IOWA

FINANCIAL REPORT

JULY 1, 2022 TO JUNE 30, 2023

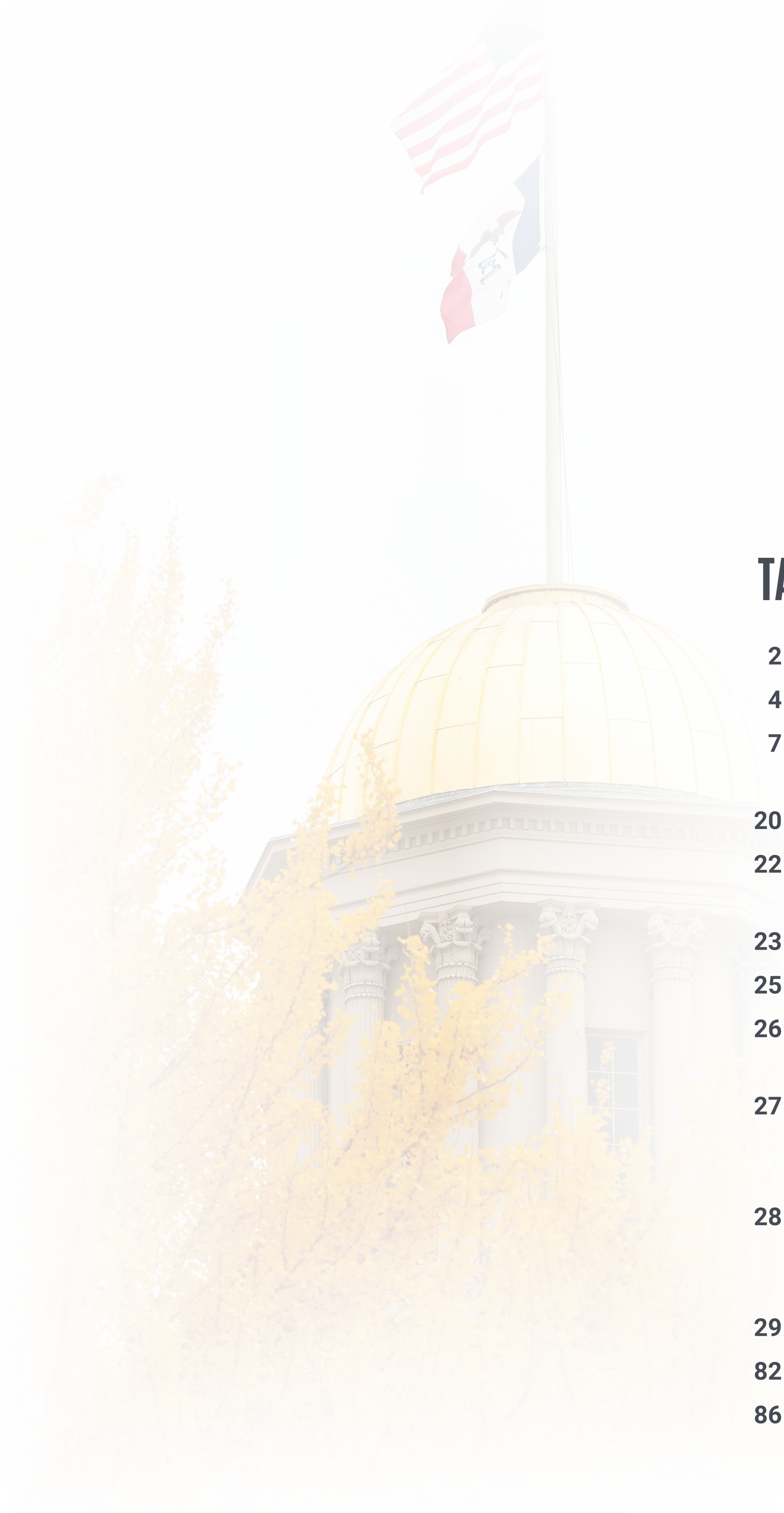


TABLE OF CONTENTS

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

Upon its founding in 1847, the University of Iowa was entrusted by the state legislature with a threefold mission of teaching, research, and public service. In pursuing that mission today, the university

- provides exceptional teaching and transformative educational experiences that prepare students for success and fulfillment in an increasingly diverse and global environment;
- advances scholarly and creative endeavor through leading-edge research and artistic production; and
- brings learning and discovery into the service of the people of the state of Iowa, the nation, and the world, improving lives through education, health care, arts and culture, and community and economic vitality.

THE UNIVERSITY IN 2023

University of Iowa achievements during 2022–2023 include:

- Named Beth Goetz as the interim director of Athletics
- Named Ann McKenna as the new dean of the College of Engineering
- Named Denise Jamieson as the new vice president for medical affairs and dean of the Carver College of Medicine
- Named Eric Hunter as the chair of the Department of Communication Sciences and Disorders
- Honored more than 80 faculty members at the inaugural Highly Prestigious Faculty Award Investiture event
- Recognized as a top-producing institution of Fulbright students nationally for the 7th consecutive year
- Restructured the Department of Public Safety to better coordinate a wider range of safety services
- Joined $20 million effort to help rural Iowa students earn college degrees
- Celebrated Hancher Auditorium's landmark 50th anniversary with a series of public performances
- Welcomed Jackson Pollock's *Mural* back to UI Stanley Museum of Art after world tour

ENROLLMENT

Group	Fall 2023	Fall 2022
Total students	31,452	31,317
Undergraduates	22,130	21,973
Graduate and professional	9,322	9,344
Iowa residents	57.2%	58.5%
Total non-residents	42.8%	41.5%
International students	5.8%	5.5%
Minority enrollment	19.5%	19.5%

EMPLOYMENT

Group (by FTEs)	Fall 2023	Fall 2022
Total faculty and staff	26,447	25,444
Tenure-track faculty	1,434	1,449
Clinical-track faculty	985	946
Postdoctoral and other faculty	703	720
Institutional officers	20	21
Professional and scientific staff	11,916	11,447
Merit staff	3,918	3,832
Residents	908	868
Graduate assistants	2,363	2,360
Temporary	4,200	3,801

EXTERNAL SUPPORT AND GIVING

The University reported strong external support during FY2023.

- FY2023 total external funding: **$704 million**

RECENT RANKINGS

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

- U.S. *News & World Report* rank among 227 national, public universities: **47**
- U.S. *News & World Report* rank for writing among 227 national, public universities: **1**
- U.S. *News & World Report* rank for nursing among 227 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*: **1**
- 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*: **6**

Iowa women's basketball star Caitlin Clark takes a selfie with fans during the celebration of the team's historic season. It was a sea of black and gold on the University of Iowa Pentacrest as players and coaches stopped for autographs, photos, and high-fives. The Hawkeyes ended their sensational season 31–7, falling one win short of a national title.

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

Opinion

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, 2023 and 2022, and the related Notes to Financial Statements, which collectively comprise the University of Iowa's basic financial statements listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the fiduciary activities of the University of Iowa and its discretely presented component units as of June 30, 2023 and 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the years ended June 30, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America.

We did not audit the discretely presented component units, the University of Iowa Center for Advancement and Affiliate and the University of Iowa Health System, discussed in Note 1, which represent 98.3% and 1.2%, respectively, of the assets and 90.5% and 7.9%, 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.

Basis for Our Opinion

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

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, 2023 and 2022 and the changes in financial position and its cash flows for the years ended June 30, 2023 and 2022 in conformity with U.S generally accepted accounting principles. Our opinion is not modified in respect to this matter.

As discussed in Note 1 to the financial statements, the University of Iowa adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the University's Proportionate Share of Net Pension Liability, the Schedule of University Contributions and the Schedule of Changes in the University's OPEB Liability, Related Ratios and Notes on pages 7 through 19 and 86 through 91 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

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

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

December 18, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Rolling through the heart of campus. Thousands of riders from all over the world made their way through Iowa City during RAGBRAI's 50th anniversary ride. Cyclists enjoyed stops at the Pentacrest and had the opportunity to pass through Kinnick Stadium before finishing the famous cross-state bike trek by dipping their front tires into the Mississippi River.

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, 2023 and 2022. 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, 2023, with assets and deferred outflows of resources of $10,156 million and liabilities and deferred inflows of resources of $4,065 million as compared to June 30, 2022 restated assets and deferred outflows of resources of $9,599 million and liabilities and deferred inflows of resources of $4,084 million. After restatement, net position, the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, increased by $576 million (10%) from June 30, 2022 to June 30, 2023. The restated increase from June 30, 2021 to June 30, 2022 was $264 million (5%).

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.

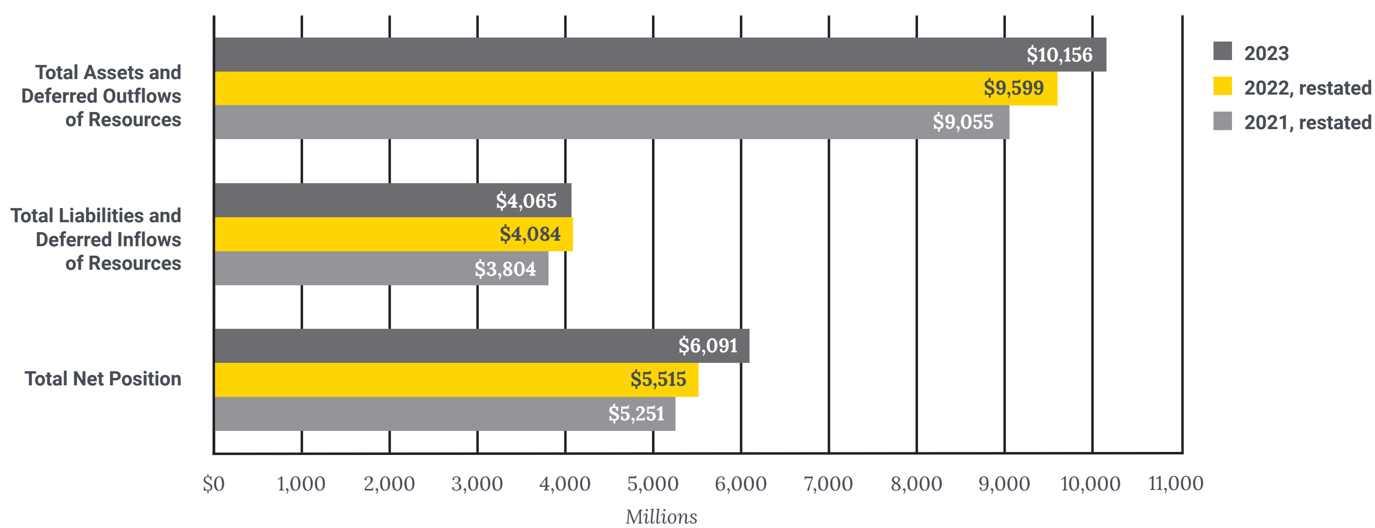
GASB Statement No. 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements was implemented in fiscal year 2023. This statement defines public-private and public-public arrangements (PPPs) and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions.

GASB Statement No. 96 Subscription-Based Information Technology Arrangements was implemented in fiscal year 2023. This statement defines subscription-based information technology arrangements (SBITA) and requires recognition of certain right-to-use assets and subscription liabilities that were previously classified as expenses or prepaid assets. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 Leases, as amended.

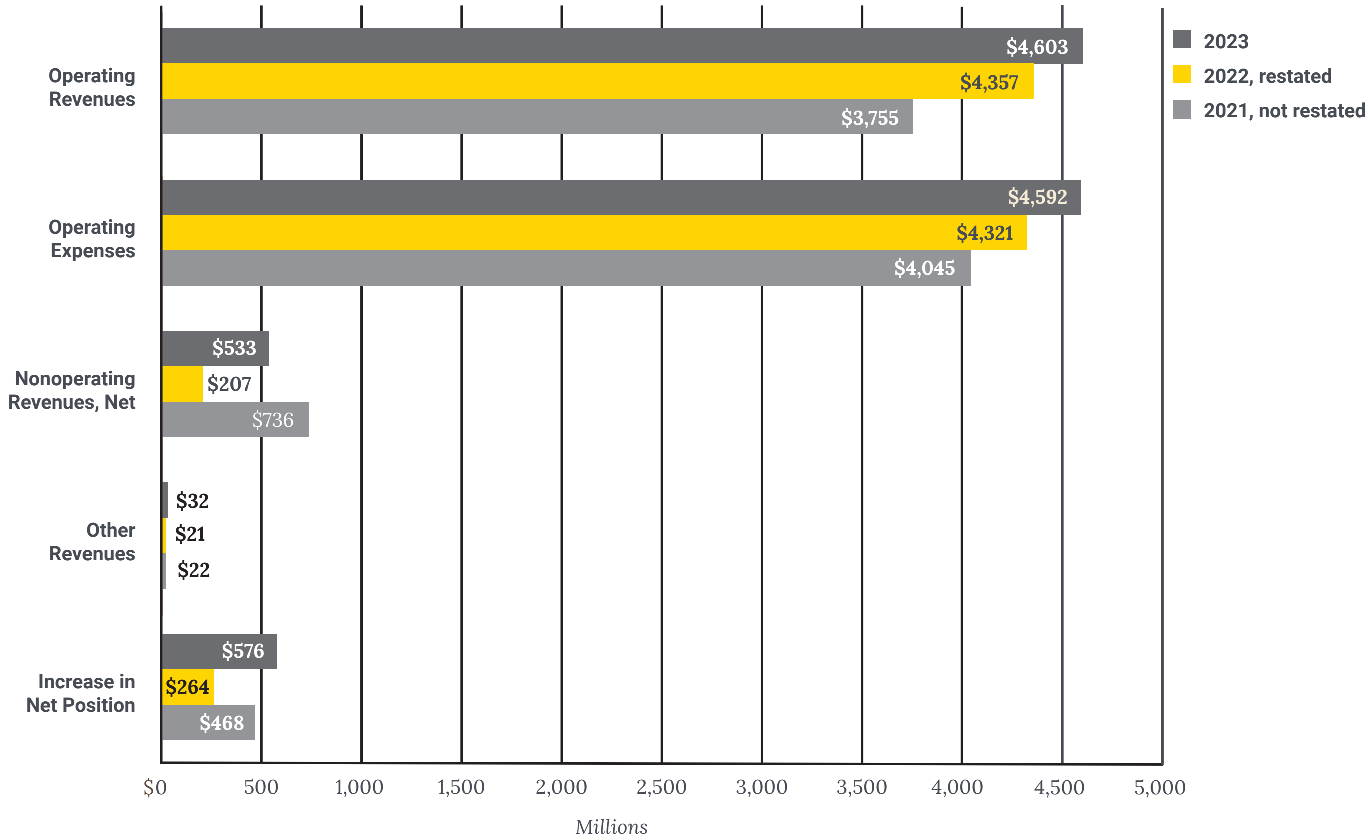
As a result of adopting GASB Statement No. 96 Subscription-Based Information Technology Arrangements in fiscal year 2023, the beginning net position was restated by $1 million in FY2023 to retroactively include subscription liabilities and right-to-use assets, as shown in Note 15 Restatement.

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, 2023, 2022 and 2021 and the components of changes in Net Position at June 30, 2023, 2022 and 2021.

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.

NET POSITION, END OF YEAR

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, 2023, 2022 and 2021 (in millions):

	2023	Restated 2022	Restated 2021
Assets			
Current assets	$1,556	$1,369	$1,027
Capital assets, net	4,181	4,049	4,061
Other noncurrent assets	4,293	4,049	3,817
Total Assets	**10,030**	**9,467**	**8,905**
Deferred Outflows of Resources	**126**	**132**	**150**
Liabilities			
Current liabilities	926	1,077	894
Noncurrent liabilities	1,947	1,697	1,695
Total Liabilities	**2,873**	**2,774**	**2,589**
Deferred Inflows of Resources	**1,192**	**1,310**	**1,215**
Net Position			
Net investment in capital assets	2,798	2,773	2,818
Restricted	459	438	497
Unrestricted	2,834	2,304	1,936
Total Net Position	**$6,091**	**$5,515**	**$5,251**

REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following table summarizes the University's revenues, expenses and changes in net position for the years ended June 30, 2023, 2022 and 2021 (in millions):

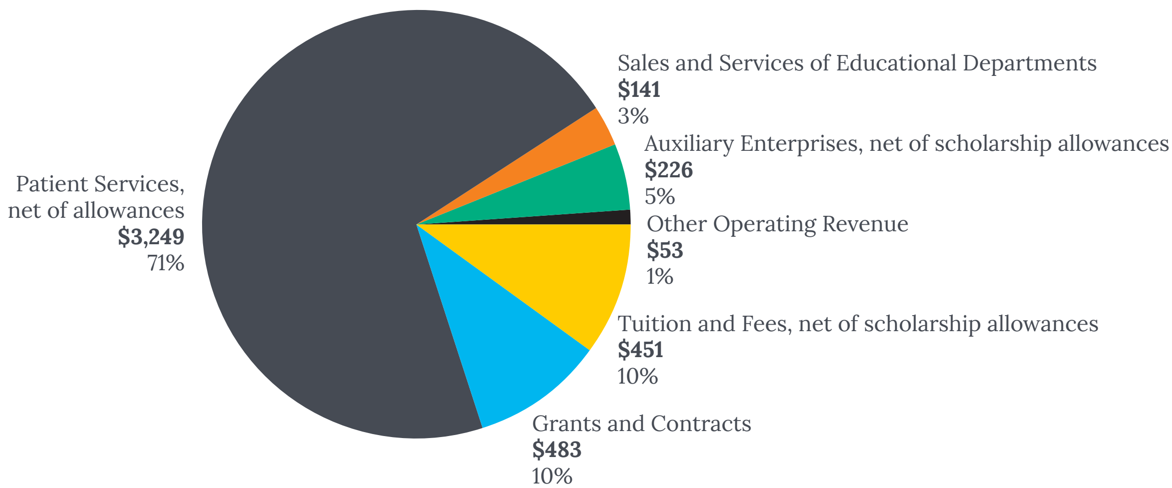
	2023	Restated 2022	Not Restated 2021
Operating Revenues:			
Tuition and fees, net of scholarship allowances	$451	$426	$425
Grants and contracts	483	488	431
Patient services, net of allowances	3,249	3,058	2,579
Sales and services of educational departments	141	137	131
Auxiliary enterprises, net of scholarship allowances	226	207	137
Other operating revenue	53	41	52
Total Operating Revenues	**4,603**	**4,357**	**3,755**
Operating Expenses:			
Instruction	369	360	348
Research	447	427	387
Academic support	181	155	157
Patient services	2,698	2,504	2,310
Depreciation and amortization	302	291	279
Auxiliary enterprises	223	196	174
Other operating expenses	372	388	390
Total Operating Expenses	**4,592**	**4,321**	**4,045**
Operating Income (Loss)	**11**	**36**	**(290)**
Nonoperating Revenues (Expenses):			
State appropriations	237	234	233
Grants and contracts	22	100	68
Investment income (loss)	185	(212)	381
Gifts	135	118	89
Lease revenue	2	3	2
Interest expense	(45)	(34)	(34)
Loss on disposal of capital assets	(3)	(2)	(3)
Net Nonoperating Revenues	**533**	**207**	**736**
Income Before Other Revenues	**544**	**243**	**446**
Other Revenues:			
Capital appropriations, State	15	15	16
Capital contributions and grants	17	6	6
Net Other Revenues	**32**	**21**	**22**
Increase in Net Position	**576**	**264**	**468**
Net position, beginning of year	**5,515**	**5,251**	**4,783**
Net position, end of year	**$6,091**	**$5,515**	**$5,251**

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, 2023 of $576 million (10%). During the fiscal year ended June 30, 2023, the University's operating revenues and operating expenses each increased by 6%. The net result from operating revenues and expenses is an operating gain of 0% compared to an operating gain of 1% last year. After factoring in state appropriations, investment income, gifts and other net non-operating revenues (expenses), the University increased net position by $576 million for the year ended June 30, 2023. During the fiscal year ended June 30, 2023, net nonoperating revenues (expenses) increased by 157%. Other revenues of state appropriations for capital projects and contributions and grants for capital projects increased $11 million (52%).

OPERATING REVENUES

For the fiscal years (FY) ended June 30, 2023, 2022 and 2021, operating revenues totaled $4,603 million, $4,357 million and $3,755 million, respectively. Operating revenues increased $246 million (6%) over FY 2022 revenues. The increase is primarily from patient services, student tuition and fees and auxiliary enterprises. 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, 2023:

FY 2023 OPERATING REVENUES $4,603 million

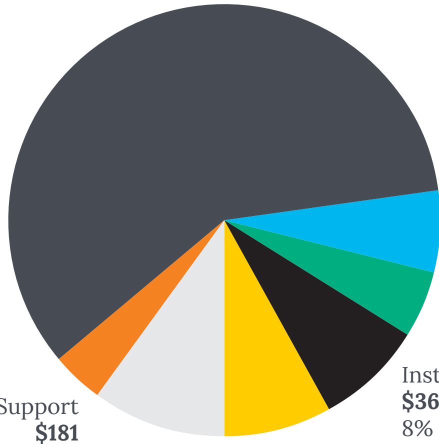


In the most recent National Science Foundation, Higher Education Research and Development survey (2021), the University of Iowa ranked 55th among 644 public and private universities combined in terms of federally financed expenditures for research and development. Grants, contracts and other sponsored agreements operating revenue exceeded $483 million in FY 2023, $488 million in FY 2022 and $431 million in FY 2021.

OPERATING EXPENSES

For the fiscal years ended June 30, 2023, 2022 and 2021, operating expenses totaled $4,592 million, $4,321 million and $4,045 million, respectively. Operating expenses increased $271 million (6%) over FY 2022 expenses. The increase is primarily from patient services, auxiliary enterprises, academic support and research. The following is a graphic illustration of the University's operating expenses for the year ended June 30, 2023:

FY 2023 OPERATING EXPENSES $4,592 million



Other operating expenses include Public Service (2023, $115 million; 2022, $106 million), Student Services (2023, $45 million; 2022, $44 million), Institutional Support (2023, $65 million; 2022, $64 million), Operation and Maintenance of Plant (2023, $101 million; 2022, $101 million), Scholarships and Fellowships (2023, $36 million; 2022, $58 million), and Other (2023, $10 million; 2022, $15 million).

NONOPERATING REVENUES (EXPENSES)

Nonoperating revenues and expenses netted a positive $533 million for the fiscal year ended June 30, 2023 and $207 million for the fiscal year ended June 30, 2022.

The following table summarizes the University's nonoperating revenues and expenses for the years ended June 30, 2023, 2022 and 2021 (in millions):

	2023	Restated 2022	Not Restated 2021
Nonoperating Revenues (Expenses)			
State appropriations	$237	$234	$233
Grants and contracts	22	100	68
Investment income (loss)	185	(212)	381
Gifts	135	118	89
Lease revenue	2	3	2
Interest expense	(45)	(34)	(34)
Loss on disposal of capital assets	(3)	(2)	(3)
Net Nonoperating Revenues	**$533**	**$207**	**$736**

State appropriations increased by $3 million (1%) in the fiscal year ended June 30, 2023. Grants and contracts revenue decreased by $78 million (-78%), investment income increased by $397 million (187%) and gifts increased by $17 million (14%) in the fiscal year ended June 30, 2023.

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.

CASH FLOWS FOR THE YEAR

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, 2023, 2022 and 2021 (in millions):

	2023	Restated 2022	Not Restated 2021
Cash provided (used) by:			
Operating activities	$96	$109	$63
Noncapital financing activities	394	453	391
Capital and related financing activities	(405)	40	(229)
Investing activities	(29)	(538)	(226)
Net change in cash and cash equivalents	**56**	**64**	**(1)**
Cash and cash equivalents, beginning of year	301	237	238
Cash and cash equivalents, end of year	**$357**	**$301**	**$237**

The University's overall liquidity increased during the year, with a net increase in cash and cash equivalents of $56 million. The increase is primarily due to patient services and grants and contracts receipts. Other significant effects on cash flow came from an increase in hospital short term payables, ending of CARES Act funding, tuition increases, and multiple major capital projects funded by debt beginning after pandemic delays.

CAPITAL ASSETS, NET OF DEPRECIATION AND AMORTIZATION

The following table summarizes the University's capital assets, net of depreciation and amortization, as of June 30, 2023, 2022 and 2021 (in millions):

	2023	Restated 2022	Restated 2021
Nondepreciable/nonamortizable			
Land	$75	$74	$73
Construction in progress	356	172	143
Art & historical collections	30	29	29
Library materials	424	413	402
Depreciable/amortizable			
Land improvements, net	4	5	6
Infrastructure, net	316	329	310
Buildings, net	2,514	2,603	2,663
Equipment, net	272	260	259
Intangibles, net	15	19	25
RTU Leased buildings, net	129	114	127
RTU Leased equipment, net	14	10	10
RTU Leasehold, net	1	2	1
RTU Leased land, net	1	1	1
RTU SBITA*, net	30	18	12
Total Capital Assets, Net	**$4,181**	**$4,049**	**$4,061**

**Subscription-Based Information Technology Arrangements (SBITA)*

The University of Iowa reached substantial completion (occupancy) or final completion during this time frame (FY23) on one renovation of an existing facility - Campus Recreation and Wellness Center - Replace PoolPak AHUs ($6 million).

There were six projects already under contract for construction at the start of FY23, which include: UIP Fit Out and Manufacturing Equipment ($28 million), UIHC – RCP – Expand Heart and Vascular Cath Labs ($31 million), UIHC at Forevergreen Road – Construct Facility ($526 million), Renovate Student Living Space in Hillcrest Residence Hall ($23 million), UIHC – JCP – Expand Observation Unit ($14 million) and Iowa Wrestling Training Facility – Construct Building ($32 million).

Those projects placed under contract during FY23 include: Bowen Science Building – Renovate Third Floor ($17 million), UIHC Centralized Emergency Power Generation Facility ($45 million), Medical Laboratories – Medical Research Center – Renovate 2nd Floor ($8 million), On Campus Recreation – Upgrade West Recreation Fields ($6 million), UIHC – Replace Windows ($45 million), State Hygienic Laboratory at the University of Iowa – Construct New BSL3 with Additional Support Space ($12 million), West Campus Parking Ramp – Construct Facility ($75 million) and UIHC – South Wing L2 Inpatient Conversion ($8 million).

Those projects continuing to move through design during the FY23 time frame include: expanding the Biomedical Research Support Facility – Expand Facility ($20 million), Van Allen

Hall – Renovate Western 7th Floor ($7 million), UIHC – JCP – L1 Emergency Department North and South Expansion ($37 million), Hardin Library for Health Sciences – Building Renovation Phase II ($6 million), Gymnastics/Spirit Squad Training Center – Construct Facility ($21 million), Duane Banks Baseball Stadium – Baseball Stadium Renovation ($37 million), Health Sciences Academic Building – Construct Facility ($249 million), UIHC – JPP – L7 Maternity Services Expansion ($63 million), UIHC – Master Plan – Hawkins Drive to Newton Road Cut Through ($12 million), College of Pharmacy Building – Create Medical Innovation and Bioscience Laboratories ($7 million), Currier Residence Hall – Renovate Restrooms ($7 million) and UIHC – Stead Family Children's Hospital L7 Expand NICU and Extend Bridge ($42 million).

Finally, the project UIHC – JPP – Expand Level 5 Main Operating Room ($29 million) was placed on hold and will be cancelled due to a change in management direction and funding issues.

LONG-TERM DEBT AND OTHER OBLIGATIONS

As of June 30, 2023, the University had $1,655 million in outstanding bonds, notes, financed purchases, leases, and SBITA* payables, an increase of $41 million over the prior year. Debt principal payments of $101 million and interest payments of $52 million were made during the fiscal year ended June 30, 2023.

The following table summarizes outstanding debt by type as of June 30, 2023, 2022 and 2021 (in millions):

	2023	Restated 2022	Restated 2021
Long-Term Debt			
Revenue bonds	$1,409	$1,414	$1,149
Notes and financed purchase	77	55	27
Subtotal	1,486	1,469	1,176
Other Obligations			
Leases payable	$149	$129	$144
SBITA payable	20	16	12
Subtotal	169	145	156
Total Long Term Debt and Other Obligations	**$1,655**	**$1,614**	**$1,332**

During the fiscal year ended June 30, 2023, $57 million of new revenue bonds were issued. The revenue bond proceeds were for the Parking System. The University carries an Aa1 institutional bond rating from Moody's and an AA rating from Standard & Poor's. 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. This flexibility, along with ongoing efforts toward revenue diversification and cost containment, will enable the University to provide the necessary resources to support a consistent level of excellence in service to students, patients, research programs, the state and the nation.

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. For example, the 2023 edition of the Fiske Guide to Colleges designates the University of Iowa as one of 10 public universities in the country as a "Best Buy" due to the Universities' excellent academic programs in relation to the net cost of attendance and its high quality of student life on campus. The University continues to draw a high percentage of students from outside the state of Iowa, most notably from the state of Illinois, but importantly, is witnessing growing enrollments from students graduating from high schools in California, Arizona, Texas and Colorado. The Class of 2027 is comprised of 5,064 students and is one of the most academically gifted classes in the University's 176-year history. Total enrollment for fall 2023 is 31,452. 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 University's general fund appropriation from the state was $218 million. October 2023 revenue projections from the state revenue estimating conference show actual FY23 net general funds revenues at less than 1% above FY22 net general fund revenues or $9.845 billion. In estimating FY24 revenues the revenue estimating conference is projecting net general fund revenues to be $9.753 billion or a decrease of 1% relative to FY23 actual net revenues.

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 fifteen years. In fiscal year 2020, for the first time in its history, the University surpassed $500 million in research funding coming in at $536 million. $561 million in external funding for leading edge research, public service, and creative discovery was secured in FY23. Total external funding achieved $704 million in FY23. Finally, in an effort to continue enhancing its external funding, the Vice President for Research is utilizing funding from the University's UI Strategic Initiatives Fund to enhance research collaboration efforts on campus further leveraging the expertise of faculty and staff. 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. Federal research funding increased 17% over FY22. 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.

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. Starting in fall 2021 and accelerating in spring 2022, the whole world is witnessing significant inflationary pressures attributable in large part to supply chain issues, the Russia-Ukraine war, the significant rise in oil and gas prices, and labor shortages. The Federal Reserve, by raising its benchmark interest rate, appears to have curbed inflation. Core inflation reached its recent peak of 9% in June 2022. At the end of September 2023, inflation had moderated to less than 4% per year. Just when inflation is moving in the right direction, a new war breaks out in the Middle East between Hamas and Israel creating more uncertainty around the world.

This reduction in inflation had a positive impact on the University's endowment return for the fiscal year ending June 30, 2023, coming in at a positive return of close to 7%. It is important to note that on a relative basis, the University's endowment achieved benchmark returns in the top quartile relative to its peers over the 3-year, 5-year and 10-year return periods. 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 2023 with a net position increase of 19% versus a budget of 15%. According to US News & World Report, UIHC has been included again as one of the top hospitals in the United States in its annual "best hospitals" rankings. University of Iowa Health Care is rated by US News & World Report as the #1 hospital in the state of Iowa and it continues to report robust patient census data with over 30 thousand admissions and over 1 million clinic visits annually. 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 2.45 overall in FY23. UIHC is experiencing unprecedented demand for tertiary care for patients from Iowa's 99 counties and beyond. To help address these issues, construction continues on a new 469,000 square foot healthcare facility in North Liberty that is coming in on-time and within budget. This new $526 million project is slated for completion in late 2024 or early 2025. To further improve health care provided to Iowans, plans are underway to construct a new bed tower beginning in late 2025 or early 2026 increasing the number of operating rooms and creating additional bed capacity to have all inpatient stay rooms be single patient rooms. Also, we are pleased to announce that the sale of Mercy Hospital Iowa City to the University of Iowa was approved by the bankruptcy court in November 2023. UIHC anticipates integrating Mercy Iowa City into its operations on or before January 31, 2024.

Finally, the University of Iowa Center for Advancement has publicly announced its goal to raise $3 billion dollars in support of programs at the University of Iowa improving academic, patient-care, research, scholarship and student-success programs. This fundraising effort will ensure the University of Iowa remains a world-class institution for Iowans.

Statement of Net Position

June 30, 2023 (in thousands)

With comparative statement as of June 30, 2022

ASSETS	2023	Restated 2022
Current Assets:		
Cash and cash equivalents	$191,825	$201,500
Deposits with trustees	1	-
Investments	346,676	315,020
Accounts receivable, net	494,216	465,638
Notes receivable, net	1,947	2,008
Interest receivable	3,225	1,388
Due from government agencies	408,475	282,434
Inventories	76,483	73,579
Prepaid expenses and other current assets	33,149	27,596
Total current assets	**1,555,997**	**1,369,163**
Noncurrent Assets:		
Cash and cash equivalents	164,826	99,376
Deposits with trustees	3,155	3,112
Investments	4,087,282	3,907,330
Accounts receivable, net	3,136	4,898
Notes receivable, net	16,986	17,828
Investment in wholly owned subsidiary	17,078	16,499
Capital assets, net	4,181,274	4,048,357
Total noncurrent assets	**8,473,737**	**8,097,400**
Total Assets	**10,029,734**	**9,466,563**
DEFERRED OUTFLOWS OF RESOURCES		
OPEB	71,779	82,749
Pension	48,814	42,285
Debt refunding loss	5,671	6,977
Total Deferred Outflows of Resources	**126,264**	**132,011**
Total Assets and Deferred Outflows of Resources	**$10,155,998**	**$9,598,574**

Statement of Net Position, continued

June 30, 2023 (in thousands)

With comparative statement as of June 30, 2022

LIABILITIES	2023	Restated 2022
Current Liabilities:		
Accounts payable	$272,283	$297,226
Salaries and wages payable	252,615	243,653
Compensated absences	142,297	131,347
Unpaid claims	78,151	80,505
Unearned revenue	58,213	61,008
Interest payable	18,148	16,891
OPEB obligation	10,442	10,681
Long-term debt, current portion	94,153	232,719
Other long-term liabilities, current portion	-	3,006
Total current liabilities	926,302	1,077,036
Noncurrent Liabilities:		
Accounts payable	35,135	22,682
Compensated absences	70,782	78,994
Unearned revenue	8,627	15,438
OPEB obligation	151,489	167,651
Pension liability	90,462	2,145
Federal loan contributions	29,001	28,564
Long-term debt, noncurrent portion	1,561,271	1,381,000
Total noncurrent liabilities	1,946,767	1,696,474
Total Liabilities	2,873,069	2,773,510
DEFERRED INFLOWS OF RESOURCES		
OPEB	88,608	85,326
Pension	11,119	106,813
Lease	4,065	6,389
Debt refunding gain	1,339	1,285
Public-private partnership	1,086,507	1,109,775
Contract and grant	655	401
Total Deferred Inflows of Resources	1,192,293	1,309,989
NET POSITION		
Net investment in capital assets	2,798,132	2,773,137
Restricted:		
Nonexpendable:		
Permanent endowment	62,169	61,931
Expendable:		
Research and gifts	111,120	99,098
Student loans	2,981	4,778
Quasi endowments	94,803	92,567
Debt service and capital projects	187,468	179,405
Unrestricted	2,833,963	2,304,159
Total Net Position	6,090,636	5,515,075
Total Liabilities, Deferred Inflows of Resources and Net Position	$10,155,998	$9,598,574

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, 2023 (in thousands)

With comparative statement for the year ended June 30, 2022

	2023	Restated 2022
Operating Revenues		
Student tuition and fees, net of scholarship allowances of $127,018 and $117,418 for the years ended June 30, 2023 and 2022, respectively (pledged as payment on revenue bonds)	$451,169	$426,074
Federal grants and contracts	394,706	410,345
State and other governmental grants and contracts	14,982	11,528
Nongovernmental grants and contracts	73,459	65,890
Patient services, net of write-offs, contractual adjustments and indigent care of $6,358,230 and $5,781,575 for the years ended June 30, 2023 and 2022, respectively (pledged as payment on revenue bonds)	3,249,436	3,058,205
Sales and services of educational departments	140,635	136,552
Interest on student loans	278	381
Auxiliary enterprises, net of scholarship allowances of $9,911 and $9,613 for the years ended June 30, 2023 and 2022, respectively (pledged as payment on revenue bonds)	225,755	206,833
Other operating revenue	52,571	40,942
Total Operating Revenues	**4,602,991**	**4,356,750**
Operating Expenses		
Instruction	369,060	359,814
Research	447,471	427,432
Public service	114,819	106,285
Academic support	180,602	155,450
Patient services	2,697,596	2,503,574
Student services	45,299	43,358
Institutional support	65,221	63,559
Operation and maintenance of plant	101,071	101,021
Scholarships and fellowships	35,676	58,279
Depreciation and amortization	301,957	290,656
Auxiliary enterprises	222,557	196,428
Other operating expenses	10,055	14,471
Total Operating Expenses	**4,591,384**	**4,320,327**
Operating Income	**11,607**	**36,423**
Nonoperating Revenues (Expenses)		
State appropriations	236,567	234,191
Federal grants and contracts	21,784	100,245
Investment income (loss)	185,071	(212,423)
Gifts	135,261	118,093
Lease revenue	1,677	2,575
Interest expense	(45,484)	(34,421)
Loss on disposal of capital assets	(2,595)	(2,297)
Net Nonoperating Revenues	**532,281**	**205,963**
Income Before Other Revenues	**543,888**	**242,386**
Other Revenues		
Capital appropriations, State	15,132	15,453
Capital contributions and grants	16,541	6,154
Net Other Revenues	**31,673**	**21,607**
Increase in Net Position	**575,561**	**263,993**
Net Position		
Net position, beginning of year, as restated	**5,515,075**	**5,251,082**
Net position, end of year	**$6,090,636**	**$5,515,075**

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

Statement of Cash Flows

For the Year ended June 30, 2023 (in thousands)

With comparative statement for the year ended June 30, 2022

	2023	Restated 2022
Cash Flows From Operating Activities		
Tuition and fees	$449,034	$427,164
Patient receipts	3,110,539	2,822,928
Grants and contracts	461,148	485,745
Payments for salaries and benefits	(2,276,007)	(2,168,440)
Payments for goods and services	(1,806,541)	(1,591,070)
Scholarships	(35,676)	(58,279)
Loans issued to students	(2,760)	(2,935)
Collections of loans from students	4,086	4,936
Sales of educational activities	140,264	129,764
Other receipts	49,563	40,936
Auxiliary enterprise receipts	224,698	214,167
Auxiliary enterprise payments	(222,125)	(195,592)
Net Cash Provided by Operating Activities	**96,223**	**109,324**
Cash Flows From Noncapital Financing Activities		
State appropriations	236,567	234,191
Grants and contracts	21,784	100,245
Proceeds from noncapital gifts	135,261	118,093
William D. Ford Direct Lending & Plus Loans receipts	162,321	158,713
William D. Ford Direct Lending & Plus Loans made	(163,929)	(157,581)
Other noncapital activities	1,608	(1,131)
Net Cash Provided by Noncapital Financing Activities	**393,612**	**452,530**
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(437,539)	(279,747)
Interest paid on capital debt, leases and SBITA	(51,941)	(44,297)
Proceeds from sale of capital assets	1,569	780
Capital appropriations	15,025	17,599
Capital gifts and grants received	15,043	4,819
Deposits with trustees	395	40,073
Principal paid on capital debt, leases and SBITA	(100,954)	(136,074)
Proceeds from capital debt, leases and SBITA	169,763	439,839
Defeased debt payments	(148,725)	(183,595)
Other capital and related financing receipts	132,281	180,486
Net Cash (Used) Provided by Capital and Related Financing Activities	**(405,083)**	**39,883**
Cash Flows From Investing Activities		
Interest and dividends on investments	104,410	52,436
Proceeds from sale and maturities of investments	568,256	655,364
Purchase of investments	(701,643)	(1,245,812)
Net Cash (Used) by Investing Activities	**(28,977)**	**(538,012)**
Net Increase in Cash and Cash Equivalents	**55,775**	**63,725**
Cash and Cash Equivalents, beginning of year	**300,876**	**237,151**
Cash and Cash Equivalents, end of year	**$356,651**	**$300,876**

Statement of Cash Flows

For the year ended June 30, 2023 (in thousands)

With comparative statement for the year ended June 30, 2022

	2023	Restated 2022
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and cash equivalents in current assets	$191,825	$201,500
Noncurrent cash and cash equivalents	164,826	99,376
Total Cash and Cash Equivalents	**$356,651**	**$300,876**
Reconciliation of Operating Gain to Net Cash Provided by Operating Activities:		
Operating income	$11,607	$36,423
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	301,957	290,656
Changes in operating assets and liabilities:		
Accounts receivable, net	(29,048)	(33,881)
Deposit with trustee	(439)	(367)
Interest receivable	22	(101)
Inventories	(2,904)	4,325
Prepaid expenses and other current assets	(5,553)	612
Due from government agencies, net of receivable from State for capital appropriations	(125,934)	(201,285)
Notes receivable, net	903	1,749
Accounts payable	(12,959)	31,913
Salaries and wages payable	9,430	(7,934)
Unpaid claims liability	(2,353)	17,494
Refundable allowance on student loans	(2,569)	359
Unearned revenue	(9,606)	(778)
Public-private partnership deferred inflows	(23,268)	(23,268)
Contract and grant deferred inflows	254	257
Pension liability	88,317	(129,100)
Pension related deferred outflows	(6,529)	5,815
Pension related deferred inflows	(95,694)	103,679
Other postemployment benefits other than pension liability	(16,401)	(26,509)
OPEB related deferred outflows	10,970	10,112
OPEB related deferred inflows	3,282	16,339
Compensated absences	2,738	12,814
Net Cash Provided by Operating Activities	**$96,223**	**$109,324**
Significant Noncash Transactions:		
Receivable from State for capital appropriations	$249	$142
Assets acquired by incurring lease and SBITA obligations	$68,080	$2,329
Assets acquired by gift	$1,497	$1,335
Net unrealized gain (loss) on investment	$85,425	$(279,725)

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023 (in thousands)
With comparative statement as of June 30, 2022

	Custodial Funds	
ASSETS	**2023**	**2022**
Current Assets:		
Accounts receivable, net	$1,967	$1,139
Total current assets	**1,967**	**1,139**
Noncurrent Assets:		
Cash and cash equivalents	58	126
Investments	101,419	98,367
Total noncurrent assets	**101,477**	**98,493**
Total Assets	**$103,444**	**$99,632**
LIABILITIES		
Current Liabilities:		
Accounts payable	$414	$724
Salaries and wages payable	16	50
Unearned revenue	1,016	890
Total Liabilities	**1,446**	**1,664**
NET POSITION		
Restricted for individuals, organizations and other governments	101,998	97,968
Total Liabilities and Net Position	**$103,444**	**$99,632**

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, 2023 (in thousands)
With comparative statement for the year ended June 30, 2022

	Custodial Funds	
	2023	2022
Additions:		
Investment income (loss)	$2,670	$(6,998)
Allocation of student fees from other University funds	2,337	1,428
Other additions	53,637	44,732
Total Additions	**58,644**	**39,162**
Deductions:		
Salary and fringe expense	405	924
Travel	44	20
Supplies	651	674
Professional services	3,483	3,044
Scholarship cost	10,440	9,212
Other deductions	39,591	30,685
Total Deductions	**54,614**	**44,559**
Increase (Decrease) in Net Position	4,030	(5,397)
Net Position		
Net position, beginning of year	97,968	103,365
Net position, end of year	**$101,998**	**$97,968**

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

Consolidated Statement of Financial Position

June 30, 2023 (in thousands)

With comparative information as of June 30, 2022

ASSETS	2023	2022
Cash and cash equivalents	$111,269	$120,794
Pledges receivable, net of allowance	257,260	266,243
Investments	1,541,555	1,499,090
Assets in trusts and gift annuities	56,941	54,578
Beneficial interest in perpetual and remainder trusts	17,651	17,228
Real estate	5,767	4,983
Other assets	8,499	7,053
Property and equipment, net	15,156	15,827
Total Assets	**$2,014,098**	**$1,985,796**

LIABILITIES AND NET ASSETS	2023	2022
Liabilities:		
Accounts payable and accrued expenses	$3,479	$3,110
Annuity and life income obligations	20,710	21,099
Amounts held on behalf of others	101,450	101,931
Total Liabilities	**125,639**	**126,140**
Net Assets:		
Without donor restrictions	38,364	38,948
With donor restrictions	1,850,095	1,820,708
Total Net Assets	**1,888,459**	**1,859,656**
Total Liabilities and Net Assets	**$2,014,098**	**$1,985,796**

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

Consolidated Statement of Activities

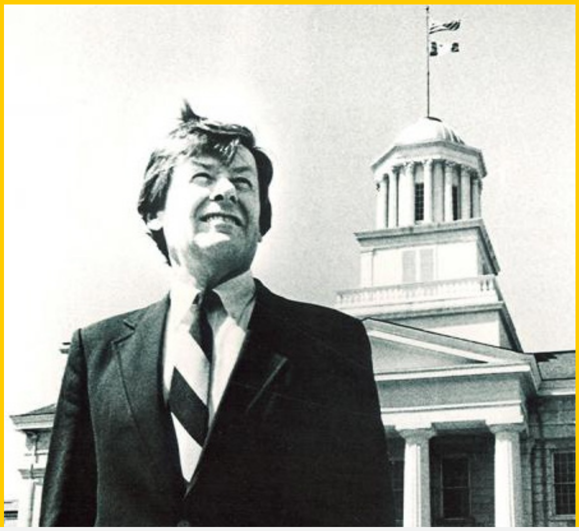
For the year ended June 30, 2023 (in thousands)

With summarized comparative information for the year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenues, Gains and Other Support				
Contributions	$117	132,185	$132,302	$269,575
Change in value of life income gifts	-	4,530	4,530	(8,294)
Interest and dividend	6,161	1,186	7,347	1,405
Asset based service fees	16,518	(16,250)	268	289
Change in fair value of investments, net of investment fees	7,209	63,547	70,756	11,022
Other, primarily fundraising service revenue	7,963	5,069	13,032	11,817
Net assets released from restrictions	155,564	(155,564)	-	-
Less amounts attributed to others	-	(5,316)	(5,316)	(6,411)
Total revenues, gains and other support	**193,532**	**29,387**	**222,919**	**279,403**
Expenses				
Program	147,952	-	147,952	117,348
Fundraising	32,077	-	32,077	27,413
Management and general	14,087	-	14,087	12,172
Total expenses	**194,116**	-	**194,116**	**156,933**
Change in net assets	**(584)**	**29,387**	**28,803**	**122,470**
Net assets, beginning	38,948	1,820,708	1,859,656	1,737,186
Net assets, ending	**$38,364**	**1,850,095**	**$1,888,459**	**$1,859,656**

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

NOTES TO FINANCIAL STATEMENTS



Family, friends, and the University of Iowa community gathered at a memorial service to celebrate the life of President Emeritus Willard "Sandy" Boyd. Throughout his more than 65 years at Iowa, Boyd made his mark as a visionary leader and a major figure in the university's history. He came to Iowa in 1954 as a law professor and served as one of the longest-tenured presidents from 1969 to 1981. Boyd died Dec. 13, 2022. He was 95.

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 obligations 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. 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 Internal Revenue Code 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 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 Revenue 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 receives student fees from the University, subscription, display and advertising revenue. 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, 2023 and 2022 the UICA distributed to the University or expended on behalf of the University $156,753,000 and $124,239,000, 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.

Amounts Held on Behalf of Others (in thousands)	2023	2022
Iowa Law School Foundation	$100,456	$100,913
Student Publications Incorporated	994	1,018
Total	**$101,450**	**$101,931**

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 State 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))

The UICA measures securities, other than investments that qualify for the equity method of accounting, at fair value. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments.

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, 2023, 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.

ACCOUNTS AND NOTES RECEIVABLES, NET

Accounts and notes receivables are shown net of estimated allowance for uncollectible accounts. Receivables are primarily attributable to patient services, students, sponsors, and lease of building space.

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.

Right to use (RTU) assets. RTU assets represent the University's control of the right to use another entity's nonfinancial asset and subscription-based information technology arrangements for the RTU term, as specified in the contract, in an exchange or exchange-like transaction. RTU assets are recognized at the commencement date based on the initial measurement of the liability, plus any payments made to the lessor or vendor at or before the commencement of the RTU term and certain direct costs. A capitalization threshold is not utilized when recognizing lease assets.

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
- Intangible assets, non-UIHC $500,000
- Intangible assets, UIHC $5,000
- Art assets $5,000
- Subscription-based information technology arrangements $250,000

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 are as follows (in thousands):

	As of December 31	
	2022	**2021**
Assets (primarily investments)	$18,578	$17,499
Net Assets	$18,578	$17,499

	As of June 30	
	2023	**2022**
Distributions to Carver College of Medicine	$(1,500)	$(1,000)
Assets (primarily investments)	17,078	16,499
Net Assets	$17,078	$16,499

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 financed purchases payable with contractual maturities greater than one year. Noncurrent debt also includes unamortized discounts and premiums, resulting from bond issuances. Other obligations include lease payable and subscription-based information technology arrangements (SBITA) payable. Other noncurrent liabilities include estimated amounts for other postemployment and pension benefits, compensated absences payable and refundable allowances on student loans. 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 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.

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).
- Lease deferred inflows, valued at the present value of lease payments expected to be received in future periods.
- Public-Private Partnership (P3) deferred inflows for a 50-year lease of the utility system advance from concessionaire.

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, 2023 and 2022 is as follows (in thousands):

	2023	2022
Book Balance	$357,202	$301,732
Non-Fiduciary	356,651	300,876
University of Iowa Research Foundation	493	730
Fiduciary	58	126
Bank Balance	$381,955	$312,710
Invested in money market funds as cash equivalents	216,002	286,850
Covered by FDIC insurance or State Sinking Fund	165,953	25,860

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, 2023 and 2022, totaled $2,350,000 and $2,745,000, respectively. At June 30, 2023, $1,848,000 of the $2,350,000 was invested in U.S. Government Agency securities with a credit quality rating of AA+ and an effective duration of 1.68 years. Additionally, $806,000 of deferred compensation funds are invested with a trustee in a mutual fund which is not subject to credit ratings and effective duration.

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 $20,639,000 and $20,389,000 at June 30, 2023 and 2022, respectively, held for the University of Northern Iowa. The University's operating portfolio included $52,611,000 and $51,215,000 at June 30, 2023 and 2022, respectively, as well as $27,356,000 and $25,218,000 invested in the University's intermediate term portfolio at June 30, 2023 and 2022, 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 $24,534,000 and $24,582,000 at June 30, 2023 and 2022, 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, 2023 and 2022, 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	NR	Total Fair Value
Fixed Income:										
Corporate Notes and Bonds	4.66	$37,536	5,737	39,565	50,844	1,462	-	-	-	$135,144
U.S. Government Agencies	3.19	-	182,675	-	-	-	-	5,241	-	187,916
U.S. Government Treasuries	3.87	-	181,861	-	-	-	-	-	368	182,229
Mutual Funds	4.93	217	1,201,161	123,800	-	198,661	353,078	-	-	1,876,917
Total		$37,753	1,571,434	163,365	50,844	200,123	353,078	5,241	368	$2,382,206
Equity and Other:										
Common Stock										17,464
Mutual Funds										1,027,511
Real Estate										284,392
Private Markets										223,404
Private Debt										24,765
Infrastructure										56,164
Bank Investments										50,094
Money Market/Cash Equivalents										476,238
Total Investments June 30, 2023										$4,542,238
Fiduciary										101,419
University of Iowa Research Foundation										6,861
Non-Fiduciary										4,433,958
Total										$ 4,542,238

INVESTMENT TYPE	Effective Duration (Years)	TSY/ AGY/ AAA	AA	A	BBB	BB	B	NA	NR	Total Fair Value
Fixed Income:										
Corporate Notes and Bonds	5.07	$43,120	12,174	38,750	55,844	1,509	–	–	–	$151,397
U.S. Government Agencies	2.63	–	200,092	2,973	–	–	–	5,422	–	208,487
U.S. Government Treasuries	2.86	–	277,989	–	–	–	–	–	256	278,245
Mutual Funds	5.07	–	553,071	635,430	–	155,242	330,582	–	–	1,674,325
Total		**$43,120**	**1,043,326**	**677,153**	**55,844**	**156,751**	**330,582**	**5,422**	**256**	**$2,312,454**
Equity and Other:										
Common Stock										15,873
Mutual Funds										884,259
Real Estate										316,014
Private Markets										207,927
Private Debt										18,056
Infrastructure										51,051
Bank Investments										59,392
Money Market/Cash Equivalents										463,911
Total Investments June 30, 2022										$4,328,937
Fiduciary										98,367
University of Iowa Research Foundation										8,220
Non-Fiduciary										4,222,350
Total										$4,328,937

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, private debt, real estate and infrastructure, as well as indirect holdings of publicly traded assets in fixed income and international equity commingled funds.

Due to the nature of the investments held by the funds, changes in market conditions, economic environment, regulatory environment, currency exchange rates, interest rates, and commodity price fluctuations may significantly impact the NAV of the funds and, consequently, the fair value of the 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, 2023 and 2022, 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	NAV	Total Fair Value
Fixed Income:				
Corporate Notes and Bonds	$-	135,144	-	$135,144
U.S. Government Agencies	-	187,916	-	187,916
U.S. Government Treasuries	182,229	-	-	182,229
Mutual Funds	901,522	-	975,395	1,876,917
Equity and Other:				
Common Stock	16,866	598	-	17,464
Mutual Funds	727,980	-	299,531	1,027,511
Real Estate	-	-	284,392	284,392
Private Markets	-	-	223,404	223,404
Private Debt	-	-	24,765	24,765
Infrastructure	-	-	56,164	56,164
Subtotal	1,828,597	323,658	1,863,651	4,015,906
Bank Investments				50,094
Money Market/Cash Equivalents				476,238
Total Investments June 30, 2023				**$4,542,238**
Fiduciary				101,419
University of Iowa Research Foundation				6,861
Non-Fiduciary				4,433,958
Total				**$ 4,542,238**

INVESTMENT TYPE	Level 1	Level 2	NAV	Total Fair Value
Fixed Income:				
Corporate Notes and Bonds	$-	156,819	-	$156,819
U.S. Government Agencies	24,880	178,185	-	203,065
U.S. Government Treasuries	278,245	-	-	278,245
Mutual Funds	805,403	-	868,922	1,674,325
Equity and Other:				
Common Stock	15,369	504	-	15,873
Mutual Funds	609,882	-	274,377	884,259
Real Estate	-	-	316,014	316,014
Private Markets	-	-	207,927	207,927
Private Debt	-	-	18,056	18,056
Infrastructure	-	-	51,051	51,051
Subtotal	1,733,779	335,508	1,736,347	3,805,634
Bank Investments				59,392
Money Market/Cash Equivalents				463,911
Total Investments June 30, 2022				**$4,328,937**
Fiduciary				98,367
University of Iowa Research Foundation				8,220
Non-Fiduciary				4,222,350
Total				**$ 4,328,937**

The following tables summarize the University's investments at June 30, 2023 and 2022, 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	$975,395	$-	daily–monthly	5–60 days
Equity Mutual Funds	299,531	-	daily–monthly	2–30 days
Real Estate:				
Redeemable	284,392	-	quarterly	60–90 days
Private Markets:				
Nonredeemable	223,404	305,342	N/A	N/A
Private Debt:				
Nonredeemable	24,765	6,000	N/A	N/A
Infrastructure:				
Redeemable	56,164	-	N/A	lock period
Investments measured at NAV at June 30, 2023	**$1,863,651**	**$311,342**		

INVESTMENT TYPE	Fair Value determined using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed Income Mutual Funds	$868,922	$-	daily–monthly	5–60 days
Equity Mutual Funds	274,377	-	daily–monthly	2–30 days
Real Estate:				
Redeemable	316,014	-	quarterly	60–90 days
Private Markets:				
Nonredeemable	207,927	335,315	N/A	N/A
Private Debt:				
Nonredeemable	18,056	12,000	N/A	N/A
Infrastructure:				
Nonredeemable	51,051	-	N/A	N/A
Investments measured at NAV at June 30, 2022	**$1,736,347**	**$347,315**		

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 Estate**—This category includes funds that invest in open-end real estate. The University subscribes to purchase interests in the funds, which may be called up to 18 months after subscription date, based on the fund contribution queue. The University's interest in the funds is redeemable on a quarterly or semi-annual basis following an additional lock period, with withdrawals dependent on each fund's redemption queue per the terms of the limited partnership agreement.
- **Private Markets**—This category includes funds that invest in strategies such as private equity, private real estate, and private resource investments. Capital is committed during the course of the investment period, typically four years, of each fund, after which point capital commitments stop. The University's interest in the nonredeemable funds is considered to be illiquid in that from liquidation of the underlying assets of the fund are at the discretion of the general partner per the terms of the limited partnership agreement. Funds are typically liquidated over a period of five to ten years, and include a mechanism to extend the length of the partnership with approval from limited partners.
- **Private Debt**—This category includes funds that invest in financing to support private business, often by national and regional banks. Capital is committed during the course of the investment period, typically three to four years, of each fund, after which point capital commitments stop. The University's interest in the nonredeemable funds is considered to be illiquid in that distribution from liquidation of the underlying assets of the fund are at the discretion of the general partner per the terms of the limited partnership agreement. Funds are typically liquidated over a period of three to five years and include a mechanism to extend the length of the partnership with approval from the limited partners.

- **Infrastructure**—This category includes funds that invest in global infrastructure assets. The University subscribes to purchase interest in the funds, which may be called up to 18 months after subscription date, based on the fund contribution queue. The University's interest in the funds is redeemable on a quarterly or semi-annual basis following an additional lock period, with withdrawals dependent on each fund's redemption queue per the terms of the limited partnership agreement.

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

ACCOUNTS RECEIVABLE

A summary of current and noncurrent accounts receivable at June 30, 2023 and 2022 is as follows (in thousands):

	University and Blended Component Units	UIHC, Affiliates and UI Physicians	Lease Receivable	Eliminations and Reclassifications	Total
Accounts Receivable	$134,648	1,488,791	4,250	(29,357)	$1,598,332
Allowance for Uncollectible Accounts, Indigent Patients and Contractual Adjustments	(7,795)	(1,093,185)	-	-	(1,100,980)
Accounts Receivable, Net, June 30, 2023	**$126,853**	**395,606**	**4,250**	**(29,357)**	**$497,352**
Accounts Receivable	$140,855	1,356,604	6,483	(42,903)	$1,461,039
Allowance for Uncollectible Accounts, Indigent Patients and Contractual Adjustments	(8,345)	(982,158)	-	-	(990,503)
Accounts Receivable, Net, June 30, 2022	**$132,510**	**374,446**	**6,483**	**(42,903)**	**$470,536**

LEASES RECEIVABLE

The University leases space to external parties, recording lease receivable and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged on the lease or using the University's incremental borrowing rate. During the years ended June 30, 2023 and 2022, the University recognized revenues related to these lease agreements totaling $1,677,000 and $2,575,000, respectively.

Total future minimum lease payments to be received under lessor agreements are as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
2024	$1,114	125	$1,239
2025	983	90	1,073
2026	919	57	976
2027	368	33	401
2028	279	25	304
2029–2033	279	69	348
2034–2038	270	29	299
2039–2043	33	7	40
2044–2048	5	-	5
Total	**$4,250**	**435**	**$4,685**

Variable lease revenue—Variable lease revenue is excluded from the measurement of the lease receivable. Such amounts are recognized as lease revenue in the period earned. The amount recognized as inflows (revenue) for variable lease revenue not included in the measurement of lease assets was $0.6 million and $0.5 million during the year ended June 30, 2023 and 2022, respectively.

PLEDGES RECEIVABLE (UICA)

A summary of the pledges receivable (unconditional promises to give) at June 30, 2023 and 2022 is as follows (in thousands):

	2023	2022
Gross pledges receivable	$312,509	$329,998
Less present value discount of $47,437 for 2023 and $55,505 for 2022 and allowance for uncollectible pledges of $7,812 for 2023 and $8,250 for 2022	(55,249)	(63,755)
Total	**$257,260**	**$266,243**

Gross pledges receivable at June 30, 2023 and 2022, respectively, are expected to be collected as follows (in thousands):

	2023	2022
Due within one year	$75,875	$63,372
Due in one to five years	174,760	188,417
Due in more than five years	61,874	78,209
Total	**$312,509**	**$329,998**

DUE FROM GOVERNMENT AGENCIES

Due from government agencies at June 30, 2023 and 2022 are comprised of $318,526,000 and $212,911,000, respectively, due from the State of Iowa and $89,949,000 and $69,523,000, respectively, due from United States government agencies.

NOTES RECEIVABLE

Current notes receivable at June 30, 2023 and 2022 are $1,947,000 net of an allowance of $54,000, and $2,008,000, net of an allowance of $82,000, respectively. Noncurrent notes receivable at June

30, 2023 and 2022 are $16,986,000, net of an allowance of $471,000, and $17,828,000, net of an allowance of $729,000, respectively.

Note 4—Capital Assets

A summary of capital assets activity for the year ended June 30, 2023 is as follows (in thousands):

	Restated Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Nondepreciable/Nonamortizable					
Land	$74,511	142	-	-	$74,653
Construction in Progress	171,795	268,681	(83,854)	(247)	356,375
Art and Historical Collections	29,105	932	-	-	30,037
Library Materials	412,938	13,735	-	(2,294)	424,379
Capital Assets, Nondepreciable/Nonamortizable	**688,349**	**283,490**	**(83,854)**	**(2,541)**	**885,444**
Depreciable/Amortizable					
Land Improvements	31,342	-	-	(3)	31,339
Infrastructure	777,067	-	12,177	(225)	789,019
Buildings	4,897,020	-	71,677	(727)	4,967,970
Equipment	913,882	91,198	-	(49,453)	955,627
Intangibles	115,475	1,920	-	(499)	116,896
RTU Leased buildings	127,391	30,256	-	(6,697)	150,950
RTU Leased equipment	13,253	11,562	-	(4,167)	20,648
RTU Leasehold	2,306	-	-	-	2,306
RTU Leased land	1,455	9	-	-	1,464
RTU SBITA	24,400	24,087	-	(2,361)	46,126
Capital Assets, Depreciable/Amortizable	6,903,591	159,032	83,854	(64,132)	7,082,345
Accumulated Depreciation/Amortization					
Land Improvements	26,285	1,052	-	(3)	27,334
Infrastructure	448,328	25,236	-	(223)	473,341
Buildings	2,294,202	160,036	-	(717)	2,453,521
Equipment	653,927	76,568	-	(46,596)	683,899
Intangibles	96,492	6,316	-	(499)	102,309
RTU Leased buildings	13,333	13,837	-	(5,690)	21,480
RTU Leased equipment	3,916	5,926	-	(2,888)	6,954
RTU Leasehold	243	595	-	-	838
RTU Leased land	236	238	-	-	474
RTU SBITA	6,621	12,153	-	(2,409)	16,365
Total Accumulated Depreciation/ Amortization	3,543,583	301,957	-	(59,025)	3,786,515
Depreciable/Amortizable Capital Assets, Net	**3,360,008**	**(142,925)**	**83,854**	**(5,107)**	**3,295,830**
Capital Assets, Net, June 30, 2023	**$4,048,357**	**140,565**	**-**	**(7,648)**	**$4,181,274**

A summary of capital assets activity for the year ended June 30, 2022 is as follows (in thousands):

	Restated Beginning Balance	Additions	Transfers	Retirements	Restated Ending Balance
Nondepreciable/Nonamortizable					
Land	$73,586	925	–	–	$74,511
Construction in Progress	142,551	170,959	(141,632)	(83)	171,795
Art and Historical Collections	29,029	83	–	(7)	29,105
Library Materials	401,513	13,760	–	(2,335)	412,938
Capital Assets, Nondepreciable/Nonamortizable	**646,679**	**185,727**	**(141,632)**	**(2,425)**	**688,349**
Depreciable/Amortizable					
Land Improvements	32,084	–	–	(742)	31,342
Infrastructure	772,395	–	44,064	(39,392)	777,067
Buildings	4,894,473	–	97,568	(95,021)	4,897,020
Equipment	890,921	77,687	–	(54,726)	913,882
Intangibles	115,501	512	–	(538)	115,475
RTU Leased buildings	128,854	813	–	(2,276)	127,391
RTU Leased equipment	9,834	3,447	–	(28)	13,253
RTU Leasehold	705	1,888	–	(287)	2,306
RTU Leased land	1,455	–	–	–	1,455
RTU SBITA	12,113	12,640	–	(353)	24,400
Capital Assets, Depreciable/Amortizable	6,858,335	96,987	141,632	(193,363)	6,903,591
Accumulated Depreciation/Amortization					
Land Improvements	25,811	1,216	–	(742)	26,285
Infrastructure	462,660	25,061	–	(39,393)	448,328
Buildings	2,231,577	157,646	–	(95,021)	2,294,202
Equipment	632,051	74,486	–	(52,610)	653,927
Intangibles	90,144	6,886	–	(538)	96,492
RTU Leased buildings	1,853	13,756	–	(2,276)	13,333
RTU Leased equipment	70	3,874	–	(28)	3,916
RTU Leasehold	9	521	–	(287)	243
RTU Leased land	(1)	237	–	–	236
RTU SBITA	–	6,973	–	(352)	6,621
Total Accumulated Depreciation/ Amortization	3,444,174	290,656	–	(191,247)	3,543,583
Depreciable/Amortizable Capital Assets, Net	**3,414,161**	**(193,669)**	**141,632**	**(2,116)**	**3,360,008**
Capital Assets, Net, June 30, 2022	**$4,060,840**	**(7,942)**	**–**	**(4,541)**	**$4,048,357**

Note 5— Long-term Liabilities

A summary of the changes in long-term liabilities for the year ended June 30, 2023 and 2022 is as follows (in thousands):

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long-term debt:					
Bonds payable	$1,414,470	205,628	(211,279)	$1,408,819	$62,330
Notes payable and others	54,809	26,044	(3,505)	77,348	5,064
Subtotal	**1,469,279**	**231,672**	**(214,784)**	**1,486,167**	**67,394**
Other obligations:					
Leases payable	128,342	43,947	(23,446)	148,843	18,559
SBITA payable	16,098	24,134	(19,818)	20,414	8,200
Subtotal	**144,440**	**68,081**	**(43,264)**	**169,257**	**26,759**
Total long-term debt and other obligations, June 30, 2023	**$1,613,719**	**299,753**	**(258,048)**	**$1,655,424**	**$94,153**
Other long-term liabilities:					
Other postemployment benefits other than pensions	$178,332	13,189	(29,590)	$161,931	$10,442
Pension	$2,145	88,317	-	$90,462	$-
Compensated absences	$210,341	134,085	(131,347)	$213,079	$142,297
Refundable allowances on student loans	$28,564	437	-	$29,001	$-
Other	$3,006	-	(3,006)	$-	$-

	Restated Beginning Balance	Additions	Reductions	Restated Ending Balance	Current Portion
Long-term debt:					
Bonds payable	$1,149,188	570,777	(305,495)	$1,414,470	$202,910
Notes payable and others	27,422	28,353	(966)	54,809	3,505
Subtotal	**1,176,610**	**599,130**	**(306,461)**	**1,469,279**	**206,415**
Other obligations:					
Leases payable	143,395	2,329	(17,382)	128,342	16,909
SBITA payable	12,113	12,640	(8,655)	16,098	9,395
Subtotal	**155,508**	**14,969**	**(26,037)**	**144,440**	**26,304**
Total long-term debt and other obligations, June 30, 2022	**$1,332,118**	**614,099**	**(332,498)**	**$1,613,719**	**$232,719**
Other long-term liabilities:					
Other postemployment benefits other than pensions	$204,841	13,708	(40,217)	$178,332	$10,681
Pension	$131,245	-	(129,100)	$2,145	$-
Compensated absences	$197,527	119,115	(106,301)	$210,341	$131,347
Refundable allowances on student loans	$28,203	361	-	$28,564	$-
Other	$-	3,006	-	$3,006	$3,006

As of June 30, 2023 and 2022, the University reported no Asset Retirement Obligations.

BONDS PAYABLE

Bonds have been sold to finance certain capital projects and are outstanding at June 30, 2023, as follows (in thousands):

Bond Issues	Interest Rates (Percent)	Fiscal Year Maturity Date Range	Amount
Academic Buildings	2.00–5.00	2024–2037	$125,955
Add: Unamortized Premium			3,266
Athletic Facilities	2.00–5.00	2024–2039	166,325
Add: Unamortized Premium			3,709
Hospital	1.25–5.00	2024–2062	634,255
Add: Unamortized Premium			48,382
Iowa Memorial Union	3.00– 5.00	2024–2026	2,060
Add: Unamortized Premium			76
Parking System	2.00–4.00	2024–2041	95,660
Add: Unamortized Premium			160
Recreational Facilities	2.00–5.00	2024–2035	45,045
Add: Unamortized Premium			2,723
Residence Services	2.00–5.00	2024–2047	150,865
Less: Unamortized Discount			(68)
Add: Unamortized Premium			2,114
Telecommunications	2.00–5.00	2024–2037	23,105
Add: Unamortized Premium			1,576
University of Iowa Facility Corporation	2.00–5.00	2024–2050	94,815
Add: Unamortized Premium			8,796
Total			**$1,408,819**

As of June 30, 2023, unspent bond proceeds for Hospital Revenue Bonds totaled $214,491,000, unspent proceeds for Parking System Bond Anticipation Project Notes totaled $53,393,000, and unspent proceeds for Residence Services Revenue Bonds totaled $67,000.

The bonds will mature as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
2024	$62,330	45,476	$107,806
2025	66,015	43,634	109,649
2026	68,100	41,016	109,116
2027	125,950	37,313	163,263
2028	71,405	33,502	104,907
2029–2033	327,875	128,059	455,934
2034–2038	263,540	73,314	336,854
2039–2043	124,800	39,034	163,834
2044–2048	71,805	26,928	98,733
2049–2053	64,770	17,841	82,611
2054–2058	47,770	10,227	57,997
2059–2062	43,725	2,673	46,398
Less: Unamortized Discount	(68)	-	(68)
Add: Unamortized Premium	70,802	-	70,802
Total	**$1,408,819**	**499,017**	**$1,907,836**

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 and financed purchase outstanding at June 30, 2023 (in thousands):

Purpose	Interest Rates (Percent)	Maturity Dates	Amount
ENGIE Utility Assets	3.19	2024-2043	$65,387
Athletic Facility	2.07	2024-2031	9,475
Market Street Property	2.50	2024-2025	807
Athletics Carver Audio and Video System	2.46	2024-2031	946
Burlington Street Properties	3.00	2024-2035	733
Total			**$77,348**

Assets acquired under these notes and agreement had a net book value of $95,953,000 as of June 30, 2023.

The outstanding Market Street Property note will transfer possession during summer 2024. 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 outstanding Burlington Street Properties financed purchase agreement 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 properties shall transfer upon the death of the Landlord, or prior to death, upon transfer of ownership from the Landlord to the University.

The notes and financed purchase will mature as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
2024	$5,064	4,488	$9,552
2025	5,403	4,229	9,632
2026	4,879	3,972	8,851
2027	4,912	3,719	8,631
2028	4,946	3,464	8,410
2029–2033	20,692	13,613	34,305
2034–2038	17,202	7,953	25,155
2039–2043	14,250	2,458	16,708
Total	**$77,348**	**43,896**	**$121,244**

LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The University has leased various equipment, buildings, and land in the course of operations. The University also has noncancellable subscription information technology (IT) arrangements (similar to a lease) for the right-to-use IT software alone or in conjunction with a tangible capital asset (subscription IT arrangements). Leases and subscription IT arrangements with a maximum term of 12 months or less are expensed according to the terms of the lease or subscription. Leases and subscription IT arrangements with a term greater than one year have been capitalized as a right-to-use another entity's nonfinancial asset and a corresponding liability recorded, amortized over the life of the arrangements, including extension periods likely to be exercised. These leases and subscription IT arrangements expire from fiscal year 2024 to fiscal year 2047.

At lease or subscription IT arrangement commencement, the University initially measures the liability at the present value of payments expected to be made during the lease or subscription IT arrangement term. Subsequently, the liability is reduced by the principal portion of liability payments made. The lease right-to-use asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subscription IT assets are initially measured as the initial amount of the subscription IT liability, less subscription payments made at or before the subscription commencement date, less any vendor incentives received at or before the subscription commencement date, plus the capitalizable implementation costs. Subsequently, the asset is amortized on a straight-line basis over the shorter of the lease or subscription IT arrangements term or the useful life of the underlying asset. If the University is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset. The University does not have leases subject to a residual value guarantee.

The University generally uses its estimated incremental borrowing rate as the discount rate for leases and subscription IT arrangements unless the rate that the lessor/vendor charges is known. The incremental borrowing rate is based on the SLGS rate for the comparable lease or subscription IT arrangements term. The term includes the noncancellable period of the lease or subscription IT arrangements plus any additional periods covered by either a University or lessor/vendor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the University and the lessor/vendor have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the term. The University monitors changes in circumstances that may require remeasurement of a lease or subscription IT arrangements. When certain changes occur that are expected to significantly affect the amount of the lease or subscription IT liability, the liability is remeasured and a corresponding adjustment is made to the right-to-use lease or subscription IT asset.

Variable lease or subscription payments, other than those payments that depend on an index or rate or are fixed in substance, are excluded from the measurement of the liability. Such amounts are recognized as lease or software expense, respectively, in the period in which the obligation for those payments is incurred. The University has not identified variable lease payments or subscription IT arrangements.

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

Year Ending June 30	Principal	Interest	Total
2024	$18,559	3,725	$22,284
2025	16,388	3,298	19,686
2026	13,880	2,927	16,807
2027	12,634	2,585	15,219
2028	11,193	2,283	13,476
2029–2033	39,925	7,770	47,695
2034–2038	18,554	4,275	22,829
2039–2043	11,878	2,180	14,058
2044–2047	5,832	469	6,301
Total	**$148,843**	**29,512**	**$178,355**

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

Year Ending June 30	Principal	Interest	Total
2024	$8,200	565	$8,765
2025	5,432	384	5,816
2026	3,700	231	3,931
2027	3,082	113	3,195
Total	**$20,414**	**1,293**	**$21,707**

Note 6—Retirement Programs

UNIVERSITY FUNDED RETIREMENT PLAN— TEACHERS INSURANCE AND ANNUITY ASSOCIATION

The University sponsors the University Funded Retirement Plan, which is a defined contribution plan. Teachers Insurance and Annuity Association (TIAA) is the record keeper of the retirement plan for the University. The retirement plan provides for individual retirement accounts 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. Employees may choose between the University Funded Retirement Plan or Iowa Public Employees' Retirement System (IPERS).

Contributions made by both employer and employee vest immediately. As specified by the legal plan document for the plan, each employee through the fifth year of employment contributes 3 1/3% of the first $4,800 of retirement eligible earnings and 5% on the balance of retirement eligible earnings. The University, through the fifth year of employment, is required to contribute 6 2/3% of the first $4,800 of retirement eligible earnings and 10% on retirement eligible earnings above the $4,800. Upon completion of five years of service, the participant contributes 5% and the University 10% on all retirement eligible earnings. During fiscal years 2023 and 2022, the University's required and actual contribution amounted to $133,529,000 and $128,772,000, respectively. During fiscal years 2023 and 2022, the employees' required and actual contribution amounted to $66,765,000 and $64,386,000, respectively.

At June 30, 2023 and 2022, the University reported payables to the defined contribution pension plan of $11,589,000 and $11,175,000, respectively, for legally required employer contributions and $5,785,000 and $5,578,000, 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 the University Funded Retirement Plan administered by TIAA. 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.

Based on their positions at the University, employees are considered regular IPERS members or protection occupation members. Employees who serve in certified law protection positions are considered protection occupation IPERS members.

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 2023 and 2022, regular plan members, Protection Occupation members, and University contributions were as follows:

	2023	2022
Regular plan members	6.29%	6.29%
University	9.44%	9.44%
	15.73%	15.73%
Protection occupation members	6.21%	6.21%
University	9.31%	9.31%
	15.52%	15.52%

The University's contributions to IPERS for the years ended June 30, 2023 and 2022 were $21,559,000 and $18,364,000, respectively.

Net Pension Liability, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At June 30, 2023 and 2022, the University reported a liability of $90,462,000 and $2,145,000, respectively, for its proportionate share of the overall plan net pension asset/liability. The overall plan net pension asset/liability was measured as of June 30, 2022 and 2021, respectively, and the total pension liability used in the calculation of the overall plan net pension asset/liability was determined by an actuarial valuation as of those dates. The University's proportion of the overall plan net pension asset/liability was based on the University's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022 and 2021, the University's proportion was 2.3943491% and -0.6212766%, respectively.

For the year ended June 30, 2023 and 2022, the University recognized pension expense (reduction) of $7,653,000 and $(1,242,000), respectively.

At June 30, 2023 and 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands, debit/(credit)):

	FY23		FY22	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$4,126	$(1,244)	$2,240	$(2,193)
Changes of assumptions	77	(66)	1,884	(1)
Difference between projected and actual earnings on pension plan investments	-	(9,783)	-	(104,606)
Change in proportion and differences between University contributions and proportionate share of contributions	23,052	(26)	19,797	(13)
University contributions subsequent to the measurement date	21,559	-	18,364	-
Total	**$48,814**	**$(11,119)**	**$42,285**	**$(106,813)**

The $21,559,000 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, 2024. 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):

Year Ending June 30	Amount
2024	$(1,352)
2025	(28)
2026	(6,633)
2027	23,048
2028	1,101
Total	**$16,136**

There are no non-employer contributing entities to IPERS.

Actuarial Assumptions—The total pension liability in the June 30, 2022 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%	depending upon years of service
Investment rate of return (effective June 30, 2017)	7.00%	per annum, compounded annually, net of expenses
Payroll increase assumption (effective June 30, 2017)	3.25%	per year

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study covering the four-year period ending June 30, 2021 and the June 30, 2022 valuation was 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 2022 valuation were based on the PubG-2010 Employee and Health Annuitant Tables, using MP-2021 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:

Asset Class	Asset Allocation (Percent)	Long-Term Expected Real Rate of Return (Percent)
Domestic equity	22.0	3.57
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core-plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
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 overall plan net pension liability calculated using the discount rate of 7.00%, as well as what the University's proportionate share of the overall plan 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 overall plan net pension liability	$169,249	$90,462	$21,031

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, 2023 and 2022, the University reported payables to IPERS of $3,671,000 and $3,014,000, respectively, for legally required employer contributions and $2,446,000 and $2,008,000, respectively, for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

PHASED RETIREMENT—TWO-YEAR AND THREE-YEAR PILOT PROGRAM

Two-Year Phased Retirement Program

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 of continuous service 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. The two-year phased retirement program continues and is subject to ongoing approval by the state Board of Regents.

Three-Year Pilot Phased Retirement Program

A three-year pilot phased retirement program was approved by the Board of Regents on June 3, 2022. The program runs from June 3, 2022 to June 30, 2025 and runs concurrently with the two-year program.

Eligibility. Same as the two-year program.

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 three years with full retirement required at the end of the specified phasing period. If a three-year phasing period is agreed upon an employee may not hold greater than a 65 percent appointment in the first year and second year. For phasing periods of one year or less, or after the completion of the second year of a three-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.

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

- **Compensation**—In the first year of a three-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**—same as the two-year program.

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 2023 and 2022 were $5,299,000 and $5,799,000, respectively, with 1,736 and 1,885 eligible participants as of June 30, 2023 and 2022, respectively. Life insurance total expenditures for fiscal year 2023 and 2022 were $23,000 and $24,000, respectively, with 2,166 and 2,271 eligible participants as of June 30, 2023 and 2022, 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 $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 prior to the implementation of GASB 75.

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.

Three hundred eighty-five (385) 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 an OPEB liability of $161.9 and $178.3 million, respectively, for fiscal year 2023 and 2022.

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

	FY23	FY22
Inactive employees or beneficiaries currently receiving benefit payments	2,611	2,611
Active employees	19,173	19,173
Total	21,784	21,784

Actuarial assumptions—The OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal level percent of pay 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 2023 PSF GASB 75 calculations (including a 3.54% discount rate at the June 30, 2022 measurement date). These calculations reflect the IPERS termination and retirement assumptions for state employees in effect at the June 30, 2022 measurement date. The OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Rate of inflation (effective June 30, 2021)	2.50%	
Rates of salary increase (effective June 30, 2021)	3.00%	
Discount rate (effective June 30, 2021)	3.54%	
Healthcare cost trend rate Pre-65 (effective June 30, 2021)	5.89%	initial rate decreasing to an ultimate rate of 4.50%
Healthcare cost trend rate Post-65 (effective June 30, 2021)	6.34%	initial rate decreasing to an ultimate rate of 4.50%

Discount rate—The discount rate used to measure the OPEB liability was 3.54% 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-2020. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used for IPERS.

The actuarial assumptions used in the valuations for the reporting periods ending June 30, 2023 and June 30, 2022 were based on the results of an actuarial experience study conducted with actual plan experience through 2020.

CHANGES IN THE OPEB LIABILITY (in thousands):

	FY23	FY22
OPEB liability beginning of year	$178,332	$204,841
Changes for the year:		
Service cost	9,251	9,115
Interest	3,937	4,593
Differences between expected and actual experiences	84	(7,927)
Changes of assumptions	(18,992)	(19,966)
Benefit payments	(10,681)	(12,324)
Net changes	**(16,401)**	**(26,509)**
OPEB liability end of year	**$161,931**	**$178,332**

The financial accounting valuation reflects the following assumption changes:

- A change in the discount rate to 3.54% as of June 30, 2022.

Sensitivity of the OPEB liability to changes in the discount rate—The following presents the OPEB liability of the University, as well as what the University's OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.54%) or 1% higher (4.54%) than the current discount rate.

	1% Decrease	Discount Rate	1% Increase
FY23	2.54%	3.54%	4.54%
FY22	1.16%	2.16%	3.16%
FY23 OPEB Liability	**$175,457**	**$161,931**	**$149,771**
FY22 OPEB Liability	**$193,818**	**$178,332**	**$164,217**

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates—The following presents the OPEB liability of the University, as well as what the University's OPEB liability would be if it were calculated using a healthcare cost trend that is 1% lower (4.89%) or 1% higher (6.89%) than the current healthcare cost trend rate for pre-65 participants, and 1% lower (5.34%) or 1% higher (7.34%) higher than the current healthcare cost trend rate for post-65 participants.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
FY23 Pre-65 participants	4.89%	5.89%	6.89%
FY23 Post-65 participants	5.34%	6.34%	7.34%
FY22 Pre-65 participants	5.12%	6.12%	7.12%
FY22 Post-65 participants	5.57%	6.57%	7.57%
FY23 OPEB liability	**$176,277**	**$161,931**	**$151,744**
FY22 OPEB liability	**$196,476**	**$178,332**	**$165,509**

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB—For the year ended June 30, 2023, the University recognized OPEB expense of $8,294,000 for its retiree benefit plan. At June 30, 2023 the University reported deferred outflows and inflows of resources related to OPEB from the following sources (in thousands, debit/(credit)):

	FY23		FY22	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$24,615	$(8,594)	$29,773	$(9,420)
Assumption changes	36,722	(80,014)	42,295	(75,906)
Contributions made in fiscal year ending June 30 after measurement date	10,442	-	10,681	-
Total	**$71,779**	**$(88,608)**	**$82,749**	**$(85,326)**

The $10,442,000 reported as deferred outflows of resources related to OPEB resulting from the University contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year ending June 30	Amount
2024	$(4,894)
2025	(4,879)
2026	(4,766)
2027	(4,766)
2028	(749)
Total Thereafter	(7,217)
Total	**$(27,271)**

Note 8—Other Commitments and Risk Management

COMMITMENTS

At June 30, 2023 and 2022, the University had outstanding construction contract commitments of $545,828,000 and $290,433,000, 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, 2022 renewal.

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

	2023	2022
Utility System specific coverage is as follows:		
Utility System Operations Building & Contents	$979,266	$981,333
Power Plant Building & Contents	$249,448	$248,472
Telecommunications Facilities premium is based on the following values:		
Building and contents	$39,083	$38,311

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.

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 $28,514,000 and $31,148,000 as of June 30, 2023 and 2022, 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 $32,729,000 and $32,449,000 as of 12/31/22 and 12/31/21, respectively.

UIHC Settlement—In October 2022, the Board of Regents, State of Iowa reached agreement with plaintiffs to settle the claims brought in the Myers, et al. v. Iowa Board of Regents. The court approved the settlement in August 2023. As a result of the settlement with plaintiffs, UIHC paid $15 million in October 2023.

Reconciliation of Loss Contingencies (in thousands):

	2023	2022
Claims and contingent liabilities accrued at July 1	$80,505	$63,010
Claims incurred and contingent liabilities accrued for the current year	393,271	391,644
Payments on claims during the fiscal year	(395,625)	(374,149)
Claims and contingent liabilities at June 30	**$78,151**	**$80,505**

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 9—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 recognized as an increase to operating revenue on a straight-line basis over the term of the agreement. At June 30, 2023, the balance of the Advance from Concessionaire is $1,086,507,000.

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 $63,657,000 and $58,659,000 for the years ended June 30, 2023 and 2022, respectively, of which $35,000,000 is fixed for each of the years ended June 30, 2023 and 2022. The fixed fee is set at $35 million per year for the first five years. The fee will increase by 1.5% to $35,525,000 on July 1, 2025 for the fiscal year ending on June 30, 2026 and by 1.5% at the start of each fiscal year thereafter. The carrying amounts of University of Iowa Energy Collaborative LLC capital investments and related payable to the concessionaire at June 30, 2023 and June 30, 2022 were $65,387,000 and $41,450,000, respectively. *See Note 5—Long-term Liabilities*, Notes Payable sections for additional information on the related payable to the concessionaire.

The nature and carrying value of assets and construction in progress under this agreement are as follows (in thousands):

	Capital Assets	Accumulated Depreciation	Net Asset Value	Construction in Progress
Electric	$5,484	242	$5,242	$7,452
Steam	3,342	182	3,160	9,416
Water	4,918	267	4,651	3,580
Chilled Water	21,467	916	20,551	3,756
Sewer	-	-	-	2,050
Oakdale	-	-	-	4,256
Stormwater	-	-	-	1,930
Total June 30, 2023	$35,211	1,607	$33,604	$32,440

Note 10—Debt Refunding

In July of 2022, the University issued $130,695,000 of Hospital Revenue Refunding Bonds, Series S.U.I. 2022C, with an average interest rate of 4.88% and accrued interest of $107,000 to pay at maturity $148,725,000 of outstanding Hospital Revenue Refunding Bond Anticipation Note, Series S.U.I. 2021B, with interest rate of 0.20%.

Net bond proceeds of $148,455,000 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 Bond Anticipation Note, Series S.U.I. 2021B matured on October 1, 2022.

The amount of defeased debt outstanding but removed from the Statement of Net Position at June 30, 2023 and 2022, is as follows (in thousands):

	2023	2022
Hospital	$-	$146,025
Utility	78,065	86,540
Total	$78,065	$232,565

Note 11—Operating Expenses By Function

A summary of operating expenses by functional classification for the year ended June 30, 2023 and 2022 follows (in thousands):

	Compensation & Benefits	Supplies	Other	Depreciation & Amortization	Total
Instruction	$318,485	11,445	39,130	-	$369,060
Research	277,425	51,478	118,568	-	447,471
Public service	66,953	13,824	34,042	-	114,819
Academic support	122,691	16,897	41,014	-	180,602
Patient services	1,377,763	832,240	487,593	-	2,697,596
Student services	27,543	3,179	14,577	-	45,299
Institutional support	72,405	4,179	(11,363)	-	65,221
Operations and maintenance of plant	118	1,933	99,020	-	101,071
Scholarships and fellowships	14,451	-	21,225	-	35,676
Depreciation and amortization	-	-	-	301,957	301,957
Auxiliary enterprises	110,732	18,471	93,354	-	222,557
Other operating expenses	6,105	3,710	240	-	10,055
Total June 30, 2023	**$2,394,671**	**957,356**	**937,400**	**301,957**	**$4,591,384**

	Compensation & Benefits	Supplies	Other	Depreciation & Amortization	Total
Instruction	$316,820	13,409	29,585	-	$359,814
Research	257,336	66,495	103,601	-	427,432
Public service	63,249	11,323	31,713	-	106,285
Academic support	116,591	10,446	28,413	-	155,450
Patient services	1,315,514	748,550	439,510	-	2,503,574
Student services	27,374	3,141	12,843	-	43,358
Institutional support	68,816	6,250	(11,507)	-	63,559
Operations and maintenance of plant	114	2,025	98,882	-	101,021
Scholarships and fellowships	15,631	-	42,648	-	58,279
Depreciation and amortization	-	-	-	290,656	290,656
Auxiliary enterprises	106,451	15,160	74,817	-	196,428
Other operating expenses	5,856	4,608	4,007	-	14,471
Total June 30, 2022, restated	**$2,293,752**	**881,407**	**854,512**	**290,656**	**$4,320,327**

Note 12—Restricted Net Assets

The UI Center for Advancement's net assets with donor restrictions at June 30, 2023 and 2022 were restricted for the following (in thousands):

	2023	2022
Undesignated	$16,178	$15,513
Program support	475,938	472,177
Student support	439,409	424,063
Faculty support	492,420	484,496
Facilities and equipment	138,147	137,671
Research	244,415	246,129
Trust assets to be held in perpetuity	8,667	8,297
Remainder interests in trusts, mainly for program, student, and faculty support	34,921	32,362
Total	**$1,850,095**	**$1,820,708**

Note 13— 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, 2023 and 2022 are presented below (in thousands):

CONDENSED STATEMENT OF NET POSITION

	2023	2022
Assets		
Cash, investments and other assets	$9,835	$11,368
Total Assets	$9,835	$11,368
Liabilities		
Accounts payable and other current liabilities	$2,152	$2,414
Total Liabilities	2,152	2,414
Net Position		
Unrestricted	7,683	8,954
Total Net Position	7,683	8,954
Total Liabilities and Net Position	$9,835	$11,368

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2023	2022
Program Expenses		
Intellectual properties expense	$4,993	$6,584
Other	121	212
Total Program Expenses	5,114	6,796
Program Revenues		
Intellectual properties income	3,808	5,476
Investment income	35	202
Total Program Revenues	3,843	5,678
Change in Net Position	(1,271)	(1,118)
Net Position, Beginning of Year	8,954	10,072
Net Position, End of Year	$7,683	$8,954

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, 2022 and 2021 are presented below (in thousands):

CONDENSED STATEMENT OF NET POSITION

	2022	2021
Assets		
Cash, investments and other assets	$20,118	$23,000
Capital assets, net	4,207	1,025
Total Assets	24,325	24,025
Deferred Outflows of Resources		
Acquisition deferred outflow	1,024	1,887
Total Assets and Deferred Outflows of Resources	$25,349	$25,912
Liabilities		
Accounts payable and other current liabilities	$2,958	$1,724
Other long term liabilities, noncurrent portion	2,312	-
Total Liabilities	5,270	1,724
Net Position		
Net investment in capital assets	1,147	1,025
Unrestricted	18,932	23,163
Total Net Position	20,079	24,188
Total Liabilities and Net Position	$25,349	$25,912

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

	2022	2021
Program Expenses		
Patient and Management Services	$22,169	$20,756
Depreciation	1,496	694
Total Program Expenses	23,665	21,450
Program Revenues		
Patient Services	17,392	19,591
Management services	1,660	172
Investment income	543	300
Other	(39)	193
Total Program Revenues	19,556	20,256
Change in Net Position	(4,109)	(1,194)
Net Position, Beginning of Year	24,188	25,382
Net Position, End of Year	$20,079	$24,188

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 Internal Revenue Code 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, 2023 and 2022 are presented below (in thousands):

CONDENSED STATEMENT OF NET POSITION

	2023	2022
Assets		
Cash and investments	$28,681	$28,494
Total Assets	**$28,681**	**$28,494**
Net Position		
Restricted expendable	$28,476	$28,204
Unrestricted	205	290
Total Net Position	**$28,681**	**$28,494**

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

	2023	2022
Program Revenues		
Investment income	$1,538	$86
Total Program Revenues	**1,538**	**86**
Program Expenses		
Distributions	1,150	942
Other	201	200
Total Program Expenses	**1,351**	**1,142**
Change in Net Position	187	(1,056)
Net Position, Beginning of Year	**28,494**	**29,550**
Net Position, End of Year	**$28,681**	**$28,494**

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, 2023 and 2022 are presented below (in thousands):

CONDENSED STATEMENT OF NET POSITION

	2023	2022
Assets		
Cash and other assets	$17,090	$17,375
Total Assets	**$17,090**	**$17,375**
Liabilities		
Accounts payable	$54	$55
Accrued distributions	857	828
Total Liabilities	**911**	**883**
Net Position		
Restricted net position	12,784	12,784
Unrestricted net position	3,395	3,708
Total Net Position	**16,179**	**16,492**
Total Liabilities and Net Position	**$17,090**	**$17,375**

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

	2023	2022
Program Revenues		
Investment Income:		
Interest and dividend income	$120	$138
Net increase in the fair value of investments	666	359
Net Investment Income	**786**	**497**
Program Expenses		
Investment fees and administrative expenses	242	252
Distributions	857	828
Total Deductions	**1,099**	**1,080**
Change in Net Position	(313)	(583)
Net Position, Beginning of Year	**16,492**	**17,075**
Net Position, End of Year	**$16,179**	**$16,492**

E–University of Iowa Research Park Corporation (UIRPC)

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, 2023 and 2022 are presented below (in thousands):

CONDENSED STATEMENT OF NET POSITION

	2023	2022
Assets		
Cash and other assets	$2,744	$2,645
Capital assets, net	2,123	2,198
Total Assets	$4,867	$4,843
Liabilities		
Accounts payable and other current liabilities	$71	$71
Noncurrent liabilities	1,877	1,938
Total Liabilities	1,948	2,009
Deferred Inflows of Resources	**92**	**96**
Net Position		
Net investment in capital assets	2,123	2,198
Unrestricted	704	540
Total Net Position	2,827	2,738
Total Liabilities, Deferred Inflows of Resources and Net Position	$4,867	$4,843

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

	2023	2022
Program Revenues		
Land leases	$183	$209
State appropriation	116	116
Other income	18	55
Total Program Revenues	317	380
Program Expenses		
Maintenance and other expenses	153	141
Depreciation	75	75
Total Program Expenses	228	216
Change in net position	89	164
Net Position, Beginning of Year	2,738	2,574
Net Position, End of Year	$2,827	$2,738

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 years ended June 30, 2023 and 2022 are presented below (in thousands). Fiscal year 2022 has been restated to correctly reflect the corporation definition of investments and strategic initiative purposes.

CONDENSED STATEMENT OF NET POSITION

	2023	Restated 2022
Assets		
Cash and other assets	$1,086,082	$1,047,817
Total Assets	**$1,086,082**	**$1,047,817**
Net Position		
Unrestricted	$1,086,082	$1,047,817
Total Net Position	**$1,086,082**	**$1,047,817**

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

	2023	Restated 2022
Program Revenues		
Investment income	$58,634	$(64,013)
Total Program Revenues	**58,634**	**(64,013)**
Program Expenses		
General expense	372	287
Net transfers to University funds	19,997	12,708
Total Program Expenses	**20,369**	**12,995**
Change in net position	38,265	(77,008)
Net Position, Beginning of Year	**1,047,817**	**1,124,825**
Net Position, End of Year	**$1,086,082**	**$1,047,817**

G–Student Publications, Inc.

Student Publications, Inc. (SPI) is a nonprofit corporation exempt from income taxes under Internal Revenue 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.

Significant financial data for Student Publications, Inc., for the years ended June 30, 2023 and 2022 are presented below (in thousands):

CONDENSED STATEMENT OF NET POSITION

	2023	2022
Assets		
Cash and other assets	$537	$514
Total Assets	**$537**	**$514**
Liabilities		
Accounts payable and other current liabilities	$15	$42
Total Liabilities	**15**	**42**
Net Position		
Unrestricted	522	472
Total Net Position	**522**	**472**
Total Liabilities and Net Position	**$537**	**$514**

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

	2023	2022
Program Revenues		
Tuition and fees	$466	$459
Other sales and services	402	476
Total Program Revenues	**868**	**935**
Program Expenses		
Payroll expense	716	709
General expense	102	198
Total Program Expenses	**818**	**907**
Change in net position	50	28
Net Position, Beginning of Year	**472**	**444**
Net Position, End of Year	$522	$472

Note 14—Subsequent Events

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

In September 2023, the University of Iowa issued Facilities Corporation Revenue Bonds, Series 2023, in the amount of $28,720,000 for the purpose of financing a portion of the cost of building, furnishing, and equipping a new health science academic building on the campus of the University and paying costs of issuance. The 2023 bonds will bear interest at varying rates between 5.00% and 6.00% and will mature in varying amounts from June 1, 2025 through June 1, 2048.

Note 15—Restatement

GASB Statement No. 96 Subscription-Based Information Technology Arrangements was implemented in fiscal year 2023. This Statement requires recognition of certain right-to-use assets and liabilities for IT subscription arrangements that previously were classified as outflows of resources or prepaid assets. It defines Subscription-Based Information Technology Arrangements (SBITA) and requires the University to recognize a SBITA as a right-to-use capital asset, requires a liability for the amounts owed under the arrangement and requires the right-to-use capital asset to be amortized.

As a result of adopting GASB Statement No. 96 Subscription-Based Information Technology Arrangements in fiscal year 2023, the beginning net position was restated to retroactively report the change in value of assets previously reported as prepaid assets as follows (in thousands):

	Amount
Net position at June 30, 2022, as previously reported	$5,516,218
Reclassify prepaid expense to right use assets per GASB 96 implementation	(2,733)
GASB 96 implementation for FY22	1,590
Net position at June 30, 2022, as restated	**$5,515,075**

Note 16—Prospective Accounting Change

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

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, 2023

	Academic Building Revenue Bonds	Athletic Facilities Revenue Bonds	Hospital Revenue Bonds	IMU Revenue Bonds
CONDENSED STATEMENT OF NET POSITION				
Assets:				
Current assets	$21,879	$32,651	$889,542	$1,744
Capital assets	810,373	161,703	1,358,341	30,794
Other noncurrent assets	13,168	16,922	1,763,367	2,245
Total assets	**845,420**	**211,276**	**4,011,250**	**34,783**
Deferred outflows of resources	**736**	**1,596**	**52,924**	**-**
Liabilities:				
Current liabilities	21,523	32,955	387,931	1,535
Noncurrent liabilities	117,677	159,380	937,639	1,582
Total liabilities	**139,200**	**192,335**	**1,325,570**	**3,117**
Deferred inflows of resources	**62**	**59**	**38,116**	**208**
Net Position:				
Net investment in capital assets	681,826	(6,794)	729,588	28,598
Restricted - expendable	25,068	27,668	33,040	1,292
Unrestricted	-	(396)	1,937,860	1,568
Total net position	**$706,894**	**$20,478**	**$2,700,488**	**$31,458**
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION				
Operating revenues	$424,993	$106,503	$2,820,605	$1,552
Depreciation expense	(46,721)	(10,775)	(134,818)	(2,245)
Other operating expenses	-	(17,077)	(2,275,336)	(4,041)
Net operating income (loss)	378,272	78,651	410,451	(4,734)
Nonoperating revenues (expenses)	(3,317)	(4,506)	42,500	1,192
Transfers from/(to) University funds	(382,577)	(76,634)	(15,689)	3,172
Change in net position	(7,622)	(2,489)	437,262	(370)
Net position, beginning of year, as restated	714,516	22,967	2,263,226	31,828
Net position, end of year	**$706,894**	**$20,478**	**$2,700,488**	**$31,458**
CONDENSED STATEMENT OF CASH FLOWS				
Net cash provided (used) by operating activities	$424,396	$89,858	$383,064	$(2,309)
Net cash provided (used) by noncapital financing activities	(409,866)	(77,604)	(15,391)	(625)
Net cash provided (used) by capital and related financing activities	(15,673)	(15,345)	(279,648)	3,887
Net cash provided (used) by investing activities	1,409	451	(91,588)	34
Net increase (decrease) in cash	266	(2,640)	(3,563)	987
Cash and cash equivalents, beginning of year	14,736	37,381	15,469	2,170
Cash and cash equivalents, end of year	**$15,002**	**$34,741**	**$11,906**	**$3,157**

Parking System Revenue Bonds	Recreational Facilities Revenue Bonds	Residence Services Revenue Bonds	Telecomm. Facilities Revenue Bonds	UI Facility Corporation Bonds
$4,682	$5,178	$12,285	$7,342	$4
93,002	78,619	214,449	24,941	196,912
105,869	12,380	38,740	21,084	2,349
203,553	**96,177**	**265,474**	**53,367**	**199,265**
-	**1,925**	**-**	**-**	**334**
4,649	5,066	14,610	4,981	6,562
94,463	44,494	146,723	24,348	97,346
99,112	**49,560**	**161,333**	**29,329**	**103,908**
35	**-**	**908**	**71**	**223**
107,090	32,777	61,571	189	93,412
(51,407)	8,488	33,470	2,394	2,056
48,723	7,277	8,192	21,384	-
$104,406	**$48,542**	**$103,233**	**$23,967**	**$95,468**
$23,545	$4,592	$82,905	$27,486	$-
(6,145)	(3,646)	(13,289)	(791)	(11,578)
(11,189)	(7,645)	(59,384)	(20,656)	-
6,211	(6,699)	10,232	6,039	(11,578)
(336)	(1,404)	(3,128)	(57)	(2,305)
473	9,334	(1,851)	(3,665)	11,494
6,348	1,231	5,253	2,317	(2,389)
98,058	47,311	97,980	21,650	97,857
$104,406	**$48,542**	**$103,233**	**$23,967**	**$95,468**
$13,662	$(3,048)	$24,191	$5,100	$-
722	(1,955)	(2,318)	(3,665)	9,981
45,706	4,965	(25,095)	(1,182)	(10,401)
746	(254)	300	440	421
60,836	(292)	(2,922)	693	1
18,324	12,715	40,757	20,321	-
$79,160	**$12,423**	**$37,835**	**$21,014**	**$1**

Segment Reporting (in thousands)
As of and for the year ended June 30, 2023

	Academic Building Revenue Bonds	Athletic Facilities Revenue Bonds	Hospital Revenue Bonds	IMU Revenue Bonds
DEBT SERVICE COVERAGE				
Debt service coverage % - Required	N/A	125%	110%	120%
Debt service coverage % - Actual	N/A	563%	1,607%	633%
PORTION OF REVENUE PLEDGED				
Annual debt service (principal & interest)	$15,857	$16,157	$33,926	$753
Net pledged revenue	410,159	90,912	545,270	4,769
Annual debt service/Net operating revenues (%)	4%	18%	6%	16%
REVENUE BONDS PAYABLE				
Beginning Balance	$141,162	$181,018	$698,337	$2,812
Additions	-	-	149,078	-
Reductions	(11,941)	(10,984)	(164,778)	(676)
Ending Balance	**$129,221**	**$170,034**	**$682,637**	**$2,136**

DEBT SERVICE REQUIREMENTS

The amount shown for debt service payments due on July 1, 2023 were on hand.

Semi-annual maturity	Jan & Jul 1st	Jan & Jul 1st	Mar & Sep 1st	Jan & Jul 1st
2024	$15,653	$15,990	$41,383	$737
2025	15,608	16,685	41,299	738
2026	13,380	16,779	43,813	743
2027	13,385	16,816	43,782	-
2028	13,454	16,833	43,753	-
2029–2033	55,120	74,874	188,466	-
2034–2038	25,852	41,684	175,701	-
2039–2043	-	4,235	112,532	-
2044–2048	-	-	86,899	-
2049–2053	-	-	79,533	-
2054–2058	-	-	57,997	-
2059–2062	-	-	46,398	-
Unamortized Discount and Premium	3,267	3,709	48,381	75
Total	**$155,719**	**$207,605**	**$1,009,937**	**$2,293**

COMMITMENTS

Contract commitments for construction projects	**$27,030**	**$38**	**$409,164**	**$178**

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
350%	281%	207%	463%	N/A

$3,841	$5,189	$12,542	$1,570	$10,401
13,427	14,578	25,933	7,278	N/A
29%	36%	48%	22%	N/A

$41,808	$51,441	$160,861	$25,336	$111,695
56,550	-	-	-	-
(2,538)	(3,673)	(7,950)	(655)	(8,084)
$95,820	**$47,768**	**$152,911**	**$24,681**	**$103,611**

Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Dec & Jun 1st
$5,125	$5,123	$12,417	$1,551	$9,827
5,786	5,124	12,419	2,177	9,813
5,765	4,809	11,363	2,192	10,272
60,169	4,686	11,368	2,198	10,859
2,628	4,703	11,375	2,201	9,960
13,185	22,957	57,004	11,272	33,056
13,291	9,101	43,858	6,591	20,776
8,042	-	31,334	-	7,691
-	-	4,154	-	7,680
-	-	-	-	3,078
-	-	-	-	-
-	-	-	-	-
161	2,723	2,046	1,576	8,796
$114,152	**$59,226**	**$197,338**	**$29,758**	**$131,808**

$57,167	**$227**	**$12,077**	**$-**	**$417**

Required Supplementary Information
June 30, 2023

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

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

For the Year Ended	Proportion of the Net Pension Liability/Asset	Proportionate Share of the Net Pension Liability (Asset)	University's Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	IPERS' Net Position as a Percentage of the Total Pension Liability (Asset)
6/30/23	2.3943491%	$90,462	$194,839	46.43%	91.40%
6/30/22	-0.6212766%	2,145	167,408	1.28%	100.81%
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):

For the Year Ended	Statutorily Required Contributions	Actual Employer Contribution	Contribution Deficiency/ (Excess)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/23	$21,559	$(21,599)	$-	$228,932	9.42%
6/30/22	18,364	(18,364)	-	194,839	9.43%
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%

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 2022 valuation incorporated the following refinements after a quadrennial experience study:

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

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 OPEB LIABILITY AND RELATED RATIOS (in thousands):

	FY23	FY22	FY21	FY20	FY19	FY18
Service cost	$9,251	$9,115	$7,028	$3,860	$4,193	$33,733
Interest	3,937	4,593	6,214	5,604	4,971	18,168
Changes of benefit terms	-	-	-	-	21,519	(465,008)
Differences between expected and actual experiences	84	(7,927)	(181)	4,430	1	48,567
Changes of assumptions	(18,992)	(19,966)	27,290	26,867	(13,968)	(95,303)
Benefit payments	(10,681)	(12,324)	(11,931)	(10,497)	(10,394)	(6,952)
Contributions from the employer	-	-	-	-	-	(1,049)
Net change in OPEB liability	**$(16,401)**	**$(26,509)**	**$28,420**	**$30,264**	**$6,322**	**$(467,844)**
OPEB liability beginning of year	178,332	204,841	176,421	146,157	139,835	607,679
OPEB liability end of year	161,931	178,332	204,841	176,421	146,157	139,835
Covered-employee payroll	$1,526,680	$1,482,214	$1,384,343	$1,384,343	$1,308,289	$1,291,758
OPEB Liability as a percentage of covered-employee payroll	**10.61%**	**12.03%**	**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, 2023

OPEB LIABILITY

Changes in the University's OPEB Liability and Related Ratios

The 2022 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 3.54% as of June 30, 2022.

The 2021 valuation implemented the following refinements:

The financial accounting 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 2.16% as of June 30, 2021.
- A change in the retirement rates for Staff employees to better reflect recent experience.
- A change in the mortality projections scale from Scale MP-2018 to Scale MP-2020.
- The health care trend rate assumption was updated to a schedule of rates beginning at 6.12% in 2021, grading down to 4.50% in 2030 and beyond for pre-65 participants and 6.57% in 2021, grading down to 4.50% in 2030 and beyond for post-65 participants.
- The marginal cost adjustment factors were changed from 62.9% to 65.2% for pre-65 participants and from 89.5% to 90.3% for post-65 participants.

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.

IOWA CITY
KARIBU
VITAJTE
WELCOME
BIENVENIDO
DOWNTOWN IOWA CITY
DOWNTOWNIOWACITY.COM
WASHINGTON & DUBUQUE
FARE FREE

IOWA

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, 105 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.

IOWA