	3,827,209	29,889	4,056,025	30,362	4,228,185
Specialty retail stores	58,914	2,759,729	59,103	2,909,350	56,330	2,771,512	55,786	2,911,596	56,083	3,052,179
Services	125,225	4,877,162	126,867	4,945,765	125,773	4,889,626	126,249	5,188,730	126,900	5,324,603
Wholesale goods	16,945	2,568,014	16,659	2,552,248	18,059	3,772,090	17,698	3,929,422	17,346	3,937,460
All other	50,937	2,996,903	50,965	3,016,466	48,831	2,800,836	49,219	3,019,888	49,763	3,082,894
<b>Total</b>	<b>343,944</b>	<b>\$ 34,537,967</b>	<b>345,787</b>	<b>\$ 34,800,587</b>	<b>337,787</b>	<b>\$ 35,847,613</b>	<b>337,017</b>	<b>\$ 37,526,319</b>	<b>337,810</b>	<b>\$ 38,419,498</b>

Classification	2017		2018		2019		2020		2021	
	Number of Returns	Taxable Sales								
		(in thousands)								
Utilities & transportation	13,029	\$ 3,929,813	12,973	\$ 3,889,513	15,954	\$ 3,975,371	15,788	\$ 3,818,914	17,618	\$ 3,859,075
Building materials	5,695	2,862,822	5,592	2,908,678	5,477	2,930,829	5,423	3,212,510	5,435	3,807,841
General merchandise	3,067	4,676,612	3,112	4,708,984	3,157	4,613,828	3,355	4,586,447	3,516	4,810,055
Food dealers	12,607	3,519,738	12,419	3,550,649	12,317	3,638,167	11,991	3,796,789	12,132	4,048,441
Motor vehicles	9,241	1,904,414	9,196	1,951,368	9,089	2,044,357	8,852	2,126,945	9,441	2,346,410
Apparel	6,215	1,025,902	6,252	977,631	6,552	986,377	6,653	835,162	6,923	976,638
Home furnishings & appliances	5,750	1,227,997	5,504	1,206,237	5,360	1,179,722	5,146	1,122,915	4,979	1,325,063
Eating & drinking places	30,720	4,306,324	30,988	4,394,774	31,196	4,527,602	30,955	4,238,738	31,423	4,524,619
Specialty retail stores	56,480	3,082,359	56,593	3,031,680	56,462	3,057,059	55,910	3,166,684	56,172	3,894,417
Services	127,633	5,409,162	127,468	5,544,380	130,089	5,830,492	131,156	5,462,049	130,457	5,670,482
Wholesale goods	17,139	3,889,348	16,712	3,950,029	16,615	3,914,185	16,597	4,039,534	16,792	4,697,337
All other	49,819	3,122,021	49,761	3,216,042	50,407	3,399,148	51,033	3,605,962	50,353	3,706,251
<b>Total</b>	<b>337,395</b>	<b>\$ 38,956,512</b>	<b>336,570</b>	<b>\$ 39,329,965</b>	<b>342,675</b>	<b>\$ 40,097,137</b>	<b>342,859</b>	<b>\$ 40,012,649</b>	<b>345,241</b>	<b>\$ 43,666,629</b>

Source: Iowa Retail Sales and Use Taxes Annual Report, compiled by the Iowa Department of Revenue, Tax Research Bureau

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

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

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

**Schedule 8**

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Capital Leases	Loans & Contracts	Revenue Bonds	Capital Leases	Loans & Contracts			
2012 (1)	1,881,714	2,884	2,141	1,549,938	173,504	19,021	3,629,202	2.92	1,185
2013 (2)	1,858,333	206	1,834	1,787,778	39,323	35,195	3,722,669	2.87	1,211
2014	1,720,281	180	1,600	1,852,319	35,606	69,369	3,679,355	2.64	1,191
2015	1,675,590	76	1,474	1,903,485	34,200	64,214	3,679,039	2.62	1,184
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	1,024
2021	1,281,000	20,529	500	1,763,848	22,492	26,913	3,115,282	1.84	977

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

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

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

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

**Schedule 9**

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

**IJOBS - 2009**

				<b>Debt Service</b>			
	<b>Gross Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2012	\$ 47,750	\$ 9	\$ 47,741	\$ 14,335	\$ 32,686	\$ 47,021	1.02
2013	47,523	1	47,522	14,955	32,069	47,024	1.01
2014	49,394	-	49,394	15,580	31,443	47,023	1.05
2015	49,339	3	49,336	16,330	30,720	47,050	1.05
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**

				<b>Debt Service</b>			
	<b>Gross Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2012	\$ 12,470	\$ 3	\$ 12,467	\$ 4,370	\$ 7,878	\$ 12,248	1.02
2013	12,470	-	12,470	4,470	7,792	12,262	1.02
2014	10,450	-	10,450	3,160	6,866	10,026	1.04
2015	10,636	1	10,635	3,395	6,741	10,136	1.05
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 September 2020.

**IJOBS - 2016**

				<b>Debt Service</b>			
	<b>Gross Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
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

Pledged revenues consist of casino and racetrack gaming revenues.

**IJOBS - 2019**

				<b>Debt Service</b>			
	<b>Gross Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2020	\$ 8,355	\$ 2	\$ 8,353	\$ -	\$ 7,004	\$ 7,004	1.19
2021	9,293	1	9,292	-	7,184	7,184	1.29

Pledged revenues consist of casino and racetrack gaming revenues.

**IJOBS - 2020**

				<b>Debt Service</b>			
	<b>Gross Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2021	\$ 8,080	\$ 1	\$ 8,079	\$ 3,130	\$ 3,116	\$ 6,246	1.29

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)

<i>Vision Iowa</i>				<b>Debt Service</b>			
	<b>Gross Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2012	\$ 15,910	\$ 8	\$ 15,902	\$ 9,390	\$ 6,512	\$ 15,902	1.00
2013	15,934	3	15,931	9,890	6,041	15,931	1.00
2014	15,958	3	15,955	10,445	5,510	15,955	1.00
2015	15,980	3	15,977	11,025	4,939	15,964	1.00
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 were paid off in August 2020.

<i>Iowa Utilities Board and Consumer Advocate State Building</i>				<b>Debt Service</b>			
	<b>Gross Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2012	\$ 1,064	\$ -	\$ 1,064	\$ 440	\$ 624	\$ 1,064	1.00
2013	1,062	-	1,062	460	602	1,062	1.00
2014	1,064	-	1,064	485	579	1,064	1.00
2015	1,065	-	1,065	510	555	1,065	1.00
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.  
\*\*Current refunding of bonds in June 2020.

<i>Iowa Utilities Board &amp; Consumer Advocate State Building 2020</i>				<b>Debt Service</b>			
	<b>Gross Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2021	\$ 879	\$ -	\$ 879	\$ 740	\$ 139	\$ 879	1.00

<i>Prison Infrastructure 2010</i>				<b>Debt Service</b>			
	<b>Gross Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2012	\$ 6,522	\$ -	\$ 6,522	\$ 435	\$ 6,087	\$ 6,522	1.00
2013	6,518	-	6,518	440	6,078	6,518	1.00
2014	6,514	-	6,514	445	6,069	6,514	1.00
2015	8,728	9	8,719	2,660	6,060	8,720	1.00
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 2020.

<i>Prison Infrastructure 2016</i>				<b>Debt Service</b>			
	<b>Gross Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
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

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)

<i>Tobacco Settlement Authority</i>				<b>Debt Service</b>					
<b>Gross Revenues</b>	<b>Less:</b>		<b>Net Available</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>		
	<b>Operating Expenses</b>		<b>Revenues</b>						
2012	\$ 68,283 *	\$ 1,437	\$ 66,846	\$ 9,590	\$ 42,970	\$ 52,560		1.27	
2013	68,265 *	1,477	66,788	9,835	42,347	52,182		1.28	
2014	74,226 *	786	73,440	16,365	41,708	58,073		1.26	
2015	66,405 *	702	65,703	11,735	40,644	52,379		1.25	
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.

\*\* Bonds refunded April 2021.

<i>Tobacco Settlement Authority: Series 2021</i>				<b>Debt Service</b>					
<b>Gross Revenues</b>	<b>Less:</b>		<b>Net Available</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>		
	<b>Operating Expenses</b>		<b>Revenues</b>						
2021	\$ 52,930 *	\$ 538	\$ 52,392	\$ 30,665	\$ 1,964	\$ 32,629		1.61	

\* 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.

(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)

<i>Residence/Dormitory Building Revenue Bonds</i>				<b>Debt Service*</b>				
	Less:		Net Available					
	Gross Revenues	Operating Expenses*	Revenues	Principal	Interest	Total	Coverage	
2012	\$ 185,808	\$ 133,069	\$ 52,739	\$ 15,884	\$ 6,095	\$ 21,979	2.40	
2013	189,843	135,514	54,329	16,394	6,284	22,678	2.40	
2014	200,450	144,756	55,694	19,099	7,141	26,240	2.12	
2015	211,730	150,381	61,349	20,825	7,032	27,857	2.20	
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	

<i>Athletic/Multipurpose/Academic Facilities Revenue Bonds</i>				<b>Debt Service*</b>				
	Less:		Net Available					
	Gross Revenues*	Operating Expenses*	Revenues	Principal	Interest	Total	Coverage	
2012	\$ 49,198	\$ 18,106	\$ 31,092	\$ 5,480	\$ 7,776	\$ 13,256	2.35	
2013	49,793	17,638	32,155	6,530	8,550	15,080	2.13	
2014	50,729	17,683	33,046	7,225	8,015	15,240	2.17	
2015	54,397	18,755	35,642	7,485	7,849	15,334	2.32	
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	

<i>Telecommunications Revenue Bonds</i>				<b>Debt Service*</b>				
	Less:		Net Available					
	Gross Revenues	Operating Expenses	Revenues	Principal	Interest	Total	Coverage	
2012	\$ 24,317	\$ 18,027	\$ 6,290	\$ 2,440	\$ 1,649	\$ 4,089	1.54	
2013	24,789	17,920	6,869	2,945	1,467	4,412	1.56	
2014	23,615	17,260	6,355	2,470	1,378	3,848	1.65	
2015	27,139	21,671	5,468	1,835	1,305	3,140	1.74	
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	

<i>Student Health Facility Revenue Bonds</i>				<b>Debt Service*</b>				
	Less:		Net Available					
	Gross Revenues	Operating Expenses*	Revenues	Principal	Interest	Total	Coverage	
2012	\$ 10,811	\$ 9,311	\$ 1,500	\$ 515	\$ 128	\$ 643	2.33	
2013	3,440	3,200	240	175	106	281	0.85	
2014	3,751	3,205	546	195	58	253	2.16	
2015	3,616	3,238	378	205	46	251	1.51	
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	

(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)

<i>Utility System Revenue Bonds</i>				<b>Debt Service*</b>			
		<b>Less:</b>	<b>Net Available</b>				
	<b>Gross Revenues*</b>	<b>Operating Expenses*</b>	<b>Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2012	\$ 122,367	\$ 83,958	\$ 38,409	\$ 12,540	\$ 7,221	\$ 19,761	1.94
2013	126,495	87,043	39,452	14,845	7,949	22,794	1.73
2014	131,716	93,079	38,637	13,845	7,539	21,384	1.81
2015	130,696	89,181	41,515	8,915	7,100	16,015	2.59
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

<i>Parking System Revenue Bonds</i>				<b>Debt Service*</b>			
		<b>Less:</b>	<b>Net Available</b>				
	<b>Gross Revenues</b>	<b>Operating Expenses</b>	<b>Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2012	\$ 19,984	\$ 12,655	\$ 7,329	\$ 1,605	\$ 1,068	\$ 2,673	2.74
2013	21,076	13,108	7,968	1,680	930	2,610	3.05
2014	22,574	13,679	8,895	1,750	1,677	3,427	2.60
2015	24,214	14,266	9,948	1,970	2,049	4,019	2.48
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

<i>Recreational/Regulated Materials Facility Revenue Bonds</i>				<b>Debt Service*</b>			
		<b>Less:</b>	<b>Net Available</b>				
	<b>Gross Revenues</b>	<b>Operating Expenses</b>	<b>Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2012	\$ 28,573	\$ 10,573	\$ 18,000	\$ 2,260	\$ 5,529	\$ 7,789	2.31
2013	34,787	11,649	23,138	4,005	5,449	9,454	2.45
2014	38,799	12,880	25,919	4,380	5,244	9,624	2.69
2015	42,613	12,921	29,692	3,635	5,094	8,729	3.40
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

<i>Memorial/Maucker Union Revenue Bonds</i>				<b>Debt Service*</b>			
		<b>Less:</b>	<b>Net Available</b>				
	<b>Gross Revenues*</b>	<b>Operating Expenses*</b>	<b>Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2012	\$ 34,367	\$ 26,657	\$ 7,710	\$ 1,950	\$ 1,427	\$ 3,377	2.28
2013	32,567	24,820	7,747	1,925	1,362	3,287	2.36
2014	31,881	23,760	8,121	2,130	1,033	3,163	2.57
2015	31,259	22,579	8,680	2,210	894	3,104	2.80
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

(continued on next page)

**STATE OF IOWA**

**Revenue Bond Coverage**

**Schedule 9**

For the Last Ten Fiscal Years

(continued)

**Business-type Activities - University Funds**

(Expressed in Thousands)

<i>Hospital Revenue Bonds</i>			<b>Debt Service</b>				
<b>Gross Revenues*</b>	<b>Less: Operating Expenses*</b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>	
							2012
2013	1,125,336	1,013,711	111,625	4,870	10,159	15,029	7.43
2014	1,189,532	1,061,304	128,228	5,905	13,797	19,702	6.51
2015	1,314,267	1,155,470	158,797	11,205	13,469	24,674	6.44
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

<i>Center For University Advancement Revenue Bonds</i>			<b>Debt Service*</b>				
<b>Gross Revenues*</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>	
							2012
2013	876	-	876	645	231	876	1.00
2014	874	-	874	670	204	874	1.00
2015	865	-	865	690	175	865	1.00
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.

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**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Population</b> (in thousands)	3,062	3,074	3,090	3,107	3,124	3,135	3,146	3,156	3,155	3,189
<b>Personal income</b> (in millions)	\$ 123,933	\$ 129,503	\$ 139,422	\$ 140,177	\$ 140,501	\$ 146,685	\$ 144,691	\$ 154,091	\$ 166,070	\$ 169,182
<b>Per capita personal income</b>	\$ 40,470	\$ 42,126	\$ 45,114	\$ 45,115	\$ 44,971	\$ 46,794	\$ 45,996	\$ 48,823	\$ 52,636	\$ 53,057
<b>Resident civilian labor force &amp; employment</b> (annual averages)										
Civilian labor force (in thousands)	1,663.6	1,638.8	1,671.3	1,704.4	1,701.3	1,701.0	1,678.5	1,686.8	1,739.0	1,682.3
Resident employment (in thousands)	1,565.5	1,553.1	1,593.7	1,630.4	1,638.9	1,638.3	1,626.0	1,644.3	1,691.0	1,595.8
Resident unemployed (in thousands)	98.0	85.7	77.6	74.0	62.5	62.4	52.5	42.6	47.8	86.4
Percent unemployed	5.9	5.2	4.6	4.3	3.7	3.7	3.1	2.5	2.7	5.1
<b>Employment by industry, non-agricultural</b> (in thousands)										
Construction	62.5	64.6	67.4	74.4	78.6	80.9	76.2	77.4	78.1	76.6
Manufacturing	207.4	210.4	214.5	216.8	216.1	213.3	216.3	223.0	226.2	216.6
Trade, transportation & utilities	301.9	306.8	311.4	312.9	316.0	316.2	314.8	312.8	310.3	300.9
Information	27.9	27.1	26.1	25.6	24.7	22.6	22.0	22.0	21.3	19.1
Financial activities	100.3	101.6	103.4	104.2	105.7	108.5	109.2	109.1	109.7	109.3
Professional & business	123.5	129.5	131.9	136.1	139.2	138.6	139.4	140.9	139.3	134.9
Education & health	215.9	220.6	223.2	223.2	225.0	228.6	231.6	234.7	235.2	224.2
Leisure & hospitality	130.6	134.2	136.7	137.9	139.7	142.6	143.5	143.8	144.7	118.4
Other services	56.5	57.7	60.2	61.3	62.4	61.7	59.9	60.0	60.9	56.7
Government	249.8	254.0	255.4	255.5	254.8	257.9	260.3	260.5	260.3	251.9
<b>Total non-agricultural employment</b>	<b>1,476.3</b>	<b>1,506.5</b>	<b>1,530.2</b>	<b>1,547.9</b>	<b>1,562.2</b>	<b>1,570.9</b>	<b>1,573.2</b>	<b>1,584.2</b>	<b>1,586.0</b>	<b>1,508.6</b>

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

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

**Schedule 11**

**CALENDAR YEAR 2020**

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

**CALENDAR YEAR 2011**

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

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**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>ADMINISTRATION &amp; REGULATION</b>										
<i>Department of Administrative Services</i>										
Land (acres)	138	138	138	138	138	138	150	150	150	150
Buildings & improvements (square footage)	1,810,569	2,708,428	2,454,890	2,454,890	2,558,182	2,489,205	2,468,257	2,468,257	2,468,257	2,468,257
Machinery & equipment	985	594	627	341	321	300	282	284	275	270
<i>Alcoholic Beverages Division</i>										
Land (acres)	15	15	15	15	15	15	15	15	15	15
Buildings & improvements (square footage)	181,966	181,966	181,966	181,966	181,966	181,966	181,996	181,996	206,996	206,996
<b>EDUCATION</b>										
<i>Iowa Public Television</i>										
Land (acres)	208	208	208	208	208	209	209	209	209	209
Buildings & improvements (square footage)	75,500	75,500	75,500	75,500	75,500	75,500	75,500	75,500	75,500	75,500
Machinery & equipment	927	876	873	801	797	786	780	786	776	739
<i>Iowa Braille &amp; Sight Saving School</i>										
Buildings & improvements (square footage)*	190,612	190,612	190,612	190,612	190,612	190,612	190,612	190,612	190,612	-
<i>Iowa School for the Deaf</i>										
Buildings & improvements (square footage)	407,426	407,426	407,426	407,426	407,426	407,426	407,426	407,426	407,426	407,426
<b>HEALTH &amp; HUMAN RIGHTS</b>										
<i>Department for the Blind</i>										
Buildings & improvements (square footage)	100,000	100,000	100,000	100,000	100,000	120,000	120,000	120,000	120,000	120,000
Machinery & equipment	199	198	194	182	177	176	166	167	183	246
<i>Veterans Home</i>										
Land (acres)	158	158	158	158	158	158	158	158	158	158
Buildings & improvements (square footage)	886,711	886,711	891,811	891,811	891,811	891,811	909,073	909,073	909,073	909,073
Machinery & equipment	298	373	509	561	629	640	720	789	790	811
<i>Department of Public Health</i>										
Machinery & equipment	466	471	478	504	593	502	553	417	453	575
<b>HUMAN SERVICES</b>										
<i>Department of Human Services &amp; Institutions</i>										
Land (acres)	1,965	1,965	1,965	1,965	1,965	1,965	1,965	1,757	1,757	1,757
Buildings & improvements (square footage)	4,243,591	4,243,591	4,243,591	4,222,668	4,222,668	3,448,804	3,448,804	3,448,804	3,376,656	3,376,656
Machinery & equipment	1,807	1,900	1,946	1,930	1,823	1,738	1,728	1,740	1,526	1,524

(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**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>JUSTICE &amp; PUBLIC DEFENSE</b>										
<i>Department of Corrections &amp; Correctional Facilities</i>										
Land (acres)	484	476	476	238	238	238	238	238	238	1,738
Buildings & improvements (square footage)	3,958,161	3,978,657	4,213,108	4,213,108	4,685,047	5,328,016	5,304,224	5,306,324	5,303,181	5,304,643
Machinery & equipment	1,500	1,610	1,793	1,895	2,181	1,922	2,278	2,320	2,299	2,364
<i>Judicial Districts</i>										
Land (acres)	66	66	66	68	68	68	68	68	68	68
Buildings & improvements (square footage)	568,765	645,656	663,644	663,203	663,203	663,203	663,203	663,203	663,183	663,203
Machinery & equipment	310	305	320	334	336	338	354	340	334	346
<i>Department of Public Defense</i>										
Land (acres)	2,688	2,688	2,688	2,769	2,769	2,994	3,113	3,121	3,121	3,293
Buildings & improvements (square footage)	2,702,403	2,909,624	2,887,427	2,857,147	2,857,147	2,807,365	2,815,120	2,723,484	2,611,437	261,437
Machinery & equipment	401	466	486	490	490	496	493	488	530	549
<i>Department of Public Safety</i>										
Land (acres)	60	60	60	60	60	60	60	60	60	60
Buildings & improvements (square footage)	151,160	151,160	151,160	151,160	151,160	151,160	151,160	151,160	151,160	162,584
Machinery & equipment	1,806	1,904	1,929	1,950	2,122	2,098	2,112	2,206	2,303	2,931
<b>ECONOMIC DEVELOPMENT</b>										
<i>Iowa Workforce Development</i>										
Buildings & improvements (square footage)	129,822	129,822	129,822	129,822	129,822	129,822	129,822	129,822	129,822	129,822
Machinery & equipment	262	282	262	241	234	185	181	184	177	180
<b>TRANSPORTATION</b>										
<i>Department of Transportation</i>										
Land (acres)	7,069	7,138	6,943	5,245	4,580	4,233	3,984	4,082	3,908	3,881
Buildings & improvements (square footage)	2,413,888	2,474,076	2,494,219	2,560,921	2,590,038	2,565,443	2,604,705	2,618,644	2,625,310	2,634,956
Highway lane miles	237,115	237,394	237,391	237,588	237,637	238,364	236,814	236,968	231,690	237,397
Heavy equipment	6,101	6,238	6,416	6,463	6,695	6,779	7,102	7,407	7,878	8,202
Machinery & equipment	3,313	3,276	3,621	3,532	3,839	3,901	3,952	4,055	4,124	4,183
<b>AGRICULTURE &amp; NATURAL RESOURCES</b>										
<i>Department of Natural Resources</i>										
Land (acres)	173,921	174,632	176,972	180,710	184,546	189,678	192,337	196,322	200,304	202,830
Buildings & improvements (square footage)	662,577	784,815	810,633	584,218	850,613	859,335	901,579	911,063	917,092	909,456
State parks	71	71	71	71	71	72	72	72	72	72
Wildlife management areas	16	16	16	16	16	16	16	16	16	16
Machinery & equipment	2,343	2,186	2,083	2,065	2,265	2,217	2,118	2,184	2,245	2,155

Source: Information provided by the Departments.

\* Iowa Braille and Sight Saving School sold all buildings in 2021

**STATE OF IOWA**  
**Operating Indicators by Function**  
For the Last Ten Fiscal Years or as Identified

**Schedule 13**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>ADMINISTRATION &amp; REGULATION</b>										
<i>Department of Administrative Services</i>										
State employees covered by benefit plans	19,315	18,421	18,145	17,966	17,602	17,224	16,474	16,333	16,459	16,484
Number of State payroll warrants processed *	502,198	495,234	485,222	461,371	488,231	461,197	441,669	440,578	444,908	447,035
<b>EDUCATION</b>										
<i>Department of Education</i>										
Enrollment:										
Public schools	473,504	476,245	478,921	480,772	483,451	485,147	486,264	487,651	490,094	484,159
Universities	73,948	74,811	76,465	78,047	80,132	81,899	80,066	77,860	75,128	71,795
Community colleges	105,975	100,519	94,234	93,722	93,074	91,430	90,531	89,894	88,375	81,749
<b>HEALTH &amp; HUMAN RIGHTS</b>										
<i>Department for the Blind</i>										
Number of clients served	6,971	6,617	9,158	7,024	6,150	6,835	7,284	6,840	6,745	6,601
<b>HUMAN SERVICES</b>										
<i>Department of Human Services</i>										
Average number of residents/patients	911	872	834	690	680	668	646	630	614	541
Average number of Medicaid recipients	393,664	401,129	405,704	406,155	416,285	424,916	423,924	428,601	427,797	468,144
<b>JUSTICE &amp; PUBLIC DEFENSE</b>										
<i>Department of Corrections</i>										
Average number of inmates	10,022	9,635	9,622	9,731	9,742	9,865	9,902	10,034	9,663	7,527
<b>ECONOMIC DEVELOPMENT</b>										
<i>Iowa Workforce Development</i>										
Number of unemployment claims accepted (calendar year)	99,107	94,474	93,158	92,606	88,566	79,125	74,064	78,695	315,701	75,639
Unemployment insurance regular benefits paid (in millions, calendar year)	417.0	418.8	402.6	417.6	423.5	402.6	364.7	381.8	1,254.2	404.7
<b>TRANSPORTATION</b>										
<i>Department of Transportation</i>										
Automobile driver licenses issued	810,494	1,052,641	1,122,199	981,512	873,457	793,156	1,000,189	991,867	793,587	754,178
Vehicles weighed (in thousands, federal fiscal year)	793	1,043	812	837	760	880	890	755	571	546
<b>AGRICULTURE &amp; NATURAL RESOURCES</b>										
<i>Department of Natural Resources</i>										
Hunting & fishing licenses issued	1,413,309	1,559,955	1,330,709	1,443,919	1,935,104	1,431,849	1,431,008	1,452,288	1,629,460	1,233,878

Source: Information provided by Departments.

\* - Centralized State Payroll system only - excludes the Universities, Department of Transportation, Judicial Districts and certain other departments.

**STATE OF IOWA**  
**Number of Employees - Primary Government**  
For the Last Ten Fiscal Years

**Schedule 14**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Administration & regulation	2,073	1,993	1,936	1,910	1,925	1,928	1,924	1,904	1,921	1,917
Education	1,067	1,036	1,019	1,026	1,028	1,018	1,092	1,080	1,117	1,075
Health & human rights	1,710	1,746	1,755	1,743	1,767	1,801	1,620	1,637	1,632	1,625
Human services	5,441	5,395	5,170	4,986	4,838	4,689	4,450	4,235	4,251	4,309
Justice & public defense	6,415	6,371	6,327	6,339	6,195	6,059	5,769	5,761	5,891	5,871
Economic development	853	757	711	668	662	663	644	607	629	644
Transportation	2,908	2,899	2,996	2,883	2,992	2,913	2,833	2,703	2,760	2,833
Agriculture & natural resources	1,450	1,482	1,468	1,469	1,449	1,433	1,333	1,407	1,444	1,417
Universities	39,736	39,315	42,284	42,723	43,463	44,339	45,065	44,390	46,187	43,591
Other enterprise funds	178	174	172	169	171	174	174	164	253	168
<b>Total primary government</b>	<b>61,831</b>	<b>61,168</b>	<b>63,838</b>	<b>63,916</b>	<b>64,490</b>	<b>65,017</b>	<b>64,904</b>	<b>63,888</b>	<b>66,085</b>	<b>63,450</b>

Source: Department of Administrative Services

**STATE OF IOWA**  
**Schedule of Current Expenditures - General Fund**  
Year Ended June 30, 2021  
(Expressed in Thousands)

**Schedule 15**

	<b>Personal Services</b>	<b>Travel &amp; Subsistence</b>	<b>Supplies</b>	<b>Contractual Services</b>	<b>Equipment &amp; Repairs</b>	<b>Claims &amp; Miscellaneous</b>	<b>Licenses Permits &amp; Refunds</b>	<b>State Aid</b>	<b>Plant Improvement</b>	<b>Adjustments</b>	<b>Total Current Expenditures</b>
Administration & regulation	\$ 152,672	\$ 4,891	\$ 6,065	\$ 93,106	\$ 4,257	\$ 1,411,283	\$ 77	\$ 996,548	\$ 21,715	\$ (228,999)	\$ 2,461,615
Education	86,416	488	5,052	43,386	2,217	5,929	6	4,647,672	-	24,275	4,815,441
Health & human rights	128,919	619	11,481	313,858	6,789	324	4	55,884	-	34,186	552,064
Human services	372,136	2,941	17,572	193,498	20,034	1,403	41	7,995,414	50	(107,254)	8,495,835
Justice & public defense	603,379	13,056	48,174	219,868	35,092	9,921	38	134,775	13,503	93,458	1,171,264
Economic development	77,504	366	2,696	83,423	3,435	1,228	-	12,056	-	(11,467)	169,241
Transportation	249,371	33,036	60,309	175,583	14,450	1,539	87	78,053	1,261,831	(1,268,311)	605,948
Agriculture & natural resources	120,764	3,988	6,524	54,092	4,097	884	8	38,855	25,351	(27,725)	226,838
<b>Total primary government</b>	<b>\$ 1,791,161</b>	<b>\$ 59,385</b>	<b>\$ 157,873</b>	<b>\$ 1,176,814</b>	<b>\$ 90,371</b>	<b>\$ 1,432,511</b>	<b>\$ 261</b>	<b>\$ 13,959,257</b>	<b>\$ 1,322,450</b>	<b>\$ (1,491,837)</b>	<b>\$ 18,498,246</b>

Source: State Financial Accounting System, Judicial Districts, Iowa School for the Deaf and Iowa Braille & Sight Saving School financial statements, and adjusting journal entries from GAAP packages.

## Writes Music for Iowa Flag Poem



Herald Photo-Engraving

Esther May Clark, 13, of Oskaloosa, now has under publication the music which she composed to go with a poem "Iowa's Flag" written by E. O. Osborn of Knoxville. Osborn presented the eighth grade Webster school student \$100 as a gift for writing the music for his poem. In a state-wide composition contest Miss Clark's piece was judged among the top eight compositions. After writing the music she composed a violin obligato which is included in the publication.

Osborn originally presented his poem to Mrs. Dixie C. Gebhardt of Knoxville, recognized as designer of the Iowa Flag. Recently Mr. and Mrs. Clark, Esther and Olive Maddy went to Knoxville and presented Mrs. Gebhardt the first copy of the composition off the press. The composition has been presented on programs before the Oskaloosa chapter of the DAR and the church school of the Central Methodist church.

# ACKNOWLEDGMENTS

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**Back Cover: Portrait of the State of Iowa Flag, Hand Drawn  
by Dixie Cornell Gebhardt  
Cira 1917**

Dixie Cornell Gebhardt created this drawing of the State of Iowa Flag for her scrapbook, and included the following quote:

“I do the very best I know how, the very best I can, and I mean to keep doing so until the end. If the end brings me out all right, what is said against me won’t amount to anything.” Abraham Lincoln





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