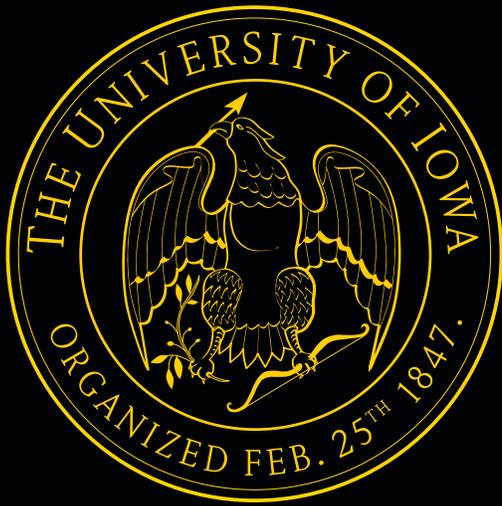




FINANCIAL REPORT

JULY 1, 2020 TO JUNE 30, 2021

IOWA



BOARD OF REGENTS, STATE OF IOWA

Dr. Michael Richards, West Des Moines,
President

Sherry Bates, Scranton
President Pro Tem

David Barker, Iowa City

Nancy Boettger, Harlan

Abby Crow, Tiffin

Milt Dakovich, Waterloo

Nancy Dunkel, Dyersville

Dr. Jim Lindenmayer, Ottumwa

Greta Rouse, Emmetsburg

PRESIDENT AND CABINET

Barbara J. Wilson, President

Gary Barta, Athletic Director

Sarah Hansen, Vice President for Student Life

J. Brooks Jackson, Vice President for Medical Affairs
and Dean of the Carver College of Medicine

Terry Johnson, Chief Financial Officer
and Treasurer

Kevin Kregel, Executive Vice President and Provost

Rod Lehnertz, Senior Vice President for
Finance and Operations

Lynette Marshall, President and CEO of
UI Center for Advancement

Peter Matthes, Senior Advisor to the President
and Vice President for External Relations

Laura McLeran, Senior Advisor to the President and
Associate Vice President for External Relations

Carroll Reasoner, Vice President for Legal Affairs
and General Counsel

J. Martin Scholtz, Vice President for Research

Liz Tovar, Associate Vice President for Diversity,
Equity, and Inclusion

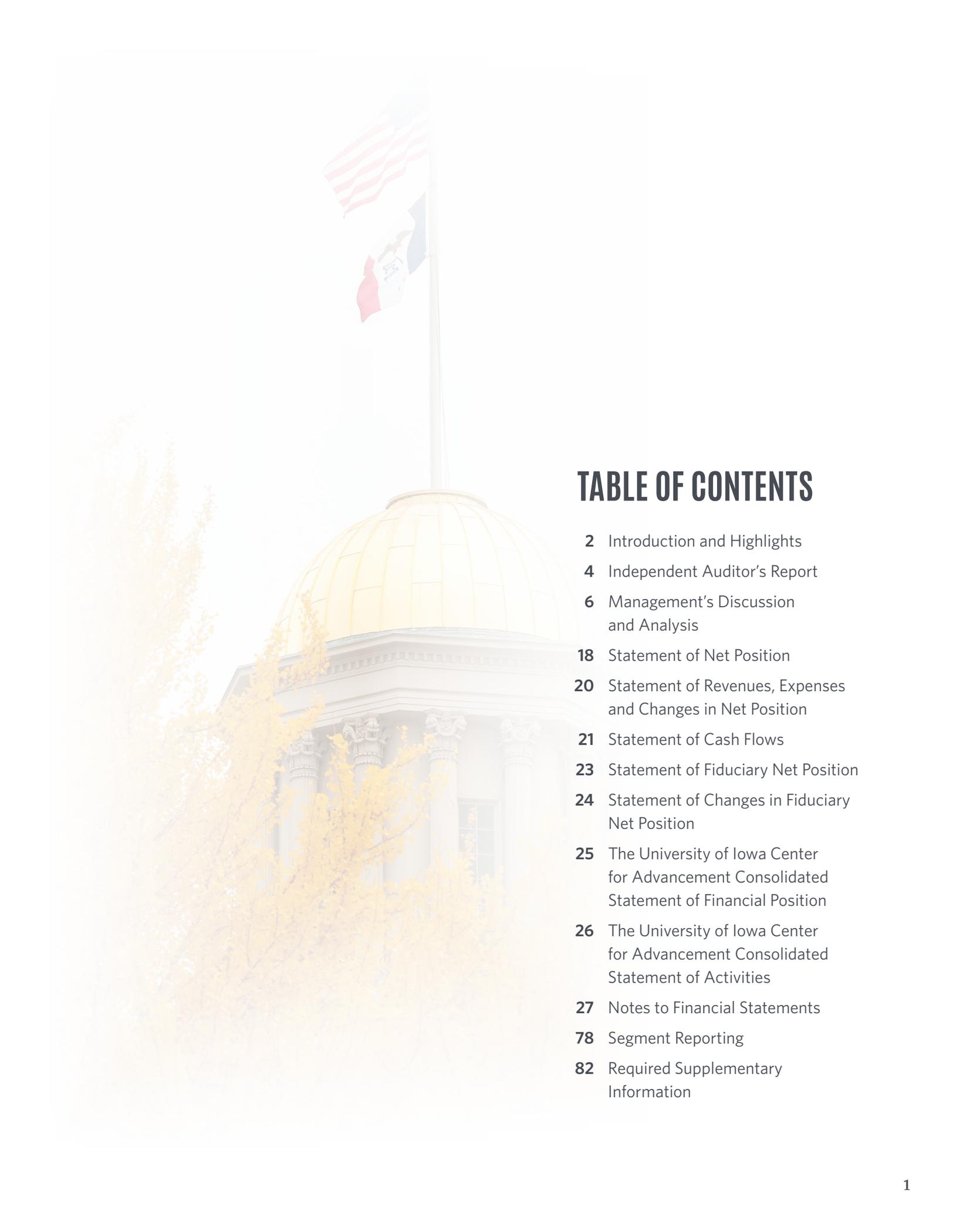


TABLE OF CONTENTS

- 2** Introduction and Highlights
- 4** Independent Auditor's Report
- 6** Management's Discussion and Analysis
- 18** Statement of Net Position
- 20** Statement of Revenues, Expenses and Changes in Net Position
- 21** Statement of Cash Flows
- 23** Statement of Fiduciary Net Position
- 24** Statement of Changes in Fiduciary Net Position
- 25** The University of Iowa Center for Advancement Consolidated Statement of Financial Position
- 26** The University of Iowa Center for Advancement Consolidated Statement of Activities
- 27** Notes to Financial Statements
- 78** Segment Reporting
- 82** Required Supplementary Information

FOR IOWA AND THE WORLD

The University of Iowa is a comprehensive research university with particular distinction in the arts, humanities, and sciences; a world-class academic health center; and a wide array of exceptional professional programs. While serving as the state’s most comprehensive institution of higher learning, the university also enjoys a national and international reputation for excellence, and competes at that level for the best faculty and the most talented graduate and professional students.

UNIVERSITY OF IOWA MISSION

In pursuing its missions of teaching, research, and service, the university seeks to advance scholarly and creative endeavor through leading-edge research and artistic production; to use this research and creativity to enhance undergraduate, graduate, and professional education, health care, and other services provided to the people of Iowa, the nation, and the world; and to educate students for success and personal fulfillment.

THE UNIVERSITY IN 2021

University of Iowa achievements during 2020–2021 include:

- Named Barbara J. Wilson as the 22nd president of the University of Iowa
- Named Amanda Thein as the new associate provost for graduate and professional education and dean of the Graduate College
- Named Amy Kristof-Brown as the new dean of Tippie College of Business
- Recognized as one of the top values in higher education for the 17th consecutive year
- Awarded 7 interdisciplinary projects with more than \$12 million in funding to advance the university’s strategic priorities
- Recognized as a top-producing institution of Fulbright students nationally for the 5th consecutive year
- Opened the new Psychological and Brain Sciences Building
- Opened the new College of Pharmacy Building

ENROLLMENT

<i>Group</i>	Fall 2021	Fall 2020
Total students	31,206	31,730
Undergraduates	21,608	22,405
Graduate and professional	9,598	9,325
Iowa residents	59.9%	60.5%
Total non-residents	40.1%	39.5%
International students	6.1%	6.5%
Minority enrollment	19.4%	18.7%

EMPLOYMENT

<i>Group (by FTEs)</i>	Fall 2021	Fall 2020
Total faculty and staff	24,777	24,641
Tenure-track faculty	1,466	1,471
Clinical-track faculty	914	889
Postdoctoral and other faculty	739	745
Institutional officers	20	20
Professional and scientific staff	11,095	10,986
Merit staff	4,066	4,137
Residents	851	856
Graduate assistants	2,245	2,180
Temporary	3,381	3,357



While Covid-19 left performing arts across the country at a standstill, student-artists at the University of Iowa partnered with members of the Quixotic art collective to create Hancher Illuminated—an outdoor visual event filled with light, sound, fog, and dance.

EXTERNAL SUPPORT AND GIVING

The University reported strong external support during FY2021.

- FY2021 total external funding: **\$818 million**

RECENT RANKINGS

Snapshot of the University's standing in recent national surveys:

- *U.S. News & World Report* rank among 209 national, public universities: 33
- *U.S. News & World Report* rank for writing among 209 national, public universities: 1
- Number of graduate programs ranked among the top 10 in their field by *U.S. News & World Report*: 10
- Number of specialties at University of Iowa Hospitals & Clinics ranked among the nation's 10 best programs of their kind by *U.S. News & World Report*: 2
- Number of specialties at University of Iowa Stead Family Children's Hospital ranked among the nation's best programs of their kind by *U.S. News & World Report*: 5



Dancers in Hancher Illuminated wore elaborate costumes and colorful lights to safely bring their creativity to life.



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Independent Auditor's Report

To the 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 the State University of Iowa, Iowa City, Iowa, (University of Iowa) and its aggregate discretely presented component units as of and for the years ended June 30, 2021 and 2020, and the related Notes to Financial Statements, which collectively comprise the University of Iowa's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the University of Iowa Center for Advancement and Affiliate and the University of Iowa Health System discussed in Note 1, which represent 97.8% and 1.6%, respectively, of the assets and 94.2% and 5.1%, respectively, of the revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to 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 University of Iowa Center for Advancement and Affiliate were not audited in accordance with Government Auditing Standards.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the fiduciary activities of the University of Iowa and its aggregate discretely presented component units 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 Matters

As discussed in Note 1, the financial statements of the University of Iowa 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 the University of Iowa. 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 Net Pension Liability, Schedule of University Contributions and the Schedule of Changes in the University's Total OPEB Liability, Related Ratios and Notes on pages 6 through 17 and 82 through 86 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.

The Introduction and Highlights Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

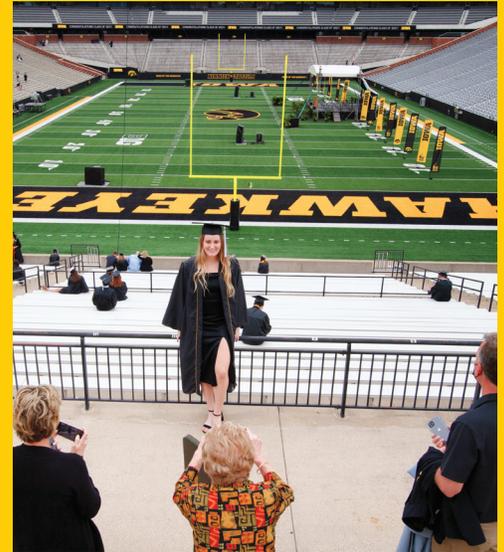
Other Reporting Required by Government Auditing Standards

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


Marlys K. Gaston, CPA
Chief Deputy Auditor of State

January 27, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS



After spring commencement ceremonies were held online, the University of Iowa hosted a special in-person celebration at Kinnick Stadium where thousands of graduates and their families came to recognize the class of 2021.

INTRODUCTION

The following discussion and analysis of the University of Iowa's (University) financial statements presents an overview of the University's financial activities for the years ended June 30, 2021 and 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and related footnotes that follow.

FINANCIAL HIGHLIGHTS

The University's financial position remained strong at June 30, 2021, with assets and deferred outflows of resources of \$8,910 million and liabilities and deferred inflows of resources of \$3,655 million as compared to June 30, 2020 assets and deferred outflows of resources of \$8,230 million and liabilities and deferred inflows of resources of \$3,447 million. Net position, the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, increased by \$472 million (10%) from June 30, 2020 to June 30, 2021. The increase from June 30, 2019 to June 30, 2020 was \$204 million (4%).

The change in net position reports the financial results during the fiscal year by measuring the relationship between revenues and expenses. It is important to note that public universities such as the University of Iowa generally report an operating loss, as the financial reporting model classifies state appropriations, investment income and gifts as nonoperating revenues. Operating revenues are received for providing goods and services to the various students, customers and constituencies of the University. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided.

GASB Statement No. 84 Fiduciary Activities was implemented in fiscal year 2020. This standard establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria are required to present these activities in a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to this requirement is provided for a business-type activity that expects to hold assets in a custodial fund for three months or less.

CORONAVIRUS (COVID-19) AND THE UNIVERSITY

COVID-19 and its many variants continue to pose a significant public health challenge to the United States and countries around the world. Several pharmaceutical companies have developed vaccines that are proven to be very effective at protecting individuals from serious complications when contracting the virus and greatly reduce the need to be hospitalized. The United States is a leader in immunizing its citizens from COVID-19 and is advancing toward achieving herd immunity to stop the spread of this virus.

Starting in March 2020, the University implemented measures to dramatically lessen the transmission of this disease by moving all coursework to be taught solely in an online virtual format. Students living in university residence halls were asked to return to their permanent residence or make alternative housing arrangements. The University held commencement ceremonies in a virtual format for Spring 2020, Summer 2020, Fall 2020, Spring 2021, and Summer 2021. Fall 2021 returned to normal operations with most classes taught in-person.

The University has received emergency relief funding commitments totaling \$196 million:

- US DHHS \$97 million (University of Iowa Hospitals & Clinics, Carver College of Medicine, College of Dentistry and State Hygienic Lab)
- FEMA \$12 million (University of Iowa Hospitals & Clinics and University)
- USDOT \$2 million (Cambus)
- US DOE \$85 million (Students and University)

The Governor of Iowa declared that beginning April 5, 2021 all Iowa residents were able to be vaccinated. This accelerated the return to a more normal state of operations for companies, non-profits, and governments within the State. The University continues to monitor and follow guidance from the Board of Regents, State of Iowa, Johnson County Public Health, and Iowa Department of Public Health on how to safely protect faculty, staff, students, patients and visitors on campus. Given the lead time necessary to plan academic sessions, Summer Session 2021 was held virtually similar to last summer. Beginning with the Fall 2021 semester, the University returned to normal operations with most classes taught in-person. Additionally, Athletics events, intramural, and extramural activities returned to normal operations in Fall 2021.

CORONAVIRUS (COVID-19) AND UNIVERSITY OF IOWA HOSPITALS & CLINICS (UIHC)

In early 2020, the spread of 2019 novel coronavirus (COVID-19) reached the United States, including the State of Iowa. The University of Iowa, like other major academic medical centers, prepared to respond to the pandemic and to continue to provide safely care for patients facing all disease states during the pandemic.

Operation and Financial Impact

The pandemic affected operations and financials in a variety of ways. The main impacts have been driven by actions taken to help respond to the public health emergency. First, to facilitate the safety of patients and staff, as well as comply with requests by Federal and State entities, UIHC modified clinical operations in mid-March 2020 and continuously throughout 2020. This included stopping elective surgical cases and reducing clinic volumes to only those cases requiring immediate in-person care. During this time UIHC actively utilized telehealth options to provide appropriate triaging, care, and monitoring. Second, UIHC actively changed operations to assure safety of staff and patients and actively pursued necessary PPE. Additionally, in March, UIHC initiated the Hospital Incident Command System for management to address the COVID situation and changes to all aspects of operations to assure readiness and safety were top priorities. Through March and April 2020, the drop in volumes hit a maximum reduction of 100% of elective surgeries, 75% clinic visits, and 40% inpatient activity. The return of volume started in May 2020 and continued through June 2020, with many of these areas at or near volume levels experienced prior to COVID-19. A variety of areas such as cancer infusion and obstetrics saw little to no reduction during the pandemic.

State and Federal Funding

To date, UIHC has received \$54,635,000 from the General Allocation and Targeted Allocations of the CARES Act Provider Relief Funds and \$1,349,000 from the CARES Act Uninsured Relief Funds. UIHC has received \$4,822,000 from FEMA and \$7,122,000 from the State of Iowa Coronavirus Relief Funds. Additionally, UIHC has been awarded \$266,944 from the Federal Communications Commission (FCC) COVID-19 Telehealth Program, which will be funded as expenses are incurred for eligible telecommunications services, information services and devices to provide critical connected care services.

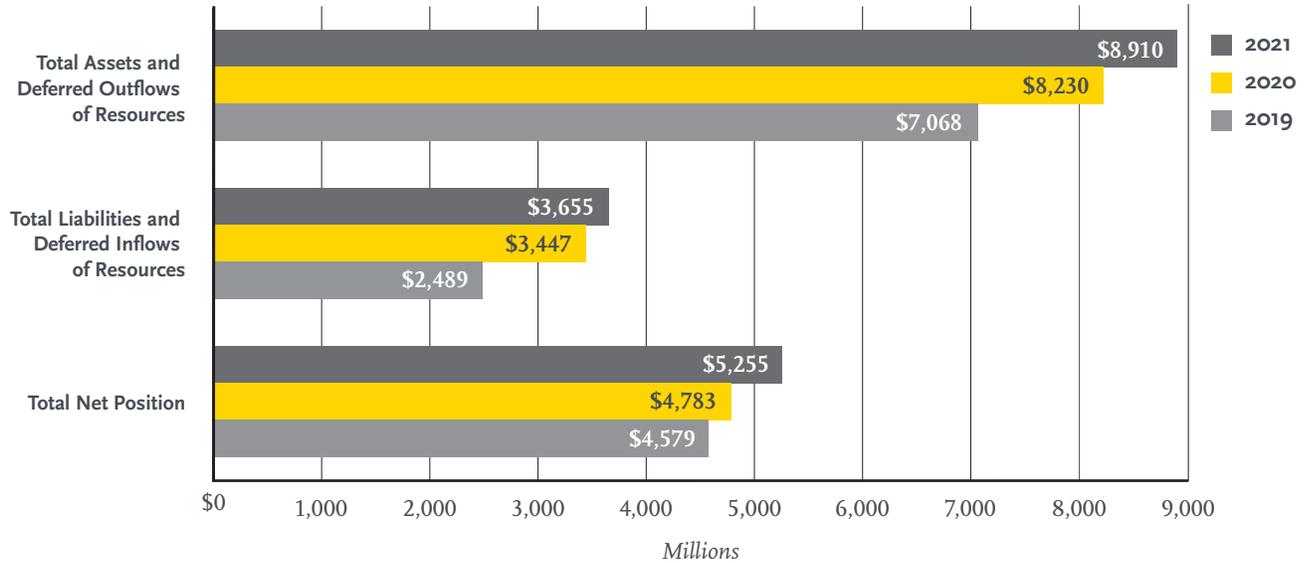
Liquidity

The loss of revenue and additional expenses due to COVID-19, investment fluctuations and COVID-19; stimulus dollars have impacted liquidity. UIHC implemented a number of plans to work to minimize the impact on cash from the pandemic. The month ended prior to the pandemic declaration (February 2020), the UIHC had days cash on hand of 221. With the impact of the drivers noted, the days cash on hand at March 31, 2021 was 228.

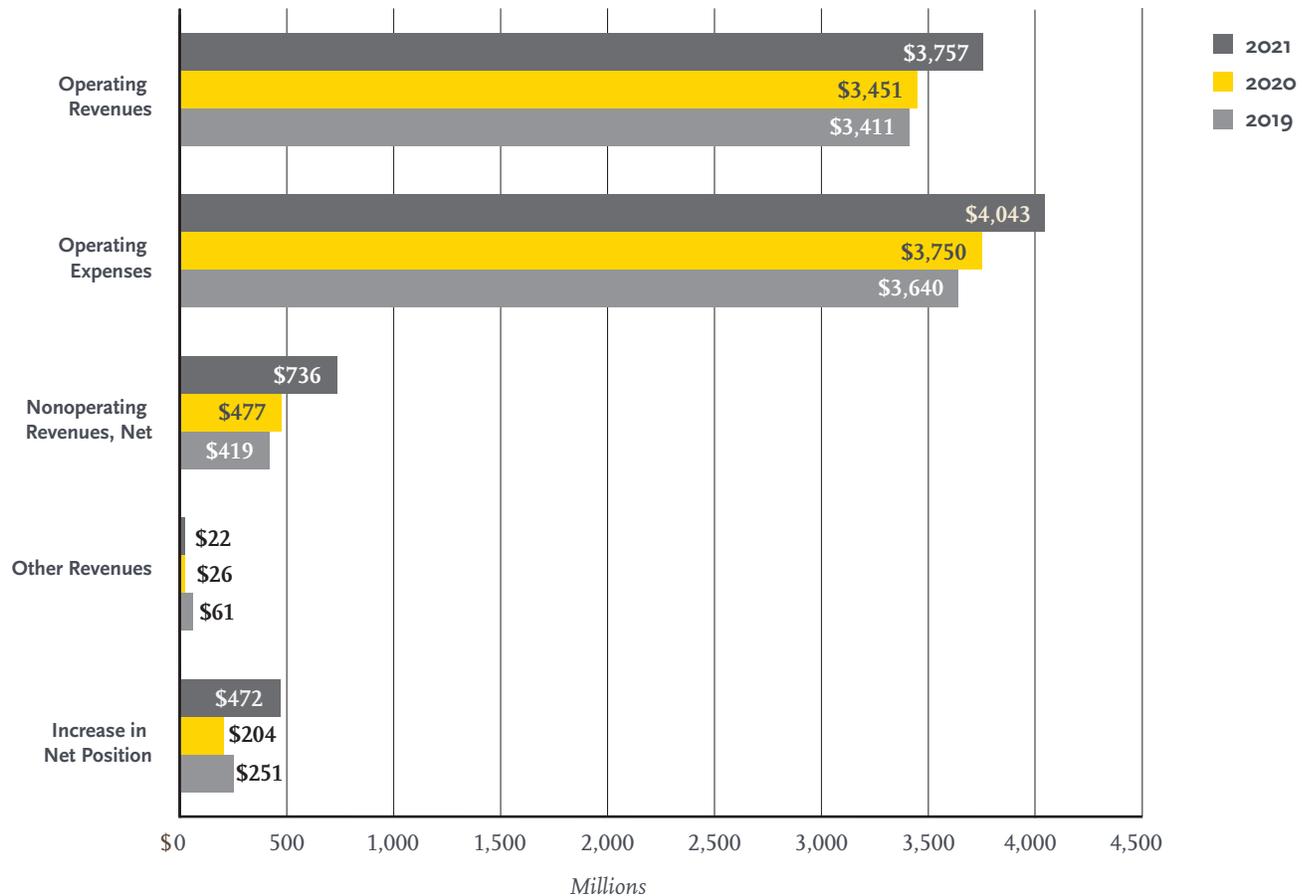
It is likely there will be ongoing effects associated with the ongoing pandemic or other similar circumstances resulting in state and federal mandates and/or guidance which reduce UIHC's ability to control its inpatient, outpatient and surgical volumes such that COVID-19 and the associated changes in regulations and operations could have a material adverse effect on the operations or the financial condition of UIHC.

The following charts compare Total Assets and Deferred Outflows of Resources, Total Liabilities and Deferred Inflows of Resources, and Total Net Position, as restated, at June 30, 2021, 2020 and 2019 and the components of changes in Net Position at June 30, 2021, 2020 and 2019.

STATEMENT OF NET POSITION



STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION



USING THIS ANNUAL REPORT

The University's annual report consists of three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These statements provide information on the University as a whole and present a long-term and short-term view of the University's activities.

THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position present the financial position of the University at the end of the fiscal year and report the University's net position and changes in them during the current fiscal year, respectively. Net position, the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, is one indicator of the current financial condition of the University, while the change in net position over time determines whether the financial health of the University is improving. To assess the overall health of the University, non-financial factors are relevant as well. Such factors include student enrollment, patient volumes, the University's ability to attract and retain qualified faculty and staff and the overall condition of the University's buildings and infrastructure. These statements are reported under the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid.

The following table summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for the years ended June 30, 2021, 2020 and 2019.

NET POSITION, END OF YEAR (in millions)

	2021	2020	Restated 2019
<i>Assets</i>			
Current assets	\$1,025	\$892	\$875
Capital assets, net	3,925	3,969	3,987
Other noncurrent assets	3,810	3,241	2,094
Total Assets	8,760	8,102	6,956
Deferred Outflows of Resources	150	128	113
<i>Liabilities</i>			
Current liabilities	873	723	770
Noncurrent liabilities	2,709	2,628	1,622
Total Liabilities	3,582	3,351	2,392
Deferred Inflows of Resources	73	96	98
<i>Net Position</i>			
Net investment in capital assets	2,822	2,840	2,695
Restricted	497	448	456
Unrestricted	1,936	1,495	1,428
Total Net Position	\$5,255	\$4,783	\$4,579

The following table summarizes the University's revenues, expenses and changes in net position for the years ended June 30, 2021, 2020 and 2019.

REVENUES, EXPENSES AND CHANGES IN NET POSITION (in millions)

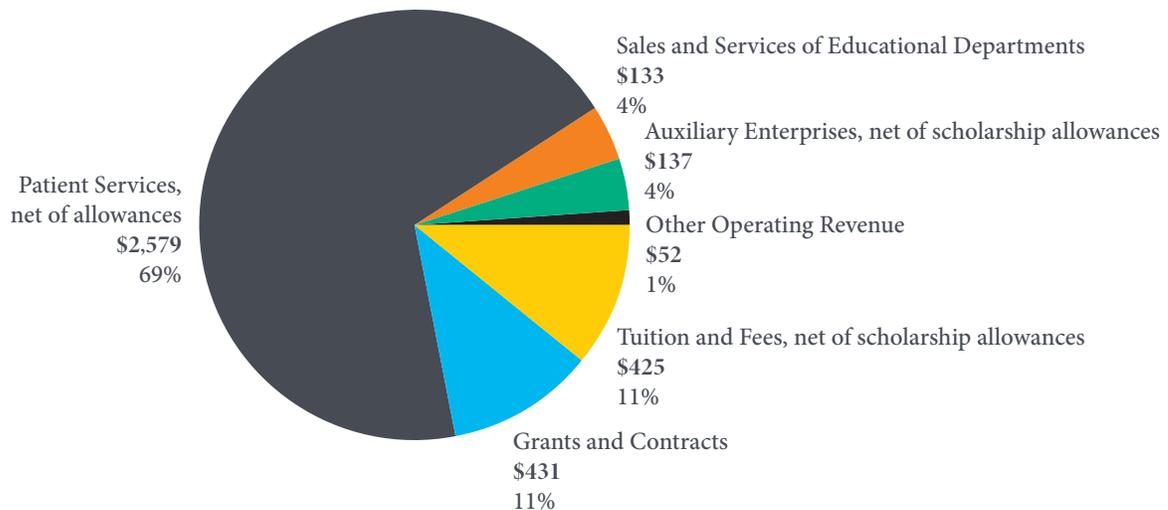
	2021	2020	Restated 2019
<i>Operating Revenues:</i>			
Tuition and fees, net of scholarship allowances	\$425	\$429	\$432
Grants and contracts	431	366	354
Patient services, net of allowances	2,579	2,303	2,237
Sales and services of educational departments	133	109	114
Auxiliary enterprises, net of scholarship allowances	137	203	232
Other operating revenue	52	41	42
Total Operating Revenues	3,757	3,451	3,411
<i>Operating Expenses:</i>			
Instruction	348	357	358
Research	387	339	334
Academic support	157	159	150
Patient services	2,322	2,098	1,970
Depreciation and amortization	264	260	251
Auxiliary enterprises	174	201	210
Other operating expenses	391	336	367
Total Operating Expenses	4,043	3,750	3,640
Operating (Loss)	(286)	(299)	(229)
<i>Nonoperating Revenues (Expenses):</i>			
State appropriations	233	240	231
Grants and contracts	69	69	21
Investment income	381	108	121
Gifts	89	116	102
Interest expense	(33)	(47)	(42)
Loss on disposal of capital assets	(3)	(9)	(14)
Net Nonoperating Revenues	736	477	419
Income Before Other Revenues	450	178	190
<i>Other Revenues:</i>			
Capital appropriations, State	16	16	32
Capital contributions and grants	6	10	29
Net Other Revenues	22	26	61
Increase in Net Position	472	204	251
Net position, beginning of year	4,783	4,579	4,328
Net position, end of year	\$5,255	\$4,783	\$4,579

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year with an increase in net position for the fiscal year ended June 30, 2021 of \$472 million (10%). During the fiscal year ended June 30, 2021, the University increased operating revenues and operating expenses by 9% and 8%, respectively. The net result from operating revenues and expenses is an operating loss of 8% compared to 9% last year. However, after factoring in state appropriations, investment income, gifts and other net non-operating revenues (expenses), the University increased net position by \$472 million for the year ended June 30, 2021. During the fiscal year ended June 30, 2021, net nonoperating revenues (expenses) increased by 54%. Other revenues of state appropriations for capital projects and contributions and grants for capital projects decreased \$4 million (15%).

OPERATING REVENUES

For the fiscal years (FY) ended June 30, 2021, 2020 and 2019, operating revenues totaled \$3,757 million, \$3,451 million and \$3,411 million, respectively. Operating revenues increased \$306 million (9%) over FY 2020 revenues. The increase is primarily from patient services. The following is a graphic illustration of revenues by source which are used to fund the University’s operating activities for the year ended June 30, 2021.

FY 2021 OPERATING REVENUES \$3,757 million

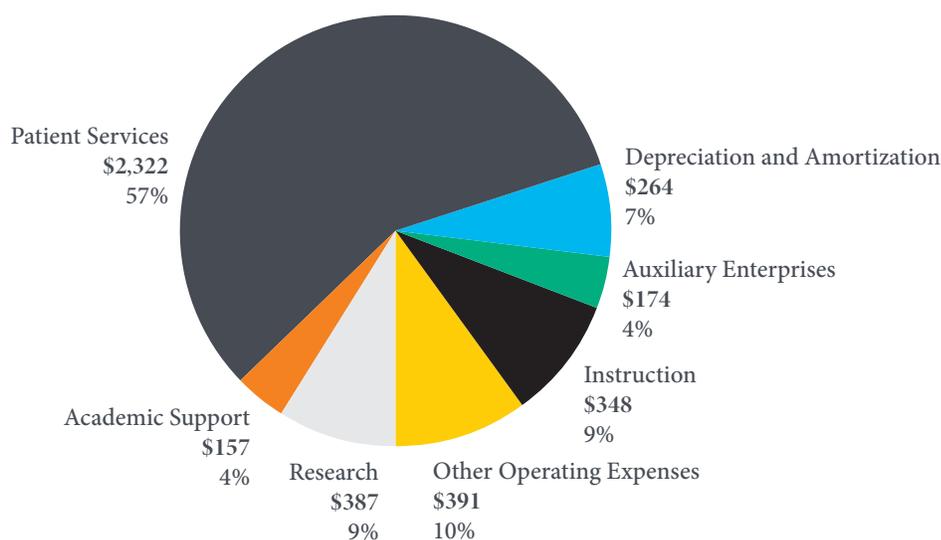


In the most recent National Science Foundation, Higher Education Research and Development survey (2019), the University of Iowa ranked 53rd among 647 public and private universities combined in terms of federally financed expenditures for research and development. Grants, contracts and other sponsored agreements operating revenue exceeded \$431 million in FY 2021, \$366 million in FY 2020 and \$354 million in FY 2019.

OPERATING EXPENSES

For the fiscal years ended June 30, 2021, 2020 and 2019, operating expenses totaled \$4,043 million, \$3,750 million and \$3,640 million, respectively. Operating expenses increased \$293 million (8%) over FY 2020 expenses. The increase is primarily from patient services. The following is a graphic illustration of the University’s operating expenses for the year ended June 30, 2021.

FY 2021 OPERATING EXPENSES \$4,043 million



Other operating expenses include Public Service (2021, \$100 million; 2020, \$98 million), Student Services (2021, \$44 million; 2020, \$43 million), Institutional Support (2021, \$57 million; 2020, \$59 million), Operation and Maintenance of Plant (2021, \$95 million; 2020, \$82 million), Scholarships and Fellowships (2021, \$42 million; 2020, \$42 million), and Other (2021, \$53 million; 2020, \$12 million).

NONOPERATING REVENUES AND EXPENSES

Nonoperating revenues and expenses netted a positive \$736 million for the fiscal year ended June 30, 2021 and \$477 million for the fiscal year ended June 30, 2020.

The following table summarizes the University's nonoperating revenues and expenses for the years ended June 30, 2021, 2020 and 2019.

NONOPERATING REVENUES (EXPENSES) (in millions)

	2021	2020	Restated 2019
<i>Nonoperating Revenues (Expenses)</i>			
State appropriations	\$233	\$240	\$231
Grants and contracts	69	69	21
Investment income	381	108	121
Gifts	89	116	102
Interest expense	(33)	(47)	(42)
Loss on disposal of capital assets	(3)	(9)	(14)
Net Nonoperating Revenues	\$736	\$477	\$419

State appropriations decreased by \$7 million (3%) in the fiscal year ended June 30, 2021. Grants and contracts revenue remained steady at \$69 million (0%), investment income increased by \$273 million (253%) and gifts decreased by \$27 million (23%) in the fiscal year ended June 30, 2021.

OTHER REVENUES AND EXPENSES

Not included, by definition, as nonoperating revenues and expenses are state appropriations for capital projects and contributions and grants for capital projects. Other revenues decreased from \$26 million for the fiscal year ended June 30, 2020 to \$22 million for the fiscal year ended June 30, 2021, a decrease of \$4 million, or 15%.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information regarding the University's cash receipts and disbursements during the fiscal year. This provides an assessment of the University's ability to generate net cash flows and meet obligations as they come due.

The following table summarizes the University's cash flow for the fiscal years ended June 30, 2021, 2020 and 2019.

CASH FLOWS FOR THE YEAR (in millions)

	2021	2020	Restated 2019
<i>Cash provided (used) by:</i>			
Operating activities	\$51	\$1,087	\$69
Noncapital financing activities	391	425	353
Capital and related financing activities	(217)	(483)	(290)
Investing activities	(226)	(1,025)	(168)
Net change in cash and cash equivalents	(1)	4	(36)
Cash and cash equivalents, beginning of year	238	234	270
Cash and cash equivalents, end of year	\$237	\$238	\$234

The University's overall liquidity decreased during the year, with a net decrease in cash and cash equivalents of \$1 million. The decrease is primarily due to the net of Energy Concessionaire payments in FY21 and the proceeds of bond refunding issues that will be called in July 2021.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following table summarizes the University's capital assets, net of depreciation and amortization, as of June 30, 2021, 2020 and 2019.

CAPITAL ASSETS, NET OF DEPRECIATION AND AMORTIZATION (in millions)

	2021	2020	2019
<i>Nondepreciable/nonamortizable</i>			
Land	\$73	\$73	\$73
Construction in progress	143	167	295
Art & historical collections	29	29	29
Library materials	402	391	375
<i>Depreciable/amortizable</i>			
Land improvements, net	6	8	8
Infrastructure, net	310	313	323
Buildings, net	2,677	2,695	2,584
Equipment, net	260	263	263
Intangibles, net	25	30	37
Total Capital Assets, Net	\$3,925	\$3,969	\$3,987

The University of Iowa reached substantial completion (occupancy) or final completion during this time frame (FY21) on four renovations of existing facilities including: UIHC—Pathology Core Lab Renovation—6RCP (\$20 million), UIHC—Roy Carver Pavilion—Inpatient Psychiatry Expansion & Renovation (\$15 million), UIHC—JPP—Interventional Radiology Support Space Renovation (\$7 million), and UIHC—JCP—Upgrade Main Operating Room Building Controls and Telecom Room (\$5 million).

There were seven projects already under contract for construction at the start of FY21, which include: UIP Fit Out and Manufacturing Equipment (\$28 million), UIHC—JCP—MRI Suite Safety and PET/MRI Expansion and Renovation (\$15 million), Power Plant—Capacity Expansion (\$50 million), Stanley Museum of Art—Construct New Facility (\$50 million), Lindquist Center—Renovate 1st and 2nd Floors (\$9 million), Utilities Distribution System—Replace Old Capitol Tunnel (\$12 million), and updating the Student Living Spaces in Burge Residence Hall (\$8 million).

Those projects placed under contract during FY21 include: Campus Recreation and Wellness Center - Replace PoolPak AHUs (\$7 million), UIHC—RCP—Upgrade Elevators Banks E and EE (\$6 million), and UIHC—RCP—Expand Heart and Vascular Cath Labs (\$31 million).

Finally, those projects continuing to move through design during the FY21 time frame include: UIHC at Forevergreen Road—Construct Facility (\$395 million), Renovate Student Living Space in Hillcrest Residence Hall (\$23 million), UIHC—JCP - Expand Observation Unit (\$13 million), Bowen Science Building—Renovate Third Floor (\$17 million), Iowa Wrestling Training Facility—Construct Building (\$20 million), UIHC—JPP—Expand Level 5 Main Operating Room (\$29 million), and expanding the UIHC Centralized Emergency Power Generation Facility (\$35 million).

Debt

As of June 30, 2021, the University had \$1,192 million in outstanding bonds, notes and capital leases, an increase of \$32 million from the prior year. Debt principal payments of \$56 million and interest payments of \$38 million were made during the fiscal year ended June 30, 2021.

The following table summarizes outstanding debt by type as of June 30, 2021, 2020 and 2019.

BONDS, NOTES AND CAPITAL LEASES (in millions)

	2021	2020	2019
Revenue bonds	\$1,149	\$1,130	\$1,325
Notes	26	14	20
Capital leases	17	16	16
Total Debt Outstanding	\$1,192	\$1,160	\$1,361

During the fiscal year ended June 30, 2021, \$19 million of new revenue bonds were issued. The revenue bond proceeds were for Residence Services. The University carries an Aa1 institutional bond rating from Moody's and an AA rating from Standard & Poor's. UIHC carries a rating of Aa2 and AA. Additional information related to the University's noncurrent liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University of Iowa maintains a strong credit rating with Moody's (Aa1) and S&P Global (AA). Achieving and maintaining this credit rating provides the University with significant flexibility in securing capital funds, on highly competitive terms, to finance capital projects necessary to advance the University's mission.

A crucial element to the University's future continues to be a strong relationship with the state of Iowa. Historically, there has been a connection between the growth, or reduction, of state support and the University's ability to control tuition increases. Over the past several years, the University, in working with the Board of Regents, has structured a tuition model that is determined, in part, by the level of appropriation support received from the state. The University's new budget model encourages and rewards entrepreneurial ideas in generating new revenue streams to complement the critical appropriation support received from the state. The new budget model emphasizes the need to work relentlessly to cut and mitigate operational costs in order to remain affordable and preserve access, while protecting the academic and research enterprise. Dedicated efforts are underway to increase student retention and improve the percentage of students graduating in four years.

The University of Iowa continues to have significant appeal to prospective students. This is attributable, in large part, to the University's high academic standards and its national reputation as a best buy in undergraduate education. The University continues to draw a high percentage of students from outside the state of Iowa, most notably from the state of Illinois. The Class of 2025 is comprised of 4,521 students and one of the most academically gifted classes in the University's 174-year history. Total enrollment for fall 2021 is 31,206. It is forecasted these trends will continue with strong enrollment demand at the University of Iowa, despite overall high school graduation demographics remaining flat within the state of Iowa.

The 2021 Iowa General Assembly provided no new incremental funding for FY 2022. Despite no increase in state support the University maintains one of the lowest resident undergraduate tuition rates among its highly selective peer group. The state economy continues to report revenue growth over the prior year. In fact, the fiscal year 2021 ended up reporting revenue up 11% over the prior year despite the damaging effects of the coronavirus COVID-19. Current revenue estimates for FY 2022 project revenues will increase \$134 million compared to fiscal year 2021. The state Revenue Estimating Committee is expecting FY 2023 revenue to be \$9 billion or above the FY 2022 estimate by \$141 million.

The University continues to be one of the nation's top research-intensive universities with grant and contract research awards exceeding \$400 million per year for the past thirteen years. Last fiscal year, for the first time in its history, surpassed \$500 million in research funding coming in at \$536 million. FY 2021 established a new record of \$702 million in research funding. The continuation of hiring highly productive faculty within focused clusters, and infrastructure improvements enabled University researchers to be more productive and better positioned to compete for external grants and contracts as new sponsored research opportunities emerge. Federally sponsored research increased 24% in FY 2021. An area of emphasis in the upcoming year is to leverage its partnership with industry to improve marketability of intellectual capital generated by UI faculty and staff. The University is also pleased to announce total external funding achieved a new high of \$818 million in FY21 compared to \$666 million the previous year. Finally, in an effort to continue enhancing its external funding, the Vice President for Research is utilizing funding from the University's new UI Strategic Initiatives Fund to enhance research collaboration efforts on campus further leveraging the expertise of faculty and staff.

Despite the increasing volatility in the investment markets over the last several years, investment income continues to be an important component of UI's ongoing revenue diversification. The University endowment pool achieved an outstanding 35% return for the period ending June 30, 2021. The University achieved above benchmark returns in its endowment pool over the 1-year, 3-year, 5-year, 7-year and 10-year return periods. Its 10-year return of 10% places it in the upper decile of educational endowment returns across the U.S. The University will continue to employ its long-term investment strategy to maximize total returns, at an appropriate level of risk. The Board of Regents investment advisor, Marquette Associates, is a partner in this process to ensure prudently managed and well diversified investment portfolios.

The University of Iowa Hospitals & Clinics (UIHC) continues to be recognized as one of the nation's best and has achieved successful operating results for fiscal year 2021 with a net operating margin of 6% (unaudited) versus a budget of 5%. According to *U.S. News & World Report*, UIHC has been included again as one of the top hospitals in the United States in its annual "best hospitals" rankings. The University of Iowa Health Care is rated by *U.S. News & World Report* as the #1 hospital in the state of Iowa and it continues to report robust patient census data with over 1 million clinic visits in fiscal year 2021. Iowa's future doctors and other health care professional students are in a great learning environment attributable to outstanding faculty and exposure to a very high complexity case mix at 2.38 overall in FY21. UIHC is experiencing unprecedented demand for tertiary care for patients from Iowa's 99 counties and beyond. To better serve Iowans, the Board of Regents approved a new 469,000 square foot healthcare facility in North Liberty. Site preparation for this new \$395 million project started in September 2021.

Statement of Net Position

June 30, 2021 (in thousands)

With comparative statement as of June 30, 2020

ASSETS	2021	2020
<i>Current Assets:</i>		
Cash and cash equivalents	\$187,345	\$159,237
Deposits with trustees	40,043	80
Investments	174,839	192,692
Accounts receivable, net	430,172	378,712
Notes receivable, net	2,068	2,255
Interest receivable	1,080	991
Due from government agencies	83,295	66,271
Inventories	77,905	65,282
Prepaid expenses and other current assets	28,207	26,878
Total current assets	1,024,954	892,398
<i>Noncurrent Assets:</i>		
Cash and cash equivalents	49,806	78,736
Deposits with trustees	2,776	26,201
Investments	3,722,374	3,097,561
Notes receivable, net	19,518	22,030
Investment in wholly owned subsidiary	16,253	16,381
Capital assets, net	3,925,104	3,969,170
Total noncurrent assets	7,735,831	7,210,079
Total Assets	8,760,785	8,102,477
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related deferred outflows	92,861	75,881
Pension related deferred outflows	48,100	40,905
Debt refunding loss	8,552	10,550
Other deferred outflows	167	404
Total Deferred Outflows of Resources	149,680	127,740
Total Assets and Deferred Outflows of Resources	\$8,910,465	\$8,230,217

Statement of Net Position, continued

June 30, 2021 (in thousands)

With comparative statement as of June 30, 2020

LIABILITIES	2021	2020
<i>Current Liabilities:</i>		
Accounts payable	\$249,507	\$214,042
Salaries and wages payable	252,008	208,680
Unpaid claims	63,010	57,084
Unearned revenue	54,974	40,721
Interest payable	14,848	15,486
Long-term debt, current portion	120,399	63,843
Other long-term liabilities, current portion	118,626	123,653
Total current liabilities	873,372	723,509
<i>Noncurrent Liabilities:</i>		
Accounts payable	38,068	12,913
Long-term debt, noncurrent portion	1,072,055	1,096,035
P3 utility system advance from concessionaire	1,133,044	1,156,312
Other long-term liabilities, noncurrent portion	465,440	362,302
Total noncurrent liabilities	2,708,607	2,627,562
Total Liabilities	3,581,979	3,351,071
DEFERRED INFLOWS OF RESOURCES		
OPEB related deferred inflows	68,987	79,710
Pension related deferred inflows	3,134	14,864
Debt refunding gain	1,210	1,421
Contract and grant deferred inflows	144	46
Total Deferred Inflows of Resources	73,475	96,041
NET POSITION		
Net investment in capital assets	2,822,374	2,840,264
Restricted:		
Nonexpendable:		
Permanent endowment	63,152	53,323
Expendable:		
Research and gifts	79,840	66,814
Student loans	6,687	13,244
Quasi endowments	96,273	80,586
Debt service and capital projects	251,089	233,725
Unrestricted	1,935,596	1,495,149
Total Net Position	5,255,011	4,783,105
Total Liabilities, Deferred Inflows of Resources and Net Position	\$8,910,465	\$8,230,217

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

Statement of Revenues, Expenses and Changes in Net Position

For the year ended June 30, 2021 (in thousands)

With comparative statement for the year ended June 30, 2020

	2021	2020
<i>Operating Revenues</i>		
Student tuition and fees, net of scholarship allowances of \$111,549 and \$118,355 for the years ended June 30, 2021 and 2020, respectively (pledged as payment on revenue bonds)	\$424,804	\$428,522
Federal grants and contracts	365,832	300,642
State and other governmental grants and contracts	12,344	12,589
Nongovernmental grants and contracts	52,558	53,052
Patient services, net of write-offs, contractual adjustments and indigent care of \$5,660,230 and \$4,802,954 for the years ended June 30, 2021 and 2020, respectively (pledged as payment on revenue bonds)	2,578,727	2,303,441
Sales and services of educational departments	133,140	109,004
Interest on student loans	427	672
Auxiliary enterprises, net of scholarship allowances of \$10,573 and \$9,629 for the years ended June 30, 2021 and 2020, respectively (pledged as payment on revenue bonds)	136,878	202,819
Other operating revenue	52,366	40,522
Total Operating Revenues	3,757,076	3,451,263
<i>Operating Expenses</i>		
Instruction	348,455	356,881
Research	387,016	339,453
Public service	100,112	97,621
Academic support	157,481	159,112
Patient services	2,321,876	2,097,558
Student services	44,091	42,847
Institutional support	56,547	59,293
Operation and maintenance of plant	94,595	82,482
Scholarships and fellowships	42,141	41,509
Depreciation and amortization	263,866	259,747
Auxiliary enterprises	174,139	201,318
Other operating expenses	52,403	12,529
Total Operating Expenses	4,042,722	3,750,350
Operating (Loss)	(285,646)	(299,087)
<i>Nonoperating Revenues (Expenses)</i>		
State appropriations	232,745	239,740
Federal grants and contracts	68,702	68,838
Investment income	381,130	108,079
Gifts	89,280	115,774
Interest expense	(33,113)	(47,174)
Loss on disposal of capital assets	(2,809)	(8,419)
Net Nonoperating Revenues	735,935	476,838
Income Before Other Revenues	450,289	177,751
<i>Other Revenues</i>		
Capital appropriations, State	15,336	15,690
Capital contributions and grants	6,281	10,277
Net Other Revenues	21,617	25,967
Increase in Net Position	471,906	203,718
<i>Net Position</i>		
Net position, beginning of year	4,783,105	4,579,387
Net position, end of year	\$5,255,011	\$4,783,105

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

Statement of Cash Flows

For the Year ended June 30, 2021 (in thousands)

With comparative statement for the year ended June 30, 2020

	2021	2020
<i>Cash Flows From Operating Activities</i>		
Tuition and fees	\$423,498	\$428,199
Patient receipts	2,558,536	2,301,160
Grants and contracts	417,520	366,989
Payments for salaries and benefits	(2,043,242)	(1,986,358)
Payments for goods and services	(1,415,943)	(1,293,925)
Scholarships	(42,141)	(41,510)
Loans issued to students	(2,668)	(2,237)
Collections of loans from students	5,947	5,613
Sales of educational activities	125,058	119,311
Receipt from Energy Concessionaire	-	1,156,312
Other receipts	52,981	40,522
Auxiliary enterprise receipts	146,062	193,906
Auxiliary enterprise payments	(174,197)	(201,318)
Net Cash Provided by Operating Activities	51,411	1,086,664
<i>Cash Flows From Noncapital Financing Activities</i>		
State appropriations	232,745	239,740
Grants and contracts	68,702	68,838
Proceeds from noncapital gifts	89,280	115,774
William D. Ford Direct Lending & Plus Loans receipts	160,971	168,145
William D. Ford Direct Lending & Plus Loans made	(160,382)	(168,327)
Other noncapital activities	(589)	182
Net Cash Provided by Noncapital Financing Activities	390,727	424,352
<i>Cash Flows From Capital and Related Financing Activities</i>		
Acquisition and construction of capital assets	(223,837)	(258,724)
Interest paid on capital debt and leases	(37,634)	(55,386)
Proceeds from sale of capital assets	1,933	9,220
Capital appropriations	14,887	14,926
Capital gifts and grants received	5,814	9,510
Deposits with trustee	(16,538)	(11,239)
Principal paid on capital debt and leases	(55,834)	(75,443)
Proceeds from capital debt and leases	35,968	40,233
Defeased debt payments	(45,473)	(202,755)
Other capital and related financing receipts	103,584	46,650
Net Cash (Used) by Capital and Related Financing Activities	(217,130)	(483,008)
<i>Cash Flows From Investing Activities</i>		
Interest and dividends on investments	41,012	38,922
Proceeds from sale and maturities of investments	859,503	796,061
Purchase of investments	(1,126,345)	(1,859,065)
Net Cash (Used) by Investing Activities	(225,830)	(1,024,082)
Net (Decrease) Increase in Cash and Cash Equivalents	(822)	3,926
Cash and Cash Equivalents, beginning of year	237,973	234,047
Cash and Cash Equivalents, end of year	\$237,151	\$237,973

Statement of Cash Flows

For the year ended June 30, 2021 (in thousands)

With comparative statement for the year ended June 30, 2020

	2021	2020
<i>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</i>		
Cash and cash equivalents in current assets	\$187,345	\$159,237
Noncurrent cash and cash equivalents	49,806	78,736
Total Cash and Cash Equivalents	\$237,151	\$237,973
<i>Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities:</i>		
Operating (loss)	\$(285,646)	\$(299,087)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	263,866	259,747
Changes in operating assets and liabilities:		
Accounts receivable, net	(51,460)	564
Interest receivable	39	(144)
Inventories	(12,623)	(18,153)
Prepaid expenses and other current assets	(1,330)	(3,471)
Due from government agencies, net of receivable from State for capital appropriations	(16,576)	1,557
Notes receivable, net	2,700	3,057
Accounts payable	60,620	(40,476)
Salaries and wages payable	43,328	5,623
Unpaid claims liability	5,926	2,295
Refundable allowance on student loans	615	-
Unearned revenue	34,442	(2,122)
Advance from concessionaire	(23,268)	1,156,312
Contract and grant deferred inflows	98	(92)
Pension liability	31,955	(3,824)
Pension related deferred outflows	(7,195)	6,318
Pension related deferred inflows	(11,730)	9,655
Other postemployment benefits other than pension liability	28,420	30,265
OPEB related deferred outflows	(16,980)	(25,269)
OPEB related deferred inflows	(10,723)	(10,435)
Compensated absences	16,933	15,664
Early retirement benefits	-	(1,320)
Net Cash Provided by Operating Activities	\$51,411	\$1,086,664
<i>Significant Noncash Transactions:</i>		
Receivable from State for capital appropriations	\$2,288	\$1,840
Assets acquired under capital lease	\$2,396	\$993
Assets acquired by gift	\$467	\$767
Net unrealized gain on investment	\$317,146	\$67,774

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

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2021 (in thousands)

With comparative statement as of June 30, 2020

	Custodial Funds	
	2021	2020
ASSETS		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ -	\$1
Investments	-	17
Accounts receivable, net	943	907
Total current assets	943	925
<i>Noncurrent Assets:</i>		
Cash and cash equivalents	75	92
Investments	102,619	89,182
Total noncurrent assets	102,694	89,274
Total Assets	\$103,637	\$90,199
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts payable	\$183	\$315
Salaries and wages payable	87	61
Unearned revenue	2	-
Total Liabilities	272	376
NET POSITION		
Restricted for individuals, organizations and other governments	103,365	89,823
Total Liabilities and Net Position	\$103,637	\$90,199

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

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the year ended June 30, 2021 (in thousands)

With comparative statement for the year ended June 30, 2020

	Custodial Funds	
	2021	2020
<i>Additions:</i>		
Investment income	\$10,276	\$2,224
Allocation of student fees from other University funds	95	2,112
Other additions	45,449	45,004
Total Additions	55,820	49,340
<i>Deductions:</i>		
Salary and fringe expense	916	1,293
Travel	-	28
Supplies	292	491
Professional services	980	-
Scholarship cost	11,231	11,494
Other deductions	28,859	33,765
Total Deductions	42,278	47,071
Increase in Net Position	13,542	2,269
<i>Net Position</i>		
Net position, beginning of year	89,823	87,554
Net position, end of year	\$103,365	\$89,823

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

Consolidated Statement of Financial Position

June 30, 2021 (in thousands)

With comparative information as of June 30, 2020

ASSETS	2021	2020
Cash and cash equivalents	\$102,799	\$88,259
Pledges receivable, net of allowance	166,807	173,140
Investments	1,484,110	1,158,212
Assets in trusts and gift annuities	61,274	56,355
Beneficial interest in perpetual and remainder trusts	20,290	16,725
Real estate	5,293	5,293
Other assets	7,997	7,712
Property and equipment, net	16,087	16,632
Total Assets	\$1,864,657	\$1,522,328
LIABILITIES AND NET ASSETS		
<i>Liabilities:</i>		
Accounts payable and accrued expenses	\$4,942	\$4,839
Annuity and life income obligations	22,971	20,868
Amounts held on behalf of others	99,558	79,648
Total Liabilities	127,471	105,355
<i>Net Assets:</i>		
Without donor restrictions	42,777	30,704
With donor restrictions	1,694,409	1,386,269
Total Net Assets	1,737,186	1,416,973
Total Liabilities and Net Assets	\$1,864,657	\$1,522,328

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

Consolidated Statement of Activities

For the year ended June 30, 2021 (in thousands)

With summarized comparative information for the year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<i>Revenues, Gains and Other Support</i>				
Contributions	\$673	114,980	\$115,653	\$152,891
Change in value of life income gifts	-	16,001	16,001	(2,089)
Investment return	35,775	296,289	332,064	(63,295)
Other, primarily fundraising service revenue	7,185	4,283	11,468	13,763
Net assets released from restrictions	100,165	(100,165)	-	-
Less amounts attributed to others	-	(23,248)	(23,248)	2,335
Total revenues, gains and other support	143,798	308,140	451,938	103,605
<i>Expenses</i>				
Program	97,222	-	97,222	125,423
Fundraising	23,420	-	23,420	24,419
Management and general	11,083	-	11,083	13,527
Total expenses	131,725	-	131,725	163,369
Change in net assets	12,073	308,140	320,213	(59,764)
Net assets, beginning	30,704	1,386,269	1,416,973	1,476,737
Net assets, ending	\$42,777	1,694,409	\$1,737,186	\$1,416,973

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

NOTES TO FINANCIAL STATEMENTS



Barbara J. Wilson, executive vice president and vice president for academic affairs for the University of Illinois System, was named the 22nd president of the University of Iowa beginning July 15, 2021.

Note 1—Organization and Summary of Significant Accounting Policies

ORGANIZATION

The State University of Iowa (University), located in Iowa City, Iowa, is a coeducational university owned and operated by the State of Iowa (State) under the supervision of the Board of Regents, State of Iowa (Board of Regents). The University was established by the First General Assembly on February 25, 1847, and has been in continuous operation since classes began in 1855.

Consistent with its IRS determination letter, the University is not subject to federal income tax as a governmental unit under the doctrine of implied statutory immunity. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514.

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). These statements present the University as a whole. These GASB Statements establish standards for external financial reporting for public colleges and universities and require that resources be classified for accounting and reporting purposes into four net position categories:

- **Net investment in capital assets**—Capital assets, net of accumulated depreciation and amortization and reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted, nonexpendable**—Net position subject to externally imposed constraints in which the donors or other outside sources have stipulated as a condition that the principal is to be retained in perpetuity. Such assets include the University's permanent endowments.

- **Restricted, expendable**—Net position whose use by the University is subject to externally imposed constraints that can be fulfilled by actions of the University pursuant to those constraints or that expire by the passage of time.
- **Unrestricted**—Net position not subject to externally imposed constraints which may be used by the governing board to meet current obligations for any purpose. Unrestricted net position is derived from student tuition and fees, state appropriations, and sales and services of auxiliary enterprises and are generally designated for academic, research and capital programs or to meet contractual obligations of the University.

When an expense is incurred in which both unrestricted and restricted net position are available, the University's practice is to first apply the expense against the restricted, and then toward the unrestricted net position.

FINANCIAL REPORTING ENTITY

The University's financial statements include schools, colleges and departments, the University of Iowa Hospitals & Clinics (UIHC), the Iowa Medical Mutual Insurance Company (IMMIC, a captive insurance company) and certain affiliated operations determined to be a part of the University's financial reporting entity. The University has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the University are such that exclusion would cause the University's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. The GASB classification of these entities for the University's financial reporting purposes does not affect their respective legal or organizational relationships with the University. As required by United States generally accepted accounting principles as prescribed by the GASB, these financial statements present the University and its component units. These component units are included in the University's reporting entity because of the significance of their operational or financial relationships with the University. These component units are separate legal entities from the University, but are so intertwined with the University they are, in substance, the same as the University.

Blended Component Units

The Iowa Measurement Research Foundation, Miller Endowment, Incorporated, University of Iowa Research Park Corporation, University of Iowa Strategic Initiatives Fund, and Student Publications, Inc. (SPI) are included in the reporting entity as blended component units. These legally separate entities are included in the University's financial reporting entity because of the nature of their relationship to the University.

The Iowa Measurement Research Foundation (IMRF) was formed in 1953 under the provisions of the Iowa Nonprofit Corporation Act and received its tax exemption in 1970 under IRC section 501(c)(3). The primary purpose of the Foundation is to advance and extend knowledge in the field of educational measurement by providing financial assistance to the University of Iowa and its College of Education for promising research and educational projects in furtherance of this purpose.

Miller Endowment, Incorporated was established December 18, 1995 pursuant to the will and codicil of F. Wendell Miller. The will and codicil appointed the presidents of Iowa State University

and the State University of Iowa as coexecutors 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, to be “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 University of Iowa Research Park Corporation (Corporation) is a not-for-profit corporation and a component unit of the University of Iowa (University), organized under Section 501(c)(2) of the Internal Revenue Code. The Corporation leases from the State of Iowa approximately 185 acres of land located in the University of Iowa Research Park. The land subject to this lease is designated as the University of Iowa Research Park and is platted as a subdivision of Coralville, Iowa. Under terms of its master lease with the State of Iowa, the Corporation subleases parcels of the University of Iowa Research Park to businesses (or to private developers working on behalf of businesses) wishing to locate close to the University and its research assets.

The Corporation’s revenues derive primarily from the proceeds of its leases to tenant companies or developers and from an annual special purpose appropriation from the State of Iowa.

The University of Iowa Strategic Initiatives Fund is an Iowa non-profit corporation organized February 4, 2020 and operated exclusively for charitable, educational and scientific purposes under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code for the benefit of the State University of Iowa (University). The general purpose of the corporation shall be to manage the funds from the payment under the Long Term Lease and Concession Agreement for the University of Iowa Utility System executed in December 2019 (P3 Agreement); to select and supervise independent investment manager(s); to grant money to the University to support Concessionaire payments of the P3 Agreement; to determine the annual payout of the endowment for the purpose of granting gifts of money to the University for direct use in its scientific research and educational activities; and to review all grant requests forwarded to it by the Budget Review Board to ensure that each advances the UI strategic plans and to advance the cause of education and research.

Student Publications, Inc. (SPI) is a nonprofit corporation exempt from income taxes under Internal Code Section 501(c)(3). It publishes a daily newspaper, The Daily Iowan, which is provided principally to the students, faculty, staff and other members of the University of Iowa community. SPI also provides scholarships and internship opportunities to students. SPI is supported by fees from the University, subscription revenue and advertising. Printing is contracted to an independent contractor. SPI also operates DITV, a broadcasting service, available through an Iowa City local access channel and the internet.

Discretely Presented Component Units

The University of Iowa Center for Advancement, the University of Iowa Research Foundation, and the University of Iowa Health System are included in the reporting entity as discretely presented component units. These legally separate entities are included in the University's financial reporting entity because of the nature of their relationship to the University.

The purpose of the University of Iowa Center for Advancement and Affiliates (UICA) is to advance the University of Iowa through engagement and philanthropy. UICA serves its alumni and friends in the state and the region, throughout the country, and around the world. UICA is committed to engaging everyone who loves the University of Iowa through programming, events and opportunities to give back to the University of Iowa. The University of Iowa Center for Advancement, an operational name for the State University of Iowa Foundation, is an independent organization and the preferred channel for private contributions that benefit all areas of the University of Iowa. The UICA is legally a not-for-profit corporation, organized under Section 501(c)(3) of the Internal Revenue Code, that is organizationally and operationally independent of the University of Iowa, but is generally subject to restrictions imposed by donors and holds investments primarily for restricted uses of the University of Iowa.

During the years ended June 30, 2021 and 2020 the UICA distributed to the University or expended on behalf of the University \$101,862,000 and \$133,527,000, respectively, for both restricted and unrestricted purposes.

The UICA is a nonprofit organization that reports under FASB standards. Certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the UICA's financial information in the University's financial reporting entity for these differences.

The UICA acts as a financial agent for other organizations benefiting the University of Iowa. Since the UICA is not considered to be financially interrelated to these organizations, the total amount of funds held on behalf of these organizations has been reflected as a liability on the consolidated statement of financial position. The UICA does not have variance power to re-direct the assets held for others. On the consolidated statement of activities, the UICA reports the gross amounts of support, revenue and expenses with the amount raised and expended on behalf of these organizations shown as a reduction in the gross amounts of support, revenue and expenses.

Assets held on behalf of these organizations include remainder interests in trusts, pledges and investments, which are for the benefit of the University. The following table identifies these legally separate, tax-exempt organizations.

<i>Amounts Held on Behalf of Others (in thousands)</i>	2021	2020
Iowa Law School Foundation	\$98,821	\$79,045
Student Publications Incorporated	737	603
Total	\$99,558	\$79,648

Complete financial statements for the UICA can be obtained from The University of Iowa Center for Advancement, One West Park Road, P.O. Box 4550, Iowa City, Iowa 52244-4550, Attn: CFO & Treasurer.

The University of Iowa Research Foundation (UIRF)—a 501(c)(3) corporation—commercializes University of Iowa (University) developed technologies and inventions through licensing and new venture formation, and manages the subsequent revenue stream. UIRF's primary functions are: finding suitable partners for commercialization of University technologies and inventions, identifying and helping develop new high growth companies based on University technologies that may be suitable for venture capital financing, and protecting University inventions through patents and copyrights, and advising on intellectual property terms for Clinical Trials and Sponsored Research.

University of Iowa Health System (UIHS or the System) was incorporated under the provisions of the Iowa Nonprofit Corporation Act on December 2, 1994. UIHS was formed to support the clinical, academic, and research programs of the University of Iowa Carver College of Medicine (UICCOM) and the University of Iowa Hospitals and Clinics (UIHC).

BASIS OF ACCOUNTING

For financial reporting purposes, the University is considered a special-purpose government engaged only in Business Type Activity as defined in GASB Statement No. 35 Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities. Accordingly, the financial statements of the University have been prepared 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 is incurred and all significant intra-agency transactions have been eliminated. The University reports fiduciary activities as custodial funds as defined in 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 using the accrual basis of accounting.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Net Position and Statement of Cash Flows, cash and cash equivalents are reported in accordance with Board of Regents, State of Iowa policy Chapter 2.2, section 4.C.ix (<http://www.iowaregents.edu/plans-and-policies/board-policy-manual/22-business-procedures/%23Investment%20Policy>), which states in part: to appropriately reflect the Board's overall investment strategy and as outlined in the GASB Statement No. 9 Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, paragraph 11 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. Investments purchased by the 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.

INVESTMENTS (UNIVERSITY)

Investments are reported at fair value in accordance with GASB Statement No. 31 Accounting and Financial Reporting for Certain Investments and for External Investment Pools, GASB Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, and GASB Statement No. 72 Fair Value Measurement and Application. Changes in unrealized gain (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. Please see Note 2 for further discussion.

INVESTMENTS (UI CENTER FOR ADVANCEMENT (UICA))

Investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The UICA elected to report the fair value of alternative investments, comprised of hedge funds and private capital funds, included in managed separate investment accounts using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the UICA management based on various factors including consideration of contributions and withdrawals to the fund and monitoring unaudited interim reporting provided by the fund related to investment returns to calculate NAV as of June 30. Realized and unrealized gains and losses on investments are included in the change in fair value of investments in the consolidated statements of activities and absent donor restrictions, are reported in net assets without donor restrictions. This amount is also reported net of fees on the statement of activities.

PLEDGES RECEIVABLE (UI CENTER FOR ADVANCEMENT (UICA))

Pledges receivable are recorded at the net present value of estimated cash flows based on appropriate rates commensurate with the risks involved, 5 percent for pledges held at June 30, 2021, less an allowance for doubtful pledges. Conditional promises to give are not included as support until the conditions are substantially met. The provision for losses on doubtful pledges is an adjustment to contributions at quarter-end equal to 2.5 percent of gross pledges.

INVENTORIES

Inventories, primarily expendable materials and supplies held for consumption, are valued using the lower of cost or market, with cost determined on the first-in, first-out or weighted average basis.

CAPITAL ASSETS

Purchased capital assets. Purchased capital assets with a useful life greater than one year are stated at cost as of the acquisition date.

Donated capital assets. Donated capital assets acquired prior to FY 2016, are reported at estimated fair value at the time of acquisition. In accordance with GASB Statement No. 72 Fair Value Measurement and Application, donated capital assets acquired after FY 2015 are reported at their acquisition value as of the date of acquisition. Acquisition value is defined as the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Library collections. Library materials exist in the Law Library and the Main Library (includes all library branches). The University capitalizes library materials as a collection (including perpetual electronic subscriptions). Additions to the collection are catalogued in the library where detailed records of the inventory are maintained. The library does not routinely digitize their physical collection. However, for items that are digitized, the cost incurred is typically internal staff time and is not capitalized. The Main Library and Law Library prepare annual reports which include the annual expenditures for collection additions, the amount of in-kind gifts, the number of volumes added and the number of volumes withdrawn. This information is used to adjust the capitalized value of additions and withdrawals. Since the University deems the library materials as a collection and adjusts the capitalized balance for additions and withdrawals, the University considers the collection to be inexhaustible and, therefore, does not depreciate the capitalized balance.

Interest costs. Interest costs are capitalized on University construction projects when the interest cost during the construction period exceeds the interest earned on the investment of debt proceeds.

Depreciation and amortization. Depreciation and amortization of capital assets is calculated using the straight-line method over the estimated useful lives (five to fifty years) of the respective assets.

Capitalization thresholds.

- Purchased equipment \$5,000
- Leased capital equipment \$50,000
- Intangible assets, non-UIHC \$500,000
- Intangible assets, UIHC \$5,000
- Art assets \$5,000

WHOLLY OWNED SUBSIDIARY (UNIVERSITY)

Musser-Davis Land Company (the Company) is a wholly-owned subsidiary of the State University of Iowa (the University). It is a separate legal entity governed by a Board of Directors. The Company's directors consist of eight members, including representatives of the Office of the Senior Vice President for Finance and Operations and the Office of the Dean of the Roy J. and Lucille A. Carver College of Medicine (CCOM). The other directors are appointed by the University. Based on this relationship, the Company is a wholly-owned subsidiary of the University and its financial statements are reported using the Governmental Accounting Standards framework.

The Company was formed in 1916, and its stock was gifted to the University of Iowa over a number of years for the benefit of the CCOM. The University became the sole stockholder in 1977, and in 1981 the Company was granted tax-exempt status as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. It is authorized to make distributions for the benefit of the CCOM. The Articles of Incorporation bar any transfer or assignment of common stock.

The Company owns a total of 14,499 acres of land located in Louisiana, and its operations consist primarily of leasing mineral rights to others and planting seedings to be harvested by others.

The Company's fiscal year ends December 31 and its financial statements are presented on a modified cash basis of accounting. A summary of balances at December 31 and June 30 is as follows (in thousands):

	As of December 31	
	2020	2019
Assets (primarily investments)	\$17,753	\$18,381
Liabilities	-	-
Net Assets	\$17,753	\$18,381

	As of June 30	
	2021	2020
Distributions to Carver College of Medicine	\$(1,500)	\$(2,000)
Assets (primarily investments)	16,253	16,381
Liabilities	-	-
Net Assets	\$16,253	\$16,381

INVESTMENT IN SUBSIDIARY (UICA)

From time to time, the University of Iowa Facilities Corporation (UIFC) has issued revenue bonds to provide financial assistance to the University of Iowa for the acquisition and construction of facilities for the benefit of the University of Iowa. The bonds are payable solely from the lease payments paid by the University of Iowa for the facilities. Upon repayment of the bonds, ownership of the acquired facilities transfers to the University of Iowa. The UIFC is not obligated in any manner for repayment on the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

BOND ISSUANCE COSTS, DISCOUNTS, AND PREMIUMS

Bond issuance costs are expensed in the year the bonds are sold. Bond discounts and premiums are deferred and amortized over the life of the bonds using the effective interest rate method.

UNEARNED REVENUE

Unearned revenue includes advance tickets sales, student tuition related to next fiscal year and amounts received from leases, grants and contracts that have not yet been earned.

COMPENSATED ABSENCES PAYABLE

University employees accumulate vacation and sick leave under the provisions of Chapters 70A and 262 of the Code of Iowa. It is the policy of the State to liquidate these accrued benefits under specific circumstances. The State pays for accrued vacation at 100% of the employee's hourly rate upon retirement, death, or termination and, with certain exceptions, for accrued sick leave at 100% of the hourly rate to a maximum of \$2,000 upon retirement. The liability for accrued compensated absences as reported in the Statement of Net Position is based on the current rates of pay.

REFUNDABLE ALLOWANCES ON STUDENT LOANS

Refundable allowances on student loans consist of federal capital contributions to the University from the Perkins or Health Profession student loan programs. The federal capital contribution amounts are refundable to the United States government if the loan programs are discontinued or the University closes an associated degree program.

NONCURRENT DEBT AND OTHER NONCURRENT LIABILITIES

Noncurrent debt includes principal amounts of revenue bonds, notes and capital leases payable with contractual maturities greater than one year. Noncurrent debt also includes unamortized discounts and premiums, resulting from bond issuances. Other noncurrent liabilities include estimated amounts for accrued early retirement, other postemployment and pension benefits, compensated absences payable, refundable allowances on student loans, and unearned revenue that will not be earned within the next fiscal year. 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/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. For purposes of measuring the total OPEB liability, deferred outflows 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 when in accordance with the benefit terms.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net assets that is applicable to a future reporting period. Deferred outflows of resources include:

- Unamortized bond refunding losses.
- Pension or OPEB related amounts derived from differences in experience, assumptions, investment earnings and University contributions as well as contributions subsequent to measurement date.
- University Hospital acquisition of clinics.

A deferred inflow of resources is an acquisition of net assets that is applicable to a future reporting period. Deferred inflows include:

- Unamortized bond refunding gains.
- Pension or OPEB related amounts derived from differences in experience, assumptions, investment earnings and University contributions.
- Qualifying receipts for sponsored programs (resources received before time requirements are met, but after all other eligibility requirements have been met).

FRINGE BENEFITS

The University utilizes the fringe benefits pool method to account for fringe benefits. Under this method, fringe benefits are expensed as a percentage of actual salary or wage costs. The use of standard fringe benefits rates rather than charging actual fringe benefits costs is accepted by the Federal Government and widely used by universities. Rates are reviewed annually prior to the beginning of the fiscal year and adjusted to reflect differences between the rates charged and actual benefits costs as well as future benefits projections. The Federal Government must approve the annual rates for fringe pools that are specifically negotiated.

DEFINITION OF OPERATING ACTIVITIES

Operating activities reported on 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 nonoperating revenues, as defined by GASB Statement No. 35, including state appropriations, gifts and investment income.

NON-VESTED EQUIPMENT

Capital assets purchased with restricted contract and grant proceeds have been excluded from the Statement of Net Position.

USE OF ESTIMATES

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

Note 2—Cash, Cash Equivalents, Investments, and Deposits with Trustees

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 (in thousands):

	2021	2020
Book Balance	\$237,770	\$238,912
Non-Fiduciary	237,151	237,973
University of Iowa Research Foundation	544	846
Fiduciary	75	93
Bank Balance	\$262,527	\$253,721
Invested in money market funds as cash equivalents	248,162	202,681
Covered by FDIC insurance or State Sinking Fund	14,365	51,040

The University's balances for current cash and cash equivalents represent amounts that are reasonably expected to be consumed within a year and are comprised of deposit and disbursement bank accounts, money market funds, demand deposit accounts, savings accounts, and government securities for the debt service and construction fund balances for bonded enterprises. The liquidity pool shall be managed to ensure funds are available to support operations for the current budget year.

Cash and cash equivalents are used to fund obligations such as controlled disbursements for accounts payable, salaries and wages payable, bond principal and interest payments, and federal and state withholding taxes.

DEPOSITS WITH TRUSTEES

Investments on deposit with trustees, paying and copaying agents for the purpose(s) of paying current obligations of bond principal and interest, for holding Bond Reserve Funds or for holding Construction Funds as specified by bond resolutions at June 30, 2021 and 2020, totaled \$42,819,000 and \$26,281,000, respectively. At June 30, 2021, \$100,000 of the \$42,819,000 was invested in U.S. Government Agency securities with a credit quality rating of AAA and an effective duration of .25 years.

INVESTMENTS

Investments are made in accordance with Chapter 12B.10, of the Code of Iowa, and Board of Regents, State of Iowa policy. (<http://www.iowaregents.edu/plans-and-policies/board-policy-manual/22-business-procedures/#Investment%20Policy>). In order to achieve economies of scale, the University of Northern Iowa's endowments and a portion of its operating portfolio are pooled with the University's investments. The University's endowment portfolio included \$19,283,000 and \$13,047,000 at June 30, 2021 and 2020, respectively, held for the University of Northern Iowa. The University's operating portfolio included \$54,597,000 and \$51,292,000 at June 30, 2021 and 2020, respectively, as well as \$26,584,000 and \$23,778,000 invested in the University's intermediate term portfolio at June 30, 2021 and 2020, respectively, held for the University of Northern Iowa. The University of Northern Iowa investments are recorded as investments in the Statement of Fiduciary Net Position for Fiduciary Funds.

For donor restricted endowments, Chapter 540A of the Code of Iowa permits the University to spend the net appreciation of realized and unrealized earnings as the University determines to be prudent. The University's spending policy adjusts dollar payouts by the trailing calendar year Consumer Price Index (inflation rate). Total payout is banded at no less than 4% and no greater than 5% of calendar year end market values.

Net appreciation of permanent endowment funds, which totaled \$27,340,000 and \$14,199,000 at June 30, 2021 and 2020, respectively, is available to meet spending rate distributions and is recorded in restricted nonexpendable net position.

INTEREST RATE RISK

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. This risk is measured using effective duration. At the time of purchase, the effective maturity of direct investment purchases by the University in the operating portfolio cannot exceed sixty-three months. There is no explicit limit on the average maturity of fixed income securities in the endowment portfolios. Each fixed income portfolio is managed to an appropriate benchmark.

CREDIT RISK

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligation to the University. Each fixed income portfolio is managed to an appropriate benchmark.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. Except for Treasury or Agency debentures, no more than 5% of University direct investments are invested in securities of a single issuer at time of purchase. All direct investment purchases by the University in the operating portfolio are U.S. Treasury and Agency securities.

The University's investments are recorded at fair value. As of June 30, 2021 and 2020, the University had the following investments and quality credit ratings (in thousands):

INVESTMENT TYPE	Effective Duration (Years)	TSY/AGY/AAA	AA	A	BBB	BB	B	NA	Total Fair Value
<i>Fixed Income:</i>									
Corporate Notes and Bonds	5.70	\$57,253	\$13,550	\$46,337	\$69,235	\$2,011	\$ -	\$ -	\$188,386
U.S. Government Agencies	2.28	-	144,988	2,690	-	-	-	-	147,678
U.S. Government Treasuries	9.05	-	64,038	-	-	-	-	-	64,038
Mutual Funds	4.70	75	451,745	571,527	129,508	166,605	326,064	-	1,645,524
Total		\$57,328	\$674,321	\$620,554	\$198,743	\$168,616	\$326,064	\$ -	\$2,045,626
<i>Equity and Other:</i>									
Common Stock									18,539
Mutual Funds									951,305
Real Assets									192,757
Private Equity									149,967
Bank Investments									54,979
Money Market/Cash Equivalents									484,040
Total Investments June 30, 2021									\$3,897,213

INVESTMENT TYPE	Effective Duration (Years)	TSY/AGY/AAA	AA	A	BBB	BB	B	NA	Total Fair Value
<i>Fixed Income:</i>									
Corporate Notes and Bonds	5.74	\$49,041	\$10,965	\$55,920	\$75,391	\$1,982	\$ -	\$1,630	\$194,929
U.S. Government Agencies	1.08	-	133,500	1,278	-	-	-	-	134,778
U.S. Government Treasuries	7.66	-	59,920	-	-	-	-	-	59,920
Mutual Funds	4.95	-	755,738	96,167	128,556	111,776	238,082	-	1,330,319
Total		\$49,041	\$960,123	\$153,365	\$203,947	\$113,758	\$238,082	\$1,630	\$1,719,946
<i>Equity and Other:</i>									
Common Stock									11,939
Mutual Funds									645,190
Real Assets									149,024
Private Equity									99,818
Bank Investments									64,617
Money Market/Cash Equivalents									599,719
Total Investments June 30, 2020									\$3,290,253

FAIR VALUE MEASUREMENTS

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

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

The categorization of fair value measurements by level of the hierarchy is based upon the lowest level input that is significant to the overall fair value measurement for a given asset or liability.

In the event that changes in the inputs used in the fair value measurement of an asset or liability result in a transfer into a different level, such transfers are recognized at the end of the reporting period.

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

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

The following tables reflect fair value measurements of investment assets at June 30, 2021 and 2020, respectively, as categorized by level of the fair value hierarchy according to the lowest level of inputs significant to each measurement or NAV (in thousands):

INVESTMENT TYPE	Level 1	Level 2	Level 3	NAV	Total Fair Value
<i>Fixed Income:</i>					
Corporate Notes and Bonds	\$ -	\$188,386	\$ -	\$ -	\$188,386
U.S. Government Agencies	-	147,678	-	-	147,678
U.S. Government Treasuries	64,038	-	-	-	64,038
Mutual Funds	814,451	-	-	831,073	1,645,524
<i>Equity and Other:</i>					
Common Stock	17,983	556	-	-	18,539
Mutual Funds	664,610	-	-	286,695	951,305
Real Assets	-	-	-	192,757	192,757
Private Equity	-	-	-	149,967	149,967
Subtotal	1,561,082	336,620	-	1,460,492	3,358,194
Bank Investments					54,979
Money Market/Cash Equivalents					484,040
Total Investments June 30, 2021					\$3,897,213

INVESTMENT TYPE	Level 1	Level 2	Level 3	NAV	Total Fair Value
<i>Fixed Income:</i>					
Corporate Notes and Bonds	\$ -	\$194,929	\$ -	\$ -	\$194,929
U.S. Government Agencies	-	134,778	-	-	134,778
U.S. Government Treasuries	59,920	-	-	-	59,920
Mutual Funds	651,240	-	-	679,079	1,330,319
<i>Equity and Other:</i>					
Common Stock	11,541	398	-	-	11,939
Mutual Funds	449,034	-	-	196,156	645,190
Real Assets	-	-	-	149,024	149,024
Private Equity	-	-	-	99,818	99,818
Subtotal	1,171,735	330,105	-	1,124,077	2,625,917
Bank Investments					64,617
Money Market/Cash Equivalents					599,719
Total Investments June 30, 2020					\$3,290,253

The following tables summarize the University's investments at June 30, 2021 and 2020, respectively, for which NAV was used as a practical expedient to estimate fair value (in thousands):

INVESTMENT TYPE	Fair Value determined using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed Income Mutual Funds	\$831,073	\$ -	daily-monthly	5-60 days
Equity Mutual Funds	286,695	-	daily-monthly	2-30 days
Real Assets:				
Redeemable	171,276	-	quarterly	60-90 days
Nonredeemable	21,481	3,464	N/A	N/A
Private Equity:				
Redeemable	-	-		
Nonredeemable	149,967	96,176	N/A	N/A
Investments measured at NAV at June 30, 2021	\$1,460,492	\$99,640		

INVESTMENT TYPE	Fair Value determined using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed Income Mutual Funds	\$679,079	\$ -	daily-monthly	5-60 days
Equity Mutual Funds	196,156	-	daily-monthly	2-30 days
Real Assets:				
Redeemable	121,605	-	quarterly	60-90 days
Nonredeemable	27,419	7,122	N/A	N/A
Private Equity:				
Redeemable	-	-		
Nonredeemable	99,818	46,200	N/A	N/A
Investments measured at NAV at June 30, 2020	\$1,124,077	\$53,322		

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

- **Fixed Income Mutual Funds**—This category includes investments in mutual funds holding assets that provide stability, generate income, and diversify market risk.
- **Equity Mutual Funds**—This category includes investments in global equities including both developed and emerging markets.
- **Real Assets**—This category includes investments in private real estate and natural resource equities funds. Capital is committed during the course of the investment period, typically four years, of each fund, after which point capital commitments stop. The University's

interest in the nonredeemable funds is considered to be illiquid in that distributions from liquidation of the underlying asset of the fund are at the discretion of the general partner per the terms of the limited partnership agreement. Funds are typically liquidated over a period of five to ten years, and include a mechanism to extend the length of the partnership with approval from the limited partners.

- **Private Equity**—This category includes funds that invest in strategies such as venture capital, leveraged buyouts and mezzanine debt. Capital is committed during the course of the investment period, typically four years, of each fund, after which point capital commitments stop. The University’s interest in the nonredeemable funds is considered to be illiquid in that distributions from liquidation of the underlying asset of the fund are at the discretion of the general partner per the terms of the limited partnership agreement. Funds are typically liquidated over a period of five to ten years, and include a mechanism to extend the length of the partnership with approval from the limited partners.

Note 3—Accounts Receivable, Pledges Receivable, Due From Government Agencies and Notes Receivable

ACCOUNTS RECEIVABLE

A summary of the accounts receivable at June 30, 2021 and 2020 is as follows (in thousands):

	University and Blended Component Units	UIHC, Affiliates and UI Physicians	Eliminations and Reclassifications	Total
Accounts Receivable	\$149,388	\$1,291,772	(\$94,547)	\$1,346,613
Allowance for Uncollectible Accounts, Indigent Patients and Contractual Adjustments	(8,144)	(908,297)		(916,441)
Accounts Receivable, Net, June 30, 2021	\$141,244	\$383,475	(\$94,547)	\$430,172
Accounts Receivable	\$130,769	\$1,070,743	(\$37,024)	\$1,164,488
Allowance for Uncollectible Accounts, Indigent Patients and Contractual Adjustments	(7,285)	(778,491)		(785,776)
Accounts Receivable, Net, June 30, 2020 —Restated	\$123,484	\$292,252	(\$37,024)	\$378,712

PLEDGES RECEIVABLE (UICA)

A summary of the pledges receivable (unconditional promises to give) at June 30, 2021 and 2020 is as follows (in thousands):

	2021	2020
Gross pledges receivable	\$197,105	\$207,100
Less present value discount of \$25,370 for 2021 and \$28,783 for 2020 and allowance for uncollectible pledges of \$4,928 for 2021 and \$5,177 for 2020	(30,298)	(33,960)
Total	\$166,807	\$173,140

Gross pledges receivable at June 30, 2021 and 2020, respectively, are expected to be collected as follows (in thousands):

	2021	2020
Due within one year	\$60,626	\$59,946
Due in one to five years	110,633	114,951
Due in more than five years	25,846	32,203
Total	\$197,105	\$207,100

DUE FROM GOVERNMENT AGENCIES

Due from government agencies at June 30, 2021 and 2020 are comprised of \$17,899,000 and \$11,088,000, respectively, due from the State of Iowa and \$65,396,000 and \$55,183,000, respectively, due from United States government agencies.

NOTES RECEIVABLE

Current notes receivable at June 30, 2021 and 2020 are \$2,068,000, net of an allowance of \$106,000, and \$2,255,000, net of an allowance of \$124,000, respectively. Noncurrent notes receivable at June 30, 2021 and 2020 are \$19,518,000, net of an allowance of \$1,001,000, and \$22,030,000, net of an allowance of \$1,212,000, respectively.

Note 4—Capital Assets

A summary of capital assets activity for the year ended June 30, 2021 is as follows (in thousands):

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
<i>Nondepreciable/Nonamortizable</i>					
Land	\$73,586	-	-	-	\$73,586
Construction in Progress	167,130	137,383	(161,937)	(25)	142,551
Intangibles in Development	63	(63)	-	-	-
Art and Historical Collections	29,001	28	-	-	29,029
Library Materials	390,544	11,893	-	(924)	401,513
Capital Assets, Nondepreciable/ Nonamortizable	660,324	149,241	(161,937)	(949)	646,679
<i>Depreciable/Amortizable</i>					
Land Improvements	32,092	-	(9)	-	32,083
Infrastructure	750,901	-	21,494	-	772,395
Buildings	4,782,205	-	140,452	(6,871)	4,915,786
Equipment	869,622	73,808	-	(51,038)	892,392
Intangibles	114,285	2,274	-	(1,058)	115,501
Capital Assets, Depreciable/ Amortizable	6,549,105	76,082	161,937	(58,967)	6,728,157
Less Accumulated Depreciation/Amortization	(3,240,259)	(263,866)	-	54,393	(3,449,732)
Depreciable/Amortizable Capital Assets, Net	3,308,846	(187,784)	161,937	(4,574)	3,278,425
Capital Assets, Net June 30, 2021	\$3,969,170	(38,543)	-	(5,523)	\$3,925,104

A summary of capital assets activity for the year ended June 30, 2020 is as follows (in thousands):

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
<i>Nondepreciable/Nonamortizable</i>					
Land	\$73,470	2,406	-	(2,290)	\$73,586
Construction in Progress	294,659	159,911	(286,858)	(582)	167,130
Intangibles in Development	195	63	(195)	-	63
Art and Historical Collections	28,915	104	-	(18)	29,001
Library Materials	374,768	17,119	-	(1,343)	390,544
Capital Assets, Nondepreciable/ Nonamortizable	772,007	179,603	(287,053)	(4,233)	660,324
<i>Depreciable/Amortizable</i>					
Land Improvements	31,537	-	555	-	32,092
Infrastructure	735,991	-	14,910	-	750,901
Buildings	4,526,063	-	271,393	(15,251)	4,782,205
Equipment	847,199	79,699	-	(57,276)	869,622
Intangibles	114,264	824	195	(998)	114,285
Capital Assets, Depreciable/ Amortizable	6,255,054	80,523	287,053	(73,525)	6,549,105
Less Accumulated Depreciation/Amortization	(3,040,233)	(259,747)	-	59,721	(3,240,259)
Depreciable/Amortizable Capital Assets, Net	3,214,821	(179,224)	287,053	(13,804)	3,308,846
Capital Assets, Net June 30, 2020	\$3,986,828	379	-	(18,037)	\$3,969,170

Note 5— Long-term Liabilities

A summary of the changes in long-term liabilities for the year ended June 30, 2021 and 2020 is as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<i>Long-term debt:</i>					
Bonds payable	\$1,130,044	111,799	(92,655)	1,149,188	\$ 117,520
Notes payable	13,927	25,319	(12,638)	26,608	928
Capital leases payable	15,907	2,395	(1,644)	16,658	1,951
Total long-term debt	1,159,878	139,513	(106,937)	1,192,454	120,399
<i>Other long-term liabilities:</i>					
Other postemployment benefits other than pensions	176,421	40,532	(12,112)	204,841	12,325
Pension	99,290	31,955	-	131,245	-
Compensated absences	180,594	128,655	(111,722)	197,527	106,301
Refundable allowances on student loans	27,588	615	-	28,203	-
Unearned revenue	2,062	20,250	(62)	22,250	-
Total other long-term liabilities	485,955	222,007	(123,896)	584,066	118,626
Total long-term liabilities June 30, 2021	\$1,645,833	361,520	(230,833)	1,776,520	\$239,025
<i>Long-term debt:</i>					
Bonds payable	\$1,324,947	85,493	(280,396)	1,130,044	\$56,930
Notes payable	20,092	-	(6,165)	13,927	5,526
Capital leases payable	16,293	993	(1,379)	15,907	1,387
Total long-term debt	1,361,332	86,486	(287,940)	1,159,878	63,843
<i>Other long-term liabilities:</i>					
Early retirement benefits	1,320	-	(1,320)	-	-
Other postemployment benefits other than pensions	146,157	40,761	(10,497)	176,421	11,931
Pension	103,114	-	(3,824)	99,290	-
Compensated absences	164,930	128,199	(112,535)	180,594	111,722
Refundable allowances on student loans	27,588	-	-	27,588	-
Unearned revenue	2,123	-	(61)	2,062	-
Total other long-term liabilities	445,232	168,960	(128,237)	485,955	123,653
Total long-term liabilities June 30, 2020	\$1,806,564	255,446	(416,177)	1,645,833	\$187,496

GASB Statement No. 83 Certain Asset Retirement Obligations was implemented during fiscal year 2019. As of June 30, 2021 and 2020, the University reported no Asset Retirement Obligations.

BONDS PAYABLE

Bonds have been sold to finance certain capital projects and are outstanding at June 30, 2021, as follows (in thousands):

	Interest Rates (Percent)	Fiscal Year Maturity Date Range	Amount
<i>Bond Issues</i>			
Academic Buildings	2.00–5.00	2022–2037	\$147,940
Add: Unamortized Premium			4,908
Athletic Facilities	2.00–5.00	2022–2039	201,920
Add: Unamortized Premium			4,876
Hospital	1.25–5.00	2022–2044	311,270
Add: Unamortized Premium			14,986
Iowa Memorial Union	3.00–5.00	2022–2026	3,270
Add: Unamortized Premium			203
Parking System	2.00–4.00	2022–2041	43,995
Add: Unamortized Premium			288
Recreational Facilities	2.00–5.00	2022–2035	51,390
Add: Unamortized Premium			3,625
Residence Services	2.00–5.00	2022–2047	165,590
Less: Unamortized Discount			(80)
Add: Unamortized Premium			2,770
Telecommunications	2.00–5.00	2022–2037	31,550
Add: Unamortized Premium			2,196
University of Iowa Facility Corporation	2.00–5.00	2022–2050	146,495
Add: Unamortized Premium			11,996
Total			\$1,149,188

As of June 30, 2021, unspent bond proceeds for Residence Services Revenue Bonds totaled \$19,736,000.

The bonds will mature as follows (in thousands):

<i>Year Ending June 30</i>	Principal	Interest	Total
2022	\$117,520	36,052	\$153,572
2023	58,365	33,936	92,301
2024	61,145	31,746	92,891
2025	64,690	29,406	94,096
2026	64,015	27,024	91,039
2027–2031	317,425	99,016	416,441
2032–2036	258,365	47,839	306,204
2037–2041	132,355	13,334	145,689
2042–2046	22,795	2,261	25,056
2047–2050	6,745	446	7,191
Less: Unamortized Discount	(80)	-	(80)
Add: Unamortized Premium	45,848	-	45,848
Total	\$1,149,188	321,060	\$1,470,248

Bonds payable, current includes outstanding principal for the bond issues to be called at July 1, 2021 for: Athletic Facilities Revenue Refunding bonds \$15,200,000; Telecommunication Facilities Revenue Refunding bonds \$7,550,000 and total University of Iowa Facilities Corporation bonds \$38,895,000.

As provided in the various bond resolutions, the University has the right to redeem certain bonds prior to the above maturity dates, under stated conditions.

NOTES PAYABLE

The University has the following notes payable outstanding at June 30, 2021 (in thousands):

<i>Purpose</i>	Interest Rates (Percent)	Maturity Dates	Amount
ENGIE Utility Assets	3.19	2022-2041	\$13,786
Athletic Facility	2.07	2023-2031	10,487
Market Street Property	2.50	2022-2025	1,289
Athletics Carver Audio and Video System	2.46	2023-2031	1,046
Total			\$26,608

Assets acquired under these notes had a net book value of \$44,852,000 as of June 30, 2021.

The outstanding Market Street Property note will transfer possession during summer 2022. The seller may demand a balloon payment of the remaining contract balance by providing 90 days advance written notice of its intent to close on the transaction.

The notes will mature as follows (in thousands):

	Principal	Interest	Total
<i>Year Ending June 30</i>			
2022	\$928	1,164	\$2,092
2023	2,045	1,104	3,149
2024	2,299	1,026	3,325
2025	2,636	945	3,581
2026	2,109	866	2,975
2027–2031	9,699	3,198	12,897
2032–2036	3,446	1,791	5,237
2037–2041	3,446	672	4,118
Total	\$26,608	10,766	\$37,374

CAPITAL LEASES PAYABLE

Capital leases outstanding at June 30, 2021, are as follows (in thousands):

	Interest Rates (Percent)	Lease Period	Amount
<i>Purpose</i>			
Parking structure - Iowa River Landing	2.95–5.00	2022–2031	\$13,197
Ultrasound	3.00	2022–2026	1,820
Burlington Street Properties	3.00	2022–2035	814
Genome Sequencer	3.34	2022–2023	419
Fermenter	3.00	2022–2024	235
Duodenoscopes	3.00	2022–2024	83
Printer	-	2022–2025	48
Camera Lens	-	2022	24
Cam Head	3.00	2022–2023	18
Total			\$16,658

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

	Principal	Interest	Total
<i>Year Ending June 30</i>			
2022	\$1,951	480	\$2,431
2023	2,003	670	2,673
2024	1,702	590	2,292
2025	1,711	516	2,227
2026	1,622	440	2,062
2027–2031	7,371	1,148	8,519
2032–2035	298	17	315
Total	\$16,658	3,861	\$20,519

Assets acquired under these capital leases had a net book value of \$16,145,000 as of June 30, 2021.

The outstanding Burlington Street Properties capital lease terminates on June 30, 2035, with two five-year renewal options after that date. However, pursuant to the irrevocable gift agreement between the parties, the leased properties shall transfer upon the death of the Landlord, or prior to death, upon transfer of ownership from the Landlord to the University.

Note 6—Operating Leases

The University has leased various buildings to house several departments of the University. These leases have been classified as operating leases. Accordingly, all rents are charged to expense as incurred. These leases expire from fiscal year 2022 to fiscal year 2041, and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases.

The following is an annual schedule 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 (in thousands).

<i>Year Ending June 30</i>	Amount
2022	\$18,332
2023	17,295
2024	16,634
2025	11,282
2026	9,713
2027–2031	38,231
2032–2036	13,395
2037–2041	431
Total	\$125,313

All leases contain non-appropriation clauses indicating that continuation of the lease is subject to funding by the Iowa State Legislature.

Rental expense for the year ended June 30, 2021, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$17,968,000.

Note 7—Retirement Programs

TEACHERS INSURANCE AND ANNUITY ASSOCIATION

The University contributes to the University Funded Retirement Plan through the Teachers Insurance and Annuity Association (TIAA), 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 Regents policy and the Code of Iowa, all eligible University employees must participate in a retirement plan from the date they are employed.

Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA, each employee through the fifth year of employment contributes 3 1/3% of the first \$4,800 of earnings and 5% on the balance of earnings. The University, through the fifth year of employment, is required to contribute 6 2/3% of the first \$4,800 of earnings and 10% on earnings above the \$4,800. Upon completion of five years of service, the participant contributes 5% and the University 10% on all earnings. During fiscal years 2021 and 2020, the University's required and actual contribution amounted to \$125,670,000 and \$125,853,000, respectively. During fiscal years 2021 and 2020, the employees' required and actual contribution amounted to \$62,835,000 and \$62,927,000, respectively.

At June 30, 2021 and 2020, the University reported payables to the defined contribution pension plan of \$10,947,000 and \$10,962,000, respectively, for legally required employer contributions and \$5,460,000 and \$5,465,000, respectively, for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA.

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 of the University are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by IPERS. IPERS issues a publicly available financial report which is available to the public by e-mail at info@ipers.org, by phone at 515-281-0020 or 1-800-622-3849, by mail at Iowa Public Employees' Retirement System, 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 age 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. Members who are age 70 and still working for an IPERS-covered employer may apply to begin receiving IPERS retirement benefits while still employed. 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.

Protection occupation members may retire at normal retirement age, which is generally age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member’s highest three-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, a reduction of 3 percent a year is applied for each year the benefit is paid before normal retirement age. For service earned after July 1, 2012, the reduction is 6 percent for each year of retirement 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—Vested members who are awarded federal Social Security disability or Railroad Retirement disability benefits are eligible for IPERS disability benefits. 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 IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 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. 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, regular plan members, Protection Occupation members, and University contributions were as follows:

The University’s contributions to IPERS for the years ended June 30, 2021 and 2020 were \$15,766,000 and \$14,082,000, respectively.

	2021	2020
Regular plan members	6.29%	6.29%
University	9.44%	9.44%
	15.73%	15.73%
Protection occupation members	6.41%	6.61%
University	9.61%	9.91%
	16.02%	16.52%

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 \$131,245,000 and \$99,290,000, respectively, for its proportionate share of the net pension liability. The net pension liability 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 and 2019, the University’s proportion was 1.8683190% and 1.7146546%, respectively.

For the year ended June 30, 2021 and 2020, the University recognized pension expense of \$28,796,000 and \$26,230,000, respectively.

At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources (2021)	Deferred Inflows of Resources (2021)	Deferred Outflows of Resources (2020)	Deferred Inflows of Resources (2020)
Differences between expected and actual experience	\$156	\$(3,110)	\$280	\$(3,574)
Changes of assumptions	6,767	(2)	10,690	(2)
Difference between projected and actual earnings on pension plan investments	7,432	-	-	(11,266)
Change in proportion and differences between University contributions and proportionate share of contributions	17,979	(22)	15,853	(22)
University contributions subsequent to the measurement date	15,766	-	14,082	-
Total	\$48,100	\$(3,134)	\$40,905	\$(14,864)

The \$15,766,000 reported as deferred outflows of resources related to pensions resulting from the University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

	Amount
<i>Year Ending June 30</i>	
2022	\$8,661
2023	7,397
2024	5,640
2025	6,592
2026	910
Total	\$29,200

There are 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 (effective June 30, 2017)	2.60%	per annum
Salary increase (effective June 30, 2017)	3.25 to 16.25%	average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00%	per annum, compounded annually, net of pension plan investment expense, including inflation
Payroll increase assumption (effective June 30, 2017)	3.25%	per annum, based on 2.60% inflation 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 assumption study dated June 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables adjusted to 2006 and 2017 with MP-2017 generational adjustments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan 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 arithmetic real rates of return for each major asset class are summarized in the following table:

<i>Asset Class</i>	Asset Allocation (Percent)	Long-Term Expected Real Rate of Return (Percent)
Domestic equity	22.0	4.43
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core-plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	100.0	

Discount Rate—The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the University will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS’ fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS’ investments 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 net pension liability calculated using the discount rate of 7.00%, as well as what the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate (in thousands).

	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
University’s proportionate share of the net pension liability	\$219,362	\$131,245	\$57,360

Pension Plan Fiduciary Net Position—Detailed information about IPERS’ fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Payables to the Pension Plan—At June 30, 2021 and 2020, the University reported payables to IPERS of \$2,587,000 and \$2,348,000, respectively, for legally required employer contributions and \$1,724,000 and \$1,564,000, respectively, for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 8—Post-Employment Benefits

PHASED RETIREMENT

This phased retirement program was approved by the Board of Regents and was effective July 1, 2017.

Eligibility. Faculty, professional and scientific staff, and merit system staff members employed by the Board of Regents for a period of at least 15 years and who have attained the age of 57, are eligible to negotiate with their department a schedule for phasing into retirement. All requests for admission to the institution’s Phased Retirement Program must receive approval from the appropriate administrative offices of the institution by which they are employed. The program does not create a right for the employee and the request to enter the program may not be approved if it is not in the best interest of the institution.

Schedule of Phasing. A staff member 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 an 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%. The phasing period will be set by agreement between the institution and the individual with full retirement required at the end of the specified phasing period. Once phased retirement is initiated, employees may not return to full-time.

Phased Retirement Period. The phasing period is limited to two years.

The following benefits are applicable during participation in the phased retirement program:

- **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, up to an additional 10 percent of the budgeted salary, had the person worked full time. In the only or last year following the initiation of phased retirement, the staff member’s appointment will be no greater than fifty percent, and the salary will be proportional to the budgeted salary had the person worked full-time.
- **Benefits**—During the phased retirement period, institution and staff member contributions will continue for life insurance, health and dental insurance, and disability insurance at the same levels which would have prevailed had the staff member continued a regular appointment. University retirement contributions to TIAA will be based on the salary which would have been obtained had the individual continued a regular appointment. As mandated by law, FICA contributions will be based on the staff member’s actual salary during the partial or pre-retirement period. The same is true for retirement contributions for those participating in the Iowa Public Employee Retirement System or Federal Civil Service System. Accrual of vacation and sick leave will be based on percentage of appointment. An individual participating in this program will be allowed access to their retirement funds to assist in supplementing the loss of income that occurs when the person reduces their appointment down to 50% through 65% time, the maximum percentage permitted by the program.

Duration of Program. Subject to annual review, the program will expire on June 30, 2022, unless renewed by the Board prior to expiration.

REGULAR RETIREMENT

GASB Statement No. 75 requires the University to record and disclose an actuarially determined liability for the present value of projected future benefits for retired and active employees.

FUNDING POLICY

The contribution requirements of plan members are established and may be amended by the University. Benefits are financed centrally by the University on a pay-as-you-go basis. Health insurance total expenditures for fiscal year 2021 and 2020 were \$5,864,000 and \$6,188,000, respectively, with 1,892 and 1,825 eligible participants as of June 30, 2021 and 2020, respectively. Life insurance total expenditures for fiscal year 2021 and 2020 were \$26,000 and \$27,000, respectively, with 2,364 and 2,461 eligible participants as of June 30, 2021 and 2020, respectively.

FUNDED STATUS AND FUNDING PROGRESS

The University of Iowa evaluated options to minimize its liability and has made the decision to cap the University's contribution for retiree health at the current \$288 per month for both current and future retirees. This decision passed through the appropriate approval channels and communication process (Staff Council Leadership, Funded Retirement and Insurance Committee Co-chairs, Faculty Senate leadership, Retiree Association Leadership). The University sent letters to retirees by the June 30, 2017 measurement date in order to be incorporated into the FY18 GASB 75 valuation.

TERMINATION

The University continues faculty, P&S, and merit exempt terminated employees' benefits for health, dental, liveWELL the University's comprehensive health and wellness program and the Employee Assistance Program (EAP) under the Consolidated Omnibus Budget Reconciliation Act of 1985, modified by the Tax Reform Act and the Budget Reconciliation Act of 1986.

Four hundred seventy-four (474) terminated employees continued their benefits by assuming total financial responsibility. No University costs are associated with the premiums, but claims are the responsibility of the University since the insurance plans are self-insured.

OTHER POSTEMPLOYMENT BENEFITS

The University recognized a net OPEB liability of \$204.8 and \$176.4 million, respectively, for fiscal year 2021 and 2020.

Plan Description—The University operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. 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 75.

OPEB Benefits—Individuals who are employed by the University and are eligible to participate in the group health plan are eligible to continue healthcare 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. For post-employment benefits of retirees, the University contributes toward the cost of University of Iowa health insurance and, for those who qualified for the benefit and retired prior to July 1, 2013, the entire cost to purchase a paid-up life insurance policy, which varies in amounts from \$2,000 to \$4,000, depending upon length of service.

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

	FY21	FY20
Inactive employees or beneficiaries currently receiving benefit payments	2,790	2,790
Active employees	18,785	18,785
Total	21,575	21,575

Actuarial assumptions—The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurements. With the exception of the termination and retirement assumptions, the Merit calculations were based on all actuarial assumptions and methods used in the development of the University’s fiscal 2021 PSF GASB 75 calculations (including a 2.21% discount rate at the June 30, 2020 measurement date). These calculations reflect the IPERS termination and retirement assumptions for state employees in effect at the June 30, 2020 measurement date. The total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date. The total OPEB liability was rolled forward from the valuation date to the plan’s fiscal year ended June 30, 2021.

Rate of inflation (effective June 30, 2020)	2.50%	
Rates of salary increase (effective June 30, 2020)	3.00%	
Discount rate (effective June 30, 2020)	2.21%	
Healthcare cost trend rate Pre-65 (effective June 30, 2020)	6.19%	initial rate decreasing to an ultimate rate of 4.50%
Healthcare cost trend rate Post-65 (effective June 30, 2020)	7.00%	initial rate decreasing to an ultimate rate of 4.50%

Discount rate—The discount rate used to measure the total OPEB liability was 2.21% which reflects the index rate for Bond Buyer 20 Year GO Index as of the measurement date.

Mortality rates are from the Pub-2010 Aggregate Mortality Table projected using Scale MP-2018. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used for IPERS.

The actuarial assumptions used in the June 30, 2020 and June 30, 2021 valuations were based on the results of an actuarial experience study conducted with actual plan experience through 2018.

CHANGES IN THE TOTAL OPEB LIABILITY (in thousands)

	FY21	FY20
Total OPEB liability beginning of year	\$176,421	\$146,157
Changes for the year:		
Service cost	7,028	3,860
Interest	6,214	5,604
Differences between expected and actual experiences	(181)	4,430
Changes of assumptions	27,290	26,867
Benefit payments	(11,931)	(10,497)
Net changes	28,420	30,264
Total OPEB liability end of year	\$204,841	\$176,421

The financial accounting valuation reflects the following assumption changes:

- A change in the discount rate to 2.21% as of June 30, 2020.
- A removal of the excise tax on high-cost plans from the future trend rates.

Sensitivity of the 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 (1.21%) or 1% higher (3.21%) than the current discount rate.

	1% Decrease	Discount Rate	1% Increase
FY21	1.21%	2.21%	3.21%
FY20	2.50%	3.50%	4.50%
FY21 Total OPEB Liability	\$223,431	\$204,841	\$188,015
FY20 Total OPEB Liability	\$191,796	\$176,421	\$162,551

Sensitivity of the 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 that is 1% lower (5.19%) or 1% higher (7.19%) than the current healthcare cost trend rate for pre-65 participants, and 1% lower (6.00%) or 1% higher (8.00%) higher than the current healthcare cost trend rate for post-65 participants.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
FY21 Pre-65 participants	5.19%	6.19%	7.19%
FY21 Post-65 participants	6.00%	7.00%	8.00%
FY20 Pre-65 participants	5.42%	6.42%	7.42%
FY20 Post-65 participants	6.33%	7.33%	8.33%
FY21 OPEB liability	\$187,297	\$204,841	\$227,279
FY20 OPEB liability	\$163,169	\$176,421	\$192,817

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB—For the year ended June 30, 2021, the University recognized OPEB expense of \$13,041,000 for its retiree benefit plan. At June 30, 2021 the University reported deferred outflows and inflows of resources related to OPEB from the following sources:

	FY21		FY20	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$33,645	\$(953)	\$38,872	\$(755)
Assumption changes	46,892	(68,034)	25,078	(78,955)
Contributions made in fiscal year ending June 30 after measurement date	12,324	-	11,931	-
Total	\$92,861	\$(68,987)	\$75,881	\$(79,710)

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

<u>Year ending June 30</u>	<u>Amount</u>
2022	\$(200)
2023	(200)
2024	(200)
2025	(184)
2026	(71)
Total Thereafter	12,405
Total	\$11,550

Note 9—Other Commitments and Risk Management

COMMITMENTS

At June 30, 2021 and 2020, the University had outstanding construction contract commitments of \$142,243,000 and \$129,969,000, respectively.

RISK MANAGEMENT

Following are risk financing and insurance related issues as defined by GASB Statement No. 10 Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.

Property Loss—The University purchases catastrophic property insurance for academic/general fund facilities with a single incident deductible of \$2 million for all facilities with the exception of a \$5 million deductible for the Power Plant, Bowen Science Building and the Main Library. The University may seek reimbursement for property losses in excess of \$5,000 from the State of Iowa pursuant to Iowa Code Chapter 29C.20. Money from the state contingent fund may be requested for repairing, rebuilding, or restoring state property injured, destroyed, or lost by fire, storm, theft, or unavoidable causes. The University maintains conventional property insurance on self-supporting, revenue-producing, and auxiliary facilities which are an integral part of the operations of the University. Insured facilities include the Residence Halls, the Utility System, Telecommunications, Iowa Memorial Union, Athletic Facilities, University of Iowa Hospitals and Clinics, and other auxiliary operations. The University’s annual limit is \$2 billion, the maximum available on the November 1, 2020 renewal.

The properties of the Utility and Telecommunications Systems valuation data are as follows (in thousands):

	<u>2021</u>	<u>2020</u>
<i>Utility System specific coverage is as follows:</i>		
Utility System Operations Building & Contents	\$981,333	\$857,034
Power Plant Building & Contents	\$248,472	\$228,068
<i>Telecommunications Facilities premium is based on the following values:</i>		
Building and contents	\$35,546	\$32,406
Income	\$ -	\$5,878

Tort Liability—The University of Iowa is an agency of the State of Iowa and is covered by the State's self-insurance for tort liability. Tort claims against the State are handled as provided in the Iowa Tort Claims Act (Iowa Code, Chapter 669) which also sets forth the procedures by which tort claims may be brought. Claims under Chapter 669 may be filed against the State on account of wrongful death, personal injury or property damage incurred by reason of the negligence of the University or its employees while acting within the scope of employment. By inter-agency agreement, tort liability claims under \$5,000 may be administered by the University subject to a maximum expenditure of \$100,000 per year. All other tort claims may be paid from the State's general fund.

Motor Vehicle Liability—The University of Iowa and other Board of Regents' institutions are self-insured for automobile liability up to \$250,000. Claims over \$250,000 are paid by the State of Iowa, as provided in Chapter 669 of the Code of Iowa. Coverage for physical damage (comprehensive and collision) to University vehicles is included in the Board of Regents' self-insurance program. Each loss is subject to a \$500 deductible.

Fidelity/Crime Coverage—The State maintains an employee fidelity bond where the first \$250,000 in losses is the responsibility of the University. Under the State coverage, losses in excess of the \$250,000 deductible are insured up to \$2,000,000.

Insurance Settlements—For those risks that the University has purchased commercial insurance, only the 2020 COVID-19 claim settlement exceeded the Communicable Disease sublimit of \$1,000,000 on the property policy. All other settled claims have not exceeded commercial coverage in the past three years.

The University purchased cybersecurity coverage in July 2021. The policy is in effect from July 1, 2021 to July 1, 2022.

Workers' Compensation—The University participates in a State self-funded program. The University pays a monthly premium for this coverage.

Unemployment Compensation—The University self-funds unemployment compensation claims received from Iowa Workforce Development on a reimbursement basis.

Employee Medical and Dental Claims—The University purchases life, health, dental and disability insurance for eligible permanent employees. Based on actuarial analysis of employee medical and dental claims, the University has incurred but not reported claims of \$28,133,000 and \$27,299,000 as of June 30, 2021 and 2020, respectively.

College of Medicine Faculty Malpractice Claims—Iowa Medical Mutual Insurance Company (the Company) was incorporated on May 19, 2004, and was established to provide medical malpractice coverage on a claims-made basis to physicians at the University of Iowa Carver School of Medicine. The Company is owned 100% by the University of Iowa Carver College of Medicine Faculty Practice Plan (FPP).

Pursuant to a 28E Agreement with the State of Iowa, the FPP self-funds the professional medical liability exposures of its members with a self-insurance pool for all claims up to \$3 million per claim. On any claim exceeding \$3 million, the Company provides coverage on a claims-made basis limited to \$2 million per claim and subject to a \$2 million annual aggregate per named insured. All claims which exceed \$5 million per claim or a \$9 million aggregate limit per fiscal year are covered by the State of Iowa. Based on actuarial analysis, the College of Medicine has incurred an unpaid loss and allocated loss adjustment expense estimate of \$32,969,000 and \$28,120,000 as of 12/31/20 and 12/31/19, respectively.

Reconciliation of Loss Contingencies (in thousands):

	2021	2020
Claims and contingent liabilities accrued at July 1	\$57,084	\$54,789
Claims incurred and contingent liabilities accrued for the current year	355,320	330,868
Payments on claims during the fiscal year	(349,394)	(328,573)
Claims and contingent liabilities at June 30	\$63,010	\$57,084

Directors and Officers Insurance—The Directors and Officers Policy for the UI Strategic Initiatives Fund provides coverage for any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty or neglect, including personal injury, or any matter asserted against the Strategic Fund, or its Directors and Officers in their official capacity or their outside positions. Coverage for outside positions only applies during such time that such service is with the knowledge, consent, and at the specific request of the Insured Organization.

Note 10—Utility System Lease and Concession Agreement

On December 10, 2019, the University entered into a 50-year agreement, a public-private partnership (P3), to lease the University’s utility system, including all utility facilities and land, to University of Iowa Energy Collaborative LLC (Concessionaire) and grant it the exclusive right to operate the utility system and provide utility services to the University of Iowa campus. Pursuant to the lease agreement, all personal property associated with the utility system was sold to the Concessionaire. On March 10, 2020, the University received an upfront payment from the Concessionaire of \$1,165,000,000 as prepayment of the 50-year lease, purchase of the personal property and acquisition of the exclusive right to be the utility operator for the term of the lease. The upfront payment is reported as an Advance from Concessionaire and is being amortized as an increase to operating revenue on a straight-line basis over the term of the agreement. At June 30, 2021, the balance of the Advance from Concessionaire is \$1,133,000.

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

The University recognized fixed and O&M utility fees totaling \$55,386,000 and \$16,973,000 for the years ended June 30, 2021 and 2020, respectively. The carrying amounts of University of Iowa Energy Collaborative LLC capital investments and related payable to the concessionaire at June 30, 2021 and June 30, 2020 were \$13,786,000 and \$0, respectively.

Note 11—Debt Refunding

In August of 2020, the University issued \$6,775,000 of Academic Building Revenue Refunding Bonds, Series S.U.I. 2020, with an average interest rate of 3.45% and accrued interest of \$19,000 to current refund \$7,745,000 of outstanding Academic Building Revenue Bonds, Series S.U.I. 2010, with interest rates ranging between 3.35 and 4.20%.

Net bond proceeds of \$7,908,000 were placed in an escrow account with the University as trustee. The escrow account was sufficient to fully service all remaining principal and interest due on the bonds. The Academic Building Revenue Refunding Bonds, Series S.U.I. 2010 were called on October 1, 2020.

The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of \$1,532,000; and reduced the aggregate debt service payments by \$1,606,000 over the next twelve years.

In August of 2020, the University issued \$20,910,000 of Hospital Revenue Refunding Bonds, Series S.U.I. 2020, with an average interest rate of 3.03% and accrued interest of \$53,000 to current refund \$23,300,000 of outstanding Hospital Revenue Bonds, Series S.U.I. 2010, with interest rates ranging between 3.375 and 4.50%.

Net bond proceeds of \$23,804,000 were placed in an escrow account with the University as trustee. The escrow account was sufficient to fully service all remaining principal and interest due on the bonds. The Hospital Revenue Refunding Bonds, Series S.U.I. 2010 were called on September 1, 2020.

The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of \$5,309,000; and reduced the aggregate debt service payments by \$5,707,000 over the next sixteen years.

In May of 2021, the University issued \$13,625,000 of Athletics Facilities Revenue Refunding Bonds, Series S.U.I. 2021, with an average interest rate of 3.03% and accrued interest of \$16,000 to current refund \$15,200,000 of outstanding Athletic Facilities Revenue Bonds, Series S.U.I. 2010, with interest rates ranging between 3.00 and 4.00%.

Net bond proceeds of \$15,564,000 were placed in an escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2010 will be called on July 1, 2021.

The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of \$2,677,000; and reduced the aggregate debt service payments by \$2,699,000 over the next fifteen years.

In May of 2021, the University issued \$5,805,000 of Telecommunications Facilities Revenue Refunding Bonds, Series S.U.I. 2021, with an average interest rate of 3.51% and accrued interest of \$8,000 to current refund \$7,550,000 of outstanding Telecommunications Facilities Revenue Bonds, Series S.U.I. 2011, with interest rates ranging between 3.00 and 4.50%.

Net bond proceeds of \$6,709,000 were placed in an escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Telecommunications Facilities Revenue Refunding Bonds, Series S.U.I. 2011 will be called on July 1, 2021.

The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of \$1,547,000; and reduced the aggregate debt service payments by \$1,538,000 over the next eleven years.

In May of 2021, the University issued \$31,150,000 of University of Iowa Facilities Corporation Revenue Refunding Bonds, Series 2021, with an average interest rate of 3.73% and accrued interest of \$45,000 to current refund \$6,420,000 of outstanding University of Iowa Facilities Corporation Revenue Refunding Bonds (Roy J. and Lucille A. Carver Biomedical Research Building Project), Series 2012, with an interest rate of 3.00%, \$13,075,000 of outstanding University of Iowa Facilities Corporation Revenue Refunding Bonds (Roy J. and Lucille A. Carver Biomedical Research Building Project), Series 2012A, with interest rates ranging between 3.00 and 3.375%, and \$20,400,000 of outstanding University of Iowa Facilities Corporation Revenue Bonds (John and Mary Pappajohn Biomedical Discover Building Project), Series 2012, with interest rates ranging between 2.00 and 3.30%.

Net bond proceeds of \$36,379,000 were placed in an escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The University of Iowa Facilities Corporation Revenue Bonds will be called on July 1, 2021.

The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of \$5,397,000; and reduced the aggregate debt service payments by \$5,730,000 over the next seventeen years.

The amount of defeased debt outstanding but removed from the Statement of Net Position at June 30, 2021 and 2020, is as follows (in thousands):

	2021	2020
Athletics	\$ -	\$19,400
Telecom	-	18,615
University of Iowa Facilities Corporation	-	37,790
Utility	113,260	140,250
Total	\$113,260	\$216,055

Note 12—Operating Expenses By Function

A summary of operating expenses by functional classification for the year ended June 30, 2021 and 2020 follows (in thousands):

	Compensation & Benefits	Supplies	Other	Depreciation & Amortization	Total
Instruction	\$312,551	8,866	27,038	-	\$348,455
Research	247,233	57,581	82,202	-	387,016
Public service	58,713	14,220	27,179	-	100,112
Academic support	118,968	12,794	25,719	-	157,481
Patient services	1,273,460	676,532	371,884	-	2,321,876
Student services	27,528	1,908	14,655	-	44,091
Institutional support	63,264	3,154	(9,871)	-	56,547
Operations and maintenance of plant	107	2,030	92,458	-	94,595
Scholarships and fellowships	15,230	-	26,911	-	42,141
Depreciation and amortization	-	-	-	263,866	263,866
Auxiliary enterprises	99,255	11,360	63,524	-	174,139
Other operating expenses	16,502	7,592	28,309	-	52,403
Total June 30, 2021	\$2,232,811	796,037	750,008	263,866	\$4,042,722

	Compensation & Benefits	Supplies	Other	Depreciation & Amortization	Total
Instruction	\$314,914	9,676	32,291	-	\$356,881
Research	235,861	38,671	64,921	-	339,453
Public service	57,587	12,671	27,363	-	97,621
Academic support	119,932	8,864	30,316	-	159,112
Patient services	1,184,299	585,937	327,322	-	2,097,558
Student services	27,053	3,013	12,781	-	42,847
Institutional support	61,231	4,714	(6,652)	-	59,293
Operations and maintenance of plant	114	2,238	80,130	-	82,482
Scholarships and fellowships	14,729	-	26,780	-	41,509
Depreciation and amortization	-	-	-	259,747	259,747
Auxiliary enterprises	105,237	15,324	80,757	-	201,318
Other operating expenses	13,582	3,097	(4,150)	-	12,529
Total June 30, 2020	\$2,134,539	684,205	671,859	259,747	\$3,750,350

Note 13—Restricted Net Assets

The UI Center for Advancement's net assets with donor restrictions at June 30, 2021 and 2020 were restricted for the following (in thousands):

	2021	2020
Undesignated	\$15,436	\$7,771
Program support	444,113	352,463
Student support	408,367	325,426
Faculty support	462,648	372,522
Facilities and equipment	74,805	83,505
Research	241,635	202,689
Perpetual trusts	9,533	7,978
Remainder interests in trusts, mainly for program, student, and faculty support	37,872	33,915
Total	\$1,694,409	\$1,386,269

Note 14—Component Units

Discretely Presented Component Units

GASB Statement No. 61, The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34, provides guidance in determining whether organizations are to be included as part of a reporting entity. The University of Iowa has determined that, in accordance with the provisions of these statements, the financial activity of the University of Iowa Research Foundation (UIRF) and University of Iowa Health System (UIHS) should be reported as discretely presented component units.

A—The University of Iowa Research Foundation

The University of Iowa Research Foundation (UIRF)—a 501(c)(3) corporation—commercializes University of Iowa developed technologies and inventions through licensing and new venture formation, and manages the subsequent revenue stream. See Note 1 for additional information. UIRF reports on a fiscal year ended June 30.

Significant financial data for UIRF for the years ended June 30, 2021 and 2020 are presented below (in thousands):

CONDENSED STATEMENT OF NET POSITION

	2021	2020
<i>Assets</i>		
Cash, investments and other assets	\$11,586	\$12,139
Capital assets, net	2	3
Total Assets	\$11,588	\$12,142
<i>Liabilities</i>		
Accounts payable and other current liabilities	\$1,516	\$866
Noncurrent liabilities (current and noncurrent portions)	-	239
Total Liabilities	1,516	1,105
<i>Net Position</i>		
Net investment in capital assets	2	3
Unrestricted	10,070	11,034
Total Net Position	10,072	11,037
Total Liabilities and Net Position	\$11,588	\$12,142

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2021	2020
<i>Program Expenses</i>		
Intellectual properties expense	\$4,578	\$4,383
Other	108	411
Total Program Expenses	4,686	4,794
<i>Program Revenues</i>		
Intellectual properties income	3,389	3,322
Investment income	212	215
Payment from primary government	120	-
Total Program Revenues	3,721	3,537
Change in Net Position	(965)	(1,257)
Net Position, Beginning of Year	11,037	12,294
Net Position, End of Year	\$10,072	\$11,037

B—University of Iowa Health System

University of Iowa Health System (UIHS or the System) was incorporated under the provisions of the Iowa Nonprofit Corporations Act on December 2, 1994. UIHS was formed to support the clinical, academic, and research programs of the University of Iowa Carver College of Medicine and the State University of Iowa Hospitals and Clinics. UIHS reports on a fiscal year ended December 31.

Significant financial data for UIHS for the years ended December 31, 2020 and 2019 are presented below (in thousands):

CONDENSED STATEMENT OF NET POSITION

	2020	2019
<i>Assets</i>		
Cash, investments and other assets	\$30,170	\$26,549
Capital assets, net	291	178
Total Assets	30,461	26,727
<i>Deferred Outflows of Resources</i>		
Acquisition deferred outflow	2,480	3,074
Total Assets and Deferred Outflows of Resources	\$32,941	\$29,801
<i>Liabilities</i>		
Accounts payable and other current liabilities	\$1,828	\$1,805
Accounts held for other component units	5,731	6,147
Total Liabilities	7,559	7,952
<i>Net Position</i>		
Net investment in capital assets	291	178
Unrestricted	25,091	21,671
Total Net Position	25,382	21,849
Total Liabilities and Net Position	\$32,941	\$29,801

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2020	2019
<i>Program Expenses</i>		
Patient and Management Services	\$20,029	\$21,176
Depreciation	749	841
Total Program Expenses	20,778	22,017
<i>Program Revenues</i>		
Patient Services	17,685	20,307
Management services	1,036	1,141
Investment income	3,031	272
Other	2,559	288
Total Program Revenues	24,311	22,008
Change in Net Position	3,533	(9)
Net Position, Beginning of Year	21,849	21,858
Net Position, End of Year	\$25,382	\$21,849

Blended Component Units

GASB Statement No. 85 Omnibus 2017 provides guidance for blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial presentation. The University of Iowa has determined that, in accordance with the provisions of this statement, the financial activity of the Iowa Measurement Research Foundation (IMRF), Miller Endowment, Incorporated, University of Iowa Research Park Corporation (UIRPC), the University of Iowa Strategic Initiatives Fund (UISIF), and Student Publications, Inc. (SPI) should be reported as blended component units.

C—Iowa Measurement Research Foundation

The Iowa Measurement Research Foundation (IMRF) was formed in 1953 under the provisions of the Iowa Nonprofit Corporation Act and received its tax exemption in 1970 under IRC section 501(c)(3). The primary purpose of the Foundation is to advance and extend knowledge in the field of educational measurement by providing financial assistance to the University of Iowa and its College of Education for promising research and educational projects in furtherance of this purpose.

Significant financial data for IMRF for the years ended June 30, 2021 and 2020 are presented below (in thousands):

CONDENSED STATEMENT OF NET POSITION

	2021	2020
<i>Assets</i>		
Cash and investments	\$29,550	\$23,839
Total Assets	\$29,550	\$23,839
<i>Liabilities</i>		
Current and noncurrent liabilities	\$ -	\$ -
Total Liabilities	-	-
<i>Net Position</i>		
Restricted expendable	29,311	23,495
Unrestricted	239	344
Total Liabilities and Net Position	\$29,550	\$23,839

**CONDENSED STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION**

	2021	2020
<i>Program Expenses</i>		
Distributions	\$ -	\$1,160
Other	1,280	200
Total Program Expenses	1,280	1,360
<i>Program Revenues</i>		
Investment Income	6,991	315
Total Program Revenues	6,991	315
Change in net position	5,711	(1,045)
Net Position, Beginning of Year	23,839	24,884
Net Position, End of Year	\$29,550	\$23,839

D—Miller Endowment, Incorporated

Miller Endowment, Incorporated was established December 18, 1995 pursuant to the will and codicil of F. Wendell Miller. The will and codicil appointed the presidents of Iowa State University and the State University of Iowa as coexecutors 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, to be “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.

Significant financial data for Miller Endowment, Incorporated for the years ended June 30, 2021 and 2020 are presented below (in thousands):

CONDENSED STATEMENT OF NET POSITION

	2021	2020
<i>Assets</i>		
Cash and other assets	\$17,908	\$14,596
Total Assets	\$17,908	\$14,596
<i>Liabilities</i>		
Accounts payable	\$56	\$38
Accrued distributions	777	761
Total Liabilities	833	799
<i>Net Position</i>		
Restricted net position	12,784	12,784
Unrestricted net position	4,291	1,013
Total Net Position	17,075	13,797
Total Liabilities and Net Position	\$17,908	\$14,596

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2021	2020
<i>Program Expenses</i>		
Investment fees and administrative expenses	\$234	\$176
Distributions	777	761
Total Deductions	1,011	937
<i>Program Revenues</i>		
Investment income:		
Interest and dividend income	110	112
Net increase (decrease) in the fair value of investments	4,179	(147)
Net Investment Income	4,289	(35)
Change in net position	3,278	(972)
Net Position, Beginning of Year	13,797	14,769
Net Position, End of Year	\$17,075	\$13,797

E—University of Iowa Research Park Corporation

The University of Iowa Research Park Corporation (Corporation) is a not-for-profit corporation and a component unit of the University of Iowa (University), organized under Section 501(c)(2) of the Internal Revenue Code. The Corporation leases from the State of Iowa approximately 185 acres of land located in the University of Iowa Research Park. The land subject to this lease is designated as the University of Iowa Research Park and is platted as a subdivision of Coralville, Iowa. Under terms of its master lease with the State of Iowa, the Corporation subleases parcels of the University of Iowa Research Park to businesses (or to private developers working on behalf of businesses) wishing to locate close to the University and its research assets.

Significant financial data for UIRPC for the years ended June 30, 2021 and 2020 are presented below (in thousands):

CONDENSED STATEMENT OF NET POSITION

	2021	2020
<i>Assets</i>		
Cash and other assets	\$2,371	\$2,204
Capital assets, net	2,274	2,364
Total Assets	\$4,645	\$4,568
<i>Liabilities</i>		
Accounts payable and other current liabilities	\$71	\$71
Noncurrent liabilities	2,000	2,062
Total Liabilities	2,071	2,133
<i>Net Position</i>		
Net investment in capital assets	2,274	2,364
Unrestricted	300	71
Total Net Position	2,574	2,435
Total Liabilities and Net Position	\$4,645	\$4,568

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2021	2020
<i>Program Expenses</i>		
Maintenance and other expenses	\$169	\$149
Depreciation	69	81
Total Program Expenses	238	230
<i>Program Revenues</i>		
Land leases	212	212
State appropriation	116	115
Other income	49	43
Total Program Revenues	377	370
Change in net position	139	140
Net Position, Beginning of Year	2,435	2,295
Net Position, End of Year	\$2,574	\$2,435

F—University of Iowa Strategic Initiatives Fund

The University of Iowa Strategic Initiatives Fund is an Iowa non-profit corporation organized February 4, 2020 and operated exclusively for charitable, educational and scientific purposes under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code for the benefit of the State University of Iowa (University). See Note 1 for additional information.

Significant financial data for University of Iowa Strategic Initiatives Fund for the year ended June 30, 2021 and 2020 are presented below (in thousands):

CONDENSED STATEMENT OF NET POSITION

	2021	2020
<i>Assets</i>		
Cash and other assets	\$1,129,735	\$1,030,964
Accounts receivable	801	801
Total Assets	\$1,130,536	\$1,031,765
<i>Liabilities</i>		
Accounts payable and other current liabilities	\$5	\$4
Noncurrent liabilities	1,133,044	1,156,312
Total Liabilities	1,133,049	1,156,316
<i>Net Position</i>		
Unrestricted	(2,513)	(124,551)
Total Net Position	(2,513)	(124,551)
Total Liabilities and Net Position	\$1,130,536	\$1,031,765

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2021	2020
<i>Program Expenses</i>		
Payroll expense	\$72	\$579
General expense	643	15,168
Net transfers to University funds	7,500	158,422
Total Program Expenses	8,215	174,169
<i>Program Revenues</i>		
Amortized lease revenue	23,268	7,110
Investment income	106,986	39,891
Other income	-	1,562
(Loss)/gain on disposal of capital assets	(1)	1,055
Total Program Revenues	130,253	49,618
Change in net position	122,038	(124,551)
Net Position, Beginning of Year	(124,551)	-
Net Position, End of Year	\$(2,513)	\$(124,551)

G—Student Publications, Inc.

Student Publications, Inc. (SPI) is a nonprofit corporation exempt from income taxes under Internal Code Section 501(c)(3). It publishes a daily newspaper, The Daily Iowan, which is provided principally to the students, faculty, staff and other members of the University of Iowa community. SPI also provides scholarships and internship opportunities to students. SPI is supported by fees from the University, subscription revenue and advertising. Printing is contracted to an independent contractor. SPI also operates DITV, a broadcasting service, available through an Iowa City local access channel and the internet.

CONDENSED STATEMENT OF NET POSITION

	2021	2020
<i>Assets</i>		
Cash and other assets	\$465	\$351
Total Assets	\$465	\$351
<i>Liabilities</i>		
Accounts payable and other current liabilities	\$21	\$27
Total Liabilities	21	27
<i>Net Position</i>		
Restricted	-	73
Unrestricted	444	251
Total Net Position	444	324
Total Liabilities and Net Position	\$465	\$351

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2021	2020
<i>Program Expenses</i>		
Payroll expense	\$657	\$660
General expense	156	395
Total Program Expenses	813	1,055
<i>Program Revenues</i>		
Tuition and fees	471	502
Other sales and services	462	516
Total Program Revenues	933	1,018
Change in net position	120	(37)
Net Position, Beginning of Year	324	361
Net Position, End of Year	\$444	\$324

Note 15—Subsequent Events

In July 2021, the University of Iowa received approval from the State Board of Regents to issue Hospital Revenue and Refunding Bonds, Series S.U.I. 2021A, in the amount of \$112,345,000 and the Hospital Revenue Refunding Bond Anticipation Note, Series S.U.I. 2021B, in the amount of \$148,725,000 for the purpose of defeasing and current refunding the Hospital Revenue Bonds, Series S.U.I. 2011 and 2011A, for defeasing and advance refunding the Hospital Revenue Bonds, Series S.U.I. 2012 and for paying a portion of the costs of constructing, equipping, installing and extending certain Hospital and Clinics facilities related to the Hospital System of the State University of Iowa and paying costs of issuance. The 2021A bonds will bear interest at varying rates between 2.00% and 5.00% and will mature in varying amounts from September 1, 2021 through September 1, 2051. The 2021B bonds will bear interest of .20% and will mature October 1, 2022.

The State Health Facilities Council, on August 31, 2021, approved an extension of the UI Hospitals & Clinics academic campus with the construction of a facility at Forevergreen Road in North Liberty. The facility's emphasis is for tertiary care and will be a four-story complex.

On September 7, 2021, the State Board of Regents approved the plans for construction of a new hospital and an academic and clinic building along Forevergreen Road in North Liberty. The proposed budget for the project is \$395 million, with funding provided by hospital revenue bonds, gifts, and university hospitals building usage funds. The facility will be designed and constructed by Neumann Monson Architects, a firm based in Iowa City and Des Moines, and is slated for completion by June 2025.

Note 16—Restatement

GASB Statement No. 84 Fiduciary Activities was implemented in fiscal year 2020. This standard establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria are required to present these activities in a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to this requirement is provided for a business-type activity that expects to hold assets in a custodial fund for three months or less.

As a result of adopting GASB Statement No. 84 Fiduciary Activities in fiscal year 2020, the beginning net position was restated to retroactively report non-fiduciary funds as follows:

	<u>(in thousands)</u>
Net position at June 30, 2019, as previously reported	\$4,583,272
Adjustment for fiduciary funds as defined by GASB84	<u>(3,885)</u>
Net position at June 30, 2019, as restated	<u><u>\$4,579,387</u></u>
Net position at June 30, 2018, as previously reported	\$4,329,076
Adjustment for fiduciary funds as defined by GASB84	<u>(847)</u>
Net position at June 30, 2018, as restated	<u><u>\$4,328,229</u></u>

Note 17—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 fees revenues generated by the University for repayment. Investors in bonds of all other bond enterprises rely solely on the revenue generated by the individual activities for repayment. The University's segments are described as follows:

ACADEMIC BUILDING REVENUE BONDS

The Academic Building Revenue Bond Funds were created to defray the costs of constructing and renovating academic buildings of the University.

ATHLETIC FACILITIES REVENUE BONDS

The Athletic Facilities Revenue Bond Funds were created to defray the costs of constructing and equipping certain athletic and recreational buildings and facilities at the University. The revenues pledged to these bonds are generated by Big Ten Conference revenue distributions, student fees and tickets sold, concessions, and contract revenues for athletic events.

HOSPITAL REVENUE BONDS

The Hospital Revenue Bond Funds were created to defray the costs of various construction and renovation projects at the University of Iowa Hospitals & Clinics. The revenues pledged to these bonds consist of charges to patients for medical services.

IOWA MEMORIAL UNION (IMU) REVENUE BONDS

The Iowa Memorial Union (IMU) Revenue Bond Funds were created to defray the cost of alterations and improvements to the IMU at the University. The revenues pledged to these bonds are generated by fees paid by users of the IMU and from student fees.

PARKING SYSTEM REVENUE BONDS

The Parking System Revenue Bond Funds were created to defray additional costs of constructing, improving, and equipping various parking facilities at the University. The revenues pledged to these bonds are generated by fees paid by users of the parking facilities.

RECREATIONAL FACILITIES REVENUE BONDS

The Recreational Facilities Revenue Bonds were created to defray the costs of building, furnishing, and equipping the Campus Recreation and Wellness Center and constructing improvements to the University Field House at the University. The revenues pledged to these bonds consist of student fees and charges.

RESIDENCE SERVICES REVENUE BONDS

The Residence Services Revenue Bond Funds were created to defray additional costs of constructing, improving and maintaining various residence halls and related facilities at the University. The revenues pledged to these bonds are generated by fees paid by users of the residence halls' services.

TELECOMMUNICATIONS FACILITIES REVENUE BONDS

The Telecommunications Facilities Revenue Bond Funds were created to defray the costs of constructing, equipping, furnishing, and improving the telecommunications facilities of the University. The revenues pledged to these bonds come from charges assessed to the users of the telecommunications facilities.

UNIVERSITY OF IOWA FACILITIES CORPORATION REVENUE BONDS

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

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, reserves, 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 which are consistent with the flow of funds per requirements of the bond covenants.

TRANSFERS IN (OUT)

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.



Segment Reporting (in thousands)

As of and for the year ended June 30, 2021

	Academic Building Revenue Bonds	Athletic Facilities Revenue Bonds	Hospital Revenue Bonds	IMU Revenue Bonds
--	--	--	------------------------------	-------------------------

CONDENSED STATEMENT OF NET POSITION

Assets:

Current assets	\$21,760	\$47,800	\$477,686	\$1,531
Capital assets	848,789	181,620	1,087,636	34,639
Other noncurrent assets	14,550	17,308	1,234,252	642
Total assets	885,099	246,728	2,799,574	36,812

Deferred outflows of resources	1,166	2,221	61,521	-
--------------------------------	-------	-------	--------	---

Liabilities:

Current liabilities	21,403	45,544	353,707	1,232
Noncurrent liabilities	142,033	181,631	530,310	2,883
Total liabilities	163,436	227,175	884,017	4,115

Deferred inflows of resources	220	80	26,771	164
-------------------------------	-----	----	--------	-----

Net Position:

Net investment in capital assets	696,887	(7,834)	733,831	31,002
Restricted - expendable	25,722	27,276	5,981	1,232
Unrestricted	-	2,252	1,210,495	299
Total net position	\$722,609	\$21,694	\$1,950,307	\$32,533

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Operating revenues	\$407,193	\$49,864	\$2,158,883	\$8,605
Depreciation expense	(47,098)	(10,815)	(106,483)	(2,227)
Other operating expenses	(101)	(8,973)	(1,965,411)	(12,921)
Net operating income (loss)	359,994	30,076	86,989	(6,543)
Nonoperating revenues (expenses)	(5,330)	(5,164)	139,497	218
Transfers from/(to) University funds	(382,644)	(28,265)	(25,267)	5,318
Change in net position	(27,980)	(3,353)	201,219	(1,007)
Net position, beginning of year	750,589	25,047	1,749,088	33,540
Net position, end of year	\$722,609	\$21,694	\$1,950,307	\$32,533

CONDENSED STATEMENT OF CASH FLOWS

Net cash provided (used) by operating activities	\$406,245	\$45,361	\$281,725	\$(5,265)
Net cash provided (used) by noncapital financing activities	(391,863)	(26,197)	10,389	1,550
Net cash provided (used) by capital and related financing activities	(15,969)	(3,501)	(119,147)	3,044
Net cash provided (used) by investing activities	(2,545)	3,366	(177,021)	44
Net increase (decrease) in cash	(4,132)	19,029	(4,054)	(627)
Cash and cash equivalents, beginning of year	21,732	35,567	11,032	802
Cash and cash equivalents, end of year	\$17,600	\$54,596	\$6,978	\$175

Parking System Revenue Bonds	Recreational Facilities Revenue Bonds	Residence Services Revenue Bonds	Telecomm. Facilities Revenue Bonds	UI Facility Corporation Bonds
\$4,139	\$4,421	\$13,417	\$12,104	\$40,043
97,825	83,068	216,535	26,433	209,485
37,340	11,725	42,733	19,548	2,776
139,304	99,214	272,685	58,085	252,304
-	2,573	1	-	500
3,859	4,678	12,393	10,569	45,673
42,190	51,905	161,875	25,666	113,371
46,049	56,583	174,268	36,235	159,044
95	-	138	97	310
53,447	30,625	67,853	140	91,079
6,059	10,107	29,315	2,186	2,371
33,654	4,472	1,112	19,427	-
\$93,160	\$45,204	\$98,280	\$21,753	\$93,450
\$19,091	\$2,739	\$54,035	\$28,568	\$-
(6,511)	(3,382)	(13,130)	(844)	(10,132)
(10,630)	(6,514)	(48,210)	(21,523)	-
1,950	(7,157)	(7,305)	6,201	(10,132)
(1,176)	(1,701)	(3,692)	(745)	(3,136)
2,572	10,379	5,885	(3,466)	13,772
3,346	1,521	(5,112)	1,990	504
89,814	43,683	103,392	19,763	92,946
\$93,160	\$45,204	\$98,280	\$21,753	\$93,450
\$8,558	\$(3,887)	\$6,360	\$7,304	\$-
2,384	(1,687)	5,801	(3,730)	8,964
(4,980)	4,673	5,061	4,777	7,541
(10,369)	1,601	1,114	(370)	4,644
(4,407)	700	18,336	7,981	21,149
19,669	12,238	26,657	17,370	18,894
\$15,262	\$12,938	\$44,993	\$25,351	\$40,043

Segment Reporting (in thousands)

As of and for the year ended June 30, 2021

	Academic Building Revenue Bonds	Athletic Facilities Revenue Bonds	Hospital Revenue Bonds	IMU Revenue Bonds
DEBT SERVICE COVERAGE				
Debt service coverage % - Required	N/A	125%	130%	120%
Debt service coverage % - Actual	N/A	268%	724%	416%
PORTION OF REVENUE PLEDGED				
Annual debt service (principal & interest)	\$15,897	\$15,873	\$26,730	\$754
Net pledged revenue	391,896	42,493	193,472	3,138
Annual debt service/Net operating revenues (%)	4%	37%	14%	24%

REVENUE BONDS PAYABLE

A summary of revenue bonds payable activity, by segment, for the year ended June 30, 2021, is as follows:

Beginning Balance	\$164,299	\$201,998	\$342,251	\$4,124
Additions	7,915	15,647	24,048	-
Reductions	(19,366)	(10,849)	(40,043)	(651)
Ending Balance	\$152,848	\$206,796	\$326,256	\$3,473

DEBT SERVICE REQUIREMENTS

As of June 30, 2021, the amount shown for debt service payments due on July 1 were on hand.

Semi-annual maturity	Jan & Jul 1st	Jan & Jul 1st	Mar & Sep 1st	Jan & Jul 1st
2022	\$15,694	*\$31,165	\$26,936	\$739
2023	15,673	16,002	27,029	738
2024	15,653	15,990	27,787	737
2025	15,608	16,685	27,725	738
2026	13,380	16,779	27,715	743
2027–2031	63,154	84,194	120,210	-
2032–2036	41,516	52,045	96,584	-
2037–2041	3,141	18,203	59,895	-
2042–2046	-	-	5,961	-
2047–2050	-	-	-	-
Unamortized Discount and Premium	4,908	4,876	14,986	203
Total	\$188,727	\$255,939	\$434,828	\$3,898

*Debt service payment includes the refunded bonds to be called on July 1, 2021.

COMMITMENTS

As of June 30, 2021, the University has entered into contract commitments for construction projects as follows:

Contract Commitments	\$13,823	\$47	\$102,633	\$262
-----------------------------	-----------------	-------------	------------------	--------------

Parking System Revenue Bonds	Recreational Facilities Revenue Bonds	Residence Services Revenue Bonds	Telecomm. Facilities Revenue Bonds	UI Facilities Corporation Revenue Bonds
120%	125%	135%	110%	N/A
239%	239%	145%	468%	N/A
\$3,782	\$5,133	\$11,598	\$1,549	\$9,268
9,044	12,262	16,826	7,256	N/A
42%	42%	69%	21%	N/A
\$46,706	\$58,409	\$154,711	\$28,433	\$129,113
-	-	21,015	6,749	36,425
(2,423)	(3,394)	(7,446)	(1,436)	(7,047)
\$44,283	\$55,015	\$168,280	\$33,746	\$158,491

Jan & Jul 1st	Dec & Jun 1st			
\$3,750	\$5,080	\$11,825	*\$8,993	*\$49,390
3,759	5,095	12,419	1,185	10,401
3,805	5,123	12,418	1,551	9,827
3,807	5,124	12,419	2,177	9,813
3,786	4,809	11,363	2,192	10,272
13,163	23,301	56,936	11,120	44,363
13,234	18,145	51,378	9,476	23,826
13,379	-	38,320	1,666	11,085
-	-	11,419	-	7,676
-	-	1,041	-	6,150
288	3,625	2,690	2,196	11,996
\$58,971	\$70,302	\$222,228	\$40,556	\$194,799

\$937	\$1,150	\$5,565	\$140	\$6,925
-------	---------	---------	-------	---------

Required Supplementary Information

June 30, 2021

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

Iowa Public Employees' Retirement System Last Seven Fiscal Years* (in thousands):

<i>For the Year Ended</i>	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	University's Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	IPERS' Net Position as a Percentage of the Total Pension Liability
6/30/21	1.8683190%	\$131,244	\$149,554	87.76%	82.90%
6/30/20	1.7146546%	99,290	131,740	75.37%	85.45%
6/30/19	1.6294245%	103,114	124,673	82.71%	83.62%
6/30/18	1.4825633%	98,758	111,914	88.24%	82.21%
6/30/17	1.2770236%	80,367	92,356	87.02%	81.82%
6/30/16	1.0820964%	53,461	74,409	71.85%	85.19%
6/30/15	0.9747910%	38,659	63,967	60.44%	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 fiscal year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

SCHEDULE OF UNIVERSITY CONTRIBUTIONS

Iowa Public Employees' Retirement System Last 10 Fiscal Years (in thousands):

<i>For the Year Ended</i>	Statutorily Required Contributions	Actual Employer Contribution	Contribution Deficiency/ (Excess)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/21	\$15,766	\$(15,766)	\$ -	\$167,408	9.42%
6/30/20	14,082	(14,082)	-	149,554	9.42%
6/30/19	12,399	(12,399)	-	131,740	9.41%
6/30/18	10,993	(10,993)	-	124,673	8.80%
6/30/17	9,931	(9,931)	-	111,914	8.90%
6/30/16	8,184	(8,184)	-	92,356	8.90%
6/30/15	6,620	(6,620)	-	74,409	8.90%
6/30/14	5,696	(5,696)	-	63,967	8.90%
6/30/13	4,718	(4,718)	-	54,658	8.60%
6/30/12	3,802	(3,802)	-	46,653	8.10%

See accompanying independent auditor's report.

Notes to Required Supplementary Information

June 30, 2021

PENSION LIABILITY

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. 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 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

Changes of assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement:

- Assumed investment return: 7%.
- Projected salary increases: 3.25%–16.25% depending upon years of service.
- Mortality tables: RP-2014 Employee and Healthy Annuitant Tables adjusted to 2006 and 2017 with MP-2017 generational adjustments.
- Inflation rate: 2.6%.
- Payroll increase assumption: 3.25%.
-

The 2019 valuation, which is used to determine the contribution rates effective July 1, 2020, incorporated the following refinements after a demographic assumption study:

- Assumed investment return: 7%.
- Projected salary increases: 3.25%–16.25% depending upon years of service.
- Mortality tables: RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.
- Inflation rate: 2.6%.
- Payroll increase assumption: 3.25%.

The 2018 valuation, which is used to determine the contribution rates effective July 1, 2019, incorporated the following refinements after a demographic assumption study:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability 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 a quadrennial experience study:

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

SCHEDULE OF CHANGES IN THE UNIVERSITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS (in thousands)

	FY21	FY20	FY19	FY18
Service cost	\$7,028	\$3,860	\$4,193	\$33,733
Interest	6,214	5,604	4,971	18,168
Changes of benefit terms	-	-	21,519	(465,008)
Differences between expected and actual experiences	(181)	4,430	1	48,567
Changes of assumptions	27,290	26,867	(13,968)	(95,303)
Benefit payments	(11,931)	(10,497)	(10,394)	(6,952)
Contributions from the employer	-	-	-	(1,049)
Net change in total OPEB liability	\$28,420	\$30,264	\$6,322	\$(467,844)
Total OPEB liability beginning of year	176,421	146,157	139,835	607,679
Net OPEB liability end of year	204,841	176,421	146,157	139,835
Covered-employee payroll	\$1,384,343	\$1,384,343	\$1,308,289	\$1,291,758
Total OPEB Liability as a percentage of covered-employee payroll	14.80%	12.74%	11.17%	10.83%

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

Notes to Required Supplementary Information

June 30, 2021

OPEB LIABILITY

Changes in the University's Total OPEB Liability and Related Ratios

The 2020 valuation implemented the following refinements:

The financial accounting valuation reflects the following method changes:

- There were no method changes in the financial accounting valuation.

The financial accounting valuation reflects the following assumption changes:

- A change in the discount rate to 2.21% as of June 30, 2020.
- A removal of the excise tax on high-cost plans from the future trend rates.

The 2019 valuation implemented the following refinements:

The financial accounting valuation reflects the following method changes:

- There were no method changes in the financial accounting valuation.

The financial accounting valuation reflects the following assumption changes:

- A change in the discount rate to 3.50% as of June 30, 2019.
- A change in the mortality assumption for healthy lives from the RP-2014 Aggregate Mortality Table projected using the Scale MP-2016 to Pub-2010 Aggregate Mortality Table projected using Scale MP-2018 by classification.
- A change in the mortality assumption for disabled lives from the CIA 1988–94 LTD table to the Pub-2010 Disabled Mortality Table projected using Scale MP-2018.
- The health care trend rate assumption was updated to a schedule of rates beginning at 6.65% in 2019, grading down to 4.50% in 2028 and beyond for pre-65 participants and 7.61% in 2019 grading down to 4.50% in 2029 and beyond for post-65 participants.
- The marginal cost adjustment factors were changes from 60.1% to 62.9% for pre-65 participants and from 87.6% to 89.5% for post-65 participants.
- The impact of the excise tax on high cost plans due to healthcare reform was updated, based on current claims and medical trend assumptions.

The 2018 valuation implemented the following refinements:

The financial accounting valuation reflects the following method changes:

- There were no method changes in the financial accounting valuation.

The financial accounting valuation reflects the following assumption changes:

- A change in the discount rate to 3.87% as of June 30, 2018. The discount rate was 3.58% as of June 30, 2017.
- A change in demographic assumptions for the Merit employees from the State assumptions to the University staff assumptions.

The 2017 valuation implemented the following refinements:

The financial accounting valuation reflects the following method changes:

- A change in the actuarial cost method from Projected Unit Credit to Entry Age Normal.

The financial accounting valuation reflects the following assumption changes:

- A change in the discount rate to 3.58% as of June 30, 2017. The discount rate was 6.75% as of June 30, 2016.
- A change in the withdrawal rates for staff to better anticipate future experience.
- A change in the mortality assumption from the RP-2014 Aggregate Mortality Table projected using Scale MP-2014 to the RP-2014 Aggregate Mortality Table projected using Scale MP-2016.
- The health care trend rate assumption was updated to a schedule of rates beginning at 7.55% in 2017, grading down to 4.50% in 2026 and beyond for pre-65 participants and 9.17% in 2017 grading down to 4.50% in 2026 and beyond for post-65 participants.
- The marginal cost adjustment factors were changed from 59.4% to 60.1% for pre-65 participants and from 86.8% to 87.6% for post-65 participants.
- The impact of the Excise Tax on high cost plans due to healthcare reform was updated, based on current claims and medical trend assumptions.
- A change in demographic assumptions for the Merit employees from the State assumptions to the University staff assumptions.

See accompanying independent auditor's report.



**OFFICE OF THE CHIEF FINANCIAL OFFICER
ACCOUNTING AND FINANCIAL REPORTING**

Terry L. Johnson

Chief Financial Officer and Treasurer

Rachel McGuire

Assistant Vice President and University Controller

Steve Romont

Director, Accounting and Financial Reporting

Yan Huang

Assistant Director, Accounting and Financial Reporting

Shelly Michel

Assistant Director, Accounting and Financial Reporting

Design and Photography by the Office of Strategic Communication
Printed by UI Printing Services

 Printed on recycled paper

This financial report is designed to provide users with a general overview of the University of Iowa'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, University of Iowa, 4M Jessup Hall, Iowa City, IA 52242 or email afr-elecfintrans@uiowa.edu. An electronic version can be found at afr.fo.uiowa.edu/annual-reports.

The University of Iowa prohibits discrimination in employment, educational programs, and activities on the basis of race, creed, color, religion, national origin, age, sex, pregnancy, disability, genetic information, status as a U.S. veteran, service in the U.S. military, sexual orientation, gender identity, associational preferences, or any other classification that deprives the person of consideration as an individual. The university also affirms its commitment to providing equal opportunities and equal access to university facilities. For additional information on nondiscrimination policies, contact the Director, Office of Institutional Equity, the University of Iowa, 202 Jessup Hall, Iowa City, IA 52242-1316, 319-335-0705, oie-ui@uiowa.edu.

W000000—01/22

