Iowa State University

Financial Report

For the fiscal year ended June 30, 2025

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STATE OF IOWA

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Rob Sand
Auditor of State

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business type activities and the fiduciary activities of Iowa State University of Science and Technology, Ames, Iowa (Iowa State University) and its discretely presented component unit as of and for the years ended June 30, 2025 and 2024, and the related Notes to Financial Statements, which collectively comprise Iowa State University'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 Iowa State University and its discretely presented component unit as of June 30, 2025 and 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the years ended June 30, 2025 and 2024 in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component unit, the Iowa State University Foundation, the Iowa State University Achievement Fund and the Original University Foundation (the "Foundation"), discussed in Note 1, which represent 100% of the assets, net position and revenues of the discretely presented component unit. We also did not audit the financial statements of the blended component units, Iowa State University Research Foundation, Incorporated and Iowa State University Veterinary Services Corporation, discussed in Note 1, which represent 1.7% and 0.3%, respectively, of the assets and 0.3% and 0.4%, respectively, of the revenues of the University. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to those financial statements, is based solely on the reports of the other auditors.

Basis for Opinions

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

Emphasis of Matters

As discussed in Note 1, the financial statements of Iowa State University are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of Iowa State University. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2025 and 2024 and the changes in financial position and its cash flows for the years ended June 30, 2025 and 2024 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified in 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 Iowa State University'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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Iowa State University'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 Iowa State University'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 Management's Discussion and Analysis, the Schedule of the University's Proportionate Share of the Net Pension Liability, the Schedule of University Contributions and the Schedule of Changes in the University's Total OPEB Liability, Related Ratios and Notes on pages 7 through 14 and 62 through 64 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, our report on Iowa State University'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 Iowa State University'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 Iowa State University's internal control over financial reporting and compliance.

Brian R. Brustkern, CPA
Deputy of Auditor of State

December 16, 2025

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Iowa State University (Iowa State) for the fiscal year ended June 30, 2025, with comparative data for fiscal years 2024 and 2023. Readers are encouraged to review this information in conjunction with Iowa State's financial statements and accompanying notes that follow this analysis.

Established in 1858 by the legislature of the State of Iowa, Iowa State is a public land-grant university based on the ideals that higher education should be accessible to all and multidisciplinary. Today, Iowa State comprises ten schools and colleges offering more than 100 majors to an enrollment of over 30,000 students. Located in Ames, a community of more than 65,000 residents, Iowa State is internationally recognized for excellence in science and technology, discovery, and innovation.

USING THE FINANCIAL STATEMENTS

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

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

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

FINANCIAL HIGHLIGHTS

Iowa State experienced enrollment growth and economic stabilization during fiscal year 2025, positioning the institution for a strong start to fiscal year 2026. To advance its strategic priorities, Iowa State allocated $2.1 million to 12 projects aligned with its strategic plan in fiscal year 2025. These projects focus on areas such as artificial intelligence, childcare environments, online learning, student internships, and initiatives aimed at securing external research funding to address critical challenges.

Iowa State adopted a new tuition discounting methodology during the fiscal year, following guidance from National Association of College and University Business Officers (NACUBO) Accounting Resource 2023-01. This change aligns Iowa State with industry best practices and provides a more accurate reflection of how institutional aid impacts tuition and fee and auxiliary revenues. While the adoption of this methodology did not result in the restatement of prior year financial statements and had no impact on previously reported changes in net position, it will improve transparency and comparability of revenue reporting going forward.

Additionally, GASB Statement 101 *Compensated Absences* was implemented in fiscal year 2025. This statement relates to recognition and measurement guidance for compensated absences. A liability should be recognized for leave which has been used if (1) the leave is attributable to services already rendered, (2) the leave accumulates and (3) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Ending liability balances at June 30, 2024 were not restated, because the impact was immaterial. Additional information can be found in Note 1J.

Statement of Net Position

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

	2025	2024 (as restated)	2023
Current assets	$ 249,083,224	$ 193,871,737	$ 247,174,108
Capital assets	1,774,500,215	1,731,657,239	1,679,478,938
Other non-current assets	751,689,260	735,723,690	723,605,001
Total assets	2,775,272,699	2,661,252,666	2,650,258,047
Deferred outflows of resources	59,644,912	60,423,717	45,221,963
Current liabilities	200,338,524	180,833,134	195,332,053
Non-current liabilities	575,766,141	576,098,999	581,675,512
Total liabilities	776,104,665	756,932,133	777,007,565
Deferred inflows of resources	4,595,250	10,792,720	28,783,909
Total net position	$ 2,054,217,696	$ 1,953,951,530	$ 1,889,688,536

Total assets as of June 30, 2025 are $2.78 billion, which is $114.0 million more than the prior year. Net capital assets comprise $1.78 billion of the total assets, a $42.8 million increase from June 30, 2024. Total liabilities are $776.1 million at June 30, 2025, a increase of $19.2 million compared to the prior fiscal year.

The following table presents the components of net position as of June 30:

	2025	2024 (as restated)	2023
Net investment in capital assets	$ 1,322,575,016	$ 1,271,637,971	$ 1,181,741,417
Restricted, non-expendable	28,959,984	28,959,984	29,401,468
Restricted, expendable	97,712,012	110,092,275	115,324,636
Unrestricted	604,970,684	543,261,300	563,221,015
Total net position	$ 2,054,217,696	$ 1,953,951,530	$ 1,889,688,536

Net position increased $100.3 million (5.13%) from 2024 to 2025, which generally indicates that financial condition has improved. The largest portion of net position (64.38%) is net investment in capital assets, which includes land, buildings, infrastructure, land improvements, equipment, right-to-use assets, and intangible assets, offset by the related debt. The restricted portion of net position (6.17%) is divided into expendable and non-expendable. The use of expendable restricted net position is determined by external entities that have placed restrictions on the assets. Non-expendable restricted net position is also restricted by external entities, but may never be spent. Iowa State's non-expendable restricted net position is the principal portion of endowments required to remain intact.

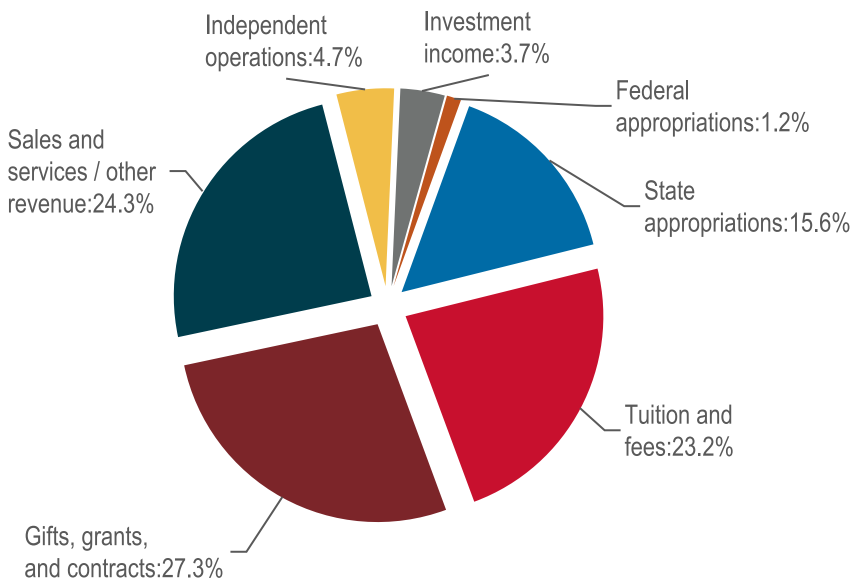
Statement of Revenues, Expenses, and Changes in Net Position

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

	2025	2024 (as restated)	2023
Operating revenue	$ 1,140,019,475	$ 1,086,801,043	$ 1,010,778,960
Operating expense	1,488,411,329	1,461,746,344	1,388,422,074
Operating loss	(348,391,854)	(374,945,301)	(377,643,114)
Non-operating revenue	394,599,945	380,866,282	335,794,967
Income (loss) before other net revenue	46,208,091	5,920,981	(41,848,147)
Other net revenue	54,058,075	58,342,013	65,635,899
Change in net position	100,266,166	64,262,994	23,787,752
Net position, beginning of year	1,971,684,335	1,889,688,536	1,865,900,784
Restatement of net position	(17,732,805)	—	—
Net position, beginning of year, as restated	1,953,951,530	1,889,688,536	1,865,900,784
Net position, end of year	$ 2,054,217,696	$ 1,953,951,530	$ 1,889,688,536

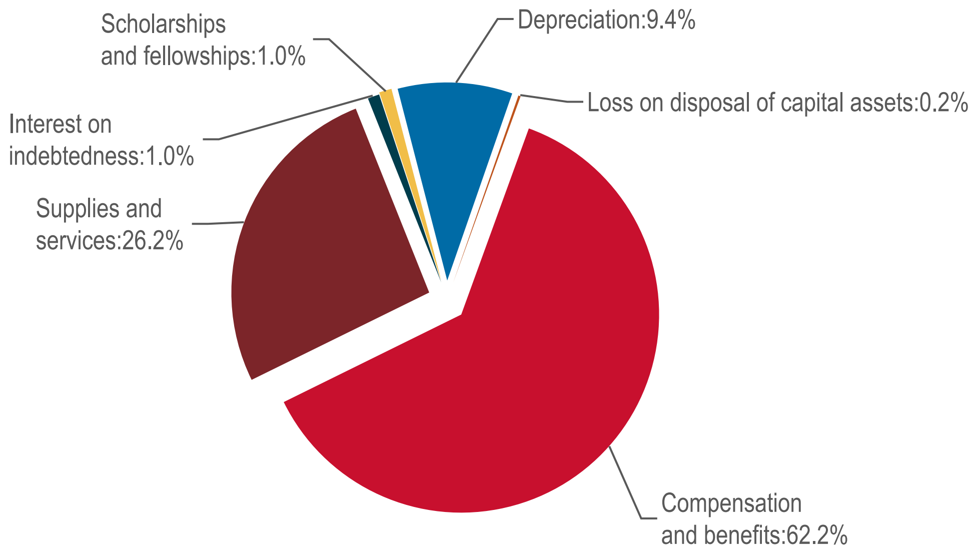
Revenues

Operating revenues increased $53.2 million (4.9%) from the prior year. While net tuition and fees decreased slightly due to the new tuition discounting methodology implemented in fiscal year 2025, this was offset by increases in federal grants and contracts, independent operations, and auxiliary revenues. Notably, Iowa state recognized $26.7 million in State and Local Fiscal Recovery Funds (SLFRF) grant revenue for the Veterinary Diagnostic Laboratory in fiscal year 2025, compared to $3.2 million recognized in fiscal year 2024. The major components of all revenue are shown in the following chart:



Expenses

Operating expenses increased $26.7 million (1.8%) from fiscal year 2024. Compensation and benefits increased $61.8 million (7.1%), while scholarships and fellowships decreased $39.7 million (71.9%) due to the new tuition discounting methodology implemented in fiscal year 2025. Under this approach, a greater portion of financial aid is now shown as a reduction to tuition and fee revenue, rather than an operating expense. Depreciation expense also increased $8.9 million with the addition of $186.9 million in depreciable assets. Overall, total expenses increased 2.1% and are broken out in the following chart:



Statement of Cash Flows

The Statement of Cash Flows is an important tool in helping users assess Iowa State's ability to generate future cash flows, its ability to meet obligations as they come due, and its need for external financing. Cash inflows and outflows are summarized by operating, non-capital financing, capital and related financing, and investing activities.

In fiscal year 2025, the overall cash balance increased by 21.92%. A summary of cash flows for the fiscal years ended June 30 is presented below:

	2025	2024	2023
Cash provided by (used for):			
Operating activities	$ (200,279,760)	$ (255,733,207)	$ (260,513,467)
Non-capital financing activities	349,852,149	339,060,190	321,532,080
Capital and related financing activities	(165,486,731)	(177,984,643)	(157,913,299)
Investing activities	40,576,149	96,820,497	76,619,960
Net increase (decrease) in cash	24,661,807	2,162,837	(20,274,726)
Cash and cash equivalents, beginning of year	112,521,304	110,358,467	130,633,193
Cash and cash equivalents, end of year	$ 137,183,111	$ 112,521,304	$ 110,358,467

CAPITAL ASSETS

At June 30, 2025, Iowa State had $3.96 billion in capital assets, with accumulated depreciation and amortization of $2.18 billion. Depreciation and amortization expense for the fiscal year was $141.2 million. The following shows capital assets, net of depreciation and amortization, as of June 30:

	2025	2024 (as restated)	2023
Non-depreciable / non-amortizable:			
Land and land improvements	$ 27,103,294	$ 27,103,294	$ 27,103,829
Construction in progress	134,912,274	121,423,485	96,109,990
Intangible assets in development	—	58,277,295	44,226,480
Depreciable / amortizable (net):			
Buildings	1,134,568,626	1,109,000,627	1,104,150,439
Land improvements	42,877,475	46,272,059	40,597,138
Infrastructure	140,052,618	144,272,582	136,380,768
Equipment & library materials	169,934,551	169,877,764	166,754,223
Intangible assets	9,401,913	14,352,688	19,303,464
Right-to-use lease assets	34,795,716	15,856,513	14,798,406
Right-to-use subscription assets	80,853,748	25,220,932	30,054,201
Total capital assets	$ 1,774,500,215	$ 1,731,657,239	$ 1,679,478,938

Capital Appropriations, Grants, and Contracts

Capital appropriations from the State of Iowa have traditionally been a significant source of funding for construction of new buildings, as well as major renovations. Of the $10.9 million in capital appropriations for fiscal year 2025, $1 million represents funding appropriated for the Veterinary Diagnostic Laboratory, while the remainder represents the tuition replacement appropriation used to pay the debt service on academic building revenue bonds.

Capital gifts and grant revenue consists primarily of private gifts for major building projects. Major projects using the $43.2 million received in fiscal year 2025 include LeBaron Hall renovations, CyTown parking and infrastructure improvements, and construction of the Therkildsen Industrial Engineering Building and Veterinary Diagnostic Laboratory.

DEBT ADMINISTRATION

At June 30, 2025, Iowa State had approximately $462.0 million of debt outstanding, a decrease of $14.8 million from 2024. The table below summarizes these amounts by type as of June 30.

	2025	2024 (as restated)	2023
Academic building bonds	$ 76,911,356	$ 85,113,272	$ 93,095,188
Enterprise fund bonds	321,944,396	348,876,477	363,982,771
Leases payable	17,199,568	9,387,837	15,512,107
Financed installment purchases	14,246,890	5,504,624	4,277,424
Subscription-based IT arrangements	31,686,787	27,870,695	30,633,878
Total long-term debt	$ 461,988,997	$ 476,752,905	$ 507,501,368

More detailed information about Iowa State’s outstanding debt is presented in Note 5 to the financial statements.

ECONOMIC OUTLOOK

The nation's GDP decreased by 0.5% in the first quarter of 2025 and was followed by a 3.0% increase in the second quarter. In March, the Revenue Estimating Conference (REC) projected the state of Iowa's net general fund revenues to decrease by 6.4% by the end of fiscal year 2025. The REC forecasts a decrease of 6.9% for fiscal year 2026. Iowa State has been allocated $178.4 million in general education operating appropriations and $62.3 million in other directed operating appropriations for fiscal year 2026.

Iowa State continues to focus on innovation through internal operations and academic offerings. The WorkCyte Phase II implementation completed in fiscal year 2025 transitioned treasury operations, student financials, customer accounts, grading processes, program completion processes, and graduation evaluation processes to Workday. An academic planning component offers phased academic plan templates for undergraduate bachelors programs, allowing students to create a four-year plan in the same system as their saved schedule and academic progress report. This feature makes the planning and registration process more intuitive, further assisting students in their progress toward degree completion.

Iowa State saw a $4.7 million increase in external funding from fiscal year 2024, bringing the total for fiscal year 2025 to $549.3 million. Iowa State researchers secured $329.9 million in external research funding, exceeding $300 million for the third consecutive year. This includes $240.1 million from federal sources and $89.8 million from non-federal sources. These funds drive innovative research with economic benefits. For example, the Electric Power Research Center is leading a $3 million project to create a modern electric grid that will more efficiently distribute renewable energy sources such as wind and solar power. Research projects like these evolve into industry standards, helping solve global challenges. Iowa State ranks in the top 3% for research expenditures among universities without a human medical school.

Iowa State continues to be recognized as one of the best colleges in the world, ranking in the top 1% on the 2025 Global 2,000 List from the Center for World University rankings and placing 141 out of 584 institutions in the 2025 Wall Street Journal College Rankings, the highest scoring university in Iowa. Iowa State has earned national acclaim as a leader in innovation and entrepreneurship. In The Princeton Review's 2024 survey of the top undergraduate entrepreneurship programs, Iowa State ranks number 14 overall and number 6 in the Midwest. Fast Company and Inc. included Iowa State on the list of top 50 Ignition Schools, which recognizes institutions shaping the next generation of entrepreneurs and business innovators. In addition, in fall 2024, Iowa State received the Global Consortium of Entrepreneurship Center's award for Exceptional Contributions in Entrepreneurship Research.

The globally recognized culture of innovation and entrepreneurship at Iowa State is driven by the marketing campaign Innovate at Iowa State and through entrepreneurial programs like CyBIZ Lab, CYstarters, Startup Factory, and the Start Something initiatives in all colleges. These programs are designed to support students with hands-on experience to turn their innovative ideas into successful ventures. In fiscal year 2025, CyBIZ Lab employed 41 students and completed 35 market research projects for startups and larger companies. Additionally, 33 MBA students completed 7 projects for Story County non-profits. The CYstarters student accelerator celebrated 10 years of supporting student entrepreneurs. To date, 135 ventures have launched, with 75% of the students still running their companies, or having joined another startup. Startup Factory served 19 startups in fiscal year 2025. Startup Factory companies have generated $97.7 million in reportable capital raised since 2016. The Student Innovation Center is another example of the innovative and entrepreneurial culture at Iowa State. This is a space where students can bring their ideas to life. This space provides access for students to design, fabricate, test, and demonstrate ideas; everything from food science to lunar mining and digital gaming to solar-powered vehicles.

The Small Business Development Centers, operated by Iowa State, have established partnerships and connections to allow access to resources for Iowans interested in starting or growing a business. Last year, they counseled 4,958 entrepreneurs and business owners in all 99 Iowa counties, resulting in the creation of 1,795 jobs and over $175 million in increased sales. The Center for Industrial Research and Service (CIRAS) also works with businesses in all 99 Iowa counties. As a solution-oriented organization, CIRAS was created to improve the quality of life in Iowa by helping businesses navigate workforce challenges. Over the past five years, more than 4,600 businesses have been helped, creating a client-reported statewide impact $2.8 billion.

The Iowa State University Research Park (ISURP) is a significant economic driver and innovation hub. ISURP is home to 2,500 employees and 500 student interns in over 145 companies or organizations, contributing substantially to the local and state economy. ISURP's economic impact is highlighted by various achievements. The Iowa State University Research Foundation, Inc. (ISURF) ranks 36th on the "Top 100 U.S. Universities Granted Utility Patents in 2024" list published by the National Academy of Inventors. In December 2024, ISURP, in partnership with Alliant Energy, opened the Digital Agriculture Innovation Lab, a cutting-edge facility dedicated to advancing agricultural technologies. Spanning 85,000 square feet, the lab houses the College of Agriculture and Life Sciences' Digital Ag Innovation Team alongside agriculture-focused business tenants. This space is designed to accelerate innovation, attract external investment, and foster industry partnerships that directly benefit producers.

One of the team's most impactful initiatives is Planter University, developed in collaboration with Iowa State University Extension and Outreach. Workshops equip farmers, service providers, and equipment dealers with practical knowledge on planter function, calibration, and optimization. Over the past four years, more than 900 participants have learned how to enhance planter efficiency and maximize profitability. Based on participant feedback, the workshops have delivered an estimated economic benefit of $10–$20 per acre, resulting in a $725,000 impact for 2025, and a cumulative impact exceeding $3.3 million. The Digital Ag Innovation Lab exemplifies Iowa State's commitment to translating research into real-world solutions that strengthen agriculture and rural economies.

As the state's only land-grant university, Iowa State provides a high-quality education to all eligible students at an affordable price. Money.com ranked Iowa State in the top 10% in the nation for affordability, quality of education, and student outcomes. Iowa State started fiscal year 2025 with a fall 2024 enrollment of 30,432 including students from all 99 Iowa counties, all 50 states, and 116 countries. New first-year student enrollment has increased 21.5% over the last five years. The rising numbers highlight the strong interest students have in the academic experiences offered at Iowa State. Demand is exceptionally high for Iowa State graduates, with 93.4% of graduates landing a job in their field or continuing their education within six months of getting their degree and 50.4% of bachelor's degree recipients pursuing their careers in Iowa.

CONTACTING IOWA STATE

This financial report is designed to provide users with a general overview of Iowa State's finances and to demonstrate the accountability for the funds received. Questions regarding this report or requests for additional financial information should be directed to the Controller's Department, Iowa State University, 1350 Beardshear Hall, 515 Morrill Road, Ames, IA 50011-1004.

STATEMENT OF NET POSITION

As of June 30, 2025 and 2024

Assets	2025	2024 (as restated)
Current assets:		
Cash and cash equivalents	$ 75,504,031	$ 43,234,255
Investments	22,144,247	30,096,922
Accounts receivable, net	60,517,636	43,945,035
Due from government agencies	62,612,933	48,406,818
Interest receivable	483,448	634,777
Notes receivable, net	479,785	461,966
Inventories	17,518,770	16,657,813
Prepaid expenses	9,822,374	10,434,151
Total current assets	249,083,224	193,871,737
Non-current assets:		
Cash and cash equivalents	61,679,080	69,287,049
Investments	643,949,578	617,829,288
Accounts receivable, net	27,634,801	21,332,529
Notes receivable, net	17,462,500	17,660,429
Prepaid expenses	963,301	9,614,395
Capital assets, net	1,774,500,215	1,731,657,239
Total non-current assets	2,526,189,475	2,467,380,929
Total assets	2,775,272,699	2,661,252,666
Deferred outflows of resources:		
OPEB-related deferred outflows	23,460,575	19,865,180
Pension-related deferred outflows	30,579,819	34,244,819
Unamortized loss from refunding of debt	5,604,518	6,313,718
Total deferred outflows of resources	59,644,912	60,423,717
Total assets and deferred outflows of resources	2,834,917,611	2,721,676,383

continued on next page

STATEMENT OF NET POSITION (CONTINUED)

As of June 30, 2025 and 2024

Liabilities	2025	2024 (as restated)
Current liabilities:		
Accounts payable	$ 36,070,099	$ 44,975,363
Salaries, wages, and related liabilities	25,275,026	14,285,290
Unpaid claims and contingent liabilities	9,655,000	10,288,000
Unearned revenue	44,454,983	33,003,165
Interest payable	5,840,653	6,089,569
Long-term debt, current portion	46,949,306	44,218,297
Other long-term liabilities, current portion	32,093,457	27,973,450
Total current liabilities	200,338,524	180,833,134
Non-current liabilities:		
Accounts payable	1,877,061	41,939
Long-term debt, non-current portion	415,039,691	432,534,608
Other long-term liabilities, non-current portion	158,849,389	143,522,452
Total non-current liabilities	575,766,141	576,098,999
Total liabilities	776,104,665	756,932,133
Deferred inflows of resources:		
OPEB-related deferred inflows	1,774,969	7,686,208
Pension-related deferred inflows	211,785	377,233
Lease-related deferred inflows	2,125,065	2,073,945
Unamortized gain from refunding of debt	483,431	655,334
Total deferred inflows of resources	4,595,250	10,792,720
Total liabilities and deferred inflows of resources	780,699,915	767,724,853
Net position		
Net investment in capital assets	1,322,575,016	1,271,637,971
Restricted, non-expendable:		
Permanent endowment	28,959,984	28,959,984
Restricted, expendable:		
Student loans	8,482,088	8,474,133
Scholarships, research, and educational purposes	3,459,904	4,174,338
Reserve for debt service	79,725,385	79,225,125
Capital projects	6,044,635	18,218,679
Unrestricted	604,970,684	543,261,300
Total net position	$ 2,054,217,696	$ 1,953,951,530

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the fiscal years ended June 30, 2025 and 2024

	2025	2024 (as restated)
Operating revenues:		
Tuition and fees, net of scholarship allowances of $220,184,851 and $167,071,043 for fiscal years ended June 30,2025 and 2024, respectively	$ 373,429,149	$ 382,143,546
Federal appropriations	19,332,742	15,567,426
Federal grants and contracts	234,635,172	204,317,406
State and local government grants and contracts	16,261,244	13,407,927
Non-governmental grants and contracts	33,722,606	39,753,007
Sales and services of educational activities	111,077,863	108,955,072
Auxiliary enterprises, net of scholarship allowances of $4,649,718 and $7,251,305 for fiscal years ended June 30,2025 and 2024, respectively	254,886,241	240,810,976
Independent operations	75,494,756	62,605,107
Other operating revenues	21,179,702	19,240,576
Total operating revenues	1,140,019,475	1,086,801,043
Operating expenses:		
Instruction	340,583,293	295,180,736
Research	221,094,371	202,007,540
Public service	111,507,193	84,039,867
Academic support	187,134,336	246,222,359
Student services	49,738,292	47,784,248
Institutional support	50,567,626	64,725,562
Operation and maintenance of plant	96,028,514	83,255,405
Scholarships and fellowships	15,513,663	55,225,961
Auxiliary enterprises	198,357,462	188,322,391
Independent operations	76,672,074	62,624,063
Depreciation and amortization	141,214,505	132,358,212
Total operating expenses	1,488,411,329	1,461,746,344
Operating loss	(348,391,854)	(374,945,301)
Non-operating revenues (expenses):		
State appropriations	239,356,292	234,653,974
Federal grants and contracts	33,328,894	25,564,495
Non-federal gifts, grants, and contracts	77,615,068	83,979,531
Investment income	58,592,436	48,255,935
Interest on indebtedness	(14,715,109)	(13,319,282)
Gain (loss) on disposal of capital assets	(3,322,847)	(1,153,147)
Other non-operating revenue	3,745,211	2,884,776
Total non-operating revenues	394,599,945	380,866,282
Gain before other revenues	46,208,091	5,920,981

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	2025	2024 (as restated)
Other Revenues:		
Capital appropriations	10,858,808	9,450,738
Capital gifts, grants, and contracts	43,199,267	48,891,275
Total other revenues	54,058,075	58,342,013
Change in net position	100,266,166	64,262,994
Net position, beginning of year	1,971,684,335	1,889,688,536
Restatement of net position	(17,732,805)	—
Net position, beginning of year, as restated	1,953,951,530	1,889,688,536
Net position, end of year	$ 2,054,217,696	$ 1,953,951,530

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

STATEMENT OF CASH FLOWS

For the fiscal years ended June 30, 2025 and 2024

	2025	2024 (as restated)
Cash flows from operating activities:		
Tuition and fees	$ 372,293,175	$ 381,538,293
Federal appropriations	19,386,746	16,015,236
Grants and contracts	276,714,895	264,249,589
Sales of educational activities	98,952,424	108,756,477
Sales and services of auxiliary enterprises	263,032,375	236,315,312
Payments for auxiliary enterprises	(197,816,456)	(189,590,562)
Receipts of independent operations	74,953,720	60,162,551
Payments for independent operations	(75,936,009)	(60,894,737)
Collections of loans from students	3,494,461	2,933,259
Payments for salaries and benefits	(768,426,403)	(746,593,197)
Payments for goods and services	(270,020,893)	(286,897,469)
Scholarship payments	(14,861,071)	(56,841,427)
Loans issued to students	(3,226,426)	(4,127,108)
Other operating receipts	21,179,702	19,240,576
Net cash used for operating activities	(200,279,760)	(255,733,207)
Cash flows from non-capital financing activities:		
State appropriations	239,356,292	234,653,974
Non-capital gifts, grants, and contracts	110,943,962	104,408,039
Direct lending receipts	131,744,529	129,558,655
Direct lending payments	(132,192,634)	(129,560,478)
Net cash provided by non-capital financing activities	349,852,149	339,060,190
Cash flows from capital and related financing activities:		
Capital appropriations received	10,667,311	11,805,680
Capital gifts and grants received	29,295,214	12,467,976
Proceeds from capital and refunding debt	10,503,268	30,121,985
Proceeds from sale of capital assets	3,193,666	3,252,436
Acquisition and construction of capital assets	(158,658,297)	(161,999,624)
Principal paid on capital debt	(48,405,485)	(60,732,333)
Interest paid on capital debt	(16,275,724)	(15,787,362)
Other capital and related financing sources	4,193,316	2,886,599
Net cash used for capital and related financing activities	(165,486,731)	(177,984,643)
Cash flows from investing activities:		
Interest and dividends received on investments	23,429,066	27,053,238
Proceeds from sales of investments	161,994,760	393,106,438
Purchases of investments	(144,847,677)	(323,339,179)
Net cash provided by investing activities	40,576,149	96,820,497
Net change in cash and cash equivalents	24,661,807	2,162,837
Cash and cash equivalents, beginning of year	112,521,304	110,358,467
Cash and cash equivalents, end of year	$ 137,183,111	$ 112,521,304

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STATEMENT OF CASH FLOWS (CONTINUED)

For the fiscal years ended June 30, 2025 and 2024

	2025	2024 (as restated)
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	$ (348,391,854)	$ (374,945,301)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation & amortization	141,214,505	132,358,212
Changes in assets, liabilities, deferred outflows of resources, and deferred inflows or resources:		
Accounts receivable and due from government agencies	(22,985,437)	(1,916,867)
Inventories	(860,957)	110,801
Prepaid expenses	(136,946)	(2,684,372)
Notes receivable	180,110	(912,122)
Deferred outflows of resources	69,605	(15,912,656)
Accounts payable	(5,231,717)	(2,267,582)
Salaries, wages, and related liabilities	10,989,736	649,015
Unearned revenue	11,451,818	122,815
Compensated absences	6,937,872	1,412,567
Other post-employment benefits liability	18,853,864	13,892,488
Pension liability	(5,594,460)	14,404,016
Deferred compensation liability	361,743	(246,384)
Refundable advances of student loans	(1,112,075)	(1,481,727)
Deferred inflows of resources	(6,025,567)	(18,316,109)
Net cash used for operating activities	$ (200,279,760)	$ (255,733,207)
Non-cash investing, capital, and financing activities		
Capital gifts in-kind	$ —	$ 13,114,683
Assets acquired by incurring lease obligations	9,248,222	638,018
Assets acquired by subscription-based IT arrangements	15,739,084	7,478,484
Assets acquired by financed installment purchases	10,503,268	2,293,381
Net unrealized gain on investments	35,314,698	21,294,978
Total non-cash investing, capital, and financing activities	$ 70,805,272	$ 44,819,544
Reconciliation of cash and cash equivalents to the statement of net position		
Cash and cash equivalents classified as current assets	$ 75,504,031	$ 43,234,255
Cash and cash equivalents classified as non-current assets	61,679,080	69,287,049
Total cash and cash equivalents	$ 137,183,111	$ 112,521,304

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

STATEMENT OF FIDUCIARY NET POSITION

For the fiscal years ended June 30, 2025 and 2024

Assets	2025	2024
Current assets:		
Cash and cash equivalents	$ 16,381,942	$ 13,326,668
Accounts receivable, net	1,276,098	880,973
Other assets	192,651	43,311
Total current assets	17,850,691	14,250,952
Non-current assets:		
Cash and cash equivalents	12,811	38,539
Investments	54,716,326	51,775,909
Other assets	126,329	—
Total non-current assets	54,855,466	51,814,448
Total assets	$ 72,706,157	$ 66,065,400
Liabilities		
Current liabilities:		
Accounts payable	$ 1,107,319	$ 1,064,598
Salaries, wages, and related liabilities	151,097	278,696
Other liabilities	809,824	—
Total current liabilities	2,068,240	1,343,294
Non-current liabilities:		
Other liabilities	111,898	279,763
Total non-current liabilities	111,898	279,763
Total liabilities	2,180,138	1,623,057
Net position		
Restricted for individuals, organizations, and other governments	70,526,019	64,442,343
Total liabilities and net position	$ 72,706,157	$ 66,065,400

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the fiscal years ended June 30, 2025 and 2024

		2025		2024
Additions:				
Investment income	$	3,861,557	$	3,014,705
Other additions		73,496,737		76,203,183
Total additions		77,358,294		79,217,888
Deductions:				
Student aid		47,579,090		51,160,169
Salary and benefits		6,974,609		8,499,833
Supplies and services		14,778,839		14,529,561
Other deductions		1,942,080		1,542,140
Total deductions		71,274,618		75,731,703
Change in net position		6,083,676		3,486,185
Net position, beginning of year		64,442,343		60,956,158
Net position, end of year	$	70,526,019	$	64,442,343

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

COMBINED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 9,095,229	$ 5,185,647
Receivables:		
Pledges, net	105,402,950	76,889,553
Estates	3,820,922	8,501,473
Funds held in trust by others	66,024,442	66,825,183
Due from related organizations	600,000	3,176,960
Investments:		
Pooled investments	1,881,337,560	1,727,070,699
Other marketable securities	47,625,990	42,432,346
Real estate and other investments	14,951,058	16,476,967
Property and equipment, net	2,802,618	2,985,642
Other assets	6,538,219	6,388,382
Total assets	$ 2,138,198,988	$ 1,955,932,852
Liabilities		
Accounts payable and accrued expenses	$ 1,860,865	$ 1,705,531
Due to related organizations	34,804,684	24,975,609
Other long-term liabilities	1,096,187	985,734
Split-interest agreement obligations	22,708,671	21,337,956
Total liabilities	60,470,407	49,004,830
Net assets		
Without donor restrictions	101,460,313	101,219,245
With donor restrictions	1,976,268,268	1,805,708,777
Total net assets	2,077,728,581	1,906,928,022
Total liabilities and net assets	$ 2,138,198,988	$ 1,955,932,852

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

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the fiscal years ended June 30, 2025 and 2024

	Without Donor Restrictions	With Donor Restrictions	2025	2024
Revenues, Gains, and Other Support				
Contributions	$ 4,434,649	$ 160,826,210	$ 165,260,859	$ 106,326,263
Investment return:				
Pooled investments	36,935,921	150,972,975	187,908,896	152,857,467
Other investments	710,834	4,522,784	5,233,618	3,346,631
Fundraising service revenue	2,500,000	—	2,500,000	2,500,000
Return on funds held in trust by others	—	1,463,114	1,463,114	406,357
Other	4,469	1,133,522	1,137,991	1,987,979
Change in use of restricted funds	(451,250)	451,250	—	—
Net assets released from restrictions	146,947,335	(146,947,335)	—	—
Total revenues, gains, and other support	191,081,958	172,422,520	363,504,478	267,424,697
Expenses				
Program	159,229,911	—	159,229,911	165,625,651
Operating:				
Fundraising	24,044,725	—	24,044,725	21,921,012
Administrative	7,566,254	—	7,566,254	7,086,677
Change in value of split-interest	—	1,863,029	1,863,029	2,089,255
Total expenses	190,840,890	1,863,029	192,703,919	196,722,595
Change in net assets	241,068	170,559,491	170,800,559	70,702,102
Net assets, beginning of year	101,219,245	1,805,708,777	1,906,928,022	1,836,225,920
Net assets, end of year	$ 101,460,313	$ 1,976,268,268	$ 2,077,728,581	$ 1,906,928,022

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

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Organization*

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

Iowa State offers courses of study leading to degrees at the undergraduate, graduate, and post-graduate levels. Degrees are available from seven colleges: Agriculture and Life Sciences, Business, Design, Engineering, Human Sciences, Liberal Arts and Sciences, and Veterinary Medicine. Other major operating units of Iowa State are: Agriculture and Home Economics Experiment Station, Extension and Outreach, and the Ames Laboratory, a U.S. Department of Energy sponsored independent operation. The campus consists of approximately 1,819 acres. In addition, farms and other properties, which are stocked and equipped for teaching and research purposes, total approximately 10,278 acres.

B. *Basis of Presentation*

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

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

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

C. *Reporting Entity*

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

1. Blended Component Units

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

Iowa State University Research Foundation, Inc. (ISURF) is organized as a corporation to assist in securing protection for intellectual property, such as patents and copyrights, resulting from research, writing, and other projects of members of the Iowa State community. The financial statements of this entity have been audited by other independent auditors, and their report may be obtained from the Iowa State Division of Operations and Finance. The revenues of this organization are included in other operating revenues, and expenses are included in the institutional support classification in the Statement of Revenues, Expenses, and Changes in Net Position.

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

Miller Endowment, Incorporated (Miller) was established in 1995, pursuant to the will and codicil of F. Wendell Miller. The will and codicil appointed the presidents of Iowa State and the State University of Iowa (SUI) as co-executors of the Miller Estate and co-trustees of the Miller Endowment Trust, a charitable trust, and further directed that the two universities be equal beneficiaries of the income from said trust. The will and codicil also directed the trustees to have the right and discretion to create a charitable corporation, Miller Endowment, Incorporated, to own, administer, and control the affairs and property of the trust. This corporation has been organized under Chapter 504A of the Code of Iowa and Section 501(c)(3) of the IRC. 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 Iowa State's operations. SUI's portion of the endowment is reported as part of the fiduciary funds. For investment management purposes, all Iowa State assets of the trust are pooled with the endowment funds.

Condensed financial information for the blended component units, before the elimination of certain related party transactions, as of and for the year ended June 30, 2025 is as follows:

Condensed Statement of Net Position

	ISURF	ISUVSC	Miller
Current assets	$ 5,241,580	$ 670,362	$ —
Non-current assets	42,312,261	7,259,803	17,544,585
Total assets	47,553,841	7,930,165	17,544,585
Deferred outflows of resources	—	84,587	—
Current liabilities	2,135,816	962,180	899,744
Non-current liabilities	—	2,405,636	—
Total liabilities	2,135,816	3,367,816	899,744
Net position	$ 45,418,025	$ 4,646,936	$ 16,644,841

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	ISURF	ISUVSC	Miller
Operating revenues	$ 5,529,465	$ 6,557,595	$ —
Operating expenses	6,720,639	6,587,670	—
Net operating loss	(1,191,174)	(30,075)	—
Non-operating revenue (expense)	2,923,418	(101,698)	349,123
Change in net position	1,732,244	(131,773)	349,123
Net position, beginning of year	43,685,781	4,778,709	17,213,212
Restatement of net position	—	—	(917,494)
Net position, beginning of year, as restated	43,685,781	4,778,709	16,295,718
Net position, end of year	$ 45,418,025	$ 4,646,936	$ 16,644,841

2. Discretely Presented Component Unit

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

Although Iowa State does not control the Foundation or the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, the Foundation holds and invests are restricted to the activities of Iowa State by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, Iowa State and its faculty, graduates, students, and former students, the Foundation is considered a component unit and is discretely presented in the financial statements. During the fiscal years ended June 30, 2025 and 2024, the Foundation distributed and expended $159,229,911 and $165,625,651, respectively, on behalf of Iowa State for both restricted and unrestricted purposes as follows:

	2025	2024
Scholarships, loan funds, and awards	$ 57,103,927	$ 58,771,767
Faculty and staff support	13,942,259	14,550,234
College and administrative support	19,597,125	22,492,742
Capital improvements	63,078,151	61,798,296
Gifts in kind	5,508,449	8,012,612
Total program support	$ 159,229,911	$ 165,625,651

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

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

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

D. Cash and Cash Equivalents

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

E. Investments

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

In accordance with the Iowa Board of Regents investment policy, Iowa State considers all funds held by external investment managers, regardless of maturity, to be investments. Investments are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*. Changes in unrealized gain or loss on the carrying value of the investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

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

F. Inventories

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

G. Capital Assets

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

Right-to-use (RTU) assets represent Iowa State's control of the right to use another entity's nonfinancial asset or IT software for a term specified in the contract, in an exchange or exchange-like transaction. See section H "Leases and Subscription-Based Information Technology Arrangements" for additional information.

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

H. Leases and Subscription-Based Information Technology Arrangements

Iowa State is a lessee under various noncancellable leases for real estate and equipment. Iowa State also has noncancellable subscription-based information technology arrangements (SBITAs) that grant the right to use IT software, either alone or in conjunction with a tangible capital asset. For these agreements, a lease or SBITA liability and corresponding right-to-use (RTU) asset are recognized in the Statement of Net Position when the RTU asset exceeds capitalization thresholds of $50,000 for a lease and $500,000 for a SBITA.

At the commencement of a lease or SBITA, Iowa State initially measures the liability at the present value of payments expected over the lease or SBITA term. Subsequently, the liability is reduced by the principal portion of payments made. The corresponding RTU asset is initially measured at the amount of the lease or SBITA liability, less any payments made or incentives received before or at the contract commencement date, plus any initial direct costs necessary to place the underlying asset into service. Implementation costs for SBITAs are tracked by stage in accordance with GASB 96 guidance, and only those incurred during the implementation stage are capitalized.

Iowa State is also a lessor under various noncancellable real estate leases. Lease receivables and deferred inflows of resources are recorded in the Statement of Net Position for these agreements, based on the present value of expected receipts over the lease term. Iowa State uses a $100,000 threshold for recording these agreements. For leases under the threshold, Iowa State recognizes receipts as revenue in accordance with the terms of the lease.

Short-term leases and SBITAs with an initial term of 12 months or less are not recorded in the Statement of Net Position. Payments related to these agreements are recognized as outflows or inflows of resources in the Statement of Revenues, Expenses, and Changes in Net Position.

Iowa State uses the stated interest rate, when available, as the discount rate for lease and SBITA present value calculations. When a stated rate is not available, Iowa State uses an estimated incremental borrowing rate as the discount rate, which is based on the SLGS daily rate table for a comparable term.

The term of a lease or SBITA includes the noncancellable periods of the agreement plus any options to extend or terminate the agreement, if Iowa State is reasonably certain to exercise those options. Periods in which either party to the agreement has a unilateral option to terminate (or if both parties must agree to extend) are excluded from the term.

Variable payments based on a predetermined rate or index, such as the Consumer Price Index, are initially measured using the index or rate in effect at lease commencement. Other variable payments that are not fixed in substance are excluded from present value calculations.

Iowa State monitors changes in circumstances that may require remeasurement of lease or SBITA agreements, such as changes in lease terms, payment amounts, or the likelihood of exercising an option. When changes occur that are expected to significantly affect amounts reported in the financial statements, the liability or receivable is remeasured, with a corresponding adjustment made to the RTU asset or deferred inflow of resources.

I. *Unearned Revenue*

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

J. *Compensated Absences*

Employee compensated absences are accrued when earned under the provisions of Chapters 70A and 262 of the Code of Iowa. Accrued vacation is paid at 100% of the employee's hourly rate upon retirement, death, or termination. With certain exceptions, accrued sick leave is paid at 100% of the employee's hourly rate up to a maximum of $2,000 upon retirement or death for employees age 55 and older. A liability is recorded when each of the following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries forward from one reporting period to the next, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability for accrued compensated absences reported in the Statement of Net Position is based on current rates of pay in effect at June 30, 2025. Ending liability balances at June 30, 2024 were not restated for the implementation of GASB 101, because the impact was immaterial.

K. *Non-Current Liabilities*

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

L. *Net Pension Liability*

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

M. *Total OPEB Liability*

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

N. *Refundable Advances on Student Loans*

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

O. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources consist of the following:

1. **OPEB.** Deferred outflows of resources and deferred inflows of resources represent items that are not recognized in OPEB expense, and consist of differences between expected and actual experience of the OPEB plan and changes in assumptions.

2. **Pension.** Deferred outflows of resources consist of unrecognized items not yet charged to pension expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and contributions by Iowa State after the measurement date but before the end of the reporting period. Deferred inflows of resources consist of unrecognized items not yet credited to pension expense.

3. **Lease receivables.** Deferred inflows of resources consist of lease revenue to be received over the life of the lease.

4. **Unamortized bond refunding gains and losses.** Bond refunding losses and gains, which will be recognized over the life of the bonds, are the difference between the reacquisition price of the new debt and the net carrying amount of the debt being refunded. Deferred outflows of resources consist of unamortized losses resulting from the refunding of bonds. Deferred inflows of resources consist of unamortized gains resulting from the refunding of bonds.

P. Net Position

Net position is classified as follows:

1. **Net investment in capital assets.** Capital assets, net of accumulated depreciation, amortization, and outstanding debt attributable to the acquisition, construction, or improvement of those assets.

2. **Restricted, non-expendable.** Net position subject to externally imposed restrictions in which the donors or other outside sources have stipulated the principal is to be maintained inviolate and retained in perpetuity and invested for the purpose of producing income which will either be expended or added to principal.

3. **Restricted, expendable.** Net position subject to externally imposed restrictions on use of resources, either legally or contractually.

4. **Unrestricted.** Net position not subject to externally imposed restrictions and that may be used to meet current obligations for any purpose or designated for specific purposes by action of management or the Iowa Board of Regents.

Q. Operating Revenues and Expenses

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

R. Revenue Pledged for Debt Service

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

S. Auxiliary Enterprise Revenues

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

T. Bond Discounts and Premiums

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

U. Use of Estimates

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

V. Change in Tuition Discounting Methodology

In fiscal year 2025, Iowa State adopted a revised tuition discounting methodology in accordance with NACUBO Accounting Resource 2023-01. The new approach calculates discounts at the student and term level to better reflect Iowa State's awarding policies and the application of institutional financial aid to student accounts. This change provides a more accurate estimate of tuition discounts and improves the allocation between tuition and fees and auxiliary revenue. Under this approach, a greater portion of scholarship and fellowship expense is now shown as a reduction to tuition and fee revenue, rather than an operating expense. Additionally, a smaller percentage of total scholarship allowances is allocated to auxiliary revenue. The adoption of this methodology did not result in the restatement of prior year financial statements and had no impact on previously reported changes in net position.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. Cash and Cash Equivalents

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

	2025	2024
Book balance:		
Non-fiduciary	$ 137,183,111	$ 112,521,304
Fiduciary	16,394,753	13,365,207
Total	$ 153,577,864	$ 125,886,511
Bank balance:		
Covered by FDIC insurance or state sinking	$ 85,683,677	$ 33,661,941
Uninsured and uncollateralized	75,692,764	66,538,925
Total bank balance	$ 161,376,441	$ 100,200,866

B. Investments

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

For donor-restricted endowments, Chapter 540A of the Code of Iowa permits the appropriation of an amount of realized and unrealized endowment appreciation as Iowa State determines to be prudent pursuant to a consideration of long and short-term needs, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. Iowa State's policy is to retain the realized and unrealized appreciation with the endowment pursuant to the spending rules. Iowa State's spending policy is 5.5%, which includes a 1.25% administrative fee of a three-year moving average market value. Net appreciation of endowment funds, which totaled $3,459,904 and $4,174,338 at June 30, 2025 and 2024, respectively, is available to meet the spending rate distribution and is recorded in restricted expendable net position.

Investments for the discretely presented component unit are not subject to GASB disclosure requirements. These amounts are $1.94 billion and $1.79 billion as of June 30, 2025 and 2024, respectively.

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

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

Custodial credit risk is the risk that, in the event of the failure of a counterparty to a transaction, the investor will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Of the $666.1 million investments at June 30, 2025, $2,300,643 of pooled funds are held by the Foundation, not in Iowa State's name.

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

There are no issuers that represented five percent or more of total operating portfolio assets for fiscal years 2025 and 2024.

As of June 30, 2025, the effective duration, credit quality ratings, and fair value of investments are as follows:

	Effective duration (years)	Credit Quality Rating Treasury/ Agency/ AAA	AA	A	BBB	BB	B	CCC & below	Not rated	Total fair value
Fixed income:										
U.S. government treasuries	—	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
U.S. government agencies	1.57	22,144,247	—	—	—	—	—	—	—	22,144,247
Short-term mutual funds	4.52	161,012,011	13,368,998	41,877,739	47,951,392	20,973,727	27,945,195	3,435,479	2,106,143	318,670,684
Long-term mutual funds	4.06	11,724,469	5,863,827	3,799,026	4,827,265	8,550,866	12,315,560	1,811,095	934,990	49,827,098
										390,642,029
Equity and other:										
Common stock		—	—	—	—	—	—	—	—	5,460,119
Mutual funds		—	—	—	—	—	—	—	—	158,580,022
Private equity		—	—	—	—	—	—	—	—	74,981,464
Foundation pooled funds		—	—	—	—	—	—	—	—	2,300,643
Real estate		—	—	—	—	—	—	—	—	46,522,738
Money market		—	—	—	—	—	—	—	—	42,323,136
Total investments		$194,880,727	$19,232,825	$45,676,765	$52,778,657	$29,524,593	$40,260,755	$ 5,246,574	$ 3,041,133	720,810,151
Less fiduciary funds										(54,716,326)
Total University investments										$666,093,825

As of June 30, 2024, the effective duration, credit quality ratings, and fair value of investments are as follows:

	Effective duration (years)	Treasury/ Agency/ AAA	AA	A	BBB	BB	B	CCC & below	Not rated	Total fair value
Fixed income:										
U.S. government treasuries	0.29	$ 25,150,272	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 25,150,272
U.S. government agencies	0.07	4,946,650	—	—	—	—	—	—	—	4,946,650
Short-term mutual funds	4.53	144,576,862	10,855,793	43,326,864	50,451,970	19,187,875	24,102,417	3,383,929	2,559,638	298,445,348
Long-term mutual funds	4.55	10,252,486	5,537,392	3,532,386	5,766,792	7,659,516	10,641,454	1,758,525	977,437	46,125,988
										374,668,258
Equity and other:										
Common stock		—	—	—	—	—	—	—	—	5,188,254
Mutual funds		—	—	—	—	—	—	—	—	145,115,388
Private equity		—	—	—	—	—	—	—	—	70,471,894
Foundation pooled funds		—	—	—	—	—	—	—	—	2,193,049
Real estate		—	—	—	—	—	—	—	—	47,844,102
Money market		—	—	—	—	—	—	—	—	54,221,174
Total investments		$184,926,270	$16,393,185	$46,859,250	$56,218,762	$26,847,391	$34,743,871	$ 5,142,454	$ 3,537,075	699,702,119
Less fiduciary funds										(51,775,909)
Total University investments										$647,926,210

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

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

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

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

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

The classifications or levels by investment category as of June 30, 2025 and 2024 are shown below:

	June 30, 2025				
	Level 1	Level 2	Level 3	NAV	Total
Fixed income:					
U.S. government treasuries	$ —	$ —	$ —	$ —	$ —
U.S. government agencies	—	22,144,247	—	—	22,144,247
Short-term mutual funds	172,134,503	—	—	146,536,181	318,670,684
Long-term mutual funds	—	—	—	49,827,098	49,827,098
Equity and other:					
Common stock	5,460,119	—	—	—	5,460,119
Mutual funds	99,719,942	—	—	58,860,080	158,580,022
Private equity - limited partnerships	—	—	—	74,981,464	74,981,464
Foundation pooled funds	154,373	194,634	230	1,951,406	2,300,643
Real estate	—	—	—	46,522,738	46,522,738
Money market[1]					42,323,136
Total investments	$ 277,468,937	$ 22,338,881	$ 230	$ 378,678,967	$ 720,810,151

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fixed income:[2]				
Short-term mutual funds	$ 146,536,181	$ —	monthly	5 days
Long-term mutual funds	49,827,098	—	daily/quarterly	5-60 days
Equity and other:				
Mutual funds[3]	58,860,080	—	daily/monthly	2-30 days
Private equity - limited partnerships[4]	74,981,464	40,602,386	n/a	n/a
Foundation pooled funds	1,951,406	—	n/a	n/a
Real asset funds[5]	46,522,738	1,077,107	n/a	n/a
Total investments	$ 378,678,967	$ 41,679,493		

	June 30, 2024				
	Level 1	Level 2	Level 3	NAV	Total
Fixed income:					
U.S. government treasuries	$ 25,150,272	$ —	$ —	$ —	$ 25,150,272
U.S. government agencies	—	4,946,650	—	—	4,946,650
Short-term mutual funds	161,873,468	—	—	136,571,880	298,445,348
Long-term mutual funds	—	—	—	46,125,988	46,125,988
Equity and other:					
Common stock	5,188,254	—	—	—	5,188,254
Mutual funds	96,027,833	—	—	49,087,555	145,115,388
Private equity - limited partnerships	—	—	—	70,471,894	70,471,894
Foundation pooled funds	223,691	184,216	26,317	1,758,825	2,193,049
Real estate	—	—	—	47,844,102	47,844,102
Money market[1]					54,221,174
Total investments	$ 288,463,518	$ 5,130,866	$ 26,317	$ 351,860,244	$ 699,702,119

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fixed income:[2]				
Short-term mutual funds	$ 136,571,880	$ —	monthly	5 days
Long-term mutual funds	46,125,988	—	daily/quarterly	5-60 days
Equity and other:				
Mutual funds[3]	49,087,555	—	daily/monthly	2-30 days
Private equity - limited partnerships[4]	70,471,894	46,037,041	n/a	n/a
Foundation pooled funds	1,758,825	—	n/a	n/a
Real asset funds[5]	47,844,102	1,117,107	n/a	n/a
Total investments	$ 351,860,244	$ 47,154,148		

[1] Money market funds–In accordance with Iowa Board of Regents policy, a minimum of 40% of the endowment pool must be held in liquid investments.

[2] Fixed income mutual funds includes investments in mutual funds holding assets that provide stability, generate income, and diversify market risk.

[3] Equity mutual funds includes investments in global equities including both developed and emerging markets.

[4] Private equity includes private equity funds that invest in strategies such as venture capital, leveraged buyouts, and mezzanine debt. Capital is committed during the investment period of each fund, typically four years, after which point capital commitments stop. Iowa State’s interest in the non-redeemable funds is considered illiquid in that distributions from liquidation of the underlying assets of the fund are at the discretion of the general partner according to the terms of the limited partnership agreement. Funds are typically liquidated over a period of five to ten years and include a mechanism to extend the length of the partnership for two to three years with approval from the limited partners.

[5] Real assets includes investments in private real estate and natural resource equities funds. Capital is committed during the investment period of each fund, typically four years, after which point capital commitments stop. Iowa State’s interest in the non-redeemable funds is considered illiquid in the distributions from the liquidation of the underlying assets of the fund are at the discretion of the general partner per the terms of the limited partnership agreement. Funds are typically liquidated over a period of five to ten years and include a mechanism to extend the length of the partnership with approval from the limited partners.

C. *Foundation Investments*

The Foundation's investments are as follows:

	2025	2024
Pooled investments:		
Equity	$ 833,139,082	$ 744,007,023
Fixed income	372,203,335	370,669,127
Hedge funds	185,307,605	161,767,279
Private equity	374,349,587	330,188,295
Real estate	57,021,872	50,498,589
Natural resources / commodities	40,643,329	37,464,907
Cash and cash equivalents	19,672,750	33,475,479
Accrued manager fees	(1,000,000)	(1,000,000)
Total pooled investments	1,881,337,560	1,727,070,699
Other marketable securities:		
Fixed income	12,293,051	11,532,175
Equity	33,757,400	29,537,468
Cash and cash equivalents	1,575,539	1,362,703
Total marketable securities	47,625,990	42,432,346
Real estate and other investments:		
Real estate	14,908,414	16,435,516
Notes receivable from affiliated entities	42,644	41,451
Total real estate and other investments	14,951,058	16,476,967
Total investments	$ 1,943,914,608	$ 1,785,980,012

NOTE 3 – RECEIVABLES

A. Accounts Receivable

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

	2025	2024
Accounts receivable	$ 91,032,870	$ 69,075,182
Allowance for doubtful accounts	(2,880,433)	(3,797,618)
Accounts receivable, net	$ 88,152,437	$ 65,277,564

B. Due from Government Agencies

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

	2025	2024 (as restated)
Due from federal agencies	$ 54,850,265	$ 40,899,827
Due from state agencies	7,696,200	7,436,060
Due from local agencies	66,468	70,931
Total due from governmental agencies	$ 62,612,933	$ 48,406,818

C. Notes Receivable

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

	2025	2024
Student loan receivables	$ 8,882,407	$ 10,307,649
Split-dollar loan receivable	9,300,000	8,100,000
Allowance for doubtful accounts	(240,122)	(285,254)
Notes receivable, net	$ 17,942,285	$ 18,122,395

D. *Lessor Arrangements*

Iowa State leases land and buildings to external parties. Lease receivables and deferred inflows of resources are recorded based on the present value of expected receipts over the lease terms. Expected receipts are discounted using the interest rate charged on the lease or using Iowa State's incremental borrowing rate. Variable payments are excluded from valuations, unless they are fixed in substance. During the fiscal years ended June 30, 2025 and 2024, Iowa State recognized revenues related to lease agreements totaling $475,475 and $471,507, respectively. Lease receivables are included in accounts receivable on the Statement of Net Position. Future minimum lease payments to be received under lessor agreements are as follows:

For the year ending June 30,	Principal	Interest	Total
2026	$ 448,658	$ 103,003	$ 551,661
2027	342,542	83,803	426,345
2028	296,364	69,180	365,544
2029	258,920	55,864	314,784
2030	275,294	43,319	318,613
2031-2035	674,489	62,765	737,254
	$ 2,296,267	$ 417,934	$ 2,714,201

E. *Pledges Receivable (Foundation)*

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

	2025	2024
Gross pledges receivable	$ 122,722,216	$ 86,937,703
Allowance for uncollectible pledges	(3,942,278)	(2,428,364)
Discount to present value	(13,376,988)	(7,619,786)
Pledges receivable, net	$ 105,402,950	$ 76,889,553

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

	2025
2026	$ 33,907,597
2027	20,187,025
2028	14,147,726
2029	12,872,759
2030	6,866,926
Thereafter	34,740,183
	$ 122,722,216

In addition, the Foundation has received notification of deferred gifts totaling approximately $821 million and $740 million as of June 30, 2025 and 2024, respectively, primarily in the form of revocable wills.

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025, is summarized as follows:

	July 1, 2024 (as restated)	Additions	Transfers	Deductions	June 30, 2025
Non-depreciable/non-amortizable:					
Land	$ 21,077,087	$ —	$ —	$ —	$ 21,077,087
Land improvements	6,026,207	—	—	—	6,026,207
Construction in progress	121,423,485	132,168,665	(118,197,088)	(482,788)	134,912,274
Intangible assets in development	58,277,295	—	(58,277,295)	—	—
Total non-depreciable/non-amortizable capital assets	206,804,074	132,168,665	(176,474,383)	(482,788)	162,015,568
Depreciable/Amortizable:					
Buildings	2,339,911,823	22,843	102,753,675	(15,706,190)	2,426,982,151
Land improvements	85,702,030	—	557,231	—	86,259,261
Infrastructure	386,602,478	—	6,125,501	—	392,727,979
Equipment	401,649,103	20,510,331	8,760,681	(17,680,172)	413,239,943
Library	271,305,706	1,076,387	—	(2,896,648)	269,485,445
Intangible assets	45,131,717	—	—	—	45,131,717
Right-to-use asset - equipment	811,877	1,138,497	—	(58,708)	1,891,666
Right-to-use asset - buildings	19,749,485	20,159,724	—	—	39,909,209
Right-to-use asset - land	585,738	—	—	—	585,738
Right-to-use asset - subscriptions	57,190,672	15,739,084	58,277,295	(11,895,470)	119,311,581
Total depreciable/amortizable capital assets	3,608,640,629	58,646,866	176,474,383	(48,237,188)	3,795,524,690
Accumulated depreciation/amortization:					
Buildings	1,230,911,196	73,828,726	—	(12,326,397)	1,292,413,525
Land improvements	39,429,971	3,951,815	—	—	43,381,786
Infrastructure	242,329,896	10,345,465	—	—	252,675,361
Equipment	256,055,039	21,230,439	—	(14,799,563)	262,485,915
Library	247,022,006	6,179,564	—	(2,896,648)	250,304,922
Intangible assets	30,779,029	4,950,775	—	—	35,729,804
Right-to-use asset - equipment	179,716	408,533	—	(58,708)	529,541
Right-to-use asset - buildings	4,753,607	1,938,079	—	—	6,691,686
Right-to-use asset - land	357,264	12,406	—	—	369,670
Right-to-use asset - subscriptions	31,969,740	18,368,703	—	(11,880,610)	38,457,833
Total accumulated depreciation/amortization	2,083,787,464	141,214,505	—	(41,961,926)	2,183,040,043
Net depreciable/amortizable capital assets	1,524,853,165	(82,567,639)	176,474,383	(6,275,262)	1,612,484,647
Total net capital assets	$1,731,657,239	$ 49,601,026	$ —	$ (6,758,050)	$1,774,500,215

Capital assets activity for the year ended June 30, 2024, is summarized as follows:

	July 1, 2023	Additions (as restated)	Transfers	Deductions	June 30, 2024 (as restated)
Non-depreciable/non-amortizable:					
Land	$ 21,077,622	$ —	$ —	$ (535)	$ 21,077,087
Land improvements	6,026,207	—	—	—	6,026,207
Construction in progress	96,109,990	121,077,582	(94,327,967)	(1,436,120)	121,423,485
Intangible assets in development	44,226,480	14,050,815	—	—	58,277,295
Total non-depreciable/non-amortizable capital assets	167,440,299	135,128,397	(94,327,967)	(1,436,655)	206,804,074
Depreciable/Amortizable:					
Buildings	2,264,164,249	13,625,851	62,525,177	(403,454)	2,339,911,823
Land improvements	76,042,535	—	9,659,495	—	85,702,030
Infrastructure	368,369,163	—	18,233,315	—	386,602,478
Equipment	386,056,929	28,614,974	3,909,980	(16,932,780)	401,649,103
Library	269,758,955	1,973,047	—	(426,296)	271,305,706
Intangible assets	45,131,718	—	—	(1)	45,131,717
Right-to-use asset - equipment	549,339	525,643	—	(263,105)	811,877
Right-to-use asset - buildings	17,912,416	2,044,460	—	(207,391)	19,749,485
Right-to-use asset - land	543,606	42,132	—	—	585,738
Right-to-use asset - subscriptions	54,229,048	7,478,484	—	(4,516,860)	57,190,672
Total depreciable/amortizable capital assets	3,482,757,958	54,304,591	94,327,967	(22,749,887)	3,608,640,629
Accumulated depreciation/amortization:					
Buildings	1,160,013,810	71,157,281	—	(259,895)	1,230,911,196
Land improvements	35,445,397	3,984,574	—	—	39,429,971
Infrastructure	231,988,395	10,341,501	—	—	242,329,896
Equipment	248,711,103	20,960,453	—	(13,616,517)	256,055,039
Library	240,350,558	7,097,744	—	(426,296)	247,022,006
Intangible assets	25,828,254	4,950,775	—	—	30,779,029
Right-to-use asset - equipment	256,943	185,879	—	(263,106)	179,716
Right-to-use asset - buildings	3,604,230	1,356,768	—	(207,391)	4,753,607
Right-to-use asset - land	345,782	11,482	—	—	357,264
Right-to-use asset - subscriptions	24,174,847	12,311,755	—	(4,516,862)	31,969,740
Total accumulated depreciation/amortization	1,970,719,319	132,358,212	—	(19,290,067)	2,083,787,464
Net depreciable/amortizable capital assets	1,512,038,639	(78,053,621)	94,327,967	(3,459,820)	1,524,853,165
Total net capital assets	$1,679,478,938	$ 57,074,776	$ —	$ (4,896,475)	$1,731,657,239

NOTE 5 – LONG-TERM LIABILITIES

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

	July 1, 2024 (as restated)	Additions	Deductions	June 30, 2025	Current Portion
Long-term debt:					
Bonds payable	$ 433,989,749	$ 63,793	$ (35,197,790)	$ 398,855,752	$ 34,040,000
Leases payable	9,387,837	9,248,222	(1,436,491)	17,199,568	2,014,699
Subscription-based IT arrangements	27,870,695	15,739,084	(11,922,992)	31,686,787	8,830,162
Financed installment purchases	5,504,624	10,503,268	(1,761,002)	14,246,890	2,064,445
Total long-term debt	476,752,905	35,554,367	(50,318,275)	461,988,997	46,949,306
Other long-term liabilities:					
Compensated absences	46,428,970	6,937,872	—	53,366,842	26,329,829
Refundable advances on student loans	5,412,665	—	(1,112,075)	4,300,590	—
Deferred compensation	500,112	441,743	(80,000)	861,855	861,855
Net pension liability	54,225,154	—	(5,594,460)	48,630,694	—
Other post-employment benefits liability	64,929,001	23,577,189	(4,723,325)	83,782,865	4,901,773
Total other long-term liabilities	171,495,902	30,956,804	(11,509,860)	190,942,846	32,093,457
Total long-term liabilities	$ 648,248,807	$ 66,511,171	$ (61,828,135)	$ 652,931,843	$ 79,042,763

	July 1, 2023	Additions (as restated)	Deductions (as restated)	June 30, 2024 (as restated)	Current Portion (as restated)
Long-term debt:					
Bonds payable	$ 457,077,959	$ 27,926,830	$ (51,015,040)	$ 433,989,749	$ 33,285,000
Leases payable	15,512,107	588,355	(6,712,625)	9,387,837	1,201,363
Subscription-based IT arrangements	30,633,878	7,478,484	(10,241,667)	27,870,695	8,540,160
Financed installment purchases	4,277,424	2,293,381	(1,066,181)	5,504,624	1,191,774
Total long-term debt	507,501,368	38,287,050	(69,035,513)	476,752,905	44,218,297
Other long-term liabilities:					
Compensated absences	45,016,403	25,325,383	(23,912,816)	46,428,970	23,170,125
Refundable advances on student loans	6,894,392	—	(1,481,727)	5,412,665	—
Deferred compensation	746,496	613,391	(859,775)	500,112	80,000
Net pension liability	39,821,138	14,404,016	—	54,225,154	—
Other post-employment benefits liability	51,036,513	19,583,128	(5,690,640)	64,929,001	4,723,325
Total other long-term liabilities	143,514,942	59,925,918	(31,944,958)	171,495,902	27,973,450
Total long-term liabilities	$ 651,016,310	$ 98,212,968	$(100,980,471)	$ 648,248,807	$ 72,191,747

A. Bonds Payable

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

	Interest Rates (%)	Fiscal Year Maturity Date Range	2025 Amount Outstanding	2024 Amount Outstanding
Academic building	2.000 - 5.000	2025 - 2036	$ 73,025,000	$ 80,740,000
Plus: unamortized premium			3,886,356	4,373,272
Athletic facilities	2.000 - 5.000	2025 - 2041	101,345,000	106,070,000
Less: unamortized discount			(57,498)	(64,685)
Plus: unamortized premium			5,564,987	5,969,902
Dormitory	1.500 - 5.000	2025 - 2036	80,230,000	92,200,000
Less: unamortized discount			(280,310)	(321,442)
Plus: unamortized premium			1,764,302	2,373,247
ISU Facilities Corporation	3.000 - 5.250	2025 - 2045	42,180,000	43,420,000
Less: unamortized discount			(30,989)	(32,711)
Plus: unamortized premium			429,542	454,809
Memorial Union	2.000 - 5.000	2025 - 2043	17,435,000	18,985,000
Less: unamortized discount			(68,763)	(82,515)
Plus: unamortized premium			731,399	774,423
Recreational system facilities	2.000 - 3.000	2025 - 2038	33,920,000	35,950,000
Plus: unamortized premium			820,211	888,563
Utility system	2.000 - 5.000	2025 - 2037	36,320,000	40,375,000
Plus: unamortized premium			1,641,515	1,916,886
Total bonds payable			$ 398,855,752	$ 433,989,749

Debt service requirements to maturity, as of June 30, 2025, are as follows:

For the year ending June 30,	Principal	Interest	Total
2026	$ 34,040,000	$ 11,917,911	$ 45,957,911
2027	34,550,000	10,700,225	45,250,225
2028	34,655,000	9,461,276	44,116,276
2029	31,590,000	8,265,519	39,855,519
2030	29,360,000	7,203,756	36,563,756
2031-2035	134,425,000	22,370,444	156,795,444
2036-2040	67,730,000	6,828,594	74,558,594
2041-2045	18,105,000	1,012,219	19,117,219
Less: unamortized discount	(437,560)	—	(437,560)
Plus: unamortized premium	14,838,312	—	14,838,312
Total bonds payable	$ 398,855,752	$ 77,759,944	$ 476,615,696

B. Leases Payable

The schedule of principal and interest payments for leases is as follows:

For the year ending June 30,	Principal	Interest	Total
2026	$ 2,014,699	$ 1,101,691	$ 3,116,390
2027	1,798,666	992,123	2,790,789
2028	1,414,000	892,897	2,306,897
2029	1,331,093	803,447	2,134,540
2030	928,149	722,875	1,651,024
2031-2035	2,162,290	2,984,056	5,146,346
2036-2040	1,631,781	2,423,382	4,055,163
2041-2045	1,267,466	1,804,180	3,071,646
2046-2050	1,690,274	1,309,726	3,000,000
2051-2055	2,332,863	617,137	2,950,000
2056-2060	628,287	21,713	650,000
	$ 17,199,568	$ 13,673,227	$ 30,872,795

C. Subscription-Based Information Technology Arrangements

The schedule of principal and interest payments for subscription-based information technology arrangements is as follows:

For the year ending June 30,	Principal	Interest	Total
2026	$ 8,830,162	$ 1,427,363	$ 10,257,525
2027	7,543,809	932,789	8,476,598
2028	5,446,353	579,938	6,026,291
2029	4,701,108	303,296	5,004,404
2030	2,712,481	159,152	2,871,633
2031-2035	2,452,874	28,679	2,481,553
	$ 31,686,787	$ 3,431,217	$ 35,118,004

D. Financed Installment Purchases

The schedule of principal and interest payments for financed installment purchases is as follows:

For the year ending June 30,	Principal	Interest	Total
2026	$ 2,064,445	$ 798,413	$ 2,862,858
2027	2,105,537	696,359	2,801,896
2028	1,129,841	600,250	1,730,091
2029	1,200,066	530,025	1,730,091
2030	1,274,657	455,434	1,730,091
2031-2035	6,472,344	1,003,442	7,475,786
Total	$ 14,246,890	$ 4,083,923	$ 18,330,813

NOTE 6 – RETIREMENT PROGRAMS

A. *Teachers Insurance and Annuity Association (TIAA)*

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

Contributions made by the employer fully vest after the completion of three years of employment; employee contributions vest immediately. As specified by the contract with TIAA, each employee contributes three and one-third percent of the first $4,800 of earnings, and five percent on the balance of earnings through the fifth year of employment. Iowa State contributes six and two-thirds of the first $4,800 of earnings, and ten percent on earnings above $4,800, through the fifth year of employment. Upon completion of five years of service, the participant contributes five percent and Iowa State contributes ten percent on all earnings.

Iowa State's required and actual contributions total $45,160,518 and $44,879,604 for the fiscal years ended June 30, 2025 and 2024, respectively. The employee required and actual contributions total $22,484,208 and $22,190,623. Payables to the defined contribution pension plan total $3,484,992 and $3,655,378 for legally required employer contributions and $1,815,660 and $1,818,359 for legally required employee contributions, which had been withheld from employee wages but not yet remitted to TIAA as of June 30, 2025 and 2024, respectively.

B. *Iowa Public Employees' Retirement System (IPERS)*

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

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

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

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

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

Protection Occupation members may retire at normal retirement age, which is generally age 55. Members may also 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 and the member's highest three-year average salary.

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

Disability and Death Benefits. A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

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

In fiscal years 2025 and 2024, pursuant to the required rate, Regular members contributed 6.29% and Iowa State contributed 9.44% of covered payroll. Protection Occupation members contributed 6.21% and Iowa State contributed 9.31% of covered payroll for fiscal years 2025 and 2024, respectively.

Iowa State's contributions to IPERS for the fiscal years ended June 30, 2025 and 2024 are $13,065,242 and $11,913,574, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. Iowa State's share of IPERS net pension liability (NPL) at June 30, 2025 and 2024, is $48,630,694 and $54,225,154, respectively. The NPL is measured as of June 30, 2024 and 2023, respectively, and the total pension liability used to calculate the net pension liability is determined by an actuarial valuation as of those dates. Iowa State's proportion of the net pension liability is based on Iowa State's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2024, Iowa State's proportion is 1.335459%, which is an increase of 0.134104% from its proportion measured as of June 30, 2023.

For the fiscal years ended June 30, 2025 and 2024, Iowa State recognized pension expense of $10,970,335 and $9,425,650, respectively.

Deferred outflows of resources and deferred inflows of resources related to pensions are from the following sources as of June 30:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,100,032	$ 30,506	$ 4,822,795	$ 223,901
Changes in assumptions	—	54,371	—	66,326
Net differences between projected and actual earnings on pension plan investments	618,153	—	5,119,478	—
Changes in proportion and differences between ISU contributions and proportionate share of contributions	12,796,392	126,908	12,388,972	87,006
ISU contributions subsequent to the measurement date	13,065,242	—	11,913,574	—
Total	$ 30,579,819	$ 211,785	$ 34,244,819	$ 377,233

$13,065,242 and $11,913,574 reported as deferred outflows of resources related to pensions resulting from Iowa State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal years ending June 30, 2026 and 2025, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	2025	2024
2025	$ —	$ 2,858,684
2026	(2,113,141)	(705,347)
2027	15,763,811	15,064,690
2028	3,305,048	3,918,382
2029	(39,129)	817,603
2030	386,203	—
Total	$ 17,302,792	$ 21,954,012

There are no non-employer contributing entities to IPERS.

Actuarial Assumptions. The total pension liability in the June 30, 2024 actuarial valuation is determined using the following actuarial assumptions applied to all periods included in the measurement.

Rate of inflation	2.60% per annum
Rates of salary increase	3.25% to 16.25% average, depending on years of service
Long-term investment rate of return	7.00% compounded annually, net of expenses
Wage growth	3.25% per annum, based on 2.60% inflation assumption and 0.65% real wage inflation

The actuarial assumptions used in the June 30, 2024 valuation are based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2024 valuation were based on the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.

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 geometric real rates of return for each major asset class are shown in the following table:

	2025		2024	
Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.00 %	3.52 %	21.00 %	4.56 %
International equity	13.00	5.18	16.50	6.22
Global smart beta equity	5.00	4.12	5.00	5.22
Core plus fixed income	25.50	3.04	23.00	2.69
Public credit	3.00	4.53	3.00	4.38
Cash	1.00	1.69	1.00	1.59
Private equity	17.00	8.89	17.00	10.44
Private real assets	9.00	4.25	9.00	3.88
Private credit	5.50	6.62	4.50	4.60
	100.00 %		100.00 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.00% for fiscal years 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the contractually required rates, which are set by the Contribution Rate Funding Policy and derived from the actuarial valuation. Based on those assumptions, IPERS's fiduciary net position is projected to be available to make all projected future benefit payments of current plan members. Therefore, the actuarial assumed investment return is applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
ISU's proportionate share of the overall plan NPL(A) - 2025	$ 121,089,428	$ 48,630,694	$ (12,054,729)
ISU's proportionate share of the overall plan NPL(A) - 2024	116,445,502	54,225,154	2,083,095

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

Payables to IPERS. The following amounts are due to IPERS for legally required employer and employee contributions as of June 30:

	2025	2024
Legally required employer contributions	$ 1,103,932	$ 1,022,725
Legally required employee contributions	735,576	681,466
	$ 1,839,508	$ 1,704,191

C. *Phased Retirement Programs*

Phased Retirement (Effective July 1, 2017)

This phased retirement program was approved by the Iowa Board of Regents effective July 1, 2017 and replaces the phased program approved in 1982.

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

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

The following benefits are applicable during participation in this program:

a. Compensation. In the first year of a two-year phasing period, the salary received will reflect the reduced responsibilities plus, at the discretion of the institution, an additional ten percent of the budgeted salary, had the person worked full time. In the only or last year following the initiation of phased retirement, the employee's salary will be proportional to the budgeted salary had the person worked full time.

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

As of June 30, 2025 and 2024, there were 22 and 28 employees participating in the program, respectively.

D. Retirement Incentive Programs

1. Retirement Incentive Program (2021)

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

Eligibility. Eligible employees are faculty, P&S, and merit system employees employed by the Iowa Board of Regents that meet the rule of 70, combining age and continuous length of service, and are at least 60 years of age at the time of retirement. Employees agreed to fully retire no later than June 30, 2021.

Incentive Choices. Participants chose from the following options:

- Receive two years of employer retirement contributions as well as the employer and employee portions of health and dental coverage up to the self and spouse/partner level. Health and dental coverage require five years of continuous participation in Iowa State's medical and dental plans prior to retirement.
- Receive three years of retirement contributions.
- Receive three years of health and dental coverage, as explained above.

Employees approved for this program may not be rehired at Iowa State during the incentive period they chose. Any exception to this clause requires an employee to repay the value of incentives received.

There were 0 and 20 employees participating in the program as of June 30, 2025 and 2024, respectively.

2. Specialized Retirement Incentive Program (2023)

This retirement incentive program was approved by the Iowa Board of Regents in the April 2022 meeting. Employees could apply for the option from October 3, 2022 to December 2, 2022.

Eligibility. Eligible employees must meet the entirety of the following criteria:

- Have a tenured primary academic appointment in the College of Liberal Arts and Sciences (LAS) or in the College of Agriculture and Life Sciences (CALS) provided the CALS faculty member's appointment resides in a dually administered department with LAS,
- Have a medical benefits eligible appointment with Iowa State,
- Have a continuous service and age that is equal to 70 and be at least 60 years of age at the time of retirement,
- Have not already communicated and received approval to retire or resign prior to the announcement of the program, and
- Must not already be participating in another Iowa State retirement program.

Employees agreed to fully retire no later than June 30, 2023.

Incentive Choices. Participants chose from the following options:

- Receive two years of employer retirement contributions as well as the employer and employee portions of health and dental coverage up to the self and spouse/partner level. Health and dental coverage require five years of continuous participation in Iowa State's medical and dental plans prior to retirement.
- Receive three years of retirement contributions.

There were 17 employees participating in the program as of June 30, 2025 and 2024.

NOTE 7 – TOTAL OTHER POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY

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

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

Total OPEB Liability. Total OPEB liability of $83,782,865 reported for fiscal year 2025 was measured as of January 1, 2025, and was determined by an actuarial valuation as of January 1, 2024, actuarially rolled forward to January 1, 2025 reflecting actual premium and discount rate changes. The actuarial valuation was based on 7,327 active employees and 3,823 retirees.

Total OPEB liability of $64,929,001 reported for fiscal year 2024 was measured as of January 1, 2024, and was determined by an actuarial valuation as of January 1, 2024, with no adjustments. The actuarial valuation was based on 6,980 active employees and 3,941 retirees.

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

Rate of inflation	2.60% per annum
Rates of payroll growth	3.25% general wage inflation plus salary merit increases for school employees
Health care cost trend rate pre-65	8.00% initial rate, decreasing to an ultimate rate of 4.50%
Health care cost trend rate post-65	6.5% initial rate, decreasing to an ultimate rate of 4.50%

Discount Rate. The discount rate used to measure the total OPEB liability was 4.28%, which was selected from a range of indices, where the range was given as the spread between the lowest and highest rate shown. The indices included were the Bond Buyer 20-Bond GO Index, Fidelity GO AA-20 years, and the S&P Municipal Bond 20-Year High Grade Rate Index.

Mortality rates were from the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021 for active employees and healthy retirees. Surviving spouse rates were from the SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021. Disabled retiree rates were from the SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021.

The actuarial assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study completed as of July 2014.

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

	2025	2024
Total OPEB liability, beginning of year	$ 64,929,001	$ 51,036,513
Changes for the year:		
Service cost	6,058,692	3,519,569
Interest	2,745,967	2,230,027
Change in assumptions	5,425,113	4,306,256
Differences between expected and actual experience	9,347,417	9,527,276
Benefit payments	(4,723,325)	(5,690,640)
Net change	18,853,864	13,892,488
Total OPEB liability, end of year	$ 83,782,865	$ 64,929,001

Changes in assumptions reflect a change in the discount rate from 4.00% in fiscal year 2024 to 4.28% in fiscal year 2025.

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

	2025		
	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total OPEB liability	$ 89,972,086	$ 83,782,865	$ 78,058,324
	2024		
	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	$ 69,519,843	$ 64,929,001	$ 60,668,266

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

	2025		
	1% Decrease (7.00% decreasing to an ultimate rate of 3.50%)	Healthcare Cost Trend Rate (8.00% decreasing to an ultimate rate of 4.50%)	1% Increase (9.00% decreasing to an ultimate rate of 5.50%)
Total OPEB liability	$ 75,631,218	$ 83,782,865	$ 93,304,440
	2024		
	1% Decrease (7.00% decreasing to an ultimate rate of 3.50%)	Healthcare Cost Trend Rate (8.00% decreasing to an ultimate rate of 4.50%)	1% Increase (9.00% decreasing to an ultimate rate of 5.50%)
Total OPEB liability	$ 59,234,647	$ 64,929,001	$ 71,543,634

OPEB Expense, Deferred Outflows (Inflows) of Resources Related to OPEB. OPEB expense is $14,159,779 and $1,911,007 for the fiscal years ended June 30, 2025 and 2024, respectively. At June 30, deferred outflows (inflows) of resources related to OPEB are as follows:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 14,787,725	$ —	$ 13,703,532	$ 4,136,269
Changes in assumptions	6,221,963	1,774,969	3,799,985	3,549,939
Contributions subsequent to measurement date	2,450,887	—	2,361,663	—
Total	$ 23,460,575	$ 1,774,969	$ 19,865,180	$ 7,686,208

$2,450,887 reported as deferred outflows of resources resulting from Iowa State contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ending June 30,	
2026	$ 8,390,070
2027	7,151,515
2028	3,693,134
Total	$ 19,234,719

NOTE 8 – COMMITMENTS AND RISK MANAGEMENT

A. Commitments

At June 30, 2025 and 2024, outstanding construction contract commitments were $64,932,620 and $124,382,754, respectively.

Additionally, Iowa State has SBITA commitments totaling $9,601,821 at June 30, 2025. These SBITA contracts were signed during fiscal year 2025, but have subscription terms commencing after June 30, 2025.

B. Risk Management

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

1. Employee Health and Dental Benefits

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

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

	2025	2024
Unpaid claims and liabilities, beginning of year	$ 10,288,000	$ 9,208,000
Claims incurred and contingent liabilities accrued during year	125,962,133	131,726,709
Payments on claims during year	(126,595,133)	(130,646,709)
Unpaid claims and liabilities, end of year	$ 9,655,000	$ 10,288,000

2. Employee Workers' Compensation and Unemployment Insurance

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

3. Employee Medical and Dependent Care Flexible Spending Programs

Eligible employees have an option to participate in two flexible spending programs, and maximums and carryforwards are applied on a calendar year basis. The Medical Flexible Spending Program (Med FSA) allows employees to have a maximum pre-tax deduction of $3,300 (calendar year 2025) and $3,200 (calendar year 2024) to cover qualified uninsured medical, dental, and vision claims. Federal regulations mandate that any Med FSA claims must be incurred by December 31 to be eligible for reimbursement, except for the carryover provision. Iowa State has adopted both a carryover provision and a 120-day run-out period, which allows an employee to request reimbursement for prior year incurred claims for a period up to 120 days (April 30) of the succeeding year. The carryover provision is $660 and $640 for calendar years 2025 and 2024, respectively. Amounts unclaimed beyond these program requirements are forfeited. The Dependent Care Assistance Program (DCAP) allows employees to have an annual maximum pre-tax deduction of $5,000 for qualified dependent care expenses. For calendar years 2025 and 2024, Iowa State has allowed reimbursement for claims incurred in the calendar year to extend to March 15 for the DCAP. The DCAP also provides a 120-day filing extension period in the subsequent year for reimbursable claims incurred in the previous year. The Med FSA program carries an element of self-insurance risk, as required by Federal law. Iowa State deducts one twelfth of the annually elected amount from an employee's pay each month. If the employee terminates before the end of the calendar year, Iowa State is at risk for the difference between the employee's total allowable reimbursed claims and the total amount deducted in the employee's pay. Iowa State, by Federal law, cannot seek restitution for this difference. The same risk does not apply to the DCAP, as an employee cannot claim more than the total amount deducted from the employee's pay. Unclaimed employee contributions are maintained in a separate account, which has carried a surplus balance since inception of the program due to contributions exceeding claims each year. This surplus balance is used to fund the administrative costs of the program.

4. General Liability

The State of Iowa maintains an employee fidelity bond whereby the first $250,000 of losses is the responsibility of Iowa State. Losses between $250,000 and $2,000,000 are insured. Iowa State also maintains an employee blanket bond to cover losses up to $5,000,000.

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

5. Motor Vehicle Insurance

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

6. Property Insurance

The State of Iowa self insures, on behalf of Iowa State, property deemed general university property, which is exclusive of property belonging to self-supporting enterprises. A contingency fund exists under Section 29C.20 of the Code of Iowa to request compensation for loss or damage to state property (including general university property). The Code of Iowa states that claims in excess of $5,000 may be submitted to the Executive Council for consideration. Iowa State purchases catastrophic commercial property insurance, including earthquake and flood coverage, for its General Fund buildings with a $2,000,000 per incident deductible for all covered perils, with the exception of wind and hail. The commercial insurance program also includes coverage for enterprise facilities such as the residence system, athletics, power plant, etc., with deductibles ranging from $50,000 to $1,000,000 per occurrence for covered perils, with the exception of wind and hail. Iowa State's wind and hail deductible for both General Fund and enterprise properties is 1% of Iowa State's total insured value of all impacted properties, with a minimum deductible of $5,000,000.

7. Business Interruption and Extra Expense Insurance

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

8. Insurance Settlements

There are no settlements exceeding insurance coverage in any of the past three fiscal years.

NOTE 9 – OPERATING EXPENSES BY FUNCTION

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

	2025			
	Compensation & Benefits	Supplies & Services	Other	Total
Instruction	$ 293,524,805	$ 47,058,488	$ —	$ 340,583,293
Research	141,302,859	79,791,512	—	221,094,371
Public service	76,038,575	35,468,618	—	111,507,193
Academic support	155,358,645	31,775,691	—	187,134,336
Student services	30,557,344	19,180,948	—	49,738,292
Institutional support	44,082,198	6,485,428	—	50,567,626
Operation & maintenance	51,270,065	44,758,449	—	96,028,514
Scholarships & fellowships	—	—	15,513,663	15,513,663
Auxiliary	108,115,078	90,242,384	—	198,357,462
Independent operations	36,495,522	40,176,552	—	76,672,074
Depreciation/amortization	—	—	141,214,505	141,214,505
	$ 936,745,091	$ 394,938,070	$ 156,728,168	$ 1,488,411,329

	2024 (as restated)			
	Compensation & Benefits	Supplies & Services	Other	Total
Instruction	$ 261,787,878	$ 33,392,858	$ —	$ 295,180,736
Research	127,658,950	74,348,590	—	202,007,540
Public service	56,378,137	27,661,730	—	84,039,867
Academic support	170,260,705	75,961,654	—	246,222,359
Student services	29,832,696	17,951,552	—	47,784,248
Institutional support	50,699,897	14,025,665	—	64,725,562
Operation & maintenance	44,518,805	38,736,600	—	83,255,405
Scholarships & fellowships	—	—	55,225,961	55,225,961
Auxiliary	99,289,263	89,033,128	—	188,322,391
Independent operations	34,520,710	28,103,353	—	62,624,063
Depreciation/amortization	—	—	132,358,212	132,358,212
	$ 874,947,041	$ 399,215,130	$ 187,584,173	$ 1,461,746,344

NOTE 10 – RESTATEMENT OF PRIOR PERIODS

During fiscal year 2025, Iowa State determined that the following items were not stated correctly in fiscal year 2024 due to errors:

- Capital appropriations revenue and government receivables were both overstated $18,000,000 for state funds that were appropriated, but not yet earned, as the related capital project expenses had not yet been incurred.
- Monthly payments for a GASB 87 building lease were incorrectly entered in lease software for the prepaid portion of the lease term and prepaid rent was included in prepaids, instead of right-to-use building assets. As a result current prepaids and noncurrent prepaids were overstated $600,000 and $6,600,000, respectively, net right-to-use building assets were understated $1,914,392, current and noncurrent building lease liabilities were overstated $87,397 and $5,465,406, respectively, building amortization was understated $59,825, and lease interest expense was overstated $327,020.
- A portion of cash and cash equivalents was incorrectly classified as noncurrent. As a result, current cash and cash equivalents was understated and non-current cash and cash equivalents was overstated by $10,763,513.
- A portion of net position was incorrectly classified as restricted non-expendable, $1,055,728 was reclassified as unrestricted net position.

Iowa State restated all fiscal years presented per guidance from GASB 100. Restated fiscal year 2024 information is as follows:

	June 30, 2024 (as previously reported)	Error Corrections	June 30, 2024 (as restated)
Current assets	$ 201,708,224	$ (7,836,487)	$ 193,871,737
Capital assets	1,729,742,847	1,914,392	1,731,657,239
Other non-current assets	753,087,203	(17,363,513)	735,723,690
Total assets	2,684,538,274	(23,285,608)	2,661,252,666
Deferred outflows of resources	60,423,717	—	60,423,717
Total assets and deferred outflows of resources	2,744,961,991	(23,285,608)	2,721,676,383
Current liabilities	180,920,531	(87,397)	180,833,134
Non-current liabilities	581,564,405	(5,465,406)	576,098,999
Total liabilities	762,484,936	(5,552,803)	756,932,133
Deferred inflows of resources	10,792,720	—	10,792,720
Total liabilities and deferred inflows of resources	773,277,656	(5,552,803)	767,724,853
Net investment in capital assets	1,264,170,776	7,467,195	1,271,637,971
Restricted, non-expendable	30,015,712	(1,055,728)	28,959,984
Restricted, expendable	121,390,884	(11,298,609)	110,092,275
Unrestricted	556,106,963	(12,845,663)	543,261,300
Total net position	1,971,684,335	(17,732,805)	1,953,951,530
Total liabilities, deferred inflows of resources, and net position	$ 2,744,961,991	$ (23,285,608)	$ 2,721,676,383

NOTE 11 – SEGMENT INFORMATION

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

A. Academic Building Revenue Bonds

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

B. Athletic Facilities Revenue Bonds

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

C. Dormitory Revenue Bonds

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

D. ISU Facilities Corporation Revenue Bonds

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

E. Memorial Union Revenue Bonds

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

F. Recreational System Facilities Revenue Bonds

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

G. Utility System Revenue Bonds

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

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

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

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

Restatements. Certain amounts in the prior year segments were restated due to new information or errors.

	Academic Building Revenue Bonds	Athletic Facilities Revenue Bonds	Dormitory Revenue Bonds	ISU Facilities Corporation Revenue Bonds	Memorial Union Revenue Bonds	Recreational System Facilities Revenue Bonds	Utility System Revenue Bonds
Condensed Statement of Net Position							
Assets							
Current assets	$ 19,244,285	$ 28,206,024	$ 61,922,293	$ 9,427,881	$ 4,246,123	$ 6,125,159	$ 2,209,488
Non-current assets	—	—	11,800,027	—	13,470,901	10,569,636	20,473,778
Capital assets	72,968,411	96,338,963	210,266,405	70,467,471	30,972,320	34,118,983	114,255,454
Total assets	92,212,696	124,544,987	283,988,725	79,895,352	48,689,344	50,813,778	136,938,720
Deferred outflows of resources	2,425,226	940,788	162,575	—	282,353	1,770,560	23,016
Liabilities							
Current liabilities	9,308,613	19,114,212	16,848,531	2,218,141	2,304,041	3,003,531	5,965,092
Non-current liabilities	68,801,356	101,342,490	71,003,405	41,118,552	16,511,001	32,640,211	34,591,515
Total liabilities	78,109,969	120,456,702	87,851,936	43,336,693	18,815,042	35,643,742	40,556,607
Deferred inflows of resources	36,154	—	191,328	—	—	—	447,277
Net position							
Net investment in capital assets	(1,553,873)	(9,572,739)	127,241,092	27,888,919	13,157,037	1,149,332	75,869,678
Restricted	19,097,493	15,881,008	25,923,125	4,404,391	4,051,690	5,904,800	4,462,879
Unrestricted	(1,051,821)	(1,279,196)	42,943,819	4,265,349	12,947,928	9,886,464	15,625,295
Total net position	$ 16,491,799	$ 5,029,073	$ 196,108,036	$ 36,558,659	$ 30,156,655	$ 16,940,596	$ 95,957,852
Condensed Statement of Revenues, Expenses, and Changes in Net Position							
Operating revenues	$ 318,711,055	$ 25,144,585	$ 103,668,378	$ —	$ 4,149,939	$ 11,238,358	$ 46,038,591
Operating expenses	—	(4,973,706)	(77,971,375)	—	(1,698,052)	(8,124,695)	(33,597,007)
Depreciation expense	(3,759,943)	(5,048,894)	(11,504,534)	(3,449,217)	(2,491,790)	(2,749,511)	(6,080,317)
Net operating income (loss)	314,951,112	15,121,985	14,192,469	(3,449,217)	(39,903)	364,152	6,361,267
Non-operating revenues (expenses)	(1,579,095)	(1,568,102)	322,177	(1,098,099)	(80,084)	(551,394)	(271,221)
Other revenues (expenses) and transfers	(308,737,971)	(12,704,264)	362,426	2,711,479	440,750	644,197	(3,813,088)
Change in net position	4,634,046	849,619	14,877,072	(1,835,837)	320,763	456,955	2,276,958
Beginning net position	11,857,753	4,179,454	181,241,997	38,394,496	29,835,892	16,483,641	97,738,493
Restatement of net position	—	—	(11,033)	—	—	—	(4,057,599)
Beginning net position, as restated	11,857,753	4,179,454	181,230,964	38,394,496	29,835,892	16,483,641	93,680,894
Ending net position	$ 16,491,799	$ 5,029,073	$ 196,108,036	$ 36,558,659	$ 30,156,655	$ 16,940,596	$ 95,957,852
Condensed Statement of Cash Flows							
Net cash and cash equivalents provided by (used for)							
Operating activities	$ 318,711,055	$ 20,074,446	$ 23,829,758	$ —	$ 2,484,530	$ 3,060,025	$ 12,817,007
Capital and related financing activities	(318,803,174)	(20,677,552)	(24,918,887)	(6,505,387)	(4,044,183)	(3,712,889)	(12,876,194)
Investing activities	3,687,312	(2,281,634)	10,870,366	602,941	(324,719)	(2,331,995)	(38,826)
Net increase (decrease)	3,595,193	(2,884,740)	9,781,237	(5,902,446)	(1,884,372)	(2,984,859)	(98,013)
Beginning cash and cash equivalents, as restated	12,112,264	25,585,516	50,945,880	15,330,327	18,126,889	16,770,955	20,571,792
Ending cash and cash equivalents	$ 15,707,457	$ 22,700,776	$ 60,727,117	$ 9,427,881	$ 16,242,517	$ 13,786,096	$ 20,473,779

	Academic Building Revenue Bonds	Athletic Facilities Revenue Bonds	Dormitory Revenue Bonds	ISU Facilities Corporation Revenue Bonds	Memorial Union Revenue Bonds	Recreational System Facilities Revenue Bonds	Utility System Revenue Bonds
Debt Service Coverage							
Required debt service coverage percentage	n/a	125%	135%	n/a	120%	125%	120%
Actual debt service coverage percentage	n/a	245%	246%	n/a	712%	485%	239%
Percentage of Revenue Pledged							
Annual debt service	$ 10,343,590	$ 8,660,489	$ 14,675,440	$ 3,179,335	$ 2,118,830	$ 3,117,600	$ 5,483,733
Net pledged revenue	319,187,698	21,244,671	36,137,863	n/a	15,095,851	15,123,682	13,115,486
Annual debt service / net pledged revenue	3%	41%	41%	n/a	14%	21%	42%
Revenue Bonds Payable							
Beginning balance	$ 85,113,272	$ 111,975,217	$ 94,251,805	$ 43,842,098	$ 19,676,908	$ 36,838,563	$ 42,291,886
Additions	—	7,187	41,132	1,721	13,752	—	—
Deductions	(8,201,916)	(5,129,915)	(12,578,945)	(1,265,266)	(1,593,024)	(2,098,352)	(4,330,371)
Ending balance	$ 76,911,356	$ 106,852,489	$ 81,713,992	$ 42,578,553	$ 18,097,636	$ 34,740,211	$ 37,961,515
Debt Service Requirements							
Semi-annual maturity	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	May & Nov 1st
2026	$ 10,213,765	$ 8,544,439	$ 14,453,735	$ 2,952,531	$ 2,093,890	$ 3,086,100	$ 4,613,450
2027	10,207,159	8,541,779	13,546,444	3,154,056	2,092,212	3,092,050	4,616,525
2028	10,607,257	8,531,819	12,486,694	3,153,506	2,086,225	3,100,825	4,149,950
2029	7,942,837	8,534,231	10,881,325	3,150,756	2,086,725	3,107,350	4,152,294
2030	7,948,194	8,573,818	7,522,313	3,150,682	2,085,175	3,131,325	4,152,250
2031-2035	30,783,975	41,651,328	28,999,319	15,729,353	4,731,050	15,806,100	19,094,319
2036-2040	5,764,700	33,432,956	4,031,900	15,694,613	3,324,175	9,714,050	2,596,200
2041-2045	—	5,775,738	—	11,352,544	1,988,938	—	—
Unamortized premium (discount)	3,886,356	5,507,489	1,483,992	398,553	662,636	820,211	1,641,515
Total	$ 87,354,243	$ 129,093,597	$ 93,405,722	$ 58,736,594	$ 21,151,026	$ 41,858,011	$ 45,016,503
Commitments							
Contract commitments	$ —	$ 3,203,343	$ 4,384,766	$ 707,153	$ 46,687	$ 471,453	$ —

Schedule of Iowa State's Proportionate Share of the Net Pension Liability IPERS Last Ten Fiscal Years (in thousands)*

Fiscal Year Ended June 30,	Proportion of Net Pension Liability (%)	Proportionate Share of Net Pension Liability	Covered - Employee Payroll	Net Pension Liability as a Percentage of Covered Payroll	IPERS's Net Position as a Percentage of Total Pension Liability
2025	1.3354591 %	$ 48,631	$ 126,322	38.50%	92.30%
2024	1.2013553	54,225	107,473	50.45	90.13
2023	1.0539856	39,821	86,765	45.90	91.41
2022	(0.1290763)	446	74,382	0.60	100.81
2021	0.8536364	59,966	68,475	87.57	82.90
2020	0.7763471	44,956	60,222	74.65	85.45
2019	0.7036281	44,527	53,586	83.09	83.62
2018	0.6359800	42,364	48,181	87.93	82.21
2017	0.5636620	35,473	40,575	87.43	81.82
2015	0.4983429	24,621	34,132	72.13	85.19

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year are determined as of June 30 of the preceding year.

See Note 6B in the accompanying Notes to Financial Statements for the IPERS plan description, pension benefits, disability and death benefits, contributions, net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions, actuarial assumptions, discount rate, and sensitivity of Iowa State's proportionate share of the net pension liability to changes in the discount rate.

Schedule of Iowa State Contributions IPERS Last Ten Fiscal Years (in thousands)

Fiscal Year Ended June 30,	Statutorily Required Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered - Employee Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 13,065	$ 13,065	$ –	$ 138,401	9.44%
2024	11,914	11,914	–	126,322	9.43
2023	10,142	10,142	–	107,473	9.44
2022	8,174	8,174	–	86,765	9.42
2021	7,044	7,044	–	74,382	9.47
2020	6,487	6,487	–	68,475	9.47
2019	5,685	5,685	–	60,222	9.44
2018	4,785	4,785	–	53,586	8.93
2017	4,303	4,303	–	48,181	8.93
2016	3,623	3,623	–	40,575	8.93

Changes of benefit terms

There is no significant change in benefit terms.

Changes of actuarial assumptions and methods

The 2022 valuation implemented 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 implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Modified 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 an experience study dated March 24, 2017:

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

Schedule of Changes in Total OPEB Liability
Last Eight Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 6,058,692	$ 3,519,569	$ 3,726,363	$ 3,880,976	$ 5,469,963	$ 6,714,060	$ 7,334,817	$ 6,463,924
Interest	2,745,967	2,230,027	1,070,691	942,682	2,051,751	3,381,614	3,083,501	2,868,094
Change in benefit terms	–	–	–	–	–	465	–	–
Change in assumptions	5,425,113	4,306,256	(7,099,879)	780,822	3,243,442	2,250,539	(3,799,740)	6,260,277
Differences between expected and actual experience	9,347,417	9,527,276	12,054,099	2,124,101	(22,902,131)	(24,817,609)	(7,718,584)	3,076,383
Benefit payments	(4,723,325)	(5,690,640)	(5,120,844)	(3,795,439)	(5,669,092)	(5,571,337)	(5,712,799)	(4,653,958)
Net change in OPEB liability	$ 18,853,864	$ 13,892,488	$ 4,630,430	$ 3,933,142	$ (17,806,067)	$ (18,042,268)	$ (6,812,805)	$ 14,014,720
Total OPEB liability, beginning of year	$ 64,929,001	$ 51,036,513	$ 46,406,083	$ 42,472,941	$ 60,279,008	$ 78,321,276	$ 85,134,081	$ 71,119,361
Total OPEB liability, end of year	$ 83,782,865	$ 64,929,001	$ 51,036,513	$ 46,406,083	$ 42,472,941	$ 60,279,008	$ 78,321,276	$ 85,134,081
Covered-employee payroll	$ 561,648,685	$ 546,969,235	$ 522,985,947	$ 476,624,887	$ 462,526,658	$ 465,055,346	$ 457,650,972	$ 443,245,493
Total OPEB liability as a percentage of covered-employee payroll	14.92%	11.87%	9.76%	9.74%	9.18%	12.96%	17.11%	19.21%
Discount rate	4.28%	4.00%	4.31%	2.25%	2.12%	3.26%	4.11%	3.44%

Notes to the Schedule of Changes in Total OPEB Liability

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

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

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

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

IOWA STATE UNIVERSITY CONTROLLER'S DEPARTMENT

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