FINANCIAL SECTION

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STATE OF IOWA

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Rob Sand
Auditor of State

Independent Auditor's Report

To the Governor and Members of the General Assembly:

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023, and the related Notes to Financial Statements, which collectively comprise the State's basic financial statements listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Iowa as of June 30, 2023, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Tobacco Settlement Authority, 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, which represents 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 53%, respectively, of the assets, the net position and the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Tobacco Settlement Authority, the Iowa PBS Foundation, the Iowa Finance Authority, the University of Iowa Center for Advancement and Affiliate, the Iowa State University Foundation, the University of Northern Iowa Foundation and the University of Iowa Health System, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the State of Iowa, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Iowa PBS Foundation, the University of Iowa Center for Advancement and Affiliate, the Iowa State University Foundation and the University of Northern Iowa Foundation were not audited in accordance with Government Auditing Standards.

Emphasis of Matter

As discussed in Note 24 to the financial statements, the State of Iowa adopted new accounting guidance related to Governmental Accounting Standards Board Statements No. 94, Public-Private Partnerships and Availability Payment Arrangements and No. 96, Subscription-Based Information Technology Arrangements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Iowa's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Iowa's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the Proportionate Share of the Net Pension Liability, the Schedules of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions and the Schedule of Changes in Total OPEB Liability, Related Ratios and Notes on pages 18 through 31 and 142 through 162 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the auditors of the Tobacco Settlement Authority, the Iowa Finance Authority and the University of Iowa Health System have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to the auditor's inquiries, the basic financial statements and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Iowa's basic financial statements. The supplementary information identified in the Table of Contents and the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the procedures performed as described above, and the reports of the other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

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

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

December 22, 2023

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, 2023. 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 2023 by $29,405.7 million (net position). Of this amount, $8,806.8 million (unrestricted net position) is available to be used to meet the State's ongoing obligations to citizens and creditors.
- Total net position increased $3,431.9 million over the June 30, 2022 (restated) balance. See NOTE 24 – RESTATEMENT OF PRIOR PERIOD. Net position of governmental activities increased $2,626.0 million (restated), or 16.1%, while net position of business-type activities increased $805.9 million (restated), or 8.4%.
- In the State's governmental activities, revenues decreased 0.1% to $23,639.1 million while expenses increased 1.9% to $20,514.4 million.
- For business-type activities, revenues increased 8.1% to $7,261.0 million while expenses increased 4.8% to $6,953.8 million.

Fund Highlights

- The State's governmental funds reported a combined ending fund balance of $7,796.1 million, a $1,863.0 million increase over the prior year (restated). Of this amount, $126.9 million represents nonspendable fund balances, $1,075.3 million represents spendable restricted fund balances, $7,227.4 million represents spendable committed fund balances and a negative $633.5 million represents unassigned fund balances.
- The General Fund total fund balance increased $1,827.3 million to $7,614.3 million.
- The proprietary funds reported net position at year-end of $10,644.5 million, an increase of $798.1 million over the June 30, 2022 net position (restated).

Long-term Debt

- The State's total long-term debt increased $3.4 million to $3,588.2 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 Depreciation Revolving Fund.

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

- *Fiduciary funds* – These funds are used to report the resources of individuals or organizations, outside the State, which the State holds as trustee or similar arrangement, or controls without administrative involvement, such as the Iowa Public Employees' Retirement System and the Iowa Educational Savings Plan Trust. Similar to proprietary funds, these funds use the accrual basis of accounting. Because the State cannot use these assets to finance its operations, fiduciary funds are not included in the government-wide financial statements discussed above.

Table 1

Major Features of the State's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire State government (except fiduciary funds) and the State's component units	The activities of the State that are not proprietary or fiduciary, such as 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
Required financial statements	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
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, and capital assets
Type of deferred outflow/inflow information	Consumption/acquisition of net 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
Type of inflow/ outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Notes to the Financial Statements

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

Required Supplementary Information

In addition to this Management's Discussion and Analysis, Required Supplementary Information (RSI) includes the Budgetary Comparison Schedule. This schedule presents both the original and final appropriated budget for major funds. The Budgetary Comparison Schedule is accompanied by a Budget to GAAP Reconciliation and 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 $29,405.7 million at June 30, 2023, compared to $26,066.0 million at June 30, 2022 (not restated), as indicated in Table 2.

The beginning total net position as of July 1, 2022, was restated by an $89.4 million decrease in governmental activities, and by a $2.8 million decrease in business-type activities, as a result of Iowa Public Radio no longer being reported as a blended component unit of the State and the implementation of GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* (SBITA). GASB No. 96 defines a SBITA as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in a contract for a period of time in an exchange or exchange-like transaction. SBITAs include contracts that may not explicitly be identified as a SBITA. While contracts that solely provide IT support services are not SBITAs, contracts that contain both a right-to-use IT asset component and an IT support services component meet the definition of a SBITA. For contracts meeting the definition of a SBITA, GASB No. 96 requires the recognition of a subscription asset (a capital asset) and a corresponding subscription liability. The fiscal year 2022 amounts in Table 2 were not restated. See NOTE 24 – RESTATEMENT OF PRIOR PERIOD.

Table 2

Net Position

(In Millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage
	2023	Not Restated 2022	2023	Not Restated 2022	2023	Not Restated 2022	Change 2022-2023
Current & other assets	$ 12,342.1	$ 9,608.3	$ 9,112.2	$ 8,648.2	$21,454.3	$ 18,256.5	17.5%
Capital assets	12,643.4	12,049.7	6,341.2	6,075.2	18,984.6	18,124.9	4.7%
Total assets	24,985.5	21,658.0	15,453.4	14,723.4	40,438.9	36,381.4	11.2%
Deferred outflows of resources	392.9	458.3	179.3	175.9	572.2	634.2	-9.8%
Current liabilities	3,879.9	2,787.8	1,302.3	1,477.7	5,182.2	4,265.5	21.5%
Noncurrent liabilities	2,297.6	1,944.7	2,667.1	3,479.0	4,964.7	5,423.7	-8.5%
Total liabilities	6,177.5	4,732.5	3,969.4	4,956.7	10,146.9	9,689.2	4.7%
Deferred inflows of resources	219.5	939.0	1,239.0	321.4	1,458.5	1,260.4	15.7%
Net position:							
Net investment in capital assets	12,329.7	11,834.0	4,364.9	4,224.0	16,694.6	16,058.0	4.0%
Restricted	1,332.6	1,237.6	2,571.7	2,387.5	3,904.3	3,625.1	7.7%
Unrestricted	5,319.1	3,373.2	3,487.7	3,009.7	8,806.8	6,382.9	38.0%
Total net position	$ 18,981.4	$ 16,444.8	$10,424.3	$ 9,621.2	$29,405.7	$ 26,066.0	12.8%

Prior to restatement, the net position of the State's governmental activities increased 15.4% to $18,981.4 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.

Prior to restatement, the net position of business-type activities increased 8.3% to $10,424.3 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.

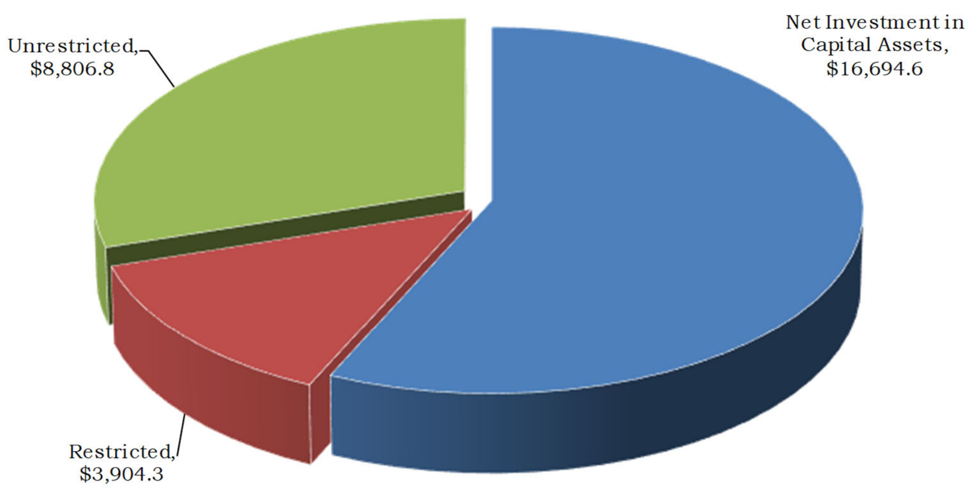
Current liabilities increased 21.5% to $5,182.2 million. The $916.7 million increase resulted mostly from increases of $297.3 million in accounts payable & accruals, $613.4 million in unearned revenue, and $45.3 million in subscription liability due to the implementation of GASB No. 96, offset by a decrease of $44.6 million in bonds payable.

Noncurrent liabilities decreased $459.0 million, or 8.5%, to $4,964.7 million due primarily to increases of $580.4 million in net pension liability and $146.6 million in subscription liability, offset by decreases of $1,109.8 million in advance from concessionaire and $76.1 million in bonds payable. As a result of implementing GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, the advance from concessionaire was reclassified as a deferred inflows of resources.

Deferred outflows of resources decreased $62.0 million and deferred inflows of resources increased $198.1 million, due largely to the recognition of amounts related to pensions and OPEB, as well as, the reclassification of the advance from the concessionaire described above.

The chart presented below provides a visual representation of the three components of the State's total net position of $29,405.7 million at June 30, 2023.

Total Net Position
(In Millions)



Changes in Net Position

The State's total net position increased by $3,431.9 million from June 30, 2022 (restated) to June 30, 2023, as indicated in Table 3.

Table 3

Changes in Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage
	2023	Not Restated 2022	2023	Not Restated 2022	2023	Not Restated 2022	Change 2022-2023
Program revenues							
Charges for services	$ 2,143.9	$ 1,923.2	$ 5,863.1	$ 5,633.4	$ 8,007.0	$ 7,556.6	6.0%
Operating grants & contributions	8,864.6	9,453.4	989.2	1,101.0	9,853.8	10,554.4	-6.6%
Capital grants & contributions	446.2	596.9	45.4	40.1	491.6	637.0	-22.8%
General revenues							
Personal income tax	4,601.5	4,956.1	-	-	4,601.5	4,956.1	-7.2%
Corporate income tax	826.9	866.7	-	-	826.9	866.7	-4.6%
Sales & use tax	4,105.8	3,722.2	-	-	4,105.8	3,722.2	10.3%
Other tax	1,038.8	966.6	7.7	8.1	1,046.5	974.7	7.4%
Restricted for transportation purposes:							
Motor fuel tax	684.7	701.2	-	-	684.7	701.2	-2.4%
Road use tax	501.0	466.3	-	-	501.0	466.3	7.4%
Unrestricted investment earnings (loss)	230.6	(66.4)	244.9	(230.5)	475.5	(296.9)	-260.2%
Other	195.1	68.6	110.7	162.4	305.8	231.0	32.4%
Total revenues	23,639.1	23,654.8	7,261.0	6,714.5	30,900.1	30,369.3	1.7%
Expenses							
Administration & regulation	1,792.1	1,893.8	-	-	1,792.1	1,893.8	-5.4%
Education	5,168.8	5,135.8	-	-	5,168.8	5,135.8	0.6%
Health & human rights	648.0	632.4	-	-	648.0	632.4	2.5%
Human services	9,769.5	9,427.7	-	-	9,769.5	9,427.7	3.6%
Justice & public defense	1,191.5	1,227.9	-	-	1,191.5	1,227.9	-3.0%
Economic development	199.4	172.2	-	-	199.4	172.2	15.8%
Transportation	1,438.8	1,384.9	-	-	1,438.8	1,384.9	3.9%
Agriculture & natural resources	271.2	232.1	-	-	271.2	232.1	16.8%
Interest expense	35.1	34.8	-	-	35.1	34.8	0.9%
University Funds	-	-	6,292.5	5,942.0	6,292.5	5,942.0	5.9%
Unemployment Benefits Fund	-	-	268.1	305.0	268.1	305.0	-12.1%
Other	-	-	393.2	385.6	393.2	385.6	2.0%
Total expenses	20,514.4	20,141.6	6,953.8	6,632.6	27,468.2	26,774.2	2.6%
Increase (decrease) in net position before transfers	3,124.7	3,513.2	307.2	81.9	3,431.9	3,595.1	-4.5%
Transfers	(498.7)	(476.5)	498.7	476.5	-	-	0.0%
Increase in net position	2,626.0	3,036.7	805.9	558.4	3,431.9	3,595.1	-4.5%
Net position - July 1, restated	16,355.4	13,408.1	9,618.4	9,062.8	25,973.8	22,470.9	15.6%
Net position - June 30	$18,981.4	$ 16,444.8	$10,424.3	$ 9,621.2	$29,405.7	$ 26,066.0	12.8%

Governmental Activities

For fiscal year 2022, charges for services (program revenues) and administration & regulation expenses in the governmental activities were each reduced by $663.3 million to net revenues and expenses that were more appropriately reported as transfers. See NOTE 24 for additional information.

Overall, total revenues for governmental activities decreased 0.1% from the prior year. Program revenues decreased $518.8 million, or 4.3%, with decreases in operating grants & contributions, and capital grants & contributions, which were partially offset by an increase in charges for services. General revenues increased $503.1 million, or 4.3%, with sales & use tax and unrestricted investment earnings comprising the largest changes.

Charges for services increased $220.7 million, or 11.5%. The largest fluctuations include an increase in human services of $290.4 million primarily due to an increase in Medicaid appropriations driven by an increase in drug rebates as cost and utilization increased, higher estate recoveries due to increased recovery efforts, and the receipt of a pharmaceutical settlement payment.

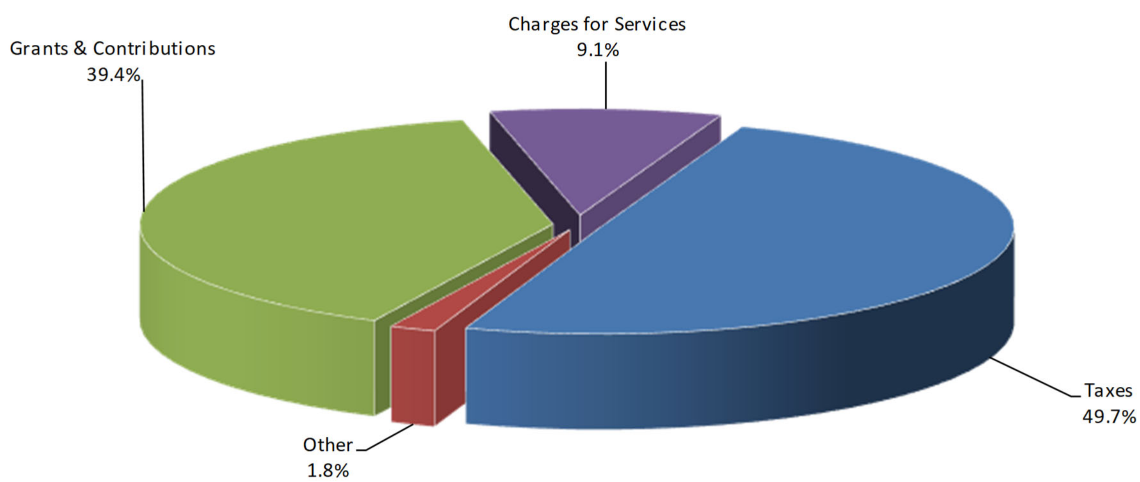
Operating grants & contributions decreased $588.8 million, or 6.2%. The largest contributors to this decrease were: a $135.7 million decrease in administration and regulation revenues, largely due to the timing and recognition of federal revenues, $193.2 million decrease in education revenues associated with a decrease in pandemic funding for child nutrition programs, and a $175.0 million decrease in transportation due to a net decrease in federal support for DOT projects.

Capital grants & contributions decreased $150.7 million, or 25.2%. This change is attributable to a decrease in transportation resulting from annual fluctuations in the completion of projects and the receipt of the related federal funding and to minor decreases that occurred in other functions.

General revenues experienced a net increase of $503.1 million, or 4.3%, over fiscal year 2022. This is due in part to increases in sales & use tax of $383.6 million, or 10.3%, unrestricted investment earnings of $297.0 million, or 447.3%, other taxes of $72.2 million, or 7.5%, $34.7 million, or 7.4%, in road use tax, and other general revenues of $126.5 million, or 184.4%. These increases were offset by decreases of $354.6 million, or 7.2%, in personal income tax, $39.8 million, or 4.6%, in corporate income tax, and $16.5 million, or 2.4%, in motor fuel tax. The unrestricted investment earnings increase was attributable to an investment gain related to rising interest rates in fiscal year 2023.

Personal income tax and corporate income tax decreased due to increases in refunds in fiscal year 2023 and a reduction of corporate tax rates. Higher fuel prices decreased fuel consumption causing a decrease in the motor fuel tax receipts. Fluctuation in tax revenues during fiscal year 2023 was due to the continued rebounding from the pandemic, including increases in sales and use tax receipts, and local transit guest tax receipts.

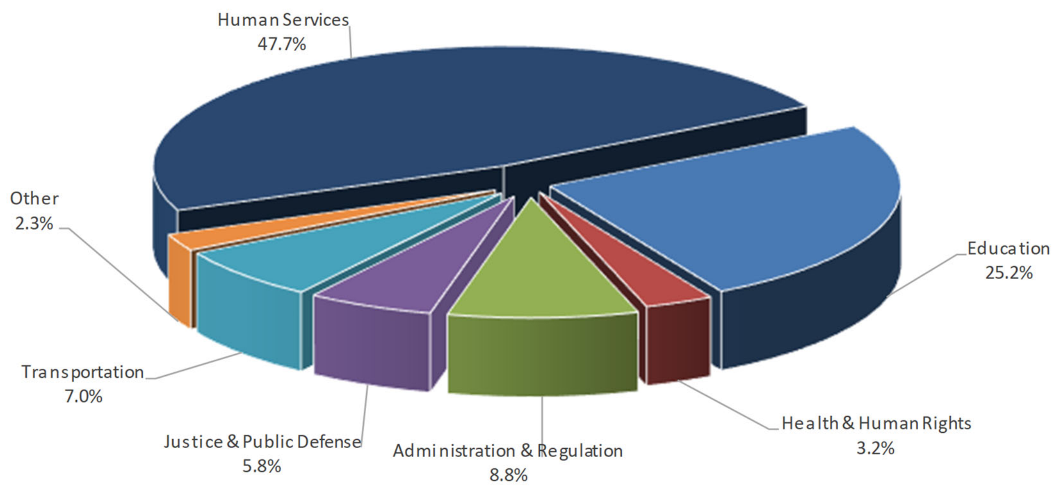
Revenues by Source



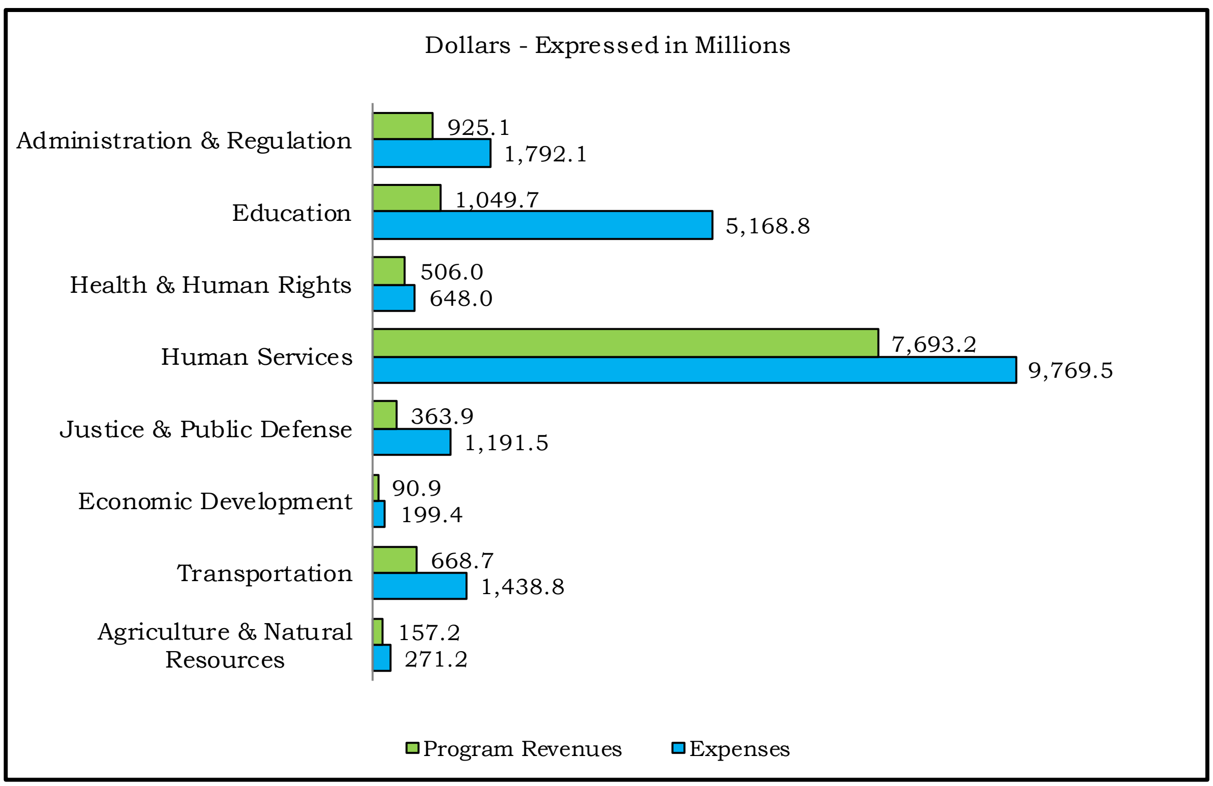
Overall, total expenses for governmental activities increased 1.9% over the prior year.

The overall increase in expenses is primarily due to a decrease in administration & regulation of $101.7 million, which was offset by increases in human services, $341.8 million, transportation, $53.9 million, agriculture & natural resources, $39.1 million, and education, $33.0 million. The net increase in human services was largely due to an increase in total state aid in the Medical Assistance programs of $602.5 million which included increases in the capitation payments and MCO program costs due to increased enrollment tied to the public health emergency and increases in buy-in monthly premiums. This was offset by a decrease of $267.9 million in payments for the Supplemental Nutrition Assistance Program which ended the maximum allotments and resulted in decreased caseload volumes and enrollment numbers.

Expenses by Function



Program Revenues and Expenses



The cost of all governmental activities this fiscal year was $20,514.4 million. However, the amount that taxpayers paid for these activities through State taxes was $11,758.7 million. Part of the cost was paid by:

- Those who directly benefited from the programs ($2,143.9 million) or
- Other governments and organizations that subsidized certain programs with operating and capital grants and contributions ($9,310.8 million).

Business-type Activities

- University Funds had $6,292.5 million in expenses and $5,948.8 million in program revenues for net expenses of $343.7 million. The largest change in revenues occurred in charges for services, which increased $271.0 million, or 5.8%. The increase was primarily due to increases in patient services at the University of Iowa Hospitals and Clinics (UIHC), as well as student tuition and fees and auxiliary operations at the three universities. Operating grants & contributions decreased $51.7 million, or 5.0%, mainly due to a reduction in COVID grants. Capital grants & contributions increased $5.4 million, or 13.4%, due to an increase in private support to fund the wrestling training facility project at the University of Iowa, offset by a decrease at Iowa State University related to the funding of the sports performance center. Operating expenses increased $339.8 million, or 5.8%. The increase is largely attributed to the patient services at the UIHC, auxiliary operations, academic support and research. Investment income increased $461.1 million, or 184.3%, due to improved market performance over the prior fiscal year. Assets increased $596.3 million to $13,302.8 million due to increases of $160.9 million in current accounts receivable, $201.3 million in noncurrent cash & investments, and $250.2 million in nondepreciable capital assets. Liabilities decreased $954.1 million while deferred inflows of resources increased $926.4 million, both primarily due to the recognition of amounts related to pensions and OPEB, as well as the implementation of GASB No. 94 which required the reclassification of the advance from concessionaire reported as a noncurrent liability in FY2022 to a deferred inflow of resources related to public-private partnership in FY2023.
- The Unemployment Benefits Fund had $268.1 million in expenses, $407.5 million in program revenues with operating income of $139.4 million. Employer contributions decreased $52.1 million, or 11.4%, as a result of a net decrease in the recognition of Unemployment Insurance revenues collected for the current year. Unemployment benefit payments decreased $36.9 million, or 12.1%, due to a decrease in claim filings as a result of a number of contributing factors.
- Other business-type activities expenses increased $7.5 million and program revenues increased $10.7 million. The Liquor Control Act Fund which accounts for the revenues and expenses related to the sale of alcoholic beverages experienced a $10.3 million increase in operating expenses and a $10.6 million increase in operating revenues. In addition, the Iowa Prison Industries experienced a $2.2 million decrease in operating expenses.
- In total, business-type activities had net expenses of $56.1 million, $363.3 million in net general revenues and $498.7 million in net transfers, for a net increase of $805.9 million, to end with a net position of $10,424.3 million.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

The governmental funds reported total fund balances of $7,796.1 million, an increase of 31.4% over the previous year (restated). Net revenues totaled $23,609.4 million with expenditures of $21,340.8 million.

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

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

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

- *Restricted* – $1,075.3 million and $934.1 million for FY2023 and FY2022, 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* – $7,227.4 million and $5,426.2 million for FY2023 and FY2022, 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 $633.5 million and negative $543.9 million for FY2023 and FY2022, 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. (See NOTE 19 – DEFICIT FUND BALANCE).

General Fund

The General Fund is the chief operating fund of the State. Total fund balance increased from $5,787.0 million for fiscal year 2022 to $7,614.3 million for fiscal year 2023. The fiscal year 2023 General Fund consists of the following fund balances: $108.7 million nonspendable, an increase of 2.1%, $962.7 million restricted, an increase of 17.8%, $7,175.9 million committed, an increase of 32.8%, and negative $633.0 million unassigned, a decrease of 16.9%. For fiscal year 2023, the committed fund balance includes $888.1 million in reserve (rainy day) funds, an increase of 6.6%. Gross revenues of the General Fund increased $411.0 million, or 1.6%, in fiscal year 2023. Receipts from other entities decreased $459.1 million. The decrease was due in part to the Supplemental Nutrition Assistance Program (SNAP) within the Department of Human Services ending maximum allotments provided by COVID funding which resulted in decreased caseload volumes and enrollment numbers. The SNAP costs, which are 100% federally funded, and the related federal support, decreased by $267.9 million. The remainder of the decrease is primarily due to the State's policy of federal revenue recognition and related unearned revenues. This results in a reduction of revenues recognized in receipts from other entities for fiscal year 2023. Taxes increased $250.9 million over fiscal year 2022, to $12,576.5 million in fiscal year 2023. A major contributor to the increase in tax revenue includes an increase in sales and use tax, as a result of greater consumer spending. Investment income increased $290.7 million, refunds & reimbursements increased $164.1 million, miscellaneous income increased $119.6, and fees, licenses & permits increased $37.7 million.

Revenue refunds increased $236.0 million, or 12.1% over 2022 refunds, negatively impacting net revenues. The increase occurred mainly due to tax refunds increasing $198.5 million as a result of a one-time increase associated with a switch to new composite tax returns for certain individual taxpayers, individual income tax refunds were unusually low in FY2022, and corporation income tax rates were reduced in tax year 2023 that led to increased refunds.

Total expenditures of the General Fund increased $419.7 million in fiscal year 2023. This increase is the result of an increase in Education expenditures of $23.5 million due to increases for State Foundation School Aid and Merged Area Schools; human services expenditures increased $602.5 million for Medical Assistance, while at the same time experiencing a decrease of $267.9 million in the SNAP program and fluctuations in other human services programs for an overall net increase of $290.7 million; and capital outlay increased $295.3 million due primarily to fluctuations in Department of Transportation projects.

Tobacco Settlement Authority

The Tobacco Settlement Authority (Authority), a blended component unit of the State of Iowa classified as a special revenue fund, receives money from the Tobacco Collections Fund to pay operating expenditures and for repayment of debt. The Authority's ending fund balance decreased $1.2 million to $32.4 million. The decrease was due to the combined effects of receipt of funds from the Tobacco Collections Fund which reduced the interfund advance (receivable) between the Authority and the Tobacco Collections Fund to zero at June 30,

2023. These funds were primarily used to pay principal and interest on bonds totaling $28.5 million and $14.1 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 $2.1 million to a balance of zero at June 30, 2023. The increase in fund balance to zero is due to the satisfaction of the interfund advance (liability) for the tobacco settlement moneys remitted to the Tobacco Settlement Authority during the year.

Proprietary Funds

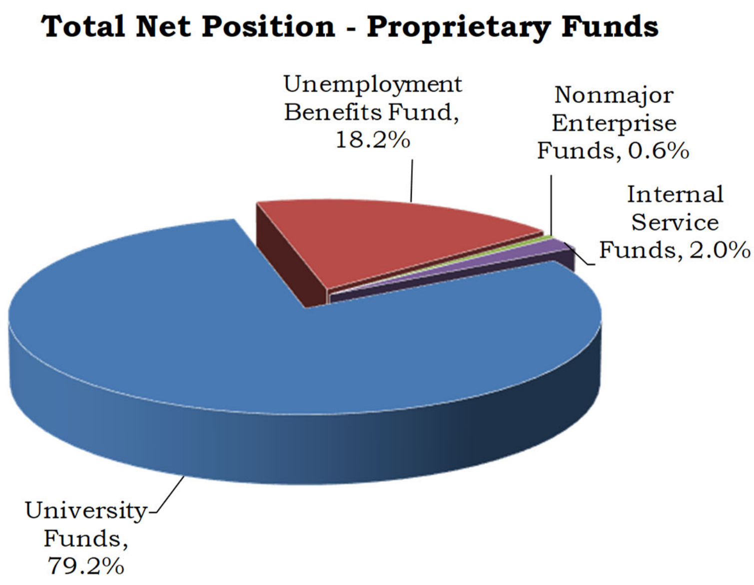
The State of Iowa's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the University Funds increased $629.9 million to $8,423.8 million, while unrestricted net position increased $473.8 million to $3,462.5 million.

The total net position of the Unemployment Benefits Fund, which is entirely restricted for unemployment benefits, increased $167.8 million to end fiscal year 2023 at $1,938.7 million.

The nonmajor enterprise funds total net position increased $6.5 million, or 10.9%, to $65.4 million. Iowa State Prison Industries' net position increased $3.3 million, or 14.7%, to $25.8 million and the Liquor Control Act Fund net position increased $1.6 million, or 9.3%, to $18.9 million. The increase in the Iowa State Prison Industries' net position is primarily due to an increase in nondepreciable capital assets including building improvements and warehouse construction in progress. The increase in the Liquor Control Act Fund net position is primarily due to an increase in depreciable capital assets, including fuel tank and racking projects and new vehicles.

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



General Fund Budgetary Highlights

Over the course of the year, the State normally revises the budget several times via supplemental appropriations and adjustments to standing appropriations. In fiscal year 2023, there were no supplemental appropriations.

- Adjustments to standing appropriations: $6,580,188

The originally enacted General Fund budget for fiscal year 2023 of $8,209.1 million was predicated on $9,210.6 million, or 1.7% increase in General Fund revenues, as projected by the State's Revenue Estimating Conference (REC) on December 13, 2021. The December estimate reflected the expectation that revenues would increase from an estimated $9,060.6 million for fiscal year 2022. Included in the enacted General Fund budget was negative $258.0 million in revenue adjustments for state tax law and revenue changes.

At the March 10, 2022 meeting, the REC revised its fiscal year 2023 General Fund revenue estimate downward $54.3 million or negative 0.6%, considering the impact of tax cuts enacted in HF2317 during the 2022 legislative session. Otherwise, the March 2022 REC estimate would have been higher than the December 2021 estimate. At the October 13, 2022 meeting the REC revised its fiscal year 2023 estimate upward to $9,534.1 million to a revised change of negative 2.7%, based upon the finalized FY2022 base which grew an unanticipated 11.4%. On December 14, 2022, the REC increased the estimate to $9,615.2 million, an increase of $81.1 million. On March 10, 2023, the REC increased the revenue estimate to $9,750.4 million, or negative 0.5 percent.

During the 2023 legislative session, there were no supplemental appropriations.

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 2023, these standing appropriations were more than the original estimates by $6.6 million. A variety of standing appropriations make up the changes to standing appropriations.

During April, May and June of 2023, and throughout the accrual period, actual General Fund revenue collections continued to run ahead of the revised projections. At the close of fiscal year 2023, revenue collections totaled $9,845.3 million, which is 0.4 percent growth over fiscal year 2022.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the State had $18,984.6 million invested in capital assets, net of accumulated depreciation/amortization of $19,077.6 million. Depreciation/amortization charges totaled $1,301.9 million in fiscal year 2023. The details of these assets are presented in Table 4. Additional information about the State's capital assets is presented in NOTE 6 of the financial statements.

Table 4

Capital Assets, Net of Depreciation/Amortization

(In Millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2023	Restated 2022	2023	Restated 2022	2023	Restated 2022	2022-2023
Land	$ 1,036.6	$ 1,013.7	$ 101.6	$ 101.2	$ 1,138.2	$ 1,114.9	2.1%
Construction in progress	65.8	51.9	506.3	306.6	572.1	358.5	59.6%
Computer software in progress	30.2	80.1	44.2	19.0	74.4	99.1	-24.9%
Subscriptions in progress	1.8	-	11.8	-	13.6	-	100.0%
Land improvements	94.8	81.1	59.5	52.0	154.3	133.1	15.9%
Works of art & collections	1.1	1.1	484.6	478.2	485.7	479.3	1.3%
Infrastructure	9,612.1	9,126.4	495.0	500.1	10,107.1	9,626.5	5.0%
Buildings & improvements	1,092.0	1,096.4	3,931.8	4,003.7	5,023.8	5,100.1	-1.5%
Equipment	306.4	287.5	430.8	412.7	737.2	700.2	5.3%
Computer software	224.0	196.4	45.5	52.3	269.5	248.7	8.4%
Other intangibles	-	-	0.4	0.6	0.4	0.6	-33.3%
Right-to-use leased assets	38.0	38.9	166.4	148.8	204.4	187.7	8.9%
Subscriptions	140.6	72.6	63.3	54.8	203.9	127.4	60.0%
Total	$ 12,643.4	$ 12,046.1	$ 6,341.2	$ 6,130.0	$18,984.6	$ 18,176.1	4.4%

In the governmental activities, capital assets, net of accumulated depreciation/amortization, increased $597.3 million, or 5.0%, to $12,643.4 million. The largest changes were in infrastructure (an increase of $485.7 million, or 5.3%), subscriptions (an increase of $68.0 million, or 93.7%), computer software and computer software in progress (a net decrease of $22.3 million, or 8.7%), and land (an increase of $22.9 million, or 2.3%). Infrastructure increased due to the completion of $1,155.3 million of highway and bridge construction projects by the Department of Transportation (DOT), offset by the recognition of depreciation expense of $669.3 million for the year. The increase in subscriptions is primarily the result of ongoing subscription-based information technology arrangement projects at the Department of Revenue, DOT, Iowa Workforce Development, Department of Public Health and the Judicial Department offset by recognition of amortization expense for the year. The net decrease in computer software and computer software in progress was the result of the increase in ongoing projects at the Department of Human Services, Iowa Workforce Development and Department of Public Health, offset by the recognition of depreciation expense and disposal of assets. Land increased primarily due to acquisitions for road construction at DOT and land purchases by the Department of Natural Resources.

Capital assets, net of accumulated depreciation/amortization, in the business-type activities increased $211.2 million to $6,341.2 million. The largest changes were in construction in progress (an increase of $199.7 million, or 65.1%), as well as, buildings & improvements (a decrease of $71.9 million, or 1.8%). These changes were primarily the result of construction projects at the University of Iowa, Iowa State University, and the University of Northern Iowa and offset by the recognition of depreciation expense of $242.2 million for the year.

Outstanding commitments for future capital expenditures as of June 30, 2023 include $842.6 million for highway and bridge construction, $666.6 million for various projects at the three State universities, $24.1 million for State facilities and buildings, $14.5 million for State parks, recreational areas, fisheries and wetland projects, $37.3 million for public defense improvements at various locations, and $35.4 million for the modernization of the State's unemployment system.

Long-term Debt

At year-end, the State had $3,588.2 million in revenue bonds, leases, subscriptions, and other financing arrangements outstanding as shown in Table 5. More detailed information about the State's long-term liabilities is presented in NOTE 8 of the financial statements.

Table 5

State of Iowa's Outstanding Debt

(In Millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage
	2023	Restated 2022	2023	Restated 2022	2023	Restated 2022	Change 2022-2023
Revenue bonds	$1,141.6	$ 1,213.7	$1,951.7	$2,000.3	$3,093.3	$3,214.0	-3.8%
Leases	39.0	38.8	170.4	151.0	209.4	189.8	10.3%
Subscriptions	127.7	49.3	64.1	55.0	191.8	104.3	83.9%
Other financing arrangements	11.8	16.2	81.9	60.5	93.7	76.7	22.2%
Total	$1,320.1	$ 1,318.0	$2,268.1	$2,266.8	$3,588.2	$3,584.8	0.1%

Revenue bonds issued by the primary government totaled $3,093.3 million outstanding at fiscal year-end. This amount consisted of $1,951.7 million in revenue bonds issued by the three State universities (for equipment and facilities), $673.3 million in revenue bonds issued by the Tobacco Settlement Authority, $5.0 million in revenue bonds issued by the State of Iowa for the Iowa Utilities Board, $410.4 million in revenue bonds issued by the State of Iowa for the IJOBS program, and $52.9 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 $72.1 million, due to the payment of principal during fiscal year 2023. While business-type activities outstanding revenue bonds decreased $48.6 million, due to the issuance of $187.2 million of new debt and refunding debt totaling $148.7 million at the University of Iowa and the payment of principal by the three State universities.

The lease liability of the primary government totaled $209.4 million at fiscal year-end, an increase of $19.6 million. The increase is primarily due to the issuance of new leases at the University of Iowa, offset by the payment of principal as it was due.

As a result of the implementation of GASB No. 96, the financial statements were restated to report a subscription liability which is offset by subscription assets on the statement of net position. Subscriptions outstanding in the governmental activities and business-type activities totaled $127.7 million and $64.1 million, respectively, at fiscal year-end. See NOTE 6 – CAPITAL ASSETS and NOTE 11 – SUBSCRIPTION LIABILITY for more detailed information.

Other financing arrangements of the primary government totaled $93.7 million at fiscal year-end, an increase of $17.0 million. The increase is due to the issuance of new loans totaling $26.0 million at the University of Iowa offset by the payment of principal as it was due.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Iowa saw improved growth in fiscal year 2023. Iowa's 0.4% growth in General Fund revenues was stronger than estimated. Personal income taxes dropped 3.1%, sales and use taxes grew 2.2%, and corporate income taxes grew 7.1 percent.

The Governor and General Assembly finished their work on May 4, 2023. Amounts available for appropriation in fiscal year 2024, based on the 99 percent budget limitation for the General Fund budget, were $10,397.1 million. General Fund appropriations totaled $8,512.3 million.

At the REC meeting in October 2023, the fiscal year 2024 revenue estimate was increased from $9,650.3 million to $9,752.8 million, largely as a reflection of actual revenue collections in fiscal year 2023, law changes passed during the 2022 Legislative Session, and current year to date revenue growth. The revised estimate reflects projected revenue growth of negative 0.9 percent compared to actual revenues for the previous fiscal year.

The unemployment rate nationally stands at 3.0 percent for the month of September 2023, up slightly from a revised 2.9 percent in August 2023. Nationally, GDP growth has been below the prior year with the first quarter of the calendar year 2023, growing at 2.2 percent and 2.1 percent in the second quarter as the economy dealt with inflation growth and the federal reserve increases in interest rates. Moody's Analytics expects the third quarter to be 3.1 percent, the fourth quarter to be 0.5 percent, and 1.3 percent growth for 2024.

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


OUR
LIBERTIES
WE PRIZE
AND OUR
RIGHTS
WE WILL
MAINTAIN
IOWA

BASIC FINANCIAL STATEMENTS

STATE OF IOWA

Statement of Net Position

June 30, 2023
(Expressed in Thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Current assets:				
Cash & investments	$ 8,788,439	$ 2,729,253	$ 11,517,692	$ 2,194,926
Cash & investments - restricted	-	-	-	756
Deposits with trustees	63,907	1	63,908	-
Accounts receivable (net)	3,043,009	1,194,718	4,237,727	157,881
Interest receivable	-	4,047	4,047	10,908
Loans receivable (net)	6,284	2,318	8,602	191,082
Lease receivable	1,955	-	1,955	63
Internal balances	22,061	(22,061)	-	-
Inventory	53,377	104,069	157,446	4,738
Prepaid expenses	72,688	53,358	126,046	1,269
Other assets	-	-	-	23,679
Total current assets	12,051,720	4,065,703	16,117,423	2,585,302
Noncurrent assets:				
Cash & investments	9,711	4,967,954	4,977,665	4,262,874
Deposits with trustees	26,330	3,155	29,485	-
Accounts receivable (net)	232,015	13,689	245,704	376,456
Interest receivable	-	107	107	-
Loans receivable (net)	12,369	35,680	48,049	2,462,544
Lease receivable	9,958	-	9,958	2,996
Capital assets - nondepreciable/nonamortizable	1,134,462	1,124,400	2,258,862	26,567
Capital assets - depreciable/amortizable (net)	11,508,905	5,216,792	16,725,697	132,001
Prepaid expenses	-	8,779	8,779	-
Net pension asset	-	66	66	-
Other assets	-	17,078	17,078	59,371
Total noncurrent assets	12,933,750	11,387,700	24,321,450	7,322,809
TOTAL ASSETS	24,985,470	15,453,403	40,438,873	9,908,111
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	-	-	-	1,035
Debt refunding loss	32,613	12,696	45,309	5,143
Related to other postemployment benefits	60,435	89,724	150,159	1,313
Related to pensions	299,836	76,871	376,707	3,891
TOTAL DEFERRED OUTFLOWS OF RESOURCES	392,884	179,291	572,175	11,382

(continued on next page)

STATE OF IOWA

Statement of Net Position

June 30, 2023
(Expressed in Thousands)
(continued)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
LIABILITIES				
Current liabilities:				
Accounts payable & accruals	2,391,226	727,053	3,118,279	95,212
Interest payable	2,660	25,908	28,568	42,335
Unearned revenue	1,148,311	213,173	1,361,484	192,913
Compensated absences	128,421	170,381	298,802	3,253
Lease liability	10,970	20,519	31,489	600
Subscription liability	26,436	18,824	45,260	-
Bonds payable	162,895	103,000	265,895	127,187
Other financing arrangements payable	3,963	6,144	10,107	-
Other postemployment benefits liability	5,020	15,975	20,995	153
Refundable allowances on student loans	-	787	787	-
Funds held in custody	-	495	495	107,913
Total current liabilities	3,879,902	1,302,259	5,182,161	569,566
Noncurrent liabilities:				
Accounts payable & accruals	69,809	44,548	114,357	55,212
Unearned revenue	2,197	9,380	11,577	-
Compensated absences	194,229	101,577	295,806	2,550
Lease liability	28,074	149,902	177,976	2,023
Subscription liability	101,248	45,322	146,570	-
Bonds payable	978,710	1,848,734	2,827,444	3,358,057
Other financing arrangements payable	7,865	75,757	83,622	-
Net pension liability	721,520	146,667	868,187	13,668
Other postemployment benefits liability	193,900	208,557	402,457	3,930
Refundable allowances on student loans	-	36,672	36,672	-
Funds held in custody	-	-	-	9,904
Total noncurrent liabilities	2,297,552	2,667,116	4,964,668	3,445,344
TOTAL LIABILITIES	6,177,454	3,969,375	10,146,829	4,014,910
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	-	-	-	17,436
Debt refunding gain	4,375	1,669	6,044	8,221
Grants received in advance of meeting timing requirements	-	655	655	-
Related to leases	11,359	9,232	20,591	3,044
Related to other postemployment benefits	85,657	120,978	206,635	1,642
Related to pensions	117,931	19,968	137,899	2,922
Related to public-private partnership	-	1,086,507	1,086,507	-
Unconditional remainder interest	215	-	215	-
TOTAL DEFERRED INFLOWS OF RESOURCES	219,537	1,239,009	1,458,546	33,265
NET POSITION				
Net investment in capital assets	12,329,691	4,364,869	16,694,560	152,965
Restricted for:				
Education	60,652	-	60,652	-
Human services	53,791	-	53,791	-
Justice & public defense	11,118	-	11,118	-
Transportation	713,972	-	713,972	-
Agriculture & natural resources	3,329	-	3,329	-
Underground Storage Tank Program	2,376	-	2,376	-
Capital projects	5,062	-	5,062	-
University Funds - expendable	-	540,827	540,827	-
University Funds - nonexpendable	-	92,186	92,186	-
Permanent Funds - nonexpendable	17,792	-	17,792	-
Unemployment Benefits Fund	-	1,938,727	1,938,727	-
Other	464,505	-	464,505	5,387,975
Unrestricted	5,319,075	3,487,701	8,806,776	330,378
TOTAL NET POSITION	$ 18,981,363	$ 10,424,310	$ 29,405,673	$ 5,871,318

The notes are an integral part of the financial statements.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STATE OF IOWA
Statement of Activities
For the Year Ended June 30, 2023
(Expressed in Thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS & CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS & CONTRIBUTIONS	NET (EXPENSES) REVENUES & CHANGES IN NET POSITION: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT: TOTAL	COMPONENT UNITS
PRIMARY GOVERNMENT:								
Governmental activities:								
Administration & regulation	$ 1,792,137	$ 569,581	$ 355,476	$ -	$ (867,080)	$	$ (867,080)	
Education	5,168,828	20,757	1,029,030	-	(4,119,041)		(4,119,041)	
Health & human rights	648,027	48,103	457,946	-	(141,978)		(141,978)	
Human services	9,769,449	1,093,152	6,600,058	-	(2,076,239)		(2,076,239)	
Justice & public defense	1,191,437	180,435	182,348	1,096	(827,558)		(827,558)	
Economic development	199,353	19,273	71,595	-	(108,485)		(108,485)	
Transportation	1,438,787	121,844	108,365	438,472	(770,106)		(770,106)	
Agriculture & natural resources	271,244	90,765	59,781	6,663	(114,035)		(114,035)	
Interest expense	35,114	-	-	-	(35,114)		(35,114)	
Total governmental activities	20,514,376	2,143,910	8,864,599	446,231	(9,059,636)		(9,059,636)	
Business-type activities:								
University Funds	6,292,508	4,916,077	987,279	45,435		(343,717)	(343,717)	
Unemployment Benefits Fund	268,150	405,570	1,935	-		139,355	139,355	
Other	393,174	541,450	-	-		148,276	148,276	
Total business-type activities	6,953,832	5,863,097	989,214	45,435		(56,086)	(56,086)	
TOTAL PRIMARY GOVERNMENT	$ 27,468,208	$ 8,007,007	$ 9,853,813	$ 491,666	(9,059,636)	(56,086)	(9,115,722)	
COMPONENT UNITS:								
Iowa Finance Authority	$ 281,343	$ 27,234	$ 245,742	$ -				$ (8,367)
Iowa Economic Development Authority	212,262	4,849	205,244	-				(2,169)
Iowa State Fair Authority	39,562	39,330	4,458	7,592				11,818
Iowa Lottery Authority	480,974	481,562	-	-				588
University of Iowa Center for Advancement & Affiliate	194,117	-	140,019	-				(54,098)
Iowa State University Foundation	144,893	-	108,835	-				(36,058)
University of Northern Iowa Foundation	24,364	-	52,117	-				27,753
University of Iowa Research Foundation	5,114	3,808	-	-				(1,306)
University of Iowa Health System	23,665	19,555	-	-				(4,110)
TOTAL COMPONENT UNITS	$ 1,406,294	$ 576,338	$ 756,415	$ 7,592				(65,949)
GENERAL REVENUES:								
Personal income tax					4,601,453	-	4,601,453	-
Corporate income tax					826,897	-	826,897	-
Sales & use tax					4,105,823	-	4,105,823	-
Other tax					1,038,794	7,655	1,046,449	-
Motor fuel tax restricted for transportation purposes					684,739	-	684,739	-
Road use tax restricted for transportation purposes					501,030	-	501,030	-
Unrestricted investment earnings					230,609	244,906	475,515	268,867
Other					192,161	109,633	301,794	20,033
Gain (loss) on sale of assets					2,821	1,063	3,884	(4)
Transfers					(498,694)	498,694	-	-
TOTAL GENERAL REVENUES & TRANSFERS					11,685,633	861,951	12,547,584	288,896
CHANGE IN NET POSITION					2,625,997	805,865	3,431,862	222,947
NET POSITION - JULY 1, RESTATED					16,355,366	9,618,445	25,973,811	5,648,371
NET POSITION - JUNE 30					$ 18,981,363	$ 10,424,310	$ 29,405,673	$ 5,871,318

The notes are an integral part of the financial statements.


OUR LIBERTIES WE PRIZE AND OUR RIGHTS WE WILL MAINTAIN
IOWA

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, 2023
(Expressed in Thousands)

	GENERAL FUND	TOBACCO SETTLEMENT AUTHORITY	TOBACCO COLLECTIONS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Current assets:					
Cash & investments	$ 8,551,746	$ 6,059	$ -	$ 130,896	$ 8,688,701
Deposits with trustees	63,907	-	-	-	63,907
Accounts receivable (net)	2,820,055	42	149,161	70,744	3,040,002
Loans receivable (net)	5,958	-	-	326	6,284
Lease receivable	1,955	-	-	-	1,955
Due from other funds	63,807	-	-	3,599	67,406
Inventory	45,089	-	-	129	45,218
Prepaid expenditures	63,600	-	-	265	63,865
Total current assets	11,616,117	6,101	149,161	205,959	11,977,338
Noncurrent assets:					
Cash & investments	-	-	-	9,711	9,711
Deposits with trustees	-	26,330	-	-	26,330
Accounts receivable (net)	231,840	-	-	175	232,015
Loans receivable (net)	12,369	-	-	-	12,369
Lease receivable	9,958	-	-	-	9,958
Total noncurrent assets	254,167	26,330	-	9,886	290,383
TOTAL ASSETS	$ 11,870,284	$ 32,431	$ 149,161	$ 215,845	$ 12,267,721
LIABILITIES					
Current liabilities:					
Accounts payable & accruals	$ 2,304,268	$ -	$ -	$ 10,782	$ 2,315,050
Due to other funds	83,731	3	-	48,557	132,291
Unearned revenue	1,097,381	-	-	2,037	1,099,418
Total current liabilities	3,485,380	3	-	61,376	3,546,759
Noncurrent liabilities:					
Accounts payable & accruals	38	-	-	344	382
Unearned revenue	2,197	-	-	-	2,197
Total noncurrent liabilities	2,235	-	-	344	2,579
TOTAL LIABILITIES	3,487,615	3	-	61,720	3,549,338
DEFERRED INFLOWS OF RESOURCES					
Leases	11,359	-	-	-	11,359
Deferred revenue	757,021	-	149,161	4,572	910,754
Unconditional remainder interest	-	-	-	215	215
TOTAL DEFERRED INFLOWS OF RESOURCES	768,380	-	149,161	4,787	922,328
FUND BALANCES					
Nonspendable	108,689	-	-	18,186	126,875
Spendable:					
Restricted	962,716	32,428	-	80,145	1,075,289
Committed	7,175,859	-	-	51,487	7,227,346
Unassigned	(632,975)	-	-	(480)	(633,455)
TOTAL FUND BALANCES	7,614,289	32,428	-	149,338	7,796,055
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	$ 11,870,284	$ 32,431	$ 149,161	$ 215,845	$ 12,267,721

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, 2023
(Expressed in Thousands)

Total fund balances - governmental funds		$ 7,796,055
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 $24,977,719,000 and the accumulated depreciation/amortization is $(12,532,849,000).		12,444,870
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.		220,212
Certain revenues are earned but not available and, therefore, are recognized as deferred inflows of resources in governmental funds.		910,754
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	$ 295,750	
Pension related deferred inflows of resources	(115,577)	
Net pension related deferred		180,173
OPEB related deferred outflows of resources	59,245	
OPEB related deferred inflows of resources	(84,068)	
Net OPEB related deferred		(24,823)
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.		28,238
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	(1,141,605)	
Accrued interest payable	(2,660)	
Compensated absences	(316,249)	
Lease liability	(35,498)	
Subscription liability	(104,313)	
Other financing arrangements payable	(11,828)	
Pollution remediation	(4,500)	
Early retirement/termination benefits	(22,369)	
Risk management	(30,000)	
Net pension liability	(709,340)	
Other postemployment benefits liability	(195,310)	
Other long-term liabilities	(444)	
Total long-term liabilities		(2,574,116)
Net position of governmental activities		$ 18,981,363

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, 2023
(Expressed in Thousands)

	GENERAL FUND	TOBACCO SETTLEMENT AUTHORITY	TOBACCO COLLECTIONS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	$ 12,576,527	$ -	$ -	$ -	$ 12,576,527
Receipts from other entities	9,672,162	-	-	27,453	9,699,615
Investment income	225,554	1,119	-	4,979	231,652
Fees, licenses & permits	1,663,898	-	-	129,242	1,793,140
Refunds & reimbursements	990,403	-	55,291	1,924	1,047,618
Sales, rents & services	36,633	-	-	5,442	42,075
Miscellaneous	381,113	-	-	22,964	404,077
GROSS REVENUES	25,546,290	1,119	55,291	192,004	25,794,704
Less revenue refunds	2,179,337	-	-	5,929	2,185,266
NET REVENUES	23,366,953	1,119	55,291	186,075	23,609,438
EXPENDITURES					
Current:					
Administration & regulation	1,748,876	706	-	15,462	1,765,044
Education	5,153,015	-	-	15,095	5,168,110
Health & human rights	645,836	-	-	217	646,053
Human services	9,772,616	-	-	329	9,772,945
Justice & public defense	1,121,201	-	-	2,326	1,123,527
Economic development	200,585	-	-	-	200,585
Transportation	558,767	-	-	106	558,873
Agriculture & natural resources	231,938	-	-	12,944	244,882
Capital outlay	1,682,278	-	-	35,278	1,717,556
Debt service:					
Principal	75,909	28,520	-	5	104,434
Interest & fiscal charges	24,653	14,138	-	1	38,792
TOTAL EXPENDITURES	21,215,674	43,364	-	81,763	21,340,801
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,151,279	(42,245)	55,291	104,312	2,268,637
OTHER FINANCING SOURCES (USES)					
Transfers in	269,312	41,070	-	31,509	341,891
Transfers out	(686,282)	-	(53,234)	(101,069)	(840,585)
Leases, subscriptions & other financing	93,030	-	-	24	93,054
TOTAL OTHER FINANCING SOURCES (USES)	(323,940)	41,070	(53,234)	(69,536)	(405,640)
NET CHANGE IN FUND BALANCES	1,827,339	(1,175)	2,057	34,776	1,862,997
FUND BALANCES - JULY 1, RESTATED	5,786,950	33,603	(2,057)	114,562	5,933,058
FUND BALANCES - JUNE 30	$ 7,614,289	$ 32,428	$ -	$ 149,338	$ 7,796,055

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, 2023
(Expressed in Thousands)

Net change in fund balances - total governmental funds		$ 1,862,997
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense. In the current year, these amounts are:		
Capital outlay	$ 1,436,357	
Depreciation/amortization expense	(814,790)	
Excess of capital outlay over depreciation/amortization expense		621,567
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas the proceeds from the sale increase financial resources in governmental funds.		(6,426)
Some capital additions were financed through leases, other financing arrangements and installment purchases. In governmental funds, these financing arrangements are considered a source of funding, but in the Statement of Net Position, the obligations are reported as liabilities. In the current year, these amounts consist of:		
Leases	(11,435)	
Subscriptions	(82,661)	
Total		(94,096)
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	65,709	
Lease payments	10,302	
Subscription payments	27,628	
Other financing arrangements payments	4,366	
Total long-term debt repayments		108,005
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.		(7,722)
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.		28,760
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	(55,083)	
Pension related deferred inflows of resources	719,472	
Net pension related deferred		664,389
OPEB related deferred outflows of resources	(7,726)	
OPEB related deferred inflows of resources	(16,953)	
Net OPEB related deferred		(24,679)
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	1,128	
Early retirement/termination benefits	982	
Net pension liability	(550,604)	
Other postemployment benefits liability	17,673	
Other	4,023	
Total additional expenses		(526,798)
Change in net position of governmental activities		$ 2,625,997

The notes are an integral part of the financial statements.


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PROPRIETARY FUND FINANCIAL STATEMENTS

Major Funds

University Funds are maintained to account for the operations of the State's public institutions of higher education. The State University of Iowa, Iowa State University and the University of Northern Iowa comprise this group.

Unemployment Benefits Fund receives 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, 2023
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	
ASSETS					
Current assets:					
Cash & investments	$ 792,642	$ 1,884,038	$ 46,514	$ 2,723,194	$ 105,795
Deposits with trustees	1	-	-	1	-
Accounts receivable (net)	1,012,158	165,133	17,399	1,194,690	3,035
Interest receivable	4,047	-	-	4,047	-
Loans receivable (net)	2,318	-	-	2,318	-
Due from other funds	-	1,187	528	1,715	94,631
Inventory	96,178	-	7,891	104,069	8,159
Prepaid expenses	51,309	-	2,049	53,358	8,823
Total current assets	1,958,653	2,050,358	74,381	4,083,392	220,443
Noncurrent assets:					
Cash & investments	4,967,954	-	-	4,967,954	-
Deposits with trustees	3,155	-	-	3,155	-
Accounts receivable (net)	13,178	-	511	13,689	-
Interest receivable	107	-	-	107	-
Loans receivable (net)	35,680	-	-	35,680	-
Capital assets - nondepreciable/nonamortizable	1,121,319	-	3,081	1,124,400	1,839
Capital assets - depreciable/amortizable (net)	5,176,857	-	39,935	5,216,792	196,658
Prepaid expenses	8,779	-	-	8,779	-
Net pension asset	-	-	66	66	-
Other assets	17,078	-	-	17,078	-
Total noncurrent assets	11,344,107	-	43,593	11,387,700	198,497
TOTAL ASSETS	13,302,760	2,050,358	117,974	15,471,092	418,940
DEFERRED OUTFLOWS OF RESOURCES					
Debt refunding loss	12,696	-	-	12,696	-
Related to other postemployment benefits	88,712	-	1,012	89,724	1,190
Related to pensions	74,530	-	2,341	76,871	4,086
TOTAL DEFERRED OUTFLOWS OF RESOURCES	175,938	-	3,353	179,291	5,276

(continued on next page)

STATE OF IOWA

Statement of Net Position
Proprietary Funds

June 30, 2023
(Expressed in Thousands)
(continued)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	
LIABILITIES					
Current liabilities:					
Accounts payable & accruals	675,715	31,706	19,627	727,048	47,450
Due to other funds	-	882	13,716	14,598	16,863
Interest payable	25,908	-	-	25,908	-
Unearned revenue	133,315	79,043	230	212,588	49,479
Compensated absences	168,774	-	1,607	170,381	2,848
Lease liability	19,899	-	620	20,519	1,945
Subscription liability	17,772	-	1,052	18,824	694
Bonds payable	103,000	-	-	103,000	-
Other financing arrangements payable	6,144	-	-	6,144	-
Other postemployment benefits liability	15,839	-	136	15,975	204
Refundable allowances on student loans	787	-	-	787	-
Funds held in custody	495	-	-	495	-
Total current liabilities	1,167,648	111,631	36,988	1,316,267	119,483
Noncurrent liabilities:					
Accounts payable & accruals	44,474	-	74	44,548	40,842
Unearned revenue	8,627	-	753	9,380	-
Compensated absences	99,455	-	2,122	101,577	3,553
Lease liability	146,270	-	3,632	149,902	1,601
Subscription liability	44,197	-	1,125	45,322	22,677
Bonds payable	1,848,734	-	-	1,848,734	-
Other financing arrangements payable	75,757	-	-	75,757	-
Net pension liability	141,517	-	5,150	146,667	12,180
Other postemployment benefits liability	206,295	-	2,262	208,557	3,406
Refundable allowances on student loans	36,672	-	-	36,672	-
Total noncurrent liabilities	2,651,998	-	15,118	2,667,116	84,259
TOTAL LIABILITIES	3,819,646	111,631	52,106	3,983,383	203,742
DEFERRED INFLOWS OF RESOURCES					
Debt refunding gain	1,669	-	-	1,669	-
Grants received in advance of meeting timing requirements	655	-	-	655	-
Related to leases	8,673	-	559	9,232	-
Related to other postemployment benefits	119,684	-	1,294	120,978	1,589
Related to pensions	18,033	-	1,935	19,968	2,354
Related to public-private partnership	1,086,507	-	-	1,086,507	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,235,221	-	3,788	1,239,009	3,943
NET POSITION					
Net investment in capital assets	4,328,282	-	36,587	4,364,869	171,580
Restricted for:					
Expendable	540,827	-	-	540,827	-
Nonexpendable	92,186	-	-	92,186	-
Unemployment benefits	-	1,938,727	-	1,938,727	-
Unrestricted	3,462,536	-	28,846	3,491,382	44,951
TOTAL NET POSITION	$ 8,423,831	$ 1,938,727	$ 65,433	10,427,991	$ 216,531
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(3,681)	
NET POSITION OF BUSINESS-TYPE ACTIVITIES				$ 10,424,310	

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, 2023
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	
OPERATING REVENUES					
Employer contributions	$ -	$ 405,558	$ -	$ 405,558	$ -
Receipts from other entities	-	1,935	69	2,004	221,883
Fees, licenses & permits	4,116,517	-	23,439	4,139,956	-
Refunds & reimbursements	-	-	453	453	40,752
Sales, rents & services	468,016	-	505,607	973,623	4,286
Grants & contracts	757,348	-	-	757,348	-
Independent/auxiliary operations	331,544	-	-	331,544	-
Miscellaneous	67,925	12	11,882	79,819	1,044
TOTAL OPERATING REVENUES	5,741,350	407,505	541,450	6,690,305	267,965
OPERATING EXPENSES					
General & administrative	-	-	9,079	9,079	-
Scholarship & fellowship	90,611	-	-	90,611	-
Depreciation/amortization	451,657	-	8,441	460,098	27,049
Direct & other	-	-	34,374	34,374	-
Personal services	3,341,669	-	6,800	3,348,469	36,803
Travel & subsistence	36,912	-	632	37,544	12,773
Supplies & materials	1,088,424	-	281	1,088,705	40,455
Contractual services	187,379	-	19,678	207,057	58,667
Equipment & repairs	949,361	-	215	949,576	50,913
Claims & miscellaneous	76,162	-	307,763	383,925	28,812
Licenses, permits & refunds	6,157	-	1,071	7,228	1
State aid & credits	-	268,150	4,754	272,904	-
TOTAL OPERATING EXPENSES	6,228,332	268,150	393,088	6,889,570	255,473
OPERATING INCOME (LOSS)	(486,982)	139,355	148,362	(199,265)	12,492
NONOPERATING REVENUES (EXPENSES)					
Gifts	229,931	-	-	229,931	-
Taxes	-	-	7,655	7,655	-
Investment income	210,886	33,236	618	244,740	795
Interest expense	(63,079)	-	(60)	(63,139)	(51)
Miscellaneous revenue	41,688	-	-	41,688	-
Gain (loss) on sale of capital assets	(1,519)	-	(13)	(1,532)	(19,300)
NET NONOPERATING REVENUES (EXPENSES)	417,907	33,236	8,200	459,343	(18,556)
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(69,075)	172,591	156,562	260,078	(6,064)
Capital contributions & grants	45,435	-	-	45,435	-
Transfers in	653,585	-	1,511	655,096	-
Transfers out	-	(4,785)	(151,617)	(156,402)	-
CHANGE IN NET POSITION	629,945	167,806	6,456	804,207	(6,064)
TOTAL NET POSITION - JULY 1, RESTATED	7,793,886	1,770,921	58,977		222,595
TOTAL NET POSITION - JUNE 30	$ 8,423,831	$ 1,938,727	$ 65,433		$ 216,531
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,658	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES				$ 805,865	

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, 2023
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers/students	$ 4,834,366	$ -	$ 534,397	$ 5,368,763	$ -
Cash received from miscellaneous	110,770	12	12,510	123,292	-
Cash received from employers	-	511,412	-	511,412	-
Cash received from other entities	623,601	1,935	-	625,536	30,775
Cash received from reciprocal interfund activity	-	-	-	-	250,565
Cash payments from interfund transactions	-	(806)	-	(806)	-
Cash payments to suppliers for goods & services	(2,569,712)	-	(368,987)	(2,938,699)	(189,583)
Cash payments to employees/students for services	(3,220,347)	-	(16,896)	(3,237,243)	(39,760)
Cash payments for unemployment claims	-	(296,192)	-	(296,192)	-
Cash payments for miscellaneous	(57,014)	-	-	(57,014)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(278,336)	216,361	161,024	99,049	51,997
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	588,696	-	1,511	590,207	-
Transfers out to other funds	-	(4,000)	(151,376)	(155,376)	-
Receipts from related agencies	325,011	-	-	325,011	-
Payments to related agencies	(326,748)	-	-	(326,748)	-
Other noncapital financing receipts	91,773	-	-	91,773	-
Proceeds from noncapital gifts	166,840	-	-	166,840	-
Tax receipts	-	-	7,655	7,655	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	845,572	(4,000)	(142,210)	699,362	-
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES					
Acquisition & construction of capital assets	(637,285)	-	(13,902)	(651,187)	(36,717)
Interest payments	(70,089)	-	(60)	(70,149)	(51)
Debt payments	(303,072)	-	1,562	(301,510)	-
Capital grants & contributions	32,600	-	-	32,600	-
Capital transfers in from other funds	64,596	-	-	64,596	-
Debt proceeds	169,763	-	-	169,763	-
Proceeds from sale of capital assets	3,765	-	27	3,792	-
Other capital & related financing activities	141,155	-	-	141,155	-
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	(598,567)	-	(12,373)	(610,940)	(36,768)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest & dividends on investments	122,757	33,236	618	156,611	795
Proceeds from sale & maturities of investments	915,559	-	-	915,559	-
Purchase of investments	(975,890)	-	-	(975,890)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	62,426	33,236	618	96,280	795
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	31,095	245,597	7,059	283,751	16,024
CASH & CASH EQUIVALENTS - JULY 1	457,377	1,638,441	39,455	2,135,273	89,771
CASH & CASH EQUIVALENTS - JUNE 30	488,472	1,884,038	46,514	2,419,024	105,795
INVESTMENTS	5,272,124	-	-	5,272,124	-
CASH & INVESTMENTS PER STATEMENT OF NET POSITION	$ 5,760,596	$ 1,884,038	$ 46,514	$ 7,691,148	$ 105,795

(continued on next page)

STATE OF IOWA

Statement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2023
(Expressed in Thousands)

(continued)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ (486,982)	$ 139,355	$ 148,362	$ (199,265)	$ 12,492
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation/amortization	451,657	-	8,441	460,098	27,049
(Increase) decrease in accounts receivable	(162,069)	117,894	3,059	(41,116)	13
(Increase) decrease in due from other funds	-	(806)	2,109	1,303	20,833
(Increase) decrease in inventory	(3,665)	-	(251)	(3,916)	(739)
(Increase) decrease in prepaid expenses	(4,579)	-	(35)	(4,614)	1,740
(Increase) decrease in loans receivable	2,129	-	-	2,129	-
(Increase) decrease in other assets	(367)	-	-	(367)	-
(Increase) decrease in net pension assets	152	-	2,847	2,999	-
(Increase) decrease in deferred outflows of resources	(5,214)	-	(240)	(5,454)	(549)
Increase (decrease) in accounts payable	27	(52,893)	951	(51,915)	1,037
Increase (decrease) in due to other funds	-	-	16	16	1,223
Increase (decrease) in unearned revenue	(14,223)	12,811	(270)	(1,682)	(8,694)
Increase (decrease) in compensated absences	4,906	-	41	4,947	191
Increase (decrease) in other liabilities	(3,972)	-	-	(3,972)	-
Increase (decrease) in net pension liability	138,927	-	4,989	143,916	11,748
Increase (decrease) in other postemployment benefits liability	(12,270)	-	(156)	(12,426)	(180)
Increase (decrease) in deferred inflows of resources	(182,793)	-	(8,839)	(191,632)	(14,167)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (278,336)	$ 216,361	$ 161,024	$ 99,049	$ 51,997
NONCASH INVESTING, CAPITAL & RELATED FINANCING ACTIVITIES					
Capital assets acquired	$ 71,721	$ -	$ -	71,721	$ -
Capital assets contributed	5,283	-	-	5,283	-
Capital gifts & grants	(160)	-	-	(160)	
Unrealized gain on investments	92,789	-	-	92,789	-
TOTAL NONCASH INVESTING, CAPITAL & RELATED FINANCING ACTIVITIES	$ 169,633	$ -	$ -	$ 169,633	$ -

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, 2023
(Expressed in Thousands)

	PENSION & OTHER EMPLOYEE BENEFIT FUNDS	PRIVATE PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
ASSETS			
Cash & cash equivalents	$ 510,892	$ 14,322	$ 208,053
Receivables:			
Accounts	-	-	8,999
Contributions	100,844	-	-
Investments sold	169,700	-	-
Foreign exchange contracts	147,461	-	-
Taxes for other governments	-	-	127,661
Interest & dividends	53,776	-	1
Total receivables	471,781	-	136,661
Investments, at fair value:			
Fixed income securities	10,354,894	-	5,012
Equity investments	17,848,439	6,320,842	13,182
Real estate partnerships	80,578	-	-
Investment in private equity/debt	10,043,304	-	-
Real assets	3,256,661	-	-
Securities lending collateral pool	136,328	-	-
Total investments	41,720,204	6,320,842	18,194
Capital assets:			
Land	500	-	-
Other - depreciable/amortizable (net)	13,603	-	87
Total capital assets	14,103	-	87
Other assets	1,282	-	52
TOTAL ASSETS	42,718,262	6,335,164	363,047
DEFERRED OUTFLOWS OF RESOURCES			
Related to other postemployment benefits	264	-	-
LIABILITIES			
Accounts payable & accruals	34,782	140	37,982
Accounts payable to other governments	-	-	273,206
Foreign exchange contracts payable	149,395	-	-
Payable for investments purchased	250,559	-	-
Payable to brokers for rebate & collateral	136,178	-	-
TOTAL LIABILITIES	570,914	140	311,188
DEFERRED INFLOWS OF RESOURCES			
Related to other postemployment benefits	483	-	-
NET POSITION			
Restricted for:			
Pension/other postemployment benefits	42,147,129	-	-
Individuals, organizations & other entities	-	6,335,024	51,859
TOTAL NET POSITION	$ 42,147,129	$ 6,335,024	$ 51,859

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, 2023
(Expressed in Thousands)

	PENSION & OTHER EMPLOYEE BENEFIT FUNDS	PRIVATE PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
ADDITIONS			
Contributions:			
Member/participant contributions	$ 616,203	$ 455,925	$ 413,768
Employer contributions	929,654	-	-
Buy-back/buy-in contributions	5,265	-	-
Other contributions	-	1,827	74,140
Gifts, bequests & endowments	-	-	34,593
Total contributions	1,551,122	457,752	522,501
Investment income:			
Net increase (decrease) in fair value of investments	1,582,888	539,076	(2,089)
Interest	479,626	175	374
Dividends	131,846	-	-
Real assets & private equity	118,180	-	-
Other	1,863	-	-
Total investment income (loss)	2,314,403	539,251	(1,715)
Less investment expense	72,803	-	618
Net investment income (loss)	2,241,600	539,251	(2,333)
Tax collections for other governments	-	-	1,530,573
Court revenue collections for others	-	-	313,503
Court settlements	-	-	21,282
Miscellaneous	-	-	55,366
TOTAL ADDITIONS	3,792,722	997,003	2,440,892
DEDUCTIONS			
Pension & annuity benefits	2,617,011	-	-
Distributions to participants	-	643,422	431,133
Payments in accordance with agreements	2,160	-	141,928
Administrative expense	14,317	-	27,126
Payments of tax collections to other entities	-	-	1,529,404
Payment of court collections to others	-	-	313,503
Refunds	72,114	-	-
Other	-	1,814	3,727
TOTAL DEDUCTIONS	2,705,602	645,236	2,446,821
CHANGE IN NET POSITION	1,087,120	351,767	(5,929)
NET POSITION - JULY 1, RESTATED	41,060,009	5,983,257	57,788
NET POSITION - JUNE 30	$ 42,147,129	$ 6,335,024	$ 51,859

The notes are an integral part of the financial statements.


OUR
LIBERTIES
WE PRIZE
AND OUR
RIGHTS
WE WILL
MAINTAIN
IOWA

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, 2023
(Expressed in Thousands)

	IOWA FINANCE AUTHORITY	IOWA ECONOMIC DEVELOPMENT AUTHORITY	IOWA STATE FAIR AUTHORITY	IOWA LOTTERY AUTHORITY	UNIVERSITY OF IOWA CENTER FOR ADVANCEMENT & AFFILIATE
ASSETS					
Current assets:					
Cash & investments	$ 1,425,567	$ 202,429	$ 48,928	$ 27,827	$ 111,269
Cash & investments - restricted	-	-	-	756	-
Accounts receivable (net)	-	28,258	9,446	4,591	62,449
Interest receivable	10,786	-	65	57	-
Loans receivable (net)	185,180	5,902	-	-	-
Lease receivable	-	-	63	-	-
Inventory	-	-	286	3,909	-
Prepaid expenses	-	248	12	184	-
Other assets	23,422	31	-	59	-
Total current assets	1,644,955	236,868	58,800	37,383	173,718
Noncurrent assets:					
Cash & investments	1,083,027	2,225	-	-	1,630,413
Accounts receivable (net)	-	1	1,025	-	194,811
Loans receivable (net)	2,400,071	62,363	-	-	-
Lease receivable	-	-	2,996	-	-
Capital assets - nondepreciable/nonamortizable	933	-	23,060	1,592	-
Capital assets - depreciable/amortizable (net)	12,152	82	90,172	7,982	15,156
Other assets	45,265	-	-	5,750	-
Total noncurrent assets	3,541,448	64,671	117,253	15,324	1,840,380
TOTAL ASSETS	5,186,403	301,539	176,053	52,707	2,014,098
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated decrease in fair value of hedging derivatives	11	-	-	-	-
Debt refunding loss	5,143	-	-	-	-
Related to other postemployment benefits	404	306	247	356	-
Related to pensions	1,110	1,313	623	845	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,668	1,619	870	1,201	-
LIABILITIES					
Current liabilities:					
Accounts payable & accruals	17,390	34,352	1,906	30,401	3,479
Interest payable	42,335	-	-	-	-
Unearned revenue	164,097	27,638	709	469	-
Compensated absences	-	945	434	799	-
Lease liability	-	31	19	550	-
Bonds payable	127,187	-	-	-	-
Other postemployment benefits liability	-	-	92	61	-
Funds held in custody	-	-	-	-	101,450
Total current liabilities	351,009	62,966	3,160	32,280	104,929
Noncurrent liabilities:					
Accounts payable & accruals	3,003	8	78	5,845	20,710
Compensated absences	-	879	702	969	-
Lease liability	-	-	30	1,993	-
Bonds payable	3,358,057	-	-	-	-
Net pension liability	3,500	4,149	2,493	3,526	-
Other postemployment benefits liability	1,089	1,062	686	1,093	-
Funds held in custody	-	-	-	-	-
Total noncurrent liabilities	3,365,649	6,098	3,989	13,426	20,710
TOTAL LIABILITIES	3,716,658	69,064	7,149	45,706	125,639
DEFERRED INFLOWS OF RESOURCES					
Accumulated increase in fair value of hedging derivatives	17,436	-	-	-	-
Debt refunding gain	8,221	-	-	-	-
Related to leases	-	-	3,044	-	-
Related to other postemployment benefits	383	486	217	556	-
Related to pensions	800	570	815	737	-
TOTAL DEFERRED INFLOWS OF RESOURCES	26,840	1,056	4,076	1,293	-
NET POSITION					
Net investment in capital assets	13,085	82	113,232	7,031	15,156
Restricted for:					
Bond resolutions	1,104,616	-	-	-	-
Clean water and drinking water programs	190,683	-	-	-	-
Title guaranty program	88,500	-	-	-	-
Economic development	-	56,070	-	-	-
Other purposes	39,633	-	21,520	-	1,850,095
Nonexpendable - foundations	-	-	-	-	-
Expendable - foundations	-	-	-	-	-
Unrestricted	13,056	176,886	30,946	(122)	23,208
TOTAL NET POSITION	$ 1,449,573	$ 233,038	$ 165,698	$ 6,909	$ 1,888,459

(continued on next page)

STATE OF IOWA

Statement of Net Position
Component Units

June 30, 2023
(Expressed in Thousands)

(continued)

	IOWA STATE UNIVERSITY FOUNDATION	UNIVERSITY OF NORTHERN IOWA FOUNDATION	UNIVERSITY OF IOWA RESEARCH FOUNDATION	UNIVERSITY OF IOWA HEALTH SYSTEM	TOTAL COMPONENT UNITS
ASSETS					
Current assets:					
Cash & investments	$ 337,841	$ 33,126	$ 493	$ 7,446	$ 2,194,926
Cash & investments - restricted	-	-	-	-	756
Accounts receivable (net)	37,473	10,205	1,977	3,482	157,881
Interest receivable	-	-	-	-	10,908
Loans receivable (net)	-	-	-	-	191,082
Lease receivable	-	-	-	-	63
Inventory	-	-	-	543	4,738
Prepaid expenses	162	-	69	594	1,269
Other assets	-	167	-	-	23,679
Total current assets	375,476	43,498	2,539	12,065	2,585,302
Noncurrent assets:					
Cash & investments	1,337,650	194,646	6,860	8,053	4,262,874
Accounts receivable (net)	152,299	28,183	137	-	376,456
Loans receivable (net)	110	-	-	-	2,462,544
Lease receivable	-	-	-	-	2,996
Capital assets - nondepreciable/nonamortizable	960	-	-	22	26,567
Capital assets - depreciable/amortizable (net)	2,228	44	-	4,185	132,001
Other assets	6,300	1,757	299	-	59,371
Total noncurrent assets	1,499,547	224,630	7,296	12,260	7,322,809
TOTAL ASSETS	1,875,023	268,128	9,835	24,325	9,908,111
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated decrease in fair value of hedging derivatives	-	-	-	1,024	1,035
Debt refunding loss	-	-	-	-	5,143
Related to other postemployment benefits	-	-	-	-	1,313
Related to pensions	-	-	-	-	3,891
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	-	1,024	11,382
LIABILITIES					
Current liabilities:					
Accounts payable & accruals	407	2,167	2,152	2,958	95,212
Interest payable	-	-	-	-	42,335
Unearned revenue	-	-	-	-	192,913
Compensated absences	1,075	-	-	-	3,253
Lease liability	-	-	-	-	600
Bonds payable	-	-	-	-	127,187
Other postemployment benefits liability	-	-	-	-	153
Funds held in custody	6,463	-	-	-	107,913
Total current liabilities	7,945	2,167	2,152	2,958	569,566
Noncurrent liabilities:					
Accounts payable & accruals	20,948	2,308	-	2,312	55,212
Compensated absences	-	-	-	-	2,550
Lease liability	-	-	-	-	2,023
Bonds payable	-	-	-	-	3,358,057
Net pension liability	-	-	-	-	13,668
Other postemployment benefits liability	-	-	-	-	3,930
Funds held in custody	9,904	-	-	-	9,904
Total noncurrent liabilities	30,852	2,308	-	2,312	3,445,344
TOTAL LIABILITIES	38,797	4,475	2,152	5,270	4,014,910
DEFERRED INFLOWS OF RESOURCES					
Accumulated increase in fair value of hedging derivatives	-	-	-	-	17,436
Debt refunding gain	-	-	-	-	8,221
Related to leases	-	-	-	-	3,044
Related to other postemployment benefits	-	-	-	-	1,642
Related to pensions	-	-	-	-	2,922
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	33,265
NET POSITION					
Net investment in capital assets	3,188	44	-	1,147	152,965
Restricted for:					
Bond resolutions	-	-	-	-	1,104,616
Clean water and drinking water programs	-	-	-	-	190,683
Title guaranty program	-	-	-	-	88,500
Economic development	-	-	-	-	56,070
Other purposes	-	-	-	-	1,911,248
Nonexpendable - foundations	1,351,963	-	-	-	1,351,963
Expendable - foundations	433,766	251,129	-	-	684,895
Unrestricted	47,309	12,480	7,683	18,932	330,378
TOTAL NET POSITION	$ 1,836,226	$ 263,653	$ 7,683	$ 20,079	$ 5,871,318

The notes are an integral part of the financial statements.

STATE OF IOWA

Statement of Activities
Component Units

For the Year Ended June 30, 2023
(Expressed in Thousands)

	IOWA FINANCE AUTHORITY	IOWA ECONOMIC DEVELOPMENT AUTHORITY	IOWA STATE FAIR AUTHORITY	IOWA LOTTERY AUTHORITY	UNIVERSITY OF IOWA CENTER FOR ADVANCEMENT & AFFILIATE
Expenses	$ 281,343	$ 212,262	$ 39,562	$ 480,974	$ 194,117
Program revenues:					
Charges for services	27,234	4,849	39,330	481,562	-
Operating grants & contributions	245,742	205,244	4,458	-	140,019
Capital grants & contributions	-	-	7,592	-	-
Total program revenues	272,976	210,093	51,380	481,562	140,019
Net program (expenses) revenues	(8,367)	(2,169)	11,818	588	(54,098)
General revenues (expenses):					
Investment income (loss)	68,945	4,853	(1,262)	757	82,901
Other	-	9,472	6,000	-	-
Gain (loss) on sale of assets	-	-	-	(4)	-
Total general revenues	68,945	14,325	4,738	753	82,901
CHANGE IN NET POSITION	60,578	12,156	16,556	1,341	28,803
NET POSITION - JULY 1	1,388,995	220,882	149,142	5,568	1,859,656
NET POSITION - JUNE 30	$ 1,449,573	$ 233,038	$ 165,698	$ 6,909	$ 1,888,459

(continued on next page)

STATE OF IOWA

Statement of Activities
Component Units

For the Year Ended June 30, 2023
(Expressed in Thousands)

(continued)

	IOWA STATE UNIVERSITY FOUNDATION	UNIVERSITY OF NORTHERN IOWA FOUNDATION	UNIVERSITY OF IOWA RESEARCH FOUNDATION	UNIVERSITY OF IOWA HEALTH SYSTEM	TOTAL COMPONENT UNITS
Expenses	$ 144,893	$ 24,364	$ 5,114	$ 23,665	$ 1,406,294
Program revenues:					
Charges for services	-	-	3,808	19,555	576,338
Operating grants & contributions	108,835	52,117	-	-	756,415
Capital grants & contributions	-	-	-	-	7,592
Total program revenues	108,835	52,117	3,808	19,555	1,340,345
Net program (expenses) revenues	(36,058)	27,753	(1,306)	(4,110)	(65,949)
General revenues (expenses):					
Investment income (loss)	97,920	14,175	35	543	268,867
Other	4,870	233	-	(542)	20,033
Gain (loss) on sale of assets	-	-	-	-	(4)
Total general revenues	102,790	14,408	35	1	288,896
CHANGE IN NET POSITION	66,732	42,161	(1,271)	(4,109)	222,947
NET POSITION - JULY 1	1,769,494	221,492	8,954	24,188	5,648,371
NET POSITION - JUNE 30	$ 1,836,226	$ 263,653	$ 7,683	$ 20,079	$ 5,871,318

The notes are an integral part of the financial statements.


OUR
LIBERTIES
WE PRIZE
AND OUR
RIGHTS
WE WILL
MAINTAIN
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 do not issue separate financial statements, can be obtained by contacting: Iowa Department of Administrative Services, State Accounting Enterprise, Hoover State Office Bldg., 3rd Floor, Des Moines, IA 50319.

Blended Component Units

These component units are legally separate organizations for which the State is financially accountable. The State appoints a voting majority of their boards and is able to impose its will on the organizations. In addition, these organizations provide specific financial benefits to, or impose specific financial burdens upon, the State. Each of the following component units are reported as part of the State's primary government and are blended with the appropriate funds as they provide services entirely to the State or exclusively benefit the State.

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

Discretely Presented Component Units

These component units are entities which are legally separate from the State, but are financially accountable to the State, or their relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. 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, 2023, the Iowa Lottery Authority provided $108.4 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, 2023, the Foundations distributed $287.0 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 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/amortization and reduced by outstanding balances for bonds, notes, leases, subscriptions, and other debt that are attributed to the acquisition, construction or improvement of those assets.
- *Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management but can be removed or modified.

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

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

Fund Financial Statements

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

Governmental Fund Balance Reporting

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

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

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

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

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

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

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

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

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).

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.

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

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

In fiscal year 2023, the State of Iowa implemented the following GASB standards:

- GASB Statement No. 91, *Conduit Debt Obligations*. This statement establishes a single method of reporting conduit debt obligations by issuers.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement addresses issues related to public-private and public-public partnerships (P3). The statement also provides guidance for accounting and financial reporting for availability payment arrangements (APA).
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement establishes accounting and financial reporting requirements for subscription-based information technology arrangements (SBITA) for government end users. Under this statement, a government generally should recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability.
- GASB Statement No. 99, *Omnibus 2022*. Implemented paragraphs 11 through 25, addressing requirements related to leases, P3s, and SBITAs. The additional requirements of this statement are effective in fiscal year 2024.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an amendment of GASB Statements No. 14 and No.84, and a supersession of GASB Statement No. 32*. Implemented paragraphs 6 through 9 of this statement that establishes accounting and financial reporting requirements of Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans. Paragraphs 4 and 5, regarding component unit criteria, were implemented, as required, in fiscal year 2020.

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 $63.5 million associated with certain funds has been assigned to other funds for fiscal year 2023.

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

The Treasurer may invest in obligations of the United States government, its agencies and instrumentalities; certificates of deposit in Iowa financial institutions; prime bankers' acceptances, commercial paper or other short-term corporate debt; repurchase agreements; investments authorized for the Iowa Public Employees' Retirement System in Section 97B.7A; money market mutual funds organized in trust form; obligations of the Iowa Finance Authority issued pursuant to Chapter 16 of the Code of Iowa and other investments as permitted by Section 12B.10 of the Code of Iowa.

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

Certain State institutions participate in the Iowa Public Agency Investment Trust (IPAIT), a state and local government pooled investment account, created by Chapter 28E of the Code of Iowa. IPAIT is managed by Investors

Management Group and is registered with the Securities and Exchange Commission. IPAIT follows established money market mutual fund parameters designed to maintain a $1 per unit net asset value.

Cash and cash equivalents include currency on hand, demand deposits with banks or other financial institutions, investments readily convertible to known amounts of cash and investments so near their maturity they present insignificant risk of changes in value because of changes in interest rates. In the Statements of Cash Flows, investments with an original maturity of three months or less are considered cash equivalents.

IPERS, PORS and JRS (together the "Systems") participate in a securities lending program administered by the Treasurer of State with Deutsche Bank as the lending agent. The participation of IPERS is authorized by the Code of Iowa and the participation of PORS and JRS is authorized by their Boards of Trustees. The lending agent is responsible for operating the program and is permitted to lend any of the securities it holds in custody for the Systems to broker-dealers and other entities in exchange for collateral. The lending agent is permitted to accept collateral in the form of cash in U.S. dollars, 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, the systems had no credit risk exposure to borrowers because the amounts the borrowers owed the systems did not exceed the amount the systems owed the borrowers. The contracts with Deutsche Bank require it to indemnify the Systems if a borrower becomes insolvent, or if a loss is incurred from an investment of collateral in an overnight repurchase agreement. The securities lending contracts do not allow the Systems to pledge or sell collateral securities received unless the borrower defaults. As of June 30, 2023, the Systems had securities on loan, including accrued interest income, with a total value of $127.1 million against collateral with a total value of $136.2 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, 2023, for IPERS was 1.00. Credit quality and years to maturity statistics for the cash collateral pool at June 30, 2023, for the Systems are as follows (expressed in thousands):

Securities Lending Collateral Pool

Investment Type	Fair Value *	Level 2	Credit Risk: S&P Quality Rating Not Rated	Investment Maturity (Years)	Redemption Frequency	Redemption Notice Period
Fixed income securities	$ 9,771	$9,771		Less than 1	N/A	on demand
Overnight repurchase agreements	60,696	-	60,696	Less than 1	Daily	on demand
	$ 70,467	$9,771	$60,696			

* 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 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 is recognized as an expense in the period incurred. Infrastructure (acquired after June 30, 1980) and intangible assets (acquired after June 30, 2009), as defined by the State's policy are reported. Reportable capital assets are defined by the State as assets above the following thresholds:

Infrastructure	$ 1,000,000
Intangible assets	$ 500,000
Subscription assets	$ 500,000
Land, buildings & improvements	$ 50,000
Right-to-use leased assets	$ 50,000
Equipment	$ 5,000

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

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
Right-to-use leased assets	2-30 years
Subscription assets	2-20 years

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

K. Deferred Outflows of Resources

In addition to assets, the government-wide and fund financial statements may report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net 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 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 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).

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 Melon (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 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, 2023 follow (expressed in thousands):

Investments Measured at Fair Value
Primary Government

Investment Type	Total	Level 1	Level 2	Level 3	NAV
Fixed:					
U.S. government treasuries, bills, notes & bonds	$ 667,517	$ 262,909	$ 404,608	$ -	$ -
U.S. government agency	1,620,876	-	1,620,876	-	-
Government asset & mortgage-backed	385,751	-	385,751	-	-
Corporate bonds	208,820	4,066	204,754	-	-
Corporate asset backed	39,364	-	39,364	-	-
Fixed income mutual funds	5,565,402	4,429,480	469	-	1,135,453
Commercial paper	31,217	-	31,217	-	-
Other fixed income	3,466,113	-	3,466,113	-	-
Total fixed	11,985,060	4,696,455	6,153,152	-	1,135,453
Equity:					
U.S. equity	56,643	56,000	643	-	-
Private equity	273,148	-	-	-	273,148
Non U.S. equity	1,608	1,552	-	-	56
Pooled & mutual funds	1,148,259	806,304	-	-	341,955
Real assets	330,358	-	-	-	330,358
Investment pools	2,084	237	168	29	1,650
Other	81,369	270	-	25	81,074
Total equity	1,893,469	864,363	811	54	1,028,241
Total	13,878,529	$ 5,560,818	$ 6,153,963	$ 54	$ 2,163,694
Other:					
Bank investments	49,907				
Money markets	678,290				
Total invested assets	$ 14,606,726				

The following table summarizes investments measured at the net asset value per share, or equivalent, for the primary government, at June 30, 2023 (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	$ 1,135,453	$ -	daily - quarterly	5 - 60 days
Equity:				
Private equity	273,204	345,071	N/A	N/A
Non U.S. equity - redeemable	-	56	N/A	N/A
Pooled & mutual funds	341,955	-	daily - monthly	2 - 30 days
Real assets - redeemable	284,838	-	quarterly	60 - 90 days
Real assets - nonredeemable	45,520	988	N/A	N/A
Investment pools	1,650	-	N/A	N/A
Other	81,074	6	quarterly	60 - 90 days
Total equity	1,028,241	346,121		
Total	$ 2,163,694	$ 346,121		

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.

The fair value measurements, categorized by level of the fair value hierarchy, for the investments of the fiduciary funds, at June 30, 2023 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	$ 116,700	$ 45,990	$ 70,710	$ -	$ -
U.S. government agency	220,107	-	220,107	-	-
Government asset & mortgage-backed	124,554	-	124,554	-	-
Corporate bonds	428,949	-	406,074	22,875	-
Corporate asset backed	5,092	-	5,092	-	-
Private placements	659,596	-	659,596	-	-
Fixed income mutual funds	744,796	2,553	-	7,140	735,103
Commingled bond funds	8,127,009	-	-	-	8,127,009
Other fixed income	533,913	3,312	1,796	528,805	-
Total fixed	10,960,716	51,855	1,487,929	558,820	8,862,112
Equity:					
U.S. equity	4,316,366	4,081,531	231,725	3,110	-
Private equity	7,863,670	-	-	-	7,863,670
Real assets	5,518,104	-	-	3,337,239	2,180,865
Commingled & mutual funds	19,715,703	5,791,374	531,747	-	13,392,582
Other	52,645	4,209	48,436	-	-
Total equity	37,466,488	9,877,114	811,908	3,340,349	23,437,117
Total	48,427,204	$ 9,928,969	$ 2,299,837	$ 3,899,169	$ 32,299,229
Other:					
Bank investments	20				
Money markets	272				
Total invested assets	$ 48,427,496				

The following table summarizes investments measured at the net asset value per share, or equivalent, for the fiduciary funds, at June 30, 2023 (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	$ 735,103	$ -	daily - quarterly	5 - 60 days
Commingled bond funds	8,127,009	-	daily	2 days
Total fixed	8,862,112	-		
Equity:				
Private equity	7,863,670	2,438,842	N/A	N/A
Real assets - redeemable	172	-	quarterly	60 - 90 days
Real assets - nonredeemable	2,180,693	1,186,434	N/A	N/A
Commingled & mutual funds	13,392,582	-	daily - monthly	1 - 30 days
Total equity	23,437,117	3,625,276		
Total	$ 32,299,229	$ 3,625,276		

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 122 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. As underlying investments within the funds are liquidated, which on average can occur over the span of 5 to 10 years, distributions are received.
- Real assets – nonredeemable – Consists of 16 partnerships. All of the funds determine fair value by utilizing net asset values from one quarter in arrears plus current quarter cash flows. None of the private credit funds are eligible for redemption. As underlying investments within the funds are liquidated, which on average can occur over the span of 3 to 7 years, distributions are received.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State's exposure to credit risk for the fixed income investments of the primary government and fiduciary funds at June 30, 2023, is summarized as follows (expressed in thousands):

Primary Government

S & P Quality Ratings	Fair Value	Percentage
TSY	$ 245,294	2.05%
AGY	29,027	0.24%
AAA	62,256	0.52%
AA	7,226,064	60.29%
A	272,458	2.27%
BBB	99,044	0.83%
BB	224,488	1.87%
B	380,681	3.18%
Below B	31,898	0.27%
Not rated	3,413,850	28.48%
Total	$ 11,985,060	100.00%

Fiduciary Funds

S & P Quality Ratings	Fair Value	Percentage
TSY	$ 3,369,384	30.76%
AGY	15,628	0.14%
AAA	2,611,144	23.82%
AA	350,498	3.20%
A	1,549,767	14.14%
BBB	1,283,965	11.71%
BB	384,089	3.50%
B	308,373	2.81%
Below B	94,347	0.86%
Not rated	993,521	9.06%
Total	$ 10,960,716	100.00%

The Treasurer's investment policy (https://www.iowatreasurer.gov/media/cms/Investment_Policy_FY_2020__FINAL_276ABA86FD10C.pdf sets objectives for the Pooled Money Fund. The policy authorizes the investment in U.S. treasuries, agencies and instrumentalities; certificates of deposit and other evidences of deposit at federally insured depository institutions approved pursuant to Chapter 12C of the Code of Iowa.

The 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) 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 $925.7 million of total combined bank deposits of the primary government and fiduciary funds at June 30, 2023, were exposed to custodial credit risk for $287.6 million of uninsured and uncollateralized bank deposits, of which $280.4 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 $63.0 billion of total combined investments of the primary government and fiduciary funds at June 30, 2023, $2.1 million was exposed to custodial credit risk as uninsured and unregistered, with the securities held by the counterparty or by its trust department or agent but not in the State's name.

The State's Unemployment Benefits Fund had $1,705.2 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.

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, 2023, is summarized using the effective duration method, as follows (expressed in thousands):

Primary Government

Investment Type	Fair Value	Effective Duration (Years)
U.S. government treasuries, bills, notes & bonds	$ 667,517	1.28
U.S. government agency	1,620,876	1.74
Government asset & mortgage-backed	385,751	1.58
Corporate bonds	208,820	3.17
Corporate asset backed	39,364	0.44
Fixed income mutual funds	5,565,402	2.00
Commercial paper	31,217	0.15
Other fixed income	3,466,113	0.29
Total	$ 11,985,060	1.42

Fiduciary Funds

Investment Type	Fair Value	Effective Duration (Years)
U.S. government treasuries, bills, notes & bonds	$ 116,700	6.89
U.S. government agency	220,107	7.60
Government asset & mortgage-backed	124,554	6.10
Corporate bonds	428,949	5.11
Corporate asset backed	5,092	1.61
Private placements	659,596	4.11
Fixed income mutual funds	744,796	0.11
Commingled bond funds	8,127,009	6.34
Other fixed income	533,913	5.13
Total	$ 10,960,716	5.70

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, 2023.

Foreign currency risk by investment type for the fiduciary funds, at June 30, 2023, follows (expressed in thousands):

	Total	Cash	Derivatives	Equity	Fixed Income
Australian dollar	$ 151,170	$ 1,228	$ (320)	$ 150,262	$ -
Brazilian real	47,210	1,203	-	46,041	(34)
British pound	263,350	3,345	7,936	252,069	-
Canadian dollar	44,653	1,029	(1,173)	44,758	39
Chilean peso	8,148	91	-	7,971	86
Chinese yuan renminbi	43,938	105	-	43,808	25
Chinese yuan	(15,935)	(15,935)	-	-	-
Colombian peso	115	12	-	271	(168)
Czech koruna	442	103	-	344	(5)
Danish krone	63,112	2,264	-	60,848	-
Egyptian pound	730	21	-	709	-
Euro	658,888	(16,961)	3,867	647,421	24,561
Hong Kong dollar	100,685	1,268	(151)	99,568	-
Hungarian forint	7,201	14	-	7,187	-
Indian rupee	96,041	60	-	95,981	-
Indonesian rupiah	16,184	267	-	15,711	206
Israeli shekel	8,100	56	-	8,044	-
Japanese yen	483,202	5,151	953	477,098	-
Kuwaiti dinar	1,212	2	-	1,210	-
Malaysian ringgit	11,819	14	(76)	11,922	(41)
Mexican peso	18,682	(82)	357	18,368	39
New Zealand dollar	8,763	48	-	8,715	-
Norwegian krone	21,751	94	(172)	21,829	-
Philippine peso	3,103	1	-	3,102	-
Polish zloty	1,904	157	-	1,737	10
Qatari riyal	2,850	-	-	2,850	-
Saudi Arabian riyal	23,902	885	-	23,017	-
Singapore dollar	49,637	185	(179)	49,631	-
South African rand	23,815	237	132	23,332	114
South Korean won	73,199	384	-	72,801	14
Swedish krona	55,795	1,241	(45)	54,599	-
Swiss franc	129,169	5,135	(123)	124,157	-
Taiwanese dollar	73,972	572	-	73,400	-
Thai baht	19,645	-	(331)	19,976	-
Turkish lira	12,345	34	(7)	12,318	-
United Arab Emirates dirham	8,427	-	-	8,427	-
Total	$ 2,517,224	$ (7,772)	$ 10,668	$ 2,489,482	$ 24,846

Deposits with Trustees

Deposits with trustees totaled $93.4 million at June 30, 2023. $1.9 million was invested in fixed U.S. government agency securities with an effective duration of 1.68 years and a credit quality rating of AA+, $90.2 million was invested in equity securities not subject to credit quality ratings, and the remaining $502 thousand was cash and cash equivalents. Additionally, $806 thousand of deferred compensation funds are invested with a trustee in a mutual fund not subject to credit quality ratings.

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	$ 24,534	Restricted nonexpendable net position
Iowa State University	3,971	Restricted expendable net position
University of Northern Iowa	967	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.

The fair value measurements, categorized by level of the fair value hierarchy, for the investments of the component units, at June 30, 2023 follow (expressed in thousands):

Investments Measured at Fair Value

Investment Type	Total	Level 2	Level 3
Fixed:			
U.S. government treasuries, bills, notes & bonds	$ 11,982	$ 11,982	$ -
U.S. government agency	32,336	32,336	-
Government asset & mortgage-backed	1,089,412	1,089,412	-
Corporate bonds	46,607	46,607	-
Certificates of deposit	461	461	-
Total fixed	1,180,798	1,180,798	-
Equity:			
Other	832	-	832
Total	1,181,630	$ 1,180,798	$ 832
Other:			
Money markets	1,036,603		
State of Iowa Treasurer pooled money fund	84,070		
Healthcare joint ventures	8,100		
Total invested assets	$ 2,310,403		

The University Foundations', discretely presented component units, cash and investments of $3.6 billion are not subject to GASB disclosure requirements.

Credit Risk

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

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

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

The exposure to credit risk for the component units' fixed income investments at June 30, 2023, is summarized as follows (expressed in thousands):

S & P Quality Ratings	Fair Value	Percentage
AA	$ 90,925	7.70%
Not rated	1,089,873	92.30%
Total	$ 1,180,798	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, 2023, 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	$ 11,982	2.50
U.S. government agency	32,336	1.12
Government asset & mortgage-backed	1,089,412	23.70
Corporate bonds	46,607	2.44
Certificates of deposit	461	1.73
Total	$ 1,180,798	21.44

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, 2023, are categorized as investment derivative instruments and, therefore, hedge accounting provisions are not applicable.

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, 2023, follow (expressed in thousands):

Futures Exposure Summary

	Number of Contracts	Notional Value	Fair Value	% of Total Fund NAV
Long Futures:				
Agriculture	2,237	$ 81,417	$ 1,739	0.00423
Currency	1,978	107,594	500	0.00122
Energy	3,316	149,167	137	0.00033
Index	2,214	214,149	2,016	0.00490
Interest	3,511	419,975	(2,998)	(0.00729)
Metal	859	55,542	(2,781)	(0.00676)
Total	14,115	$ 1,027,844	$ (1,387)	(0.00337)
Short Futures:				
Agriculture	(1,920)	$ (60,332)	$ (443)	(0.00108)
Currency	(3,300)	(271,942)	2,430	0.00591
Energy	(3,182)	(134,603)	(2,541)	(0.00618)
Index	(5,037)	(363,899)	1,007	0.00245
Interest	(6,269)	(1,179,008)	1,513	0.00368
Metal	(1,260)	(95,208)	3,630	0.00882
Total	(20,968)	$(2,104,992)	$ 5,596	0.01358

Options Exposure Summary

	Fair Value	% of Total Fund NAV
Options written:		
Agriculture	$ (191)	(0.00046)
Energy	(48)	(0.00012)
Metal	(66)	(0.00016)
Total	$ (305)	(0.00074)

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, 2023, the net notional value of the credit default swaps held in IPERS' fixed-income portfolio was negative $25.5 million. The credit default swaps are reported at a fair value of negative $0.5 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, 2023, the net notional value of the interest rate swaps held in IPERS' fixed-income portfolio was $540.5 million. All interest rate swaps held by IPERS are reported at a fair value of negative $1.1 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.

Aggregate debt service requirements of the Authority's hedged variable-rate debt and net receipts/payments on associated derivative instruments at June 30, 2023, follow (expressed in thousands):

Year Ending June 30,	Variable-rate Bonds Principal	Variable-rate Bonds Interest	Interest Rate Swaps, Net	Total
2024	$ 7,947	$ 10,676	$ (3,310)	$ 15,313
2025	1,737	10,398	(3,287)	8,848
2026	10,286	10,150	(3,299)	17,137
2027	1,845	9,706	(3,293)	8,258
2028	2,195	9,635	(3,126)	8,704
2029-2033	23,940	45,846	(12,615)	57,171
2034-2038	55,659	37,855	(6,800)	86,714
2039-2043	64,585	26,433	(3,791)	87,227
2044-2048	69,729	12,996	(1,072)	81,653
Thereafter	41,117	1,955	(21)	43,051
Total	$ 279,040	$ 175,650	$ (40,614)	$ 414,076

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, 2023, follow (expressed in thousands):

Bond Series	2023 Notional Amount	Effective Date	Termination Date	Terms: Pay	Terms: Receive	S & P Global Rating
SF 2015 B	$ 2,015	09/01/06	01/01/36	3.766%	Enchanced (SOFR + 0.11448%)	A+
MF 2008 A	3,150	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 (SOFR = 0.11448%)	AA-
SF 2016 E	8,080	01/01/18	07/01/46	2.292%	67% of USD (SOFR = 0.11448%)	A+
SF 2017 D	13,125	01/01/18	01/01/47	2.126%	67% of USD (SOFR = 0.11448%)	A+
SF 2018 B	15,000	07/01/18	07/01/47	2.490%	70% of USD (SOFR = 0.11448%)	AA-
SF 2018 D	11,250	07/01/19	07/01/48	2.638%	70% of USD (SOFR = 0.11448%)	AA-
SF 2019 B	15,000	07/01/19	07/01/30	1.939%	SIFMA	A+
SF 2019 E	11,250	01/01/20	01/01/49	1.605%	SIFMA Swap Index until 1/1/2029; 67% (SOFR + 0.11448%) thereafter	AA-
SF 2020 B	15,000	07/01/20	07/01/49	1.691%	SIFMA Swap Index until 7/1/2029; 67% (SOFR + 0.11448%) thereafter	A+
SF 2020 E	11,250	07/01/21	07/01/35	1.051%	SIFMA	A+
SF 2016 B	15,000	07/01/21	01/01/28	0.870%	SIFMA	AA-
SF 2021 E	15,000	01/01/22	01/01/34	1.332%	SIFMA	AA-
SF 2022 B	15,000	03/01/22	01/01/31	1.522%	SIFMA	AA-
SF 2022 E	15,000	09/01/22	01/01/34	1.986%	70% SOFR	AA-
SF 2022 H	15,000	01/03/23	07/01/42	2.357%	70% SOFR + 0.10%	A+
	$ 207,885					

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, 2023, follow (expressed in thousands):

Bond Series	2023 Notional Amount	Effective Date	Maturity Date	Strike Rate	S & P Global Rating
MF 2007 B	$ 9,300	08/01/13	01/01/24	SIFMA = 5.5%	AA-
MF 2007 A	11,030	07/01/21	07/01/24	SIFMA = 3%	AA-
	$ 20,330				

Investment Derivatives: The Authority's investment derivative instruments had the following maturities as of June 30, 2023 (expressed in thousands):

Investment Type	Notional Value	Fair Value	Investment Maturities (in Years) Less than 1	1 - 5
Investment derivative instruments:				
Swaps	$ 4,250	$ 8	$ -	$ 8
Forward MBS sales	3,135	10	10	-
MBS purchase commitments	116,474	223	223	-
Total	$ 123,859	$ 241	$ 233	$ 8

Fair Values of Derivatives: The Authority's fair value of derivative instruments outstanding at June 30, 2023, 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, 2023	Change in Fair Value	Fair Value June 30, 2022
Hedging derivatives:				
SF 2015 B	Swap	$ 41	$ (18)	$ 59
SF 2015 B	Swap	299	(269)	568
SF 2016 B	Swap	1,313	111	1,202
SF 2016 E	Swap	658	327	331
SF 2017 D	Swap	936	416	520
SF 2018 B	Swap	933	532	401
SF 2018 D	Swap	589	452	137
SF 2019 B	Swap	943	335	608
SF 2019 E	Swap	1,492	306	1,186
SF 2020 B	Swap	2,014	453	1,561
SF 2020 E	Swap	1,994	170	1,824
SF 2021 E	Swap	2,181	254	1,927
SF 2022 B	Swap	1,390	282	1,108
SF 2022 E	Swap	736	636	100
SF 2022 H	Swap	896	896	-
MF 2007 A	Cap	68	19	49
MF 2007 B	Cap	1	(1)	2
MF 2008 A	Swap	(11)	78	(89)
Total hedging derivatives		$ 16,473	$ 4,979	$ 11,494
Investment derivatives:				
NONE	Swap	$ (1)	$ 92	$ (93)
NONE	Basis swap	9	10	(1)
Forward MBS sales	Forward	10	27	(17)
MBS purchase commitments	Commitment	223	384	(161)
Total investment derivatives		$ 241	$ 513	$ (272)

The fair values, categorized by level of the fair value hierarchy, for the hedging and investment derivative instruments of the Authority, at June 30, 2023 follow (expressed in thousands):

Derivative Type	Total	Level 2	Level 3
Hedging derivative instruments	$ 16,473	$ 16,473	$ -
Investment derivative instruments	241	18	223

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

The fair value of the MBS purchase commitments is estimated using an internal valuation model, which includes grouping the commitments by interest rate and terms, applying an estimated closing ratio, and then multiplying by quoted investor prices determined to be reasonably applicable to the commitment groups based on interest rate, terms, and commitment expiration dates of the commitment group. The closing ratio calculation, which represents the percentage of commitments that management estimates it will ultimately fund, takes into consideration historical data and loan-level data. The weighted average closing ratio at June 30, 2023, was 82.4%.

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, 2023 was $16.5 million. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

Bank of New York Mellon, Goldman Sachs Bank USA, Royal Bank of Canada, and Wells Fargo Bank, N.A. are currently counterparties under the derivatives agreements with the Authority.

With respect to counterparty risk, the Authority will also manage the agreements and all transactions entered into with its counterparties to ensure that the Authority's exposure to any of its counterparties does not exceed a proper amount.

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

Basis risk: Basis risk refers to a mismatch between the interest rate received from the derivative counterparty and the interest rate actually owed on the Authority's bonds. Specifically, the Authority's basis risk is that the variable interest payment received from the counterparty will be less than the actual variable interest payments owed on the Authority's variable rate bonds. The mismatch between the Authority's actual bond rate and the derivative rate is the Authority's basis risk. As of June 30, 2023, the SIFMA swap index rate is 4.01% and daily SOFR is 5.09%.

Termination risk: Termination risk is the risk that the swap could be terminated as a result of any of several events, which may include a ratings downgrade of the Authority's single-family mortgage bonds or of a derivative counterparty covenant violation, bankruptcy, swap payment default, and default events as defined in the

Authority's Single-Family Mortgage Bonds Resolution; however, the Authority believes that the likelihood of any such termination event is remote.

Rollover risk: Rollover risk is the risk that the term of a particular swap contract is not coterminous with the related bonds. If an issuer entered into a swap to hedge for a specified period of time and then decides at swap maturity 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.)

NOTE 3 – TRANSFERS

Interfund transfers for the year ended June 30, 2023, consisted of the following (expressed in thousands):

	Transferred In					
Transferred Out	General Fund	Tobacco Settlement Authority	Nonmajor Governmental Funds	University Funds	Nonmajor Enterprise Funds	Total
General Fund	$ -	$ -	$ 31,186	$ 653,585	$ 1,511	$ 686,282
Tobacco Collections Fund	12,164	41,070	-	-	-	53,234
Nonmajor Governmental Funds	100,746	-	323	-	-	101,069
Unemployment Benefits Fund	4,785	-	-	-	-	4,785
Nonmajor Enterprise Funds	151,617	-	-	-	-	151,617
Total	$ 269,312	$ 41,070	$ 31,509	$ 653,585	$ 1,511	$ 996,987

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, 2023, consisted of the following (expressed in thousands):

		Proprietary Funds		
	Governmental Funds	Enterprise Funds	Internal Service Funds	Component Units
Accounts receivable:				
Taxes	$ 907,337	$ 2,619	$ 138	$ -
Pledges	933	-	-	457,572
Benefit overpayments	-	94,692	-	-
Employer contributions	-	133,266	-	-
Grants & contracts	1,736,691	1,727,654	-	-
Other	1,407,739	505,523	2,897	144,510
Less:				
Allowance for doubtful accounts	780,683	1,255,375	-	12,333
Discount to present value	-	-	-	55,412
Accounts receivable (net)	$ 3,272,017	$ 1,208,379	$ 3,035	$ 534,337
Current	$ 3,040,002	$ 1,194,690	$ 3,035	$ 157,881
Noncurrent	232,015	13,689	-	376,456
Total	$ 3,272,017	$ 1,208,379	$ 3,035	$ 534,337
Loans receivable:				
Loans receivable	$ 26,691	$ 39,156	$ -	$ 2,772,778
Less:				
Allowance for doubtful accounts	8,038	1,158	-	119,152
Loans receivable (net)	$ 18,653	$ 37,998	$ -	$ 2,653,626
Current	$ 6,284	$ 2,318	$ -	$ 191,082
Noncurrent	12,369	35,680	-	2,462,544
Total	$ 18,653	$ 37,998	$ -	$ 2,653,626

NOTE 5 – INTERFUND BALANCES

Interfund balances for the year ended June 30, 2023, consisted of the following (expressed in thousands):

	Due From Other Funds					
Due To Other Funds	General Fund	Nonmajor Governmental Funds	Unemployment Benefits Fund	Nonmajor Enterprise Funds	Internal Service Funds	Total
General Fund	$ -	$ 3,415	$ 1,187	$ 193	$ 78,936	$ 83,731
Tobacco Settlement Authority	3	-	-	-	-	3
Nonmajor Governmental Funds	47,100	181	-	250	1,026	48,557
Unemployment Benefits Fund	882	-	-	-	-	882
Nonmajor Enterprise Funds	13,474	-	-	82	160	13,716
Internal Service Funds	2,348	3	-	3	14,509	16,863
Total	$ 63,807	$ 3,599	$ 1,187	$ 528	$ 94,631	$ 163,752

$59.4 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.)

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows (expressed in thousands):

	Beginning Balance, Restated	Reclass-ifications	Increases	Decreases	Ending Balance
Governmental activities					
Capital assets not being depreciated/amortized:					
Land	$ 1,013,723	$ -	$ 24,640	$ 1,775	$ 1,036,588
Construction in progress	51,940	(26,772)	40,661	14	65,815
Computer software in progress	80,069	(53,046)	22,474	19,277	30,220
Subscriptions in progress	-	-	1,839	-	1,839
Total capital assets not being depreciated/amortized	1,145,732	(79,818)	89,614	21,066	1,134,462
Capital assets being depreciated/amortized:					
Infrastructure	19,364,295	1,848	1,155,965	301	20,521,807
Buildings & improvements	2,117,397	12,420	36,716	9,380	2,157,153
Machinery, equipment & vehicles	758,716	4,163	68,970	24,687	807,162
Land improvements	126,025	8,341	9,163	78	143,451
Works of art & historical treasures	1,426	-	-	-	1,426
Computer software	347,243	53,046	633	2,500	398,422
Right-to-use leased land	2,032	-	75	-	2,107
Right-to-use leased buildings	37,946	-	9,886	1,600	46,232
Right-to-use leased machinery, equipment & vehicles	11,557	-	2,718	2,961	11,314
Subscriptions	76,279	-	100,668	-	176,947
Total capital assets being depreciated/amortized	22,842,916	79,818	1,384,794	41,507	24,266,021
Less accumulated depreciation/amortization for:					
Infrastructure	10,237,936	-	671,990	214	10,909,712
Buildings & improvements	1,021,010	-	49,377	5,239	1,065,148
Machinery, equipment & vehicles	471,248	-	52,717	23,175	500,790
Land improvements	44,922	-	3,822	75	48,669
Works of art & historical treasures	343	-	16	-	359
Computer software	150,793	-	26,139	2,501	174,431
Right-to-use leased land	135	-	183	-	318
Right-to-use leased buildings	8,976	-	8,946	920	17,002
Right-to-use leased machinery, equipment & vehicles	3,522	-	3,736	2,892	4,366
Subscriptions	11,408	-	24,913	-	36,321
Total accumulated depreciation/amortization	11,950,293	-	841,839	35,016	12,757,116
Total capital assets being depreciated/amortized (net)	10,892,623	79,818	542,955	6,491	11,508,905
Governmental activities capital assets (net)	$12,038,355	$ -	$ 632,569	$ 27,557	$12,643,367

(continued on next page)

(continued)

	Beginning Balance, Restated	Reclass-ifications	Increases	Decreases	Ending Balance
Business-type activities					
Capital assets not being depreciated/amortized:					
Land	$ 101,230	$ -	$ 479	$ 60	$ 101,649
Land improvements	6,026	-	-	-	6,026
Library collections	412,938	-	13,735	2,294	424,379
Works of art	29,104	-	933	-	30,037
Construction in progress	306,562	(221,867)	421,854	258	506,291
Computer software in progress	18,945	(3,345)	28,626	-	44,226
Subscriptions in progress	-	-	11,792	-	11,792
Total capital assets not being depreciated/amortized	874,805	(225,212)	477,419	2,612	1,124,400
Capital assets being depreciated/amortized:					
Infrastructure	1,267,800	32,535	24	225	1,300,134
Buildings & improvements	7,669,256	170,923	128	1,611	7,838,696
Machinery, equipment & vehicles	1,416,675	5,887	119,613	70,602	1,471,573
Land improvements	118,171	12,522	251	3	130,941
Library collections	303,305	-	1,211	916	303,600
Computer software	174,866	3,345	5,339	499	183,051
Goodwill	2,302	-	-	-	2,302
Trademarks	204	-	-	97	107
Right-to-use leased land	5,217	-	9	3,218	2,008
Right-to-use leased buildings	146,313	-	34,209	7,040	173,482
Right-to-use leased machinery, equipment & vehicles	19,195	-	11,837	4,361	26,671
Subscriptions	77,487	-	29,553	2,362	104,678
Total capital assets being depreciated/amortized	11,200,791	225,212	202,174	90,934	11,537,243
Less accumulated depreciation/amortization for:					
Infrastructure	767,692	-	37,665	223	805,134
Buildings & improvements	3,665,539	-	242,706	1,339	3,906,906
Machinery, equipment & vehicles	1,003,978	-	103,271	66,477	1,040,772
Land improvements	72,206	-	5,298	2	77,502
Library collections	267,141	-	7,228	915	273,454
Computer software	122,534	-	15,502	499	137,537
Goodwill	1,757	-	153	-	1,910
Trademarks	104	-	7	22	89
Right-to-use leased land	572	-	248	-	820
Right-to-use leased buildings	16,577	-	15,886	6,033	26,430
Right-to-use leased machinery, equipment & vehicles	4,802	-	6,762	3,082	8,482
Subscriptions	18,452	-	25,372	2,409	41,415
Total accumulated depreciation/amortization	5,941,354	-	460,098	81,001	6,320,451
Total capital assets being depreciated/amortized (net)	5,259,437	225,212	(257,924)	9,933	5,216,792
Business-type activities capital assets (net)	$ 6,134,242	$ -	$ 219,495	$ 12,545	$ 6,341,192

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

Governmental activities:	
Administration & regulation	$ 19,268
Education	4,354
Health & human rights	10,973
Human services	27,245
Justice & public defense	51,372
Economic development	3,055
Transportation	685,732
Agriculture & natural resources	12,791
Subtotal	814,790
Depreciation/amortization on capital assets held by the State's internal service funds is allocated to the various functions based on their use of the assets	27,049
Total	$ 841,839
Business-type activities:	
Enterprise	$ 460,098

Discretely Presented Component Units (expressed in thousands)

Capital assets not being depreciated/amortized:	
Land	$ 25,411
Construction in progress	661
Goodwill	495
Total capital assets not being depreciated/amortized	26,567
Capital assets being depreciated/amortized:	
Infrastructure	29,734
Buildings & improvements	179,975
Machinery, equipment & vehicles	18,610
Land improvements	700
Computer software	703
Right-to-use leased assets	6,647
Total capital assets being depreciated/amortized	236,369
Less accumulated depreciation/amortization	104,368
Total capital assets being depreciated/amortized (net)	132,001
Discretely presented component units capital assets (net)	$ 158,568

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable and accruals at June 30, 2023, consisted of the following (expressed in thousands):

	Current	Noncurrent
PRIMARY GOVERNMENT		
Governmental activities		
Salaries & fringes	$ 55,976	$ -
Early retirement/termination benefits	9,341	13,275
Risk management	17,190	12,810
Pollution remediation	2,257	2,243
State aid	1,195,823	-
Trade & other payables	1,110,639	41,481
Total governmental activities	$ 2,391,226	$ 69,809
Business-type activities		
Salaries & fringes	$ 267,940	$ -
Early retirement/termination benefits	86	74
General claims	97,266	-
Unemployment benefits	31,706	-
Trade & other payables	330,055	44,474
Total business-type activities	$ 727,053	$ 44,548
COMPONENT UNITS		
Annuity & life income obligations	$ 209	$ 22,643
Lotto prizes & annuity prizes payable	4,513	774
Other	90,490	31,795
Total component units	$ 95,212	$ 55,212

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, 2023, pollution remediation obligations totaled $4.5 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.

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2023, are summarized as follows (expressed in thousands):

	Beginning Balance, Restated	Additions	Deductions	Ending Balance	Amounts due within one year
Governmental activities					
Compensated absences	$ 317,377	$ 126,852	$ 127,980	$ 316,249	$ 125,573
Lease liability	35,397	12,626	12,525	35,498	9,025
Subscription liability	49,280	82,661	27,628	104,313	25,742
Bonds payable	1,213,740	-	72,135	1,141,605	162,895
Other financing arrangements payable	16,194	-	4,366	11,828	3,963
Net pension liability	284,630	445,117	20,407	709,340	-
Other postemployment benefits liability	212,983	-	17,673	195,310	4,816
Early retirement/termination benefits	23,351	10,171	11,153	22,369	9,225
Risk management	30,000	17,878	17,878	30,000	17,190
Pollution remediation	4,732	-	232	4,500	2,257
Other liabilities	505	-	61	444	60
Total *	2,188,189	695,305	312,038	2,571,456	360,746
Allocation of Internal Service Funds liabilities:					
Compensated absences	6,089	2,700	2,388	6,401	2,848
Lease liability	3,432	2,365	2,251	3,546	1,945
Subscription liability	-	27,151	3,780	23,371	694
Net pension liability	432	11,748	-	12,180	-
Other postemployment benefits liability	3,790	-	180	3,610	204
Early retirement/termination benefits	368	1	122	247	116
Total	14,111	43,965	8,721	49,355	5,807
Total primary government - governmental activities	$ 2,202,300	$ 739,270	$ 320,759	$ 2,620,811	$ 366,553
Business-type activities					
Compensated absences	$ 267,455	$ 166,547	$ 162,044	$ 271,958	$ 170,381
Lease liability	150,954	46,530	27,063	170,421	20,519
Subscription liability	54,989	40,525	31,368	64,146	18,824
Bonds payable	2,000,266	197,253	245,785	1,951,734	103,000
Other financing arrangements payable	60,485	26,045	4,629	81,901	6,144
Net pension liability	2,761	143,906	-	146,667	-
Other postemployment benefits liability	236,958	4,633	17,059	224,532	15,975
Early retirement/termination benefits	259	5	104	160	86
Total primary government - business-type activities	$ 2,774,127	$ 625,444	$ 488,052	$ 2,911,519	$ 334,929

* The General Fund has typically been used to liquidate most long-term liabilities, except for $628.4 million of bonds payable to be liquidated by the Tobacco Settlement Authority, a Special Revenue Fund.

NOTE 9 – LEASE LIABILITY

Primary Government

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

Governmental Activities

The terms of the various lease agreements expire before June 30, 2048. As of June 30, 2023, the total lease liability is $39.0 million. The following is a schedule by year of the future principal and interest payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2024	$ 10,970	$ 476
2025	8,676	333
2026	5,991	218
2027	4,241	141
2028	2,932	101
2029-2033	5,164	158
2034-2038	726	39
2039-2043	326	11
Thereafter	18	-
Total	$ 39,044	$ 1,477

Business-type Activities

The terms of the various lease agreements expire before June 30, 2056. As of June 30, 2023, the total lease liability is $170.4 million. The following is a schedule by year of the future principal and interest payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2024	$ 20,519	$ 4,654
2025	18,358	4,160
2026	15,911	3,718
2027	14,621	3,304
2028	12,646	2,939
2029-2033	44,135	10,425
2034-2038	19,891	6,473
2039-2043	13,119	4,021
2044-2048	7,417	1,882
2049-2053	2,156	844
Thereafter	1,648	151
Total	$ 170,421	$ 42,571

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – LEASE RECEIVABLES

Primary Government

Governmental Activities

The State has entered into agreements, as the lessor, for various land, buildings, and equipment. The terms of the various lease agreements expire before June 30, 2069. The State recognized $1.8 million of lease revenues and $138 thousand of interest revenues in the fiscal year. As of June 30, 2023, the total lease receivable is $11.9 million. The following revenue schedule reflects the future principal and interest payments required by the leases (expressed in thousands):

Year Ending June 30,	Principal	Interest
2024	$ 1,955	$ 120
2025	1,900	99
2026	1,298	80
2027	344	72
2028	325	68
2029-2033	1,529	289
2034-2038	1,058	218
2039-2043	681	171
2044-2048	502	139
2049-2053	520	111
2054-2058	548	83
2059-2063	579	52
2064-2068	611	20
Thereafter	63	-
Total	$ 11,913	$ 1,522

Business-type Activities

The State has entered into agreements, as the lessor, for various land and buildings. The terms of the various lease agreements expire before June 30, 2044. The State recognized $2.3 million of lease revenues and $285 thousand of interest revenues in the fiscal year. As of June 30, 2023, the total lease receivable is $9.6 million. These amounts are related to the University Funds and the Nonmajor Enterprise Funds and are included in accounts receivable on the Proprietary Funds Statement of Net Position. The following revenue schedule reflects the future principal and interest payments required by the leases (expressed in thousands):

Year Ending June 30,	Principal	Interest
2024	$ 2,026	$ 265
2025	1,931	201
2026	1,533	139
2027	872	100
2028	711	79
2029-2033	2,074	172
2034-2038	418	35
2039-2043	38	7
Thereafter	5	-
Total	$ 9,608	$ 998

NOTE 11 – SUBSCRIPTION LIABILITY

Primary Government

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

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

Governmental Activities

The terms of the various SBITAs expire before June 30, 2036. As of June 30, 2023, the total subscription liability is $127.7 million. The following is a schedule by year of the future principal and interest payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2024	$ 26,436	$ 1,824
2025	24,749	1,714
2026	13,753	1,303
2027	9,026	1,078
2028	8,139	921
2029-2033	34,057	2,560
Thereafter	11,524	266
Total	$ 127,684	$ 9,666

The State had five departments with variable payments based on future consumption and usage totaling $7.1 million for the year ended June 30, 2023. Components of variable payments that are fixed in substance, are included in the measurement of the subscription liability presented in the table above.

Additionally, the State has SBITA commitments totaling $52.1 million at June 30, 2023.

Business-type Activities

The terms of the various SBITAs expire before June 30, 2036. As of June 30, 2023, the total subscription liability is $64.1 million. The following is a schedule by year of the future principal and interest payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2024	$ 18,824	$ 1,764
2025	13,921	1,295
2026	7,765	952
2027	6,806	690
2028	3,621	438
2029-2033	11,188	794
Thereafter	2,021	54
Total	$ 64,146	$ 5,987

NOTE 12 – OTHER FINANCING ARRANGEMENTS PAYABLE

Primary Government

Governmental Activities

The State has entered into financing agreements for various equipment and properties. The agreements have interest rates ranging from 0.00% to 2.00%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2024	$ 3,963	$ 192
2025	3,975	129
2026	3,890	64
Total	$ 11,828	$ 385

Business-type Activities

The Universities have entered into financing agreements for various equipment and properties. The agreements have interest rates ranging from 0.00% to 3.86%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2024	$ 6,144	$ 4,640
2025	6,525	4,339
2026	5,957	4,042
2027	5,968	3,749
2028	4,961	3,465
2029-2033	20,743	13,612
2034-2038	17,252	7,953
2039-2043	14,300	2,458
Thereafter	51	-
Total	$ 81,901	$ 44,258

(Notes continue on next page.)

NOTE 13 – UTILITY SYSTEM LEASE & CONCESSION AGREEMENT

On December 10, 2019, the University of Iowa entered into a 50-year agreement, a public-private partnership (P3), to lease the University's utility system, including all utility facilities and land, to University of Iowa Energy Collaborative LLC (UIEC) and grant it the exclusive right to operate the utility system and provide utility services to the University campus. On March 10, 2020, the University received an upfront payment of $1.2 billion. The upfront payment is reported as deferred inflows of resources related to public-private partnership and is being amortized as an increase to operating revenue on a straight-line basis over the term of the agreement. At June 30, 2023, the balance of the deferred inflows of resources related to public-private partnership 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 UIEC. The fixed and O&M components of the utility fee are recognized as operating expense. The variable component of the utility fee will be recognized as a reduction in the long-term payable to UIEC and as interest expense.

The University recognized fixed and O&M utility fees totaling $63.7 million for the year ended June 30, 2023. The fixed fee is set at $35.0 million per year for the first five years. The fee will increase 1.5% to $35.5 million on July 1, 2025 for the fiscal year ending June 30, 2026, and 1.5% at the start of each fiscal year thereafter. The carrying amounts of UIEC capital investments and related payable to UIEC at June 30, 2023 was $65.4 million.

A summary of the carrying value of assets and construction in progress under this agreement at June 30, 2023, are as follows (expressed in thousands):

Depreciable capital assets	$ 35,211
Accumulated depreciation	(1,607)
Net	33,604
Construction in progress	32,440
Carrying value at June 30	$ 66,044

(Notes continue on next page.)

NOTE 14 – BONDS PAYABLE

Revenue bonds payable at June 30, 2023, are as follows (expressed in thousands):

	ISSUE DATES	ORIGINAL ISSUANCE	INTEREST RATES	MATURITY DATE RANGE	OUTSTANDING PRINCIPAL
PRIMARY GOVERNMENT					
Governmental activities					
Revenue bonds					
Term bonds					
Tobacco Settlement Authority	2021	$ 308,255	0.375-4.00	2030-2049	$ 233,755
Serial bonds					
Refunding, Prison Infrastructure - 2016	2017	79,790	5.00	2021-2027	48,895
Refunding, IJOBS - 2016	2017	265,425	2.00-5.00	2017-2029	130,270
Refunding, IJOBS - 2019	2019	143,675	5.00	2029-2034	143,675
Refunding, Iowa Utilities Board - 2020	2020	7,230	1.88	2021-2029	4,957
Refunding, IJOBS - 2020	2021	90,825	5.00	2021-2034	80,165
Tobacco Settlement Authority	2021	106,610	0.51-5.00	2021-2040	96,220
Total					504,182
Capital appreciation bonds					
Tobacco Settlement Authority (2)	2021	$ 1,607,540	4.00-4.05	2049-2065	1,607,540
Total revenue bonds					2,345,477
Unamortized premium					105,276
Unamortized appreciation discount					(1,309,148)
Total governmental activities					$ 1,141,605
Business-type activities					
Revenue bonds					
University of Iowa	2012-2023	$ 1,604,320	0.30-5.00	2014-2062	$ 1,338,085
Iowa State University	2009-2022	608,250	1.50-5.00	2011-2043	439,825
University of Northern Iowa	2013-2021	122,363	2.00-5.00	2014-2040	85,837
Total revenue bonds					1,863,747
Unamortized premium					88,586
Unamortized discount					(599)
Total business-type activities					$ 1,951,734
COMPONENT UNITS					
Revenue bonds					
Iowa Finance Authority	2007-2023	$ 4,256,748	variable (1)	2023-2053	$ 3,189,341
Unamortized premium					295,903
Total component units					$ 3,485,244

(1) Variable rates are as of June 30, 2023

(2) Accreted value at maturity

A. Primary Government – Governmental Activities

Tobacco Settlement Authority

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

Pursuant to a Sales Agreement between the State and the Authority, the State has pledged, as security for bonds issued by the Authority, 78% of the amounts payable to the State under the Master Settlement Agreement (the "MSA") entered into by participating cigarette manufacturers (the "PMs"), 46 states (including the State) and six other U.S. jurisdictions in November 1998 in the settlement of certain smoking-related litigation, including the State's right to receive future initial, annual and strategic contribution payments (the "TSRs"), to be made by the PMs under the MSA.

On April 13, 2021, the Authority issued Tobacco Settlement Asset-Backed Bonds, Series 2021 Senior Bonds to refund Tobacco Settlement Asset-Backed Series 2005 Bonds, in the par amount of $2,022.4 million. The Authority has pledged, as the sole security for the bonds, 78% of the future TSRs payable under the terms of the Sales Agreement, investment earnings on certain accounts pledged under the bond indenture and amounts held in accounts established under the bond indenture (i.e. collection, debt service reserve, turbo redemption, etc.). As of June 30, 2023, total principal and interest remaining on the debt is $2,058.8 million with annual requirements ranging from $137.0 million in 2024 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 $42.7 million and $55.3 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.

Refunding, Prison Infrastructure – 2016

The State of Iowa has issued Special Obligation Refunding Bonds (Prison Infrastructure Fund), Series 2016 to advance refund a portion of the outstanding Special Obligation Bonds (Prison Infrastructure Fund), Series 2010 and to pay certain costs of issuance. The State has pledged all funds deposited in the Prison Infrastructure Fund from fines, fees, costs, and forfeited bail collected by the clerks of the district court in criminal cases, including those collected for both scheduled and nonscheduled violations, but excluding fines and fees attributable to commercial vehicle violation citations not reverting to the State's General Fund at the end of each fiscal year, plus interest earnings on moneys in the Prison Infrastructure Fund to repay $79.8 million in refunding bonds issued in July 2016. The bonds are payable from the Debt Service Reserve Fund and are payable through fiscal year 2027. Annual principal and interest payments on the bonds are expected to require less than 54% of total deposits into the Prison Infrastructure Fund. As of June 30, 2023, total principal and interest remaining to be paid on the debt is $55.2 million. Principal and interest paid in the current year and total deposits into the Prison Infrastructure Fund were $13.8 million and $14.7 million, respectively.

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

Refunding, IJOBS – 2016

The State of Iowa has issued IJOBS Program Special Obligation Refunding Bonds, Series 2016A to refund the IJOBS Program Special Obligation Bonds, Series 2009A, fund a Bond Reserve Fund and pay costs of issuance. The State has pledged a portion of future revenues to repay $265.4 million of bonds issued in July 2016. These revenues include amounts to be deposited in the Revenue Bonds Debt Service Fund, including a standing appropriation of $55.0 million annually from gaming revenues which would otherwise be deposited in the State's General Fund and, to the extent of any shortfall in gaming revenues, beer and liquor revenues. The bonds are payable from the Bond Reserve Fund including any amounts appropriated to replenish such fund and are payable through fiscal year 2029. Annual principal and interest payments on the bonds are expected to require less than 50% of total deposits into the Revenue Bonds Debt Service Fund. As of June 30, 2023, total principal and interest remaining to be paid on the debt is $154.9 million. Principal and interest paid for the current year and total deposits into the Revenue Bonds Debt Service Fund were $29.1 million and $58.1 million, respectively.

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

Refunding, IJOBS – 2019

The State of Iowa has issued IJOBS Program Special Obligation Refunding Bonds, Series 2019A to refund the IJOBS Program Special Obligation Bonds, Taxable Series 2009B, fund a Bond Reserve Fund and pay costs of issuance. The State has pledged a portion of future revenues to repay $143.7 million of bonds issued in June 2019. These revenues include amounts to be deposited in the Revenue Bonds Debt Service Fund, including a standing appropriation of $55.0 million annually from gaming revenues which would otherwise be deposited in the State's General Fund and, to the extent of any shortfall in gaming revenues, beer and liquor revenues. The bonds are payable from the Bond Reserve Fund including any amounts appropriated to replenish such fund and are payable through fiscal year 2034. Annual principal and interest payments on the bonds are expected to require less than 13% of total deposits into the Revenue Bonds Debt Service Fund. As of June 30, 2023, total principal and interest remaining to be paid on the debt is $206.6 million. Interest paid for the current year and total deposits into the Revenue Bonds Debt Service Fund were $7.2 million and $58.1 million, respectively.

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

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

The State of Iowa has issued Iowa Utilities Board and Consumer Advocate State Building Special Obligation Refunding Bonds, Series 2020 to refund the Iowa Utilities Board and Consumer Advocate State Building Special Obligation Bonds, Series 2009, fund a Debt Service Reserve Fund, and pay certain costs of issuance. The State has pledged a portion of future revenues to repay $7.2 million of bonds issued in June 2020. The Series 2020 bonds will be payable solely and only out of moneys, assets, or revenues of the Chargeable Expenses Fund (as defined in Iowa Code Section 12.91(1)(c)). In accordance with Iowa Code Section 12.91, the Treasurer shall deposit in the Chargeable Expenses Fund all amounts collected by the Iowa Utilities Board in accordance with Iowa Code Sections 476.10 and 476.10B as chargeable expenses in each fiscal year until the amount on deposit in the Chargeable Expenses Fund is equal to the amount of principal and interest on the Series 2020 bonds due in that fiscal year. The bonds are payable from the Bond Fund and are payable through fiscal year 2029. Annual principal and interest payments on the bonds are expected to require less than 99% of total deposits into the Bond Fund. As of June 30, 2023, total principal and interest remaining to be paid on the debt is $5.3 million. Principal and interest paid for the current year and total deposits into the Bond Fund were $0.9 million and $0.9 million, respectively.

The bonds are not debts of the State or of any political subdivision of the State, and do not constitute a pledge of the faith and credit of the State or a charge against the general credit or General Fund of the State.

Refunding, IJOBS – 2020

The State of Iowa has issued IJOBS Program Special Obligation Refunding Bonds, Series 2020A to refund the IJOBS program Special Obligation Bonds, Taxable Series 2010A, fund a Bond Reserve Fund and pay costs of issuance. The State has pledged a portion of future revenues to repay $90.8 million of bonds issued in September 2020. These revenues include amounts to be deposited in the Revenue Bonds Debt Service Fund, including a standing appropriation of $55.0 million annually from gaming revenues which would otherwise be deposited in the State's General fund and, to the extent of any shortfall in gaming revenues, beer and liquor revenues. The bonds are payable from the Bond Reserve Fund including any amounts appropriated to replenish such fund and are payable through fiscal year 2034. Annual principal and interest payments on the bonds are expected to require less than 14% of total deposits into the Revenue Bonds Debt Service Fund. As of June 30, 2023, total principal and interest remaining to be paid on the debt is $100.5 million. Principal and interest paid for the current year and total deposits into the Revenue Bonds Debt Service Fund were $8.1 million and $58.1 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.

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

Year Ending June 30,	Principal	Interest
2024	$ 162,895	$ 33,128
2025	74,960	26,376
2026	48,334	23,104
2027	49,219	21,122
2028	37,809	18,762
2029-2033	195,000	62,663
2034-2038	71,495	25,617
2039-2043	39,640	16,593
2044-2048	47,875	8,032
2049-2053	10,710	428
2054-2058	-	-
Thereafter	1,607,540	-
Total	$2,345,477	$ 235,825

B. Primary Government – Business-type Activities

Universities

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

- $56.6 million of Parking System Revenue Bonds, Series S.U.I. 2023, with an interest rate of 3.5% to defray additional costs of construction, improving, and equipping various parking facilities located on the campus. The revenues pledged to these bonds are generated by fees paid by users of the parking facilities.

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

- $130.7 million of Hospital Revenue Refunding Bonds, Series S.U.I. 2022C, with an average interest rate of 4.88% and accrued interest of $107,000 to pay at maturity $148.7 million of outstanding Hospital Revenue Refunding Bond Anticipation Note, Series S.U.I. 2021B, with interest rates of 0.20%. Net bond proceeds of $148.5 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 Bond Anticipation Note, Series S.U.I 2021B matured on October 1, 2022.

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, 2023, bonds totaling $78.1 million for the University of Iowa were considered defeased.

(Notes continue on next page.)

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
2024	$ 103,000	$ 61,315
2025	107,326	58,119
2026	109,371	54,103
2027	167,666	48,979
2028	113,146	43,725
2029-2033	498,125	161,209
2034-2038	379,846	84,209
2039-2043	157,197	40,759
2044-2048	71,805	26,928
2049-2053	64,770	17,841
2054-2058	47,770	10,227
Thereafter	43,725	2,673
Total	$ 1,863,747	$ 610,087

C. Component Units

Iowa Finance Authority

The Iowa Finance Authority (Authority) is authorized and has issued bonds to provide affordable mortgage financing and to meet the 20% State match required for federal capitalization grants which are used to provide loans for construction of wastewater and drinking water facilities. The bonds are payable principally from repayments of such loans. The obligations do not constitute a debt of the State of Iowa and the State is not liable for any repayments.

The bonds are secured, as described in the applicable bond resolutions, by the revenues, moneys, investments, loans and other assets in the programs and accounts established by the respective bond resolutions.

Direct placement bonds have been issued to the U.S. Bank N.A. 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 in the Housing Agency Fund.

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

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

During the current fiscal year, the Authority issued eight new bond series totaling $1,002.5 million to purchase mortgage-backed securities (MBS) and State Revolving Fund (SRF) loans. The Authority made bond payments of $397.1 million.

In September 2022, the Authority issued SRF bonds with a face value of $43.5 million to provide resources to purchase State and Local Government Series (SLGS) securities that were placed into an irrevocable trust to provide funds for future debt service payments on $41.8 million of SRF bonds. The funds required for this transaction exceeded the net carrying value of the defeased debt by $6.3 million. This refunding was undertaken to take advantage of the low interest rate environment. The aggregate difference in debt service between the refunding debt and the refunded debt was $3.85 million. However, the refunding resulted in an economic gain of $2.6 million.

In June 2023, the Authority issued Single-Family Mortgage Bonds with a face value of $131.3 million of which $38 million was placed in a redemption account to refund 2015 variable rate Single-Family Bonds in July 2023. The refunding of the bonds resulted in an economic loss of $1.7 million and the aggregate difference in debt service between the refunding and the refunded debt was negative $6 million. This is based on the interest rates in effect at the time of the refunding, but could be different depending on how interest rates change in the future. The refunding was executed to reduce $38 million of variable rate exposure and transfer future yield subsidy to a current tax plan.

In June 2023, the Authority issued SRF bonds with a face value of $36 million to provide resources to purchase State and Local Government Series (SLGS) securities that were placed into an escrow to provide funds for a debt payment of $36 million of 2013 SRF bonds in August 2023. The aggregate difference in debt service between the refunding debt and the refunded debt was $3.6 million. This refunding resulted in an economic gain of $2.95 million.

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, 2023, bonds totaling $103.5 million were considered defeased.

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

Year Ending June 30,	Principal	Interest
2024	$ 127,187	$ 121,256
2025	109,688	129,498
2026	122,706	125,222
2027	119,920	120,442
2028	122,420	115,558
2029-2033	681,960	494,936
2034-2038	684,595	343,852
2039-2043	558,015	201,224
2044-2048	362,234	106,294
2049-2053	289,216	36,709
Thereafter	11,400	304
Total	$ 3,189,341	$ 1,795,295

(Notes continue on next page.)

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 6.69% and 8.50%, 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, 2023, the State of Iowa recognized the following amounts related to pensions in financial statements prepared using the economic resources measurement focus and accrual basis of accounting (expressed in thousands):

	Defined Benefit				
	Cost-sharing, Multiple-employer	Single-employer			Cost-sharing, Multiple-employer
	IPERS - Primary Government	PORS	JRS	Total Primary Government	IPERS - Discretely Presented Component Units
Net pension liability (asset)	$ 603,898	$ 253,891	$ 10,332	$ 868,121	$ 13,668
Deferred outflows of resources related to pensions	243,221	114,992	18,494	376,707	3,891
Deferred inflows of resources related to pensions	128,587	2,523	6,789	137,899	2,922
Pension expense for the period associated with net pension liabilities	(15,415)	56,088	7,639	48,312	(508)

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, 2023, IPERS had 1,947 public employers with 179,903 active members contributing to the system.

Plan Membership.

	Fiscal Years Ended June 30,	
	2023	2022
Inactive employees or beneficiaries currently receiving benefits	133,847	131,704
Inactive employees entitled to but not yet receiving benefits	90,374	84,835
Active employees	179,903	176,186
Total	404,124	392,725

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.

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 2023, the contribution rates for all members exceeded the actuarial rates.

	Fiscal Year 2023		
	Employee	Employer	Total
Regular members	6.29%	9.44%	15.73%
Sheriffs and deputies	8.76%	8.76%	17.52%
Protection occupation members	6.21%	9.31%	15.52%

Contributions are remitted by participating employers. Wages were covered up to the Internal Revenue Code Section 401(a)(17) compensation limit of $305,000 for calendar year 2022 and $330,000 for calendar year 2023. There are no non-employer contributing entities to IPERS.

The State's employer contributions to IPERS for the years ended June 30, 2023 and 2022 were $162,004,000 and $149,496,000, respectively.

Actuarial Methods and Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2022, 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 PubG-2010 Generational Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Projection Scale MP-2021. Different adjustments apply to pre-retirement, post-retirement, and post-disability mortality tables.

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

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

Best estimates of arithmetic real rates of return for each major asset class included in IPERS' target asset allocation as of June 30, 2023, are shown in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core-plus fixed income	23.00%	2.69%
Domestic equity	21.00%	4.56%
International equity	16.50%	6.22%
Private equity	17.00%	10.44%
Private real assets	9.00%	3.88%
Public credit	3.00%	4.38%
Private credit	4.50%	4.60%
Global smart beta equity	5.00%	5.22%
Cash	1.00%	1.59%
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 3.37%. The projected future benefit payments for all current plan members were projected through 2121.

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

	2023	2022 (Restated)
Total pension liability	$ 45,719,979	$ 43,969,714
Plan fiduciary net position	41,206,314	40,191,542
Employers' net pension liability (asset)	$ 4,513,665	$ 3,778,172
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.13%	91.41%

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

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

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

At June 30, 2023, the State reported a total of $617.6 million for its proportionate share of the net pension liability, with a $603.9 million liability in the primary government and $13.7 million liability in the discretely presented component units. The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability as of June 30, 2022, used to calculate the net pension liability (asset) was determined based on the June 30, 2022 actuarial valuation for funding, dated November 14, 2022.

The State's proportion of the net pension liability (asset) was based on the State's share of contributions to the pension plan relative to the contributions of all participating employers, actuarially determined. At June 30, 2023, the State's total proportion was 16.341939% (15.979531% in the primary government and 0.362408% in the discretely presented component units). This was a decrease of 19.946195% from the State's total proportion (a decrease of 20.449107% in the primary government and an increase of 0.502912% in the discretely presented component units), measured as of June 30, 2022.

For the year ended June 30, 2023, the State recognized IPERS pension expense of negative $15.4 million for the primary government and negative $0.5 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	$ 47,108	$ 607
Changes in assumptions	561	12
Changes in proportion and differences between contributions and proportionate share of contributions	33,548	341
Contributions subsequent to the measurement date	162,004	2,931
Total	$ 243,221	$ 3,891

	Deferred Inflows of Resources (expressed in thousands)	
	Primary Government	Discretely Presented Component Units
Differences between expected and actual experience	$ 9,090	$ 187
Changes in assumptions	11,152	-
Net difference between projected and actual earnings on pension plan investments	82,120	1,466
Changes in proportion and differences between contributions and proportionate share of contributions	26,225	1,269
Total	$ 128,587	$ 2,922

The primary government and discretely presented component units reported deferred outflows of resources related to pensions of $162.0 million and $2.9 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, 2024. 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
2024	$ (13,882)	$ (626)
2025	(11,172)	(522)
2026	(10,754)	(430)
2027	(13,782)	(386)
2028	2,220	2
Total	$ (47,370)	$ (1,962)

There are no non-employer contributing entities to IPERS.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's proportionate share of the net pension liability (asset):			
Primary government	$ 1,249,234	$ 603,898	$ 35,230
Discretely presented component units	25,510	13,668	3,277
Total	$ 1,274,744	$ 617,566	$ 38,507

Payables to the Pension Plan

At June 30, 2023, the State had remitted to IPERS all legally required employer contributions and employee contributions which had been withheld from employee wages.

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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	679
Inactive employees entitled to but not yet receiving benefits	44
Nonvested terminations	10
Active employees	560
Total	1,293

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.

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

The member contribution required and contributed was $5,991,000, representing 11.4% of the current year covered payroll. The State contribution required by statute and the amount actually contributed was $23,721,000. $5,000,000 of the State contribution was an annual appropriation, which was in addition to the required employer 37.0% contribution rate. Costs of administering the plan are financed through employer contributions and investment income.

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

PORS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Iowa Department of Public Safety, Peace Officers' Retirement, Accident and Disability System, Oran Pape State Office Building, 215 East 7th Street, Des Moines, IA 50319 or at info@aos.iowa.gov.

Net Pension Liability (Asset)

The net pension liability (asset) was measured as of June 30, 2023, 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, 2023, using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement:

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

Pre-retirement mortality rates were based on the Pub-2010 Safety Employees Median Mortality Table, set-back 2 years for males and females, projected generationally using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 Safety Retirees Median Mortality Table, set-back 2 years for males and females, projected generationally using Scale MP-2021. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivors Mortality Table, set-back 2 years for males and females, projected generationally using Scale MP-2021. Disability mortality rates were based on the Pub-2010 Safety Disabled Retirees Mortality Table, set-back 2 years for males and females, projected generationally using Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation are based on the results of the most recent actuarial experience study, which covered the five-year period ending June 30, 2021. The experience study report is dated October 12, 2022.

The long-term expected rate of return on pension plan investments is reviewed as part of the experience study. Several factors are considered in evaluating the long-term rate of return assumption including the long-term historical data, estimates inherent in current market data and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by investment consultants are often intended for use over a 10-year investment horizon and are not always useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The long-term rate of return assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap equities	20.00%	4.71%
Small cap equities	15.00%	5.86%
International equity	18.75%	5.28%
Emerging markets	6.25%	9.40%
Private equity	5.00%	10.06%
U.S. aggregate	17.75%	0.67%
High-yield corporate bonds	2.25%	3.39%
Private debt	5.00%	5.89%
Real estate - core	4.00%	3.97%
Real estate - noncore	6.00%	5.68%
Total	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed plan contributions from members and the State will be made at the current contribution rates as set in State statute: (1) employee contribution rate: 11.4%; (2) employer contribution rate: the lessor of 37.0% of payroll and the actuarial rate, but not less than 17.0% of payroll; and (3) supplemental State contributions: $5 million until PORS is 85% funded. Based on those assumptions, the pension fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on plan assets was applied to all periods of projected benefit payments to determine the total pension liability. The municipal bond rate was not used in determining the discount rate, but if it were required, the rate would have been 3.66%. The projected future benefit payments for all current plan members were projected through 2122.

Sensitivity Analysis. The net pension liability (asset) was calculated using a discount rate of 6.50%, as well as a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate. The sensitivity of the net pension liability to changes in the discount rate is presented below (expressed in thousands):

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability (asset)	$ 391,380	$ 253,891	$ 142,512

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, 2022	$ 884,315	$ 625,063	$ 259,252
Changes for the year:			
Service cost	18,152	-	18,152
Interest	56,240	-	56,240
Differences between expected and actual experience	11,550	-	11,550
Contributions - employer	-	23,721	(23,721)
Contributions - employee	-	5,991	(5,991)
Net investment income	-	61,940	(61,940)
Benefit payments, including refunds of employee contributions	(38,776)	(38,776)	-
Administrative expense	-	(349)	349
Net changes	47,166	52,527	(5,361)
Balances at June 30, 2023	$ 931,481	$ 677,590	$ 253,891

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

For the year ended June 30, 2023, the State recognized pension expense related to PORS of $56.1 million. At June 30, 2023, 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	$ 10,200	$ 2,523
Changes in assumptions	57,488	-
Net difference between projected and actual earnings on pension plan investments	47,304	-
Total	$ 114,992	$ 2,523

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,	
2024	$ 23,679
2025	26,900
2026	57,095
2027	3,237
2028	1,558
Total	$ 112,469

There are no non-employer contributing entities to PORS.

Payables to the Pension Plan

At June 30, 2023, the State reported payables of $729,000 for legally required employer contributions and $225,000 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	247
Inactive employees entitled to but not yet receiving benefits	4
Active employees	216
Total	467

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 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.

Commencing with the July 1, 2022 actuarial valuation, 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 $3,277,000, representing 9.98% of the current year covered payroll. The State contribution required by statute and the amount contributed was $4,916,000. The State share was based on 14.97% of actual salaries. Costs of administering the plan are financed through State appropriation, member contributions and investment income.

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

JRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Judicial Retirement System, Iowa Judicial Branch, 1111 East Court Avenue, Des Moines, IA 50319 or at info@aos.iowa.gov.

Net Pension Liability (Asset)

The net pension liability (asset) was measured as of June 30, 2023, 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, 2023, 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 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.

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%	6.08%
Small/mid cap equities	15.00%	6.89%
International equity	18.75%	6.89%
Emerging international equity	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	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed plan contributions from members and the State will be made at the current contribution rates as set in State statute: (1) employee contribution rate: 40% of the actuarially required contribution rate; and (2) employer contribution rate: 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 3.66%. The projected future benefit payments for all current plan members were projected through 2122.

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)	$ 38,718	$ 10,332	$ (13,883)

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease) Expressed in Thousands		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	$ 260,776	$ 235,398	$ 25,378
Changes for the year:			
Service cost	8,402	-	8,402
Interest	17,056	-	17,056
Differences between expected and actual experience	(4,007)	-	(4,007)
Contributions - employer	-	4,916	(4,916)
Contributions - employee	-	3,277	(3,277)
Net investment income	-	28,350	(28,350)
Benefit payments, including refunds of employee contributions	(16,448)	(16,448)	-
Administrative expense	-	(46)	46
Net changes	5,003	20,049	(15,046)
Balances at June 30, 2023	$ 265,779	$ 255,447	$ 10,332

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

For the year ended June 30, 2023, the State recognized pension expense related to JRS of $7.6 million. At June 30, 2023, 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	$ 637	$ 6,789
Net difference between projected and actual earnings on pension plan investments	17,857	-
Total	$ 18,494	$ 6,789

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,	
2024	$ (311)
2025	747
2026	15,007
2027	(3,098)
2028	(640)
Total	$ 11,705

There are no non-employer contributing entities to JRS.

Payables to the Pension Plan

At June 30, 2023, the State reported payables of $190,000 for legally required employer contributions and $127,000 for legally required employee contributions which had been withheld from employee wages but not yet remitted to JRS.

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, and Iowa School for the Deaf 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 2023 and 2022, the employers' required and actual contributions amounted to $187,111,000 and $181,658,000, respectively. During fiscal years 2023 and 2022, the employees' required and actual contributions amounted to $92,992,000 and $90,211,000, respectively. As of June 30, 2023, the employers reported payables of $15,172,000 for legally required employer contributions and $7,534,000 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, 2023, 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 Primary Government	University Plan Primary Government	Total Primary Government	State Plan Discretely Presented Component Units
Total OPEB liability	$ 201,318	$ 222,134	$ 423,452	$ 4,083
Deferred outflows of resources related to OPEB	61,447	88,712	150,159	1,313
Deferred inflows of resources related to OPEB	86,951	119,684	206,635	1,642
OPEB expense for the period associated with total OPEB liabilities	20,958	2,797	23,755	414

B. State Plan

Plan Description

The State of Iowa provides access to postretirement medical benefits to all retirees as required by Chapter 509A.13 of the Code of Iowa. Although the retirees generally must pay 100% of the premium rate, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75), requires that employers recognize the Implicit Rate Subsidy that exists in postretirement medical plans provided by governmental employers.

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

therefore, the retirees' premiums are being subsidized by the active group. Since the employer generally pays a large portion or all of the premiums for the active group, this subsidy creates a liability for the employer. The difference between the expected claims for the retiree group and the blended premium is called the Implicit Rate Subsidy.

The State of Iowa Postretirement Medical Plan operates as a single-employer retiree benefit plan which provides medical insurance benefits for retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4, of GASB No. 75. The State currently finances the retiree benefit plan on a pay-as-you-go basis.

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

Plan Membership

There are 17,074 active and 2,045 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 $205,401,000 ($201,318,000 in the primary government and $4,083,000 in the discretely presented component units), was measured as of June 30, 2023, and was determined by an actuarial valuation as of January 1, 2022. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2023.

Actuarial Assumptions

The total OPEB liability in the January 1, 2022 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: 3.65%, as of June 30, 2023
- Healthcare cost trend rate – non SPOC - Medical: -3.60% initial, then 6.75%, decreasing to 4.50%
- Healthcare cost trend rate – non SPOC - Rx: -2.80% initial, then 7.75%, decreasing to 4.50%
- Healthcare cost trend rate – SPOC - Medical & Rx: -3.45% initial, then 6.97%, 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, 2021. The plan participation and coverage at retirement assumptions are based upon the recent experience of the State of Iowa Postretirement Medical Plan.

The discount rate is based on the municipal bond rate of 3.65% using the 20-year Bond Buyer GO Index as of June 30, 2022.

The healthcare cost trend rates were revised for the first year due to the average cost per participant decreasing when compared with the prior (initial) year. As reflected above, the initial healthcare cost trend rates are negative. This decrease is anticipated to be a one-time event and the remaining years were not adjusted.

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

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

Changes in the Total OPEB Liability

	Increase (Decrease) Expressed in Thousands	
	Primary Government	Discrete Component Units
Balances at June 30, 2022	$ 219,327	$ 4,163
Changes for the year:		
Service cost	15,470	390
Interest	8,099	146
Change in assumptions	(27,607)	(567)
Benefit payments - implicit subsidy	(13,971)	(49)
Net changes	(18,009)	(80)
Balances at June 30, 2023	$ 201,318	$ 4,083

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

- Increased the discount rate from 3.54% to 3.65%.
- 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 3.65%, as well as a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) 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 (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability			
Primary government	$ 214,699	$ 201,318	$ 188,607
Discretely presented component units	4,354	4,083	3,825
Total	$ 219,053	$ 205,401	$ 192,432

Sensitivity Analysis – Changes to the Healthcare Cost Trend Rate. The total OPEB liability was calculated using a healthcare cost trend rate of negative 3.60% for non SPOC - Medical, negative 2.80% for non SPOC – Rx and negative 3.45% for SPOC - Medical & Rx, as well as a healthcare cost trend rate that is 1-percentage-point lower (negative 2.60%, negative 1.80%, and negative 2.45%) or 1-percentage-point higher (negative 4.60%, negative 3.80% and negative 4.45%) 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 (-2.60%, -1.80% & -2.45%)	Current Healthcare Cost Trend Rate (-3.60%, -2.80% & -3.45%)	1% Increase (-4.60%, -3.80% & -4.45%)
Total OPEB liability			
Primary government	$ 179,219	$ 201,318	$ 227,254
Discretely presented component units	3,635	4,083	4,609
Total	$ 182,854	$ 205,401	$ 231,863

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

For the year ended June 30, 2023, the State of Iowa recognized OPEB expense related to the Plan of $21,372,000 ($20,958,000 in the primary government and $414,000 in the discretely presented component units). At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB for the Plan from the following sources (expressed in thousands):

	Deferred Outflows of Resources	
	Primary Government	Discretely Presented Component Units
Differences between expected and actual experience	$ 48,968	$ 790
Changes in assumptions	8,635	391
Changes in proportion and differences between contributions and proportionate share of contributions	3,844	132
Total	$ 61,447	$ 1,313

	Deferred Inflows of Resources	
	Primary Government	Discretely Presented Component Units
Differences between expected and actual experience	$ 7,719	$ 367
Changes in assumptions	74,587	1,104
Changes in proportion and differences between contributions and proportionate share of contributions	4,645	171
Total	$ 86,951	$ 1,642

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
2024	$ (2,495)	$ (32)
2025	(2,495)	(32)
2026	(2,525)	(33)
2027	(2,760)	(36)
2028	(3,193)	(41)
Thereafter	(12,036)	(155)
Total	$ (25,504)	$ (329)

C. University Plans

Plan Description

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

Plan Benefits

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

Plan Membership

	2023		
	U of I	ISU	UNI
Inactive employees or beneficiaries currently receiving benefits	2,611	4,044	142
Active employees	19,173	6,465	1,643
Total	21,784	10,509	1,785

Total OPEB Liability

The total OPEB liability of $222,134,000 is reported based on the following measurement dates, actuarial valuation dates, and actuarial assumptions:

	U of I	ISU	UNI
Measurement date	June 30, 2022	January 1, 2023	June 30, 2023
Actuarial valuation date	January 1, 2021	January 1, 2022	June 30, 2023
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)	5 years	5 years
Discount rate	3.54%	4.31%	4.13%
Medical trend rate	5.89% (6.34% for post age 65)	7.00%	7.00%
Ultimate medical trend rate	4.50%	4.50%	4.50%
Inflation rate	2.50%	2.60%	0.00%
Payroll growth rate	3.00%	3.25%	1.50%

Discount Rate. The U of I discount rate of 3.54% is based on the Bond Buyer 20 Year GO Index as of June 30, 2021. The ISU discount rate of 4.31% is based on the Bond Buyer 20-Bond GO Index as of January 1, 2022. The UNI discount rate of 4.13% is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2022.

Mortality Rates. The U of I rates are from the Pub-2010 Aggregate Mortality Table projected using Scale MP-2020. The ISU rates are from the Pub-2010 General Headcount-weighted Mortality Table fully generational using Scale MP-2021. The UNI rates are from Pub-2010 General Headcount-weighted Mortality Table fully generational using Scale MP-2021.

Changes in the Total OPEB Liability

	Increase (Decrease) Expressed in Thousands		
	U of I	ISU	UNI
Balances at June 30, 2022	$ 178,332	$ 46,406	$ 9,666
Changes for the year:			
Service cost	9,251	3,726	300
Interest	3,937	1,071	399
Difference between expected and actual experience	84	12,054	368
Change in assumptions	(18,992)	(7,099)	(32)
Change in benefit terms	-	-	(1,088)
Benefit payments	(10,681)	(5,121)	(447)
Net changes	(16,401)	4,631	(500)
Balances at June 30, 2023	$ 161,931	$ 51,037	$ 9,166

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

U of I

- Increased the discount rate from 2.16% to 3.54%.
- Updated rates to better reflect recent experience.
- The discount rate was based on the Bond Buyer 20 Year GO Index, the mortality rates were based on the projection scale using MP-2020.
- Decreased the healthcare trend rate from 6.12% to 5.89%.

ISU

- Increased the discount rate from 2.25% to 4.31%.
- The discount rate was based on the Bond Buyer 20-Bond GO Index, the mortality rates were based on the projection scale using MP-2021.

UNI

- Increased the discount rate from 4.09% to 4.13%.
- The discount rate was based on the S&P Municipal Bond Buyer 20-Year High Grade Rate Index, the mortality rates were based on the projection scale using MP-2021.

Sensitivity Analysis – Changes to the Discount Rate. The total OPEB liability was calculated using a discount rate of 3.54%, 4.31% and 4.13% 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 (2.54%, 3.31% and 3.13%) or 1-percentage-point higher (4.54%, 5.31% and 5.13%) 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 (2.54%, 3.31% & 3.13%)	Current Discount Rate (3.54%, 4.31% & 4.13%)	1% Increase (4.54%, 5.31% & 5.13%)
Total OPEB liability			
U of I	$ 175,457	$ 161,931	$ 149,771
ISU	54,349	51,037	47,971
UNI	10,000	9,166	8,412

Sensitivity Analysis – Changes to the Healthcare Cost Trend Rate. The total OPEB liability was calculated using a healthcare cost trend rate of 5.89%, 7.00% and 7.00% 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 (4.89%, 6.00% and 6.00%) or 1-percentage-point higher (6.89%, 8.00% and 8.00%) than the current rate. The sensitivity of the total OPEB liability to changes in the healthcare cost trend rate is presented below (expressed in thousands):

	1% Decrease (4.89%, 6.00% & 6.00%)	Current Healthcare Cost Trend Rate (5.89%, 7.00% & 7.00%)	1% Increase (6.89%, 8.00% & 8.00%)
Total OPEB liability			
U of I	$ 176,277	$ 161,931	$ 151,744
ISU	46,952	51,037	55,773
UNI	8,169	9,166	10,335

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

For the year ended June 30, 2023, the U of I, ISU, and UNI recognized OPEB expense related to the Plans of $8.3 million, negative $2.5 million, and negative $3.0 million, respectively.

At June 30, 2023, 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	$ 24,615	$ 10,543	$ 276
Changes in assumptions	36,722	2,846	423
Contributions subsequent to the measurement date	10,442	2,845	-
Total	$ 71,779	$ 16,234	$ 699

	Deferred Inflows of Resources		
	U of I	ISU	UNI
Differences between expected and actual experience	$ 8,594	$ 15,284	$ 6,645
Changes in assumptions	80,014	5,959	3,188
Total	$ 88,608	$ 21,243	$ 9,833

Employer contributions subsequent to the measurement date will be recognized as a reduction of total OPEB liability in the year ended June 30, 2023. 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
2024	$ (4,894)	$ (7,297)	$ (2,607)
2025	(4,879)	(1,796)	(2,719)
2026	(4,766)	1,239	(2,399)
2027	(4,766)	-	(976)
2028	(749)	-	(433)
Thereafter	(7,217)	-	-
Total	$ (27,271)	$ (7,854)	$ (9,134)

NOTE 17 – OTHER TERMINATION BENEFITS

A. State Police Officers Council

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

Accumulated unused sick leave in both the active and banked sick leave accounts shall be converted at current value and credited to the employee's account for the purpose of paying the cost of the monthly premiums of a health insurance and/or life insurance policy.

Upon written authority from or upon the death of a retired employee, or upon the death of an active employee, the spouse or the surviving spouse shall be entitled to the value of the sick leave bank in both the active and banked sick leave accounts, as converted in the previous paragraph, for the purpose of paying the cost of monthly premiums of the health insurance and/or life insurance policy for the employee's spouse or dependents.

If the carrier of either the health or life insurance policy is not a current contracted carrier with the State of Iowa, SPOC or any of its suborganizations, the employee or spouse shall be eligible for reimbursement of a premium payment to that carrier upon submission of proof of payment. If there is dissolution of marriage or divorce, it is the employee's responsibility to withdraw their authority.

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, 2023, 317 SPOC retirees received benefits totaling $2.2 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:

If the sick leave balance is:	The conversion rate is:
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, 2023, 1,070 employees from the Executive and Legislative branches have retired and received benefits totaling $9.5 million under SLIP. In addition, 213 employees from the Judicial branch and Community Based Corrections have retired and received benefits totaling $2.0 million under SLIP.

C. Board of Regents Retirement Incentive Options

The Board of Regents approved the Iowa State University 2021 Retirement Incentive Program in August 2020. Those eligible for participation in the 2021 program were faculty, professional and scientific employees, and merit employees that meet the rule of 70, combining age and continuous length of service, and are at least 60 years of age at the time of retirement. Employees agreed to fully retire by June 30, 2021. Participants chose from: a) two years of employer retirement contributions, as well as, the employer and employee portion health and dental coverage up to the self and spouse/partner level; b) three years of retirement contributions; or c) three years of health and dental coverage, as explained above. Employees approved for this program may not be rehired at the University during the incentive period they chose. Any exception to this clause requires an employee to repay the value of incentives received.

The University's contributions for the fiscal year ended June 30, 2023, totaled $4.0 million for 152 participants in the Retirement Incentive Program.

NOTE 18 – NET POSITION/GOVERNMENTAL FUND BALANCES

A. Net Position Restricted By Enabling Legislation

The Governmental Activities Statement of Net Position reports $1,332.6 million of Restricted Net Position, of which $39.7 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, 2023, are as follows (expressed in thousands):

	GENERAL FUND	TOBACCO SETTLEMENT AUTHORITY	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
NONSPENDABLE				
Inventory & prepaid expenditures	$ 108,689	$ -	$ 394	109,083
Permanent fund principal	-	-	17,792	17,792
Total nonspendable	108,689	-	18,186	126,875
SPENDABLE				
Restricted:				
Administration & regulation	288,469	32,428	4,985	325,882
Education	44,055	-	61,621	105,676
Health & human rights	8,344	-	2,509	10,853
Human services	16,045	-	40	16,085
Justice & public defense	39,170	-	4,673	43,843
Economic development	1	-	-	1
Transportation	566,100	-	6,268	572,368
Agriculture & natural resources	532	-	49	581
Total restricted	962,716	32,428	80,145	1,075,289
Committed:				
Cash reserve	671,458	-	-	671,458
Economic emergency	216,630	-	-	216,630
Administration & regulation	5,213,376	-	5,187	5,218,563
Education	61,308	-	5	61,313
Health & human rights	70,834	-	1	70,835
Human services	578,656	-	34,463	613,119
Justice & public defense	100,890	-	4,072	104,962
Economic development	33,059	-	-	33,059
Transportation	58,513	-	-	58,513
Agriculture & natural resources	171,135	-	7,759	178,894
Total committed	7,175,859	-	51,487	7,227,346
Unassigned	(632,975)	-	(480)	(633,455)
TOTAL FUND BALANCES	$ 7,614,289	$ 32,428	$ 149,338	$ 7,796,055

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 19 – DEFICIT FUND BALANCE

The General Services Capitals Fund, a Capital Projects Fund, had a deficit fund balance of $478 thousand at June 30, 2023. The deficit resulted from the timing of revenues recognized and the recognition of building project liabilities.

NOTE 20 – 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 2022 and 2023 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 2022	$ 71,936	27,868	27,381	$ 72,423
FY 2023	72,423	26,346	27,377	71,392

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 2022 and 2023 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 2022	$ 3,097	(686)	1,235	$ 1,176
FY 2023	1,176	2,671	1,553	2,294

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 2022 and 2023 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 2022	$ 1,036	437	713	$ 760
FY 2023	760	455	630	585

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 2022 and 2023 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 2022	$ 25,000	26,522	21,522	$ 30,000
FY 2023	30,000	17,878	17,878	30,000

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 2022 and 2023 were (expressed in thousands):

	Beginning Balance	Current Year Claims & Changes in Estimates	Claim Payments	Ending Balance
FY 2022	$ 74,043	537,527	519,373	$ 92,197
FY 2023	92,197	550,170	552,537	89,830

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 $205.8 million.
- Iowa State University is insured for $3.2 billion for catastrophic property loss for general fund properties with various deductibles on general University buildings. Additional coverage is provided for auxiliary enterprises.
- The University of Northern Iowa is insured for $1.0 billion for catastrophic property loss for general fund properties with a $1.0 million deductible on general University buildings. Additional coverage is provided for auxiliary enterprises.
- The Iowa School for the Deaf is insured for catastrophic loss liabilities for $86.3 million after a $1.0 million deductible.
- The eight Judicial Districts individually insure buildings and contents with coverage ranging from $4.3 million to $32.8 million.

- Iowa Workforce Development is insured for $25.2 million for buildings and contents.
- Iowa PBS insures broadcasting trucks and contents for $4.4 million.
- The Iowa Department of Administrative Services is insured for construction projects for up to $2.1 million, with additional coverage for the value of individual projects in excess of $2.1 million.
- The Iowa Lottery Authority is insured for $13.2 million for buildings and contents. Additional coverage of $10.0 million is provided for commercial umbrella liability.
- The Iowa Finance Authority is insured for $20.7 million for buildings and contents.

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

NOTE 21 – LITIGATION, CONTINGENCIES AND COMMITMENTS

The *Iowa Public Employees' Retirement System* (IPERS) has commitments to fund an additional $2.4 billion to various private equity/debt partnerships, $585.7 million to various real estate debt partnerships, $165.3 million to corporate debt partnerships and $435.4 million to opportunistic credit partnerships at June 30, 2023.

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 38 recoveries in the amount of $0.6 million that are reflected in the financial statements for the year ended June 30, 2023.

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, 2023:

- *Iowa Department of Transportation* has contractual obligations for construction and other contracts of $842.6 million.
- *University of Iowa* has outstanding construction contract commitments of $545.8 million.
- *Iowa State University* has outstanding construction contract commitments of $95.4 million.
- *University of Northern Iowa* has outstanding construction contract commitments of $25.4 million.
- *Iowa Department of Natural Resources* has outstanding construction contract commitments of $14.5 million.
- *Iowa Department of Administrative Services* has outstanding construction contract commitments of $24.1 million.
- *Iowa Workforce Development* has outstanding contractual obligations of $35.4 million.
- *Iowa Department of Human Rights* has outstanding contractual obligations of $31.3 million.
- *Iowa Department of Public Safety* has outstanding contractual obligations of $16.2 million.
- *Iowa Department of Human Services* has outstanding contractual obligations of $581.7 million.
- *Iowa Office of the Chief Information Officer* has outstanding contractual obligations of $245.0 million.
- *Iowa Department of Public Defense* has outstanding contractual obligations for construction and other contracts of $37.3 million.
- *Iowa Department of Homeland Security and Emergency Management* has outstanding contractual obligations of $33.6 million.
- *Iowa Finance Authority* has signed loan agreements under the State Revolving Fund for which $534.2 million had not been disbursed.
- *Iowa Economic Development Authority* has outstanding contractual commitments of $435.0 million.

The State of Iowa has encumbrances at June 30, 2023 totaling $56.2 million ($45.8 million in the General Fund and $10.4 million in the nonmajor governmental funds).

NOTE 22 – 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.

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.

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 ¾ 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 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, 2024.

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.
- 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 no more than $833,000 as of January 1, 2023. The allowed maximum net worth is indexed annually based on the October 1 annual change in the U.S. Department of Agriculture's Prices Paid by Farmers

Index. The applicant must materially participate in the farm and have sufficient education, training, or experience in farming.

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

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.

Wind Energy Production Tax Credit

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

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

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

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

The following is a schedule by program of the amount of taxes abated during the year ended June 30, 2023, (expressed in thousands):

	Sales & Use Tax	Individual Income Tax	Corporate Income Tax	Insurance Premium Tax	Withholding Tax	Total
High Quality Jobs Program (HQJP)	$ 3,609	$ 5,595	$ 13,591	$ -	$ -	$ 22,795
Historic Preservation Tax Credit	-	10,302	14,746	-	-	25,048
Iowa Industrial New Jobs Training Program	-	-	-	-	35,767	35,767
Redevelopment Tax Credit	-	1,689	1,200	1,000	-	3,889
Renewable Energy Tax Credit	-	910	356	309	-	1,575
Targeted Jobs Tax Credit from Withholding	-	-	-	-	1,303	1,303
Enterprise Zone Program	-	559	30	-	-	589
Accelerated Career Education Program	-	-	-	-	4,147	4,147
Beginning Farmer Tax Credit Program	-	4,712	237	-	-	4,949
Workforce Housing Tax Incentive Program	940	2,006	2,599	2,017	-	7,562
Wind Energy Production Tax Credit	-	33	-	-	-	33
Total	$ 4,549	$ 25,806	$ 32,759	$ 3,326	$ 41,217	$ 107,657

NOTE 23 – SUBSEQUENT EVENTS

The Iowa Finance Authority (IFA) issued Single-Family Mortgage Bonds on September 20, 2023, in the par amount of $99.7 million. Proceeds will be used to purchase mortgage-backed securities under the Authority's FirstHome and Homes for Iowans program and finance closing costs and down payment assistance.

IFA executed a bond purchase agreement for a Direct Placement in the amount of $36.0 million with Bank of America, N.A., on September 6, 2022. The bonds closed on June 28, 2023, and will refund the State Revolving Fund Series 2013 Bonds on August 1, 2023.

On June 30, 2023, the Iowa Finance Authority held $56.1 million of unspent Emergency Rental Assistance (ERA 1) funds for a rent and utility assistance program that ended during the 2023 fiscal year. IFA was awaiting further information from Treasury regarding the return of these funds. On September 7, 2023, the $56.1 million in unspent funds was returned to the Treasury, officially closing IFA's rent and utility assistance program.

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

As a result of legislation, the Glenwood Resource Center will be closing. During fiscal year 2024, residents will be rehomed and the facility will shutter operations with an anticipated closure date of June 30, 2024.

In August 2023, the Board of Regents approved the acquisition of specific assets of Mercy Hospital in Iowa City. The proposed acquisition would better enable the University of Iowa to preserve access to care, retain healthcare professionals, and improve access to treatments. The proposal was approved by the bankruptcy court in November 2023.

In September 2023, the University of Iowa issued Facilities Corporation Revenue Bonds, Series 2023, in the amount of $28.7 million for the purpose of financing a portion of the cost of building, furnishing, and equipping a new health science academic building on the campus of the University of Iowa and paying costs of issuance. The 2023 bonds will bear interest at varying rates between 5.00% and 6.00% and will mature in varying amounts from June 1, 2025 through June 1, 2048.

During the 2023 legislative session, SF 514 and SF 513 were passed by the Legislature and signed by the Governor. Both bills dealt with alignment of state government, strategically aligning executive branch structure, operations, and personnel to elevate service, improve efficiency, and reduce the total number of cabinet-level departments from 37 to 16.

NOTE 24 – RESTATEMENT OF PRIOR PERIOD

The implementation of GASB No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and GASB No. 96, *Subscription-Based Information Technology Arrangements* required restatement of the prior period.

Due to the Board of Regents transferring the FCC broadcast license to Iowa Public Radio, termination of the Public Service Operating agreement, and the elimination of the Board of Regent's governance, Iowa Public Radio no longer meets the criteria of a blended component unit resulting in a restatement of the prior period in accordance with GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 GASB and AICPA Pronouncements.*

The Governmental Activities (General Fund) was revised to net revenues and expenses (expenditures) totaling $663.3 million that were more appropriately reported as transfers. There is no impact on net position. See Table 3 of the Management's Discussion and Analysis and Statistical Section – Schedules 2 and 4.

The Governmental Funds (General Fund) was revised to reclassify $2,426.3 million of spendable – restricted fund balance as spendable – committed fund balance. There is no impact on total fund balance. See Statistical Section – Schedule 3.

The impact for the primary government is summarized as follows (expressed in thousands):

	Balances June 30, 2022 as previously reported	Cumulative effect of adjustments	Balances June 30, 2022 (restated)
Governmental Activities			
Capital assets	$ 12,049,698	$ (11,343)	$ 12,038,355
Other assets	9,608,249	(8,439)	9,599,810
Total assets	21,657,947	(19,782)	21,638,165
Total deferred outflow of resources	458,347	-	458,347
Total liabilities	4,732,559	69,625	4,802,184
Total deferred inflows of resources	938,962	-	938,962
Total net position	$ 16,444,773	$ (89,407)	$ 16,355,366
Business-type Activities			
Capital assets	$ 6,075,207	$ 59,035	$ 6,134,242
Other assets	8,648,228	(6,803)	8,641,425
Total assets	14,723,435	52,232	14,775,667
Total deferred outflow of resources	175,852	-	175,852
Total liabilities	4,956,646	(1,054,769)	3,901,877
Total deferred inflows of resources	321,422	1,109,775	1,431,197
Total net position	$ 9,621,219	$ (2,774)	$ 9,618,445

The beginning net position for the Iowa Public Employees' Retirement System (Fiduciary Fund) was restated by $24 thousand due to the implementation of GASB No. 96.

NOTE 25 – PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 99, *Omnibus 2022*. Paragraphs 4-10 will be implemented for the fiscal year ending June 30, 2024. This statement improves consistencies and enhances comparability in accounting and financial reporting.

The Governmental Accounting Standards Board has issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement will be implemented for the fiscal year ending June 30, 2024. The requirements of this statement will enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, consistent, and comparable information for making decisions or assessing accountability.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF IOWA

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2023
(Expressed in Thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE				
Special taxes:				
Personal income tax	$ 5,401,800	$ 5,640,400	$ 5,605,615	$ (34,785)
Sales/use tax	3,993,100	4,009,700	4,190,786	181,086
Corporation income tax	828,700	956,600	957,074	474
Inheritance tax	77,700	90,400	89,871	(529)
Insurance premium tax	144,400	156,100	172,959	16,859
Beer & liquor tax	13,700	12,900	13,197	297
Franchise tax	63,900	64,700	94,926	30,226
Miscellaneous tax	18,500	112,000	100,133	(11,867)
Total special taxes	10,541,800	11,042,800	11,224,561	181,761
Reimbursements & fees:				
Institutional reimbursements	10,000	9,900	12,759	2,859
Liquor transfers	145,100	152,900	150,618	(2,282)
Interest	2,500	78,700	75,176	(3,524)
Fees	27,500	29,800	30,884	1,084
Judicial revenue	98,200	88,500	88,750	250
Miscellaneous receipts	54,200	60,800	74,677	13,877
Racing and gaming receipts	-	2,300	2,250	(50)
Total receipts	10,879,300	11,465,700	11,659,675	193,975
Transfers	128,000	136,400	124,021	(12,379)
Economic emergency fund surplus	181,100	197,264	197,264	-
TOTAL APPROPRIATED REVENUE	11,188,400	11,799,364	11,980,960	181,596
RECEIPTS CREDITED TO APPROPRIATIONS				
Multi suspense	33,712	33,712	32,474	(1,238)
Federal support	5,877,516	5,882,851	6,131,570	248,719
Local governments	48,836	48,836	38,668	(10,168)
Internal service transfers	592,584	608,854	631,543	22,689
Reimbursements from other departments	6,258	6,339	7,179	840
Government fund type transfers:				
Attorney General	21,069	21,069	21,717	648
Auditor of State	4,989	4,989	3,151	(1,838)
Other agencies	45,871	46,827	47,145	318
Interest	175	175	193	18
Fees, licenses & permits	66,178	72,471	47,604	(24,867)
Refunds & reimbursements	628,858	628,868	916,148	287,280
Sale of equipment & salvage	2	2	2	-
Rents & leases	1,153	1,153	1,242	89
Agricultural sales	-	-	1	1
Other sales & services	3,167	3,167	431	(2,736)
Unearned receipts	176,147	176,147	172,299	(3,848)
Other	10,699	10,532	13,121	2,589
TOTAL APPROPRIATED RECEIPTS	7,517,214	7,545,992	8,064,488	518,496
TOTAL ALL REVENUE	18,705,614	19,345,356	20,045,448	700,092
SCHOOL INFRASTRUCTURE TRANSFER	(635,500)	(749,700)	(708,142)	41,558
REFUNDS OF TAXES COLLECTED	(1,237,200)	(1,095,000)	(1,230,312)	(135,312)
TOTAL REVENUES AVAILABLE	16,832,914	17,500,656	18,106,994	606,338

(continued on next page)

STATE OF IOWA

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2023
(Expressed in Thousands)
(continued)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
EXPENDITURES				
Administration & regulation	676,260	674,938	684,088	(9,150)
Agriculture & natural resources	184,197	184,911	175,803	9,108
Economic development	56,760	59,194	58,064	1,130
Education	4,864,500	4,876,820	4,953,269	(76,449)
Health & human services	9,164,429	9,192,334	9,420,685	(228,351)
Justice	690,718	696,640	705,956	(9,316)
Judicial	197,026	197,026	199,709	(2,683)
Legislature	38,004	37,889	36,165	1,724
TOTAL EXPENDITURES	15,871,894	15,919,752	16,233,739	(313,987)
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & TRANSFERS	961,020	1,580,904	1,873,255	292,351
OTHER FINANCING SOURCES (USES)				
Balances credited to appropriations	478,070	512,137	512,137	-
Unexpended appropriations	(327,442)	(349,237)	(554,350)	(205,113)
TOTAL OTHER FINANCING SOURCES (USES)	150,628	162,900	(42,213)	(205,113)
REVENUES AVAILABLE OVER EXPENDITURES & OTHER ITEMS	1,111,648	1,743,804	1,831,042	87,238
BEGINNING FUND BALANCE (BUDGETARY)	-	-	-	-
REMAINING FUND BALANCE (BUDGETARY)	$ 1,111,648	$ 1,743,804	$ 1,831,042	$ 87,238
ENDING FUND BALANCE (BUDGETARY)	$ 1,111,648	$ 1,743,804	$ 1,831,042	
AUTHORIZED TRANSFER TO THE:				
Cash Reserve Fund	(1,111,648)	(1,743,804)	(1,831,042)	
REMAINING FUND BALANCE (BUDGETARY)	$ -	$ -	$ -	

STATE OF IOWA

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

June 30, 2023
(Expressed in Thousands)

Fund balance - budgetary/legal	$ 1,831,042
Basis of accounting differences:	
Balance sheet accounts:	
Accounts receivable	862,576
Leases receivable	10,543
Due from other funds	23,212
Prepaid expenditures	51,811
Accounts payable & accruals	(801,589)
Due to other funds	(81,954)
Unearned revenue	(9,541)
Deferred revenue	(414,300)
Budgetary unexpended appropriations	554,350
Timing differences:	
Petty cash & inventory expensed in budgetary accounting	15,809
Perspective differences	5,572,330
Total fund balance - GAAP basis	$ 7,614,289

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, 2023, actual expenditures exceeded budgeted expenditures in the General Fund, in the Administration and Regulation, Education, Health and Human Services, Justice, and Judicial functions. For the Administration and Regulation function, the Department of Management received additional state funding over budget for the State Appeal Board and expended those funds for allowable program expenditures. 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 Health and Human Services function, the Department of Human Services received additional federal funding for the Medical Assistance program and expended those funds for allowable program expenditures. For the Justice function, the Attorney General and the Department of Corrections received additional state funds and expended those funds for allowable program expenditures. For the Judicial function, additional state funding over budget was received and expended for allowable program expenditures.

BUDGETARY PRESENTATION

The budget encompasses the General Fund of the State and some Special Revenue Funds: Primary Road Fund, Fish and Game Trust Fund, Environment First Fund, Health Care Trust Fund and Other Funds. Other Funds include: IOWAccess Revolving Fund, Consumer Education Fund, Real Estate Education, Medicaid Fraud Fund, Unclaimed Winnings, Sports Wagering Receipts Fund, Technology Reinvestment Fund, Address Confidentiality Program Revolving Fund, Revenue Bonds Capital II Fund, Revenue Bonds Capital Fund, Underground Storage Tank Unassigned Revenue, Tobacco Tax Exempt Bond Proceeds Restricted Capital, Endowment for Iowa's Health Restricted Capitals Fund, Resources Enhancement and Protection Fund, Land Recycling Fund, Conservation Administration Fund, Forestry Management Enhancement Fund, Water Quality Protection, National Pollutant Discharge Elimination System Permit, Workforce Development Withholding, Wine and Beer Promotion Board Fund, Grow Iowa Values Fund, Renewable Fuel Infrastructure Fund, State Housing Trust Fund, Special Contingency Fund, Stafford Loan Program Fund, Pharmaceutical Settlement Fund, Hospital Health Care Access Trust Fund, Quality Assurance Fund, Veterans License Plate Fund, Opioid Settlement Fund, State Aviation Fund, and Court Technology and Modernization Fund. There is a perspective difference between budget and financial reporting due to the difference in fund structures. The budgetary presentation will vary from the financial presentation for funds displayed in the supplementary information due to this difference. The General Fund is displayed in the Required Supplementary Information (RSI) Budgetary Comparison Schedule. The 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, 2022 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.

Required Supplementary Information

Notes to Required Supplementary Information – Budgetary Reporting

The State utilizes encumbrance accounting for budgetary control purposes. Obligations incurred for goods or services that have not been received or rendered are recorded to reserve that portion of the applicable fund balance. Section 8.33, unnumbered paragraph 2, of the Code of Iowa, states, "No payment of an obligation for goods 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.

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 Nine Fiscal Years as of June 30 *
(Expressed in Thousands)

	2023	2022	2021	2020	2019
State's proportion of the net pension liability (asset)	15.979531%	36.428638% **	16.563546%	16.155224%	16.561596%
State's proportionate share of the net pension liability (asset)	$ 603,898	$ (125,776)	$ 1,163,545	$ 935,567	$ 1,048,060
State's covered payroll	$ 1,595,271	$ 1,541,309	$ 1,475,401	$ 1,419,476	$ 1,414,609
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.84%	-8.16%	78.86%	65.90%	74.09%
Plan fiduciary net position as a percentage of the total pension liability	91.41%	100.81%	82.90%	85.45%	83.62%

	2018	2017	2016	2015
State's proportion of the net pension liability (asset)	16.960683%	17.130052%	16.899393%	17.009515%
State's proportionate share of the net pension liability (asset)	$ 1,129,772	$ 1,078,059	$ 834,918	$ 674,583
State's covered payroll	$ 1,431,290	$ 1,388,017	$ 1,356,263	$ 1,342,673
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	78.93%	77.67%	61.56%	50.24%
Plan fiduciary net position as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

In accordance with GASB Statement No. 68, the amounts presented were determined as of 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.

** Overall plan net pension asset.

See accompanying independent auditor's report.

STATE OF IOWA

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

Peace Officers' Retirement, Accident and Disability System (PORS)
Last Ten Fiscal Years as of June 30
(Expressed in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$ 18,152	$ 14,906	$ 14,707	$ 12,692	$ 12,194	$ 12,109	$ 13,071	$ 12,207	$ 11,847	$ 11,551
Interest	56,240	53,322	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	11,550	1,028	(1,917)	(5,567)	(1,471)	(5,279)	(1,886)	(5,613)	(6,609)	(7,444)
Changes in assumptions	-	72,349	-	42,755	-	-	33,549	23,791	-	-
Benefit payments, including refunds of employee contributions	(38,776)	(37,440)	(35,085)	(33,672)	(32,643)	(30,966)	(29,362)	(28,284)	(26,693)	(25,432)
Net change in total pension liability	47,166	104,165	29,073	66,325	26,265	22,428	57,670	43,762	18,767	17,391
Total pension liability - beginning	884,315	780,150	751,077	684,752	658,487	636,059	578,389	534,627	515,860	498,469
Total pension liability - ending (a)	$ 931,481	$ 884,315	$ 780,150	$ 751,077	$ 684,752	$ 658,487	$ 636,059	$ 578,389	$ 534,627	$ 515,860
Plan fiduciary net position										
Contributions - employer	$ 23,721	$ 23,057	$ 22,711	$ 22,364	$ 21,840	$ 21,498	$ 17,274	$ 20,519	$ 18,601	$ 17,715
Contributions - employee	5,991	6,056	5,458	5,535	5,486	5,124	5,053	5,080	4,991	4,755
Net investment income (loss)	61,940	(173,854)	210,222	71,219	16,147	65,058	72,488	(4,581)	21,722	65,436
Benefit payments, including refunds of employee contributions	(38,776)	(37,440)	(35,085)	(33,672)	(32,643)	(30,966)	(29,362)	(28,284)	(26,693)	(25,432)
Administrative expense	(349)	(350)	(285)	(235)	(250)	(233)	(237)	(248)	(217)	(199)
Net change in fiduciary net position	52,527	(182,531)	203,021	65,211	10,580	60,481	65,216	(7,514)	18,404	62,275
Plan fiduciary net position - beginning	625,063	807,594	604,573	539,362	528,782	468,301	403,085	410,599	392,195	329,920
Plan fiduciary net position - ending (b)	$ 677,590	$ 625,063	$ 807,594	$ 604,573	$ 539,362	$ 528,782	$ 468,301	$ 403,085	$ 410,599	$ 392,195
Net pension liability (asset) - ending (a) - (b)	$ 253,891	$ 259,252	$ (27,444)	$ 146,504	$ 145,390	$ 129,705	$ 167,758	$ 175,304	$ 124,028	$ 123,665
Plan fiduciary net position as a percentage of the total pension liability	72.74%	70.68%	103.52%	80.49%	78.77%	80.30%	73.63%	69.69%	76.80%	76.03%
Covered payroll	$ 50,599	$ 48,803	$ 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	501.77%	531.22%	-57.33%	312.17%	319.44%	290.89%	397.42%	372.77%	282.70%	282.05%

See accompanying independent auditor's report.

STATE OF IOWA

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

Judicial Retirement System (JRS)
Last Ten Fiscal Years as of June 30
(Expressed in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$ 8,402	$ 7,928	$ 7,823	$ 7,666	$ 7,124	$ 6,230	$ 6,235	$ 6,231	$ 6,438	$ 6,503
Interest	17,056	16,434	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	(4,007)	980	(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	(16,448)	(15,803)	(15,233)	(14,699)	(13,724)	(12,812)	(11,950)	(11,460)	(10,891)	(10,377)
Net change in total pension liability	5,003	9,539	6,004	1,601	8,489	36,910	7,300	4,664	2,353	5,191
Total pension liability - beginning	260,776	251,237	245,233	243,632	235,143	198,233	190,933	186,269	183,916	178,725
Total pension liability - ending (a)	$ 265,779	$ 260,776	$ 251,237	$ 245,233	$ 243,632	$ 235,143	$ 198,233	$ 190,933	$ 186,269	$ 183,916
Plan fiduciary net position										
Contributions - employer	$ 4,916	$ 9,374	$ 9,200	$ 9,211	$ 8,771	$ 8,503	$ 8,544	$ 8,667	$ 8,724	$ 8,630
Contributions - employee	3,277	2,965	2,811	2,814	2,680	2,598	2,611	2,648	2,665	2,637
Net investment income (loss)	28,350	(71,280)	81,921	17,776	7,237	26,227	26,632	(2,673)	7,533	26,172
Benefit payments, including refunds of employee contributions	(16,448)	(15,803)	(15,233)	(14,699)	(13,724)	(12,812)	(11,950)	(11,460)	(10,891)	(10,377)
Administrative expense	(46)	(22)	(19)	(22)	(26)	(20)	(18)	(20)	(15)	(17)
Net change in fiduciary net position	20,049	(74,766)	78,680	15,080	4,938	24,496	25,819	(2,838)	8,016	27,045
Plan fiduciary net position - beginning	235,398	310,164	231,485	216,405	211,467	186,971	161,152	163,990	155,974	128,929
Plan fiduciary net position - ending (b)	$ 255,447	$ 235,398	$ 310,165	$ 231,485	$ 216,405	$ 211,467	$ 186,971	$ 161,152	$ 163,990	$ 155,974
Net pension liability (asset) - ending (a) - (b)	$ 10,332	$ 25,378	$ (58,928)	$ 13,748	$ 27,227	$ 23,676	$ 11,262	$ 29,781	$ 22,279	$ 27,942
Plan fiduciary net position as a percentage of the total pension liability	96.11%	90.27%	123.46%	94.39%	88.82%	89.93%	94.32%	84.40%	88.04%	84.81%
Covered payroll	$ 32,839	$ 30,633	$ 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	31.46%	82.85%	-196.00%	45.67%	94.99%	85.20%	40.33%	105.15%	78.14%	99.07%

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)

	2023	2022	2021	2020	2019
Statutorily required contribution	$ 162,004	$ 149,496	$ 144,855	$ 139,227	$ 134,356
Contributions in relation to statutorily required contributions	162,004	149,496	144,855	139,227	134,356
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
State's covered payroll	$ 1,726,457	$ 1,595,271	$ 1,541,309	$ 1,475,401	$ 1,419,476
Contributions as a percentage of covered payroll	9.38%	9.37%	9.40%	9.44%	9.47%

	2018	2017	2016	2015	2014
Statutorily required contribution	$ 126,868	$ 128,532	$ 124,718	$ 122,279	$ 121,161
Contributions in relation to statutorily required contributions	126,868	128,532	124,718	122,279	121,161
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
State's covered payroll	$ 1,414,609	$ 1,431,290	$ 1,388,017	$ 1,356,263	$ 1,342,673
Contributions as a percentage of covered payroll	8.97%	8.98%	8.99%	9.02%	9.02%

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)

	2023	2022	2021	2020	2019
Actuarially determined contribution	$ 27,349	$ 19,751	$ 22,996	$ 19,378	$ 19,403
Actual employer contribution	23,721	23,057	22,711	22,364	21,840
Contribution deficiency (excess)	$ 3,628	$ (3,306)	$ 285	$ (2,986)	$ (2,437)
Covered payroll	$ 50,599	$ 48,803	$ 47,869	$ 46,931	$ 45,514
Contributions as a percentage of covered payroll	46.88%	47.25%	47.45%	47.65%	47.99%

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 20,306	$ 17,746	$ 17,081	$ 16,957	$ 18,187
Actual employer contribution	21,498	17,274	20,519	18,601	17,715
Contribution deficiency (excess)	$ (1,192)	$ 472	$ (3,438)	$ (1,644)	$ 472
Covered payroll	$ 44,589	$ 42,212	$ 47,028	$ 43,873	$ 43,845
Contributions as a percentage of covered payroll	48.21%	40.92%	43.63%	42.40%	40.40%

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)

	2023	2022	2021	2020	2019
Actuarially determined contribution	$ 4,916	$ 7,836	$ 7,691	$ 8,567	$ 8,674
Actual employer contribution	4,916	9,373	9,200	9,211	8,771
Contribution deficiency (excess)	$ -	$ (1,537)	$ (1,509)	$ (644)	$ (97)
Covered payroll	$ 32,839	$ 30,633	$ 30,065	$ 30,100	$ 28,664
Contributions as a percentage of covered payroll	14.97%	30.60%	30.60%	30.60%	30.60%

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 5,688	$ 6,201	$ 6,667	$ 7,709	$ 8,376
Actual employer contribution	8,503	8,544	8,667	8,724	8,630
Contribution deficiency (excess)	$ (2,815)	$ (2,343)	$ (2,000)	$ (1,015)	$ (254)
Covered payroll	$ 27,788	$ 27,922	$ 28,322	$ 28,510	$ 28,203
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.

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, 2021:

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

Valuation date: July 1, 2018:

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

Valuation date: July 1, 2017:

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

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, 2022

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, 2023 (based on the July 1, 2022 actuarial valuation):

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

- *Post-retirement adjustment:* Pensions are adjusted by a percentage, which varies by type of retirement, of the change in the compensation of active members of the same rank. In addition, a dollar adjustment is made which varies by a schedule based on the number of years since the member retired.
- *Mortality:* Pre-retirement mortality rates were based on the Pub-2010 Safety Employees Median Mortality Table, set-back 2 years for males and females, projected generationally using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 Safety Employees Median Mortality Table, set-back 2 years for males and females, projected generationally using Scale MP-2021. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivors Mortality Table, set -back 2 years for males and females, projected generationally using Scale MP-2021. Disability mortality rates were based on the Pub-2010 Safety Disabled Retirees Mortality Table, set-back 2 years for males and females, projected generationally using Scale MP-2021.

Changes of Benefit and Funding Terms

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

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.

Changes in Assumptions

July 1, 2022 valuation:

- The long-term investment return assumption was decreased from 7.00% to 6.50%.
- The mortality assumption was changed to the PUB-2010 Safety Mortality Table, set-back 2 years for males and females, with generationally mortality improvements using the MP-2021 scale.
- Retirement rates were changed to service-based rates.
- Accidental and Ordinary Disability rates were adjusted to better reflect actual experience.
- Termination rates were adjusted to better reflect actual experience.
- The merit salary increase assumption was adjusted to better reflect actual experience.

July 1, 2020 valuation:

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

July 1, 2017 valuation:

- The mortality assumption was changed to the RP-2014 Mortality Table, with a one-year age setback for males. Generational mortality improvements are modeled using the MP-2016 scale.
- Retirement rates were modified for employees with less than 30 years of service.
- Accidental and Ordinary Disability rates were adjusted to better reflect actual experience.
- Termination rates were adjusted to better reflect actual experience.
- The salary increase assumption was adjusted to better reflect actual experience.

- 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%.

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.

C. Judicial Retirement System (JRS)

Valuation date: July 1, 2023

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, 2023 (based on the July 1, 2021 actuarial valuation):

- *Actuarial cost method:* Entry age normal
- *Amortization method:* Level dollar, closed
- *Amortization period:* The Plan had a funded ratio above 100% in the 2021 actuarial valuation based on the actuarial value of assets. Therefore, the asset surplus was amortized over a 30-year period.
- *Asset valuation method:* 75% expected value plus 25% market value
- *Inflation:* 2.60%
- *Salary increase:* 3.75% including inflation
- *Investment rate of return:* 6.75% compounded annually
- *Mortality:* 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.

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.

STATE OF IOWA

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

State Plan
Last Six Fiscal Years as of June 30 *
(Expressed in Thousands)

	2023	2022	2021	2020
Total OPEB liability				
Service cost	$ 15,860	$ 17,294	$ 17,256	$ 13,491
Interest	8,245	4,865	4,929	7,244
Differences between expected & actual experience	-	61,042	(5,897)	(6,842)
Changes in assumptions	(28,174)	(60,080)	(3,067)	10,426
Change in proportion	-	-	-	-
Benefit payments - implicit subsidy	(14,020)	(12,551)	(12,356)	(11,338)
Net change in total OPEB liability	(18,089)	10,570	865	12,981
Total OPEB liability - beginning	223,490	212,920	212,055	199,074
Total OPEB liability - ending	$ 205,401	$ 223,490	$ 212,920	$ 212,055
Covered payroll	$ 1,388,616	$ 1,428,761	$ 1,407,753	$ 1,365,553
Total OPEB liability as a percentage of covered payroll	14.79%	15.64%	15.12%	15.53%

	2019	2018
Total OPEB liability		
Service cost	$ 12,374	$ 12,964
Interest	7,448	6,520
Differences between expected & actual experience	-	(1,066)
Changes in assumptions	4,773	2,642
Change in proportion	-	(23)
Benefit payments - implicit subsidy	(11,073)	(9,191)
Net change in total OPEB liability	13,522	11,846
Total OPEB liability - beginning	185,552	173,706
Total OPEB liability - ending	$ 199,074	$ 185,552
Covered payroll	$ 1,249,303	$ 1,254,711
Total OPEB liability as a percentage of covered payroll	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 Six Fiscal Years as of June 30 *
(Expressed in Thousands)

	2023			2022			2021		
	U of I	ISU	UNI	U of I	ISU	UNI	U of I	ISU	UNI
Total OPEB liability									
Service cost	$ 9,251	$ 3,726	$ 300	$ 9,115	$ 3,881	$ 487	$ 7,028	$ 5,470	$ 1,123
Interest	3,937	1,071	399	4,593	943	277	6,214	2,052	427
Differences between expected & actual experience	84	12,054	368	(7,927)	2,124	(1,471)	(181)	(22,902)	(267)
Changes in assumptions	(18,992)	(7,099)	(32)	(19,966)	781	(1,556)	27,290	3,243	(3,537)
Changes in benefit terms	-	-	(1,088)	-	-	-	-	-	-
Benefit payments	(10,681)	(5,121)	(447)	(12,324)	(3,796)	(461)	(11,931)	(5,669)	(549)
Net change in total OPEB liability	(16,401)	4,631	(500)	(26,509)	3,933	(2,724)	28,420	(17,806)	(2,803)
Total OPEB liability - beginning	178,332	46,406	9,666	204,841	42,473	12,390	176,421	60,279	15,193
Total OPEB liability - ending	$ 161,931	$ 51,037	$ 9,166	$ 178,332	$ 46,406	$ 9,666	$ 204,841	$ 42,473	$ 12,390
Covered payroll	$ 1,526,680	$ 522,986	$ 104,485	$ 1,482,214	$ 476,625	$ 163,404	$ 1,384,343	$ 462,527	$ 162,977
Total OPEB liability as a percentage of covered payroll	10.61%	9.76%	8.77%	12.03%	9.74%	5.92%	14.80%	9.18%	7.60%

	2020			2019			2018		
	U of I	ISU	UNI	U of I	ISU	UNI	U of I	ISU	UNI
Total OPEB liability									
Service cost	$ 3,860	$ 6,714	$ 1,769	$ 4,193	$ 7,335	$ 1,767	$ 33,734	$ 6,464	$ 1,690
Interest	5,604	3,382	885	4,971	3,084	980	18,168	2,868	807
Differences between expected & actual experience	4,430	(24,818)	(10,479)	1	(7,719)	(3,327)	48,567	3,076	-
Changes in assumptions	26,867	2,251	(74)	(13,968)	(3,800)	1,091	(95,303)	6,260	779
Changes in benefit terms	-	-	-	21,519	-	-	(465,008)	-	-
Benefit payments	(10,497)	(5,571)	(711)	(10,394)	(5,713)	(533)	(8,001)	(4,654)	(600)
Net change in total OPEB liability	30,264	(18,042)	(8,610)	6,322	(6,813)	(22)	(467,843)	14,014	2,676
Total OPEB liability - beginning	146,157	78,321	23,803	139,835	85,134	23,825	607,678	71,120	21,149
Total OPEB liability - ending	$ 176,421	$ 60,279	$ 15,193	$ 146,157	$ 78,321	$ 23,803	$ 139,835	$ 85,134	$ 23,825
Covered payroll	$ 1,384,343	$ 465,055	$ 171,815	$ 1,308,289	$ 457,651	$ 172,925	$ 1,291,758	$ 443,245	$ 169,533
Total OPEB liability as a percentage of covered payroll	12.74%	12.96%	8.84%	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.

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

2023:

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

2022:

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

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.

Required Supplementary Information

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

2018:

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

Changes in Assumptions

2023:

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

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

UNI:
- Increased the discount rate from 4.09 to 4.13%.
- Decreased the healthcare trend rate from 7.50% to 7.00%.

2022:

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

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

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

2021:

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

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

UNI:
- Decreased the discount rate from 2.66 to 2.19%.

2020:

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

Required Supplementary Information

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

- 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%.

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%.

Required Supplementary Information

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

- 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%.

SUPPLEMENTARY INFORMATION

STATE OF IOWA

Combining Balance Sheet
Nonmajor Governmental Funds - By Fund Type

June 30, 2023
(Expressed in Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Current assets:				
Cash & investments	$ 98,901	$ 23,914	$ 8,081	$ 130,896
Accounts receivable (net)	70,068	676	-	70,744
Loans receivable (net)	326	-	-	326
Due from other funds	1,983	1,616	-	3,599
Inventory	129	-	-	129
Prepaid expenditures	265	-	-	265
Total current assets	171,672	26,206	8,081	205,959
Noncurrent assets:				
Cash & investments	-	-	9,711	9,711
Accounts receivable (net)	175	-	-	175
Total noncurrent assets	175	-	9,711	9,886
TOTAL ASSETS	$ 171,847	$ 26,206	$ 17,792	$ 215,845
LIABILITIES				
Current liabilities:				
Accounts payable & accruals	$ 5,447	$ 5,335	$ -	$ 10,782
Due to other funds	34,625	13,932	-	48,557
Unearned revenue	160	1,877	-	2,037
Total current liabilities	40,232	21,144	-	61,376
Noncurrent liabilities:				
Accounts payable & accruals	344	-	-	344
TOTAL LIABILITIES	40,576	21,144	-	61,720
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	4,572	-	-	4,572
Unconditional remainder interest	215	-	-	215
TOTAL DEFERRED INFLOWS OF RESOURCES	4,787	-	-	4,787
FUND BALANCES				
Nonspendable	394	-	17,792	18,186
Spendable:				
Restricted	80,145	-	-	80,145
Committed	45,947	5,540	-	51,487
Unassigned	(2)	(478)	-	(480)
TOTAL FUND BALANCES	126,484	5,062	17,792	149,338
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	$ 171,847	$ 26,206	$ 17,792	$ 215,845

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, 2023
(Expressed in Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Receipts from other entities	$ 15,845	$ 11,608	$ -	$ 27,453
Investment income	4,979	-	-	4,979
Fees, licenses & permits	129,242	-	-	129,242
Refunds & reimbursements	1,924	-	-	1,924
Sales, rents & services	5,442	-	-	5,442
Miscellaneous	22,903	-	61	22,964
GROSS REVENUES	180,335	11,608	61	192,004
Less revenue refunds	5,866	63	-	5,929
NET REVENUES	174,469	11,545	61	186,075
EXPENDITURES				
Current:				
Administration & regulation	15,364	98	-	15,462
Education	15,095	-	-	15,095
Health & human rights	217	-	-	217
Human services	329	-	-	329
Justice & public defense	2,326	-	-	2,326
Transportation	106	-	-	106
Agriculture & natural resources	4,850	8,094	-	12,944
Capital outlay:				
Administration & regulation	5	6,808	-	6,813
Education	46	625	-	671
Health & human rights	8	5,300	-	5,308
Human services	-	6,009	-	6,009
Justice & public defense	604	1,973	-	2,577
Transportation	3,102	-	-	3,102
Agriculture & natural resources	-	10,798	-	10,798
Debt service:				
Principal	5	-	-	5
Interest	1	-	-	1
TOTAL EXPENDITURES	42,058	39,705	-	81,763
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	132,411	(28,160)	61	104,312
OTHER FINANCING SOURCES (USES)				
Transfers in	2,068	29,441	-	31,509
Transfers out	(100,048)	(1,021)	-	(101,069)
Leases, subscriptions & other financing	24	-	-	24
TOTAL OTHER FINANCING SOURCES (USES)	(97,956)	28,420	-	(69,536)
NET CHANGE IN FUND BALANCES	34,455	260	61	34,776
FUND BALANCES - JULY 1, RESTATED	92,029	4,802	17,731	114,562
FUND BALANCES - JUNE 30	$ 126,484	$ 5,062	$ 17,792	$ 149,338


OUR LIBERTIES WE PRIZE AND OUR RIGHTS WE WILL MAINTAIN
IOWA

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, 2023
(Expressed in Thousands)

	GUARANTY AGENCY OPERATING	HOSPITAL HEALTH CARE ACCESS TRUST FUND	QUALITY ASSURANCE TRUST FUND	IOWA PBS FOUNDATION	OTHER FUNDS	TOTAL
ASSETS						
Current assets:						
Cash & investments	$ 25,024	$ 600	$ 464	$ 21,115	$ 51,698	$ 98,901
Accounts receivable (net)	33	15,838	52,433	940	824	70,068
Loans receivable (net)	326	-	-	-	-	326
Due from other funds	199	22	6	-	1,756	1,983
Inventory	-	-	-	37	92	129
Prepaid expenditures	161	-	-	20	84	265
Total current assets	25,743	16,460	52,903	22,112	54,454	171,672
Noncurrent assets:						
Accounts receivable (net)	-	-	-	-	175	175
TOTAL ASSETS	$ 25,743	$ 16,460	$ 52,903	$ 22,112	$ 54,629	$ 171,847
LIABILITIES						
Current liabilities:						
Accounts payable & accruals	$ 522	$ -	$ -	$ 169	$ 4,756	$ 5,447
Due to other funds	116	6,797	25,430	1,306	976	34,625
Unearned revenue	158	-	-	-	2	160
Total current liabilities	796	6,797	25,430	1,475	5,734	40,232
Noncurrent liabilites:						
Accounts payable & accruals	-	-	-	328	16	344
TOTAL LIABILITIES	796	6,797	25,430	1,803	5,750	40,576
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	232	3,161	914	265	4,572
Unconditional remainder interest	-	-	-	215	-	215
TOTAL DEFERRED INFLOWS OF RESOURCES	-	232	3,161	1,129	265	4,787
FUND BALANCES						
Nonspendable	161	-	-	57	176	394
Spendable:						
Restricted	24,786	-	-	19,123	36,236	80,145
Committed	-	9,431	24,312	-	12,204	45,947
Unassigned	-	-	-	-	(2)	(2)
TOTAL FUND BALANCES	24,947	9,431	24,312	19,180	48,614	126,484
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	$ 25,743	$ 16,460	$ 52,903	$ 22,112	$ 54,629	$ 171,847

STATE OF IOWA

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

For the Year Ended June 30, 2023
(Expressed in Thousands)

	GUARANTY AGENCY OPERATING	HOSPITAL HEALTH CARE ACCESS TRUST FUND	QUALITY ASSURANCE TRUST FUND	IOWA PBS FOUNDATION	OTHER FUNDS	TOTAL
REVENUES						
Receipts from other entities	$ 6,472	$ -	$ -	$ -	$ 9,373	$ 15,845
Investment income (loss)	832	167	91	2,563	1,326	4,979
Fees, licenses & permits	25	43,185	81,382	-	4,650	129,242
Refunds & reimbursements	1,011	-	-	-	913	1,924
Sales, rents & services	-	-	-	-	5,442	5,442
Miscellaneous	-	-	-	10,415	12,488	22,903
GROSS REVENUES	8,340	43,352	81,473	12,978	34,192	180,335
Less revenue refunds	-	-	-	-	5,866	5,866
NET REVENUES	8,340	43,352	81,473	12,978	28,326	174,469
EXPENDITURES						
Current:						
Administration & regulation	-	-	-	-	15,364	15,364
Education	10,139	-	-	4,194	762	15,095
Health & human rights	-	-	-	-	217	217
Human services	-	-	-	-	329	329
Justice & public defense	-	-	-	-	2,326	2,326
Transportation	-	-	-	-	106	106
Agriculture & natural resources	-	-	-	-	4,850	4,850
Capital outlay:						
Administration & regulation	-	-	-	-	5	5
Education	46	-	-	-	-	46
Health & human rights	-	-	-	-	8	8
Justice & public defense	-	-	-	-	604	604
Transportation	-	-	-	-	3,102	3,102
Debt service:						
Principal	-	-	-	5	-	5
Interest	-	-	-	1	-	1
TOTAL EXPENDITURES	10,185	-	-	4,200	27,673	42,058
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,845)	43,352	81,473	8,778	653	132,411
OTHER FINANCING SOURCES (USES)						
Transfers in	1,220	-	-	-	848	2,068
Transfers out	(281)	(33,921)	(57,161)	(6,639)	(2,046)	(100,048)
Leases, subscriptions & other financing	-	-	-	24	-	24
TOTAL OTHER FINANCING SOURCES (USES)	939	(33,921)	(57,161)	(6,615)	(1,198)	(97,956)
NET CHANGE IN FUND BALANCES	(906)	9,431	24,312	2,163	(545)	34,455
FUND BALANCES - JULY 1, RESTATED	25,853	-	-	17,017	49,159	92,029
FUND BALANCES - JUNE 30	$ 24,947	$ 9,431	$ 24,312	$ 19,180	$ 48,614	$ 126,484


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

For the Year Ended June 30, 2023
(Expressed in Thousands)

	PRIMARY ROAD FUND				FISH AND GAME TRUST FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE:								
Transfers	$ 730,001	$ 748,944	$ 821,302	$ 72,358	$ 203	$ 203	$ 1,301	$ 1,098
RECEIPTS CREDITED TO APPROPRIATIONS:								
Beer tax	-	-	-	-	-	-	-	-
Cigarette tax	-	-	-	-	-	-	-	-
Tobacco products tax	-	-	-	-	-	-	-	-
Liquor tax	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Wagering tax receipts	-	-	-	-	-	-	-	-
Individual income tax quarterly	-	-	-	-	-	-	-	-
Federal support	528,355	528,355	651,363	123,008	16,268	16,268	19,075	2,807
Local governments	12,040	12,040	5,387	(6,653)	-	-	-	-
Other states	22,100	22,100	14,698	(7,402)	-	-	-	-
Reimbursements from other agencies	-	-	105	105	25	25	33	8
Governmental fund type transfers from other agencies	47,905	47,905	146,690	98,785	500	500	-	(500)
Interest	-	-	-	-	50	50	577	527
Bonds & loans	510	510	2,153	1,643	-	-	-	-
Fees, licenses & permits	5,500	5,500	6,012	512	35,700	35,700	37,607	1,907
Refunds & reimbursements	-	-	3	3	400	400	338	(62)
Sale of real estate	805	805	6,372	5,567	250	250	-	(250)
Sale of equipment & salvage	-	-	-	-	2	2	1	(1)
Rents & leases	1	1	164	163	500	500	535	35
Agricultural sales	-	-	-	-	325	325	144	(181)
Other sales & services	-	-	-	-	750	750	669	(81)
Unearned receipts	-	-	119	119	465	465	410	(55)
Income tax checkoffs	-	-	-	-	150	150	154	4
Other	108,281	108,289	35,629	(72,660)	540	540	259	(281)
TOTAL APPROPRIATED RECEIPTS	725,497	725,505	868,695	143,190	55,925	55,925	59,802	3,877
TOTAL REVENUES AVAILABLE	1,455,498	1,474,449	1,689,997	215,548	56,128	56,128	61,103	4,975
EXPENDITURES:								
Administration & regulation	-	-	-	-	-	-	-	-
Agriculture & natural resources	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Health & human services	-	-	-	-	-	-	-	-
Justice	-	-	-	-	-	-	-	-
Transportation	1,398,705	1,420,677	1,283,688	136,989	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,398,705	1,420,677	1,283,688	136,989	-	-	-	-
TRANSFERS	56,793	56,793	365,808	(309,015)	64,397	64,397	62,222	2,175
TOTAL EXPENDITURES & TRANSFERS	1,455,498	1,477,470	1,649,496	(172,026)	64,397	64,397	62,222	2,175
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & TRANSFERS	-	(3,021)	40,501	43,522	(8,269)	(8,269)	(1,119)	7,150
FUND BALANCES - JULY 1 (BUDGETARY)	149,547	240,367	240,367	-	11,347	23,770	23,770	-
FUND BALANCES - JUNE 30 (BUDGETARY)	$ 149,547	$ 237,346	$ 280,868	$ 43,522	$ 3,078	$ 15,501	$ 22,651	$ 7,150

(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, 2023
(Expressed in Thousands)
(continued)

	ENVIRONMENT FIRST FUND				HEALTH CARE TRUST FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE:								
Transfers	$ 42,000	$ 42,000	$ 42,000	$ -	$ -	$ -	$ -	$ -
RECEIPTS CREDITED TO APPROPRIATIONS:								
Beer tax	-	-	-	-	-	-	-	-
Cigarette tax	-	-	-	-	174,260	174,260	153,721	(20,539)
Tobacco products tax	-	-	-	-	32,310	32,310	30,119	(2,191)
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	784	654
Bonds & loans	-	-	-	-	-	-	-	-
Fees, licenses & permits	-	-	-	-	-	-	-	-
Refunds & reimbursements	130	130	955	825	-	-	-	-
Sale of real estate	-	-	-	-	-	-	-	-
Sale of equipment & salvage	-	-	-	-	-	-	-	-
Rents & leases	-	-	-	-	-	-	-	-
Agricultural sales	-	-	-	-	-	-	-	-
Other sales & services	-	-	-	-	-	-	-	-
Unearned receipts	-	-	-	-	-	-	-	-
Income tax checkoffs	-	-	-	-	-	-	-	-
Other	-	-	2	2	-	-	-	-
TOTAL APPROPRIATED RECEIPTS	130	130	957	827	206,700	206,700	184,624	(22,076)
TOTAL REVENUES AVAILABLE	42,130	42,130	42,957	827	206,700	206,700	184,624	(22,076)
EXPENDITURES:								
Administration & regulation	13,213	13,076	11,391	1,685	-	-	-	-
Agriculture & natural resources	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Health & human services	-	-	-	-	-	-	-	-
Justice	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	13,213	13,076	11,391	1,685	-	-	-	-
TRANSFERS	33,899	33,899	29,823	4,076	200,660	200,660	183,706	16,954
TOTAL EXPENDITURES & TRANSFERS	47,112	46,975	41,214	5,761	200,660	200,660	183,706	16,954
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & TRANSFERS	(4,982)	(4,845)	1,743	6,588	6,040	6,040	918	(5,122)
FUND BALANCES - JULY 1 (BUDGETARY)	6,260	14,618	14,618	-	8,884	3,019	3,019	-
FUND BALANCES - JUNE 30 (BUDGETARY)	$ 1,278	$ 9,773	$ 16,361	$ 6,588	$ 14,924	$ 9,059	$ 3,937	$ (5,122)

(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, 2023
(Expressed in Thousands)
(continued)

	OTHER FUNDS				TOTAL			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE:								
Transfers	$ 72,856	$ 74,378	$ 47,860	$ (26,518)	$ 845,060	$ 865,525	$ 912,463	$ 46,938
RECEIPTS CREDITED TO APPROPRIATIONS:								
Beer tax	175	175	209	34	175	175	209	34
Cigarette tax	-	-	-	-	174,260	174,260	153,721	(20,539)
Tobacco products tax	-	-	-	-	32,310	32,310	30,119	(2,191)
Liquor tax	210	210	181	(29)	210	210	181	(29)
Other taxes	5,400	5,400	3,218	(2,182)	5,400	5,400	3,218	(2,182)
Wagering tax receipts	5,000	5,000	12,890	7,890	5,000	5,000	12,890	7,890
Individual income tax quarterly	7,750	7,750	7,750	-	7,750	7,750	7,750	-
Federal support	1,040	1,040	7,813	6,773	545,663	545,663	678,251	132,588
Local governments	7,155	7,155	7,000	(155)	19,195	19,195	12,387	(6,808)
Other states	-	-	-	-	22,100	22,100	14,698	(7,402)
Reimbursements from other agencies	8,215	10,215	15,379	5,164	8,240	10,240	15,517	5,277
Governmental fund type transfers from other agencies	3,310	3,310	27,328	24,018	51,715	51,715	174,018	122,303
Interest	843	843	4,443	3,600	1,023	1,023	5,804	4,781
Bonds & loans	74	1,074	1,354	280	584	1,584	3,507	1,923
Fees, licenses & permits	102,976	103,001	108,816	5,815	144,176	144,201	152,435	8,234
Refunds & reimbursements	3,217	3,217	9,681	6,464	3,747	3,747	10,977	7,230
Sale of real estate	-	-	-	-	1,055	1,055	6,372	5,317
Sale of equipment & salvage	50	50	30	(20)	52	52	31	(21)
Rents & leases	-	-	1	1	501	501	700	199
Agricultural sales	-	-	-	-	325	325	144	(181)
Other sales & services	423	423	478	55	1,173	1,173	1,147	(26)
Unearned receipts	122	122	142	20	587	587	671	84
Income tax checkoffs	-	-	-	-	150	150	154	4
Other	487	24,487	22,916	(1,571)	109,308	133,316	58,806	(74,510)
TOTAL APPROPRIATED RECEIPTS	146,447	173,472	229,629	56,157	1,134,699	1,161,732	1,343,707	181,975
TOTAL REVENUES AVAILABLE	219,303	247,850	277,489	29,639	1,979,759	2,027,257	2,256,170	228,913
EXPENDITURES:								
Administration & regulation	34,266	35,149	29,964	5,185	47,479	48,225	41,355	6,870
Agriculture & natural resources	12,332	12,332	19,461	(7,129) *	12,332	12,332	19,461	(7,129)
Economic development	40,552	43,752	45,209	(1,457) *	40,552	43,752	45,209	(1,457)
Education	8,835	6,880	10,845	(3,965) *	8,835	6,880	10,845	(3,965)
Health & human services	91	91	53	38	91	91	53	38
Justice	3,800	27,800	1,376	26,424	3,800	27,800	1,376	26,424
Transportation	4,261	4,260	3,358	902	1,402,966	1,424,937	1,287,046	137,891
Judicial	9,264	9,264	4,468	4,796	9,264	9,264	4,468	4,796
TOTAL EXPENDITURES	113,401	139,528	114,734	24,794	1,525,319	1,573,281	1,409,813	163,468
TRANSFERS	117,553	121,487	119,158	2,329	473,302	477,236	760,717	(283,481)
TOTAL EXPENDITURES & TRANSFERS	230,954	261,015	233,892	27,123	1,998,621	2,050,517	2,170,530	(120,013)
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & TRANSFERS	(11,651)	(13,165)	43,597	56,762	(18,862)	(23,260)	85,640	108,900
FUND BALANCES - JULY 1 (BUDGETARY)	123,405	146,479	144,030	(2,449)	299,443	428,253	425,804	(2,449)
FUND BALANCES - JUNE 30 (BUDGETARY)	$ 111,754	$ 133,314	$ 187,627	$ 54,313	$ 280,581	$ 404,993	$ 511,444	$ 106,451

* 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 Resources Enhancement and Protection Fund in the Agriculture & Natural Resources Function; the Stafford Loan Program in the Education Function; and the State Housing Trust Fund and Special Contingency Fund in the Economic Development Function.


OUR
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COMBINING FINANCIAL STATEMENTS

Nonmajor Capital Projects Funds

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

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

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

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

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

STATE OF IOWA

Combining Balance Sheet
Nonmajor Capital Projects Funds

June 30, 2023
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS FUND	MARINE FUEL TAX CAPITALS FUND	FISH & GAME CAPITALS FUND	CORRECTIONS CAPITAL REINVESTMENT FUND	TOTAL
ASSETS					
Current assets:					
Cash & investments	$ 18,904	$ 4,011	$ 142	$ 857	$ 23,914
Accounts receivable (net)	-	655	21	-	676
Due from other funds	133	683	800	-	1,616
TOTAL ASSETS	$ 19,037	$ 5,349	$ 963	$ 857	$ 26,206
LIABILITIES					
Current liabilities:					
Accounts payable & accruals	$ 3,801	$ 879	$ 655	$ -	$ 5,335
Due to other funds	13,837	85	10	-	13,932
Unearned revenue	1,877	-	-	-	1,877
TOTAL LIABILITIES	19,515	964	665	-	21,144
FUND BALANCES					
Spendable:					
Committed	-	4,385	298	857	5,540
Unassigned	(478)	-	-	-	(478)
TOTAL FUND BALANCES	(478)	4,385	298	857	5,062
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	$ 19,037	$ 5,349	$ 963	$ 857	$ 26,206

STATE OF IOWA

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

For the Year Ended June 30, 2023
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS FUND	MARINE FUEL TAX CAPITALS FUND	FISH & GAME CAPITALS FUND	CORRECTIONS CAPITAL REINVESTMENT FUND	TOTAL
REVENUES					
Receipts from other entities	$ 10,797	$ 811	$ -	$ -	$ 11,608
GROSS REVENUES	10,797	811	-	-	11,608
Less revenue refunds	63	-	-	-	63
NET REVENUES	10,734	811	-	-	11,545
EXPENDITURES					
Current:					
Administration & regulation	98	-	-	-	98
Agriculture & natural resources	-	971	7,123	-	8,094
Capital outlay:					
Administration & regulation	6,808	-	-	-	6,808
Education	625	-	-	-	625
Health & human rights	5,300	-	-	-	5,300
Human services	6,009	-	-	-	6,009
Justice & public defense	1,973	-	-	-	1,973
Agriculture & natural resources	101	3,499	7,198	-	10,798
TOTAL EXPENDITURES	20,914	4,470	14,321	-	39,705
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,180)	(3,659)	(14,321)	-	(28,160)
OTHER FINANCING SOURCES (USES)					
Transfers in	10,138	3,946	14,500	857	29,441
Transfers out	-	(1,006)	(15)	-	(1,021)
TOTAL OTHER FINANCING SOURCES (USES)	10,138	2,940	14,485	857	28,420
NET CHANGE IN FUND BALANCES	(42)	(719)	164	857	260
FUND BALANCES - JULY 1	(436)	5,104	134	-	4,802
FUND BALANCES - JUNE 30	$ (478)	$ 4,385	$ 298	$ 857	$ 5,062


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COMBINING FINANCIAL STATEMENTS

Nonmajor Permanent Funds

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

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, 2023
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL FUND	IOWA CULTURAL TRUST FUND	IOWA PBS FOUNDATION ENDOWMENT	PILOT GROVE TRUST FUND	HENRY ALBERT TRUST FUND	TOTAL
ASSETS						
Current assets:						
Cash & investments	$ 8,038	$ 1	$ 31	$ 10	$ 1	$ 8,081
Noncurrent assets:						
Cash & investments	-	-	9,711	-	-	9,711
TOTAL ASSETS	$ 8,038	$ 1	$ 9,742	$ 10	$ 1	$ 17,792
FUND BALANCES						
Nonspendable	$ 8,038	$ 1	$ 9,742	$ 10	$ 1	$ 17,792
TOTAL FUND BALANCES	$ 8,038	$ 1	$ 9,742	$ 10	$ 1	$ 17,792

STATE OF IOWA

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

For the Year Ended June 30, 2023
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL FUND	IOWA CULTURAL TRUST FUND	IOWA PBS FOUNDATION ENDOWMENT	PILOT GROVE TRUST FUND	HENRY ALBERT TRUST FUND	TOTAL
REVENUES						
Miscellaneous	$ -	$ -	$ 61	$ -	$ -	$ 61
NET CHANGE IN FUND BALANCES	-	-	61	-	-	61
FUND BALANCES - JULY 1	8,038	1	9,681	10	1	17,731
FUND BALANCES - JUNE 30	$ 8,038	$ 1	$ 9,742	$ 10	$ 1	$ 17,792


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COMBINING FINANCIAL STATEMENTS

Nonmajor Enterprise Funds

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

Iowa Communications Network accounts for a statewide telecommunications system and its related revenues and 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, 2023
(Expressed in Thousands)

	IOWA COMMUNICATIONS NETWORK	IOWA STATE PRISON INDUSTRIES	LIQUOR CONTROL ACT FUND	ELEVATOR SAFETY FUND	OTHER FUNDS	TOTAL
ASSETS						
Current assets:						
Cash & investments	$ 5,349	$ 9,251	$ 22,003	$ 2,219	$ 7,692	$ 46,514
Accounts receivable (net)	5,040	2,873	8,778	197	511	17,399
Due from other funds	47	31	265	123	62	528
Inventory	891	5,185	16	-	1,799	7,891
Prepaid expenses	1,220	51	272	204	302	2,049
Total current assets	12,547	17,391	31,334	2,743	10,366	74,381
Noncurrent assets:						
Accounts receivable (net)	-	-	-	1	510	511
Capital assets - nondepreciable/nonamortizable	-	2,223	438	-	420	3,081
Capital assets - depreciable/amortizable (net)	9,140	8,673	21,294	77	751	39,935
Net pension asset	-	66	-	-	-	66
Total noncurrent assets	9,140	10,962	21,732	78	1,681	43,593
TOTAL ASSETS	21,687	28,353	53,066	2,821	12,047	117,974
DEFERRED OUTFLOWS OF RESOURCES						
Related to other postemployment benefits	259	402	261	29	61	1,012
Related to pensions	797	777	249	227	291	2,341
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,056	1,179	510	256	352	3,353
LIABILITIES						
Current liabilities:						
Accounts payable & accruals	2,117	597	16,783	63	67	19,627
Due to other funds	-	-	13,514	46	156	13,716
Unearned revenue	230	-	-	-	-	230
Compensated absences	723	534	134	124	92	1,607
Lease liability	620	-	-	-	-	620
Subscription liability	-	-	1,052	-	-	1,052
Other postemployment benefits liability	48	48	21	8	11	136
Total current liabilities	3,738	1,179	31,504	241	326	36,988
Noncurrent liabilities:						
Accounts payable & accruals	14	60	-	-	-	74
Unearned revenue	753	-	-	-	-	753
Compensated absences	1,013	756	151	103	99	2,122
Lease liability	3,632	-	-	-	-	3,632
Subscription liability	-	-	1,125	-	-	1,125
Net pension liability	3,231	-	912	568	439	5,150
Other postemployment benefits liability	793	799	347	141	182	2,262
Total noncurrent liabilities	9,436	1,615	2,535	812	720	15,118
TOTAL LIABILITIES	13,174	2,794	34,039	1,053	1,046	52,106
DEFERRED INFLOWS OF RESOURCES						
Related to leases	-	-	-	-	559	559
Related to other postemployment benefits	469	403	314	31	77	1,294
Related to pensions	856	552	349	69	109	1,935
TOTAL DEFERRED INFLOWS OF RESOURCES	1,325	955	663	100	745	3,788
NET POSITION						
Net investment in capital assets	4,888	10,896	19,555	77	1,171	36,587
Unrestricted	3,356	14,887	(681)	1,847	9,437	28,846
TOTAL NET POSITION	$ 8,244	$ 25,783	$ 18,874	$ 1,924	$ 10,608	$ 65,433

STATE OF IOWA

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

For the Year Ended June 30, 2023
(Expressed in Thousands)

	IOWA COMMUNICATIONS NETWORK	IOWA STATE PRISON INDUSTRIES	LIQUOR CONTROL ACT FUND	ELEVATOR SAFETY FUND	OTHER FUNDS	TOTAL
OPERATING REVENUES						
Receipts from other entities	$ -	$ -	$ 69	$ -	$ -	$ 69
Fees, licenses & permits	-	-	19,218	1,971	2,250	23,439
Refunds & reimbursements	-	-	59	-	394	453
Sales, rents & services	32,097	25,788	445,901	8	1,813	505,607
Miscellaneous	-	6,115	5,196	-	571	11,882
TOTAL OPERATING REVENUES	32,097	31,903	470,443	1,979	5,028	541,450
OPERATING EXPENSES						
General & administrative	9,079	-	-	-	-	9,079
Depreciation/amortization	2,896	900	4,416	45	184	8,441
Direct & other	9,893	23,842	-	-	639	34,374
Personal services	-	1,154	2,595	1,456	1,595	6,800
Travel & subsistence	-	23	491	67	51	632
Supplies & materials	-	14	77	17	173	281
Contractual services	-	1,840	16,202	642	994	19,678
Equipment & repairs	-	9	107	1	98	215
Claims & miscellaneous	11,543	961	295,123	4	132	307,763
Licenses, permits & refunds	-	-	1,051	16	4	1,071
State aid & credits	-	-	4,754	-	-	4,754
TOTAL OPERATING EXPENSES	33,411	28,743	324,816	2,248	3,870	393,088
OPERATING INCOME (LOSS)	(1,314)	3,160	145,627	(269)	1,158	148,362
NONOPERATING REVENUES (EXPENSES)						
Taxes	-	-	7,655	-	-	7,655
Investment income	184	170	-	77	187	618
Interest expense	-	-	(60)	-	-	(60)
Gain on sale of capital assets	-	5	-	-	22	27
Loss on sale of capital assets	-	(40)	-	-	-	(40)
NET NONOPERATING REVENUES (EXPENSES)	184	135	7,595	77	209	8,200
INCOME (LOSS) BEFORE TRANSFERS	(1,130)	3,295	153,222	(192)	1,367	156,562
Transfers in	1,511	-	-	-	-	1,511
Transfers out	-	-	(151,617)	-	-	(151,617)
CHANGE IN NET POSITION	381	3,295	1,605	(192)	1,367	6,456
TOTAL NET POSITION - JULY 1	7,863	22,488	17,269	2,116	9,241	58,977
TOTAL NET POSITION - JUNE 30	$ 8,244	$ 25,783	$ 18,874	$ 1,924	$ 10,608	$ 65,433


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STATE OF IOWA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2023
(Expressed in Thousands)

	IOWA COMMUNICATIONS NETWORK	IOWA STATE PRISON INDUSTRIES	LIQUOR CONTROL ACT FUND	ELEVATOR SAFETY FUND	OTHER FUNDS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	$ 30,222	$ 30,424	$ 468,340	$ 1,877	$ 3,534	$ 534,397
Cash received from miscellaneous	-	6,115	5,265	-	1,130	12,510
Cash payments to suppliers for goods & services	(22,760)	(27,212)	(315,843)	(754)	(2,418)	(368,987)
Cash payments to employees for services	(9,001)	(1,583)	(3,015)	(1,520)	(1,777)	(16,896)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,539)	7,744	154,747	(397)	469	161,024
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	1,511	-	-	-	-	1,511
Transfers out to other funds	-	-	(151,376)	-	-	(151,376)
Tax receipts	-	-	7,655	-	-	7,655
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	1,511	-	(143,721)	-	-	(142,210)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES						
Acquisition & construction of capital assets	(431)	(2,991)	(10,255)	(22)	(203)	(13,902)
Interest payments	-	-	(60)	-	-	(60)
Debt payments	(615)	-	2,177	-	-	1,562
Proceeds from sale of capital assets	-	5	-	-	22	27
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	(1,046)	(2,986)	(8,138)	(22)	(181)	(12,373)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest & dividends on investments	184	170	-	77	187	618
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	184	170	-	77	187	618
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(890)	4,928	2,888	(342)	475	7,059
CASH & CASH EQUIVALENTS - JULY 1	6,239	4,323	19,115	2,561	7,217	39,455
CASH & CASH EQUIVALENTS - JUNE 30	$ 5,349	$ 9,251	$ 22,003	$ 2,219	$ 7,692	$ 46,514
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	$ (1,314)	$ 3,160	$ 145,627	$ (269)	$ 1,158	$ 148,362
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation/amortizatrion	2,896	900	4,416	45	184	8,441
(Increase) decrease in accounts receivable	(1,569)	4,677	819	11	(879)	3,059
(Increase) decrease in due from other funds	(47)	(30)	2,343	(113)	(44)	2,109
(Increase) decrease in inventory	199	(120)	4	-	(334)	(251)
(Increase) decrease in prepaid expenses	45	(11)	(59)	(22)	12	(35)
(Increase) decrease in net pension asset	-	2,598	-	-	249	2,847
(Increase) decrease in deferred outflows of resources	70	10	(166)	8	(162)	(240)
Increase (decrease) in accounts payable	(668)	(392)	2,017	1	(7)	951
Increase (decrease) in due to other funds	-	-	-	14	2	16
Increase (decrease) in unearned revenue	(259)	(11)	-	-	-	(270)
Increase (decrease) in compensated absences	38	75	15	12	(99)	41
Increase (decrease) in net pension liability	3,114	-	887	549	439	4,989
Increase (decrease) in other postemployment benefits liability	(90)	(125)	91	(14)	(18)	(156)
Increase (decrease) in deferred inflows of resources	(3,954)	(2,987)	(1,247)	(619)	(32)	(8,839)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (1,539)	$ 7,744	$ 154,747	$ (397)	$ 469	$ 161,024


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COMBINING FINANCIAL STATEMENTS

Internal Service Funds

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

Workers' Compensation Fund receives funds associated with the workers' compensation program to pay claims and administrative support costs.

Materials & 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, 2023
(Expressed in Thousands)

	WORKERS' COMPENSATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	OFFICE OF CHIEF INFORMATION OFFICER FUND	OTHER FUNDS	TOTAL
ASSETS						
Current assets:						
Cash & investments	$ 10,349	$ 21,437	$ 39,854	$ 13,956	$ 20,199	$ 105,795
Accounts receivable (net)	5	1,053	143	603	1,231	3,035
Due from other funds	61,418	841	5,057	8,922	18,393	94,631
Inventory	-	5,787	-	-	2,372	8,159
Prepaid expenses	1	-	-	5,417	3,405	8,823
Total current assets	71,773	29,118	45,054	28,898	45,600	220,443
Noncurrent assets:						
Capital assets - nondepreciable/nonamortizable	-	-	-	1,839	-	1,839
Capital assets - depreciable/amortizable (net)	-	165,851	-	25,067	5,740	196,658
Total noncurrent assets	-	165,851	-	26,906	5,740	198,497
TOTAL ASSETS	71,773	194,969	45,054	55,804	51,340	418,940
DEFERRED OUTFLOWS OF RESOURCES						
Related to other postemployment benefits	3	292	-	247	648	1,190
Related to pensions	27	412	-	1,306	2,341	4,086
TOTAL DEFERRED OUTFLOWS OF RESOURCES	30	704	-	1,553	2,989	5,276
LIABILITIES						
Current liabilities:						
Accounts payable & accruals	30,794	6,308	-	5,267	5,081	47,450
Due to other funds	145	-	27	1,464	15,227	16,863
Unearned revenue	-	-	40,310	8,042	1,127	49,479
Compensated absences	19	460	-	1,272	1,097	2,848
Lease liability	-	-	-	1,945	-	1,945
Subscription liability	-	198	-	-	496	694
Other postemployment benefits liability	1	46	-	64	93	204
Total current liabilities	30,959	7,012	40,337	18,054	23,121	119,483
Noncurrent liabilities:						
Accounts payable & accruals	40,711	93	-	38	-	40,842
Compensated absences	6	551	-	1,641	1,355	3,553
Lease liability	-	-	-	1,601	-	1,601
Subscription liability	-	614	-	19,843	2,220	22,677
Net pension liability	98	1,802	-	5,024	5,256	12,180
Other postemployment benefits liability	11	759	-	1,063	1,573	3,406
Total noncurrent liabilities	40,826	3,819	-	29,210	10,404	84,259
TOTAL LIABILITIES	71,785	10,831	40,337	47,264	33,525	203,742
DEFERRED INFLOWS OF RESOURCES						
Related to other postemployment benefits	5	341	-	496	747	1,589
Related to pensions	13	251	-	1,311	779	2,354
TOTAL DEFERRED INFLOWS OF RESOURCES	18	592	-	1,807	1,526	3,943
NET POSITION						
Net investment in capital assets	-	165,039	-	3,516	3,025	171,580
Unrestricted	-	19,211	4,717	4,770	16,253	44,951
TOTAL NET POSITION	$ -	$ 184,250	$ 4,717	$ 8,286	$ 19,278	$ 216,531

STATE OF IOWA

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

For the Year Ended June 30, 2023
(Expressed in Thousands)

	WORKERS' COMPENSATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	OFFICE OF CHIEF INFORMATION OFFICER FUND	OTHER FUNDS	TOTAL
OPERATING REVENUES						
Receipts from other entities	$ 29,151	$ 20,089	$ 12,691	$ 92,606	$ 67,346	$ 221,883
Refunds & reimbursements	504	34,893	508	1,767	3,080	40,752
Sales, rents & services	-	2,224	1,801	-	261	4,286
Miscellaneous	-	1,030	-	-	14	1,044
TOTAL OPERATING REVENUES	29,655	58,236	15,000	94,373	70,701	267,965
OPERATING EXPENSES						
Depreciation/amortization	-	20,928	-	4,866	1,255	27,049
Personal services	262	6,019	-	13,551	16,971	36,803
Travel & subsistence	1	34	-	24	12,714	12,773
Supplies & materials	1	23,084	-	86	17,284	40,455
Contractual services	2,687	1,325	-	35,897	18,758	58,667
Equipment & repairs	-	3,479	14,242	31,198	1,994	50,913
Claims & miscellaneous	26,704	5	-	299	1,804	28,812
Licenses, permits & refunds	-	-	-	-	1	1
TOTAL OPERATING EXPENSES	29,655	54,874	14,242	85,921	70,781	255,473
OPERATING INCOME (LOSS)	-	3,362	758	8,452	(80)	12,492
NONOPERATING REVENUES (EXPENSES)						
Investment income	-	-	-	500	295	795
Interest expense	-	-	-	(51)	-	(51)
Gain on sale of capital assets	-	13	-	-	11	24
Loss on sale of capital assets	-	-	-	(19,277)	(47)	(19,324)
NET NONOPERATING REVENUES (EXPENSES)	-	13	-	(18,828)	259	(18,556)
CHANGE IN NET POSITION	-	3,375	758	(10,376)	179	(6,064)
TOTAL NET POSITION - JULY 1, RESTATED	-	180,875	3,959	18,662	19,099	222,595
TOTAL NET POSITION - JUNE 30	$ -	$ 184,250	$ 4,717	$ 8,286	$ 19,278	$ 216,531


OUR
LIBERTIES
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AND OUR
RIGHTS
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IOWA

STATE OF IOWA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023
(Expressed in Thousands)

	WORKERS' COMPENSATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	OFFICE OF CHIEF INFORMATION OFFICER FUND	OTHER FUNDS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from other entities	$ 504	$ 23,508	$ 1,672	$ 1,903	$ 3,188	$ 30,775
Cash received from reciprocal interfund activity	32,387	49,833	11,597	88,072	68,676	250,565
Cash payments to suppliers for goods & services	(30,423)	(27,619)	(14,242)	(67,274)	(50,025)	(189,583)
Cash payments to employees for services	(277)	(6,510)	-	(14,928)	(18,045)	(39,760)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,191	39,212	(973)	7,773	3,794	51,997
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES						
Acquisition & construction of capital assets	-	(27,304)	-	(7,772)	(1,641)	(36,717)
Interst payments	-	-	-	(51)	-	(51)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	-	(27,304)	-	(7,823)	(1,641)	(36,768)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest & dividends on investments	-	-	-	500	295	795
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	-	500	295	795
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	2,191	11,908	(973)	450	2,448	16,024
CASH & CASH EQUIVALENTS - JULY 1	8,158	9,529	40,827	13,506	17,751	89,771
CASH & CASH EQUIVALENTS - JUNE 30	$ 10,349	$ 21,437	$ 39,854	$ 13,956	$ 20,199	$ 105,795
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	$ -	$ 3,362	$ 758	$ 8,452	$ (80)	$ 12,492
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation/amortization	-	20,928	-	4,866	1,255	27,049
(Increase) decrease in accounts receivable	8	165	(129)	136	(167)	13
(Increase) decrease in due from other funds	3,197	15,039	(706)	2,108	1,195	20,833
(Increase) decrease in inventory	-	(693)	-	-	(46)	(739)
(Increase) decrease in prepaid expenses	(1)	-	-	1,354	387	1,740
(Increase) decrease in deferred outflows of resources	2	112	-	115	(778)	(549)
Increase (decrease) in accounts payable	(1,029)	1,001	-	(1,124)	2,189	1,037
Increase (decrease) in due to other funds	31	(99)	7	163	1,121	1,223
Increase (decrease) in unearned revenue	-	-	(903)	(6,805)	(986)	(8,694)
Increase (decrease) in compensated absences	5	(1)	-	92	95	191
Increase (decrease) in net pension liability	95	1,734	-	4,834	5,085	11,748
Increase (decrease) in other postemployment benefits liability	(1)	(36)	-	(141)	(2)	(180)
Increase (decrease) in deferred inflows of resources	(116)	(2,300)	-	(6,277)	(5,474)	(14,167)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 2,191	$ 39,212	$ (973)	$ 7,773	$ 3,794	$ 51,997


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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, 2023
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	INSURANCE FUND	SPOC INSURANCE FUND	TOTAL
ASSETS						
Cash & cash equivalents	$ 495,505	$ 3,057	$ 5,753	$ 4,393	$ 2,184	$ 510,892
Receivables:						
Contributions	97,568	1,577	514	1,185	-	100,844
Investments sold	156,931	849	11,920	-	-	169,700
Foreign exchange contracts	147,461	-	-	-	-	147,461
Interest & dividends	52,320	1,440	-	16	-	53,776
Total receivables	454,280	3,866	12,434	1,201	-	471,781
Investments, at fair value:						
Fixed income securities	10,190,885	114,137	49,872	-	-	10,354,894
Equity investments	17,165,245	476,971	206,223	-	-	17,848,439
Real estate partnerships	-	80,578	-	-	-	80,578
Investment in private equity/debt	10,043,304	-	-	-	-	10,043,304
Real assets	3,256,661	-	-	-	-	3,256,661
Securities lending collateral pool	124,027	11,949	352	-	-	136,328
Total investments	40,780,122	683,635	256,447	-	-	41,720,204
Capital assets:						
Land	500	-	-	-	-	500
Other - depreciable/amortizable (net)	13,603	-	-	-	-	13,603
Total capital assets	14,103	-	-	-	-	14,103
Other assets	1,282	-	-	-	-	1,282
TOTAL ASSETS	41,745,292	690,558	274,634	5,594	2,184	42,718,262
DEFERRED OUTFLOWS OF RESOURCES						
Related to other postemployment benefits	264	-	-	-	-	264
LIABILITIES						
Accounts payable & accruals	34,250	431	101	-	-	34,782
Foreign exchange contracts payable	149,395	-	-	-	-	149,395
Payable for investments purchased	231,237	588	18,734	-	-	250,559
Payable to brokers for rebate & collateral	123,877	11,949	352	-	-	136,178
TOTAL LIABILITIES	538,759	12,968	19,187	-	-	570,914
DEFERRED INFLOWS OF RESOURCES						
Related to other postemployment benefits	483	-	-	-	-	483
NET POSITION						
Restricted for pension/other postemployment benefits	$ 41,206,314	$ 677,590	$ 255,447	$ 5,594	$ 2,184	$ 42,147,129

STATE OF IOWA

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

For the Year Ended June 30, 2023
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	INSURANCE FUND	SPOC INSURANCE FUND	TOTAL
ADDITIONS						
Contributions:						
Member contributions	$ 605,141	$ 5,991	$ 3,277	$ 1,449	$ 345	$ 616,203
Employer contributions	901,017	23,721	4,916	-	-	929,654
Buy-back/buy-in contributions	5,265	-	-	-	-	5,265
Total contributions	1,511,423	29,712	8,193	1,449	345	1,551,122
Investment income:						
Net increase (decrease) in fair value of investments	1,503,874	54,330	24,688	(4)	-	1,582,888
Interest	472,556	5,507	1,421	142	-	479,626
Dividends	123,824	5,362	2,660	-	-	131,846
Real assets & private equity	118,180	-	-	-	-	118,180
Other	1,843	18	2	-	-	1,863
Total investment income (loss)	2,220,277	65,217	28,771	138	-	2,314,403
Less investment expense	69,105	3,277	421	-	-	72,803
Net investment income (loss)	2,151,172	61,940	28,350	138	-	2,241,600
TOTAL ADDITIONS	3,662,595	91,652	36,543	1,587	345	3,792,722
DEDUCTIONS						
Pension & annuity benefits	2,561,787	38,776	16,448	-	-	2,617,011
Payments in accordance with agreements	-	-	-	1,737	423	2,160
Administrative expense	13,922	349	46	-	-	14,317
Refunds	72,114	-	-	-	-	72,114
TOTAL DEDUCTIONS	2,647,823	39,125	16,494	1,737	423	2,705,602
CHANGE IN NET POSITION	1,014,772	52,527	20,049	(150)	(78)	1,087,120
NET POSITION - JULY 1, RESTATED	40,191,542	625,063	235,398	5,744	2,262	41,060,009
NET POSITION - JUNE 30	$ 41,206,314	$ 677,590	$ 255,447	$ 5,594	$ 2,184	$ 42,147,129


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COMBINING FINANCIAL STATEMENTS

Private Purpose Trust Funds

Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Iowa Educational Savings Plan Trust receives contributions from participants for investment for future application towards payment of higher education costs for designated beneficiaries.

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, 2023
(Expressed in Thousands)

	IOWA EDUCATIONAL SAVINGS PLAN TRUST	IOWA ABLE SAVINGS PLAN TRUST	IOWA BRAILE & SIGHT SAVING SCHOOL TRUST	WAGNER AWARD TRUST	TOTAL
ASSETS					
Cash	$ 3,604	$ 10,038	$ 666	$ 14	$ 14,322
Investments	6,310,066	10,776	-	-	6,320,842
TOTAL ASSETS	6,313,670	20,814	666	14	6,335,164
LIABILITIES					
Accounts payable & accruals	132	8	-	-	140
NET POSITION					
Restricted for individuals, organizations & other entities	$ 6,313,538	$ 20,806	$ 666	$ 14	$ 6,335,024

STATE OF IOWA

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

For the Year Ended June 30, 2023
(Expressed in Thousands)

	IOWA EDUCATIONAL SAVINGS PLAN TRUST	IOWA ABLE SAVINGS PLAN TRUST	IOWA BRAILE & SIGHT SAVING SCHOOL TRUST	WAGNER AWARD TRUST	TOTAL
ADDITIONS					
Contributions:					
Participant contributions	$ 448,473	$ 7,452	$ -	$ -	$ 455,925
Other contributions	1,619	208	-	-	1,827
Total contributions	450,092	7,660	-	-	457,752
Investment income:					
Net increase (decrease) in fair value of investments	538,320	756	-	-	539,076
Interest	128	27	20	-	175
Total investment income (loss)	538,448	783	20	-	539,251
TOTAL ADDITIONS	988,540	8,443	20	-	997,003
DEDUCTIONS					
Distributions to participants	640,771	2,547	104	-	643,422
Other	1,710	104	-	-	1,814
TOTAL DEDUCTIONS	642,481	2,651	104	-	645,236
CHANGE IN NET POSITION	346,059	5,792	(84)	-	351,767
NET POSITION - JULY 1	5,967,479	15,014	750	14	5,983,257
NET POSITION - JUNE 30	$ 6,313,538	$ 20,806	$ 666	$ 14	$ 6,335,024


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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, 2023
(Expressed in Thousands)

	LOCAL SALES & SERVICES TAX FUND	CHILD SUPPORT COLLECTION & REFUND FUND	JUDICIAL - CLERKS OF DISTRICT COURT	SCHOOL DISTRICT SURTAX FUND	OTHER FUNDS	TOTAL
ASSETS						
Cash	$ 35,514	$ 11,648	$ 32,578	$ 96,142	$ 32,171	$ 208,053
Receivables:						
Accounts	-	951	-	-	8,048	8,999
Taxes for other governments	94,279	-	-	7,311	26,071	127,661
Interest	-	-	-	-	1	1
Total receivables	94,279	951	-	7,311	34,120	136,661
Investments, at fair value:						
Fixed income securities	-	-	-	-	5,012	5,012
Equity investments	-	-	-	-	13,182	13,182
Total investments	-	-	-	-	18,194	18,194
Capital assets - depreciable/amortizable (net)	-	-	-	-	87	87
Prepaid expenses	-	-	-	-	37	37
Inventory	-	-	-	-	15	15
TOTAL ASSETS	129,793	12,599	32,578	103,453	84,624	363,047
LIABILITIES						
Accounts payable & accruals	-	-	32,578	-	5,404	37,982
Accounts payable to other governments	129,793	12,599	-	103,453	27,361	273,206
TOTAL LIABILITIES	129,793	12,599	32,578	103,453	32,765	311,188
NET POSITION						
Restricted for individuals, organizations & other entities	$ -	$ -	$ -	$ -	$ 51,859	$ 51,859

STATE OF IOWA

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds

For the Year Ended June 30, 2023
(Expressed in Thousands)

	LOCAL SALES & SERVICES TAX FUND	CHILD SUPPORT COLLECTION & REFUND FUND	JUDICIAL - CLERKS OF DISTRICT COURT	SCHOOL DISTRICT SURTAX FUND	OTHER FUNDS	TOTAL
ADDITIONS						
Contributions:						
Participant contributions	$ -	$ 360,975	$ -	$ -	$ 52,793	$ 413,768
Other contributions	-	-	-	-	74,140	74,140
Gifts, bequests & endowments	-	-	-	-	34,593	34,593
Total contributions	-	360,975	-	-	161,526	522,501
Investment income:						
Net increase (decrease) in fair value of investments	-	-	-	(1,091)	(998)	(2,089)
Interest	-	-	-	-	374	374
Total investment income (loss)	-	-	-	(1,091)	(624)	(1,715)
Less investment expense	-	-	-	-	618	618
Net investment income (loss)	-	-	-	(1,091)	(1,242)	(2,333)
Tax collections for other governments	1,258,127	-	-	117,018	155,428	1,530,573
Court revenue collections for others	-	-	313,503	-	-	313,503
Court settlements	-	-	-	-	21,282	21,282
Miscellaneous	-	-	-	-	55,366	55,366
TOTAL ADDITIONS	1,258,127	360,975	313,503	115,927	392,360	2,440,892
DEDUCTIONS						
Distributions to participants	-	361,148	-	-	69,985	431,133
Payments in accordance with agreements	-	-	-	-	141,928	141,928
Adminstrative expense	-	-	-	-	27,126	27,126
Payments of tax collections to other entities	1,258,127	-	-	115,927	155,350	1,529,404
Payment of court collections to others	-	-	313,503	-	-	313,503
Other	-	-	-	-	3,727	3,727
TOTAL DEDUCTIONS	1,258,127	361,148	313,503	115,927	398,116	2,446,821
CHANGE IN NET POSITION	-	(173)	-	-	(5,756)	(5,929)
NET POSITION - JULY 1	-	173	-	-	57,615	57,788
NET POSITION - JUNE 30	$ -	$ -	$ -	$ -	$ 51,859	$ 51,859


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