



IOWA STATE
UNIVERSITY

Financial Report

For the year ended June 30, 2021





University Officials

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Jonathan Wickert, *Senior Vice President for Academic Affairs and Provost*

Toyia Younger, *Senior Vice President for Student Affairs*

Pam Cain, *Senior Vice President for Operations and Finance*

Bonnie Whalen, *Associate Vice President for Institutional Financial Strategy*

Board of Regents, State of Iowa

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Nancy Boettger, *Harlan*

Milt Dakovich, *Waterloo*

Nancy Dunkel, *Dyersville*

Abby Crow, *Tiffin*

Dr. Jim Lindenmayer, *Ottumwa*

Mark Braun, *Executive Director*



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

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Auditor of State

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Independent Auditor's Report

To the Members of the Board of Regents, State of Iowa:

Report on the Financial Statements

We have audited the accompanying financial statements of the business type activities and the fiduciary activities of Iowa State University of Science and Technology, Ames, Iowa (Iowa State University) and its discretely presented component unit as of and for the years ended June 30, 2021 and 2020, and the related Notes to Financial Statements, which collectively comprise Iowa State University's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, the Iowa State University Foundation, the Iowa State University Achievement Fund and the Original University Foundation (the "Foundation"), discussed in Note 1, which represent 100% of the assets, net position and revenues of the discretely presented component unit. We also did not audit the financial statements of the blended component units, Iowa State University Research Foundation, Incorporated and Iowa State University Veterinary Services Corporation, discussed in Note 1, which represent 1.7% and 0.1%, respectively, of the assets and 1.0% and 0.5%, respectively, of the revenues of the University. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to those financial statements, is based solely on the reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation and Iowa State University Research Foundation, Incorporated were not audited in accordance with Government Auditing Standards.

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

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

Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the fiduciary activities of Iowa State University and its discretely presented component unit as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years ended June 30, 2021 and 2020 in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 1, the financial statements of Iowa State University are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of Iowa State University. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2021 and 2020 and the changes in its financial position and its cash flows for the years ended June 30, 2021 and 2020 in conformity with U.S. generally accepted accounting principles.


Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the University's Proportionate Share of the Net Pension Liability, the Schedule of University Contributions and the Schedule of Changes in the University's Total OPEB Liability, Related Ratios and Notes on pages 3 through 11 and 54 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

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



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

May 6, 2022



INTRODUCTION

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Iowa State University (University) for the fiscal year ended June 30, 2021, along with comparative data for the fiscal years ended June 30, 2020 and 2019. Readers are encouraged to consider this information in conjunction with the University's financial statements and related notes to the financial statements that follow.

The University is a public, land-grant university established in 1858 by the legislature of the State of Iowa, based on the ideals that higher education should be accessible to all and that the University should teach a variety of subjects. Ten schools and colleges with 100 majors serve an enrollment of over 30,000. The University is located in Ames, with a population of over 65,000 and is known for worldwide excellence in science and technology, discovery, and innovation.

USING THE FINANCIAL STATEMENTS

The University's financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities, and require that financial statements focus on the University as a whole.

Fiduciary activity is presented in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These statements can be found after the main financial statements. A discussion of the fiduciary net position and activity is not included in this MD&A.

The financial statements encompass the University and its discretely presented component units: the Iowa State University Foundation, Iowa State University Achievement Fund, and the Original University Foundation (herein collectively referred to as the Foundation). This MD&A excludes the discretely presented component units. The Foundation's financial statements can be found immediately following the fiduciary financial statements.

FINANCIAL HIGHLIGHTS

At the onset of fiscal year 2021, the University, like many institutions across the country, projected that unprecedented financial challenges would persist due to the ongoing COVID-19 pandemic. Through a campus-wide commitment to strategic budget planning, prudent cost-savings, and new revenue-generating initiatives, the University was able to close out fiscal year 2021 in a financially strong position.

The University took a proactive approach to manage a projected \$41 million budget shortfall, including a \$3.2 million reduction in state operating support, by implementing a five percent university-wide budget reduction; increasing employee premiums and co-payments on health and dental insurance plans; temporarily reducing the employee retirement match; and placing a temporary freeze on renovation and capital projects, except those necessary for safety or supported by private funding. Additionally, President Wendy Wintersteen took a ten percent salary reduction, and the University implemented a retirement incentive option; the savings from the program, however, won't begin to be fully realized until fiscal year 2022.

Statement of Net Position

The following Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, liabilities, deferred outflows of resources, and deferred inflows of resources, with the difference reported as net position. Net position is a financial indicator of the current financial condition of the University.

	June 30, 2021	June 30, 2020	June 30, 2019
Current assets	\$ 308,432,828	\$ 391,110,376	\$ 228,449,481
Capital assets	1,571,012,286	1,567,340,123	1,510,435,019
Other non-current assets	715,102,390	619,441,083	754,951,008
Total assets	2,594,547,504	2,577,891,582	2,493,835,508
Deferred outflows of resources	39,297,901	35,674,155	36,922,934
Current liabilities	170,917,562	165,246,799	161,744,891
Non-current liabilities	625,754,797	661,402,010	649,308,460
Total liabilities	796,672,359	826,648,809	811,053,351
Deferred inflows of resources	41,631,726	36,017,628	13,004,116
Total net position	\$ 1,795,541,320	\$ 1,750,899,300	\$ 1,706,700,975

Total assets as of June 30, 2021 were \$2.59 billion, which is \$16.7 million higher than the prior year. Net capital assets comprised \$1.57 billion of the total assets, which is slightly higher than the balance at June 30, 2020, mostly due to the addition to the Gerdin Business Building, which increased the space for the Ivy College of Business by 40 percent. Total liabilities were \$796.7 million at June 30, 2021, a decrease of \$30.0 million due to satisfying two bond refundings during the fiscal year with proceeds received in the prior fiscal year.

The following presents the components of net position:

	June 30, 2021	June 30, 2020	June 30, 2019
Net investment in capital assets	\$ 1,064,302,604	\$ 1,064,897,319	\$ 1,008,727,720
Restricted, non-expendable	28,959,984	28,393,864	28,393,864
Restricted, expendable	110,727,589	111,097,890	104,156,296
Unrestricted	591,551,143	546,510,227	565,423,095
Total net position	\$ 1,795,541,320	\$ 1,750,899,300	\$ 1,706,700,975

Net position increased \$44.6 million, or 2.55%, which generally indicates that the financial condition of the University has improved. The largest portion of net position (59.27%) is net investment in capital assets, which is land, buildings, infrastructure, land improvements, equipment, and intangible assets owned by the University, offset by the related debt. The restricted portion of net position (7.78%) is divided into expendable and non-expendable. The use of expendable restricted net position is determined by external entities that have placed restrictions on the assets. Non-expendable restricted net position is also restricted by external entities, but may never be spent. The University's non-expendable restricted net position is the principal portion of endowments required to remain intact.

Statement of Revenues, Expenses, and Changes in Net Position

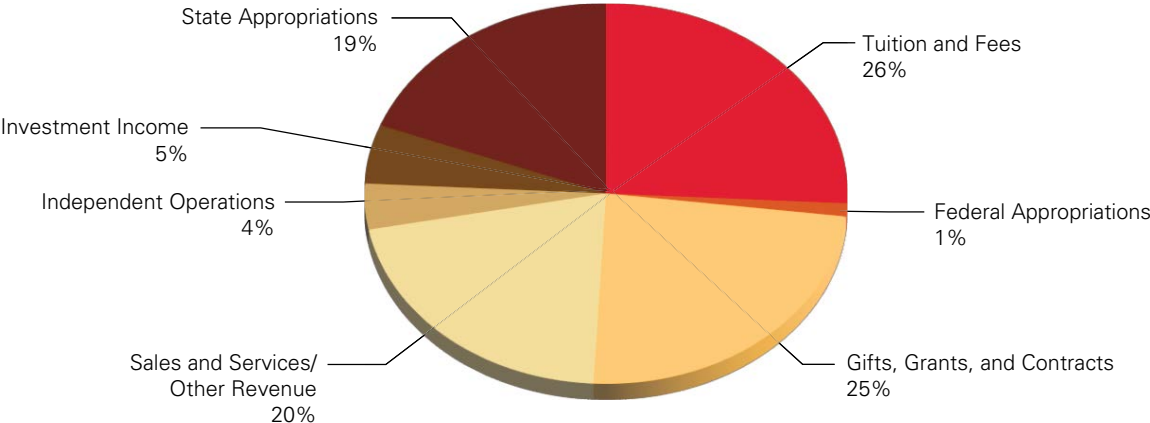
Changes in total net position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the operating and non-operating revenues and expenses of the University. Public universities such as Iowa State University, generally report an operating loss since the financial reporting model classifies state appropriations as non-operating revenue. Although changes in net position over time assist in determining whether the financial health of the University is improving, other non-financial factors such as enrollment and the ability to attract and retain qualified faculty and staff can help determine the overall health of the University.

The following summarizes the Statement of Revenues, Expenses, and Changes in Net Position:

	June 30, 2021	June 30, 2020	June 30, 2019
Operating revenue	\$ 895,617,374	\$ 937,987,477	\$ 951,810,411
Operating expense	1,249,613,353	1,263,429,032	1,248,611,871
Operating income (loss)	(353,995,979)	(325,441,555)	(296,801,460)
Non-operating revenue	357,751,903	331,006,293	343,355,268
Income before other revenue (expense) and gain (loss)	3,755,924	5,564,738	46,553,808
Other revenue (expense) and gain (loss)	40,886,096	38,633,587	52,384,518
Increase in net position	44,642,020	44,198,325	98,938,326
Net position, beginning of year	1,750,899,300	1,706,700,975	1,607,762,649
Net position, end of year	\$ 1,795,541,320	\$ 1,750,899,300	\$ 1,706,700,975

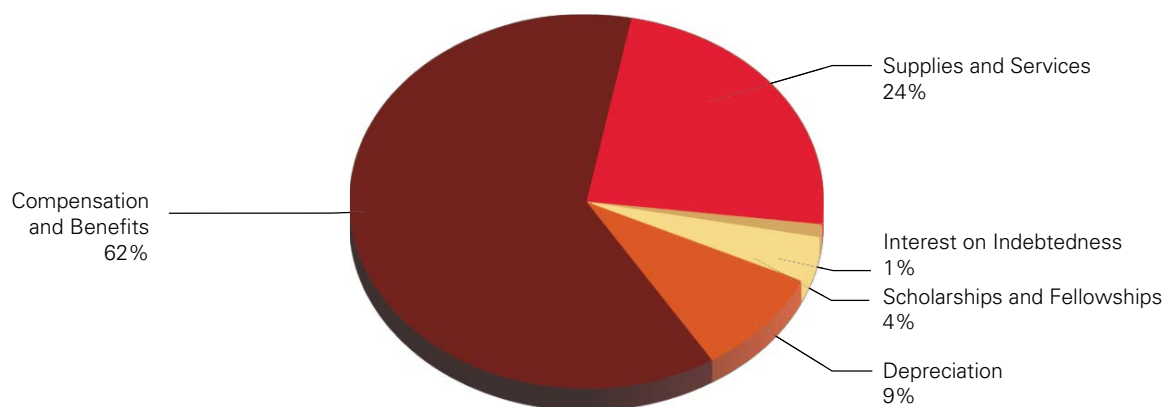
Revenues

Operating revenues were down \$42.4 million from the prior year. This is the result of both decreased enrollment (7.48%) and the cancellation of many auxiliary events (22.01%) due to the pandemic. A large increase in investment income (195.48%) from favorable markets offsets a decrease in many of the other categories of non-operating revenue. The major components of revenue are shown in the following chart:



Expenses

Operating expenses decreased slightly from fiscal year 2020, following the pattern of decreased operating revenues. While compensation and benefits and depreciation had increases over the prior year, the other major natural categories decreased due to effects of the pandemic. Total expenses, excluding loss on disposal of capital assets, were down 1.12% and are broken out in the following chart:



Statement of Cash Flows

The primary purpose of the Statement of Cash Flows is to provide information about the cash receipts and disbursements of the University for the fiscal year. This statement also aids in the assessment of the University's ability to generate future net cash flows, meet obligations as they come due, and assess needs for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, categorizing them as operating, non-capital financing, capital and related financing, and investing activities.

The overall cash balance went down 33.28% due to the refunding of academic and dormitory bonds with proceeds received in the prior fiscal year.

A summary of the cash flows for the fiscal years ended June 30 is as follows:

	2021	2020	2019
Cash provided by (used for):			
Operating activities	\$ (222,564,923)	\$ (242,394,082)	\$ (182,588,572)
Non-capital financing activities	317,006,388	326,232,126	324,394,955
Capital and related financing activities	(155,579,917)	(85,815,672)	(157,543,804)
Investing activities	(19,692,690)	120,840,676	30,686,850
Net increase (decrease) in cash	(80,831,142)	118,863,048	14,949,429
Cash and cash equivalents, beginning of year	242,858,604	123,995,556	109,046,127
Cash and cash equivalents, end of year	\$ 162,027,462	\$ 242,858,604	\$ 123,995,556

CAPITAL ASSETS

At June 30, 2021, the University had \$3.31 billion in capital assets, with accumulated depreciation and amortization of \$1.74 billion. Major additions to capital assets include an addition to Gerdin Business Building and construction of the Student Innovation Center, the Veterinary Diagnostic Laboratory, and the Student Performance Center. Depreciation and amortization expense for the fiscal year was \$112.9 million. The following shows capital assets, net of depreciation and amortization, as of June 30:

	2021	2020	2019
Non-depreciable / non-amortizable:			
Land and land improvements	\$ 26,822,496	\$ 26,180,031	\$ 24,975,701
Construction in progress	51,535,649	175,684,173	102,150,243
Intangible assets in development	5,982,043	5,982,043	40,341,264
Depreciable / amortizable:			
Buildings (net)	1,110,429,804	981,031,713	998,218,326
Land improvements (net)	36,515,611	26,949,397	26,106,597
Infrastructure (net)	137,687,640	137,797,174	135,448,583
Equipment and library materials (net)	171,900,327	178,159,252	180,274,491
Intangible assets (net)	30,138,716	35,556,340	2,919,814
	<u>\$ 1,571,012,286</u>	<u>\$ 1,567,340,123</u>	<u>\$ 1,510,435,019</u>

Capital Appropriations, Grants, and Contracts

Capital appropriations from the State of Iowa have traditionally been a significant source of funding for construction of new buildings, as well as major renovations. The \$15.53 million in capital appropriations for fiscal year 2021 represents funding appropriated for the Student Innovation Center and the Veterinary Diagnostic Laboratory.

Capital gifts and grant revenue consists primarily of private gifts for major building projects. Major projects using the \$25.36 million received in fiscal year 2021 were the Sports Performance Center, Gerdin Business Building, Poultry Farm teaching and research facilities, and the Curtiss Farm feed mill and grain science complex.

DEBT ADMINISTRATION

Outstanding debt at June 30 decreased \$52.58 million from 2020 to 2021 because two bonds were refunded using proceeds received in the prior fiscal year. The following table shows the debt by type:

	2021	2020	2019
Academic building bonds	\$ 108,489,022	\$ 115,160,266	\$ 124,573,471
Enterprise fund bonds	399,955,561	444,514,359	382,164,565
Capital leases	5,833,920	6,562,123	7,395,606
Notes payable	-	622,628	1,213,293
	<u>\$ 514,278,503</u>	<u>\$ 566,859,376</u>	<u>\$ 515,346,935</u>



ECONOMIC OUTLOOK

The U.S. economy increased at an annual rate of 6.7% in the second quarter of 2021. The State of Iowa's net general fund revenues increased 11.0% in fiscal year 2021, resulting in a \$1.24 billion surplus. The October 2021 State Revenue Estimating Conference forecasts some growth for fiscal year 2021, projecting state revenue to increase by 1.5%. For fiscal year 2021, the State of Iowa appropriated \$172.1 million for the University's general operations. For fiscal year 2022, the University has been allocated \$172.1 million in general education operating appropriations, and other operating appropriations of \$57.2 million. Capital appropriations for fiscal year 2022 are \$23.9 million, including \$3.4 million of previously enacted appropriations for the Student Innovation Center deferred to fiscal year 2022 and \$3.6 million of previously enacted appropriations for the Veterinary Diagnostic Laboratory was deferred to fiscal year 2024.

The University's proactive measures were bolstered by innovative revenue-generating activities, additional savings, and a long-standing commitment to operational efficiency. The University created a new five-week online winter academic session, which enrolled 2,140 undergraduates and brought in \$3.6 million in tuition revenue. The winter session was so successful that it has been added as a permanent offering on the Regent universities' academic calendars. The University's overall tuition revenue was higher than projected due to stronger enrollment, resulting in part from a record number of first-year students who returned for a second year. Additional savings were achieved because of reduced or canceled travel, fewer equipment purchases, and space improvement projects. The University saw improved operational efficiency as indicated by its ongoing trend of having fewer employees per student. Ten years ago, the number of University employees per student was 0.192 when enrollment was 28,682. In 2020, the University had 0.189 employees per student for a student body of 31,825. Operational efficiencies also were achieved through the second-year implementation of Workday and the new finance and human resource services structure. Staff in these areas increased the number of successful Workday transactions while decreasing the time to resolution and improving customer satisfaction. With Workday and the new services structure, the ability to collect and analyze comprehensive workload data for human resource and finance staff is now possible. The data proved invaluable in assisting University leaders in planning workforce changes to right-size human resource and finance service teams, determine appropriate restructuring of teams and reassignment of specialists while maintaining a high level of service, as well as address budget challenges. Additionally, human resource and finance services staff were able to utilize the cloud-based access and anytime connectivity of Workday for a seamless transition to remote work to continue providing high quality services to their units during fiscal year 2021.



Private funds remain a key component of the University's financial support structure. As fiscal year 2021 came to a close, so too did the University's historic nine-year fundraising campaign, Forever True, For Iowa State. More than 96,000 alumni, donors, and friends made gifts and commitments to the University totaling \$1.54 billion dollars. The record-breaking total includes:

- \$500 million directed for student support, including 56,000 donor-funded scholarships to help maintain affordability for an Iowa State education.
- 148 named faculty positions, which provide faculty with resources to invest in teaching programs, research and other strategic priorities.
- \$548 million directed for program support, such as the "One Health" initiative in the College of Veterinary Medicine, which explores the interconnection of animal, human, and environmental health.
- \$275 million for new or revitalized facilities, including the Student Innovation Center, Stark Performance Center for student-athletes, and the Gerdin Business Building Expansion project.

The University continues to excel in leveraging state resources to secure external funding for research, innovation, and scholarly activities. In fiscal year 2021, the University attracted \$559.1 million in external funding, breaking the previous record of \$509.2 million set in fiscal year 2018. The fiscal year 2021 total includes \$231.1 million in sponsored research funding, including \$154.8 million from federal sources. The total also includes \$90.2 million in federal COVID-19 Higher Education Emergency Relief Funding. One of the largest grants in fiscal year 2021 for a single project is the five-year, \$16 million grant for the Agriculture and Rural Communities Wireless Living Lab for Smart and Connected Rural Communities. The project will test and develop affordable, high-capacity, rural broadband technology from Iowa communities that can be transferred across the country. It is funded by the National Science Foundation, U.S. Department of Agriculture's National Institute of Food and Agriculture, and industry partners. In addition, the University researchers continue to excel at transferring their research to the marketplace, improving their top 100 worldwide ranking for number of U.S. patents to number 65 in fiscal year 2021, up from number 77 in fiscal year 2020.

The University's leading role as an economic engine for Iowa and beyond has once again earned national recognition. The Association of Public and Land-Grant Universities 2020 Innovation and Economic Prosperity Award in Innovation recognized the University's leadership in helping Iowa companies adapt and address the challenges of the COVID-19 pandemic. An example of helping adapt is how the University's Center for Industrial Research and Service (CIRAS) facilitated the collaboration between an Ottumwa-based molding company and a Mason City printing firm to produce a halo attachment for face shields. This not only helped address a critical need for personal protective equipment during the pandemic, but it

helped companies keep employees working. Overall, 1,664 businesses from 95 Iowa counties received assistance on projects or attended educational workshops from CIRAS staff or partners. Another example is how the Small Business Development Centers (SBDC) operated by the University, were able to bring additional resources quickly to Iowa businesses during the pandemic. In a typical year, the SBDC sees approximately 4,000 clients. In fiscal year 2021, SBDC saw over 72,000 businesses and clients. They were able to do this by quickly developing a triage team that utilized an additional 20 staff and students from all across the University campus that were trained to triage each business call and do additional outreach to existing businesses within the state. This triage system was replicated in six other states across the nation from the Iowa model.

The University was also awarded the 2021 Model Program Award from the United States Association for Small Business and Entrepreneurship. This is the highest of the organization's four prestigious annual Excellence in Entrepreneurship Education Awards, which recognized the University for its university-wide emphasis on innovation and entrepreneurship. The University jumped 15 spots to number 11 in The Princeton Review's 2021 survey of undergraduate schools for entrepreneurship studies. The Princeton Review rankings are based on data collected from 300 public and private universities. This is a reflection of the University's growing national reputation as a destination campus for undergraduate innovation and entrepreneurship captured in the new brand campaign Innovate at Iowa State. The central hub for these activities is the new Student Innovation Center. The state-of-the-art space provides access to design, fabricate, test, and demonstrate ideas; everything from food science to lunar mining, and from digital gaming to solar-powered vehicles. While this space is designed for in-person interaction, a full slate of virtual and hybrid programs was launched in fiscal year 2021 for students, faculty, staff, and the public to interact with and learn from industry leaders in innovation and entrepreneurship. Year one of Innovate at Iowa State culminated with the inaugural Ignite Innovation Showcase in April 2020. Nearly 1,700 undergraduate students participated in events ranging from undergraduate research and pitch competitions to a student-run fashion show and student film festival. More than 7,500 people tuned in to view the showcase over eight days, which highlighted how innovation and entrepreneurship is being infused into the curriculum of every college. The \$84 million facility is supported by a historic partnership including \$40 million invested by the state and \$44 million in private donations.

The Iowa State University Research Park (ISURP) is thriving as the gateway to the University's faculty expertise, student talent, research, innovation, and entrepreneurial ideas. The ISURP is home to 100 companies with more than 2,000 employees that have an average salary of \$68,000, and 500 student interns. In fall 2020, the Collaboration Place project was completed,



paving the way for future expansion at the park. The University's partnership with John Deere was the catalyst for this project, which was made possible by support from the Federal Economic Development Administration. ISURP also has a state-wide impact. Start-ups that have relocated from the park employ more than 2,500 Iowans across Iowa.

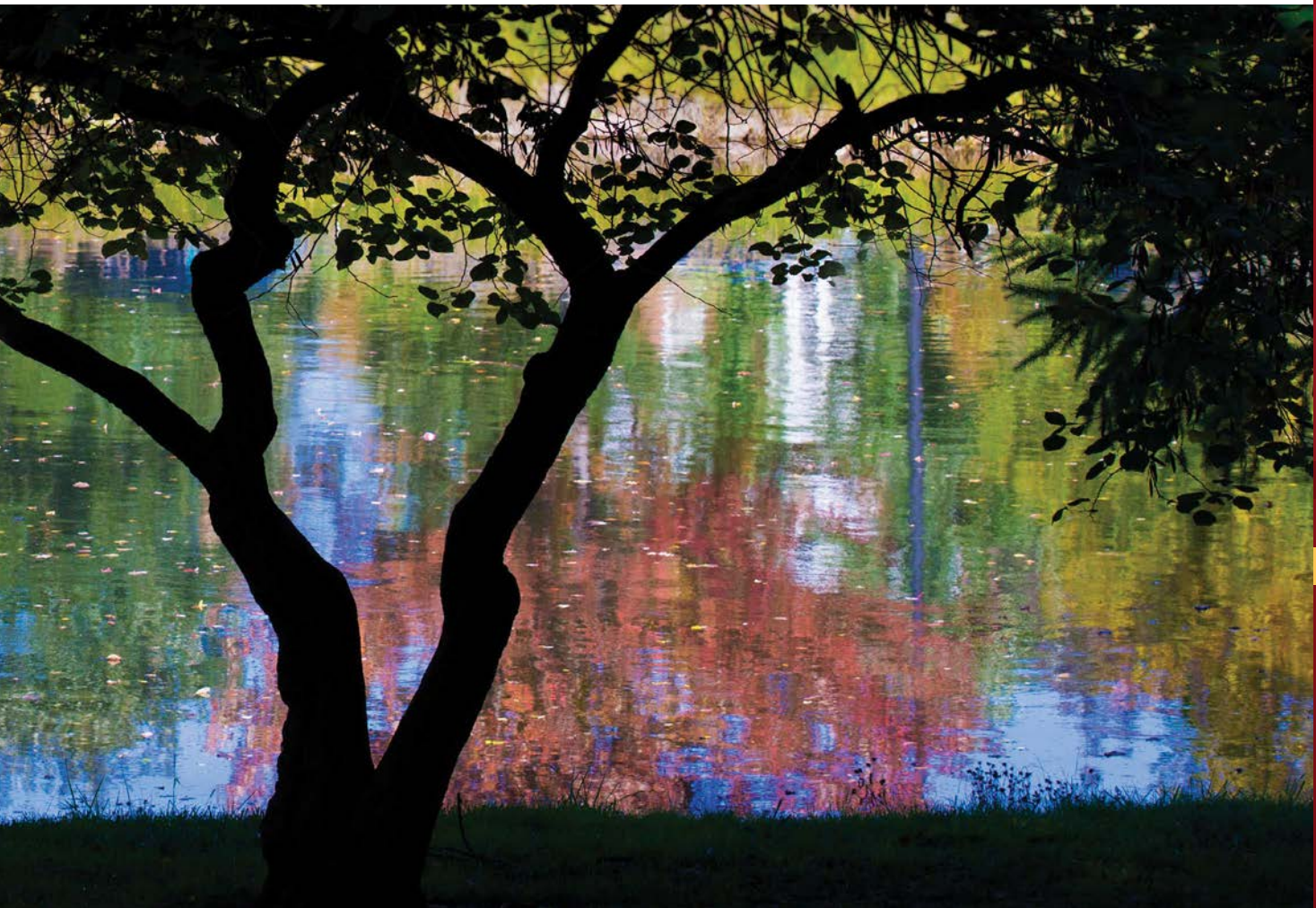
As the state's only land-grant university, the University opens its doors widely to provide a high-quality education to all eligible Iowans at an affordable price. Despite the COVID-19 pandemic, the University had a robust and diverse fall 2020 enrollment of 31,825, driven in part by a record first-year retention rate of 88.5%. The University's freshman class set a record for average GPA (3.71), and more than 17% are U.S. multicultural students.

One of the hallmarks of an Iowa State education is high-impact learning practices such as internships, study abroad, undergraduate research, and entrepreneurial programs. One of the most successful programs is the University's nationally recognized Learning Communities – small groups of students who take one or more courses together, share academic interests, interact with peer mentors, and may live in the same residence hall. In fall 2020, 91% of first-year, full-time students were part of a learning community. The average one-year retention rate is seven percent higher, and the average six-year graduation rate is 11% higher than students who are not in a Learning Community.

The average time for students to earn a University degree is at a historical low (4.4 years). Twenty years ago, it was 4.8 years. Iowa State students, both resident and non-resident, are paying tuition rates that are 20-80% less than other universities across the Midwest. Demand is exceptionally high for University graduates, with 94% of graduates landing a job in their field or continuing their education within six months of getting their degree.

CONTACTING IOWA STATE UNIVERSITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide users with a general overview of the University's finances and to demonstrate the University's accountability for the funds received. Questions regarding this report or requests for additional financial information should be directed to the Controller's Department, Iowa State University, 1350 Beardshear Hall, 515 Morrill Rd., Ames, IA 50011.



STATEMENT OF NET POSITIONAs of June 30, 2021 and 2020

Assets	2021	2020
Current assets:		
Cash and cash equivalents	\$ 82,674,884	\$ 145,860,658
Investments	97,875,718	141,353,251
Accounts receivable, net	33,309,214	38,464,066
Due from government agencies	53,481,505	28,974,049
Interest receivable	160,684	41,359
Notes receivable, net	482	930
Inventories	15,659,852	14,609,976
Prepaid expenses	25,270,489	21,806,087
Total current assets	308,432,828	391,110,376
Non-current assets:		
Cash and cash equivalents	79,352,578	96,997,946
Investments	587,904,001	464,662,164
Accounts receivable, net	18,776,748	15,190,734
Due from government agencies	-	9,873,202
Interest receivable	618,250	1,109,071
Notes receivable, net	20,050,813	22,607,966
Prepaid expenses	8,400,000	9,000,000
Capital assets, net	1,571,012,286	1,567,340,123
Total non-current assets	2,286,114,676	2,186,781,206
Total assets	2,594,547,504	2,577,891,582
Deferred outflows of resources:		
OPEB-related deferred outflows	7,934,369	7,210,686
Pension-related deferred outflows	23,085,765	19,698,518
Unamortized loss from refunding of debt	8,277,767	8,764,951
Total deferred outflows of resources	39,297,901	35,674,155
Total assets and deferred outflows of resources	2,633,845,405	2,613,565,737

Liabilities	2021	2020
Current liabilities:		
Accounts payable	29,174,298	20,296,042
Salaries, wages, and related liabilities	27,814,307	19,161,235
Unpaid claims and contingent liabilities	8,715,000	6,923,000
Unearned revenue	45,933,978	34,052,647
Interest payable	7,253,662	7,492,950
Deposits	190,770	-
Long-term debt, current portion	29,669,172	51,829,445
Other long-term liabilities, current portion	22,166,375	25,491,480
Total current liabilities	170,917,562	165,246,799
Non-current liabilities:		
Accounts payable	4,435,115	8,291,759
Long-term debt, non-current portion	484,609,331	515,029,931
Other long-term liabilities, non-current portion	136,710,351	138,080,320
Total non-current liabilities	625,754,797	661,402,010
Total liabilities	796,672,359	826,648,809
Deferred inflows of resources:		
OPEB-related deferred inflows	39,480,833	28,360,224
Pension-related deferred inflows	1,441,947	6,748,191
Unamortized gain from refunding of debt	708,946	909,213
Total deferred inflows of resources	41,631,726	36,017,628
Total liabilities and deferred inflows of resources	838,304,085	862,666,437
Net position		
Net investment in capital assets	1,064,302,604	1,064,897,319
Restricted		
Nonexpendable:		
Permanent endowment	28,959,984	28,393,864
Expendable:		
Student loans	12,148,527	12,489,933
Scholarships, research, and educational purposes	6,289,174	6,999,028
Reserve for debt service	77,592,707	78,409,180
Capital projects	14,697,181	13,199,749
Unrestricted	591,551,143	546,510,227
Total net position	\$ 1,795,541,320	\$ 1,750,899,300

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the Years Ended June 30, 2021 and 2020

	2021	2020
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$146,505,715 and \$146,014,362 for fiscal years ended June 30, 2021 and 2020, respectively	\$ 343,482,850	\$ 371,242,378
Federal appropriations	12,157,848	12,693,838
Federal grants and contracts	172,217,949	145,354,250
State and local government grants and contracts	14,674,934	14,646,694
Non-governmental grants and contracts	28,454,067	31,923,335
Sales and services of educational activities	78,220,458	69,930,338
Auxiliary enterprises, net of scholarship allowances of \$7,778,070 and \$7,554,615 for fiscal years ended June 30, 2021 and 2020, respectively	171,433,735	219,819,341
Independent operations	52,575,792	45,998,814
Other operating revenues	22,399,741	26,378,489
Total operating revenues	<u>895,617,374</u>	<u>937,987,477</u>
Operating expenses:		
Instruction	249,128,786	275,347,814
Research	150,892,220	147,031,480
Public service	70,353,799	73,148,270
Academic support	195,785,594	196,931,479
Student services	32,454,433	31,372,278
Institutional support	95,448,495	82,282,064
Operation and maintenance of plant	87,511,279	68,163,959
Scholarships and fellowships	49,552,904	53,839,427
Auxiliary enterprises	152,868,488	165,308,633
Independent operations	52,068,141	48,386,884
Depreciation and amortization	112,914,364	104,214,981
Other operating expenses	634,850	17,401,763
Total operating expenses	<u>1,249,613,353</u>	<u>1,263,429,032</u>
Operating loss	<u>(353,995,979)</u>	<u>(325,441,555)</u>
Non-operating revenue (expense):		
State appropriations	236,784,175	240,525,690
Federal grants and contracts	25,532,247	27,692,786
Non-federal gifts, grants, and contracts	54,684,699	58,012,853
Investment income	59,700,118	20,204,492
Interest on indebtedness	(15,139,010)	(15,622,064)
Gain (loss) on disposal of capital assets	(7,105,629)	107,801
Other non-operating revenue	3,295,303	84,735
Total non-operating revenue	<u>357,751,903</u>	<u>331,006,293</u>
Income before other revenue	<u>3,755,924</u>	<u>5,564,738</u>
Capital appropriations	15,525,401	19,499,583
Capital gifts, grants, and contracts	25,360,695	19,134,004
Total other revenue	<u>40,886,096</u>	<u>38,633,587</u>
Change in net position	<u>44,642,020</u>	<u>44,198,325</u>
Net position, beginning of year	<u>1,750,899,300</u>	<u>1,706,700,975</u>
Net position, end of year	<u>\$ 1,795,541,320</u>	<u>\$ 1,750,899,300</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Tuition and fees	\$ 347,051,111	\$ 369,451,608
Federal appropriations	12,052,468	12,693,838
Grants and contracts	217,149,491	176,720,661
Sales of educational activities	72,529,200	69,930,338
Sales and services of auxiliary enterprises	177,057,881	218,052,044
Payments for auxiliary enterprises	(151,913,437)	(168,901,320)
Receipts of independent operations	52,576,292	45,998,814
Collections of loans from students	4,561,678	4,932,079
Payments for salaries and benefits	(683,364,084)	(683,690,255)
Payments for goods and services	(239,324,719)	(258,744,101)
Scholarship payments	(47,993,370)	(53,839,427)
Loans issued to students	(4,417,156)	(1,166,981)
Other operating receipts	21,469,722	26,168,620
Net cash used for operating activities	(222,564,923)	(242,394,082)
Cash flows from non-capital financing activities:		
State appropriations	236,784,175	240,525,690
Non-capital gifts, grants, and contracts	80,216,946	85,705,639
Direct lending receipts	136,162,949	150,176,375
Direct lending payments	(136,157,682)	(150,175,578)
Net cash provided by non-capital financing activities	317,006,388	326,232,126
Cash flows from capital and related financing activities:		
Capital appropriations received	12,857,356	10,580,993
Capital gifts and grants received	21,382,001	27,514,671
Proceeds from capital and refunding debt	26,637,684	85,351,117
Proceeds from sale of capital assets	1,321,812	2,112,542
Acquisition and construction of capital assets	(126,758,868)	(163,124,826)
Principal paid on capital debt	(77,804,530)	(33,074,148)
Interest paid on capital debt	(16,505,408)	(15,260,756)
Other capital and related financing sources	3,290,036	84,735
Net cash used for capital and related financing activities	(155,579,917)	(85,815,672)
Cash flows from investing activities:		
Interest and dividends received on investments	7,664,933	13,682,221
Proceeds from sales of investments	206,659,107	177,252,040
Purchases of investments	(234,016,730)	(70,093,585)
Net cash provided by (used for) investing activities	(19,692,690)	120,840,676
Net change in cash and cash equivalents	(80,831,142)	118,863,048
Cash and cash equivalents, beginning of year	242,858,604	123,995,556
Cash and cash equivalents, end of year	\$ 162,027,462	\$ 242,858,604

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STATEMENT OF CASH FLOWS (continued) For the Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	\$ (353,995,979)	\$ (325,441,555)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization	112,914,364	104,214,981
Changes in assets, liabilities, deferred outflows, and deferred inflows:		
Accounts receivable and due from government agencies	(6,418,677)	(9,188,745)
Inventories	(1,049,876)	(80,738)
Prepaid expenses	(2,864,402)	(1,952,962)
Notes receivable	2,557,601	2,835,465
Deferred outflows of resources	(4,110,930)	250,630
Accounts payable	17,402,354	(7,971,263)
Unearned revenue	11,881,331	(5,551,591)
Compensated absences	1,807,356	(5,459,673)
Other post-employment benefits obligation	(17,806,067)	(18,042,268)
Pension liability	15,010,095	502,773
Deferred compensation liability	(293,379)	210,909
Refundable advances of student loans	(3,413,079)	-
Deferred inflows of resources	5,814,365	23,279,955
Net cash used for operating activities	<u>\$ (222,564,923)</u>	<u>\$ (242,394,082)</u>
Non-cash investing, capital, and financing activities		
Capital gifts in-kind	\$ 642,464	\$ -
Net unrealized gain on investments	52,406,681	7,100,357
Total non-cash investing, capital, and financing activities	<u>\$ 53,049,145</u>	<u>\$ 7,100,357</u>
Reconciliation of cash and cash equivalents to the statement of net position		
Cash and cash equivalents classified as current assets	\$ 82,674,884	\$ 145,860,658
Cash and cash equivalents classified as non-current assets	79,352,578	96,997,946
Total cash and cash equivalents	<u>\$ 162,027,462</u>	<u>\$ 242,858,604</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

As of June 30, 2021 and 2020

Assets	2021	2020
Current assets:		
Cash and cash equivalents	\$ 14,172,585	\$ 10,765,778
Accounts receivable, net	4,493,381	4,844,033
Other assets	485,339	525,461
Total current assets	19,151,305	16,135,272
Non-current assets:		
Cash and cash equivalents	10,370	21,821
Investments	52,152,995	39,347,775
Other assets	1,259	-
Total non-current assets	52,164,624	39,369,596
Total assets	\$ 71,315,929	\$ 55,504,868
Liabilities		
Current liabilities:		
Accounts payable	\$ 438,405	\$ 340,932
Salaries, wages, and related liabilities	238,318	546,701
Other liabilities	833,140	760,850
Total current liabilities	1,509,863	1,648,483
Non-current liabilities:		
Accounts payable	183,620	4,500
Other liabilities	390,069	-
Total non-current liabilities	573,689	4,500
Total liabilities	2,083,552	1,652,983
Net position		
Restricted for individuals, organizations, and other governments	69,232,377	53,851,885
Total liabilities and net position	\$ 71,315,929	\$ 55,504,868

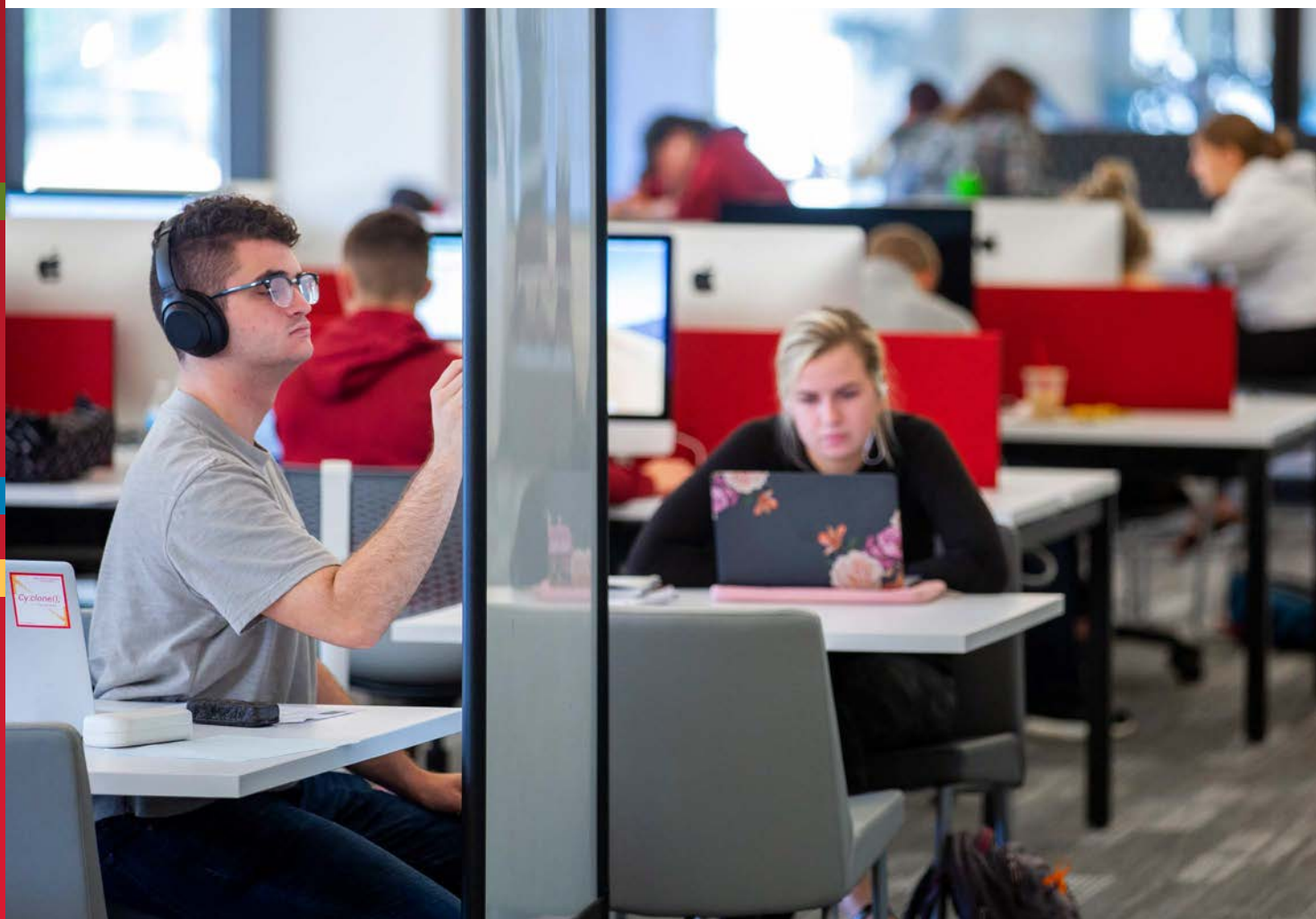
The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS

As of and for the Year Ended June 30, 2021 and 2020

	2021	2020
Additions:		
Investment income	\$ 13,130,009	\$ 308,982
Other additions	73,216,670	68,544,982
Total additions	<u>86,346,679</u>	<u>68,853,964</u>
Deductions:		
Student aid	41,441,825	46,860,982
Salary and benefits	7,896,245	6,880,188
Supplies and services	20,729,909	16,971,968
Other deductions	898,208	1,941,806
Total deductions	<u>70,966,187</u>	<u>72,654,944</u>
Change in net position	<u>15,380,492</u>	<u>(3,800,980)</u>
Net position, beginning of year	<u>53,851,885</u>	<u>57,652,865</u>
Net position, end of year	<u>\$ 69,232,377</u>	<u>\$ 53,851,885</u>

The accompanying notes are an integral part of these financial statements.



COMBINED STATEMENTS OF FINANCIAL POSITIONAs of June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 6,699,929	\$ 3,991,116
Receivables:		
Pledges, net	110,161,258	109,532,829
Estates	13,812,648	14,338,280
Funds held in trust by others	28,616,835	26,818,146
Income taxes	-	355,694
Due from related organizations	1,102,820	1,114,090
Investments:		
Pooled investments	1,557,930,306	1,134,710,667
Other marketable securities	48,830,971	41,562,303
Real estate and other investments	12,106,048	10,865,543
Property and equipment, net	3,358,878	3,463,841
Other assets	7,886,905	7,292,994
Total assets	<u>\$ 1,790,506,598</u>	<u>\$ 1,354,045,503</u>
Liabilities		
Accounts payable and accrued expenses	\$ 1,455,531	\$ 1,543,784
Due to related organizations	30,519,509	21,665,298
Notes payable	1,503,326	1,656,154
Other long-term liabilities	2,505,370	2,134,542
Split-interest agreement obligations	21,706,974	19,967,979
Total liabilities	<u>57,690,710</u>	<u>46,967,757</u>
Net assets		
Without donor restrictions	89,604,404	35,677,211
With donor restrictions	1,643,211,484	1,271,400,535
Total net assets	<u>1,732,815,888</u>	<u>1,307,077,746</u>
Total liabilities and net assets	<u>\$ 1,790,506,598</u>	<u>\$ 1,354,045,503</u>

The accompanying notes are an integral part of these financial statements.

COMBINED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETSFor the years ended June 30, 2021 and 2020

	Without Donor Restrictions	With Donor Restrictions	2021	2020
Revenues, Gains, and Other Support				
Contributions	\$ 4,154,286	\$ 143,513,856	\$ 147,668,142	\$ 127,083,134
Investment return:				
Pooled investments	40,172,347	334,444,418	374,616,765	6,527,512
Other investments	270,914	9,097,492	9,368,406	1,220,044
Fundraising service revenue	2,450,000	-	2,450,000	2,500,000
Return on funds held in trust by others	-	2,253,617	2,253,617	1,616,120
Other	17,041	1,307,540	1,324,581	1,676,365
Net assets released from restrictions	114,626,482	(114,626,482)	-	-
Total revenues, gains, and other support	161,691,070	375,990,441	537,681,511	140,623,175
Expenses				
Program	88,115,390	-	88,115,390	100,693,775
Operating:				
Fundraising	14,703,600	-	14,703,600	14,279,427
Administrative	4,944,887	-	4,944,887	5,334,688
Change in value of split-interest agreements	-	4,179,492	4,179,492	1,306,531
Total expenses	107,763,877	4,179,492	111,943,369	121,614,421
Change in net assets	53,927,193	371,810,949	425,738,142	19,008,754
Net assets, beginning of year	35,677,211	1,271,400,535	1,307,077,746	1,288,068,992
Net assets, end of year	\$ 89,604,404	\$ 1,643,211,484	\$ 1,732,815,888	\$ 1,307,077,746

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Organization**

Iowa State University of Science and Technology (University), located in Ames, Iowa, is a land-grant institution owned and operated by the State of Iowa, under the governance of the Board of Regents, State of Iowa (Board of Regents). The Board of Regents is appointed by the Governor and confirmed by the State Senate. Because the Board of Regents holds the corporate powers of the University, the University is not deemed to be legally separate. Accordingly, for financial reporting purposes, the University is included in the financial report of the State of Iowa, the primary government, as required by accounting principles generally accepted in the United States of America (GAAP). The University is classified as a state instrumentality under Internal Revenue Code Section 115 and is exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514.

The University offers courses of study leading to degrees at the undergraduate, graduate, and post-graduate levels. Degrees are available from seven colleges: Agriculture and Life Sciences, Business, Design, Engineering, Human Sciences, Liberal Arts and Sciences, and Veterinary Medicine. Other major operating units of the University are: Agriculture and Home Economics Experiment Station, Extension and Outreach, and the Ames Laboratory, a U.S. Department of Energy sponsored independent operation. The campus consists of approximately 1,819 acres. In addition, farms and other properties, which are stocked and equipped for teaching and research purposes, total approximately 10,256 acres.

B. Basis of Presentation

The University's financial statements have been prepared in accordance with GAAP, as prescribed by the Governmental Accounting Standards Board (GASB). The presentation required by GASB provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

The University reports as a special-purpose government engaged primarily in business-type activities, as defined by GASB. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. As a result, revenues are recognized when earned, expenses are recorded when an obligation has been incurred, and all significant intra-agency transactions have been eliminated.

The University reports fiduciary activities as custodial funds as defined by GASB Statement No. 84, Fiduciary Activities. Accordingly, the custodial funds are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position, and have been prepared on the accrual basis of accounting.

C. Reporting Entity

As required by GAAP, as prescribed by GASB, these financial statements present the financial position and financial activities of the University (the primary government) and certain other entities for which the nature and significance of their relationship with the University are such that exclusion would cause the University's financial statements to be misleading or incomplete. The GASB classification of these entities for the University's financial reporting purposes does not affect their respective legal or organizational relationships to the University.

1. Blended Component Units

The following entities are legally separate from the University, but are so intertwined with the University that they are, in substance, part of the University. Accordingly, they are blended into the University's financial statements.

Iowa State University Research Foundation, Inc. (ISURF) was organized as a corporation to assist in securing protection for intellectual property, such as patents and copyrights, resulting from research, writing, and other projects of members of the University community. The financial statements of this entity have been audited by

other independent auditors, and their report may be obtained from the Division of Operations and Finance at the University. The revenues of this organization are included in other operating revenues, and expenses are included in the institutional support classification in the Statement of Revenues, Expenses, and Changes in Net Position.

Iowa State University Veterinary Services Corporation (ISUVSC) was organized as a corporation to support and promote the welfare and mission of the University and of its faculty, staff, residents, graduates, students, and former students, particularly as related to the University's College of Veterinary Medicine. The financial statements of this corporation have been audited by other independent auditors, and their report may be obtained from the Division of Operations and Finance at the University. The revenues of this corporation are included in other operating revenues, and expenses are included primarily in the academic support classification in the Statement of Revenues, Expenses, and Changes in Net Position.

Miller Endowment, Incorporated (Miller) was established December 18, 1995, pursuant to the will and codicil of F. Wendell Miller. The will and codicil appointed the presidents of the University and the State University of Iowa as co-executors of the Miller Estate and co-trustees of the Miller Endowment Trust, a charitable trust, and further directed that the two universities be equal beneficiaries of the income from said trust. The will and codicil also directed the trustees to have the right and discretion to create a charitable corporation, Miller Endowment, Incorporated, to own, administer, and control the affairs and property of the trust. This corporation has been organized under Chapter 504A of the Code of Iowa and Section 501(c)(3) of the Internal Revenue Code. During fiscal year 1998, the assets of the trust were officially transferred to Miller Endowment, Incorporated. Since the net revenues and assets of the corporation are solely for the equal benefit of the two universities, one half of the value of the corporation's transactions has been blended into the University's operations. The State University of Iowa's portion of the endowment is reported as part of the fiduciary funds. For investment management purposes, all assets of the trust are pooled with the University's endowment funds.

Condensed financial information for the University's blended component units, before the elimination of certain intra-University transactions, as of and for the year ended June 30, 2021 is as follows:

Condensed Statement of Net Position	ISURF	ISUVSC	Miller
Current assets	\$ 3,386,739	\$ 1,232,921	\$ -
Non-current assets	42,035,773	1,804,150	17,907,821
Total assets	45,422,512	3,037,071	17,907,821
Deferred outflows of resources	-	698,343	-
Current liabilities	2,001,814	592,365	55,948
Non-current liabilities	-	634,367	777,192
Total liabilities	2,001,814	1,226,732	833,140
Net position	\$ 43,420,698	\$ 2,508,682	\$ 17,074,681
Condensed Statement of Revenues, Expenses, and Changes in Net Position	ISURF	ISUVSC	Miller
Operating revenues	\$ 3,231,784	\$ 7,145,868	\$ -
Operating expenses	4,821,327	5,803,195	-
Net operating income (loss)	(1,589,543)	1,342,673	-
Net non-operating income	9,407,658	20,315	3,277,849
Increase in net position	7,818,115	1,362,988	3,277,849
Net position, beginning of year	35,602,583	1,145,694	13,796,832
Net position, end of year	\$ 43,420,698	\$ 2,508,682	\$ 17,074,681

2. Discretely Presented Component Unit

The Iowa State University Foundation, Iowa State University Achievement Fund, and the Original University Foundation (herein collectively referred to as the Foundation) comprise a legally separate, tax-exempt component unit of the University. The combined financial statements of the Foundation's organizations are presented in these financial statements because the organizations have a common Board of Directors, common management, and the common objective to promote the welfare of the University and its faculty, graduates, students, and former students. The mission of the Foundation is to secure and manage private gifts that support the University's aspiration to become the nation's best land-grant university. The Foundation strives to maximize the interest, involvement and, ultimately, enduring commitment of donors, and to manage donated assets for the benefit of the University in accordance with donors' wishes.

Although the University does not control the Foundation or the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University and its faculty, graduates, students and former students, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. During the years ended June 30, 2021 and 2020, the Foundation distributed and expended \$88,115,390 and \$100,693,775, respectively, on behalf of the University for both restricted and unrestricted purposes as follows:

	2021	2020
Scholarships, loan funds, and awards	\$ 38,250,815	\$ 34,197,589
Faculty and staff support	8,850,973	8,916,398
College and administrative support	18,226,701	19,923,420
Capital improvements	22,610,036	37,349,124
Gifts in kind	176,865	307,244
Total program support	\$ 88,115,390	\$ 100,693,775

The Foundation is a non-profit organization that reports under Financial Accounting Standards Board (FASB) standards, including Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from those of GASB. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

Although the University is the exclusive beneficiary of the Foundation, the Foundation is independent of the University in all respects. The Foundation is not a subsidiary or affiliate of the University and is not directly or indirectly controlled by the University. Moreover, the assets of the Foundation are the exclusive property of the Foundation and do not belong to the University. The University is not accountable for, and does not have ownership of, any of the financial and capital resources of the Foundation. The University does not have the power or authority to mortgage, pledge, or encumber the assets of the Foundation. The Board of Directors of the Foundation is entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to the University. Third parties dealing with the University should not rely upon the financial statements of the Foundation for any purpose without consideration of all of the foregoing conditions and limitations.

Complete financial statements for the Foundation can be obtained from the Foundation at 2505 University Boulevard, Ames, IA 50010-2230 or from the Foundation's website at www.foundation.iastate.edu.

D. Cash and Cash Equivalents

For purposes of the Statement of Net Position and the Statement of Cash Flows, cash and cash equivalents are reported in accordance with Board of Regents policy, Chapter 2.2 section 4.C.ix.a. The policy states investments purchased by the Regent institutions through Board authorized brokerage firms that meet the definition of cash equivalents, investments with original purchase dates to maturity of three months or less, shall be reported on the audited financial statements of the Regent institutions as cash equivalents.

E. Investments

Investments are reported in accordance with Board of Regents policy, Chapter 2.2, section 4. The policy states that, to appropriately reflect the Board's overall investment strategy and as outlined in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, paragraph 11, the Board sets forth that all funds held by external investment managers, as defined in section 2.2.4.C.iv of the Board's investment policy, shall be reported on the audited financial statements of the Regent institutions as investments.

In accordance with the Board of Regents investment policy, the University considers all funds held by external investment managers, regardless of maturity, to be investments. Investments of the University 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*. Changes in unrealized gain or loss on the carrying value of the investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

Investments of the Foundation are carried at fair value based on values provided by an external investment manager and quoted market values. Other investments include certain equity and alternative investments whose fair values are measured using the practical expedient. The practical expedient allows for the use of net asset value (NAV) as estimated by management utilizing information provided by the respective funds' general manager and investment managers in the absence of readily determinable fair market values.

F. Inventories

Inventories consist of supplies, merchandise, grain, and livestock for resale, teaching, and research purposes. Inventories of supplies and merchandise are valued at the lower of cost (primarily weighted average) or market. Inventories of livestock and grain are reported at year-end market value.

G. Prepaid Expenses

Prepaid expenses include prepaid rent expense for office space at the Iowa State University Research Park. The University was appropriated \$12 million from the State of Iowa to reimburse the Iowa State University Research Park for the construction of a Hub Square Facility in exchange for office space at the facility for the 20-year period beginning July 1, 2016. Accordingly, the University recognized prepaid rent expense while the Iowa State University Research Park recognized an equal amount of unearned revenue in the amount of \$9 million as of June 30, 2021.

H. Capital Assets

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are recorded at acquisition value which is the price that would have been paid to acquire a capital asset with equivalent service potential. Capitalization of interest on assets under construction has been included in the cost of those assets. For equipment, the University's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Intangible assets with a cost of \$500,000 or more are capitalized. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings, 10 to 30 years for infrastructure and land improvements, 2 to 20 years for equipment, 10 years for library collections, and 4 to 15 years for intangible assets.

I. Unearned Revenue

Unearned revenue includes items such as advance ticket sales, summer school tuition not earned during the current year, and amounts received from grants and contracts that have not yet been earned.

J. Compensated Absences

Employee compensated absences are accrued when earned under the provisions of Chapters 70A and 262 of the Code of Iowa. Accrued vacation is paid at 100% of the employee's hourly rate upon retirement, death, or termination and, with certain exceptions, accrued sick leave is paid at 100% of the employee's hourly rate to a maximum of \$2,000 upon retirement. The liability for accrued compensated absences reported in the Statement of Net Position is based on current rates of pay.

K. Non-Current Liabilities

Non-current liabilities include principal amounts of revenue bonds payable, notes payable, and capital leases payable with contractual maturities greater than one year, as well as estimated amounts for accrued compensated absences, refundable advances on student loans, net pension liability, other post-employment benefits (OPEB) liability, and other liabilities that will not be paid within the next fiscal year.

L. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to and deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the University's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

N. Refundable Advances on Student Loans

Refundable advances on student loans consist of federal capital contributions to the University from the Perkins Federal Loan program. The federal capital contributions are refundable to the United States government if the loan program is terminated.

O. Deferred Outflows of Resources and Deferred Inflows of Resources

The University's deferred outflows of resources and deferred inflows of resources consist of the following:

- 1. OPEB-Related Amounts.** Deferred outflows of resources and deferred inflows of resources represent items that have not been recognized in OPEB expense, and consist of differences between expected and actual experience of the OPEB plan and changes in assumptions.
- 2. Pension-Related Amounts.** Deferred outflows of resources consist of unrecognized items not yet charged to pension expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and contributions by the University after the measurement date but before the end of the University's reporting period. Deferred inflows of resources consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments and unrecognized items not yet credited to pension expense.
- 3. Unamortized bond refunding losses and gains.** Bond refunding losses and gains, which will be recognized over the life of the bonds, are the difference between the reacquisition price of the new debt and the net carrying amount of the debt being refunded. Deferred outflows of resources consist of unamortized losses resulting from the refunding of bonds. Deferred inflows of resources consist of unamortized gains resulting from the refunding of bonds.

P. Net Position

The University's net position is classified as follows:

- 1. Net investment in capital assets.** Capital assets, net of accumulated depreciation, amortization, and outstanding debt attributable to the acquisition, construction, or improvement of those assets.
- 2. Restricted, non-expendable.** Net position subject to externally imposed restrictions in which the donors or other outside sources have stipulated the principal is to be maintained inviolate and retained in perpetuity and invested for the purpose of producing income which will either be expended or added to principal.
- 3. Restricted, expendable.** Net position subject to externally imposed restrictions on use of resources, either legally or contractually.
- 4. Unrestricted.** Net position not subject to externally imposed restrictions and which may be used to meet current obligations for any purpose or designated for specific purposes by action of management or the Board of Regents.

Q. Operating Revenues and Expenses

Operating revenues and expenses reported in the Statement of Revenues, Expenses, and Changes in Net Position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, gifts, and investment income.

R. Revenue Pledged for Debt Service

Tuition and fees are pledged as security for academic building revenue bonds, Memorial Union revenue bonds, and recreational system facilities revenue bonds. Auxiliary enterprise revenues are pledged as security for athletic facilities revenue bonds, dormitory revenue bonds, Memorial Union revenue bonds, parking system revenue bonds, recreational system facilities revenue bonds, and utility system revenue bonds.

S. Auxiliary Enterprise Revenues

Auxiliary enterprise revenues primarily represent revenues generated by the athletic department, University Book Store, Iowa State Center, Memorial Union, parking system, recreation services, regulated materials handling facility, Reiman Gardens, residence department, ISU dining, student health center, telecommunications system, and utility system.

T. Bond Discounts and Premiums

Bond discounts and premiums are deferred and amortized over the life of the bonds.

U. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

V. Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. Cash and Cash Equivalents

A summary of the book and bank balances for cash and cash equivalents at June 30, 2021 and 2020 is as follows:

	2021	2020
Book balance	\$ 162,027,462	\$ 242,858,604
Bank balance:		
Covered by FDIC insurance or state sinking fund	\$ 86,544,398	\$ 105,036,212
Uninsured and uncollateralized	85,116,371	127,887,197
Total bank balance	\$ 171,660,769	\$ 232,923,409

B. University Investments

In accordance with the Code of Iowa and the Board of Regent's policy, the University's operating portfolio may be invested in obligations of the U.S. government or its agencies, certain highly-rated commercial paper, highly-rated corporate bonds, certain limited-maturity, zero-coupon securities, fully-insured or collateralized certificates of deposits and savings, eligible bankers acceptances of 180 days or less, certain repurchase agreements, high quality money market funds and highly-rated guaranteed investment contracts. The University's endowment portfolio may invest in all of the above as well as certain listed investment grade securities, certain shares of investment companies, and new issues of investment grade common stock.

For donor-restricted endowments, Chapter 540A of the Code of Iowa permits the University to appropriate an amount of realized and unrealized endowment appreciation as the University determines to be prudent pursuant to a consideration of the University's long- and short-term needs, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. The University's policy is to retain the realized and unrealized appreciation with the endowment pursuant to the spending rules of the University. The University's

spending policy is 5.5%, which includes a 1.25% administrative fee of a three-year moving average market value. Net appreciation of endowment funds, which totaled \$6,289,174 and \$6,999,028 at June 30, 2021 and 2020, respectively, is available to meet the spending rate distribution and is recorded in restricted expendable net position.

Cash and investments for the University's discretely presented component unit are not subject to GASB disclosure requirements. These amounts were \$1.62 billion and \$1.19 billion as of June 30, 2021 and 2020, respectively.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University manages this risk within the portfolio using the effective duration method, which is widely used in the management of fixed income portfolios in that it quantifies to a much greater degree the risk of interest rate changes.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the University. The University reduces exposure to this risk by following the operating and endowment portfolio benchmarks as established by the Board of Regents.

Custodial credit risk is the risk that, in the event of the failure of a counterparty to a transaction, the University will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Of the University's \$685.8 million investments at June 30, 2021, \$2,186,555 of pooled funds are held by the Iowa State University Foundation, not in the University's name.

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the University's investment in a single issuer. The University reduces exposure to this risk by complying with the Board of Regent's investment policy, which requires that, except for U.S. Government securities, no more than five percent of the investment portfolio shall be invested in securities of a single issuer.

There were no issuers that represented five percent or more of total operating portfolio assets for fiscal years 2021 and 2020.

As of June 30, 2021, the effective duration, credit quality ratings, and fair value of the University's investments were as follows:

	Effective duration (years)	Credit Quality Rating									Total fair value	
		Treasury / Agency	AAA	AA	A	BBB	BB	B	CCC and below	Not rated		
Fixed income:												
US government treasuries	0.75	\$ 97,875,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,875,718
Short-term mutual funds	5.20	90,520,808	23,579,118	8,591,015	33,848,783	43,730,525	11,115,951	26,750,920	4,524,910	3,512,013		246,174,043
Long-term mutual funds	3.95	4,889,337	6,392,791	666,554	3,020,717	6,336,045	2,979,034	10,665,226	2,161,028	702,346		37,813,078
												381,862,839
Equity and other:												
Common stock		-	-	-	-	-	-	-	-	-	-	6,006,825
Mutual funds		-	-	-	-	-	-	-	-	-	-	136,428,475
Private equity		-	-	-	-	-	-	-	-	-	-	41,942,113
Foundation pooled funds		-	-	-	-	-	-	-	-	-	-	2,186,555
Real estate		-	-	-	-	-	-	-	-	-	-	38,453,364
Money market		-	-	-	-	-	-	-	-	-	-	78,899,548
Total investments		\$193,285,863	\$29,971,909	\$9,257,569	\$36,869,500	\$50,066,570	\$14,094,985	\$37,416,146	\$6,685,938	\$4,214,359		\$685,779,719

As of June 30, 2020, the effective duration, credit quality ratings, and fair value of the University's investments were as follows:

	Effective duration (years)	Treasury / Agency	Credit Quality Rating								Total fair value	
			AAA	AA	A	BBB	BB	B	CCC and below	Not rated		
Fixed income:												
US government treasuries	1.21	\$ 64,662,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,662,304
US government agencies	0.39	10,054,950	-	-	-	-	-	-	-	-	-	10,054,950
Short-term mutual funds	5.07	93,710,457	16,354,382	7,741,624	36,055,619	45,607,967	11,115,866	22,022,894	3,209,530	3,262,963	-	239,081,302
Long-term mutual funds	4.87	5,157,006	4,679,110	960,600	5,414,641	7,592,057	4,597,881	9,742,506	1,575,654	684,227	-	40,403,682
												354,202,238
Equity and other:												
Common stock		-	-	-	-	-	-	-	-	-	-	4,925,912
Mutual funds		-	-	-	-	-	-	-	-	-	-	101,625,486
Private equity		-	-	-	-	-	-	-	-	-	-	36,568,013
Foundation pooled funds		-	-	-	-	-	-	-	-	-	-	1,643,237
Real estate		-	-	-	-	-	-	-	-	-	-	37,984,789
Money market		-	-	-	-	-	-	-	-	-	-	69,065,740
Total investments		\$173,584,717	\$21,033,492	\$8,702,224	\$41,470,260	\$53,200,024	\$15,713,747	\$31,765,400	\$4,785,184	\$3,947,190		\$606,015,415

Fair Value Measurement is a framework for measuring fair value in accordance with GAAP and presents expanded disclosures about fair value measurements. Specifically, all financial instruments reported at fair value are classified based on the inputs used to determine the values as follows:

Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

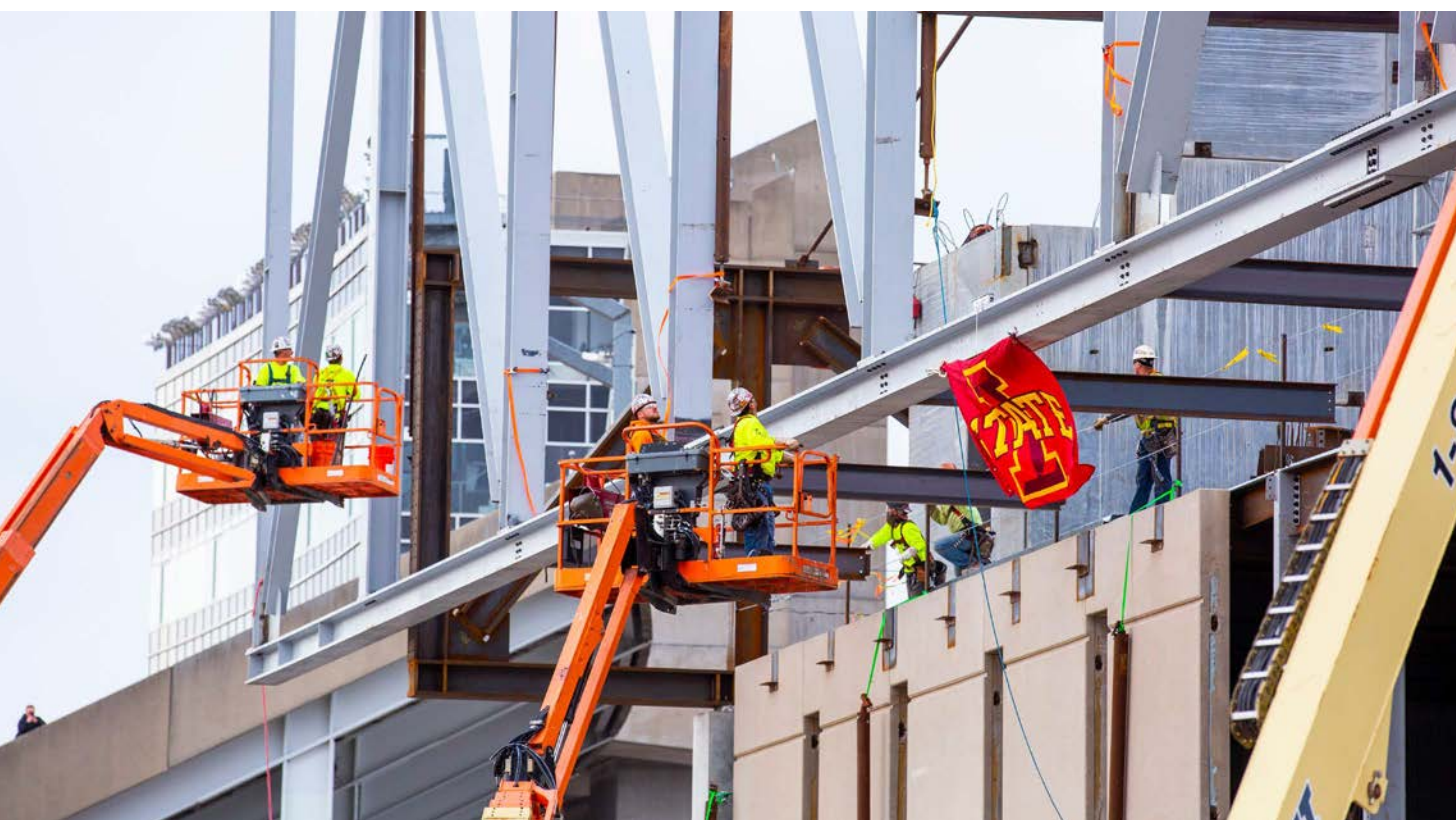
Level 3 - Valuation is generated from model-based techniques that use significant assumptions non-observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset. Valuation techniques include use of option-pricing models, discounted cash flow models, and similar techniques.

Investments that do not have a readily determinable fair value are reported using Net Asset Value per share (NAV). The NAV per share is provided by the fund manager and reviewed by the University.

The classifications or levels by investment category as of June 30, 2021 and 2020 are shown below:

	June 30, 2021				Total
	Level 1	Level 2	Level 3	NAV	
Fixed income:					
US government treasuries	\$ 97,875,718	\$ -	\$ -	\$ -	\$ 97,875,718
Short-term mutual funds	132,832,933	-	-	113,341,110	246,174,043
Long-term mutual funds	-	-	-	37,813,078	37,813,078
Equity and other:					
Common stock	6,006,825	-	-	-	6,006,825
Mutual funds	90,945,295	-	-	45,483,180	136,428,475
Private equity - limited partnerships	-	-	-	41,942,113	41,942,113
Foundation pooled funds	423,502	122,707	21,529	1,618,817	2,186,555
Real estate	-	-	-	38,453,364	38,453,364
Money market ¹	-	-	-	-	78,899,548
Total investments	\$ 328,084,273	\$ 122,707	\$ 21,529	\$ 278,651,662	\$ 685,779,719

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fixed income:				
Short-term mutual funds ²	\$ 113,341,110	\$ -	monthly	5 days
Long-term mutual funds ²	37,813,078	-	daily/quarterly	5-60 days
Equity and other:				
Mutual funds ³	45,483,180	-	daily/monthly	2-30 days
Private equity - limited partnerships ⁴	41,942,113	12,361,020	n/a	n/a
Foundation pooled funds	1,618,817	-	n/a	n/a
Real asset funds ⁵	38,453,364	1,142,636	n/a	n/a
Total investments	\$ 278,651,662	\$ 13,503,656		



	Level 1	Level 2	Level 3	NAV	Total
Fixed income:					
US government treasuries	\$ 64,662,304	\$ -	\$ -	\$ -	\$ 64,662,304
US government agencies	-	10,054,950	-	-	10,054,950
Short-term mutual funds	131,298,119	-	-	107,783,183	239,081,302
Long-term mutual funds	-	-	-	40,403,682	40,403,682
Equity and other:					
Common stock	4,925,912	-	-	-	4,925,912
Mutual funds	66,351,573	-	-	35,273,913	101,625,486
Private equity - limited partnerships	-	-	-	36,568,013	36,568,013
Foundation pooled funds	246,321	96,458	20,048	1,280,410	1,643,237
Real estate	-	-	-	37,984,789	37,984,789
Money market ¹	-	-	-	-	69,065,740
Total investments	\$ 267,484,229	\$ 10,151,408	\$ 20,048	\$ 259,293,990	\$ 606,015,415

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fixed income:				
Short-term mutual funds ²	\$ 107,783,183	\$ -	monthly	5 days
Long-term mutual funds ²	40,403,682	-	daily/quarterly	5-60 days
Equity and other:				
Mutual funds ³	35,273,913	-	daily/monthly	2-30 days
Private equity - limited partnerships ⁴	36,568,013	23,049,857	n/a	n/a
Foundation pooled funds	1,280,410	-	n/a	n/a
Real asset funds ⁵	37,984,789	1,487,272	n/a	n/a
Total investments	\$ 259,293,990	\$ 24,537,129		

- 1 Money market funds. In accordance with Board of Regents policy, a minimum of 40% of the endowment pool must be held in liquid investments.
- 2 Fixed income mutual funds includes investments in mutual funds holding assets that provide stability, generate income, and diversify market risk.
- 3 Equity mutual funds includes investments in global equities including both developed and emerging markets.
- 4 Private equity includes private equity funds that invest in strategies such as venture capital, leveraged buyouts, and mezzanine debt. Capital is committed during the investment period of each fund, typically four years, after which point capital commitments stop. The University's interest in the non-redeemable funds is considered illiquid in that distributions from liquidation of the underlying assets of the fund are at the discretion of the general partner according to the terms of the limited partnership agreement. Funds are typically liquidated over a period of five to ten years and include a mechanism to extend the length of the partnership for two to three years with approval from the limited partners.
- 5 Real assets includes investments in private real estate and natural resource equities funds. Capital is committed during the investment period of each fund, typically four years, after which point capital commitments stop. The University's interest in the non-redeemable funds is considered illiquid in the distributions from the liquidation of the underlying assets of the fund are at the discretion of the general partner per the terms of the limited partnership agreement. Funds are typically liquidated over a period of five to ten years and include a mechanism to extend the length of the partnership with approval from the limited partners.

C. Investments (Foundation)

Investments were comprised of the following balances as of June 30, 2021 and 2020:

	June 30, 2021	June 30, 2020
Pooled investments:		
Equity	\$ 651,482,596	\$ 486,393,688
Fixed income	245,324,319	213,385,662
Hedge funds	202,571,128	189,022,944
Private equity	267,977,637	145,966,625
Real estate	26,411,711	20,713,816
Natural resources / commodities	52,525,112	37,139,613
Cash and cash equivalents	112,637,803	43,088,319
Accrued manager fees	(1,000,000)	(1,000,000)
Total pooled investments	1,557,930,306	1,134,710,667
Other marketable securities:		
Fixed income	15,197,403	12,409,043
Equity	31,640,755	26,034,796
Cash and cash equivalents	1,992,813	3,118,464
Total marketable securities	48,830,971	41,562,303
Real estate and other investments:		
Real estate	11,457,961	9,994,896
Notes receivable from affiliated entities	648,087	870,647
Total real estate and other investments	12,106,048	10,865,543
Total investments	\$ 1,618,867,325	\$ 1,187,138,513

NOTE 3 - ACCOUNTS RECEIVABLE, DUE FROM GOVERNMENT AGENCIES, NOTES RECEIVABLE, AND PLEDGES RECEIVABLE

A. Accounts Receivable

Accounts receivable is shown net of allowances for doubtful accounts in the accompanying Statement of Net Position. Accounts receivable consisted of the following as of June 30:

	2021	2020
Accounts receivable	\$ 54,435,273	\$ 53,824,650
Allowance for doubtful accounts	(2,349,311)	(169,850)
Accounts receivable, net	\$ 52,085,962	\$ 53,654,800

B. Due from Government Agencies

Due from government agencies consisted of the following as of June 30:

	2021	2020
Due from federal agencies	\$ 34,687,850	\$ 20,899,032
Due from state agencies	18,748,803	17,887,964
Due from local agencies	44,852	60,255
Total due from governmental agencies	\$ 53,481,505	\$ 38,847,251

C. Notes Receivable

Notes receivable is shown net of allowances for doubtful accounts in the accompanying Statement of Net Position. Notes receivable consisted of the following as of June 30:

	2021	2020
Student loan receivables	\$ 15,954,121	\$ 19,481,357
Split-dollar loan receivable	4,500,000	3,500,000
Allowance for doubtful accounts	(402,826)	(372,461)
Notes receivable, net	\$ 20,051,295	\$ 22,608,896

The University has recorded as notes receivable an amount loaned to an employee, which is collateralized by a split-dollar insurance loan agreement on an insurance policy owned by the employee where the University has been assigned an interest by an instrument of assignment filed with the insurance company. The interest-free loan will be repaid by proceeds of the life insurance policy at an unknown future date.

D. Pledges Receivable (Foundation)

The components of net pledges receivable as of June 30 are as follows:

	2021	2020
Gross pledges receivable	\$ 118,090,580	\$ 120,846,772
Allowance for uncollectible pledges	(1,470,817)	(1,712,383)
Discount to present value	(6,458,505)	(9,601,560)
Pledges receivable, net	\$ 110,161,258	\$ 109,532,829

The Foundation estimates payments on pledges receivable as of June 30 will be received as follows:

	2021
2022	36,230,317
2023	16,201,125
2024	12,618,204
2025	21,746,815
2026	21,158,355
Thereafter	10,135,764
	\$ 118,090,580

In addition, the Foundation has received notification of deferred gifts totaling approximately \$764 million and \$718 million as of June 30, 2021 and 2020, respectively, primarily in the form of revocable wills.

NOTE 4 – INVENTORY

The inventory balances in the Statement of Net Position are comprised of two categories as scheduled below:

	2021	2020
Supplies, merchandise, and grain	\$ 13,360,599	\$ 12,855,450
Livestock	2,299,253	1,754,526
Total inventory	\$ 15,659,852	\$ 14,609,976

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, is summarized as follows:

	July 1, 2020	Additions	Transfers	Deductions	June 30, 2021
Non-depreciable/non-amortizable:					
Land	\$ 20,153,824	\$ 642,465	\$ -	\$ -	\$ 20,796,289
Land improvements	6,026,207	-	-	-	6,026,207
Construction in progress	175,684,173	95,846,694	(219,873,756)	(121,462)	51,535,649
Intangible assets in development	5,982,043	-	-	-	5,982,043
Total non-depreciable/non-amortizable capital assets	207,846,247	96,489,159	(219,873,756)	(121,462)	84,340,188
Depreciable/Amortizable:					
Buildings	1,944,740,166	-	197,417,549	(5,497,374)	2,136,660,341
Land improvements	52,169,792	-	12,854,789	-	65,024,581
Infrastructure	340,415,715	-	9,601,418	-	350,017,133
Equipment	348,277,605	20,995,497	-	(9,508,205)	359,764,897
Library	274,726,175	7,529,312	-	(15,231,434)	267,024,053
Intangible assets	45,131,718	-	-	-	45,131,718
Total depreciable/amortizable capital assets	3,005,461,171	28,524,809	219,873,756	(30,237,013)	3,223,622,723
Accumulated depreciation/amortization:					
Buildings	963,708,453	65,831,344	-	(3,309,260)	1,026,230,537
Land improvements	25,220,395	3,288,575	-	-	28,508,970
Infrastructure	202,618,541	9,710,952	-	-	212,329,493
Equipment	217,353,279	19,794,360	-	(8,159,206)	228,988,433
Library	227,491,249	8,871,509	-	(10,462,568)	225,900,190
Intangible assets	9,575,378	5,417,624	-	-	14,993,002
Total accumulated depreciation/amortization	1,645,967,295	112,914,364	-	(21,931,034)	1,736,950,625
Net depreciable/amortizable capital assets	1,359,493,876	(84,389,555)	219,873,756	(8,305,979)	1,486,672,098
Total net capital assets	\$ 1,567,340,123	\$ 12,099,604	\$ -	\$ (8,427,441)	\$ 1,571,012,286

Capital assets, net of accumulated depreciation, purchased with resources provided by outstanding capital lease agreements at June 30, 2021, consisted of \$9,969,546 of buildings and \$232,826 of equipment.



Capital assets activity for the year ended June 30, 2020, is summarized as follows:

	July 1, 2019	Additions	Transfers	Deductions	June 30, 2020
Non-depreciable/non-amortizable:					
Land	\$ 19,066,414	\$ 1,100,585	\$ -	\$ (13,175)	\$ 20,153,824
Land improvements	5,909,287	-	116,920	-	6,026,207
Construction in progress	102,150,243	127,827,546	(54,147,213)	(146,403)	175,684,173
Intangible assets in development	40,341,264	3,694,931	(38,054,152)	-	5,982,043
Total non-depreciable/non-amortizable capital assets	167,467,208	132,623,062	(92,084,445)	(159,578)	207,846,247
Depreciable/Amortizable:					
Buildings	1,905,515,354	1,259,300	37,965,512	-	1,944,740,166
Land improvements	48,880,541	-	3,289,251	-	52,169,792
Infrastructure	328,594,630	-	11,821,085	-	340,415,715
Equipment	335,114,532	18,168,374	954,445	(5,959,746)	348,277,605
Library	265,677,413	11,074,836	-	(2,026,074)	274,726,175
Intangible assets	7,077,566	-	38,054,152	-	45,131,718
Total depreciable/amortizable capital assets	2,890,860,036	30,502,510	92,084,445	(7,985,820)	3,005,461,171
Accumulated depreciation/amortization:					
Buildings	907,297,028	56,411,425	-	-	963,708,453
Land improvements	22,773,944	2,446,451	-	-	25,220,395
Infrastructure	193,146,047	9,472,494	-	-	202,618,541
Equipment	201,781,834	19,686,027	-	(4,114,582)	217,353,279
Library	218,735,620	10,780,958	-	(2,025,329)	227,491,249
Intangible assets	4,157,752	5,417,626	-	-	9,575,378
Total accumulated depreciation/amortization	1,547,892,225	104,214,981	-	(6,139,911)	1,645,967,295
Net depreciable/amortizable capital assets	1,342,967,811	(73,712,471)	92,084,445	(1,845,909)	1,359,493,876
Total net capital assets	\$ 1,510,435,019	\$ 58,910,591	\$ -	\$ (2,005,487)	\$ 1,567,340,123

Capital assets, net of accumulated depreciation, purchased with resources provided by outstanding capital lease agreements at June 30, 2020, consisted of \$9,433,757 of buildings and \$89,100 of equipment.



NOTE 6 - LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2021 and 2020 is summarized as follows:

	July 1, 2020	Additions	Deductions	June 30, 2021	Current Portion
Long-term debt:					
Bonds payable	\$ 559,674,625	\$ 26,734,425	\$ (77,964,467)	\$ 508,444,583	\$ 28,750,000
Notes payable	622,628	-	(622,628)	-	-
Capital leases payable	6,562,123	128,699	(856,902)	5,833,920	919,172
Total long-term debt	566,859,376	26,863,124	(79,443,997)	514,278,503	29,669,172
Other long-term liabilities:					
Compensated absences	43,468,456	17,763,217	(15,955,861)	45,275,812	16,532,725
Refundable advances on student loans	14,453,203	-	(3,413,079)	11,040,124	-
Deferred compensation	415,529	229,113	(522,492)	122,150	-
Net pension liability	44,955,604	15,010,095	-	59,965,699	-
Other post-employment benefits liability	60,279,008	10,765,156	(28,571,223)	42,472,941	5,633,650
Total other long-term liabilities	163,571,800	43,767,581	(48,462,655)	158,876,726	22,166,375
Total long-term liabilities	\$ 730,431,176	\$ 70,630,705	\$ (127,906,652)	\$ 673,155,229	\$ 51,835,547

	July 1, 2019	Additions	Deductions	June 30, 2020	Current Portion
Long-term debt:					
Bonds payable	\$ 506,738,036	\$ 85,351,116	\$ (32,414,527)	\$ 559,674,625	\$ 50,350,000
Notes payable	1,213,293	-	(590,665)	622,628	622,628
Capital leases payable	7,395,606	-	(833,483)	6,562,123	856,817
Total long-term debt	515,346,935	85,351,116	(33,838,675)	566,859,376	51,829,445
Other long-term liabilities:					
Compensated absences	45,127,961	15,756,387	(17,415,892)	43,468,456	19,822,388
Refundable advances on student loans	18,178,893	-	(3,725,690)	14,453,203	-
Deferred compensation	204,620	210,909	-	415,529	-
Net pension liability	44,527,309	428,295	-	44,955,604	-
Other post-employment benefits liability	78,321,276	12,346,678	(30,388,946)	60,279,008	5,669,092
Total other long-term liabilities	186,360,059	28,742,269	(51,530,528)	163,571,800	25,491,480
Total long-term liabilities	\$ 701,706,994	\$ 114,093,385	\$ (85,369,203)	\$ 730,431,176	\$ 77,320,925



A. Bonds Payable

Outstanding long-term revenue bond indebtedness at June 30, consisted of the following:

	Interest Rates (%)	Fiscal Year Maturity Date Range	2021 Amount Outstanding	2020 Amount Outstanding
Academic building	2.000 - 5.000	2021 - 2036	\$ 102,655,000	\$ 112,570,000
Less: unamortized discount			-	(211,688)
Plus: unamortized premium			5,834,022	2,801,954
Athletic facilities	2.000 - 5.000	2021 - 2041	121,225,000	123,975,000
Less: unamortized discount			(251,499)	(269,015)
Plus: unamortized premium			4,949,938	5,215,183
Dormitory	1.500 - 5.000	2021 - 2036	122,355,000	154,810,000
Less: unamortized discount			(444,838)	(485,970)
Plus: unamortized premium			4,369,704	5,035,190
ISU Facilities Corporation	3.000 - 3.125	2021 - 2043	34,650,000	35,750,000
Plus: unamortized premium			530,610	555,878
Memorial Union	2.000 - 3.000	2021 - 2031	12,830,000	13,950,000
Less: unamortized discount			(123,773)	(137,525)
Parking system	3.000	2021 - 2023	750,000	1,110,000
Plus: unamortized premium			12,392	24,784
Recreational system facilities	2.000 - 3.000	2021 - 2038	41,615,000	43,390,000
Plus: unamortized premium			1,093,615	1,161,966
Utility system	2.000 - 5.000	2021 - 2037	54,790,000	58,650,000
Plus: unamortized premium			1,604,412	1,778,868
Total bonds payable			\$ 508,444,583	\$ 559,674,625

Debt service requirements to maturity, as of June 30, 2021, are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2022	\$ 28,750,000	\$ 15,209,891	\$ 43,959,891
2023	31,140,000	14,279,570	45,419,570
2024	32,765,000	13,231,450	45,996,450
2025	33,870,000	12,111,251	45,981,251
2026	33,795,000	10,956,136	44,751,136
2027-2031	156,190,000	37,960,653	194,150,653
2032-2036	123,235,000	15,969,190	139,204,190
2037-2041	46,950,000	3,512,219	50,462,219
2041-2046	4,175,000	131,484	4,306,484
Less: unamortized discount	(820,110)	-	(820,110)
Plus: unamortized premium	18,394,693	-	18,394,693
Total bonds payable	\$ 508,444,583	\$ 123,361,844	\$ 631,806,427

In August 2020, the University issued \$22,990,000 of Academic Building Revenue Refunding Bonds, Series I.S.U. 2020. The bond proceeds were placed in an irrevocable trust to refund \$25,975,000 of Academic Building Refunding Revenue Bonds, Series I.S.U. 2010. The current refunding of these bonds permitted the University to realize an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$5,665,958 and will reduce future aggregate debt service payments over the next 14 years by \$6,085,079.

B. Notes Payable

The University had the following notes payable outstanding at June 30:

	Interest Rate	2021	2020
Athletic system	5.34%	-	\$ 622,628

C. Capital Leases Payable

The University had the following capital leases outstanding at June 30:

	Interest Rates (%)	Fiscal Year Maturity Date Range	2021 Amount Outstanding	2020 Amount Outstanding
Cyclone sports complex	3.86	2021 - 2027	\$ 5,691,710	\$ 6,519,850
Farm equipment	2.90	2021 - 2023	13,510	42,273
ISU Vet Services Corp. equipment	5.81	2022 - 2024	128,700	-
			<u>\$ 5,833,920</u>	<u>\$ 6,562,123</u>

The following is a schedule by year of future minimum lease payments required as of June 30:

	Principal	Interest	Total
Fiscal year ending June 30,			
2022	\$ 919,172	\$ 216,339	\$ 1,135,511
2023	965,968	180,874	1,146,842
2024	939,939	143,198	1,083,137
2025	964,883	106,922	1,071,805
2026	1,002,487	69,319	1,071,806
2027-2031	1,041,471	30,249	1,071,720
Total	<u>\$ 5,833,920</u>	<u>\$ 746,901</u>	<u>\$ 6,580,821</u>

NOTE 7 - OPERATING LEASES

The University has leased various buildings and equipment. These leases have been classified as operating leases and, accordingly, all rents are charged to expense as incurred. These leases expire before July 31, 2030, and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the leased properties. In most cases, management expects the leases will be renewed or replaced by other leases.

The following is a schedule, by year, of future minimum rental payments required under operating leases which have initial or remaining non-cancellable lease terms in excess of one year as of June 30, 2021.

Fiscal year ending June 30,	
2022	\$ 1,265,457
2023	824,921
2024	558,726
2025	518,835
2026	518,591
2027-2030	2,027,378
Total	<u>\$ 5,713,908</u>

All leases contain non-appropriation clauses indicating continuation of the lease is subject to funding by the legislature.

Rental expense for these operating leases was \$1,437,714 and \$1,681,703, respectively, for the years ended June 30, 2021 and 2020.

NOTE 8 – RETIREMENT PROGRAMS

A. Teachers Insurance and Annuity Association (TIAA)

The University contributes to the Teachers Insurance and Annuity Association (TIAA) retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the University. The defined contribution retirement plan provides individual annuities for each plan participant. The Board of Regents establishes and amends the plan's provisions and contribution requirements. As required by the Board of Regent's policy, all eligible University employees must participate in a retirement plan from the date they are employed.

Contributions made by the employer fully vest after the completion of three years of employment; employee contributions vest immediately. As specified by the contract with TIAA, each employee through the fifth year of employment contributes three and one-third percent of the first \$4,800 of earnings and five percent on the balance of earnings. The University, through the fifth year of employment, is required to contribute six and two-thirds of the first \$4,800 of earnings and ten percent on earnings above \$4,800. Upon completion of five years of service, the participant contributes five percent and the University ten percent on all earnings. From September 1, 2020 through June 30, 2021, the University reduced the employer portion of contributions by two percent as a cost-saving measure to address the fiscal year 2021 budget shortfall.

The University's required and actual contributions totaled \$35,541,139 and \$42,487,710 for the fiscal years ended June 30, 2021 and 2020, respectively. The employee required and actual contributions totaled \$21,062,257 and \$21,239,984 for the fiscal years ended June 30, 2021 and 2020, respectively. The University reported payables to the defined contribution pension plan of \$2,772,555 and \$3,433,476 for legally required employer contributions and \$1,682,321 and \$1,716,472 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA as of June 30, 2021 and 2020, respectively.

B. Iowa Public Employees' Retirement System (IPERS)

Plan Description. IPERS membership is mandatory for employees of the University, except for those covered by another retirement system. Employees are provided with pensions through a cost-sharing, multiple-employer, defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report, which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits. A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012, will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits. A vested member who 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. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions. Contribution rates are established by IPERS following the annual actuarial valuation, which applies the IPERS Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to one percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the entry age normal actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal years 2021 and 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the University contributed 9.44% of covered payroll. Protection Occupation members contributed 6.41% and 6.61%, and the University contributed 9.61% and 9.91% of covered payroll for fiscal years 2021 and 2020, respectively.

The University's contributions to IPERS for the fiscal years ended June 30, 2021 and 2020 were \$7,043,540 and \$6,486,927, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At June 30, 2021 and 2020, the University reported a liability of \$59,965,699 and \$44,955,604, respectively, for its proportionate share of the net pension liability (NPL). The NPL was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability was based on the University's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the University's proportion was 0.8536364%, which is an increase of 0.0772893% from its proportion measured as of June 30, 2019.

For the fiscal years ended June 30, 2021 and 2020, the University recognized pension expense of \$13,330,943 and \$12,306,010, respectively.

The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as of June 30:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,665	\$ 1,420,735	\$ 130,621	\$ 1,621,834
Changes in assumptions	3,111,936	1,870	4,884,278	2,406
Net differences between projected and actual earnings on pension plan investments	3,430,574	-	-	5,162,886
Changes in proportion and differences between University contributions and proportionate share of contributions	9,421,050	19,342	8,196,692	(38,935)
University contributions subsequent to the measurement date	7,043,540	-	6,486,927	-
Total	\$ 23,085,765	\$ 1,441,947	\$ 19,698,518	\$ 6,748,191

\$7,043,540 and \$6,486,927 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal years ending June 30, 2022 and 2021, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	2021	2020
2022	\$ 4,109,155	\$ 4,052,456
2023	3,760,700	1,220,473
2024	3,012,650	833,250
2025	3,271,730	91,078
2026	446,043	266,143
Total	\$ 14,600,278	\$ 6,463,400

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Rate of inflation	2.60% per annum
Rates of salary increase	3.25% to 16.25% average, including inflation; rates vary by membership group
Long-term investment rate of return	7.00% compounded annually, net of expenses
Wage growth	3.25% per annum, based on 2.60% inflation assumption and 0.65% real wage inflation

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic study dated June 28, 2018.

Mortality rates used in the June 30, 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.



The long-term expected rate of return on IPERS investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are 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 by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	2021		2021	
	Asset Allocation (%)	Long-Term Expected Real Rate of Return (%)	Asset Allocation (%)	Long-Term Expected Real Rate of Return (%)
Domestic equity	22.0	4.43	22.0	5.60
International equity	17.5	5.15	15.0	6.08
Global smart beta equity	6.0	4.87	3.0	5.82
Core plus fixed income	28.0	(0.29)	27.0	1.71
Public credit	4.0	2.29	3.5	3.32
Public real assets	-	-	7.0	2.81
Cash	1.0	(0.78)	1.0	(0.21)
Private equity	11.0	6.54	11.0	10.13
Private real assets	7.5	4.48	7.5	4.76
Private credit	3.0	3.11	3.0	3.01
	<u>100.0</u>		<u>100.0</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.00% for fiscal years 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that employees and employers contributions will be made at the contractually required rates, which are set by the Contribution Rate Funding Policy and derived from the actuarial valuation. Based on those assumptions, IPERS's fiduciary net position is projected to be available to make all projected benefit payments of current plan members. Therefore, the actuarial assumed investment return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the NPL calculated using the discount rate, as well as what the University's proportionate share of the NPL would be if it were calculated using a discount rate one percent lower or higher than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
University's proportionate share of the NPL - 2021	\$ 100,568,444	\$ 59,965,699	\$ 25,921,672
University's proportionate share of the NPL - 2020	80,431,639	44,955,604	15,199,448

IPERS Fiduciary Net Position. Detailed information about IPERS's fiduciary net position is available in the separately-issued IPERS financial report which is available on IPERS's website at www.ipers.org.

Payables to IPERS. At June 30 the University reported payables to IPERS of the following for legally required University and employee contributions, which had not yet been remitted to IPERS:

	2021	2020
Legally required University contributions	\$ 600,079	\$ 539,612
Legally required employee contributions	399,845	359,543
	<u>\$ 999,924</u>	<u>\$ 899,155</u>

C. Phased Retirement Programs

1. Phased Retirement (1982 Program). The phased retirement program originally established and approved by the Board of Regents in 1982 ended June 30, 2017.

Eligibility. Faculty, professional and scientific (P&S), and merit system employees employed by the Board of Regents for a period of 15 years who had attained age 57 were eligible to negotiate with their department a schedule of phasing into retirement. All requests for admission into the program must have received approval from the appropriate administrative office of the institution by which they were employed.

Schedule of Phasing. An employee may reduce to no less than a half time appointment either directly or via a stepped schedule. At no time during the phasing period may an employee hold greater than a 65 percent appointment. In the fifth year following the initiation of phased retirement, the employee's appointment will be no greater than 50 percent. The maximum phasing period will be five years with full retirement required at the end of the specified phasing period. Once phased retirement is initiated, employees may not return to a full-time appointment.

The following benefits are applicable during participation in this program:

- a. **Compensation.** During the first four years of the phasing period, the salary received will reflect the reduced responsibilities plus an additional ten percent of the budgeted salary had the person worked full time. In the fifth year following the initiation of phased retirement, the employee's salary will be proportional to the budgeted salary had the person worked full time.
- b. **Benefits.** During the phased retirement period, institution and employee contributions will continue for life insurance, health and dental insurance, disability insurance, and defined contribution retirement at the same levels that would have prevailed had the employee continued a full time appointment. As mandated by law, FICA, defined benefit retirement, Federal Employees Retirement System, Civil Service Retirement System, and Civil Service Retirement System Offset contributions will be based on the employee's actual salary paid. Accrual of vacation and sick leave will be based on the percentage of appointment. An employee participating in this program will be allowed access to their defined contribution retirement account to assist in supplementing the loss of income that occurs when participating in this program.

This program is closed to new entrants. A new phased retirement program became effective July 1, 2017. There were no employees participating in this program as of June 30, 2021, and one as of June 30, 2020.

2. Phased Retirement (Effective July 1, 2017). This phased retirement program was approved by the Board of Regents effective July 1, 2017 and replaces the phased program approved in 1982.

Eligibility. Faculty, P&S, and merit system employees employed by the Board of Regents for a period of 15 consecutive years who had attained age 57 are eligible to request and negotiate with their department a schedule of phasing into retirement, not to exceed two years. Requests for admission into the program are not guaranteed and must receive approval from the appropriate administrative office of the institution by which they are employed.

Schedule of Phasing. An employee may reduce from full time to no less than a half-time appointment either directly or via a stepped schedule. The maximum phasing period will be two years with full retirement required at the end of the specified phasing period. If a two-year phasing period is agreed upon, the employee may not hold greater than a 65 percent appointment in the first year. For phasing periods of one year or less, or after the completion of the first year of a two-year phasing period, the appointment cannot exceed 50 percent. The phasing period will be set by agreement between the department and the employee. Once phased retirement is initiated, staff members may not return to full-time appointment.

The following benefits are applicable during participation in this program:

- a. **Compensation.** In the first year of a two-year phasing period, the salary received will reflect the reduced responsibilities plus, at the discretion of the institution, an additional ten percent of the budgeted salary, had the person worked full time. In the only or last year following the initiation of phased retirement, the employee's salary will be proportional to the budgeted salary had the person worked full time.
- b. **Benefits.** During the phased retirement period, institution and employee contributions will continue for life insurance, health and dental insurance, disability insurance, and defined contribution retirement at the same

levels that would have prevailed had the employee continued a full time appointment. As mandated by law, FICA, defined benefit retirement, Federal Employees Retirement System, Civil Service Retirement System, and Civil Service Retirement System Offset contributions will be based on the employee's actual salary paid. Accrual of vacation and sick leave will be based on the percentage of appointment. An employee participating in this program will be allowed access to their defined contribution retirement account to assist in supplementing the loss of income that occurs when participating in this program.

Subject to annual review, the program will expire on June 30, 2022, unless renewed by the Board prior to expiration. As of June 30, 2021 and 2020, there were 17 and 24 employees participating in the program, respectively.

D. Retirement Incentive Program (2021).

This retirement incentive program was approved by the Board of Regents effective August 3, 2020 and ended June 30, 2021.

Eligibility. Eligible employees are faculty, P&S, and merit system employees employed by the Board of Regents 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 no later than June 30, 2021.

Incentive Choices. Participants chose from the following options:

- Receive 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. Health and dental coverage require five years of continuous participation in University medical and dental plans prior to retirement.
- Receive three years of retirement contributions.
- Receive 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.

There were 318 employees participating in the program as of June 30, 2021.

NOTE 9 – TOTAL OTHER POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY

Plan Description. The University operates a single-employer benefit plan which provides medical, dental, and life insurance benefits for faculty and staff and their spouses. Retired participants must be age 55 or older at retirement. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits. Individuals who are employed by the University and are eligible to participate in the group health plan are eligible to continue health care benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug, and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Total OPEB Liability. The University's total OPEB liability of \$42,472,941 reported for fiscal year 2021, was measured as of January 1, 2021, and was determined by an actuarial valuation as of January 1, 2020, with results actuarially projected on a no gain/no loss basis to get to the January 1, 2021 measurement date. The actuarial valuation was based on 6,494 active employees and 2,932 retirees.

The University's total OPEB liability of \$60,279,008 reported for fiscal year 2020, was measured as of January 1, 2020, and was determined by an actuarial valuation as of January 1, 2020, with no adjustments to get to the January 1, 2020 measurement date. The actuarial valuation was based on 6,494 active employees and 2,932 retirees.

Actuarial Assumptions. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective 01/01/20)	2.60% per annum
Rates of salary increase (effective 01/01/20 and 01/01/21)	3.25% to 16.25% average, including inflation; rates vary by membership group
Long-term investment rate of return (effective 01/01/20)	7.00% compounded annually, net of expenses

Discount Rate. The discount rate used to measure the total OPEB liability was 2.12%, which was selected from a range of indices, where the range is given as the spread between the lowest and highest rate shown. The indices included are the Bond Buyer 20-Bond GO Index, Fidelity GO AA-20 years, and the S&P Municipal Bond 20-Year High Grade Rate Index.

Mortality rates are from the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 for active employees and healthy retirees. Surviving spouse rates are from the SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019. Disabled retiree rates are from the SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2019.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study completed as of July 2014.

Changes in the Total OPEB Liability. The changes in the total OPEB liability as of June 30 are as follows:

	2021	2020
Total OPEB liability, beginning of year	\$ 60,279,008	\$ 78,321,276
Charges for the year:		
Service cost	5,469,963	6,714,060
Interest	2,051,751	3,381,614
Change in benefit terms	-	465
Change in assumptions	3,243,442	2,250,539
Differences between expected and actual experience	(22,902,131)	(24,817,609)
Benefit payments	(5,669,092)	(5,571,337)
Net change	(17,806,067)	(18,042,268)
Total OPEB liability, end of year	\$ 42,472,941	\$ 60,279,008

Changes in assumptions reflect a change in the discount rate from 3.26% in fiscal year 2020 to 2.12% in fiscal year 2021.

Sensitivity of Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the University, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	2021		
	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
Total OPEB liability	\$ 45,630,458	\$ 42,472,941	\$ 39,608,937

	2020		
	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB liability	\$ 64,198,185	\$ 60,279,008	\$ 56,653,049

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the University, as well as what the University's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate:

	2021		
	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Total OPEB liability	\$ 39,015,121	\$ 42,472,941	\$ 46,520,621

	2020		
	1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB liability	\$ 55,550,374	\$ 60,279,008	\$ 65,754,635

OPEB Expense, Deferred Outflows/(Inflows) of Resources Related to OPEB. The University recognized OPEB expense of \$(1,740,049) and \$5,749,048 for the fiscal years ended June 30, 2021 and 2020, respectively. At June 30, the University reported deferred outflows/(inflows) of resources related to OPEB from the following resources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,318,452	\$ 37,580,962	\$ 1,757,935	\$ 25,827,063
Changes in assumptions	6,615,917	1,899,871	5,452,751	2,533,161
Total	\$ 7,934,369	\$ 39,480,833	\$ 7,210,686	\$ 28,360,224

The amount reported as deferred outflows (inflows) of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal year ending June 30,	
2022	\$ (9,261,763)
2023	(9,261,763)
2024	(9,261,758)
2025	(3,761,180)
Total	\$ (31,546,464)

NOTE 10 - COMMITMENTS AND RISK MANAGEMENT

A. Commitments

At June 30, 2021 and 2020, the University had outstanding construction contract commitments of \$90,060,083 and \$60,909,606 respectively.

B. Risk Management

Iowa State University has elected to self insure, or internally assume, certain potential losses where management believes it is more economical to manage these risks internally. The University's exposure and management of various risks are delineated below.

1. Employee Health and Dental Benefits

The University self insures its medical and dental plans for all employees. The medical plan includes reinsurance programs that are set at \$500,000 for the individual stop-loss and 125% for the aggregate stop-loss. A stop-loss provision is not necessary for the dental plans as these programs have annual benefit limitations.

The following schedule presents the changes in claims liabilities for self-funded medical and dental insurance. The claims liabilities were calculated in accordance with Actuarial Standard of Practice No. 5 and based on data provided by the University and the health plan vendors.

	2021	2020
Unpaid claims and liabilities, beginning of year	\$ 6,923,000	\$ 8,346,000
Claims incurred and contingent liabilities accrued during year	106,927,423	94,117,620
Payments on claims during year	(105,135,423)	(95,540,620)
Unpaid claims and liabilities, end of year	<u>\$ 8,715,000</u>	<u>\$ 6,923,000</u>

2. Employee Workers' Compensation and Unemployment Insurance

The State of Iowa self insures, on behalf of the University, for losses related to workers' compensation and unemployment claims on state supported employees. The Iowa Department of Administrative Services (DAS) administers both programs. At the beginning of the fiscal year, DAS calculates an annual workers' compensation premium to be paid in monthly increments for eligible University employees. The University's confirmed unemployment claims for eligible University employees are billed quarterly. The University annually establishes federally approved fringe benefit rates based on prior year's actual costs. The workers' compensation and unemployment costs are components of the established fringe benefit rates billed to University departments. Any over/under costs are picked up by the University's fringe pool.

3. Employee Medical and Dependent Care Flexible Spending Programs

Eligible University employees have an option to participate in two flexible spending programs and maximums and carryforwards are applied on a calendar year basis. The Medical Flexible Spending Program (Med FSA) allows employees to have a maximum of \$2,750 for calendar years 2021 and 2020 to cover qualified uninsured medical, dental, and vision claims. Federal regulations mandate that any Med FSA claims must be incurred by December 31 to be eligible for reimbursement except for the carryover provision. The University has adopted both a carryover provision and a 120-day run-out period, which allows an employee to request reimbursement for prior year incurred claims for a period up to 120 days (April 30) of the succeeding year. The carryover provision is \$550 for both calendar years 2021 and 2020. Amounts unclaimed beyond these program requirements are forfeited. The Dependent Care Assistance Program (DCAP) allows employees to have an annual maximum pre-tax deduction of \$5,000 for qualified dependent care expenses. For calendar years 2021 and 2020, the University has allowed reimbursement for claims incurred in the calendar year to extend to March 15 for the DCAP. The DCAP also provides a 120-day filing extension period in the subsequent year for reimbursable claims incurred in the previous year. The Med FSA program carries an element of self-insurance risk, as required by Federal law. The University deducts one twelfth of the annually elected amount from an employee's pay each month. If the employee terminates before the end of the calendar year, the University is at risk for the difference between the employee's total allowable reimbursed claims and the total amount deducted in the employee's pay. The University, by Federal law, cannot seek restitution for this difference. The same risk does not apply to the DCAP as an employee cannot claim more than the total amount deducted from the employee's pay. Unclaimed employee contributions are maintained in a separate account, which has carried a surplus balance since inception of the program due to contributions exceeding claims each year. This surplus balance is used to fund the administrative costs of the program.

4. General Liability

The State of Iowa maintains an employee fidelity bond whereby the first \$250,000 of losses is the responsibility of the University. Losses between \$250,000 and \$2,000,000 are insured. The University also maintains an employee blanket bond to cover losses up to \$4,000,000.

The State of Iowa self insures, on behalf of the University, losses related to tort claims. The Board of Regents entered into a 28E agreement with the Department of Management, the State Appeal Board, and the Attorney General for resolution of tort claims of \$5,000 or less. The University is authorized to approve individual claims up to \$5,000, but not to exceed \$100,000 in aggregate per year. Tort claims settled in excess of \$5,000 must be unanimously approved by all members of the State Appeal Board, the Attorney General, and the District Court of the State of Iowa for Polk County. Tort claims may be paid from the State's General Fund without limit.

5. Motor Vehicle Insurance

The Board of Regents' institutions cooperatively self insure for liability losses related to motor vehicles up to \$250,000. Each Regents' institution is required to pay a pre-determined monthly premium for each vehicle into the cooperative insurance program. Losses in excess of \$250,000 are self-insured by the State as provided in Chapter 669 of the Code of Iowa. The University self insures its vehicles for physical damage. In addition to liability coverage, the insurance program also self insures for comprehensive and collision damage.

6. Property Insurance

The State of Iowa self insures, on behalf of the University, property deemed general university property, which is exclusive of property belonging to self-supporting enterprises. A contingency fund exists under Section 29C.20 of the Code of Iowa to request compensation for loss or damage to state property (including general university property). The Code of Iowa states that claims in excess of \$5,000 may be submitted to the Executive Council for consideration. When a loss exceeds \$500,000, it is necessary to seek an appropriation from the General Assembly. The University purchases catastrophic commercial property insurance, including earthquake and flood coverage, for its General Fund buildings with a \$2,000,000 per incident deductible. The University commercial insurance program also includes coverage for enterprise facilities such as the residence system, Iowa State Center, power plant, etc., with deductibles ranging from \$1,000 to \$1,000,000 per occurrence.

7. Business Interruption and Extra Expense Insurance

The University self insures for business interruption losses of its general mission revenues, such as tuition and fees, etc. Commercial insurance is purchased to cover business interruption losses for self-supporting enterprises such as the athletic department, Iowa State Center, residence department, and the University Book Store.

8. Insurance Settlements

The University had no settlements exceeding insurance coverage in any of the past three fiscal years.

NOTE 11 – OPERATING EXPENSES BY FUNCTION

The following is a summary of operating expenses by functional classification for the fiscal years ended June 30:

	2021			
	Compensation and Benefits	Supplies and Services	Other	Total
Instruction	\$ 237,823,777	\$ 11,305,009	\$ -	\$ 249,128,786
Research	103,569,810	47,322,410	-	150,892,220
Public service	56,663,506	13,690,293	-	70,353,799
Academic support	139,661,263	56,124,331	-	195,785,594
Student services	24,856,518	7,597,915	-	32,454,433
Institutional support	63,760,354	31,688,141	-	95,448,495
Operation and maintenance	35,348,859	52,162,420	-	87,511,279
Scholarships and fellowships	-	-	49,552,904	49,552,904
Auxiliary	89,931,228	62,937,260	-	152,868,488
Independent operations	29,754,509	22,018,463	295,169	52,068,141
Depreciation/amortization	-	-	112,914,364	112,914,364
Total other	-	-	634,850	634,850
	<u>\$ 781,369,824</u>	<u>\$ 304,846,242</u>	<u>\$ 163,397,287</u>	<u>\$ 1,249,613,353</u>

	2020			
	Compensation and Benefits	Supplies and Services	Other	Total
Instruction	\$ 252,323,519	\$ 23,024,295	\$ -	\$ 275,347,814
Research	101,852,523	45,178,957	-	147,031,480
Public service	51,775,046	21,373,224	-	73,148,270
Academic support	134,563,685	62,367,794	-	196,931,479
Student services	23,460,453	7,911,825	-	31,372,278
Institutional support	56,878,912	25,403,152	-	82,282,064
Operation and maintenance	37,200,847	30,963,112	-	68,163,959
Scholarships and fellowships	-	-	53,839,427	53,839,427
Auxiliary	86,014,626	79,294,007	-	165,308,633
Independent operations	28,190,423	19,845,261	351,200	48,386,884
Depreciation/amortization	-	-	104,214,981	104,214,981
Total other	-	-	17,401,763	17,401,763
	\$ 772,260,034	\$ 315,361,627	\$ 175,807,371	\$ 1,263,429,032

NOTE 12 – SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the Board of Regents, State of Iowa, authorized the sale of Athletic Facilities Revenue Refunding Bonds, Series I.S.U. 2021 for \$16,425,000 to be issued on December 1, 2021. These bonds will bear interest at varying rates and will mature in varying amounts from July 1, 2022 through July 1, 2037. The proceeds of these bonds will be used to provide for the current refunding of the outstanding principal of the July 1, 2022 through July 1, 2037 maturities of the Athletic Facilities Revenue Bonds, Series I.S.U. 2012, and to pay the costs of issuing the bonds. The bonds will be payable solely from the net revenues of the athletic facilities system of the University.

The Board of Regents also authorized the sale of Memorial Union Revenue Bonds, Series I.S.U. 2021 for \$9,955,000 to be issued on December 1, 2021. These bonds will bear interest at varying rates and will mature in varying amounts from July 1, 2022 through July 1, 2042. The proceeds of the bonds will be used to finance the cost of improving, remodeling, repairing, and constructing additions to the Memorial Union building and parking structure. The bonds will be payable solely from the net revenues of the Memorial Union.

NOTE 13 - PROSPECTIVE ACCOUNTING CHANGE

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

NOTE 14 – SEGMENT INFORMATION

A segment represents identifiable activities for which one or more revenue bonds or other revenue-backed debt is outstanding. Investors in Academic Building Revenue Bonds rely on pledged tuition and fee revenue generated by the University for repayment. Investors in bonds of all other bond enterprises rely solely on the revenue generated from the individual activities for repayment. The University's segments are described as follows:

A. Academic Building Revenue Bonds

The academic building revenue bonds were issued to construct and renovate academic buildings of the University. Revenues pledged for these issues are gross student fees and institutional income received by the University.

B. Athletic Facilities Revenue Bonds

The athletic facilities revenue bonds were issued to construct and equip intercollegiate athletic facilities. Revenues pledged for these issues are net revenues of the athletic facilities system.

C. Dormitory Revenue Bonds

The dormitory revenue bonds were issued to build various residence halls, suites, and apartments. Revenues pledged for these issues are the net rents, profits, and income from the Department of Residence facilities of the University.

D. ISU Facilities Corporation Bonds

The ISU Facilities Corporation bonds were issued to provide financial assistance to the University for the acquisition and construction of facilities for the benefit of the University. The bonds are payable solely from the lease payments paid by the University for the facilities. Upon repayment of the bonds, ownership of the acquired facilities transfers to the University.

E. Memorial Union Revenue Bonds

The Memorial Union revenue bonds were issued to improve, remodel, repair, and construct additions to the Memorial Union building and parking facility, and to refund the outstanding Memorial Union Series 2000 Notes. Revenues pledged for this issue are the net revenues of the Memorial Union and student building fees.

F. Parking System Revenue Bonds

The parking system revenue bonds were issued to construct a single-level parking deck on the University campus. In addition, the bonds were used to recondition and expand vehicle parking spaces with the construction of a connecting roadway at Jack Trice Stadium. Revenues pledged for this issue are the net revenues of the University's parking system.

G. Recreational System Facilities Revenue Bonds

The recreational system facilities revenue bonds were issued to construct, furnish and equip new recreational building space and to complete other improvements to recreational facilities. Revenues pledged for this issue are the net revenues of the recreational facilities system.

H. Regulated Materials Facility Revenue Bonds

The regulated materials facility revenue bonds were issued to construct, furnish, and equip a regulated materials facility now known as the Environmental Health and Safety Services Building. Revenues pledged for this issue are the net revenues of the regulated materials facility system. During the fiscal year ended June 30, 2020, the remaining revenue bonds were redeemed.

I. Utility System Revenue Bonds

The utility system revenue bonds were issued to construct, improve, and equip various components of the University's utility system. Revenues pledged for this issue are the net revenues of the utility system, utility system student fees, and interest on investments.

Fund Accounting. In order to ensure the observance of limitations and restrictions placed on the use of available resources, the accounts are maintained in accordance with the principles of fund accounting. Each fund provides a separate set of self-balancing accounts which comprises its assets, liabilities, deferred outflows of resources, deferred inflows of resources, net position, revenues and expenses. Fund accounting is the procedure by which resources for various purposes are classified, for accounting and reporting purposes, into funds according to the activities or objectives specified. The University has set up accounts that are consistent with the flow of funds per requirements of the bond covenants.

Transfers. After meeting certain requirements specified in the bond agreements, the balance of net receipts may be transferred to the University for its general operations. However, all such monies that have been transferred shall be returned by the University, if necessary, to satisfy the requirements of the bond indentures.

Insurance. The University maintains property and business interruption insurance coverage on various bonded enterprise facilities per requirements of the bond covenants.

	Academic Building		Athletic Facilities		Dormitory		ISU Facilities		Memorial Union		Parking System		Recreational		Utility System	
	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds
Debt Service Coverage																
Required debt service coverage percentage	n/a	125%	135%	n/a	120%	120%	120%	120%	120%	120%	120%	120%	125%	120%	120%	120%
Actual debt service coverage percentage	n/a	191%	156%	n/a	578%	352%	447%	493%	493%	493%	493%	493%	493%	493%	493%	493%
Percentage of Revenue Pledged																
Annual debt service	\$ 10,152,686	\$ 8,653,169	\$ 12,765,351	\$ 2,184,619	\$ 1,473,793	\$ 392,500	\$ 3,078,700	\$ 5,725,406	\$ 11,040,937	\$ 13,775,354	\$ 1,381,218	\$ 1,134,784	\$ 44,551,966	\$ 60,428,868	\$ 60,428,868	\$ 60,428,868
Net pledged revenue	\$ 310,749,562	\$ 16,563,712	\$ 19,974,521	n/a	\$ 8,519,598	\$ 1,381,218	\$ 13,775,354	\$ 11,040,937	\$ 11,040,937	\$ 13,775,354	\$ 1,381,218	\$ 1,134,784	\$ 44,551,966	\$ 60,428,868	\$ 60,428,868	\$ 60,428,868
Annual debt service / net pledged revenue	3%	52%	64%	n/a	17%	28%	22%	52%	52%	22%	28%	22%	22%	52%	52%	52%
Revenue Bonds Payable																
Beginning balance	\$ 115,160,266	\$ 128,921,168	\$ 159,359,220	\$ 36,305,878	\$ 13,812,475	\$ 1,134,784	\$ 44,551,966	\$ 60,428,868	\$ 60,428,868	\$ 13,775,354	\$ 1,134,784	\$ 1,134,784	\$ 44,551,966	\$ 60,428,868	\$ 60,428,868	\$ 60,428,868
Additions	26,720,673	-	-	-	13,752	-	-	-	-	13,752	-	-	-	-	-	-
Deductions	(33,391,917)	(2,997,729)	(33,079,354)	(1,125,268)	(1,120,000)	(372,392)	(1,843,351)	(4,094,456)	(4,094,456)	(1,843,351)	(372,392)	(372,392)	(1,843,351)	(4,094,456)	(4,094,456)	(4,094,456)
Ending balance	\$ 108,489,022	\$ 125,923,439	\$ 126,279,866	\$ 35,180,610	\$ 12,706,227	\$ 762,392	\$ 42,708,615	\$ 56,334,412	\$ 56,334,412	\$ 12,706,227	\$ 762,392	\$ 762,392	\$ 42,708,615	\$ 56,334,412	\$ 56,334,412	\$ 56,334,412
Debt Service Requirements																
Semi-annual maturity	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st
2022	\$ 10,119,790	\$ 8,569,029	\$ 12,496,030	\$ 2,167,594	\$ 1,462,442	\$ 386,950	\$ 3,055,975	\$ 5,702,081	\$ 11,040,937	\$ 13,775,354	\$ 1,381,218	\$ 1,134,784	\$ 44,551,966	\$ 60,428,868	\$ 60,428,868	\$ 60,428,868
2023	10,054,940	8,564,320	14,070,418	2,168,019	1,459,542	385,700	3,040,125	5,676,506	11,040,937	13,775,354	1,381,218	1,134,784	44,551,966	60,428,868	60,428,868	60,428,868
2024	10,060,415	8,568,861	15,004,538	2,167,394	1,464,661	-	3,057,750	5,672,831	11,040,937	13,775,354	1,381,218	1,134,784	44,551,966	60,428,868	60,428,868	60,428,868
2025	10,061,303	8,562,295	14,978,736	2,165,718	1,466,143	-	3,078,050	5,669,006	11,040,937	13,775,354	1,381,218	1,134,784	44,551,966	60,428,868	60,428,868	60,428,868
2026	10,213,765	8,557,895	14,453,736	2,162,994	1,474,640	-	3,086,100	4,802,006	11,040,937	13,775,354	1,381,218	1,134,784	44,551,966	60,428,868	60,428,868	60,428,868
2027-2031	44,683,597	42,824,082	50,685,705	10,813,144	7,413,713	-	15,559,374	22,171,038	22,171,038	15,559,374	-	-	-	-	-	-
2032-2036	28,570,525	40,356,378	26,782,289	10,794,844	-	-	15,911,976	16,788,178	16,788,178	15,911,976	-	-	-	-	-	-
2037-2041	-	31,910,388	-	10,772,281	-	-	6,480,350	1,299,200	1,299,200	6,480,350	-	-	-	-	-	-
2042-2046	-	-	-	4,306,484	-	-	-	-	-	-	-	-	-	-	-	-
Unamortized discount (premium)	5,834,022	4,698,438	3,924,866	530,610	(123,773)	12,392	1,093,615	1,604,413	1,604,413	1,093,615	12,392	12,392	1,093,615	1,604,413	1,604,413	1,604,413
Total	\$ 129,598,357	\$ 162,611,686	\$ 152,396,318	\$ 48,049,082	\$ 14,617,368	\$ 785,042	\$ 54,363,315	\$ 69,385,259	\$ 69,385,259	\$ 14,617,368	\$ 785,042	\$ 785,042	\$ 54,363,315	\$ 69,385,259	\$ 69,385,259	\$ 69,385,259
Commitments																
Contract commitments	\$ -	\$ -	\$ 4,302,226	\$ -	\$ 2,948,741	\$ 1,528,737	\$ 39,563	\$ 1,346,713	\$ 1,346,713	\$ 2,948,741	\$ 1,528,737	\$ 39,563	\$ 1,346,713	\$ 1,346,713	\$ 1,346,713	\$ 1,346,713

Condensed Statement of Net Position	Academic		ISU Facilities		Memorial Union		Parking System		Recreational		Regulated		Utility System	
	Building Revenue	Athletic Facilities	Dormitory	Corporation	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	System	Facilities	Materials	Facility	Revenue	System
Assets	Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds
Current assets	\$ 8,643,298	\$ 11,946,535	\$ 34,840,368	\$ 1,641,309	\$ 2,637,945	\$ 1,443,406	\$ 2,381,832	\$ 2,862,529	\$ 1,601,465					
Non-current assets	11,052,576	54,548,130	60,646,512	2,185,114	12,210,992	6,535,306	13,111,049	2,000,000	28,627,020					
Capital assets	91,775,910	90,219,123	226,644,519	78,161,619	20,533,627	6,461,976	43,705,247	5,492,437	119,716,631					
Total assets	111,471,784	156,713,788	322,131,399	81,988,042	35,382,564	14,440,688	59,198,128	10,354,966	149,945,116					
Deferred outflows of resources	3,880,352	1,327,379	451,614	-	564,706	-	2,508,294	-	32,606					
Liabilities														
Current liabilities	8,652,798	11,947,423	38,730,159	1,641,309	1,744,208	603,992	2,807,997	-	5,156,944					
Non-current liabilities	108,230,266	129,492,481	126,904,220	35,205,878	12,692,475	774,784	42,776,966	-	56,776,454					
Total liabilities	116,883,064	141,439,904	165,634,379	36,847,187	14,436,683	1,378,776	45,584,963	-	61,933,398					
Deferred inflows of resources	126,538	-	249,091	-	44,000	-	-	-	489,583					
Net position														
Net investment in capital assets	(19,630,542)	(6,000,145)	67,487,822	41,855,742	7,285,858	5,283,193	1,661,574	5,492,437	58,830,785					
Restricted	17,982,576	11,581,967	47,414,059	3,286,268	4,558,851	717,130	5,300,568	-	5,649,726					
Unrestricted	(9,500)	11,019,441	41,797,662	(1,155)	9,665,878	7,017,589	9,159,317	4,862,529	23,074,230					
Total net position	\$ (1,657,466)	\$ 16,601,263	\$ 156,699,543	\$ 45,140,855	\$ 21,510,587	\$ 13,017,912	\$ 16,121,459	\$ 10,354,966	\$ 87,554,741					
Condensed Statement of Revenues, Expenses, and Changes in Net Position														
Operating revenues	\$ 328,826,212	\$ 18,672,618	\$ 93,252,538	\$ -	\$ 8,333,588	\$ 4,211,184	\$ 695,815	\$ -	\$ 38,979,925					
Operating expenses	-	(3,261,619)	(67,583,554)	-	(5,469,959)	(2,687,528)	(7,127,208)	-	(29,917,131)					
Depreciation expense	(2,574,563)	(2,653,582)	(10,051,954)	(3,202,047)	(1,551,624)	(715,882)	(2,174,387)	(227,666)	(6,306,070)					
Net operating income (loss)	326,251,649	12,757,417	15,617,030	(3,202,047)	1,312,005	807,774	(8,605,780)	(227,666)	2,756,724					
Non-operating revenues (expenses)	(3,411,728)	(3,063,802)	(2,968,845)	(988,468)	(244,183)	135,642	(902,570)	(700)	(1,214,493)					
Other revenues (expenses) and transfers	(318,903,692)	351,618	(2,938,226)	2,951,994	(110,784)	(666,412)	10,259,304	-	(133,634)					
Change in net position	3,936,229	10,045,233	9,709,957	(1,238,521)	957,038	277,004	750,954	(228,366)	1,408,597					
Beginning net position	(5,593,695)	6,556,030	146,989,586	46,379,376	20,553,549	12,740,908	15,370,505	10,583,332	86,146,144					
Ending net position	\$ (1,657,466)	\$ 16,601,263	\$ 156,699,543	\$ 45,140,855	\$ 21,510,587	\$ 13,017,912	\$ 16,121,459	\$ 10,354,966	\$ 87,554,741					
Condensed Statement of Cash Flows														
Net cash and cash equivalents provided by (used for)														
Operating activities	\$ 328,831,546	\$ 13,035,593	\$ 23,022,238	\$ 1,315	\$ 2,811,887	\$ 1,364,680	\$ (6,857,340)	\$ -	\$ 8,410,716					
Non-capital financing activities	-	-	-	-	(110,784)	-	-	-	-					
Capital and related financing activities	(331,702,334)	34,346,071	(4,940,213)	(5,139,782)	(2,052,098)	(2,671,850)	213,366	(475,400)	(14,272,999)					
Investing activities	856,855	(4,147,951)	20,838,209	79,795	167,465	125,800	212,460	474,980	540,036					
Net increase (decrease)	(2,013,933)	43,233,713	38,920,234	(5,058,672)	816,470	(1,181,370)	(6,431,514)	(420)	(5,322,247)					
Beginning cash and cash equivalents	2,013,933	9,972,708	7,583,783	7,243,722	9,182,879	5,188,297	5,993,404	2,862,950	27,306,993					
Ending cash and cash equivalents	\$ -	\$ 53,206,421	\$ 46,504,017	\$ 2,185,050	\$ 9,999,349	\$ 4,006,927	\$ (438,110)	\$ 2,862,530	\$ 21,984,746					

	Academic		ISU Facilities		Memorial Union		Parking System		Recreational		Regulated		Utility System	
	Building Revenue Bonds	Athletic Facilities Revenue Bonds	Dormitory Revenue Bonds	Corporation Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	System Revenue Bonds	Facilities Revenue Bonds	Materials Facility Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds
Debt Service Coverage														
Required debt service coverage percentage	n/a	125%	135%	n/a	120%	120%	120%	120%	125%	120%	120%	120%	120%	165%
Actual debt service coverage percentage	n/a	298%	207%	n/a	673%	423%	623%	1024%	165%	1024%	1024%	1024%	1024%	165%
Percentage of Revenue Pledged														
Annual debt service	\$ 10,375,596	\$ 5,356,367	\$ 15,081,590	\$ 2,182,619	\$ 1,481,193	\$ 393,300	\$ 3,057,600	\$ 474,700	\$ 5,741,881	\$ 4,862,530	\$ 4,862,530	\$ 4,862,530	\$ 4,862,530	\$ 9,495,950
Net pledged revenue	\$ 329,081,685	\$ 15,977,953	\$ 31,288,357	N/A	\$ 9,963,160	\$ 1,664,214	\$ 19,034,599	\$ 4,862,530	\$ 19,034,599	\$ 4,862,530	\$ 4,862,530	\$ 4,862,530	\$ 4,862,530	\$ 9,495,950
Annual debt service / net pledged revenue	3%	34%	48%	N/A	15%	24%	16%	10%	16%	10%	10%	10%	10%	60%
Revenue Bonds Payable														
Beginning balance	\$ 124,573,471	\$ 66,742,165	\$ 150,446,716	\$ 37,411,145	\$ 14,888,722	\$ 1,507,175	\$ 46,335,317	\$ 470,000	\$ 64,363,325	\$ 470,000	\$ 470,000	\$ 470,000	\$ 470,000	\$ 64,363,325
Additions	-	64,867,128	20,483,989	-	-	-	-	-	-	-	-	-	-	-
Deductions	(9,413,205)	(2,688,125)	(11,571,485)	(1,105,267)	(1,076,247)	(372,391)	(1,783,351)	(470,000)	(3,934,457)	(470,000)	(470,000)	(470,000)	(470,000)	(3,934,457)
Ending balance	\$ 115,160,266	\$ 128,921,168	\$ 159,359,220	\$ 36,305,878	\$ 13,812,475	\$ 1,134,784	\$ 44,551,966	\$ -	\$ 60,428,868	\$ -	\$ -	\$ -	\$ -	\$ 60,428,868

	Academic		ISU Facilities		Memorial Union		Parking System		Recreational		Regulated		Utility System	
	Building Revenue Bonds	Athletic Facilities Revenue Bonds	Dormitory Revenue Bonds	Corporation Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	System Revenue Bonds	Facilities Revenue Bonds	Materials Facility Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds
Debt Service Requirements														
Semi-annual maturity	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	May & Nov 1st
2021	\$ 10,282,596	\$ 6,300,478	\$ 36,977,012	\$ 2,166,119	\$ 1,469,993	\$ 387,900	\$ 3,035,650	\$ -	\$ 5,725,407	\$ 3,035,650	\$ -	\$ -	\$ -	\$ 5,725,407
2022	10,463,715	8,569,029	12,496,030	2,167,594	1,462,443	386,950	3,055,975	-	5,702,082	3,055,975	-	-	-	5,702,082
2023	10,463,740	8,564,320	14,070,418	2,168,019	1,459,542	385,700	3,040,125	-	5,676,506	3,040,125	-	-	-	5,676,506
2024	10,472,346	8,568,861	15,004,538	2,167,394	1,464,661	-	3,057,750	-	5,672,831	3,057,750	-	-	-	5,672,831
2025	10,471,534	8,562,295	14,978,736	2,165,718	1,466,143	-	3,078,050	-	5,669,006	3,078,050	-	-	-	5,669,006
2026-2030	48,967,456	42,793,168	58,890,511	10,814,469	7,391,227	-	15,517,650	-	22,625,625	15,517,650	-	-	-	22,625,625
2031-2035	32,713,306	41,673,131	28,999,319	10,799,019	1,497,125	-	15,806,100	-	19,838,597	15,806,100	-	-	-	19,838,597
2036-2040	6,139,447	33,406,706	4,031,900	10,778,212	-	-	9,714,050	-	2,596,200	9,714,050	-	-	-	2,596,200
2041-2045	-	5,775,738	-	6,458,047	-	-	-	-	-	-	-	-	-	-
Unamortized discount (premium)	2,590,266	4,946,188	4,549,220	555,877	(137,525)	24,784	1,161,966	-	1,778,868	1,161,966	-	-	-	1,778,868
Total	\$ 142,564,406	\$ 169,159,894	\$ 189,997,684	\$ 50,240,468	\$ 16,073,609	\$ 1,185,334	\$ 57,467,316	\$ -	\$ 75,285,122	\$ 57,467,316	\$ -	\$ -	\$ -	\$ 75,285,122

Commitments														
Contract commitments	\$ -	\$ 34,695,834	\$ 3,856,057	\$ -	\$ 279,458	\$ 52,028	\$ 1,686,618	\$ 500,000	\$ 956,464	\$ 1,686,618	\$ 500,000	\$ 500,000	\$ 500,000	\$ 956,464

REQUIRED SUPPLEMENTARY INFORMATION-PENSION LIABILITY

**Schedule of the University's Proportionate Share of the Net Pension Liability
IPERS Last Seven Fiscal Years* (in thousands)**

Fiscal Year Ended June 30,	Proportion of Net Pension Liability (%)	Proportionate Share of Net Pension Liability	Covered - Employee Payroll	Net Pension Liability as a Percentage of Covered Payroll	IPERS's Net Position as a Percentage of Total Pension Liability
2021	0.8536364	\$ 59,966	\$ 68,475	87.57	82.90
2020	0.7763471	44,956	60,222	74.65	85.45
2019	0.7036281	44,527	53,586	83.09	83.62
2018	0.6359800	42,364	48,181	87.93	82.21
2017	0.5636620	35,473	40,575	87.43	81.82
2016	0.4983429	24,621	34,132	72.13	85.19
2015	0.4065184	16,122	26,573	60.67	87.61

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year. This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Note 8B in the accompanying Notes to Financial Statements for the IPERS plan description, pension benefits, disability and death benefits, contributions, net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions, actuarial assumptions, discount rate, and sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate.

**Schedule of University Contributions
IPERS Last Ten Fiscal Years (in thousands)**

Fiscal Year Ended June 30,	Statutorily Required Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered - Employee Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 7,044	\$ 7,044	\$ -	\$ 74,382	9.47
2020	6,487	6,487	-	68,475	9.47
2019	5,685	5,685	-	60,222	9.44
2018	4,785	4,785	-	53,586	8.93
2017	4,303	4,303	-	48,181	8.93
2016	3,623	3,623	-	40,575	8.93
2015	3,048	3,048	-	34,132	8.93
2014	2,373	2,373	-	26,573	8.93
2013	1,962	1,962	-	22,630	8.67
2012	1,478	1,478	-	18,315	8.07

Changes of benefit terms

Legislation passed modified benefit terms for current Regular members in 2010. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from three percent per year, measured from the member's first unreduced retirement age, to a six percent reduction for each year of retirement before age 65.

Changes of actuarial assumptions and methods

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Mortality assumption was changed to the family of RP-2014 Mortality Tables for all groups, with age setbacks and set forwards, as well as other adjustments. Future mortality improvements are modeled using Scale MP-2017.
- Modified retirement rates
- Lowered disability rates
- Modified termination rates
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit
- Adjusted the merit component of the salary increase assumption

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 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 discount rate from 7.50% to 7.00%
- Decreased the wage growth assumption from 4.00% to 3.25%
- Decreased the payroll growth assumption from 4.00% to 3.25%
- Decreased the salary increase assumption by 0.75%

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- 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
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the unfunded actuarial liability (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.

REQUIRED SUPPLEMENTARY INFORMATION AND NOTES-OPEB LIABILITY

Schedule of Changes in Total OPEB Liability Last Four Fiscal Years

	2021	2020	2019	2018
Service cost	\$ 5,469,963	\$ 6,714,060	\$ 7,334,817	\$ 6,463,924
Interest	2,051,751	3,381,614	3,083,501	2,868,094
Change in benefit terms	-	465	-	-
Change in assumptions	3,243,442	2,250,539	(3,799,740)	6,260,277
Differences between expected and actual experience	(22,902,131)	(24,817,609)	(7,718,584)	3,076,383
Benefit payments	(5,669,092)	(5,571,337)	(5,712,799)	(4,653,958)
Net change in OPEB liability	(17,806,067)	(18,042,268)	(6,812,805)	14,014,720
Total OPEB liability, beginning of year	60,279,008	78,321,276	85,134,081	71,119,361
Total OPEB liability, end of year	\$ 42,472,941	\$ 60,279,008	\$ 78,321,276	\$ 85,134,081
Covered-employee payroll	\$ 462,526,658	\$ 465,055,346	\$ 457,650,972	\$ 443,245,493
Total OPEB liability as a percentage of covered-employee payroll	9.18%	12.96%	17.11%	19.21%
Discount rate	2.12%	3.26%	4.11%	3.44%

Notes to the Schedule of Changes in Total OPEB Liability

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

Changes in Benefit Terms. There were no significant changes in benefit terms.

Changes in Assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rates used each period can be seen in the chart above.

GASB No. 75 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the University will present information for those years for which information is available.



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CONTROLLER'S DEPARTMENT
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