

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

*Creating opportunities for Iowans,
communities and businesses to thrive.*



IOWA FINANCE
AUTHORITY

A Component Unit of the State of Iowa

IOWA FINANCE AUTHORITY
(A Component Unit of the State of Iowa)

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED

JUNE 30, 2023

Debi Durham, Director

Prepared by:

Iowa Finance Authority Accounting and Finance Department

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Introductory Section (unaudited)

October 27, 2023

TO THE CITIZENS, GOVERNOR, AND BOARD OF DIRECTORS:

The Iowa Finance Authority (the Authority) is pleased to submit this Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended June 30, 2023.

The Authority issues State Revolving Fund Revenue Bonds, Single-Family Mortgage Bonds, Multi-Family Housing Bonds, and administers various federal grant programs which require annual independent financial and compliance audits. To fulfill these requirements, the Authority has prepared this Annual Report and contracted with the independent auditing firm of Eide Bailly LLP to audit the financial statements.

Generally accepted accounting principles (GAAP) require management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner designed to present fairly the Authority’s net position and changes in net position. All disclosures necessary to enable the reader to gain an understanding of the Authority’s financial activities have been included.

PROFILE OF THE AUTHORITY

The Authority was created in 1975 under Chapter 16 of the Code of Iowa (the “Act”) as a public instrumentality and agency of the State of Iowa to undertake programs that assist in attainment of adequate housing for low- and moderate-income families, and to undertake various finance programs. By subsequent amendments to the Act, the Authority’s responsibilities have been greatly expanded. The Authority administers numerous housing, agricultural, economic development, and water quality programs. The Authority has arranged financing for the Clean Water Program since its inception in 1988 and for the Drinking Water Program since its inception in 1997. Chapter 455B and Chapter 16 of the Code of Iowa authorize the Authority, jointly and in cooperation with the Iowa Department of Natural Resources (DNR), to undertake the creation, administration, and financing of the State Revolving Fund (SRF), which includes the Clean Water and Drinking Water Programs.

The Authority is presented as a component unit in the State of Iowa’s Annual Report.

INTERNAL CONTROL

The Authority assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The Authority believes the internal controls provide reasonable assurance that the financial statements are free from any material misstatement.

BUDGETARY CONTROLS

The Authority performs an annual budgetary process which serves as the foundation for the Authority's financial planning and control. Each year, the Authority's management team provides revenue, expense, and staffing plans which are used with an iterative review process to formulate the annual budget. The Board of Directors (Board) reviews and provides approval via formal Board action. The Authority's management and Board receive monthly financial reports comparing actual results to budget.

ECONOMIC CONDITION AND OUTLOOK

The United States' real GDP grew at an annual rate of 2.0% in the first quarter of 2023, compared to Iowa's GDP growth of 5.2%, which was ranked 7th in the country as reported by the U.S. Bureau of Economic Advisers (BEA).

Iowa's unemployment rate was 2.7% in July 2023, which was the same in July 2022. The average national rate of unemployment in 2022 was 3.6% compared to 5.3% the prior year. With a consistent low unemployment rate, Iowa personal income increased 10.1% at an annualized rate in the first quarter of 2023 compared to an annualized rate of 8.1% in the first quarter of 2022. Iowa ranked 4th among the other states in personal income growth during this period as reported by the BEA. The national personal income grew by 5.1% in the first quarter of 2023.

The housing market has continued to slow down due to rising inflation, increased home prices and higher mortgage rates. Iowa home median sales prices increased while home sales declined in June 2023 compared to June 2022. Median sales price slightly increased by 2.2% compared to 12.2% in June 2022, while home sales declined by 15% as of June 2023 compared to 12 months prior.

AUTHORITY'S ADMINISTRATION OF RECENT FEDERAL PROGRAMS

The Authority continued to finance projects throughout the state and help Iowans in need. The Authority wound down its Iowa Rent and Utility Assistance Program (IRUAP) in September. It assisted 4,351 households in fiscal year 2023 and served 26,581 households throughout the entire program, providing \$57.9 million for rent and utilities. The Refugee Resettlement program provided \$882 thousand to assist 188 households. The Authority also awarded \$3.9 million to subrecipients who provided assistance for rapid rehousing.

The Authority funded projects across the state through the Water Infrastructure Fund (WIF) which was funded with a portion of the state of Iowa's allocation of Coronavirus State and Local Fiscal Recovery Funds from the American Rescue Plan Act of 2021. WIF makes investments in infrastructure projects that protect, preserve, expand, and restore Iowa's water resources. The Authority disbursed \$4.5 million to fund community septic and on-site wastewater systems for 238 households in unsewered communities. In addition, WIF also funded \$4.8 million of wastewater infrastructure for two communities as well as \$2.2 million for 23 watershed protection projects in 21 communities.

AUTHORITY PROGRAM AND FINANCIAL HIGHLIGHTS

Homeownership: The single-family program assisted 2,309 home buyers by funding \$343.2 million of mortgage-backed securities in fiscal year 2023. Approximately 87% of these home buyers also benefitted from the Authority's down payment and closing cost assistance grant or loan option. Borrowers have the option of a \$2,500 grant or a second loan that provides borrowers with 5% of the sale price and is repayable at the time of sale, refinance, or the first mortgage is paid in full. There are no monthly payments on the DPA second loan. Governor Reynolds announced a historic investment in Iowa housing programs, which included \$1 million for a new Minority Down Payment Assistance Pilot Program. The initial \$1 million investment assisted in breaking barriers to homeownership by providing 193 eligible Iowa minority households with assistance purchasing a home. The program provided a \$5,000 down payment and closing costs assistance grant when used with IFA's FirstHome program.

Iowa Title Guaranty (ITG): ITG issued residential and commercial title certificates covering \$20.9 billion worth of Iowa real estate in fiscal year 2023. In addition, ITG provided \$3.575 million to support affordable housing in Iowa and adopted the new 2021 American Land Title Association policy forms and endorsements, which involved a wholistic review of all ITG coverage documents and issuance systems.

Housing Tax Credits: The Authority allocated a total of \$88.9 million in Federal Housing Tax Credits in fiscal year 2023 which will create or preserve 364 safe and affordable homes for Iowa families. These awards leveraged an additional \$12.3 million in local contributions.

State Revolving Funds (SRF): In fiscal year 2023, the Iowa SRF executed \$477 million in low-interest loans for wastewater and drinking water infrastructure. In addition, nearly \$44 million in Planning and Design loans were awarded to assist communities with the first phases of their water infrastructure projects at zero percent interest.

AWARDS & ACKNOWLEDGEMENT

Certificate of Achievement: Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Iowa Finance Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the fifth consecutive year that the Authority achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We submitted the Annual Report for the fiscal year ended June 30, 2022, to GFOA but have not yet received any correspondence about the Certificate of Achievement for Excellence in Financial Reporting. Since Covid, GFOA's turnaround time for review and award decisions has lengthened. However, we believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgement: The preparation of this report on a timely basis requires the collective effort of numerous staff members throughout the Authority. The accounting and finance departments have primary responsibility for preparation of this Annual Report. We appreciate their professionalism and dedication; and it is what maintains our financial statements in conformance with the highest standards of financial accountability.

Respectfully submitted,



Cindy M. Harris
Chief Financial Officer



Jennifer Pulford
Accounting Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Iowa Finance Authority

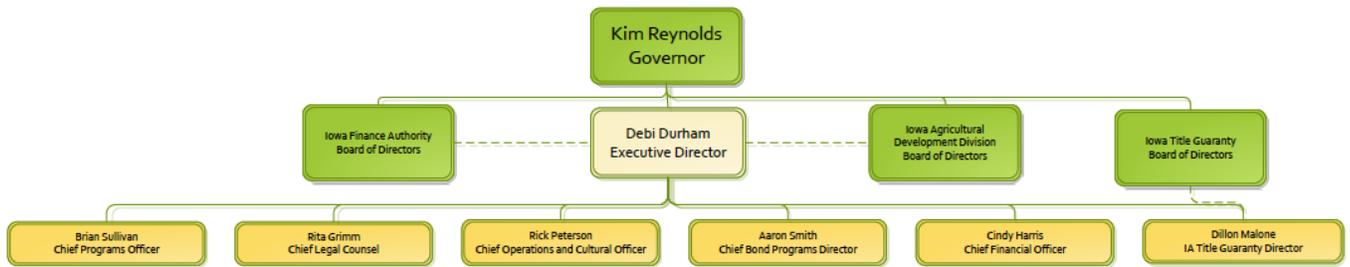
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

Table of Organization



Board of Directors

Ashley Aust (Waukee)
Tracey Ball (Des Moines)
Jennifer Cooper, Vice Chair (Des Moines)
John Eisenman (Clinton)
Gretchen McLain, ex-officio voting (Fairfield)
Michel Nelson, Chair (Carroll)
Amy Reasner (Cedar Rapids)
Gilbert Thomas, Treasurer (Clarinda)
Michael Van Milligen (Dubuque)
Nate Weaton (Fairfield)

Financial Section



Independent Auditor's Report

To the Board of Directors
Iowa Finance Authority
Des Moines, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and each major fund of Iowa Finance Authority (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Authority, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 (*Government Auditing Standards*). 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 the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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 judgment 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 24 and schedule of authority's proportionate share of the net pension liability, schedule of authority contributions, schedule of authority's proportionate share of the total OPEB liability, and notes to required supplementary information on pages 63 through 68 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial schedules on pages 69 through 71 and schedule of expenditures of federal awards on page 85, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining financial schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section on pages 1 through 5 and statistical section on pages 72 through 84, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2023, on our consideration of the Authority'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Aberdeen, South Dakota
October 26, 2023

This section of the Iowa Finance Authority's (the Authority) annual financial report presents management's discussion and analysis of the financial position and results of operations as of and for the fiscal year ended June 30, 2023. This section provides additional information regarding the activities of the Authority to meet the disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Please use this information in conjunction with the financial statements and accompanying notes.

The Authority was created in 1975 by the Iowa legislature through the enactment of Chapter 16 of the Code of Iowa (the Act) and constitutes a public instrumentality and agency of the State of Iowa (the State). The Authority's task was to undertake programs which assist low- and moderate-income families attain adequate housing and to undertake various finance activities. Subsequent amendments to the Act expanded the Authority's responsibilities to include the administration of numerous housing, water quality, agricultural, and economic development programs. The Authority's mission is to enhance the quality of life for Iowans by making affordable financing possible for home and community.

The Authority raises funds through the public and private sale of bonds, which are not obligations of the State. The proceeds are loaned to eligible borrowers through private lending institutions across the state or directly to municipalities to fund water quality infrastructure. As a self-sustaining entity, the Authority's operating revenues come from loan and investment income, program administration fees, loan servicing, and gains on the sale of mortgage-backed securities (MBS). The Authority is a self-supporting entity and receives no tax appropriations for its operations.

Authority Credit and General Obligation Rating

The unsecured general obligation (GO) of the Authority is rated Aa2 by Moody's Investors Service (Moody's) and AA+ by S&P Global (S&P). These ratings take into account the amount of unrestricted net position maintained by the Authority, as well as certain contingent obligations to which the general obligation of the Authority is pledged. While there is no assurance that these ratings will remain in effect for any period of time, management is committed to maintaining an investment-grade rating of its general obligation.

Overview of the Financial Statements

This annual financial report consists of four parts: the independent auditor's report, the management's discussion and analysis (this section), the basic financial statements, and supplementary schedules. The basic financial statements consist of Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and the accompanying Notes to the Financial Statements. The Authority follows enterprise fund accounting. Accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The Statement of Net Position includes all the Authority's assets and liabilities, presented in order of liquidity, as well as deferred outflows and deferred inflows. The organization of the statement separates assets and liabilities into current and non-current components. The resulting Net Position is displayed as either restricted or unrestricted.

Net Position is restricted when assets are subject to external limits such as bond indentures, legal agreements, federal and state statutes, or pledged in connection with the general obligation of the Authority.

The Statement of Revenues, Expenses, and Changes in Net Position accounts for the Authority's current year revenues and expenses. This statement measures the activities of the Authority's operations over the past year and presents the resulting change in net position. It is organized by separating operating revenues and expenses from non-operating revenues and expenses.

The Statement of Cash Flows primarily provides information about the net change in the Authority's cash and cash equivalents for the fiscal year. It provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operating, noncapital financing, investing, and capital financing activities. The statement provides information regarding the sources and uses of cash and the change in the cash balance during the reporting period.

The Notes to the Financial Statements provide additional information that is essential for a fair presentation of the basic financial statements.

The basic financial statements are presented on an Authority-wide basis and by the two major funds, the Housing Agency Fund and the State Revolving Fund (SRF). Authority-wide financial statements are provided to display a comprehensive view of all Iowa Finance Authority funds. All the assets in these funds are substantially restricted as to use by the Authority and are available only in accordance with the applicable bond resolutions, federal and Iowa laws, and other outstanding agreements.

Discussion of Individual Funds

The Housing Agency Fund includes the Authority's programs that assist in providing affordable financing for Single-Family and Multi-Family housing, agricultural development for beginning farmers, and real estate title protection. These programs are funded through various ways: issuance of tax-exempt bonds, state and federal funds, tax credits, and fee income. Additionally, the General Operating Account, where program fee receipts are collected and from which Authority operations are paid, is also included within the Housing Agency Fund. See Combining Schedules of Net Position and Revenues, Expenses, and Changes in Net Position.

Single-Family

Single-Family homeownership programs include the FirstHome and Homes for Iowans Programs, which offer eligible first-time and repeat home buyers affordable fixed rate mortgages. In addition, the Authority offers a grant of up to \$2,500 or a second mortgage loan up to 5% of the sales price to help with down payment and closing costs. These loan programs are funded through the issuance of bonds under the 1991 Single-Family Mortgage Bond Resolution, 2009 Single-Family Mortgage Revenue Bond Resolution, or through the sale of MBS in the secondary market.

Multi-Family

The Authority seeks to preserve the existing supply of affordable rental units at risk of being lost and to foster the production of new affordable units through its Multi-Family loan program. These projects are funded through equity or the issuance of bonds.

Federal and State Programs

The Authority receives both state and federal resources that support affordable housing (both single and multi-family) and address homelessness. Financial activity within federal and State programs is primarily grant income and expenses as the Authority mainly passes these grants through to recipients within Iowa. These moneys are restricted for use in accordance with applicable legislation or grant agreements.

Some State programs include Home and Community Based Revolving Loan Programs that provide facilities for seniors, populations with disabilities, and those who need health, nutrition, or respite services. The State Housing Trust Fund provides grants to advance and preserve affordable Single-Family and Multi-Family housing throughout the State.

The Shelter Assistance Fund (SAF) Program supports costs of operations of shelters for the homeless and domestic violence shelters, essential services for the homeless, and evaluation and reporting services for the homeless. In addition, the Authority also administers the Military Homeownership Assistance Program which provides eligible service members and veterans with a \$5,000 grant for down payment and closing costs when purchasing a home in Iowa.

Some federal programs the Authority administers include the HOME Investment Partnerships Program (HOME), the Housing Opportunities for Persons with AIDS (HOPWA) Program, the Emergency Solutions Grant (ESG) Program, and the National Housing Trust Fund (NHTF) which are all funded by the U.S. Department of Housing and Urban Development (HUD). The HOME Program provides no-interest loans to developers to create or rehabilitate affordable rental housing. HOME also provides grants to governmental entities and non-profit organizations to assist low-income households in purchasing a home or providing rental assistance. The HOPWA Program provides housing assistance and supportive services for low-income persons with HIV/AIDS and their families. The ESG Program provides grants to agencies that assist people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. The NHTF Program provides funds to help build, preserve, and rehabilitate housing for extremely low-income households, including homeless families.

The Authority also administered several Covid-related programs for eviction and foreclosure prevention, rent and utility assistance, refugee relocation assistance, and rapid rehousing. In addition, the Authority also administered water infrastructure programs to fund water and sewer system improvements in communities.

Iowa Agricultural Development Division

The Iowa Agricultural Development Division (IADD) administers programs to encourage beginning farmers. The Beginning Farmer Loan Program and Loan Participation Program help Iowa farmers purchase agricultural land, depreciable machinery or equipment, breeding livestock, or buildings. The Beginning Farmer Tax Credit Program allows agricultural asset owners to earn a tax credit for leasing their land to beginning farmers. The Custom Hire Tax Credit Program offers a tax credit to anyone hiring a beginning farmer to do agricultural contract work to produce crops or livestock in Iowa. As a division of the Iowa Finance Authority, the IADD is totally self-supporting.

Iowa Title Guaranty Division

Iowa Title Guaranty Division (ITG) supplements the abstract-attorney's title opinion system by providing a low-cost mechanism for guaranties of real property titles facilitating mortgage lenders' participation in the secondary market and adds to the integrity of Iowa's land-title transfer system. ITG is self-supporting.

General Operating Account

The General Operating Account is where program fee receipts are collected and from which Authority operations are paid. The Authority receives fee income from administering programs such as the Low-Income Housing Tax Credit (LIHTC), Project-Based Section 8, HOME, and various homeless assistance programs. Furthermore, the General Operating Account receives fees from the Private Activity Bond Program, which issues tax-exempt bonds on behalf of private entities or organizations for eligible purposes.

The State Revolving Fund (SRF) is a federal program jointly administered with the Department of Natural Resources (DNR) to provide low-cost financing to Iowa communities and municipalities for the design and construction of water and wastewater infrastructure projects.

The Clean Water SRF funds wastewater treatment, sewer rehabilitation, and storm water quality improvements, as well as non-point source projects. The Drinking Water SRF funds water treatment plants or improvements to existing facilities, water line extensions to existing properties, water storage facilities, wells, and source water protection efforts. The financing for these projects comes in the form of different types of loans depending on the community’s need: construction, planning and design, and source water protection. Low-interest loans are also available to public and private borrowers to address storm water management, septic systems, landfill closure, soil erosion, and manure management, for example.

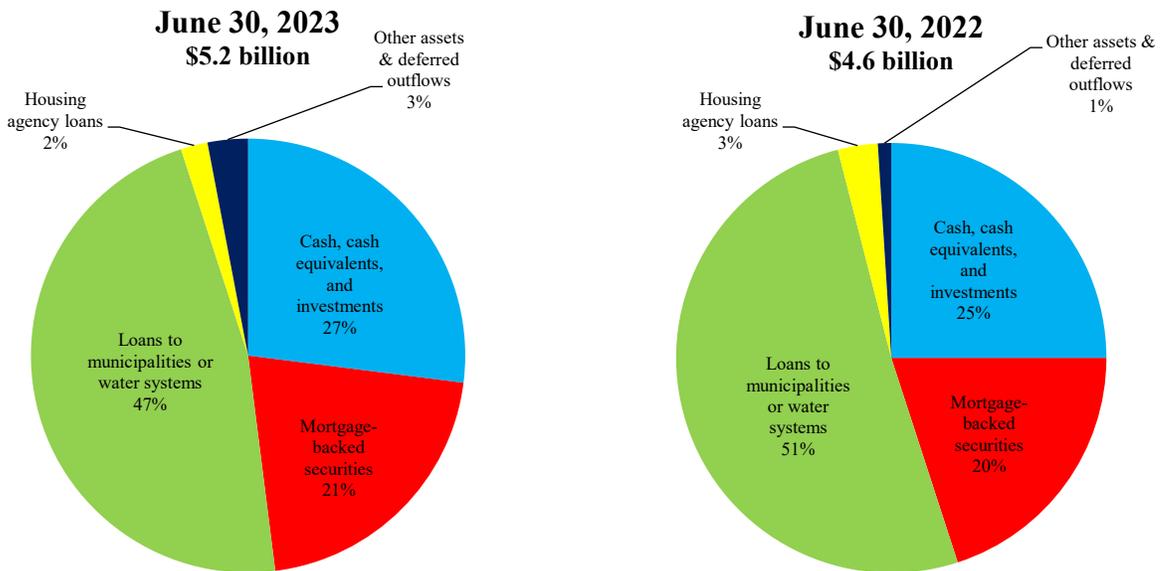
The SRF receives grants from the United States Environmental Protection Agency (EPA) and issues tax-exempt bonds in order to fund projects under the SRF. Loan interest and servicing fees also contribute to the program.

More information regarding these programs is provided in the Notes to Financial Statements.

Condensed Financial Information

The following charts and tables present condensed financial information for fiscal year 2023 and 2022.

Iowa Finance Authority Total Assets and Deferred Outflows as of:



Iowa Finance Authority
(A Component Unit of the State of Iowa)
Management's Discussion and Analysis (Unaudited)
June 30, 2023

Iowa Finance Authority Net Position (Dollars in thousands)				
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Assets:				
Cash and cash equivalents	\$ 1,327,796	\$ 1,071,823	\$ 255,973	23.9%
Mortgage-backed securities	1,089,412	904,935	184,477	20.4%
Investments	91,386	81,056	10,330	12.7%
Loans to municipalities or water systems	2,463,530	2,336,832	126,698	5.4%
Housing agency loans	121,721	119,484	2,237	1.9%
Line of credit receivable	19,617	23,882	(4,265)	-17.9%
Capital assets, net of accumulated depreciation	13,085	14,012	(927)	-6.6%
Other assets	59,856	46,331	13,525	29.2%
Total assets	<u>5,186,403</u>	<u>4,598,355</u>	<u>588,048</u>	<u>12.8%</u>
Deferred outflows	<u>6,668</u>	<u>9,429</u>	<u>(2,761)</u>	<u>-29.3%</u>
Total assets and deferred outflows	<u><u>\$ 5,193,071</u></u>	<u><u>\$ 4,607,784</u></u>	<u><u>\$ 585,287</u></u>	<u><u>12.7%</u></u>
Liabilities:				
Current liabilities	\$ 351,009	\$ 332,474	\$ 18,535	5.6%
Noncurrent liabilities	<u>3,365,649</u>	<u>2,868,365</u>	<u>497,284</u>	<u>17.3%</u>
Total liabilities	<u>3,716,658</u>	<u>3,200,839</u>	<u>515,819</u>	<u>16.1%</u>
Deferred inflows	<u>26,840</u>	<u>17,950</u>	<u>8,890</u>	<u>49.5%</u>
Total liabilities and deferred inflows	<u><u>3,743,498</u></u>	<u><u>3,218,789</u></u>	<u><u>524,709</u></u>	<u><u>16.3%</u></u>
Net position:				
Net investment in capital assets	13,085	14,012	(927)	-6.6%
Restricted net position	1,423,432	1,367,655	55,777	4.1%
Unrestricted net position	<u>13,056</u>	<u>7,328</u>	<u>5,728</u>	<u>78.2%</u>
Total net position	<u>1,449,573</u>	<u>1,388,995</u>	<u>60,578</u>	<u>4.4%</u>
Total liabilities, deferred inflows and net position	<u><u>\$ 5,193,071</u></u>	<u><u>\$ 4,607,784</u></u>	<u><u>\$ 585,287</u></u>	<u><u>12.7%</u></u>

Iowa Finance Authority
(A Component Unit of the State of Iowa)
Management's Discussion and Analysis (Unaudited)
June 30, 2023

Iowa Finance Authority				
Revenues, Expenses, and Changes in Net Position				
(Dollars in thousands)				
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Operating revenues:				
Interest income	\$ 107,452	\$ 73,363	\$ 34,089	46.5%
Gain on sale of mortgage-backed securities	661	3,150	(2,489)	-79.0%
Net increase (decrease) in fair value of investments and mortgage-backed securities	(39,168)	(102,650)	63,482	-61.8%
Fee income	25,527	32,468	(6,941)	-21.4%
Other income	1,707	1,707	-	0.0%
Total operating revenues	<u>96,179</u>	<u>8,038</u>	<u>88,141</u>	<u>1096.6%</u>
Operating expenses:				
Interest expense	87,144	70,495	16,649	23.6%
General and administrative	37,499	40,585	(3,086)	-7.6%
Provision (recoveries) for losses	701	(525)	1,226	233.5%
Total operating expenses	<u>125,344</u>	<u>110,555</u>	<u>14,789</u>	<u>13.4%</u>
Net operating income (loss)	<u>(29,165)</u>	<u>(102,517)</u>	<u>73,352</u>	<u>-71.6%</u>
Non-operating revenue (expense):				
Grant income	245,742	220,083	25,659	11.7%
Grants and aid	(155,999)	(162,078)	6,079	-3.8%
Net non-operating revenue	<u>89,743</u>	<u>58,005</u>	<u>31,738</u>	<u>54.7%</u>
Change in net position	60,578	(44,512)	105,090	-236.1%
Net position at beginning of year	<u>1,388,995</u>	<u>1,433,507</u>	<u>(44,512)</u>	<u>-3.1%</u>
Net position at end of year	<u>\$ 1,449,573</u>	<u>\$ 1,388,995</u>	<u>\$ 60,578</u>	<u>4.4%</u>

Financial Analysis – Iowa Finance Authority 2023 (dollars in thousands)

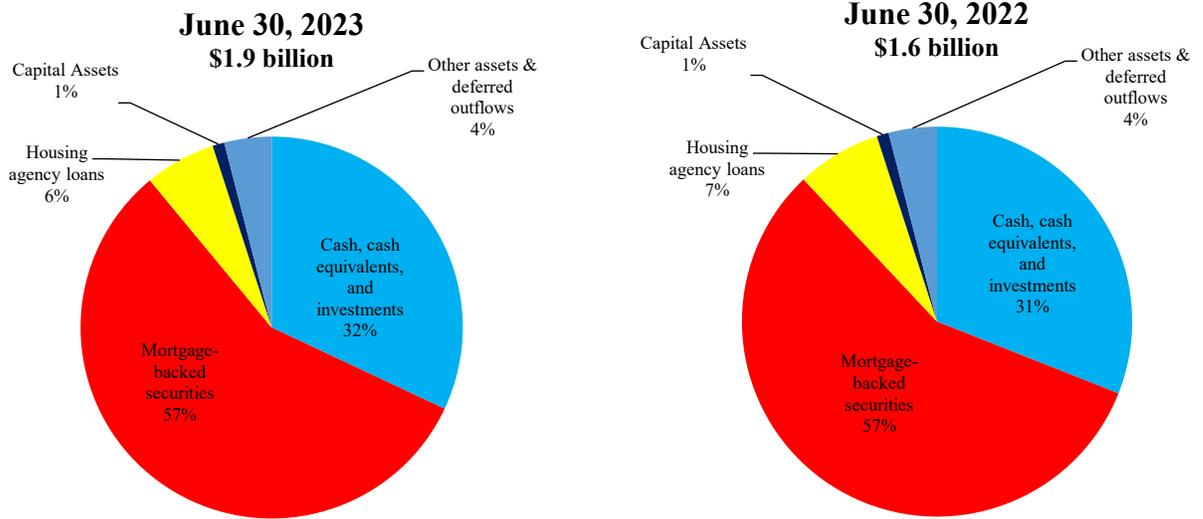
- Assets and deferred outflows increased 12.7% or \$585,287 to \$5,193,071 in fiscal year 2023 due to planned growth in mission assets, federal funds received for emergency rental assistance and homeowner assistance programs, and SRF bond proceeds received awaiting disbursement.
- Mission assets of MBS increased by 20.4%, or \$184,477; and loans to municipalities or water systems (SRF loans) increased 5.4%, or \$126,698.
- The Authority's liabilities and deferred inflows increased by 16.3% or \$524,709 to \$3,743,498 with the issuance of single-family bonds and SRF bonds.
- The Authority issued eight new bond series with proceeds totaling \$1,002,521 to purchase MBS and fund SRF loans. The Authority made bond payments of \$397,073.

Series	Date	Proceeds	Rating
SF 2022 GHI	09/15/2022	\$ 99,999	AAA by S&P; Aaa by Moody's
SF 2022 JK	12/14/2022	67,497	AAA by S&P; Aaa by Moody's
SF 2023 AB	04/13/2023	84,998	AAA by S&P; Aaa by Moody's
SF 2023 CD	06/27/2023	133,022	AAA by S&P; Aaa by Moody's
SRF 2022C	06/28/2023	36,000	No Rating (Private Placement with BofA)
SRF 2022D	09/15/2022	43,525	No Rating (Private Placement with BofA)
SRF 2023 AB	06/15/2023	390,977	Aaa by Moody's; AAA by Fitch
SRF 2023 C	06/15/2023	146,503	Aaa by Moody's; AAA by Fitch
Total		\$ 1,002,521	

See Note 5 - Bonds Payable for more detail on the Authority's debt.

- Interest income increased 46.5% to \$107,452 due to the higher interest rate environment throughout a majority of the fiscal year.
- Gain on sale of MBS decreased 79.0% to \$661 due to lower MBS sales.
- Fair value of investments and MBS increased by \$63,482 due to higher short-term and long-term interest rates.
- Fee income decreased by 21.4% to \$25,527 due to lower volume in Iowa Title Guaranty.
- Interest expense increased 23.6% to \$87,144 due to the new debt issuances mentioned above, offset by interest reductions due to bond calls.
- General and administrative expenses decreased by 7.6% or \$3,086 to \$37,499, due to decreasing costs of consultants engaged as Covid relief programs wind down.
- Grant income increased by 11.7% to \$245,742 due to the timing of various programs administered through the Authority, along with additional capitalization grant funding in the State Revolving Fund from the Environmental Protection Agency as part of the Bipartisan Infrastructure Law (BIL).
- Grants and aid expense decreased by 3.8%, a result of the timing of federal program grant receipts mentioned above.
- The Authority's net position increased 4.4% or \$60,578 to \$1,449,573.

Housing Agency Fund Assets and Deferred Outflows as of:



Iowa Finance Authority
(A Component Unit of the State of Iowa)
Management's Discussion and Analysis (Unaudited)
June 30, 2023

Housing Agency Fund Net Position (Dollars in thousands)				
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Assets:				
Cash and cash equivalents	\$ 605,251	\$ 474,023	\$ 131,228	27.7%
Mortgage-backed securities	1,089,412	904,935	184,477	20.4%
Investments	-	12,662	(12,662)	-100.0%
Housing agency loans	121,721	119,484	2,237	1.9%
Line of credit	19,617	23,882	(4,265)	-17.9%
Capital assets, net of accumulated depreciation	13,085	14,012	(927)	-6.6%
Other assets	52,354	41,481	10,873	26.2%
Total assets	<u>1,901,440</u>	<u>1,590,479</u>	<u>310,961</u>	<u>19.6%</u>
Deferred outflows	<u>3,562</u>	<u>3,791</u>	<u>(229)</u>	<u>-6.0%</u>
Total assets and deferred outflows	<u>\$ 1,905,002</u>	<u>\$ 1,594,270</u>	<u>\$ 310,732</u>	<u>19.5%</u>
Liabilities:				
Current liabilities	\$ 244,627	\$ 234,397	\$ 10,230	4.4%
Noncurrent liabilities	<u>1,306,132</u>	<u>996,599</u>	<u>309,533</u>	<u>31.1%</u>
Total liabilities	<u>1,550,759</u>	<u>1,230,996</u>	<u>319,763</u>	<u>26.0%</u>
Deferred inflows	<u>18,544</u>	<u>17,607</u>	<u>937</u>	<u>5.3%</u>
Total liabilities and deferred inflows	<u>1,569,303</u>	<u>1,248,603</u>	<u>320,700</u>	<u>25.7%</u>
Net position:				
Net investment in capital assets	13,085	14,012	(927)	-6.6%
Restricted net position	309,558	324,327	(14,769)	-4.6%
Unrestricted net position	<u>13,056</u>	<u>7,328</u>	<u>5,728</u>	<u>78.2%</u>
Total net position	<u>335,699</u>	<u>345,667</u>	<u>(9,968)</u>	<u>-2.9%</u>
Total liabilities, deferred inflows and net position	<u>\$ 1,905,002</u>	<u>\$ 1,594,270</u>	<u>\$ 310,732</u>	<u>19.5%</u>

Iowa Finance Authority
(A Component Unit of the State of Iowa)
Management's Discussion and Analysis (Unaudited)
June 30, 2023

Housing Agency Fund				
Revenues, Expenses, and Changes in Net Position				
(Dollars in thousands)				
	2023	2022	Change	%
Operating revenues:				
Interest income	\$ 50,844	\$ 31,167	\$ 19,677	63.1%
Gain on sale of mortgage-backed securities	661	3,150	(2,489)	-79.0%
Net increase (decrease) in fair value of investments and mortgage-backed securities	(38,852)	(101,038)	62,186	-61.5%
Fee income	18,059	25,354	(7,295)	-28.8%
Other income	1,707	1,707	-	0.0%
Total operating revenues	32,419	(39,660)	72,079	-181.7%
Operating expenses:				
Interest expense	32,889	18,884	14,005	74.2%
General and administrative	26,283	31,609	(5,326)	-16.8%
Provision (recoveries) for losses	738	(500)	1,238	247.6%
Total operating expenses	59,910	49,993	9,917	19.8%
Net operating income (loss)	(27,491)	(89,653)	62,162	-69.3%
Non-operating revenue (expense):				
Grant income	165,937	180,492	(14,555)	-8.1%
Grants and aid	(148,414)	(159,084)	10,670	-6.7%
Net non-operating revenue (expense)	17,523	21,408	(3,885)	-18.1%
Change in net position	(9,968)	(68,245)	58,277	-85.4%
Net position at beginning of year	345,667	413,912	(68,245)	-16.5%
Net position at end of year	\$ 335,699	\$ 345,667	\$ (9,968)	-2.9%

Financial Analysis – Housing Agency Fund 2023 (dollars in thousands)

- Assets and deferred outflows increased 19.5% or \$310,732 to \$1,905,002 due to the strategic goal of increasing the amount of MBS held and the receipt of federal program funding for emergency rental assistance and homeowner assistance programs.
- Liabilities and deferred inflows increased 25.7% or \$320,700 to \$1,569,303 with the issuance of bonds to purchase MBS and unspent federal program funding mentioned above.
- The Housing Agency issued debt with proceeds totaling \$385,516 to purchase MBS; and made bond payments of \$40,533.

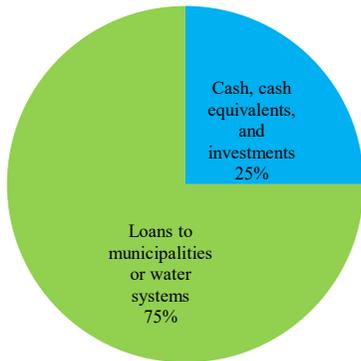
Series	Date	Proceeds	Rating
SF 2022 GHI	09/15/2022	\$ 99,999	AAA by S&P; Aaa by Moody’s
SF 2022 JK	12/14/2022	67,497	AAA by S&P; Aaa by Moody’s
SF 2023 AB	04/13/2023	84,998	AAA by S&P; Aaa by Moody’s
SF 2023 CD	06/27/2023	133,022	AAA by S&P; Aaa by Moody’s
Total		<u>\$ 385,516</u>	

See Note 5 - Bonds Payable for more detail on the Authority’s debt.

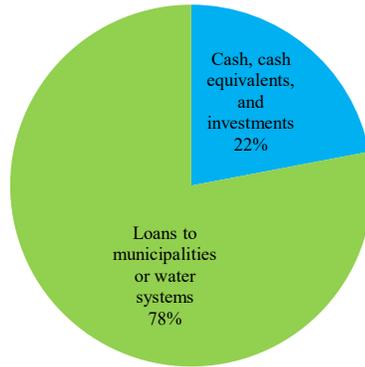
- Interest income increased by 63.1% to \$50,844 due to higher interest rates throughout the year on investments and cash balances.
- Gain on sale of MBS decreased 79.0% to \$661 due to lower MBS sales.
- Fair value of investments and MBS increased by \$62,186 due to higher short-term and long-term interest rates.
- Fee income decreased by 28.8% to \$18,059 due to lower volume in Iowa Title Guaranty.
- Interest expense increased 74.2% to \$32,889 due to the new debt issuances mentioned above, offset by interest reductions due to bond calls.
- General and administrative expenses decreased 16.8% to \$26,283 due to decreasing costs of consultants engaged as Covid relief programs wind down.
- Grant income decreased 8.1% to \$165,937 due to the timing of federal funding for various programs administered through the Authority.
- Grants and aid expense decreased 6.7%; a result of the timing of federal program grant receipts mentioned above.
- Net position decreased 2.9% or \$9,968 to \$335,699.

State Revolving Fund Assets and Deferred Outflows as of:

June 30, 2023
\$3.3 billion



June 30, 2022
\$3.0 billion



Iowa Finance Authority
(A Component Unit of the State of Iowa)
Management's Discussion and Analysis (Unaudited)
June 30, 2023

State Revolving Fund Net Position (Dollars in thousands)				
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Assets:				
Cash and cash equivalents	\$ 722,545	\$ 597,800	\$ 124,745	20.9%
Investments	91,386	68,394	22,992	33.6%
Loans to municipalities or water systems	2,463,530	2,336,832	126,698	5.4%
Other assets	7,502	4,850	2,652	54.7%
Total assets	<u>3,284,963</u>	<u>3,007,876</u>	<u>277,087</u>	<u>9.2%</u>
Deferred outflows	<u>3,106</u>	<u>5,638</u>	<u>(2,532)</u>	<u>-44.9%</u>
Total assets and deferred outflows	<u><u>\$ 3,288,069</u></u>	<u><u>\$ 3,013,514</u></u>	<u><u>\$ 274,555</u></u>	<u><u>9.1%</u></u>
Liabilities:				
Current liabilities	\$ 106,382	\$ 98,077	\$ 8,305	8.5%
Noncurrent liabilities	<u>2,059,517</u>	<u>1,871,766</u>	<u>187,751</u>	<u>10.0%</u>
Total liabilities	<u>2,165,899</u>	<u>1,969,843</u>	<u>196,056</u>	<u>10.0%</u>
Deferred inflows	<u>8,296</u>	<u>343</u>	<u>7,953</u>	<u>2318.7%</u>
Total liabilities and deferred inflows	<u>2,174,195</u>	<u>1,970,186</u>	<u>204,009</u>	<u>10.4%</u>
Net position:				
Restricted net position	<u>1,113,874</u>	<u>1,043,328</u>	<u>70,546</u>	<u>6.8%</u>
Total net position	<u>1,113,874</u>	<u>1,043,328</u>	<u>70,546</u>	<u>6.8%</u>
Total liabilities, deferred inflows and net position	<u><u>\$ 3,288,069</u></u>	<u><u>\$ 3,013,514</u></u>	<u><u>\$ 274,555</u></u>	<u><u>9.1%</u></u>

Iowa Finance Authority
(A Component Unit of the State of Iowa)
Management's Discussion and Analysis (Unaudited)
June 30, 2023

State Revolving Fund Revenues, Expenses, and Changes in Net Position (Dollars in thousands)				
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Operating revenues:				
Interest income	\$ 56,608	\$ 42,196	\$ 14,412	34.2%
Net (decrease) increase in fair value of investments	(316)	(1,612)	1,296	-80.4%
Fee income	7,468	7,114	354	5.0%
Total operating revenues	<u>63,760</u>	<u>47,698</u>	<u>16,062</u>	<u>33.7%</u>
Operating expenses:				
Interest expense	54,255	51,611	2,644	5.1%
General and administrative	11,216	8,976	2,240	25.0%
Recoveries of losses	(37)	(25)	(12)	48.0%
Total operating expenses	<u>65,434</u>	<u>60,562</u>	<u>4,872</u>	<u>8.0%</u>
Net operating income (loss)	<u>(1,674)</u>	<u>(12,864)</u>	<u>11,190</u>	<u>-87.0%</u>
Non-operating revenue (expense):				
Grant income	79,805	39,591	40,214	101.6%
Grants and aid	(7,585)	(2,994)	(4,591)	153.3%
Net non-operating revenue (expense)	<u>72,220</u>	<u>36,597</u>	<u>35,623</u>	<u>97.3%</u>
Change in net position	70,546	23,733	46,813	197.2%
Net position at beginning of year	1,043,328	1,019,595	23,733	2.3%
Net position at end of year	<u>\$ 1,113,874</u>	<u>\$ 1,043,328</u>	<u>\$ 70,546</u>	<u>6.8%</u>

Financial Analysis – State Revolving Fund 2023 (dollars in thousands)

- Assets and deferred outflows increased 9.1% or \$274,555 to \$3,288,069 due to the strategic goal of increasing loans to municipalities and water systems.
- Liabilities and deferred inflows increased by 10.4% or \$204,009 to \$2,174,195 in order to finance the additional loans mentioned above.
- The State Revolving Fund issued debt with proceeds totaling \$617,005; and made bond payments of \$356,540.

<u>Series</u>	<u>Date</u>	<u>Proceeds</u>	<u>Rating</u>
SRF 2022C	06/28/2023	\$ 36,000	No Rating (Private Placement with BofA)
SRF 2022D	09/15/2022	43,525	No Rating (Private Placement with BofA)
SRF 2023 AB	06/15/2023	390,977	Aaa by Moody's; AAA by Fitch
SRF 2023 C	06/15/2023	146,503	Aaa by Moody's; AAA by Fitch
Total		<u>\$ 617,005</u>	

See Note 5 - Bonds Payable for more detail on the Authority’s debt.

- Interest income increased 34.2% to \$56,608 due to higher interest rates throughout the year on investments and cash balances.
- Fee income increased 5.0% to \$7,468 due to the higher loan balances.
- Interest expense increased 5.1% to \$54,255 due to the higher bond balances.
- General and administrative expenses increased 25.0% to \$11,216 due to additional cost of issuance on the above referenced bond issues.
- Grant income increased 101.6% to \$79,805 due to additional capitalization grant funding from the Environmental Protection Agency as part of the Bipartisan Infrastructure Law (BIL), including Clean Water General Supplemental Capitalization Grants of \$26,490 and Drinking Water General Supplemental Capitalization Grants of \$31,350.
- Grants and aid expense increased 153.3% to \$7,585 due to additional subsidization requirements related to the BIL funding described above.
- As a result, net position increased 6.8% or \$70,546 to \$1,113,874.

Currently Known Facts, Decisions, or Conditions

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

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

At this time, the Authority is not aware of any other facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

Requests for Information

This financial report is designed to provide a general overview of the Iowa Finance Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Iowa Finance Authority
ATTN: Chief Financial Officer
1963 Bell Avenue, Suite 200
Des Moines, IA 50315

Iowa Finance Authority
(A Component Unit of the State of Iowa)
Statement of Net Position
(Dollars in thousands)
June 30, 2023

Assets	Housing Agency Fund	State Revolving Fund	Total
Current assets (substantially restricted):			
Cash and cash equivalents	\$ 605,251	\$ 722,545	\$ 1,327,796
Investments in mortgage-backed securities	28,021	-	28,021
Other investments	-	69,750	69,750
Loans to municipalities or water systems, net	-	169,163	169,163
Housing Agency loans, net	16,017	-	16,017
Line of credit receivable	19,617	-	19,617
Accrued interest receivable	4,818	5,968	10,786
Other current assets	2,271	1,534	3,805
Total current assets	<u>675,995</u>	<u>968,960</u>	<u>1,644,955</u>
Noncurrent assets (substantially restricted):			
Investments in mortgage-backed securities	1,061,391	-	1,061,391
Other investments	-	21,636	21,636
Loans to municipalities or water systems, net	-	2,294,367	2,294,367
Housing Agency loans, net	105,704	-	105,704
Capital assets, net of accumulated depreciation	13,085	-	13,085
Other noncurrent assets	45,265	-	45,265
Total noncurrent assets	<u>1,225,445</u>	<u>2,316,003</u>	<u>3,541,448</u>
Total assets	<u>1,901,440</u>	<u>3,284,963</u>	<u>5,186,403</u>
Deferred Outflows of Resources			
Other post employment benefits	385	19	404
Pension plan	1,030	80	1,110
Accumulated decrease in fair value of hedging derivatives	11	-	11
Loss on bond refunding	2,136	3,007	5,143
Total deferred outflows of resources	<u>3,562</u>	<u>3,106</u>	<u>6,668</u>
Liabilities			
Current liabilities:			
Bonds payable, net	49,992	77,195	127,187
Accrued interest payable	14,047	28,288	42,335
Escrow deposits	11,311	-	11,311
Unearned revenue	164,097	-	164,097
Accounts payable and other liabilities	5,180	899	6,079
Total current liabilities	<u>244,627</u>	<u>106,382</u>	<u>351,009</u>
Noncurrent liabilities:			
Bonds payable, net	1,298,839	2,059,218	3,358,057
Reserves for claims	1,778	-	1,778
Other liabilities	5,515	299	5,814
Total noncurrent liabilities	<u>1,306,132</u>	<u>2,059,517</u>	<u>3,365,649</u>
Total liabilities	<u>1,550,759</u>	<u>2,165,899</u>	<u>3,716,658</u>
Deferred Inflows of Resources			
Other post employment benefits	365	18	383
Pension plan	743	57	800
Accumulated increase in fair value of hedging derivatives	17,436	-	17,436
Gain on bond refunding	-	8,221	8,221
Total deferred inflows of resources	<u>18,544</u>	<u>8,296</u>	<u>26,840</u>
Net Position			
Net investment in capital assets	13,085	-	13,085
Restricted net position:			
Per bond resolutions	181,605	923,011	1,104,616
Per legislation	88,500	-	88,500
Per other agreements	39,453	190,863	230,316
Total restricted net position	<u>309,558</u>	<u>1,113,874</u>	<u>1,423,432</u>
Unrestricted net position	13,056	-	13,056
Total net position	<u>\$ 335,699</u>	<u>\$ 1,113,874</u>	<u>\$ 1,449,573</u>

Iowa Finance Authority
(A Component Unit of the State of Iowa)
Statement of Revenues, Expenses, and Changes in Net Position
(Dollars in thousands)
Year Ended June 30, 2023

	Housing Agency Fund	State Revolving Fund	Total
Operating revenues:			
Interest on mortgage-backed securities	\$ 35,209	\$ -	\$ 35,209
Interest on loans	4,688	41,501	46,189
Interest on investments	10,947	15,107	26,054
Gain on the sale of mortgage-backed securities	661	-	661
Net decrease in fair value of investments and mortgage-backed securities	(38,852)	(316)	(39,168)
Fee income	18,059	7,468	25,527
Other income	1,707	-	1,707
Total operating revenues	<u>32,419</u>	<u>63,760</u>	<u>96,179</u>
Operating expenses:			
Interest expense	32,889	54,255	87,144
General and administrative	26,283	11,216	37,499
Recoveries of losses	738	(37)	701
Total operating expenses	<u>59,910</u>	<u>65,434</u>	<u>125,344</u>
Net operating income (loss)	(27,491)	(1,674)	(29,165)
Non-operating revenue (expense):			
Grant income	165,937	79,805	245,742
Grants and aid	(148,414)	(7,585)	(155,999)
Net non-operating revenue (expense)	<u>17,523</u>	<u>72,220</u>	<u>89,743</u>
Change in net position	(9,968)	70,546	60,578
Net position at July 1, 2022	<u>345,667</u>	<u>1,043,328</u>	<u>1,388,995</u>
Net position at June 30, 2023	<u>\$ 335,699</u>	<u>\$ 1,113,874</u>	<u>\$ 1,449,573</u>

Iowa Finance Authority
(A Component Unit of the State of Iowa)
Statement of Cash Flows
(Dollars in thousands)
Year Ended June 30, 2023

	Housing Agency Fund	State Revolving Fund	Totals
Cash flows from operating activities:			
Cash receipts for fees and other income	\$ 19,592	\$ 7,458	\$ 27,050
Interest received on loans and mortgage-backed securities	38,139	39,703	77,842
Principal payments on loans and mortgage-backed securities	442,965	178,870	621,835
Purchase of loans and mortgage-backed securities	(688,031)	(312,118)	(1,000,149)
Proceeds on sale of mortgage-backed securities	27,479	-	27,479
Custodial deposits received	261,461	-	261,461
Custodial deposits disbursed	(262,597)	-	(262,597)
Cash payments for salaries and related benefits	(13,876)	(1,066)	(14,942)
Cash payments to suppliers	(16,671)	(10,814)	(27,485)
Net cash used in operating activities	<u>(191,539)</u>	<u>(97,967)</u>	<u>(289,506)</u>
Cash flows from noncapital financing activities:			
Proceeds from issuance of bonds	385,516	617,005	1,002,521
Repayment of bonds	(40,533)	(356,540)	(397,073)
Interest paid	(26,256)	(66,566)	(92,822)
Payments for cost of issuance	(3,517)	(3,215)	(6,732)
Receipts for grant programs	137,782	79,040	216,822
Payments for grant programs	(153,592)	(1,037)	(154,629)
Net cash provided by noncapital and related financing activities	<u>299,400</u>	<u>268,687</u>	<u>568,087</u>
Cash flows from investing activities:			
Purchases of investments	-	(119,455)	(119,455)
Interest received on investments	10,810	15,107	25,917
Sales/maturities of investments	12,769	58,373	71,142
Net cash provided by (used in) investing activities	<u>23,579</u>	<u>(45,975)</u>	<u>(22,396)</u>
Cash flows from capital financing activities:			
Purchase of capital assets	(212)	-	(212)
Net cash used in capital financing activities	<u>(212)</u>	<u>-</u>	<u>(212)</u>
Change in cash and cash equivalents	131,228	124,745	255,973
Cash and cash equivalents, beginning of year	474,023	597,800	1,071,823
Cash and cash equivalents, end of year	<u>\$ 605,251</u>	<u>\$ 722,545</u>	<u>\$ 1,327,796</u>
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$ (27,491)	\$ (1,674)	\$ (29,165)
Interest on investments	(10,947)	(15,107)	(26,054)
Interest on bonds	29,372	51,040	80,412
Payments for cost of issuance	3,517	3,215	6,732
Net decrease in fair value of investments and mortgage-backed securities	38,954	316	39,270
Provision for loan losses	2,055	-	2,055
Change in fair value of investment derivatives	(102)	-	(102)
Depreciation and loss on disposal of capital assets	1,139	-	1,139
Increase in loans and mortgage-backed securities	(218,249)	(133,248)	(351,497)
Increase in interest receivable on loans and mortgage-backed securities	(1,758)	(1,797)	(3,555)
Decrease in custodial deposits	(1,136)	-	(1,136)
Increase in other assets and deferred outflows	(9,066)	(105)	(9,171)
Increase (decrease) in accounts payable, other liabilities, and deferred inflows	2,173	(607)	1,566
Net cash used in operating activities	<u>\$ (191,539)</u>	<u>\$ (97,967)</u>	<u>\$ (289,506)</u>

Note 1 - Organization and Summary of Significant Accounting Policies

(a) Organization

The Iowa Finance Authority (the Authority) was created in 1975 under Chapter 16 of the Code of Iowa as a public instrumentality and agency of the State of Iowa (the State) to undertake programs that assist in attainment of adequate housing for low- or moderate-income families, elderly families, and families that include one or more persons with disabilities. The Authority is authorized and has issued bonds for these purposes, the proceeds of which are used to provide affordable mortgage financing. The bonds are payable, principally, from repayments of such mortgage loans. These obligations do not constitute a debt of the State and, consequently, the State is not liable for any repayments.

To further accomplish these purposes, the Authority is authorized to allocate federal low-income housing tax credits for qualified Multi-Family housing developments in the State. In addition, federal grants and certain other funds of the Authority are utilized through its various housing assistance programs to provide low-interest loans or grants to assist the homeless and low-income Iowans in obtaining adequate housing.

The Authority has contracted with the United States Department of Housing and Urban Development (HUD) to serve as contract administrator for Section 8 Housing Assistance Payment (HAP) contracts. The Authority disburses subsidy payments monthly to the Multi-Family projects and monitors the individual units and projects for compliance with HUD regulations.

Chapter 16 of the Code of Iowa authorizes the Private Activity Bond Program. The Authority is authorized and has issued revenue bonds under this program, the proceeds of which have been used to provide limited types of financing for qualified manufacturing facilities, nonprofit entities, and Multi-Family housing projects. The bonds have been assigned, without recourse, to participating financial institutions or to the trustee on behalf of bondholders. Neither the Authority nor the State is obligated to pay debt service on such bonds. Therefore, the loans and bonds are not recorded in the Authority's financial statements. For the year ended June 30, 2023, the Authority issued \$172.2 million of these conduit obligations, and \$14.9 billion since the inception of the program.

The Iowa Legislature created Iowa Title Guaranty (ITG), a division of the Iowa Finance Authority, in 1986 within Chapter 16 of the Code of Iowa. ITG offers guaranties of real property titles as an adjunct to Iowa's abstract-attorney's title opinion system, providing a low-cost mechanism for guaranties of real-property titles to facilitate mortgage lenders' participation in the secondary market. ITG's mission also includes protecting the integrity of Iowa's land-title transfer system and supporting affordable housing by transferring all revenues in excess of operating expenses and adequate reserves to the Authority's housing assistance fund.

ITG is self-supporting and charges premiums sufficient to cover the program's operating costs, including payment of administrative costs and the maintenance of an adequate reserve against claims. An ITG title certificate, closing protection letter or gap coverage is an obligation of ITG only. All ITG claims, including those related to the mortgage release program, are payable solely out of the assets and revenues of ITG and are not an indebtedness of the State of Iowa and, consequently, the State is not liable for any repayments.

Chapter 455B and Chapter 16 of the Code of Iowa authorize the Authority, jointly and in cooperation with the Iowa Department of Natural Resources (DNR), to undertake the creation, administration and financing of the Iowa Water Pollution Control Works Financing Program (the Clean Water State Revolving Fund (CWSRF) Program) and the Iowa Drinking Water Facilities Financing Program (the Drinking Water State Revolving Fund (DWSRF) Program). These programs were created to implement provisions of federal legislation. The U.S. Environmental Protection Agency (EPA) makes annual capitalization grants to states for these programs. The Authority is authorized and has issued revenue bonds to meet the 20% State match required to receive the base capitalization grants and provide additional funds to make loans to finance all or part of the construction of wastewater and drinking water facilities.

In 2021, Congress passed the Infrastructure Investment and Jobs Act (“IIJA”), otherwise known as the Bipartisan Infrastructure Law (“BIL”), allowing states to receive additional capitalization grants under the Clean Water Act and Safe Drinking Water Act. The BIL supplemental capitalization grants for federal fiscal years 2022, 2023, and 2024 are subject to a ten percent (10%) State match requirement. BIL supplemental capitalization grants for federal fiscal years 2025 and 2026 will be subject to a twenty percent (20%) State match requirement. The Authority is further authorized to issue and has issued revenue bonds to meet the State match required to receive the BIL supplemental capitalization grants. The bonds are limited obligations of the Authority payable solely from repayments of the loans and other assets and revenues pledged under the applicable bond indentures. The obligations do not constitute a debt of the State or a general obligation of the Authority.

The Iowa Agriculture Development Authority (IADA) became a division of the Authority effective July 1, 2013. It is now called the Iowa Agricultural Development Division (IADD). The Authority received all assets, liabilities and net position of the IADA. Chapter 16 of the Code of Iowa authorizes the Authority to issue bonds for the purpose of financing loans to beginning farmers. These obligations do not constitute a general obligation of the Authority or the State. Therefore, the bonds are not recorded in the Authority’s financial statements. For the year ended June 30, 2023, the IADD issued \$17.5 million of these conduit obligations, and \$656.1 million since the inception of the program.

The Authority is a component unit of the State. The Authority’s financial statements are included in the State’s annual comprehensive financial report.

(b) Basis of Presentation

The financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance with the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

(c) Fund Accounting

The Authority’s accounts are organized as major funds, each of which is a separate set of self-balancing accounts for the assets, liabilities, net position, revenues, and expenses of the Authority’s programs. The Authority presents two major funds: (1) Housing Agency Fund, and (2) State Revolving Fund (SRF).

The following describes the nature of the major funds currently maintained by the Authority:

Housing Agency Fund – Consists of:

- i. General Operating Accounts – account for the administrative operations of the Authority, receipts of various program fees, HUD contract administration fees, transfers to or from various bond accounts in accordance with applicable bond resolutions, income and expenses for facility operations, and administrative expenses of the Authority.
- ii. Single-Family Bond Programs – account for the proceeds from bonds issued under the Single-Family Mortgage Bond Resolution and the Single-Family Mortgage Revenue Bond Resolution, the debt service requirements of the bonds, the investment of moneys held within the bond accounts, the related loans, and mortgage-backed securities. The bonds within the Single-Family Mortgage Bond Resolution are general obligations of the Authority but are primarily payable from assets and revenues pledged under the bond resolution. The bonds within the Single-Family Mortgage Revenue Bond Resolution are not a general obligation of the Authority but are limited obligations payable solely from the sources provided in this Resolution.

- iii. Multi-Family Bond Programs – account for the proceeds from bonds issued under the Multi-Family Housing Bonds Master Trust Indenture, the debt service requirements of the bonds, the investment of moneys held within the bond accounts, and the related loans. The bonds within the Multi-Family programs are general obligations of the Authority but are primarily payable from assets and revenues pledged under the bond resolutions.
- iv. Federal and State Programs – account for federal grants or State appropriations received and moneys transferred from ITG, all specifically restricted or committed for uses in accordance with applicable legislation or grant agreements.
- v. Iowa Agricultural Development Division – accounts for the administrative operations of IADD made up of receipts of various program fees and administrative expenses.
- vi. Iowa Title Guaranty Division – accounts for the fees charged for title guaranty certificates, endorsement, and closing protection letters and the administrative costs and claims paid by ITG. Moneys in this account, after providing for adequate reserves and operating expenses, are transferred to the Housing Assistance Program.

State Revolving Fund (SRF) – Consists of:

- i. Clean Water Program Accounts – account for the proceeds of Clean Water Program revenue bonds, the debt service requirements of the bonds, the investment of moneys held within the bond accounts and the equity account, receipt of EPA capitalization grants, the related wastewater treatment facility loans to municipalities, and administrative costs of the program. The bonds are secured by certain loan agreements and other assets and revenues pledged under the applicable bond indentures for the SRF.
- ii. Drinking Water Program Accounts – account for the proceeds of Drinking Water Program revenue bonds, the debt service requirements of the bonds, the investment of moneys held within the bond accounts and the equity account, receipt of EPA capitalization grants, the related drinking water facility loans to Iowa drinking water systems, and administrative costs of the program. The bonds are secured by certain loan agreements and other assets and revenues pledged under the applicable bond indentures for the SRF.

(d) Substantially Restricted Assets

Virtually all assets of the Authority are either specifically pledged to bondholders, held on behalf of various federal and state programs, held in escrow accounts, or pledged in connection with the general obligation of the Authority.

(e) Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with original maturity of three months or less from the date of purchase are considered to be cash equivalents. These investments include the moneys deposited in the State’s interest-bearing pooled money funds, investment agreements associated with bond issues, and various money market funds.

(f) Investments

Under the various bond resolutions, State statutes, and the Authority’s investment policy, the Authority may invest in U.S. government and agency securities, and municipal obligations directly or through repurchase agreements secured by such obligations, certificates of deposit in qualified financial institutions, pooled money funds with the State, commercial paper with qualified corporations, and investment agreements with U.S. government agencies, qualified financial institutions, or qualified corporations.

Investments and mortgage-backed securities are recorded at fair value in the statement of net position, with the change in the fair value recorded in the statement of revenues, expenses, and changes in net position.

(g) Loans to Municipalities or Water Systems, Net

Loans to municipalities or water systems are recorded at their unpaid principal balance, net of allowance for loans losses, within the SRF. The loans generally have terms of 20 to 30 years and are intended to be held to maturity. The loans are pledged as collateral for the bonds outstanding. Each municipality or water system has entered into a loan agreement with the Authority and has evidenced its commitment to repay the loan by issuing a revenue obligation or a general obligation to the Authority.

(h) Housing Agency Loans, Net

The Authority receives federal funds to make housing loans in connection with various federal programs for the State. These funds must be repaid to the federal government in the event of failure of the project. Loan repayments must remain within the program and be immediately loaned or granted to program recipients based upon the rules of the program.

Other Housing Agency loans are recorded at their unpaid principal balance, net of allowance for loan losses. The loans are intended to be held to maturity and are secured by first or second mortgages, other types of collateral, or are unsecured.

(i) Provision for Loan Losses

An evaluation of possible credit losses related to housing loans made with federal funds is made and a provision for losses is charged to grant expense. An allowance for losses of \$96.2 million was netted against housing loans made with federal funds at June 30, 2023.

An evaluation of possible credit losses relating to other Housing Agency loans is made and a provision for losses is charged to provision (recoveries) of loan losses. An allowance for losses of \$3.1 million was netted against other Housing Agency loans at June 30, 2023.

An evaluation of possible credit losses relating to loans to municipalities or water systems is made and a provision for losses is charged to provision (recoveries) of loan losses or grant expense. An allowance for losses of \$13.5 million was netted against loans to municipalities or water systems at June 30, 2023.

(j) Line of Credit Receivable

On March 1, 2023, the Authority renewed a \$45.0 million line of credit with its master servicer, Idaho Housing and Finance Association. The master servicer will draw on the line of credit to purchase qualified mortgage loans from the Authority's participating lenders. The Authority receives a first security position on the qualified mortgage loans as collateral. Unpaid balances on the line of credit bear interest at a rate equal to that of the qualified mortgage loans purchased, less a small spread. The line of credit expires on December 31, 2023. As of June 30, 2023, the balance outstanding was \$19.6 million.

(k) Capital Assets

Furniture, fixtures, and office equipment that exceed \$5.0 thousand individually, or groups of similar assets less than \$5.0 thousand individually but more than \$10.0 thousand in total, are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years.

Real estate purchased is recorded at cost. Land is recorded at net tax value at the time of the purchase and is not depreciated. Reasonable estimates are used to assign cost to major components and depreciated using the straight-line method over the useful lives of the assets of 15 years. The remaining cost was assigned to the building and depreciated using the straight-line method over 40 years.

(l) Deferred Down Payment Assistance

Down payment grant assistance paid in connection with the Authority's Single-Family Program is deferred and amortized over 10 years. As of June 30, 2023, there was a balance of \$9.4 million included in other assets.

(m) *Deferred Service Release Premium*

Service release premium is paid to the loan originator in connection with the Authority's Single-Family Program and amortized over the life of the loan. As of June 30, 2023, there was a balance of \$19.2 million included in other assets.

(n) *Bond Issuance Costs*

Bond issuance costs are expensed in the period incurred.

(o) *Bond Premiums, Discounts, and Gains and Losses on Refunding*

Bond premiums and discounts are amortized as an adjustment to interest expense over the life of the related bond issues using the bonds outstanding method. Gains and losses on bond refunding are recorded as deferred inflows of resources or deferred outflows of resources, respectively, and are deferred and amortized as an adjustment to interest expense over the shorter of the remaining life of the refunded bonds or the new bonds using the bonds outstanding method.

(p) *Custodial Deposits*

ITG holds custodial deposits in relation to its commercial title guaranty, escrow and closing services. These funds are reported in the statement of net position of business-type activities and are expected to be held less than three months.

(q) *Escrow Deposits*

The Authority collects funds to pay property insurance, real estate taxes, and reserves in connection with certain housing loans. In addition, ITG serves as escrow agent in connection with commercial real estate transactions.

(r) *Reserves for Claims*

ITG maintains a liability for claims exposure on title guaranties due to title defects. A known claims reserve is provided for all claims in which ITG reasonably believes payment will be owed. The known claims reserve is set in the amount of the reasonably anticipated loss and expenses. In addition, an unallocated claims reserve, which includes incurred but not reported (IBNR) reserve and unallocated loss adjustment expenses (ULAE) reserve, is provided based on an annual actuarial valuation that considers coverage amounts, claims history, and other economic factors. Changes in reserves are charged or credited to operating expenses. At June 30, 2023, known claims reserve and unallocated claims reserve were \$320 thousand and \$1.46 million, respectively.

(s) *Rebates Owed*

The amount of investment income the Authority may earn and retain on the proceeds of bonds issued in 1982 and after is limited by federal legislation. Earnings in excess of the allowable amount must be rebated to either the mortgagors or the U.S. Treasury. At June 30, 2023, \$81.0 thousand of such excess earnings are recorded as other liabilities on the statement of net position.

(t) *Unearned Revenue*

Compliance monitoring fees received by the Authority at the time a Low-Income Housing Tax Credit (LIHTC) project is placed in service are deferred and used to defray the administrative expenses of the Authority for annually monitoring the project's continued compliance with federal regulations. These fees are amortized over the 15-year compliance period. At June 30, 2023, \$255.0 thousand of such unearned revenue is recorded.

In addition, grant funds received, that would revert if not spent, are recorded as unearned revenue. On June 30, 2023, the Authority held \$56.1 million of unspent Emergency Rental Assistance (ERA1) funds for a rent and utility assistance program that ended during the 2023 fiscal year. The Authority held unspent ERA2 funds of \$54.6 million for rapid rehousing, refugee resettlement and coordinated entry programs. There is an additional \$53.2 million of unspent Homeowner Assistance Funds and Water Infrastructure Funds (from American Rescue Plan Act), for a total of \$163.9 million in unearned revenue related to grant funds received.

(u) Pensions

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

(v) Net Position

Restricted net position represents net position set aside, as required by the various bond resolutions, for the benefit of the respective bond owners. Assets related to such restricted net position include required reserves, loans or mortgage-backed securities (MBS), assets held for placement into loans or MBS, investments, and assets held for scheduled debt service. Restricted net position also represents net position specifically restricted for uses in accordance with applicable legislation, including ITG and the Federal and State Programs. It is the Authority's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Restricted net position also represents net position restricted for use by other agreements including loans and accounts held under the Clean Water Program accounts and the Drinking Water Program accounts, which are restricted pursuant to the Master Trust Agreement and federal laws or regulations.

Unrestricted net position provides additional security for the Authority's general obligations and coverage of the Authority's administrative costs. Unrestricted net position is available to meet commitments listed under Note 10 - Commitments and Contingencies.

(w) Classification of Revenues and Expenses

The Authority distinguishes operating revenues and expenses from non-operating items. The principal operating revenues are interest income on loans, MBS, and investments; gain on the sale of MBS; change in fair value of investments, MBS, and investment derivative instruments; and fees received in connection with ITG, administration of the U.S. Department of Housing and Urban Development's Section 8 Housing Assistance Payments program and Low-Income Housing Tax Credit programs. Operating expenses include interest expense; general and administrative expenses; and provisions for loan losses. All revenues and expenses not meeting this definition are reported as non-operating.

The Authority's non-operating revenues and expenses consist, primarily, of the U.S. Environmental Protection Agency's capitalization grants for the SRF programs; Section 8 Project HAP Program; pass-through amounts related to the Department of Housing and Urban Development's grants for the Home Investment Partnerships Program, Housing Opportunities for Persons with AIDS, Emergency Solutions Grant programs, and the National Housing Trust Fund; Department of the Treasury Covid-19-related grant programs; and pass-through grants from the Iowa legislature for down-payment assistance to returning active duty military personnel; homeless shelter operating grants; rent subsidy programs; wastewater and drinking water grants; transfers between programs; and other items incurred outside the normal operations of the Authority.

(x) Gain on Sale of Mortgage-Backed Securities (MBS)

The Authority participates in the GNMA, FNMA, and FHLMC MBS programs whereby GNMA, FNMA or FHLMC guaranties securities that are backed by pools of mortgage loans. Gains on sales of MBS are recorded at the time of settlement and represent the difference between the sale price of the MBS and the carrying value of the underlying pool of mortgages backing them.

(y) Fee Income

The Authority receives fee income from program users to cover the cost of the program administration. Fee income is recorded in the period earned. Fees collected in the current period for future services are amortized over the life of the service period. Major sources of fee income are ITG fees, SRF loan fees, Section 8 Housing Assistance Payments program administration fees, low-income housing tax credit fees, and service acquisition fees in connection with the Authority's Single-Family Programs.

(z) Grant Income

The Authority receives grant income from various sources to cover the cost of program administration and for further distribution to sub-grantees. Major sources of grant income are the Environmental Protection Agency's grants for the Authority's Clean Water Program and Drinking Water Program; the Department of Housing and Urban Development's grants for the Authority's Home Investment Partnerships Program, Housing Opportunities for Persons with AIDS, Emergency Solutions Grant Program, National Housing Trust Fund, and Section 8 Project Housing Assistance Payments Program; the U.S. Department of Treasury Covid-19-related grants; and the Iowa legislature for down-payment assistance to returning active duty military personnel, homeless shelter operating grants, water quality grants, and disaster recovery programs. Grant income is recorded when all eligibility requirements have been met. Grant funds received in advance of meeting eligibility requirements are recorded as a liability as unearned revenue.

(aa) Derivatives

The Authority uses derivative financial instruments to manage and reduce exposure to adverse fluctuations in interest rates and to lower the overall cost of financing. All derivative financial instruments are recorded at fair value. Certain of the Authority's derivatives consist of interest rate swap and interest rate cap agreements entered into in connection with its issuance of variable rate mortgage revenue bonds. These derivative financial instruments are considered hedging derivative instruments and are recorded as other assets or other liabilities on the statement of net position.

The Authority's additional derivative financial instruments are commitments to purchase mortgage-backed securities. These derivative financial instruments consist of forward sales of MBS in the To-Be-Announced (TBA) market, which hedge changes in the fair value of the mortgage loan inventory and commitments. These contracts are considered investment derivative instruments and are recorded as other assets or other liabilities on the statement of net position.

The Authority reports hedging derivative instruments' accumulated change in fair value as either deferred inflows or deferred outflows of resources. The Authority reports investment derivative instruments' accumulated changes in fair value as part of the net increase/decrease in fair value of investments within the statement of revenues, expenses, and changes in net position.

(bb) Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(cc) Income Taxes

The Authority is a tax-exempt, quasi-governmental organization under IRC Section 115(l). Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Note 2 - Cash, Cash Equivalents and Investments

The following table presents the detail of cash and cash equivalents, investments, and investments in MBS (dollars in thousands):

	June 30, 2023				Average Maturity (years)
	Housing Agency Fund	State Revolving Fund	Total	% of total	
Cash and cash equivalents					
Cash in banks	\$ 174,505	\$ 32,618	\$ 207,123	8%	
Cash in the State Treasurer's pooled money account	84,070	-	84,070	3%	
Money market funds	346,676	689,927	1,036,603	41%	
Total	<u>605,251</u>	<u>722,545</u>	<u>1,327,796</u>	<u>52%</u>	
Investments					
Certificate of deposit State and Local Government Series (SLGS) securities	-	461	461	0%	1.73
U.S. government agency securities	-	36,000	36,000	1%	2.50
Municipal securities	-	32,336	32,336	1%	1.12
U.S. Treasury securities	-	10,607	10,607	1%	2.23
Total	<u>-</u>	<u>91,386</u>	<u>91,386</u>	<u>4%</u>	
Investments in MBS					
GNMA mortgage-backed securities	578,891	-	578,891	23%	23.18
FNMA mortgage-backed securities	392,818	-	392,818	16%	23.24
FHLMC mortgage-backed securities	117,703	-	117,703	5%	27.78
Total	<u>1,089,412</u>	<u>-</u>	<u>1,089,412</u>	<u>44%</u>	
Total	<u>\$ 1,694,663</u>	<u>\$ 813,931</u>	<u>\$ 2,508,594</u>	<u>100%</u>	

(a) Deposits

The Housing Agency's deposits held in financial institutions throughout the year were entirely covered by the Federal Deposit Insurance Corporation or by the bank assessment provisions of Section 12C.22 of the Code of Iowa. The SRF waives the provisions of Section 12C.22 and has uninsured bank balances of \$32.6 million as of June 30, 2023.

(b) Investments

The investment of funds may be governed by the Authority’s investment policy approved by the Authority’s Board of Directors, the Authority’s various bond indentures, and the State. Permitted investments include direct obligations of, or obligations guaranteed by or issued by, certain agencies of the federal government of the United States of America; repurchase agreements fully collateralized and secured by the U.S. Treasury; corporate bonds issued or guaranteed by a domestic U.S. corporation meeting certain credit rating standards; municipal bonds backed by the full faith and credit of the municipality; pooled money funds; money market funds; certificates of deposits; commercial paper with qualified corporations; and guaranteed investment contracts with financial institutions meeting certain credit rating standards.

(c) Credit Risk

Credit risk is the risk that an issuer or counterparty will not fulfill their obligation to the Authority. Custodial credit risk is if a depository institution fails it may not return the Authority’s deposits.

The Authority minimizes credit risk by limiting securities to the credits and types of investments authorized in the investment policy or relevant bond indentures and prequalifying the financial institutions, brokers, dealers, and advisers with whom the Authority does business, as outlined in the Authority’s investment policy.

(d) Concentration Risk

Concentration risk is the risk of loss that may be attributed to the magnitude of an investment in a single type of security or single issuer. The Authority’s investment policy outlines the allowable concentrations of various investment categories. Bond indentures restrict the types of permitted investments. Portfolio maturities are staggered to avoid undue concentration of assets within a specific maturity period, which provides for stability of income and reasonable liquidity.

The table below addresses credit risk and concentration risk of investments (dollars in thousands):

Type/Provider	Credit ratings		June 30, 2023			
	S&P	Moody’s	Housing Agency Fund	% of Total	State Revolving Fund	% of Total
Money market funds:						
Morgan Stanley	AAAm	Aaa-mf	\$ 29,390	2.0%	\$ -	0.0%
BlackRock	AAAm	Aaa-mf	-	0.0%	600,410	76.8%
Goldman Sachs Group	AAAm	Aaa-mf	317,286	22.1%	89,517	11.5%
Certificates of deposit	NR	NR	-	0.0%	461	0.1%
SLGS securites	A-1+	P-1	-	0.0%	36,000	4.6%
U.S. government agency securities	AA+	Aaa	-	0.0%	32,336	4.1%
U.S. Treasury securities	AA+	Aaa	-	0.0%	11,982	1.5%
Municipal securities	AA to AAA	Aa2 to Aaa	-	0.0%	10,607	1.4%
Mortgage-backed securities:						
GNMA	NR	NR	578,891	40.3%	-	0.0%
FNMA	NR	NR	392,818	27.4%	-	0.0%
FHLMC	NR	NR	117,703	8.2%	-	0.0%
Total			<u>\$ 1,436,088</u>	<u>100.0%</u>	<u>\$ 781,313</u>	<u>100.0%</u>

(e) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the fair value of the Authority's investments. The Authority's strategy, as discussed in its investment policy, is to minimize interest rate risk by structuring investment portfolios so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

(f) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Authority has no positions in foreign currency or any foreign currency denominated investments.

Note 3 - Loans

Loans at June 30, 2023, are as follows (dollars in thousands):

	Cost	2023 Allowance for losses	Net
Housing Agency Loans			
Loans secured with first mortgages	\$ 59,094	\$ (1,827)	\$ 57,267
Loans secured with second mortgages, other collateral, or unsecured	246	(12)	234
Single-Family second mortgage loans	21,475	(215)	21,260
State program loans	17,606	(1,065)	16,541
Federal program loans	122,629	(96,210)	26,419
Total Housing Agency Fund Loans	<u>\$ 221,050</u>	<u>\$ (99,329)</u>	<u>\$ 121,721</u>
State Revolving Fund Loans			
Loans backed by municipal bonds	\$ 2,420,229	\$ (1,226)	\$ 2,419,003
Unsecured planning and design loans	27,885	-	27,885
Unsecured nonpoint source loans	16,642	-	16,642
Forgivable portion of SRF loans	12,323	(12,323)	-
Total State Revolving Fund Loans	<u>\$ 2,477,079</u>	<u>\$ (13,549)</u>	<u>\$ 2,463,530</u>

Note 4 - Capital Assets

Capital assets at June 30, 2023, are as follows (dollars in thousands):

	Balance at July 1, 2022	Additions and Transfers	Disposals and Reductions	Balance at June 30, 2023
Non-depreciable assets:				
Land	\$ 886	\$ -	\$ -	\$ 886
Construction in progress	-	47	-	47
Total non-depreciable assets	<u>886</u>	<u>47</u>	<u>-</u>	<u>933</u>
Depreciable assets:				
Buildings and improvements	14,584	178	-	14,762
Land improvements	700	-	-	700
Office equipment and vehicles	605	-	(14)	591
Total depreciable assets	<u>15,889</u>	<u>178</u>	<u>(14)</u>	<u>16,053</u>
Less accumulated depreciation:	(2,763)	(1,142)	4	(3,901)
Total Capital Assets-Net	<u>\$ 14,012</u>	<u>\$ (917)</u>	<u>\$ (10)</u>	<u>\$ 13,085</u>

Note 5 - Bonds Payable

Outstanding bonds payable at June 30, 2023, are as follows (dollars in thousands)

Description	Original amount	Due dates		Interest rate		Balance 2023
		From	To	From	To	
Housing Agency Bonds and Notes:						
SF 1991 Mortgage Bonds						
SF 2014 B-1 - Term Bonds	D \$ 1,525		02/01/44	3.500		\$ 132
SF 2014 B-2 - Term Bonds	D 11,895		09/01/36	3.050		2,090
SF 2015 A - Term Bonds	40,610		01/01/40	3.500		1,090
SF 2015 B - Term Bonds	40,000		01/01/46	3.950	*	38,700
SF 2016 A - Term Bonds	20,615		07/01/46	4.000		3,540
SF 2016 B - Term Bonds	20,000		07/01/46	3.950	*	20,000
SF 2016 C - Serial Bonds	19,095	07/01/23	07/01/25	2.300	2.600	4,740
SF 2016 D - Serial Bonds	12,125	07/01/23	07/01/26	1.800	2.300	4,970
SF 2016 D - Term Bonds	17,635		07/01/46	3.500		5,045
SF 2016 E - Term Bonds	15,000		07/01/46	3.950	*	14,690
SF 2017 A - Serial Bonds	11,410	07/01/23	07/01/25	2.250	2.600	3,095
SF 2017 A - Term Bonds	17,330		07/01/47	4.000		6,120
SF 2017 B - Term Bonds	7,500		07/01/47	3.950	*	7,500
SF 2017 C - Serial Bonds	17,265	07/01/23	01/01/28	1.800	2.600	8,155
SF 2017 C - Term Bonds	22,210		01/01/47	3.500		8,880
SF 2017 D - Term Bonds	17,500		01/01/47	3.950	*	17,500
SF 2018 A - Serial Bonds	13,635	07/01/23	01/01/24	2.450	2.550	1,205
SF 2018 A - Term Bonds	19,630		07/01/47	4.000		9,495
SF 2018 B - Term Bonds	20,000		07/01/47	3.950	*	20,000
SF 2018 C - Serial Bonds	7,960	07/01/24	07/01/24	2.500	2.500	205
SF 2018 C - Term Bonds	17,425		07/01/48	4.000		9,680
SF 2018 D - Term Bonds	15,000		07/01/48	3.950	*	15,000
SF 2019 A - Serial Bonds	2,065	01/01/30	01/01/30	2.600	2.600	835
SF 2019 A - Term Bonds	35,910		07/01/47	4.000		25,150
SF 2019 B - Term Bonds	20,000		07/01/47	3.950	*	20,000
SF 2019 D - Serial Bonds	19,280	07/01/24	07/01/32	1.400	2.300	19,280
SF 2019 D - Term Bonds	4,440		07/01/34	2.450		4,440
SF 2019 D - Term Bonds	6,620		07/01/37	2.600		6,620
SF 2019 D - Term Bonds	34,055		01/01/49	3.500		25,460
SF 2019 E - Term Bonds	15,000		01/01/49	3.950	*	15,000
SF 2019 F - Serial Bonds	7,085	07/01/23	01/01/24	2.010	2.050	1,885
SF 2020 A - Serial Bonds	10,265	07/01/28	07/01/32	1.750	2.200	10,625
SF 2020 A - Term Bonds	5,070		01/01/35	2.500		5,070
SF 2020 A - Term Bonds	29,205		01/01/50	3.750		22,315
SF 2020 B - Term Bonds	20,000		07/01/49	3.950	*	20,000
SF 2020 C - Serial Bonds	15,500	07/01/23	01/01/28	1.900	2.450	10,695
SF 2020 D - Serial Bonds	10,000	01/01/27	07/01/32	1.200	1.900	10,000
SF 2020 D - Term Bonds	3,835		07/01/35	2.000		3,835
SF 2020 D - Term Bonds	8,160		07/01/40	2.200		8,160
SF 2020 D - Term Bonds	20,825		07/01/50	3.250		17,290
SF 2020 E - Term Bonds	15,000		07/01/49	3.950	*	15,000
SF 2020 F - Serial Bonds	8,000	07/01/23	01/01/27	0.875	1.550	5,205
SF 2021 A - Serial Bonds	35,160	07/01/23	07/01/33	0.300	1.750	31,135
SF 2021 A - Term Bonds	7,185		07/01/35	1.850		7,185
SF 2021 A - Term Bonds	9,395		07/01/38	1.900		7,515
SF 2021 A - Term Bonds	31,455		01/01/47	3.000		27,350
SF 2021 B - Serial Bonds	22,830	07/01/23	07/01/33	0.250	1.950	22,640
SF 2021 B - Term Bonds	8,725		07/01/36	2.000		8,725
SF 2021 B - Term Bonds	16,315		07/01/41	2.200		16,315
SF 2021 B - Term Bonds	15,125		07/01/45	2.350		13,670
SF 2021 B - Term Bonds	29,085		07/01/51	3.000		27,420
SF 2021 C - Serial Bonds	5,000	07/01/23	07/01/24	0.400	0.600	2,635
SF 2021 D - Serial Bonds	19,035	01/01/27	07/01/33	1.650	5.000	19,035
SF 2021 D - Term Bonds	8,445		07/01/36	2.000		8,445
SF 2021 D - Term Bonds	4,825		07/01/38	2.100		4,825
SF 2021 D - Term Bonds	36,765		07/01/51	3.000		35,800
SF 2021 E - Term Bonds	D 20,000		07/01/51	4.350	**	20,000
SF 2021 F - Serial Bonds	10,500	07/01/23	07/01/26	0.400	1.100	8,275

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Description	Original amount	Due dates		Interest rate		Balance 2023
		From	To	From	To	
SF 2022 A - Serial Bonds	10,025	07/01/23	07/01/33	0.450	5.000	18,910
SF 2022 A - Term Bonds	2,105		07/01/30		1.800	2,105
SF 2022 A - Term Bonds	1,585		07/01/34		2.200	1,585
SF 2022 A - Term Bonds	4,945		07/01/37		2.300	4,945
SF 2022 A - Term Bonds	4,665		07/01/40		2.450	4,665
SF 2022 A - Term Bonds	28,325		01/01/52		3.000	28,060
SF 2022 B - Term Bonds	20,000		01/01/52		3.950 *	20,000
SF 2022 C - Term Bonds	16,123		01/01/53		2.500	13,293
SF 2022 D - Serial Bonds	9,530	01/01/31	07/01/34	3.500	3.850	9,530
SF 2022 D - Term Bonds	5,960		07/01/37		3.900	5,960
SF 2022 D - Term Bonds	14,090		07/01/42		4.050	14,090
SF 2022 D - Term Bonds	33,825		07/01/52		4.000	33,825
SF 2022 E - Term Bonds	20,000		01/01/52		3.950 *	20,000
SF 2022 F - Serial Bonds	15,000	07/01/23	01/01/31	2.850	4.250	14,480
SF 2022 G - Serial Bonds	10,860	07/01/29	07/01/34	3.000	3.700	10,860
SF 2022 G - Term Bonds	5,610		07/01/37		3.850	5,610
SF 2022 G - Term Bonds	11,430		07/01/42		4.100	11,430
SF 2022 G - Term Bonds	4,830		07/01/44		4.150	4,830
SF 2022 G - Term Bonds	32,075		07/01/52		5.000	32,075
SF 2022 H - Term Bonds	20,000		01/01/52		4.000 *	20,000
SF 2022 I - Serial Bonds	12,500	07/01/23	07/01/29	3.480	4.030	12,500
SF 2022 J - Serial Bonds	4,035	07/01/31	07/01/34	4.200	4.500	4,035
SF 2022 J - Term Bonds	4,815		07/01/37		4.700	4,815
SF 2022 J - Term Bonds	10,525		07/01/42		4.950	10,525
SF 2022 J - Term Bonds	17,190		07/01/48		5.100	17,190
SF 2022 J - Term Bonds	21,950		07/01/52		6.000	21,950
SF 2022 K - Serial Bonds	7,500	07/01/23	07/01/31	4.550	5.350	7,500
SF 2023 A - Serial Bonds	5,850	01/01/30	07/01/35	3.600	4.050	5,850
SF 2023 A - Term Bonds	1,710		07/01/33		3.900	1,710
SF 2023 A - Term Bonds	1,815		07/01/34		4.000	1,815
SF 2023 A - Term Bonds	6,545		07/01/38		4.450	6,545
SF 2023 A - Term Bonds	13,940		07/01/43		4.750	13,940
SF 2023 A - Term Bonds	19,360		07/01/48		4.900	19,360
SF 2023 A - Term Bonds	26,820		07/01/53		5.250	26,820
SF 2023 B - Serial Bonds	6,415	01/01/24	01/01/30	5.010	5.320	6,415
SF 2023 B - Term Bonds	1,085		01/01/26		5.090	1,085
SF 2023 C - Serial Bonds	12,545	01/01/30	07/01/33	3.600	3.950	12,545
SF 2023 C - Term Bonds	8,065		01/01/35		4.150	8,065
SF 2023 C - Term Bonds	10,835		07/01/38		4.450	10,835
SF 2023 C - Term Bonds	20,420		07/01/43		4.850	20,420
SF 2023 C - Term Bonds	34,015		07/01/50		4.950	34,015
SF 2023 C - Term Bonds	30,415		07/01/53		5.500	30,415
SF 2023 D - Serial Bonds	15,000	07/01/24	01/01/30	4.900	5.250	15,000
Premium						33,070
Total SF 1991 Mortgage Bonds	<u>1,519,858</u>					<u>1,312,340</u>
SF 2009 Mortgage Revenue Bonds						
SF 2013 2 Term Bonds	15,000		07/01/43		2.800	3,311
SF 2013 4 Term Bonds	10,000		08/01/43		2.800	1,585
Total SF 2009 Mortgage Revenue Bonds	<u>25,000</u>					<u>4,896</u>
Multi-Family Housing Bonds						
MF 2007 A – Term Bonds	12,700		08/01/37		3.980 *	11,030
MF 2007 B – Term Bonds	9,300		08/01/37		3.980 *	8,075
MF 2008 A – Term Bond	3,750		06/01/24		4.000 *	3,150
MF FHLB B1 – Term Bonds	D 11,500		02/01/26		6.313 **	9,340
Total MF Housing Bonds	<u>37,250</u>					<u>31,595</u>
Total Housing Agency	<u>1,582,108</u>					<u>1,348,831</u>

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Description	Original amount	Due dates		Interest rate		Balance 2023
		From	To	From	To	
State Revolving Fund Revenue Bonds						
2010 - Serial Bonds	215,725	08/01/23	08/01/25	2.780	2.982	41,185
2010 - Term Bonds	77,165		08/01/30		3.550	77,165
2013 - Serial Bonds	115,450	08/01/23	08/01/33	4.000	5.000	37,595
2015 - Serial Bonds	321,530	08/01/23	08/01/29	4.000	5.000	89,855
2016 - Serial Bonds	163,275	08/01/26	08/01/39		5.000	40,015
2017 - Serial Bonds	272,990	08/01/29	08/01/37		5.000	205,090
2017 - Term Bonds	54,815		08/01/42		5.000	22,370
2017 - Term Bonds	19,655		08/01/47		5.000	19,655
2019 A - Serial Bonds	215,990	08/01/23	08/01/42	2.250	5.000	132,600
2019 B - Serial Bonds	42,015	08/01/24	08/01/28	2.905	3.354	39,190
2020 - Serial Bonds	168,740	08/01/23	08/01/40		5.000	166,355
2020 - Term Bonds	15,005		08/01/44		5.000	15,005
2020 - Term Bonds	18,080		08/01/49		5.000	18,080
2021A - Serial Bonds	164,490	08/01/23	08/01/41		5.000	161,220
2021A - Term Bonds	12,745		08/01/46		5.000	12,745
2021A - Term Bonds	9,915		08/01/51		5.000	9,915
2021B - Serial Bonds	31,140	08/01/23	08/01/26	0.258	1.014	27,765
2022A - Serial Bonds	165,530	08/01/23	08/01/42		5.000	165,530
2022A - Term Bonds	15,755		08/01/47		5.000	15,755
2022A - Term Bonds	16,740		08/01/52		5.000	16,740
2022B - Serial Bonds	8,155	08/01/23	08/01/27	2.620	3.250	8,155
2022C - Term Bonds	D 36,000		08/01/33		3.540	36,000
2022D - Term Bonds	D 43,525		08/01/35		4.400	43,525
2023A - Serial Bonds	300,000	08/01/27	08/01/42		5.000	300,000
2023B - Serial Bonds	44,450	08/01/26	08/01/32	4.340	4.490	44,450
2023C - Serial Bonds	94,810	08/01/25	08/01/43	5.000	5.250	94,810
2023C - Term Bonds	17,040		08/01/48		5.250	17,820
2023C - Term Bonds	13,910		08/01/53		5.250	14,990
Premium						262,833
Total State Revolving Fund Revenue Bonds	<u>2,674,640</u>					<u>2,136,413</u>
Total bonds and notes	<u>\$ 4,256,748</u>					<u>\$ 3,485,244</u>

D Direct placement bonds

* Variable rate as of June 30, 2023; remarketed daily or weekly at prevailing interest rates

** Variable rate as of June 30, 2023; indices are reset weekly or monthly

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(b) Roll forward

The following tables summarize the bonds and notes payable activity for the Authority for the year ended June 30, 2023, (dollars in thousands):

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	<u>Due within one year</u>
Housing Agency Fund					
SF 1991 mortgage bonds	\$ 945,437	\$ 385,516	\$ (40,835)	\$ 1,290,118	\$ 46,565
SF 1991 mortgage bonds					
direct placement	22,569	-	(347)	22,222	-
SF 2009 mortgage revenue bonds	5,691	-	(795)	4,896	-
MF bonds	22,455	-	(200)	22,255	3,150
MF bonds direct placement	10,413	-	(1,073)	9,340	277
Total Housing Agency fund	<u>1,006,565</u>	<u>385,516</u>	<u>(43,250)</u>	<u>1,348,831</u>	<u>49,992</u>
State Revolving Fund					
Revenue bonds	1,938,057	537,480	(418,649)	2,056,888	77,195
Revenue bonds direct placement	-	79,525	-	79,525	-
Total State Revolving fund	<u>1,938,057</u>	<u>617,005</u>	<u>(418,649)</u>	<u>2,136,413</u>	<u>77,195</u>
Total	<u>\$ 2,944,622</u>	<u>\$ 1,002,521</u>	<u>\$ (461,899)</u>	<u>\$ 3,485,244</u>	<u>\$ 127,187</u>

All bonds issued by the Authority are used to purchase MBS or loans; fund cost of issuance and down payment assistance; or refund prior debt.

(c) Maturity

A summary of scheduled bond maturities (excluding premium and discount) and interest payments is as follows (dollars in thousands):

Year ending June 30	Housing Agency								
	Housing Agency			Total Direct Placements			Total Housing Agency		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 49,715	\$ 42,288	\$ 92,003	\$ 277	\$ 668	\$ 945	\$ 49,992	\$ 42,956	\$ 92,948
2025	10,385	45,168	55,553	20,298	648	20,946	30,683	45,816	76,499
2026	29,056	44,415	73,471	8,765	447	9,212	37,821	44,862	82,683
2027	28,015	43,681	71,696	-	69	69	28,015	43,750	71,765
2028	28,380	42,861	71,241	-	69	69	28,380	42,930	71,310
2029-2033	157,850	200,606	358,456	-	341	341	157,850	200,947	358,797
2034-2038	219,188	171,907	391,095	2,222	230	2,452	221,410	172,137	393,547
2039-2043	234,170	131,476	365,646	-	23	23	234,170	131,499	365,669
2044-2048	278,939	81,572	360,511	-	4	4	278,939	81,576	360,515
2049-2053	238,956	29,198	268,154	-	-	-	238,956	29,198	268,154
2054-2058	9,545	257	9,802	-	-	-	9,545	257	9,802
Total	<u>\$ 1,284,199</u>	<u>\$ 833,429</u>	<u>\$ 2,117,628</u>	<u>\$ 31,562</u>	<u>\$ 2,499</u>	<u>\$ 34,061</u>	<u>\$ 1,315,761</u>	<u>\$ 835,928</u>	<u>\$ 2,151,689</u>
	State Revolving Fund								
	State Revolving Fund			Total Direct Placements			Total State Revolving Fund		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 77,195	\$ 74,907	\$ 152,102	\$ -	\$ 3,393	\$ 3,393	\$ 77,195	\$ 78,300	\$ 155,495
2025	79,005	80,492	159,497	-	3,190	3,190	79,005	83,682	162,687
2026	84,885	77,170	162,055	-	3,190	3,190	84,885	80,360	165,245
2027	91,620	73,509	165,129	285	3,183	3,468	91,905	76,692	168,597
2028	93,745	69,458	163,203	295	3,170	3,465	94,040	72,628	166,668
2029-2033	479,225	280,443	759,668	44,885	13,546	58,431	524,110	293,989	818,099
2034-2038	429,125	170,016	599,141	34,060	1,699	35,759	463,185	171,715	634,900
2039-2043	323,845	69,725	393,570	-	-	-	323,845	69,725	393,570
2044-2048	83,295	24,718	108,013	-	-	-	83,295	24,718	108,013
2049-2053	50,260	7,511	57,771	-	-	-	50,260	7,511	57,771
2054-2058	1,855	47	1,902	-	-	-	1,855	47	1,902
Total	<u>\$ 1,794,055</u>	<u>\$ 927,996</u>	<u>\$ 2,722,051</u>	<u>\$ 79,525</u>	<u>\$ 31,371</u>	<u>\$ 110,896</u>	<u>\$ 1,873,580</u>	<u>\$ 959,367</u>	<u>\$ 2,832,947</u>

	Total Authority		
	Principal	Interest	Total
2024	\$ 127,187	\$ 121,256	\$ 248,443
2025	109,688	129,498	239,186
2026	122,706	125,222	247,928
2027	119,920	120,442	240,362
2028	122,420	115,558	237,978
2029-2033	681,960	494,936	1,176,896
2034-2038	684,595	343,852	1,028,447
2039-2043	558,015	201,224	759,239
2044-2048	362,234	106,294	468,528
2049-2053	289,216	36,709	325,925
2054-2058	11,400	304	11,704
Total	<u>\$ 3,189,341</u>	<u>\$ 1,795,295</u>	<u>\$ 4,984,636</u>

The Authority has the option to redeem bonds at par or, in some instances, at a premium. Generally, the redemption option cannot be exercised prior to the time the bonds have been outstanding for 10 years; however, certain special redemptions, as governed by the bond resolutions, are permitted prior to such time. Term bonds are subject to mandatory redemptions, without premium, through sinking fund installments subsequent to the scheduled completion of retirement of the serial bonds of the same issue. The schedule of bond maturities includes the sinking fund installments for the term bonds. Bond maturities and interest rates are based on those in effect as of June 30, 2023.

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

Direct placement bonds have been issued to U.S. Bank, N.A. and Federal Home Loan Bank. These bonds are secured with the mortgaged-backed securities or loans purchased with the bond proceeds and have both principal and interest receipts pledged to the bondholders in the Housing Agency Fund.

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

There are no unusual events of default, no unusual termination events, and no subjective acceleration clauses in these bond resolutions with financial related consequences.

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

(d) Variable Rate Debt

The Authority issues fixed rate and variable-rate bonds. The rate on the fixed rate bonds is set at bond pricing. The variable rate bonds bear interest at either a monthly, weekly or daily rate until maturity or earlier redemption. For bonds that pay weekly or daily rates, the remarketing agent for each bond issue establishes the rates according to the remarketing agreement. The rates are communicated to the bond trustees for preparation of debt service requirements.

The Authority has variable rate bonds that have Stand-by Purchase Agreements (SBPA), which state the issuer of the SBPA will purchase the bonds in the event the remarketing agent is unsuccessful in remarketing the bonds. In this event, the interest rate paid by the Authority will be calculated using a defined rate from the SBPA. If the bonds remain unsold for a period of 90 days, they are deemed to be “bank bonds” and the Authority is required to repurchase the bonds from the SBPA issuer. The timing of this repurchase will vary depending on the agreement, but repayments are required over a five-year period. The Authority pays annual fees for the SBPAs that range from 0.20% to 0.42% of the bonds outstanding.

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The Authority also has variable rate bonds that are tied to a financial index such as SIFMA or SOFR. The rates on these bonds are set weekly with the change in the relevant index.

Bond Issue	Maturity Date	Bonds outstanding June 30, 2023	Liquidity Provider	Liquidity Expiration	Remarketing Agent	Remarketing Expiration
SF 2015 B	1/1/2046	\$ 38,700	FHLB - Des Moines	9/28/2023	Morgan Stanley & Co. LLC	1/1/2046
SF 2016 B	7/1/2046	20,000	FHLB - Des Moines	3/30/2024	RBC Capital Markets, LLC	7/1/2046
SF 2016 E	7/1/2046	14,690	FHLB - Des Moines	10/26/2026	RBC Capital Markets, LLC	7/1/2046
SF 2017 B	7/1/2047	7,500	FHLB - Des Moines	5/16/2027	Morgan Stanley & Co. LLC	7/1/2047
SF 2017 D	1/1/2047	17,500	FHLB - Des Moines	9/27/2024	RBC Capital Markets, LLC	1/1/2047
SF 2018 B	7/1/2047	20,000	T.D. Bank, NA	10/13/2026	T.D. Securities	7/1/1947
SF 2018 D	7/1/2048	15,000	Royal Bank of Canada	5/19/2026	RBC Capital Markets, LLC	7/1/2048
SF 2019 B	7/1/2047	20,000	U.S. Bank, NA	9/15/2027	U.S. Bancorp Investments, Inc.	7/1/2047
SF 2019 E	1/1/2049	15,000	T.D. Bank, NA	10/13/2026	T.D. Securities	1/1/2049
SF 2020 B	7/1/2049	20,000	T.D. Bank, NA	8/18/2025	T.D. Securities	7/1/2049
SF 2020 E	7/1/2049	15,000	T.D. Bank, NA	8/18/2025	T.D. Securities	7/1/2049
SF 2021 E*	7/1/2051	20,000	N/A	3/28/2025	N/A	N/A
SF 2022 B	1/1/2052	20,000	Royal Bank of Canada	2/9/2027	RBC Capital Markets, LLC	1/1/2052
SF 2022 E*	1/1/2052	20,000	N/A	7/1/2025	N/A	N/A
SF 2022 H	1/1/2052	20,000	U.S. Bank, NA	9/15/2027	U.S. Bancorp Investments, Inc.	1/1/2052
Total Single-Family		<u>283,390</u>				
MF 2007 A	8/1/2037	11,030	Wells Fargo Bank, N.A.	11/1/2024	RBC Capital Markets, LLC	8/1/2037
MF 2007 B	8/1/2037	8,075	Wells Fargo Bank, N.A.	11/1/2024	RBC Capital Markets, LLC	8/1/2037
MF 2008 A	6/1/2024	3,150	Wells Fargo Bank, N.A.	6/10/2024	Morgan Stanley & Co. LLC	6/1/2024
MF FHLB B1*	2/1/2026	9,340	N/A	2/1/2026	N/A	N/A
Total Multi-Family		<u>31,595</u>				
Total Housing Agency		<u>\$ 314,985</u>				

* Index Bonds

(e) Derivative Instrument Payments and Variable-Rate Debt

As of June 30, 2023, aggregate debt service requirements of the Authority's hedged variable-rate debt and net receipts/payments on associated derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on hedging derivative instruments will vary. Not all variable rate debt is associated with a derivative instrument. Refer to Note 6 for information on derivative instruments (dollars in thousands).

Fiscal year ending June 30	Variable-rate bonds principal	Variable-rate bonds interest	Interest rate swaps, net	Total
2024	\$ 7,947	\$ 10,676	\$ (3,310)	\$ 12,328
2025	1,737	10,398	(3,287)	9,151
2026	10,286	10,150	(3,299)	17,441
2027	1,845	9,706	(3,293)	8,562
2028	2,195	9,635	(3,126)	9,008
2029-2033	23,940	45,846	(12,615)	58,866
2034-2038	55,659	37,855	(6,800)	90,045
2039-2043	64,585	26,433	(3,791)	90,547
2044-2048	69,729	12,996	(1,072)	84,627
2049-2053	41,117	1,955	(21)	43,041
Total	<u>\$ 279,040</u>	<u>\$ 175,650</u>	<u>\$ (40,614)</u>	<u>\$ 423,616</u>

(f) Bond Refundings

On September 15, 2022, the Authority issued SRF bonds with a face value of \$43.5 million to provide resources to purchase State and Local Government Series (SLGS) securities that were placed into an irrevocable trust to provide funds for future debt service payments on \$41.8 million of SRF bonds. The funds required for this transaction exceeded the net carrying value of the defeased debt by \$6.3 million. This refunding was undertaken to take advantage of the low interest rate environment. The aggregate difference in debt service between the refunding debt and the refunded debt was \$3.85 million. However, the refunding resulted in an economic gain of \$2.6 million.

On June 27, 2023, the Authority issued Single-Family Mortgage Bonds with a face value of \$131.3 million of which \$38 million was placed in a redemption account to refund 2015 variable rate Single-Family Bonds on July 27, 2023. The refunding of the bonds resulted in an economic loss of \$1.7 million and the aggregate difference in debt service between the refunding debt and the refunded debt was \$(6 million). This is based on the interest rates in effect at the time of the refunding but could be different depending on how interest rates change in the future. The refunding was executed to reduce \$38 million of variable rate exposure and transfer future yield subsidy to a current tax plan.

On June 28, 2023, the Authority issued SRF bonds with a face value of \$36 million to provide resources to purchase State and Local Government Series (SLGS) securities that were placed into an escrow to provide funds for a debt payment of \$36 million of 2013 SRF bonds on August 1, 2023. The aggregate difference in debt service between the refunding debt and the refunded debt was \$3.6 million. This refunding resulted in an economic gain of \$2.95 million.

The irrevocable trust account assets and the liabilities for the defeased bonds are not included in the Authority's basic financial statements.

The amount of defeased debt outstanding at June 30, 2023, is shown below (dollars in thousands):

	June 30, 2023
State Revolving Fund defeased bonds:	
Series 2013	\$ 37,560
Series 2015	41,810
Series 2016	24,160
Total defeased bonds	\$ 103,530

(g) Revolving Line of Credit

The Authority had a \$15.0 million revolving line of credit with U.S. Bank, N.A. to provide funds for the Housing Agency's Single-Family Program. The line of credit was not utilized this year and was terminated January 31, 2023.

Note 6 - Derivative Instruments

(a) Hedging Derivatives - Swaps

Swap agreements allow the Authority to raise funds at variable rates and swap them into fixed rates that are lower than those available to the Authority if fixed-rate borrowings were made directly. These contracts involve the exchange of variable-rate for fixed-rate payments between the parties, without the exchange of the underlying debt, based on a common notional amount and maturity date.

The following table displays the terms of the Authority's swap hedging derivative instruments outstanding at June 30, 2023 (dollars in thousands):

Bond series	2023 Notional amount	Effective date	Termination date	Terms		Counterparty
				Pay	Receive	
SF 2015 B	\$ 2,015	09/01/06	01/01/36	3.766%	Enhanced SOFR + 0.11448%	Goldman Sachs Bank USA
MF 2008 A	3,150	04/17/08	06/01/24	3.971%	SIFMA + 0.08%	Goldman Sachs Bank USA
SF 2015 B	27,765	01/01/17	01/01/46	2.518%	67% (SOFR + 0.11448%)	Royal Bank of Canada
SF 2016 E	8,080	01/01/18	07/01/46	2.292%	67% (SOFR + 0.11448%)	Wells Fargo Bank N.A
SF 2017 D	13,125	01/01/18	01/01/47	2.126%	67% (SOFR + 0.11448%)	Wells Fargo Bank N.A
SF 2018 B	15,000	07/01/18	07/01/47	2.490%	70% (SOFR + 0.11448%)	The Bank of New York Mellon
SF 2018 D	11,250	07/01/19	07/01/48	2.638%	70% (SOFR + 0.11448%)	Royal Bank of Canada
SF 2019 B	15,000	07/01/19	07/01/30	1.939%	SIFMA	Wells Fargo Bank N.A
SF 2019 E	11,250	01/01/20	01/01/49	1.605%	SIFMA Swap Index until 1/1/2029; 67% (SOFR + 0.11448%) thereafter	The Bank of New York Mellon
SF 2020 B	15,000	07/01/20	07/01/49	1.691%	SIFMA Swap Index until 7/1/2029; 67% (SOFR + 0.11448%) thereafter	Wells Fargo Bank N.A
SF 2020 E	11,250	07/01/21	07/01/35	1.051%	SIFMA	Wells Fargo Bank N.A
SF 2016 B	15,000	07/01/21	01/01/28	0.870%	SIFMA	The Bank of New York Mellon
SF 2021 E	15,000	01/01/22	01/01/34	1.332%	SIFMA	Royal Bank of Canada
SF 2022 B	15,000	03/01/22	01/01/31	1.522%	SIFMA	The Bank of New York Mellon
SF 2022E	15,000	09/01/22	07/01/34	1.986%	70% SOFR	Royal Bank of Canada
SF 2022H	15,000	01/03/23	07/01/42	2.357%	70% SOFR + 0.10%	Wells Fargo Bank N.A
	<u>\$ 207,885</u>					

* SOFR refers to Daily Compounded SOFR.

(b) Hedging Derivatives - Caps

Interest rate cap derivatives are where the Authority receives payments at the end of each period, based on a notional amount, when the interest rate exceeds the agreed-upon strike rate. The following table displays the terms of the Authority's cap derivative instruments outstanding at June 30, 2023 (dollars in thousands):

Bond Series	2023 Notional amount	Effective date	Maturity date	Strike rate	Counterparty
MF 2007 B	\$ 9,300	08/01/2013	01/01/2024	SIFMA = 5.5%	The Bank of New York Mellon
MF 2007 A	11,030	07/01/2021	07/01/2024	SIFMA = 3.0%	
	<u>\$ 20,330</u>				Royal Bank of Canada

(c) Ratings and Definitions

Goldman Sachs Bank USA is rated A1 by Moody's and A+ by S&P Global

The Bank of New York Mellon is rated Aa2 by Moody's and AA- by S&P Global

Royal Bank of Canada is rated Aa1 by Moody's and AA- by S&P Global

Wells Fargo Bank, N.A. is rated Aa2 by Moody's and A+ by S&P Global

SIFMA = Securities Industry and Financial Markets Association Swap Index

SOFR = Secured Overnight Financing Rate

(d) Investment Derivatives

As of June 30, 2023, the Authority had investment derivative instruments with the following maturities (dollars in thousands):

Investment type	Notional value	Fair value	Investment maturities (in years)			
			Less than 1	1-5	6-10	More than 10
Investment derivative instruments - swaps	\$ 4,250	\$ 8	\$ -	\$ 8	\$ -	\$ -
Investment derivative instrument – forward MBS sales	3,135	10	10	-	-	-
Investment derivative instruments - MBS purchase commitments	116,474	223	223	-	-	-
Total	<u>\$ 123,859</u>	<u>\$ 241</u>	<u>\$ 233</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ -</u>

(e) Fair Values of Derivatives

The fair value balances of derivative instruments outstanding at June 30, 2023, classified by type, and changes in the fair value of such derivative instruments as reported in the 2023 financial statements are as follows (dollars in thousands):

<u>Bond series</u>	<u>Type</u>	<u>Fair value 6/30/2023 asset/(liability)</u>	<u>Change in fair value</u>	<u>Fair value 6/30/2022 asset/(liability)</u>
Hedging derivatives:				
SF 2015 B	Swap	\$ 41	\$ (18)	\$ 59
SF 2015 B	Swap	299	(269)	568
SF 2016 B	Swap	1,313	111	1,202
SF 2016 E	Swap	658	327	331
SF 2017 D	Swap	936	416	520
SF 2018 B	Swap	933	532	401
SF 2018 D	Swap	589	452	137
SF 2019 B	Swap	943	335	608
SF 2019 E	Swap	1,492	306	1,186
SF 2020 B	Swap	2,014	453	1,561
SF 2020 E	Swap	1,994	170	1,824
SF 2021 E	Swap	2,181	254	1,927
SF 2022 B	Swap	1,390	282	1,108
SF 2022 E	Swap	736	636	100
SF 2022 H	Swap	896	896	-
MF 2007 A	Cap	68	19	49
MF 2007 B	Cap	1	(1)	2
MF 2008 A	Swap	(11)	78	(89)
Total hedging derivatives		<u>\$ 16,473</u>	<u>\$ 4,979</u>	<u>\$ 11,494</u>
Investment derivatives:				
NONE	Swap	\$ (1)	\$ 92	\$ (93)
NONE	Basis Swap	9	10	(1)
Forward MBS sales	Forward	10	27	(17)
MBS purchase commitments	Commitment	223	384	(161)
Total investment derivatives		<u>\$ 241</u>	<u>\$ 513</u>	<u>\$ (272)</u>

(f) Methodology

The fair values of the interest rate derivative transactions were estimated based on an independent pricing service. The valuations provided were derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The expected transaction cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing benchmark interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the benchmark yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the transactions, where future amounts (the expected transaction cash flows) are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows and time value of money. Where applicable under the income approach (which takes into consideration the risk of nonperformance), an option pricing model technique is applied such as the Black-Scholes-Merton model, the Black-Derman-Toy model, one of the short-rate models, or other market-standard models consistent with accepted practices in the market for interest rate option products. The option models would consider probabilities, volatilities, time, settlement prices, and other variables pertinent to the transactions. This valuation technique is applied consistently across all the transactions.

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

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

(g) Risks Associated with Derivative Transactions

Credit risk: The Authority is exposed to credit risk on derivative instruments that are in asset positions. The aggregate fair value of derivative instruments in asset positions at June 30, 2023, was \$16.5 million. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

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

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

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

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

Termination risk: Termination risk is the risk that the swap could be terminated as a result of any of several events, which may include a ratings downgrade of the Authority's single-family mortgage bonds or of a derivative counterparty covenant violation, bankruptcy, swap payment default, and default events as defined in the Authority's Single-Family Mortgage Bonds Resolution; however, the Authority believes that the likelihood of any such termination event is remote.

Rollover risk: Rollover risk is the risk that the term of a particular swap contract is not coterminous with the related bonds. If an issuer entered into a swap to hedge for a specified period of time and then decides at swap maturity that it wishes to maintain the same or similar hedge position, it may incur additional costs at that time. The Authority minimizes this risk by matching the term of the swaps with the maturity of the related bonds.

Note 7 - Fair Value

GASB Statement No. 72, *Fair Value Measurement and Application*, specifies a hierarchy of valuation classifications based on whether the inputs to the valuation techniques used in each valuation classification are observable or unobservable. The Authority categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. These classifications are summarized in the three broad levels below.

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable.

The Authority has the following recurring fair value measurements as of June 30, 2023:

	Assets Measured at Fair Value (Dollars in thousands)			
	2023	Fair Value Measurements Using:		
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level				
U.S. Treasury securities				
State Revolving Fund	\$ 11,982	\$ -	\$ 11,982	\$ -
U.S. Government Agency securities				
State Revolving Fund	32,336	-	32,336	-
SLGS securities				
State Revolving Fund	36,000	-	36,000	-
GNMA, FNMA and FHLMC mortgage-backed securities				
Housing Agency Fund	1,089,412	-	1,089,412	-
Municipal bonds				
State Revolving Fund	10,607	-	10,607	-
Negotiable certificates of deposit				
State Revolving Fund	461	-	461	-
Total investments by fair value level	<u>1,180,798</u>	<u>\$ -</u>	<u>\$ 1,180,798</u>	<u>\$ -</u>
Investments valued using cost-based measures				
Governmental money market mutual funds				
Housing Agency Fund	346,676			
State Revolving Fund	689,927			
State of Iowa Treasurer pooled money fund				
Housing Agency Fund	84,070			
Total investments valued using cost based measures	<u>1,120,673</u>			
Total investments	<u>\$ 2,301,471</u>			
Investment derivative instruments				
Basis swaps (SIFMA vs. SOFR)	\$ 9	\$ -	\$ 9	\$ -
Fixed-to-floating interest rate swaps (liability)	(1)	-	(1)	-
MBS purchase commitments	223	-	-	223
Forward MBS sales	10	-	10	-
Total investment derivative instruments	<u>\$ 241</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 223</u>
Hedging derivative instruments				
Fixed-to-floating interest rate swaps	\$ 16,415	\$ -	\$ 16,415	\$ -
Fixed-to-floating interest rate swaps (liability)	(11)	-	(11)	-
Interest rate caps	69	-	69	-
Total hedging derivative instruments	<u>\$ 16,473</u>	<u>\$ -</u>	<u>\$ 16,473</u>	<u>\$ -</u>

The Authority obtains its fair value pricing on fixed-income investments from its third-party custodian. There are multiple pricing methodologies which are used to value the Authority's U.S. Treasury securities, U.S. government agency securities, SLGS securities, mortgage-backed securities, municipal bonds, corporate bonds, commercial paper, and negotiable certificates of deposit. These methods include, but are not limited to, gathering pricing from multiple market sources and vendor credit information, observed market movements, sector news into the pricing applications and models, or manual methods. Since none of the Authority's fixed income investments are actively traded on an exchange yet rely on significant observable inputs for fair value pricing, these securities are classified as Level 2.

The Authority also holds investments in governmental money market mutual funds and the State of Iowa Treasurer pooled money fund. These investments are valued using cost-based measures. The State Treasurer manages the investments and accepts all risks with respect to the investments in the pool. The pool has no limitations or restrictions on withdrawals and transacts with the Authority at a value of \$1 per share.

The Authority obtains its fair value pricing on interest rate swaps and cap derivative instruments from a third-party vendor. The fair value of the forward MBS sales and MBS purchase commitments are estimated based on internal valuation models. See Note 6(f) for further description of the fair value methodology for derivative instruments.

Note 8 - Pension Plan

(a) Plan Description

IPERS membership is mandatory for employees of the Authority, except for those covered by another retirement system. Employees of the Authority 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 7401 Register Drive, 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.

(b) Pension Benefits

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

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

If 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 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

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

(c) 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.

(d) Contributions

Contribution rates are established by IPERS following the completion of the annual actuarial valuation using IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability 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 year 2022, pursuant to the required rate, regular members contributed 6.29 percent of pay and the Authority contributed 9.44 percent for a total rate of 15.73 percent.

The Authority's contributions to IPERS for the years ended June 30, 2023, 2022, and 2021, were \$771, \$743, and \$724 thousand, respectively.

(e) Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Authority reported a liability of \$3.5 million for its proportionate share of the net pension liability which is recorded within other liabilities in the statement of net position, of which \$3.3 million and \$252 thousand was attributed to the Housing Agency Fund and State Revolving Fund, respectively. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2022, the Authority's collective proportion was 0.088782 percent, which was a decrease of 0.002058 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Authority recognized pension expense of (\$920) thousand. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollars in thousands):

	Housing Agency Fund		State Revolving Fund		Total	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 145	\$ 45	\$ 11	\$ 3	\$ 156	\$ 48
Changes of assumptions	3	-	1	-	4	-
Net difference between projected and actual earnings on pension plan investments	-	350	-	27	-	377
Changes in proportion and differences between Authority contributions and proportionate share of contributions	166	348	13	27	179	375
Authority contributions subsequent to the measurement date	716	-	55	-	771	-
Total	\$ 1,030	\$ 743	\$ 80	\$ 57	\$ 1,110	\$ 800

\$771 thousand reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

Year Ended June 30,	
2024	\$ (461)
2025	(329)
2026	(449)
2027	777
2028	1
Total	\$ (461)

There were no non-employer contributing entities at IPERS.

(f) Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the PubG-2010 Employee and Healthy Annuitant Tables adjusted using MP-2021 generational adjustments.

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

Asset class	Asset allocation	Long-term expected real rate of return
U.S. equity	22.0 %	3.57 %
Non-U.S. equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core-plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	100.0 %	

(g) Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(h) Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate (dollars in thousands).

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Authority's proportionate share of the net pension liability	\$ 6,565	\$ 3,524	\$ 843

(i) Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report, which is available on IPERS’ web site at www.ipers.org.

(j) Payables to the Pension Plan

At June 30, 2023, the Authority had no legally required employer or employee contributions not yet remitted to IPERS.

Note 9 - Segment Information

The Authority issues bonds to finance the purchase of MBS and multi-family developments. The bond programs are accounted for in a single enterprise fund, but investors rely on the revenue generated by the activities within the individual bond indentures. Summary financial information as of and for the year ended June 30, 2023, is presented below (dollars in thousands):

	Single-Family 1991 MB	Single-Family 2009 MRB	Multi- Family housing bonds
Condensed Statement of Net Position			
Current assets	\$ 355,291	\$ 884	\$ 35,275
Noncurrent assets	1,123,463	4,187	51,662
Total assets	<u>1,478,754</u>	<u>5,071</u>	<u>86,937</u>
Deferred outflows of resources	2,136	-	11
Total assets and deferred outflows	<u>\$ 1,480,890</u>	<u>\$ 5,071</u>	<u>\$ 86,948</u>
Current liabilities	\$ 61,420	\$ 19	\$ 13,384
Noncurrent liabilities	1,265,969	4,896	28,180
Deferred inflows of resources	17,367	-	69
Total liabilities	<u>1,344,756</u>	<u>4,915</u>	<u>41,633</u>
Restricted Net Position	<u>136,134</u>	<u>156</u>	<u>45,315</u>
Total liabilities and net position	<u>\$ 1,480,890</u>	<u>\$ 5,071</u>	<u>\$ 86,948</u>
Condensed Statement of Revenues, Expenses, and Change in Net Position			
Operating revenues	\$ 6,092	\$ (18)	\$ 3,362
Operating expenses	34,832	163	1,957
Operating income (loss)	<u>(28,740)</u>	<u>(181)</u>	<u>1,405</u>
Non-operating revenue (expense)	538	(38)	(34)
Change in net position	<u>(28,202)</u>	<u>(219)</u>	<u>1,371</u>
Beginning net position	<u>164,336</u>	<u>375</u>	<u>43,944</u>
Ending net position	<u>\$ 136,134</u>	<u>\$ 156</u>	<u>\$ 45,315</u>
Condensed Statement of Cash Flows			
Net cash provided (used) by:			
Operating activities	\$ (192,905)	\$ 856	\$ 4,710
Noncapital financing activities	319,189	(940)	(2,505)
Investing activities	<u>16,099</u>	<u>21</u>	<u>3,117</u>
Net change	142,383	(63)	5,322
Beginning cash and cash equivalents	<u>160,847</u>	<u>754</u>	<u>24,828</u>
Ending cash and cash equivalents	<u>\$ 303,230</u>	<u>\$ 691</u>	<u>\$ 30,150</u>

Note 10 - Commitments and Contingencies

(a) Housing Agency Commitments

The Authority has made commitments to grant funds for various purposes. The Authority does not record the expense or the liability for these grants until the grantee has fulfilled all contractual requirements and the funds have actually been disbursed. A summary of those outstanding commitments as of June 30, 2023, is as follows (dollars in thousands):

Description	
Local housing trust fund grants	\$ 14,377
Project-based housing trust fund grants	250
Shelter assistance fund grants	964
Water quality grants	10,240
Total	\$ 25,831

(b) State Revolving Fund Commitments

The Authority has signed loan agreements under the SRF for which \$534.2 million have not been disbursed as of June 30, 2023.

(c) Legal

The Authority is subject to various claims or proceedings that arise in the ordinary course of its business activities including administrative actions involving the rights of employees. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Authority.

Note 11 - Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2023, the Authority managed its risks as follows:

- The Authority participated in the State of Iowa employee benefit program for health, dental, long-term disability, and life insurance coverage which are fully insured.
- The Authority is covered by the State of Iowa for:
 - Employee Theft Governmental Entity - \$2 million
 - Computer Fraud - \$2 million
 - Computer Program/Electronic Data Restoration - \$0.5 million
- The Authority participates in the State of Iowa’s self-insured Workers’ Compensation Fund. The liability for unpaid claims is estimated based on the average cost per claim-type determined from an actuarial review.

- The Authority purchases insurance for:
 - Commercial General Liability - \$2 million
 - Automobile Liability - \$1 million
 - Umbrella Liability - \$10 million
 - Building Property - 1963 Bell – \$18.5 million
 - Personal Property - 1963 Bell – \$2.2 million
 - Crime Policy, including computer fraud - \$2 million
 - Cyber Liability - \$1 million
- Iowa Title Guaranty purchases insurance for:
 - Professional Liability - \$5 million
 - Crime Coverage - \$5 million
 - Treaty Reinsurance – up to \$20 million, ITG self-insures the first \$2 million of risk
 - Facultative Reinsurance – for excess of \$20 million

Note 12 - Subsequent Events

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

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

On June 30, 2023, the Authority held \$56.1 million of unspent Emergency Rental Assistance (ERA1) funds for a rent and utility assistance program that ended during the 2023 fiscal year. The Authority was awaiting further information from Treasury regarding the return of these funds. On September 7, 2023, the \$56.1 million in unspent funds was returned to Treasury, officially closing the Authority's rent and utility assistance program.

Note 13 - Related Party Transactions

A member of the Authority's Board of Directors is a key employee for the City of Dubuque, Iowa. The Authority has \$109 million in SRF loans and \$2.8 million in Housing Agency loans outstanding with the City of Dubuque.

Note 14 - Conduit Debt

The Authority issues conduit debt under the Private Activity Bond Program. Each conduit bond is issued under, and secured by, a separate trust indenture for the project. The bond proceeds are loaned to the conduit project under a loan agreement and promissory note, where the borrower is obligated to make principal and interest payments on the conduit bonds. The conduit debt is not reported on the Authority's statement of net position. The outstanding conduit bond balance as of the balance sheet date of June 30, 2023, is approximately \$4.7 billion.

Note 15 - Other Post-Employment Benefits (OPEB)

(a) Plan Description

The Authority's employees are provided with OPEB through the State of Iowa OPEB Plan—a cost-sharing, multiple-employer, defined-benefit OPEB plan administered by the State of Iowa (State Plan). The State of Iowa provides access to post-retirement medical benefits to all retirees as required by Chapter 509A.13 of the Code of Iowa. Although the retirees generally must pay 100% of the premium rate, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), requires that employers recognize the Implicit Rate Subsidy that exists in post-retirement medical plans provided by governmental employers.

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

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

(b) Plan Membership

There are 17,074 active and 2,045 retired participants in the plan as of January 1, 2022.

(c) Plan Benefits

The State currently offers three plans which are available to participants: Iowa Choice, National Choice, and State Police Officers Council.

The contribution requirements of the plan participants are established and may be amended by the State Legislature. The State currently finances the retiree benefit plan on a pay-as-you-go basis.

(d) OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (dollars in thousands)

At June 30, 2023, the Authority reported a liability of \$1,089 for its proportionate share of the total OPEB liability, which is recorded within other liabilities in the statement of net position. The total OPEB liability was based upon an actuarial valuation performed as of June 30, 2022. The Authority's proportion of the total OPEB liability was based on a ratio of Authority's headcount of active employees and covered spouses in relation to all active employees and covered spouses of the plan. At June 30, 2022, the Authority's proportion was 0.485%, which was an increase of 0.010% from the prior measurement date.

For the year ended June 30, 2023, the Authority recognized OPEB expense of \$97. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Housing Agency Fund		State Revolving Fund		Total	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 257	\$ 45	\$ 13	\$ 2	\$ 270	\$ 47
Changes of assumptions	50	264	2	13	52	277
Change in proportionate share	78	56	4	3	82	59
Total	\$ 385	\$ 365	\$ 19	\$ 18	\$ 404	\$ 383

Amounts reported as deferred outflows and (inflows) of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

Year Ended <u>June 30,</u>	
2024	\$ 7
2025	7
2026	5
2027	(2)
2028+	4
Total	\$ 21

(e) Actuarial Assumptions

The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Rate of Inflation	2.60 percent per annum
Discount Rate	3.44 percent (as of January 1, 2018)
(based on 20-year municipal bond yield)	3.87 percent (as of June 30, 2018)
	3.50 percent (as of June 30, 2019)
	2.73 percent (as of January 1, 2020)
	2.21 percent (as of June 30, 2020)
	2.16 percent (as of June 30, 2021)
	3.54 percent (as of June 30, 2022)

Age of Spouse	Actual age or, if unavailable, males assumed to be 3 years older than females
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The majority of State of Iowa employees are participants in the Iowa Public Employees Retirement System (IPERS). For this reason, the individual salary increase, mortality, withdrawal, and retirement assumptions are based on the assumptions used for IPERS actuarial valuation report as of June 30, 2022. The plan participation assumption and other medical plan specific assumptions are based upon the recent experience of the State of Iowa Post-retirement Medical Plan.

For the June 30, 2022, valuation, the following changes were made:

- The pre-retirement and post-retirement mortality assumptions were updated to be consistent with the assumptions used for “State Employees” in the June 30, 2022, IPERS actuarial valuation.
- Salary, turnover, and retirement rates assumptions were updated to be consistent with the assumptions used for “State Employees” in the June 30, 2022, IPERS actuarial valuation.
- Medical, prescription drug, and administrative costs were updated to reflect recent experience.
- Medical, prescription drug, and administrative expense trend rates were updated to reflect recent experience and future expectations.
- The discount rate was updated from 2.16% to 3.54%.

(f) Changes in Total OPEB Liability (expressed in thousands)

	Increase (decrease)
Balance at July 1, 2022	\$ 1,017
Changes for the year:	
Service cost	84
Interest	24
Differences between expected and actual experience	27
Changes in assumptions	(27)
Benefit payments - implicit subsidy	(17)
Recognition of net current and deferred outflows/(inflows) due to changes in proportion and differences between employer's contributions and proportionate share of contributions	(19)
Net change	72
Balance at June 30, 2023	\$ 1,089

(g) Sensitivity Analysis – Changes to the Discount Rate

The proportionate share of the total OPEB liability was calculated using a discount rate of 3.54%, as well as a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate. The sensitivity of the proportionate share of the total OPEB liability to changes in the discount rate is presented below (expressed in thousands):

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Authority's proportionate share of the total OPEB liability	\$ 1,162	\$ 1,089	\$ 1,019

(h) Sensitivity Analysis – Changes to the Healthcare Cost Trend Rate

The proportionate share of the total OPEB liability was calculated using a healthcare trend rate of 7.0% to 8.0% grading down to 4.5%, as well as a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate. The sensitivity of the proportionate share of the total OPEB liability to changes in the healthcare cost trend rate is presented below (expressed in thousands):

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the total OPEB liability	\$ 979	\$ 1,089	\$ 1,217

(i) Payables to the OPEB Plan

The Authority makes no contributions to this plan; therefore, no payments are outstanding as of June 30, 2023.



Required Supplementary Information
June 30, 2023

Iowa Finance Authority
(A Component Unit of the State of Iowa)

Iowa Finance Authority
(A Component Unit of the State of Iowa)
Schedule of Authority's Proportionate Share of the Net Pension Liability (Unaudited)
(Dollars in thousands)
Year Ended June 30, 2023

(1) Schedule of Authority's Proportionate Share of the Net Pension Liability (Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability	0.088782%	0.090840%	0.086380%	0.091764%	0.101745%	0.101311%	0.098044%	0.102439%	0.105426%
Authority's proportionate share of the net pension liability	\$ 3,524	\$ 127	\$ 6,026	\$ 5,349	\$ 6,437	\$ 6,688	\$ 6,114	\$ 5,093	\$ 4,267
Authority's covered payroll	7,871	7,669	7,044	6,748	7,312	7,212	6,753	7,088	7,066
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	44.77%	1.66%	85.55%	79.27%	88.03%	92.73%	90.54%	71.85%	60.39%
Plan fiduciary net position as a percentage of the total pension liability	91.41%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

Iowa Finance Authority
(A Component Unit of the State of Iowa)
Schedule of Authority's Contributions (Unaudited)
(Dollars in thousands)
Year Ended June 30, 2023

(2) Schedule of Authority's Contributions (Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 771	\$ 743	\$ 724	\$ 665	\$ 637	\$ 653	\$ 644	\$ 603	\$ 633	\$ 631
Contributions in relation to the statutorily required contribution	\$ (771)	\$ (743)	\$ (724)	\$ (665)	\$ (637)	\$ (653)	\$ (644)	\$ (603)	\$ (633)	\$ (631)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 8,167	\$ 7,871	\$ 7,669	\$ 7,044	\$ 6,748	\$ 7,312	\$ 7,212	\$ 6,753	\$ 7,088	\$ 7,066
Contribution as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%

Iowa Finance Authority
(A Component Unit of the State of Iowa)
Schedule of Authority's Proportionate Share of the Total OPEB Liability (Unaudited)
(Dollars in thousands)
Year Ended June 30, 2023

(3) Schedule of Authority's Proportionate Share of the Total OPEB Liability (Unaudited)

	2023	2022	2021	2020	2019	2018
Authority's proportion of the total OPEB liability	0.485%	0.475%	0.427%	0.427%	0.424%	0.461%
Authority's proportionate share of the total OPEB liability	\$ 1,089	\$ 1,017	\$ 909	\$ 909	\$ 848	\$ 859
Authority's covered-employee payroll	8,223	7,984	7,290	7,290	7,363	7,783
Authority's proportionate share of the total OPEB liability as a percentage of its covered-employee payroll	13.2%	12.7%	12.5%	12.5%	11.5%	11.0%

* The amounts presented were determined as of the calendar year-end that occurred within the fiscal year.

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

(4) Notes to Required Supplementary Information (Unaudited)

(a) Pension - Changes of Benefit Terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

(b) Pension - Changes of Assumptions:

The 2022 valuation implemented the following changes:

- Mortality assumption was changed to the family of PubG-2010 Mortality Tables for all groups, with age setbacks and set forwards, as well as other adjustments. Future mortality improvements are modeled using Scale MP-2021.
- Retirement dates were adjusted to partially reflect observed experience for Regular members only.
- Disability rates were lowered for Regular members only.
- Termination rates were adjusted to partially reflect observed experience for all groups.

The 2018 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates for all groups.
- Adjusted termination rates.
- Adjusted the probability of a vested member electing to receive a deferred benefit.
- Salary increase assumption merit component was adjusted.

The 2017 valuation implemented the following refinements as a result of a quadrennial experience study:

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

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

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

(a) OPEB – Funding:

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

(b) OPEB – Changes of Benefit Terms:

There were no significant changes in benefit terms.

(c) OPEB - Changes of Assumptions and Demographic Experience:

Effective with the June 30, 2022, actuarial valuation, the following methodology and assumption changes were made:

- The pre-retirement and post-retirement mortality assumptions were updated to be consistent with the assumptions used for "State Employees" in the June 30, 2022, IPERS actuarial valuation for the general State population and the assumptions used for "Protection Occupation" for the SPOC population.
- The salary scale was updated to be consistent with the scale used for "State Employees" in the June 30, 2022, IPERS actuarial valuation for the general State population and the scale used for "Sheriffs/Deputies and Protection Occupation" for the SPOC population.
- The turnover-rates assumption was updated to be consistent with the assumptions used for "State Employees" in the June 30, 2022, IPERS actuarial valuation for the general State population and the assumptions used for "Protection Occupation" for the SPOC population.
- The retirement-rates assumption was updated to be consistent with the assumptions used for "State Employees" in the June 30, 2022, IPERS actuarial valuation for the general State population and the assumptions used for "Protection Occupation" for the SPOC population.
- Medical, prescription drug, and administrative expense costs were updated to reflect recent experience.
- Medical, prescription drug, and administrative expense trend rates were updated to reflect recent experience and future expectations.
- The discount rate was updated from 2.16% to 3.54%.

Effective with the June 30, 2021, actuarial valuation, the following methodology and assumption changes were made:

- Medical, prescription drug, and administrative expense costs were updated to reflect recent experience.
- Medical, prescription drug, and administrative expense trend rates were updated to reflect recent experience. The discount rate was updated from 2.21% to 2.16%.

Effective with the June 30, 2020, actuarial valuation, the following methodology and assumption changes were made:

- Medical claim costs and premiums were updated based on recent experience.
- Annual medical trends were updated based on industry observations and the current SOA-Getzen model.
- The salary scale was updated to be consistent with the assumption used for "State Employees" in the June 30, 2019, IPERS actuarial valuation.

- The future expectation of inflation was updated from 3.00% to 2.60% to be consistent with the assumption used in the June 30, 2019 IPERS actuarial valuation.
- The discount rate methodology was updated based on a 20-year municipal bond yield as of January 1, 2020. This resulted in a change in discount rate from 3.44% to 2.73%.

Demographic Experience - Demographic experience was updated based on the current covered population of 17,448 active participants and 2,227 inactive participants as of January 1, 2020.



Other Supplementary Information
June 30, 2023

Iowa Finance Authority
(A Component Unit of the State of Iowa)

Iowa Finance Authority
(A Component Unit of the State of Iowa)
Combining Schedules of Net Position
(Dollars in thousands)
June 30, 2023

	Housing Agency								State Revolving Fund			Combined	
	General Operating Account	Single-Family 1991 MB	Single-Family 2009 MRB	Multi-Family Housing Bonds	Federal and State Programs	Agricultural Development Division	Iowa Title Guaranty Division	Eliminations	Total Housing Agency	Clean Water Programs	Drinking Water Programs	Total SRF	Total IFA
Assets													
Current assets (substantially restricted):													
Cash and cash equivalents	\$ 15,710	\$ 303,230	\$ 691	\$ 30,150	\$ 233,181	\$ 1,095	\$ 21,194	\$ -	\$ 605,251	\$ 510,299	\$ 212,246	\$ 722,545	\$ 1,327,796
Investments in mortgage-backed securities	66	27,777	178	-	-	-	-	-	28,021	-	-	-	28,021
Other investments	-	-	-	-	-	-	-	-	-	38,400	31,350	69,750	69,750
Loans to municipalities or water systems, net	-	-	-	-	-	-	-	-	-	123,669	45,494	169,163	169,163
Housing Agency loans, net	18	255	-	4,765	10,201	778	-	-	16,017	-	-	-	16,017
Line of credit	-	19,617	-	-	-	-	-	-	19,617	-	-	-	19,617
Accrued interest receivable	51	4,353	15	350	23	26	-	-	4,818	4,214	1,754	5,968	10,786
Other current assets	2,025	59	-	10	(29)	(16)	222	-	2,271	363	1,171	1,534	3,805
Total current assets	17,870	355,291	884	35,275	243,376	1,883	21,416	-	675,995	676,945	292,015	968,960	1,644,955
Noncurrent assets (substantially restricted):													
Investments in mortgage-backed securities	743	1,056,461	4,187	-	-	-	-	-	1,061,391	-	-	-	1,061,391
Other investments	-	-	-	-	-	-	-	-	-	9,536	12,100	21,636	21,636
Loans to municipalities or water systems, net	-	-	-	-	-	-	-	-	-	1,800,631	493,736	2,294,367	2,294,367
Housing Agency loans, net	324	21,806	-	51,593	26,637	5,344	-	-	105,704	-	-	-	105,704
Capital assets, net	13,085	-	-	-	-	-	-	-	13,085	-	-	-	13,085
Other noncurrent assets	-	45,196	-	69	-	-	-	-	45,265	-	-	-	45,265
Total noncurrent assets	14,152	1,123,463	4,187	51,662	26,637	5,344	-	-	1,225,445	1,810,167	505,836	2,316,003	3,541,448
Total assets	32,022	1,478,754	5,071	86,937	270,013	7,227	21,416	-	1,901,440	2,487,112	797,851	3,284,963	5,186,403
Deferred Outflows of Resources													
Other post employment benefits	292	-	-	-	-	-	93	-	385	19	-	19	404
Pension plan	814	-	-	-	-	-	216	-	1,030	51	29	80	1,110
Accumulated decrease in fair value of hedging derivatives	-	-	-	11	-	-	-	-	11	-	-	-	11
Loss on bond refunding	-	2,136	-	-	-	-	-	-	2,136	2,044	963	3,007	5,143
Total deferred outflows	1,106	2,136	-	11	-	-	309	-	3,562	2,114	992	3,106	6,668
Total assets and deferred outflows	\$ 33,128	\$ 1,480,890	\$ 5,071	\$ 86,948	\$ 270,013	\$ 7,227	\$ 21,725	\$ -	\$ 1,905,002	\$ 2,489,226	\$ 798,843	\$ 3,288,069	\$ 5,193,071

Iowa Finance Authority
(A Component Unit of the State of Iowa)
Combining Schedules of Net Position
(Dollars in thousands)
June 30, 2023

	Housing Agency								State Revolving Fund			Combined
	General Operating Account	Single-Family 1991 MB	Single-Family 2009 MRB	Multi-Family Housing Bonds	Federal and State Programs	Agricultural Development Division	Iowa Title Guaranty Division	Eliminations	Total Housing Agency	Clean Water Programs	Drinking Water Programs	Total SRF
Liabilities												
Current liabilities:												
Bonds payable, net	\$ -	\$ 46,565	\$ -	\$ 3,427	\$ -	\$ -	\$ -	\$ 49,992	\$ 52,090	\$ 25,105	\$ 77,195	\$ 127,187
Accrued interest payable	-	13,928	18	101	-	-	-	14,047	22,787	5,501	28,288	42,335
Escrow deposits	-	-	-	9,832	-	-	1,479	11,311	-	-	-	11,311
Deferred revenue	61	110	-	-	163,926	-	-	164,097	-	-	-	164,097
Accounts payable and other liabilities	2,422	817	1	24	286	1	1,629	5,180	609	290	899	6,079
Total current liabilities	2,483	61,420	19	13,384	164,212	1	3,108	244,627	75,486	30,896	106,382	351,009
Noncurrent liabilities:												
Bonds payable, net	-	1,265,775	4,896	28,168	-	-	-	1,298,839	1,680,981	378,237	2,059,218	3,358,057
Reserves for claims	-	-	-	-	-	-	1,778	1,778	-	-	-	1,778
Other liabilities	3,639	194	-	12	740	-	930	5,515	207	92	299	5,814
Total noncurrent liabilities	3,639	1,265,969	4,896	28,180	740	-	2,708	1,306,132	1,681,188	378,329	2,059,517	3,365,649
Total liabilities	6,122	1,327,389	4,915	41,564	164,952	1	5,816	1,550,759	1,756,674	409,225	2,165,899	3,716,658
Deferred Inflows of Resources												
Other post employment benefits	278	-	-	-	-	-	87	365	18	-	18	383
Pension plan	587	-	-	-	-	-	156	743	37	20	57	800
Accumulated increase in fair value of hedging derivatives	-	17,367	-	69	-	-	-	17,436	-	-	-	17,436
Gain on bond refunding	-	-	-	-	-	-	-	-	6,272	1,949	8,221	8,221
Total deferred inflows of resources	865	17,367	-	69	-	-	243	18,544	6,327	1,969	8,296	26,840
Net Position												
Net investment in capital assets	13,085	-	-	-	-	-	-	13,085	-	-	-	13,085
Restricted net position:												
Per bond resolutions	-	136,134	156	45,315	-	-	-	181,605	583,420	339,591	923,011	1,104,616
Per legislation	-	-	-	-	72,834	-	15,666	88,500	-	-	-	88,500
Per other agreements	-	-	-	-	32,227	7,226	-	39,453	142,805	48,058	190,863	230,316
Total restricted net position	-	136,134	156	45,315	105,061	7,226	15,666	309,558	726,225	387,649	1,113,874	1,423,432
Unrestricted net position	13,056	-	-	-	-	-	-	13,056	-	-	-	13,056
Total net position	26,141	136,134	156	45,315	105,061	7,226	15,666	335,699	726,225	387,649	1,113,874	1,449,573
Total liabilities, deferred inflows, and net position	\$ 33,128	\$ 1,480,890	\$ 5,071	\$ 86,948	\$ 270,013	\$ 7,227	\$ 21,725	\$ 1,905,002	\$ 2,489,226	\$ 798,843	\$ 3,288,069	\$ 5,193,071

Iowa Finance Authority
(A Component Unit of the State of Iowa)
Combining Schedules of Revenues, Expenses and Changes in Net Position
(Dollars in thousands)
Year Ended June 30, 2023

	Housing Agency								State Revolving Fund			Combined	
	General Operating Account	Single-Family 1991 MB	Single-Family 2009 MRB	Multi-Family Housing Bonds	Federal and State Programs	Agricultural Development Division	Iowa Title Guaranty Division	Eliminations	Total Housing Agency	Clean Water Programs	Drinking Water Programs	Total SRF	Total IFA
Operating revenues:													
Interest on mortgage-backed securities	\$ 38	\$ 35,014	\$ 157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,209	\$ -	\$ -	\$ -	\$ 35,209
Interest on loans	14	1,499	-	2,787	182	206	-	-	4,688	31,921	9,580	41,501	46,189
Interest on investments	3,412	5,965	21	572	953	24	-	-	10,947	8,474	6,633	15,107	26,054
Gain on sale of mortgage-backed securities	-	661	-	-	-	-	-	-	661	-	-	-	661
Net (decrease) increase in fair value of investments and mortgage-backed securities	(37)	(38,622)	(196)	3	-	-	-	-	(38,852)	(73)	(243)	(316)	(39,168)
Fee revenue	8,567	1,575	-	-	-	376	10,330	(2,789)	18,059	5,750	1,718	7,468	25,527
Other revenue	1,638	-	-	-	-	-	69	-	1,707	-	-	-	1,707
Total operating revenues	13,632	6,092	(18)	3,362	1,135	606	10,399	(2,789)	32,419	46,072	17,688	63,760	96,179
Operating expenses:													
Interest expense	-	31,476	144	1,269	-	-	-	-	32,889	44,504	9,751	54,255	87,144
General and administrative	9,955	3,126	19	163	9,160	315	6,334	(2,789)	26,283	5,673	5,543	11,216	37,499
Provision (recoveries) of losses	-	230	-	525	(214)	4	193	-	738	1,226	(1,263)	(37)	701
Total operating expenses	9,955	34,832	163	1,957	8,946	319	6,527	(2,789)	59,910	51,403	14,031	65,434	125,344
Net operating income (loss)	3,677	(28,740)	(181)	1,405	(7,811)	287	3,872	-	(27,491)	(5,331)	3,657	(1,674)	(29,165)
Non-operating revenue (expense):													
Grant income	72,315	1,970	-	-	91,652	-	-	-	165,937	39,798	40,007	79,805	245,742
Grants and aid	(72,190)	(3,907)	(38)	(34)	(72,245)	-	-	-	(148,414)	(6,225)	(1,360)	(7,585)	(155,999)
Inter-Agency transfers	1,000	2,475	-	-	100	-	(3,575)	-	-	335	(335)	-	-
Net non-operating revenue (expense)	1,124	538	(38)	(34)	19,508	-	(3,575)	-	17,523	33,908	38,312	72,220	89,743
Change in net position	4,801	(28,202)	(219)	1,371	11,697	287	297	-	(9,968)	28,577	41,969	70,546	60,578
Net position at July 1, 2022	21,340	164,336	375	43,944	93,364	6,939	15,369	-	345,667	697,648	345,680	1,043,328	1,388,995
Net position at June 30, 2023	\$ 26,141	\$ 136,134	\$ 156	\$ 45,315	\$ 105,061	\$ 7,226	\$ 15,666	\$ -	\$ 335,699	\$ 726,225	\$ 387,649	\$ 1,113,874	\$ 1,449,573

Statistical Section (unaudited)

Statistical Section (unaudited)

This part of the Iowa Finance Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health. This information has not been audited by the independent auditor.

Financial Trends (Pages 73-75)

These tables contain trend information to help the reader understand how the Authority's financial performance and well-being has changed over time.

Revenue Capacity (Pages 76-78)

These tables contain information to help the reader assess the Authority's various revenue sources.

Debt Capacity (Page 79)

This table presents information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Economic and Demographic Information (Pages 80-83)

These tables offer economic and demographic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Operating Indicators (Page 84)

This tables contains data to assist the reader in understanding how the information in the Authority's financial report relates to the communities and services the Authority provides and the population it serves.

Iowa Finance Authority
Statistical Section (unaudited)
Year Ended June 30, 2023

	Net Position and Changes in Net Position (dollars in thousands)									
	Fiscal Year ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Housing Agency Fund										
Net investment in capital assets	\$ 2,946	\$ 2,791	\$ 2,685	\$ 2,431	\$ 2,332	\$ 4,664	\$ 13,568	\$ 13,956	\$ 14,012	\$ 13,085
Restricted	305,092	319,421	318,934	317,597	312,578	336,512	374,806	393,236	324,327	309,558
Unrestricted	12,968	5,149	4,491	4,520	5,348	7,835	6,741	6,720	7,328	13,056
Total Housing Agency net position	<u>\$ 321,006</u>	<u>\$ 327,361</u>	<u>\$ 326,110</u>	<u>\$ 324,548</u>	<u>\$ 320,258</u>	<u>\$ 349,011</u>	<u>\$ 395,115</u>	<u>\$ 413,912</u>	<u>\$ 345,667</u>	<u>\$ 335,699</u>
Change in net position	\$ 7,210	\$ 6,355	\$ (1,251)	\$ (1,562)	\$ (4,290)	\$ 28,753	\$ 46,104	\$ 18,797	\$ (68,245)	\$ (9,968)
State Revolving Fund										
Net investment in capital assets	\$ 70	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	808,705	824,631	868,407	891,142	920,057	957,001	995,690	1,019,595	1,043,328	1,113,874
Total State Revolving Fund net position	<u>\$ 808,775</u>	<u>\$ 824,656</u>	<u>\$ 868,407</u>	<u>\$ 891,142</u>	<u>\$ 920,057</u>	<u>\$ 957,001</u>	<u>\$ 995,690</u>	<u>\$ 1,019,595</u>	<u>\$ 1,043,328</u>	<u>\$ 1,113,874</u>
Change in net position	\$ 32,973	\$ 15,881	\$ 43,751	\$ 22,735	\$ 28,915	\$ 36,944	\$ 38,689	\$ 23,905	\$ 23,733	\$ 70,546
Iowa Finance Authority										
Net investment in capital assets	\$ 3,016	\$ 2,816	\$ 2,685	\$ 2,431	\$ 2,332	\$ 4,664	\$ 13,568	\$ 13,956	\$ 14,012	\$ 13,085
Restricted	1,113,797	1,144,052	1,187,341	1,208,739	1,232,635	1,293,513	1,370,496	1,412,831	1,367,655	1,423,432
Unrestricted	12,968	5,149	4,491	4,520	5,348	7,835	6,741	6,720	7,328	13,056
Total Iowa Finance Authority net position	<u>\$ 1,129,781</u>	<u>\$ 1,152,017</u>	<u>\$ 1,194,517</u>	<u>\$ 1,215,690</u>	<u>\$ 1,240,315</u>	<u>\$ 1,306,012</u>	<u>\$ 1,390,805</u>	<u>\$ 1,433,507</u>	<u>\$ 1,388,995</u>	<u>\$ 1,449,573</u>
Change in net position	\$ 40,183	\$ 22,236	\$ 42,500	\$ 21,173	\$ 24,625	\$ 65,697	\$ 84,793	\$ 42,702	\$ (44,512)	\$ 60,578

Iowa Finance Authority
Statistical Section (unaudited)
Year Ended June 30, 2023

Iowa Finance Authority Expenses - Housing Agency Fund (Dollars in thousands)										
Fiscal Year ending June 30,										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating expense										
Interest expense	\$ 17,240	\$ 13,106	\$ 12,046	\$ 12,391	\$ 13,830	\$ 16,143	\$ 19,773	\$ 17,490	\$ 18,884	\$ 32,889
Employee expense	9,356	9,372	9,593	10,747	10,403	9,327	9,417	9,489	9,522	10,152
Professional services	4,660	3,973	5,114	5,078	5,073	4,766	6,091	12,129	18,920	13,089
Claims and loss expense (recoveries)	327	(4,319)	4,908	240	394	(3,562)	309	(455)	(500)	738
Other general and administrative expenses	7,852	1,785	1,879	2,051	2,564	2,969	3,261	3,818	3,167	3,042
Total operating expense*	39,435	23,917	33,540	30,507	32,264	29,643	38,851	42,471	49,993	59,910
Non-operating expense - grant expense**	88,438	90,191	93,704	86,313	82,316	87,324	93,040	222,164	159,084	148,414
Other non-operating expense	-	-	-	-	-	4,167	-	-	-	-
Total expenses	\$ 127,873	\$ 114,108	\$ 127,244	\$ 116,820	\$ 114,580	\$ 121,134	\$ 131,891	\$ 264,635	\$ 209,077	\$ 208,324

* reclassified to exclude service release expense in all periods

** reclassified to include Section 8 grant expense in periods prior to June 30, 2016

Iowa Finance Authority
Statistical Section (unaudited)
Year Ended June 30, 2023

Iowa Finance Authority Operating Expense - State Revolving Fund (Dollars in thousands)										
Fiscal Year ending June 30,										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating expense										
Interest expense	\$ 34,625	\$ 33,099	\$ 29,064	\$ 32,580	\$ 34,969	\$ 38,603	\$ 44,123	\$ 47,125	\$ 51,611	\$ 54,255
Loan loss expense (recoveries)	(25)	(5)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(37)
Iowa Finance Authority expense	1,120	1,167	1,169	1,224	1,474	1,466	1,640	1,430	1,439	1,927
Department of Natural Resources expense	8,090	7,860	7,214	8,694	7,580	8,568	7,379	7,581	7,537	9,289
Total operating expense	43,810	42,121	37,422	42,473	43,998	48,612	53,117	56,111	60,562	65,434
Non-operating expense - grant expense	5,662	6,157	8,100	7,364	4,643	3,794	4,664	3,096	2,994	7,585
Total expenses	\$ 49,472	\$ 48,278	\$ 45,522	\$ 49,837	\$ 48,641	\$ 52,406	\$ 57,781	\$ 59,207	\$ 63,556	\$ 73,019

Iowa Finance Authority
Statistical Section (unaudited)
Year Ended June 30, 2023

Iowa Finance Authority Revenue Sources - Housing Agency Fund (Dollars in thousands)										
Fiscal Year ending June 30,										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating revenue										
Interest revenue										
Mortgage backed securities	\$ 22,690	\$ 18,474	\$ 16,430	\$ 15,942	\$ 17,207	\$ 19,563	\$ 24,507	\$ 26,239	\$ 27,027	\$ 35,209
Loans	3,830	3,589	3,466	3,952	3,865	4,016	3,882	3,490	3,736	4,688
Cash equivalents and investments	3,135	4,152	3,529	3,704	4,854	6,255	4,789	2,305	404	10,947
Gain on sale of MBS	3,407	4,746	4,294	5,551	2,817	2,948	4,663	6,123	3,150	661
Net (decrease) increase in FV of investments and MI	(1,505)	(3,585)	1,119	(13,331)	(13,524)	17,603	32,883	(6,477)	(101,038)	(38,852)
Total interest revenue	31,557	27,376	28,838	15,818	15,219	50,385	70,724	31,680	(66,721)	12,653
Fee revenue										
Iowa Title Guaranty	6,457	5,434	7,265	8,084	7,628	6,600	9,823	16,569	18,583	10,330
Single-family*	(512)	87	507	539	670	859	426	(41)	537	1,576
Section 8	2,406	2,437	2,500	2,606	2,669	2,728	2,735	2,810	2,893	3,105
LIHTC	1,874	1,606	1,848	1,822	1,927	2,084	1,115	2,314	2,539	2,415
Private activity bonds	252	114	239	408	394	312	169	169	379	155
Loans	84	117	115	11	116	79	50	130	67	102
Iowa Agricultural Development Division	273	358	572	513	540	477	405	293	356	376
Total fee revenue	10,834	10,153	13,046	13,983	13,944	13,139	14,723	22,244	25,354	18,059
Other revenue	340	252	266	353	290	396	1,037	1,273	1,707	1,707
Total operating revenue	42,731	37,781	42,150	30,154	29,453	63,920	86,484	55,197	(39,660)	32,419
Non-operating revenue										
Grant revenue										
Miscellaneous	180	104	72	91	-	-	-	-	-	-
State funds	20,628	17,413	10,365	11,069	10,478	11,529	13,419	21,926	29,151	31,844
Federal funds**	67,526	70,623	73,284	73,943	71,057	74,438	78,092	206,309	151,340	134,093
Total non-operating revenue	88,334	88,140	83,721	85,103	81,535	85,967	91,511	228,235	180,491	165,937
Total Housing Agency revenues	\$ 131,065	\$ 125,921	\$ 125,871	\$ 115,257	\$ 110,988	\$ 149,887	\$ 177,995	\$ 283,432	\$ 140,831	\$ 198,356

* Reclassified to net service release expense with service acquisition revenue in all periods

** Reclassified to include Section 8 revenue in all periods

Iowa Finance Authority
Statistical Section (unaudited)
Year Ended June 30, 2023

Iowa Finance Authority
Revenue Sources - State Revolving Fund
(dollars in thousands)

Fiscal Year ending June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating revenue										
Loan interest	\$ 37,106	\$ 37,001	\$ 36,919	\$ 36,944	\$ 38,052	\$ 39,151	\$ 39,911	\$ 40,831	\$ 40,896	\$ 41,501
Cash equivalents and investments interest	767	1,328	1,220	1,662	3,628	6,184	4,781	778	1,300	15,107
Net (decrease) increase in FV of investments	(357)	(86)	(582)	(789)	(519)	575	507	(351)	(1,612)	(316)
Fee revenue	3,916	4,255	4,526	4,913	5,578	5,868	6,329	6,883	7,114	7,468
Total operating revenue	41,432	42,498	42,083	42,730	46,739	51,778	51,528	48,141	47,698	63,760
Non-operating revenue										
EPA capitalization grants	31,675	21,893	46,026	29,843	30,846	37,572	44,942	35,047	39,591	79,805
Total State Revolving Fund revenues	\$ 73,107	\$ 64,391	\$ 88,109	\$ 72,573	\$ 77,585	\$ 89,350	\$ 96,470	\$ 83,188	\$ 87,289	\$ 143,565

Iowa Finance Authority
Largest SRF Borrowers
(dollars in thousands)

as of June 30, 2023		
Participant	Amount	% of Total
Wastewater Reclamation Authority	\$ 350,615	14%
City of Sioux City	127,728	5%
City of Fort Dodge	119,613	5%
City of Dubuque	108,521	4%
City of Clinton	69,736	3%
City of Grimes	62,724	3%
City of Ames	60,781	2%
City of Des Moines	57,550	2%
City of Indianola	57,201	2%
City of Cedar Rapids	42,174	2%
Total Top 10	<u>\$ 1,056,643</u>	<u>43%</u>

Total Loans Outstanding \$ 2,463,530

as of June 30, 2014		
Participant	Amount	% of Total
Wastewater Reclamation Authority	\$ 243,823	17%
City of Sioux City	146,074	10%
City of Dubuque	82,925	6%
City of Fort Dodge	73,677	5%
City of Clinton	73,604	5%
City of Cedar Rapids	45,088	3%
Council Bluffs Water Works	31,855	2%
Polk County	27,675	2%
City of Mason City	18,548	1%
City of Fort Madison	16,203	1%
Total Top 10	<u>\$ 759,472</u>	<u>54%</u>

Total Loans Outstanding \$ 1,406,311

Iowa Finance Authority
Statistical Section (unaudited)
Year Ended June 30, 2023

Iowa Finance Authority Outstanding Debt (Dollars in thousands) Fiscal Year ending June 30,										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Housing Agency Fund										
Single-family mortgage bonds*	\$ 209,551	\$ 152,977	\$ 196,886	\$ 287,488	\$ 396,061	\$ 513,520	\$ 654,641	\$ 780,728	\$ 968,006	\$ 1,312,340
Single-family mortgage revenue bonds*	187,419	159,768	128,399	101,231	79,002	64,799	51,424	15,297	5,691	4,896
Multi-family housing bonds*	49,086	46,864	45,022	43,238	38,146	36,492	34,634	33,129	32,768	31,595
Other debt**	654	550	-	-	46	-	-	-	-	-
Total Housing Agency debt	<u>446,710</u>	<u>360,159</u>	<u>370,307</u>	<u>431,957</u>	<u>513,255</u>	<u>614,811</u>	<u>740,699</u>	<u>829,154</u>	<u>1,006,465</u>	<u>1,348,831</u>
SRF revenue bonds*	<u>983,648</u>	<u>1,002,761</u>	<u>942,612</u>	<u>1,079,407</u>	<u>1,192,350</u>	<u>1,413,502</u>	<u>1,587,956</u>	<u>1,782,751</u>	<u>1,938,057</u>	<u>2,136,413</u>
Total debt	<u>\$ 1,430,358</u>	<u>\$ 1,362,920</u>	<u>\$ 1,312,919</u>	<u>\$ 1,511,364</u>	<u>\$ 1,705,605</u>	<u>\$ 2,028,313</u>	<u>\$ 2,328,655</u>	<u>\$ 2,611,905</u>	<u>\$ 2,944,522</u>	<u>\$ 3,485,244</u>
* Revenue bonds	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
** General obligation debt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

The Authority has no legal limitations on the amount of outstanding debt.

The Authority's debt is not considered debt of the State of Iowa, see notes 1 and 5 to the basic financial statements for more details.

The Authority has pledged the mortgage-backed securities and loans purchased with the proceeds of the revenue bonds along with the principal and interest payments.

Iowa Finance Authority
Demographic Information
as of June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Population (in thousands) ⁽¹⁾	3,109	3,121	3,131	3,142	3,149	3,155	3,164	3,193	3,200	n/a
Personal income (in millions) ⁽²⁾	\$ 139,385	\$ 143,533	\$ 144,940	\$ 148,837	\$ 157,102	\$ 164,042	\$ 174,685	\$ 182,208	\$ 188,168	n/a
Per capita personal income	\$ 44,828	\$ 45,990	\$ 46,286	\$ 47,377	\$ 49,896	\$ 51,993	\$ 55,210	\$ 57,065	\$ 58,802	n/a
Labor force (in thousands) ⁽³⁾	1,702	1,696	1,691	1,674	1,688	1,735	1,639	1,654	1,718	1,742
Employment (in thousands) ⁽³⁾	1,630	1,633	1,629	1,621	1,645	1,688	1,508	1,588	1,672	1,694
Unemployed (in thousands) ⁽³⁾	72	64	62	53	43	47	131	66	46	47
Unemployment rate ⁽³⁾	4.3%	3.7%	3.7%	3.2%	2.6%	2.7%	8.0%	4.0%	2.7%	2.7%

⁽¹⁾ Annual Estimates of the Resident Population for the United States, Regions, States, the District of Columbia, and Puerto Rico: April 1, 2020 to July 1, 2022 (NST-EST2021-POP)
Source: U.S. Census Bureau, Population Division; Release Date: December 2022

⁽²⁾ Personal Income by State, 1st Quarter 2023
Source: Bureau of Economic Analysis

⁽³⁾ Iowa Local Area Unemployment Statistics, Iowa Workforce Development
<https://www.iowalmi.gov/local-area-unemployment-statistics>

State of Iowa
 Principal Non-Governmental Employers
 Prior Calendar Year and Nine Years Ago

CALENDAR YEAR 2022

Rank	Employer	Type of Business
1	Hy-Vee Food Stores	Retail Food
2	Wal-Mart	Retail General Merchandise
3	Deere and Company	Machinery Manufacturing
4	Wells Fargo	Financial Activities
5	Mercy Health	Health Care Services
6	Tyson Fresh Meats	Food Manufacturing
7	Casey's General Store	Convenience Stores
8	Fareway Food Stores	Retail Food
9	Rockwell Collins	Equipment Manufacturing
10	Principal Financial Group	Financial Activities

CALENDAR YEAR 2013

Rank	Employer	Type of Business
1	Hy-Vee Food Stores	Retail Food
2	Wal-Mart	Retail General Merchandise
3	Wells Fargo	Financial Activities
4	Deere and Company	Machinery Manufacturing
5	Mercy Health	Health Care Services
6	Rockwell Collins	Equipment Manufacturing
7	Tyson Fresh Meats	Food Manufacturing
8	Casey's General Store	Convenience Stores
9	Fareway Food Stores	Retail Food
10	Principal Financial Group	Finance & Insurance

The Code of Iowa defines employee counts as confidential data; as such, this information is not available.

Source: Iowa Workforce Development

Iowa Finance Authority
Capital Assets - Net Book Value
(dollars in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Land	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ -	\$ 886	\$ 886	\$ 886	\$ 886
Construction in progress	-	-	-	-	-	-	1,130	322	-	47
Real estate held for sale	-	-	-	-	-	1,800	-	-	-	-
Buildings and improvements	1,685	2,410	2,410	2,437	2,751	2,911	11,515	13,291	14,584	14,762
Land improvements	18	18	18	18	18	-	700	700	700	700
Office equipment and vehicles	2,893	2,316	2,368	2,150	608	248	248	412	605	591
Gross value of assets	5,312	5,460	5,512	5,321	4,093	4,959	14,479	15,611	16,775	16,986
Accumulated depreciation	2,296	2,644	2,827	2,890	1,809	295	911	1,655	2,763	3,901
Net book value	\$ 3,016	\$ 2,816	\$ 2,685	\$ 2,431	\$ 2,284	\$ 4,664	\$ 13,568	\$ 13,956	\$ 14,012	\$ 13,085

The Authority's capital assets are related to its primary operating location.

Iowa Finance Authority
Number of Full Time Equivalent Employees by Function
(average number)

Fiscal Years Ending June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Accounting and Finance	12.2	11.9	8.2	8.0	7.7	7.9	7.3	7.9	8.2	8.3
Administration, Marketing, and IT	11.8	11.5	10.6	13.6	14.8	10.9	8.9	9.9	7.6	8.5
Total Administration	24.0	23.4	18.8	21.6	22.5	18.8	16.2	17.8	15.8	16.8
Single Family Programs	6.2	6.8	7.8	8.0	7.2	7.9	8.2	6.3	7.4	8.0
MF Compliance	4.5	5.3	5.1	5.1	5.0	5.0	4.9	4.1	4.4	3.9
Section 8	12.3	11.3	11.1	11.2	10.1	10.1	10.0	10.9	10.5	9.4
Low Income Housing Tax Credit	7.4	7.4	7.1	7.1	6.7	6.7	6.2	6.1	6.3	5.9
Other Multifamily	3.2	3.1	2.9	3.1	3.0	2.4	2.4	2.5	2.7	3.9
Multi-family Programs	27.4	27.1	26.2	26.5	24.8	24.2	23.5	23.6	23.9	23.1
Homelessness programs	1.5	1.8	2.9	3.3	3.1	3.4	3.3	2.3	2.4	2.0
HOME program	7.1	6.4	6.3	6.0	5.5	4.8	3.2	3.0	3.1	4.0
Other Federal and State programs	0.6	0.4	2.2	2.4	2.2	2.2	2.7	6.3	5.2	5.1
Federal and State Programs	9.2	8.6	11.4	11.7	10.8	10.4	9.2	11.6	10.7	11.1
Agricultural Development Division	2.2	2.3	2.6	3.0	2.4	2.4	2.4	2.1	2.2	2.3
Residential	16.2	16.5	14.5	15.5	16.5	13.0	12.7	17.1	17.4	17.1
Commercial	3.2	3.0	3.3	3.8	3.5	3.1	3.6	3.8	3.8	4.2
Iowa Title Guranty Division	19.4	19.5	17.8	19.3	20.0	16.1	16.3	20.9	21.2	21.3
Clean water programs	3.8	3.9	3.7	3.9	3.8	4.0	3.9	3.7	3.7	4.0
Drinking water programs	1.5	1.5	1.3	1.5	1.4	1.5	1.6	1.8	1.8	2.2
State Revolving Fund	5.3	5.4	5.0	5.4	5.2	5.5	5.5	5.5	5.5	6.2
Total Iowa Finance Authority	93.7	93.1	89.6	95.5	92.9	85.3	81.3	87.8	86.7	88.8

	Iowa Finance Authority Operating Indicators Fiscal Year ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
State Revolving Loan Program										
Number of SRF loans originated	87	90	120	126	118	124	125	167	121	132
Single-Family Program										
Number of single-family homebuyers assisted	1,544	1,542	1,959	2,300	2,058	2,012	2,970	2,413	2,717	2,309
Low Income Housing Tax Credit Program										
Number of housing units created or preserved	722	595	708	1,117	1,105	600	0*	524	799	364
Compliance Monitoring										
Section 8 project-based rental units	12,035	11,978	11,942	11,926	11,779	11,742	11,749	11,713	11,678	11,678
LIHTC & HOME program rental units	21,136	21,349	21,573	22,136	22,122	22,892	23,051	25,068	25,049	24,608
Loan Servicing										
SRF loans	961	974	1,042	1,089	1,131	1,167	1,203	1,250	1,287	1,316
Multi-family housing loans	406	413	388	377	363	347	337	321	322	310
Beginning farmer loans	21	26	31	45	57	72	68	62	63	68
Department of Soil Conservation loans	278	274	259	255	243	211	201	198	205	195
Iowa Title Guaranty										
Title guaranty certificates issued	75,309	63,881	77,639	86,074	83,913	80,076	96,349	106,080	100,701	51,421
HousingIowa Conference Attendance										
	445	572	551	706	709	811	674	0**	592	865

* Authority elected to move the awards for LIHTC to August 2020 to better align the anticipated loan and syndication closing dates to early spring.

** Due to COVID-19, the HousingIowa Conference was cancelled.

Compliance Section

Iowa Finance Authority
(A Component Unit of the State of Iowa)
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures	Amounts Passed-Through to Subrecipients
U.S. Department of Housing and Urban Development Section 8 Project-Based Cluster:				
Section 8 Housing Assistance Payments Program	14.195	N/A	\$ 71,534,618	\$ -
Total Section 8 Project-Based Cluster			71,534,618	-
Emergency Solutions Grants Program	14.231	N/A	3,016,720	2,956,052
COVID-19 - Emergency Solutions Grant Program	14.231	N/A	4,274,328	4,188,369
Home Investment Partnerships Program (HOME)	14.239	N/A	5,931,315	1,892,410
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	N/A	811,593	788,788
COVID-19 Housing Opportunities for Persons with AIDS (HOPWA)	14.241	N/A	524	509
National Housing Trust Fund (NHTF)	14.275	N/A	1,423,496	1,253,486
Total United States Department of Housing and Urban Development			86,992,594	11,079,614
U.S. Department of the Treasury				
COVID-19 - Emergency Rental Assistance Program (IRUAP)	21.023	N/A	14,326,190	335,543
COVID-19 - Emergency Rental Assistance Program (RRA)	21.023	N/A	5,059,995	4,951,345
Housing Stability Counseling Program	99.U19	N/A	86,380	81,754
Passed through the State of Iowa:				
COVID-19 - Homeownership Assistance Fund	21.026	(1)	15,800,824	-
COVID-19 - State and Local Fiscal Recovery Fund (WIF)	21.027	(1)	11,643,851	-
COVID-19 - State and Local Fiscal Recovery Fund (Minority DPA)	21.027	(1)	600,000	-
Total United States Department of the Treasury			47,517,240	5,368,642
Total federal financial assistance for year ended June 30, 2023			\$ 134,509,834	\$ 16,448,256

(1) The pass-through entity has not provided an identifying number; therefore, it is not included in this schedule.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Iowa Finance Authority (the Authority) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The schedule excludes the Clean Water and Drinking Water State Revolving Fund Clusters as they are deemed programs of the Iowa Department of Natural Resources and are included on the schedule of expenditures of federal awards for the State of Iowa. Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting, except for subrecipient expenditures, which were accounted for on the cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Iowa Finance Authority has not elected to use the 10% *de minimis* cost rate.



**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

To the Board of Directors
Iowa Finance Authority
Des Moines, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and each major fund of Iowa Finance Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Iowa Finance Authority’s basic financial statements, and have issued our report thereon dated October 26, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Iowa Finance Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iowa Finance Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of Iowa Finance Authority’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iowa Finance Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Iowa Finance Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Iowa Finance Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Iowa Finance Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Aberdeen, South Dakota
October 26, 2023



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Iowa Finance Authority
Des Moines, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Iowa Finance Authority’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Iowa Finance Authority’s major federal programs for the year ended June 30, 2023. Iowa Finance Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Iowa Finance Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Iowa Finance Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Iowa Finance Authority’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Iowa Finance Authority’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Iowa Finance Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Iowa Finance Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Iowa Finance Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Iowa Finance Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Iowa Finance Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Iowa Finance Authority's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Iowa Finance Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Iowa Finance Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Iowa Finance Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Aberdeen, South Dakota
October 26, 2023

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes
Identification of major programs:	
Name of Federal Program	<u>Federal Financial Assistance Listing</u>
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027
COVID-19 - Emergency Rental Assistance Program	21.023
COVID-19 - Homeowner Assistance Program	21.026
Section 8 Housing Assistance Payments Program	14.195
Dollar threshold used to distinguish between type A and type B programs:	\$ 3,000,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

**2023-001 Accounting for Bond Refunding Transactions
Material Weakness**

Criteria: An organization’s internal control structure should provide for the correct and accurate reporting of all necessary material adjustments to financial statements prepared in accordance with generally accepted accounting principles.

Condition: GASB Codification Section D20 contains specific guidance as to generally accepted accounting principles related to the accounting treatment for bond refunding transactions. During our engagement, we discovered accounting errors related to the recording of bond refunding transactions which resulted in material adjustments being required to the financial statements.

Cause: The current system of internal controls did not provide for communication and review of the accounting for bond refunding transactions at a level sufficient to discover the accounting errors.

Effect: The need for audit adjustments indicates that interim financial information is not materially correct, which may affect management decisions made during the year.

Recommendation: We recommend increased communication within the accounting team and the implementation of a documented detailed review process following the occurrence of a bond refunding transaction to ensure appropriate accounting treatment is reflected in the financial statements.

Views of Responsible Officials: Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs

**2023-002 U.S. Department of Treasury
Assistance Listing # 21.023, 2021 Award Year, Award Number: Not Provided
COVID-19 Emergency Rental Assistance Program (ERA)**

**U.S. Department of Treasury
Assistance Listing #21.027, 2022 Award Year, Award Number: Not Provided
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)**

**Reporting
Significant Deficiency in Internal Control over Compliance and Non-Compliance**

Criteria: Quarterly and annual reports are required by Department of Treasury for ERA. Quarterly reports are required by the State of Iowa for CSLFRF.

Condition: There was no documented control in place to review reports prior to submission for ERA and CSLFRF; and, for one quarterly ERA report tested, key line items were blank in the submitted report that was provided to be audited.

Cause: For ERA, review of the submission was not documented and certain information that was previously submitted to Department of Treasury was not available to be tested because certain key line items were blank in the copy of the submitted report provided to the auditors. Despite multiple attempts in September and October 2023 by the Authority to obtain a copy of the submitted report from the Department of Treasury, a copy has not been made available to the Authority by Department of Treasury.

For CSLFRF, review controls have not been implemented.

Effect: Inaccurate information could have been reported or lines with required information could have been missed.

Questioned Costs: None.

Context/Sampling: For ERA, 3 of the 6 quarterly reports required for fiscal year 2023 were tested (2 quarters where ERA 1 was active during fiscal year 2023, and 4 quarters for ERA 2). For CSLFRF, 2 of the 4 required quarterly reports were tested.

Repeat Finding from Prior Year(s): Yes

Recommendation: We recommend a documented review process be implemented prior to report submission to ensure all lines are properly entered and agree to the applicable backup. We also recommend that a copy of the final submission is saved on the date of submission and review of that copy is completed to ensure that the information entered is available to review after submission is completed.

Views of Responsible Officials: Management agrees with the finding.



Management's Response to Auditor's Findings:

Summary Schedule of Prior Audit Findings and Corrective Action Plan

June 30, 2023

Prepared by Management of

Iowa Finance Authority

Summary Schedule of Prior Audit Findings

Finding 2022-001

Federal Agency Name: U.S. Department of Housing and Urban Development

Program Name: Emergency Solutions Grant Program

Assistance Listing #14.231

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: As part of the auditors testing for special tests and provisions compliance requirements, they noted that the board approval for the obligations was outside the 60 day requirement. The board approval was at 124 days.

Status: Corrective action taken

Finding 2022-002

Federal Agency Name: U.S Department of Treasury

Program Name: Emergency Rental Assistance Program (ERA) and Coronavirus State and Local Recovery Funds (CSLRF)

Assistance Listing #21.023 and 21.027

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: There was no documented control in place to review reports prior to submission.

Status: Corrective action taken to resolve finding related to ERA reporting. Ongoing corrective action is needed to develop a formal process for review of CSLRF data provided to an outside agency with reporting responsibilities.

Corrective Action Plan

Finding 2023-001

Finding Summary: GASB Codification Section D20 contains specific guidance as to generally accepted accounting principles related to the accounting treatment for bond refunding transactions. During the engagement, the auditors discovered accounting errors related to the recording of bond refunding transactions which resulted in material adjustments being required to the financial statements.

Responsible Individuals: Jennifer Pulford, Accounting Director

Corrective Action Plan: Bond refunding transactions have been corrected and are reported accurately in the financial statements for the fiscal year. We have implemented a formal communication and review process for all future bond deals.

Anticipated Completion Date: Resolved

Finding 2023-002

Federal Agency Name: U.S Department of Treasury

Program Name: Emergency Rental Assistance Program (ERA) and Coronavirus State and Local Recovery Funds (CSLRF)

Assistance Listing # 21.023 and 21.027

Finding Summary: There was no documented control in place to review reports prior to submission for ERA and CSLRF; and, for one quarterly ERA report tested, key line items were blank in the submitted report that was provided to the auditors. Despite multiple attempts in September and October 2023 to obtain a copy of the submitted report from the Department of Treasury, a copy has not been made available by Department of Treasury with the completed lines.

Responsible Individuals: Brian Sullivan, Chief Programs Officer (ERA) and Aaron Smith, Chief Bond Programs Director (CSLRF)



Corrective Action Plan: We will develop and document a process requiring additional review of required federal reporting prior to submission for the CSLRF program. We will also ensure additional steps are taken to document the data submitted by Iowa Finance Authority in the US Treasury online reporting portal until such time as the portal is able to produce accurate reporting for ERA. This review process will be implemented immediately effective with the treasury reporting submitted for the quarter end December 31, 2023.

Anticipated Completion Date: December 31, 2023