

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

Creating opportunities for Iowans, communities and businesses to thrive.



A Component of the State of Iowa



Timica Lee, Des Moines IFA homebuyer.

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR FISCAL YEAR ENDED**

**JUNE 30, 2025**

Debi Durham, Director

Prepared by:

**Iowa Finance Authority Accounting and Finance Department**

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## **Introductory Section (unaudited)**

September 23, 2025

**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, 2025.

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 3.0% in the second quarter of 2025, as reported by the U.S. Bureau of Economic Analysis (BEA). Real GDP in the second quarter primarily reflected a decrease in imports and an increase in consumer spending that were partly offset by decreases in investment and exports.

Iowa's unemployment rate was 3.7% in June 2025, compared to 2.8% in June 2024. The average national unemployment rate was 4.1% in June 2025. Personal income increased 0.3% at a monthly rate in June of 2025 as reported by the BEA.

The US housing market continues to be weak as home sales activity has been hindered by higher mortgage rates and prices. Nationally, existing home sales decreased by 2.7% in June. Year-over-year sales fell in the Northeast and West, while rising in the Midwest and South, according to the National Association of Realtors. In Iowa, the housing market has shown signs of steady growth with rising inventory levels and price gains. In May of 2025, housing inventory levels rose 20% year over year and median prices saw a nearly 6% increase, as reported by the Iowa Realtors Association.

## **AUTHORITY'S ADMINISTRATION OF RECENT FEDERAL PROGRAMS**

The Authority continued to finance projects throughout the state and help Iowans in need. The Authority received funds through the federal Emergency Rental Assistance (ERA2) program that were used to finance the Refugee Resettlement Assistance, Iowa Rapid Rehousing Project, and the Coordinated Entry pilot programs. The Refugee Resettlement Assistance program provided \$3.2 million to assist approximately 600 households in fiscal year 2025. The Authority disbursed \$11.7 million to subrecipients who provided assistance to eligible clients under the Iowa Rapid Rehousing Project and Coordinated Entry pilot programs that served 1,674 unique households. Furthermore, the Authority disbursed \$14.9 million to individuals through the Homeowner Assistance Fund which supports eligible homeowners in avoiding foreclosure by providing financial aid for mortgage payments and related property expenses. These funds were provided through the American Rescue Plan Act (ARPA) from the State and Local Fiscal Recovery Fund (SLFRF).

The Authority also supported projects across the state through the Water Infrastructure Fund (WIF) which was funded with a portion of the state of Iowa's allocation of the SLFRF. WIF makes investments in infrastructure projects that protect, preserve, expand, and restore Iowa's water resources. The Authority disbursed \$1.6 million to fund on-site septic wastewater systems for 98 properties in unsewered communities. In addition, WIF funded \$5.9 million for 18 drinking water and wastewater infrastructure projects, and \$2.3 million for 9 watershed protection projects.

## **AUTHORITY PROGRAM AND FINANCIAL HIGHLIGHTS**

**Homeownership:** The single-family program assisted 2,908 home buyers by funding nearly \$509 million in mortgage-backed securities during fiscal year 2025. Approximately 94% of these home buyers also benefitted from the Authority's down payment and closing cost assistance – available as either a \$2,500 grant or second loan. The second loan provides 5% of the sale price and is repayable when the home is sold, refinanced, or when the first mortgage is paid in full. There are no monthly payments required on the DPA second loan.

**Iowa Title Guaranty (ITG):** ITG issued residential and commercial title certificates covering \$17.3 billion of Iowa real estate in fiscal year 2025. During the year, ITG directly transferred \$1.31 million to support the Authority's housing programs and indirectly transferred \$912,000 in interest earned on deposits.

**Housing Tax Credits:** The Authority allocated a total of \$144 million in Federal Housing Tax Credits in fiscal year 2025 which will create or preserve 816 safe and affordable homes for Iowa families. These awards leveraged an additional \$102 million in local contributions.

**State Revolving Funds (SRF):** In fiscal year 2025, the Iowa SRF executed \$498 million in low-interest loans for wastewater and drinking water infrastructure. Nearly \$40 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, 2023 and 2024. This was the seventh and eighth consecutive years 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 will submit the Annual Report for the fiscal year ended June 30, 2025, to GFOA. 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 the 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



David Morrison

Accounting Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Iowa Finance Authority**

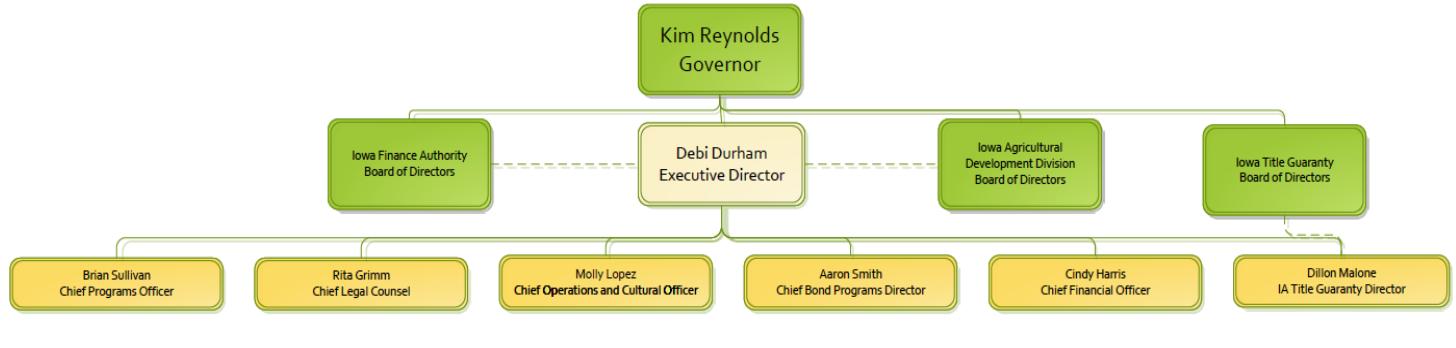
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Monell*

Executive Director/CEO

## Table of Organization



## Board of Directors

Nicolas AbouAssaly (Marion)

Ashley Aust (Des Moines)

Tracey Ball, Vice Chair (Des Moines)

Jennifer Cooper, Chair (Des Moines)

Danielle Michalski, (Manson)

Michel Nelson, (Grimes)

Mark Phillips, (Dallas Center)

Gilbert Thomas, Treasurer (Clarinda)

Jayme Ungs, ex officio voting member

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 the Iowa Finance Authority (the Authority), a component unit of the State of Iowa, as of and for the year ended June 30, 2025, 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, 2025, 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 64 through 69 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 70 through 72 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 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 73 through 87, 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 September 23, 2025 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, 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  
September 23, 2025

Iowa Finance Authority  
(A Component Unit of the State of Iowa)  
Management's Discussion and Analysis (Unaudited)  
June 30, 2025

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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, 2025. 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 financing 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-supporting 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 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. 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 federal and state 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, as well as evaluation and reporting services for the homeless.

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.

#### ***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, IADD is totally self-supporting.

#### ***Iowa Title Guaranty Division***

Iowa Title Guaranty Division (ITG) supplements the abstract-attorney's title opinion system by providing low-cost guaranties of real property titles to facilitate mortgage lenders' participation in the secondary market and add to the integrity of Iowa's land-title transfer system. As a division of the Iowa Finance Authority, ITG is totally self-supporting. Any surplus funds, after reserve for claims and operating expenses, is transferred to support the Authority's housing programs.

#### ***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 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.

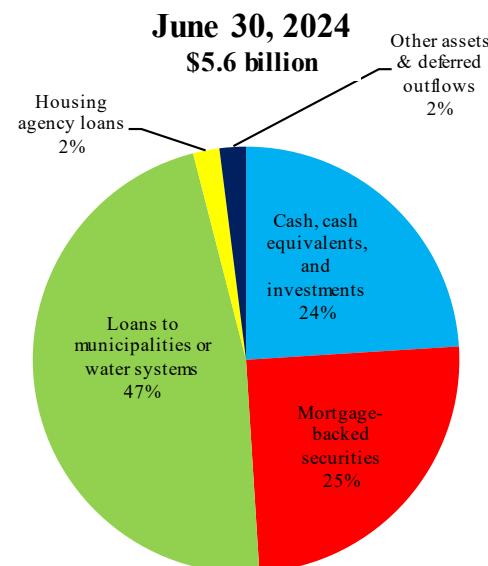
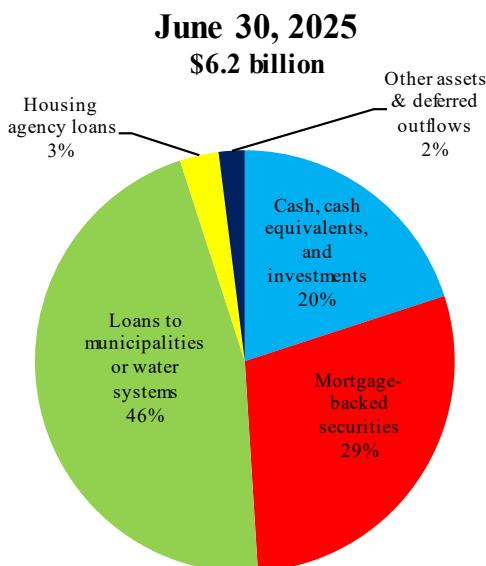
The SRF receives grants from the United States Environmental Protection Agency (EPA) and issues tax-exempt bonds in order to fund projects under the SRF. Loan interest and servicing fees also contribute to the program.

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 2025 and 2024.

#### **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, 2025

---

Iowa Finance Authority  
 Net Position  
 (Dollars in thousands)

	<b>2025</b>	<b>2024</b>	<b>Change</b>	<b>%</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,082,690	\$ 1,212,910	\$ (130,220)	-10.7%
Mortgage-backed securities	1,788,866	1,404,642	384,224	27.4%
Investments	153,566	118,561	35,005	29.5%
Loans to municipalities or water systems	2,870,633	2,643,022	227,611	8.6%
Housing agency loans	159,461	137,104	22,357	16.3%
Line of credit receivable	34,248	30,492	3,756	12.3%
Capital assets, net of accumulated depreciation	14,317	13,127	1,190	9.1%
Other assets	69,380	66,950	2,430	3.6%
<b>Total assets</b>	<b>6,173,161</b>	<b>5,626,808</b>	<b>546,353</b>	<b>9.7%</b>
Deferred outflows	5,279	6,284	(1,005)	-16.0%
<b>Total assets and deferred outflows</b>	<b>\$ 6,178,440</b>	<b>\$ 5,633,092</b>	<b>\$ 545,348</b>	<b>9.7%</b>
<b>Liabilities:</b>				
Current liabilities	\$ 293,096	\$ 293,778	\$ (682)	-0.2%
Noncurrent liabilities	4,194,456	3,777,635	416,821	11.0%
<b>Total liabilities</b>	<b>4,487,552</b>	<b>4,071,413</b>	<b>416,139</b>	<b>10.2%</b>
Deferred inflows	26,270	31,306	(5,036)	-16.1%
<b>Total liabilities and deferred inflows</b>	<b>4,513,822</b>	<b>4,102,719</b>	<b>411,103</b>	<b>10.0%</b>
<b>Net position:</b>				
Net investment in capital assets	14,317	13,127	1,190	9.1%
Restricted net position	1,628,278	1,499,411	128,867	8.6%
Unrestricted net position	22,023	17,835	4,188	23.5%
<b>Total net position</b>	<b>1,664,618</b>	<b>1,530,373</b>	<b>134,245</b>	<b>8.8%</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 6,178,440</b>	<b>\$ 5,633,092</b>	<b>\$ 545,348</b>	<b>9.7%</b>

**Iowa Finance Authority**  
 (A Component Unit of the State of Iowa)  
 Management's Discussion and Analysis (Unaudited)  
 June 30, 2025

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**Iowa Finance Authority**  
 Revenues, Expenses, and Changes in Net Position  
 (Dollars in thousands)

	<b>2025</b>	<b>2024</b>	<b>Change</b>	<b>%</b>
<b>Operating revenues:</b>				
Interest income	\$ 173,956	\$ 148,183	\$ 25,773	17.4%
Gain on sale of mortgage-backed securities	976	714	262	36.7%
Net increase (decrease) in fair value of investments and mortgage-backed securities	42,174	(8,516)	50,690	595.2%
Fee income	27,402	24,211	3,191	13.2%
Other income	1,833	1,829	4	0.2%
<b>Total operating revenues</b>	<b>246,341</b>	<b>166,421</b>	<b>79,920</b>	<b>48.0%</b>
<b>Operating expenses:</b>				
Interest expense	139,371	109,698	29,673	27.0%
General and administrative	35,367	33,692	1,675	5.0%
Provision (recoveries) for losses	775	2,861	(2,086)	-72.9%
<b>Total operating expenses</b>	<b>175,513</b>	<b>146,251</b>	<b>29,262</b>	<b>20.0%</b>
<b>Net operating income</b>	<b>70,828</b>	<b>20,170</b>	<b>50,658</b>	<b>251.2%</b>
<b>Non-operating revenue (expense):</b>				
Grant income	302,597	225,445	77,152	34.2%
Grants and aid	(239,180)	(164,815)	(74,365)	45.1%
<b>Net non-operating revenue</b>	<b>63,417</b>	<b>60,630</b>	<b>2,787</b>	<b>4.6%</b>
<b>Change in net position</b>	<b>134,245</b>	<b>80,800</b>	<b>53,445</b>	<b>66.1%</b>
<b>Net position at beginning of year</b>	<b>1,530,373</b>	<b>1,449,573</b>	<b>80,800</b>	<b>5.6%</b>
<b>Net position at end of year</b>	<b>\$ 1,664,618</b>	<b>\$ 1,530,373</b>	<b>\$ 134,245</b>	<b>8.8%</b>

**Financial Analysis – Iowa Finance Authority 2025 (dollars in thousands)**

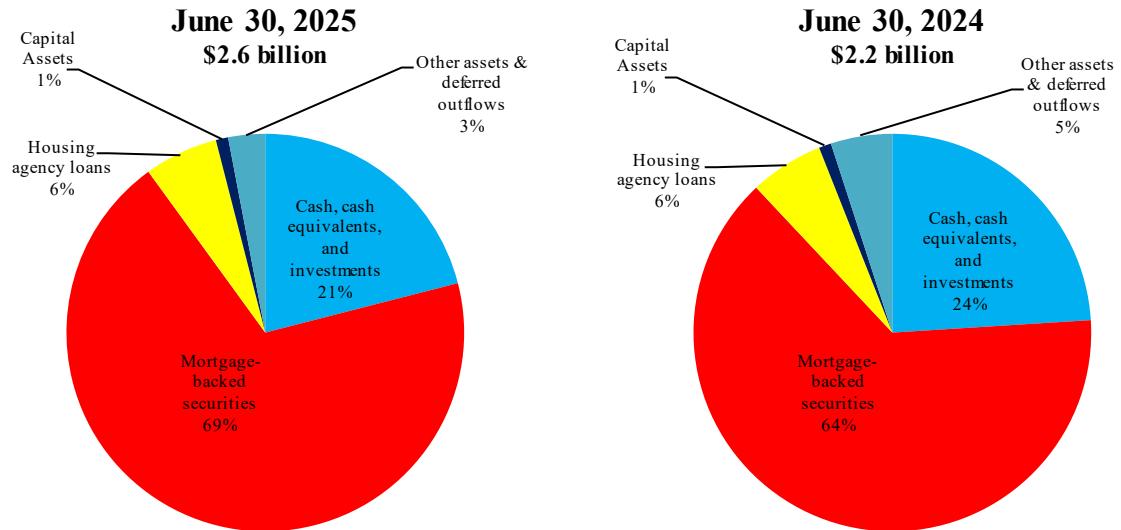
- Assets and deferred outflows increased 9.7% or \$545,348 to \$6,178,440 in fiscal year 2025 due to growth in mission assets of both the housing and SRF programs.
- Mission assets of MBS increased by 27.4%, or \$384,224; and loans to municipalities for water systems (SRF loans) increased 8.6%, or \$227,611.
- The Authority's liabilities and deferred inflows increased by 10.0% or \$411,103 to \$4,513,822 with the issuance of single-family bonds and SRF bonds.
- The Authority issued five new bond series with proceeds totaling \$643,947 to purchase MBS and fund SRF loans. The Authority made bond payments of \$179,757,923.

<b>Series</b>	<b>Date</b>	<b>Proceeds</b>	<b>Rating</b>
SF 2024 EF	09/10/2024	\$ 124,997	AAA by S&P; Aaa by Moody's
SF 2024 GH	11/20/2024	97,497	AAA by S&P; Aaa by Moody's
SF 2025 AB	02/12/2025	115,000	AAA by S&P; Aaa by Moody's
SF 2025 CD	06/04/2025	125,033	AAA by S&P; Aaa by Moody's
SRF 2025 AB	01/30/2025	<u>181,420</u>	AAA by S&P; AAA by Fitch
<b>Total</b>		<b><u>\$ 643,947</u></b>	

See Note 5 – Long-term liabilities for more detail on the Authority's debt.

- Interest income grew 17.4% to \$173,956 due to the higher interest rate environment throughout the fiscal year.
- Gain on sale of MBS increased 36.7% to \$976 due to slightly higher MBS sales.
- Fair value of investments and MBS increased by \$50,690 over the prior year due to higher short-term and long-term interest rates.
- Fee income increased by 13.2% to \$27,402 primarily due to higher single family service acquisition fees and more SRF initiation fees.
- Interest expense increased 27.0% to \$139,371 due to the new debt issuances mentioned above, partially offset by interest reductions due to bond calls.
- General and administrative expenses increased by 5.0% to \$35,367, due to increases in consultant fees to facilitate ongoing Covid relief programs.
- Provision for loan losses decreased to \$775 indicating fewer expenses in ITG and a smaller provision for loan losses.
- Grant income increased by 34.2% to \$302,597 due to using more federal funds to support relief programs.
- Grants and aid expenditures increased by 45.1%, as a result of sending more funds out to state program recipients.
- Overall, the Authority's net position increased 8.8% or \$134,245 to \$1,664,618.

**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, 2025

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Housing Agency Fund  
 Net Position  
 (Dollars in thousands)

	<b>2025</b>	<b>2024</b>	<b>Change</b>	<b>%</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 534,923	\$ 533,890	\$ 1,033	0.2%
Mortgage-backed securities	1,788,866	1,404,642	384,224	27.4%
Housing agency loans	159,461	137,104	22,357	16.3%
Line of credit	34,248	30,492	3,756	12.3%
Capital assets, net of accumulated depreciation	14,317	13,127	1,190	9.1%
Other assets	62,298	59,343	2,955	5.0%
<b>Total assets</b>	<b>2,594,113</b>	<b>2,178,598</b>	<b>415,515</b>	<b>19.1%</b>
<b>Deferred outflows</b>	<b>3,156</b>	<b>3,656</b>	<b>(500)</b>	<b>-13.7%</b>
<b>Total assets and deferred outflows</b>	<b><u>\$ 2,597,269</u></b>	<b><u>\$ 2,182,254</u></b>	<b><u>\$ 415,015</u></b>	<b><u>19.0%</u></b>
<b>Liabilities:</b>				
Current liabilities	\$ 164,331	\$ 177,923	\$ (13,592)	-7.6%
Noncurrent liabilities	1,973,993	1,624,910	349,083	21.5%
<b>Total liabilities</b>	<b>2,138,324</b>	<b>1,802,833</b>	<b>335,491</b>	<b>18.6%</b>
<b>Deferred inflows</b>	<b>15,878</b>	<b>20,081</b>	<b>(4,203)</b>	<b>-20.9%</b>
<b>Total liabilities and deferred inflows</b>	<b><u>2,154,202</u></b>	<b><u>1,822,914</u></b>	<b><u>331,288</u></b>	<b><u>18.2%</u></b>
<b>Net position:</b>				
Net investment in capital assets	14,317	13,127	1,190	9.1%
Restricted net position	406,727	328,378	78,349	23.9%
Unrestricted net position	22,023	17,835	4,188	23.5%
<b>Total net position</b>	<b><u>443,067</u></b>	<b><u>359,340</u></b>	<b><u>83,727</u></b>	<b><u>23.3%</u></b>
<b>Total liabilities, deferred inflows and net position</b>	<b><u>\$ 2,597,269</u></b>	<b><u>\$ 2,182,254</u></b>	<b><u>\$ 415,015</u></b>	<b><u>19.0%</u></b>

**Iowa Finance Authority**  
 (A Component Unit of the State of Iowa)  
 Management's Discussion and Analysis (Unaudited)  
 June 30, 2025

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**Housing Agency Fund**  
 Revenues, Expenses, and Changes in Net Position  
 (Dollars in thousands)

	<b>2025</b>	<b>2024</b>	<b>Change</b>	<b>%</b>
<b>Operating revenues:</b>				
Interest income	\$ 98,996	\$ 76,334	\$ 22,662	29.7%
Gain on sale of mortgage-backed securities	976	714	262	36.7%
Net increase (decrease) in fair value of investments and mortgage-backed securities	41,373	(9,148)	50,521	552.3%
Fee income	19,169	17,347	1,822	10.5%
Other income	1,833	1,829	4	0.2%
<b>Total operating revenues</b>	<b>162,347</b>	<b>87,076</b>	<b>75,271</b>	<b>86.4%</b>
<b>Operating expenses:</b>				
Interest expense	70,655	50,486	20,169	39.9%
General and administrative	22,649	21,339	1,310	6.1%
Provision (recoveries) for losses	825	2,850	(2,025)	-71.1%
<b>Total operating expenses</b>	<b>94,129</b>	<b>74,675</b>	<b>19,454</b>	<b>26.1%</b>
<b>Net operating income</b>	<b>68,218</b>	<b>12,401</b>	<b>55,817</b>	<b>450.1%</b>
<b>Non-operating revenue (expense):</b>				
Grant income	219,676	158,772	60,904	38.4%
Grants and aid	(205,336)	(147,532)	(57,804)	39.2%
<b>Net non-operating revenue (expense)</b>	<b>14,340</b>	<b>11,240</b>	<b>3,100</b>	<b>27.6%</b>
<b>Income before transfers</b>	<b>82,558</b>	<b>23,641</b>	<b>58,917</b>	<b>249.2%</b>
<b>Transfers</b>	<b>1,169</b>	<b>-</b>	<b>1,169</b>	<b>-</b>
<b>Change in net position</b>	<b>83,727</b>	<b>23,641</b>	<b>60,086</b>	<b>254.2%</b>
<b>Net position at beginning of year</b>	<b>359,340</b>	<b>335,699</b>	<b>23,641</b>	<b>7.0%</b>
<b>Net position at end of year</b>	<b>\$ 443,067</b>	<b>\$ 359,340</b>	<b>\$ 83,727</b>	<b>23.3%</b>

**Financial Analysis –Housing Agency Fund 2025 (dollars in thousands)**

- Assets and deferred outflows increased 19.0% or \$415,015 to \$2,597,269 in fiscal year 2025 due to the increase in MBS and housing agency loans.
- Liabilities and deferred inflows increased by 18.2% or \$331,288 to \$2,154,202 with the issuance of bonds to purchase MBS.
- The Housing Agency issued debt with proceeds totaling \$462,527 to purchase MBS; and made bond payments of \$100,752.

<b>Series</b>	<b>Date</b>	<b>Proceeds</b>	<b>Rating</b>
SF 2024 EF	09/10/2024	\$ 124,997	AAA by S&P; Aaa by Moody's
SF 2024 GH	11/20/2024	97,497	AAA by S&P; Aaa by Moody's
SF 2025 AB	02/12/2025	115,000	AAA by S&P; Aaa by Moody's
SF 2025 CD	06/04/2025	<u>125,033</u>	AAA by S&P; Aaa by Moody's
Total		<u><u>\$ 462,527</u></u>	

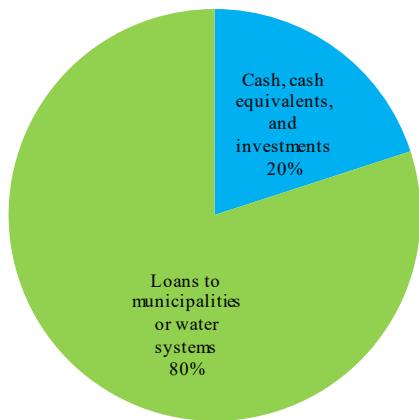
See Note 5 – Long-term liabilities for more detail on the Authority's debt.

- Interest income increased 29.7% to \$98,996 due to the higher interest rate environment throughout the fiscal year.
- Gain on sale of MBS increased 36.7% to \$976 due to slightly higher MBS sales.
- Fair value of investments and MBS increased by \$50,521 over the prior year due to higher short-term and long-term interest rates.
- Fee income increased by 10.5% to \$19,169 due to higher volume in Iowa Title Guaranty and LIHTC fees.
- Interest expense increased 39.9% to \$70,655 due to the new debt issuances mentioned above and a higher interest rate environment.
- General and administrative expenses increased by 6.1% or \$1,310 to \$22,649, due to increasing costs from consultants supporting relief programs and increased inflation.
- Grant income increased by 38.4% to \$219,676 due to the availability of federal funds.
- Grants and aid expense increased by 39.2%, to \$205,336 because of the demand for grant funds to support communities.
- The Authority's net position increased 23.3% or \$83,727 to \$443,067.

**State Revolving Fund Assets and Deferred Outflows as of:**

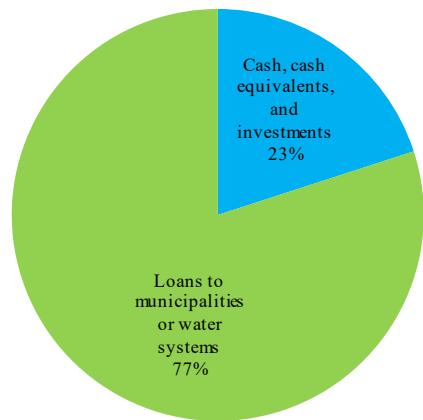
**June 30, 2025**

**\$3.6 billion**



**June 30, 2024**

**\$3.5 billion**



**Iowa Finance Authority**  
 (A Component Unit of the State of Iowa)  
 Management's Discussion and Analysis (Unaudited)  
 June 30, 2025

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State Revolving Fund Net Position (Dollars in thousands)	<b>2025</b>	<b>2024</b>	<b>Change</b>	<b>%</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 547,767	\$ 679,020	\$ (131,253)	-19.3%
Investments	153,566	118,561	35,005	29.5%
Loans to municipalities or water systems	2,870,633	2,643,022	227,611	8.6%
Other assets	7,082	7,607	(525)	-6.9%
Total assets	<u>3,579,048</u>	<u>3,448,210</u>	<u>130,838</u>	<u>3.8%</u>
Deferred outflows	2,123	2,628	(505)	-19.2%
Total assets and deferred outflows	<u><u>\$ 3,581,171</u></u>	<u><u>\$ 3,450,838</u></u>	<u><u>\$ 130,333</u></u>	<u><u>3.8%</u></u>
<b>Liabilities:</b>				
Current liabilities	\$ 128,765	\$ 115,855	\$ 12,910	11.1%
Noncurrent liabilities	2,220,463	2,152,725	67,738	3.1%
Total liabilities	<u>2,349,228</u>	<u>2,268,580</u>	<u>80,648</u>	<u>3.6%</u>
Deferred inflows	10,392	11,225	(833)	-7.4%
Total liabilities and deferred inflows	<u><u>2,359,620</u></u>	<u><u>2,279,805</u></u>	<u><u>79,815</u></u>	<u><u>3.5%</u></u>
<b>Net position:</b>				
Restricted net position	1,221,551	1,171,033	50,518	4.3%
Total net position	<u>1,221,551</u>	<u>1,171,033</u>	<u>50,518</u>	<u>4.3%</u>
Total liabilities, deferred inflows and net position	<u><u>\$ 3,581,171</u></u>	<u><u>\$ 3,450,838</u></u>	<u><u>\$ 130,333</u></u>	<u><u>3.8%</u></u>

**Iowa Finance Authority**  
 (A Component Unit of the State of Iowa)  
 Management's Discussion and Analysis (Unaudited)  
 June 30, 2025

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State Revolving Fund  
 Revenues, Expenses, and Changes in Net Position  
 (Dollars in thousands)

	<b>2025</b>	<b>2024</b>	<b>Change</b>	<b>%</b>
<b>Operating revenues:</b>				
Interest income	\$ 74,960	\$ 71,849	\$ 3,111	4.3%
Net increase in fair value of investments	801	632	169	26.7%
Fee income	8,233	6,864	1,369	19.9%
<b>Total operating revenues</b>	<b><u>83,994</u></b>	<b><u>79,345</u></b>	<b><u>4,649</u></b>	<b><u>5.9%</u></b>
<b>Operating expenses:</b>				
Interest expense	68,716	59,212	9,504	16.1%
General and administrative	12,718	12,353	365	3.0%
Provision (recoveries) for losses	(50)	11	(61)	-554.5%
<b>Total operating expenses</b>	<b><u>81,384</u></b>	<b><u>71,576</u></b>	<b><u>9,808</u></b>	<b><u>13.7%</u></b>
<b>Net operating income</b>	<b><u>2,610</u></b>	<b><u>7,769</u></b>	<b><u>(5,159)</u></b>	<b><u>-66.4%</u></b>
<b>Non-operating revenue (expense):</b>				
Grant income	82,921	66,673	16,248	24.4%
Grants and aid	(33,844)	(17,283)	(16,561)	95.8%
<b>Net non-operating revenue</b>	<b><u>49,077</u></b>	<b><u>49,390</u></b>	<b><u>(313)</u></b>	<b><u>-0.6%</u></b>
<b>Income before transfers</b>	<b><u>51,687</u></b>	<b><u>57,159</u></b>	<b><u>(5,472)</u></b>	<b><u>-9.6%</u></b>
<b>Transfers</b>	<b><u>(1,169)</u></b>	<b><u>-</u></b>	<b><u>(1,169)</u></b>	<b><u>-</u></b>
<b>Change in net position</b>	<b><u>50,518</u></b>	<b><u>57,159</u></b>	<b><u>(6,641)</u></b>	<b><u>-11.6%</u></b>
<b>Net position at beginning of year</b>	<b><u>1,171,033</u></b>	<b><u>1,113,874</u></b>	<b><u>57,159</u></b>	<b><u>5.1%</u></b>
<b>Net position at end of year</b>	<b><u>\$ 1,221,551</u></b>	<b><u>\$ 1,171,033</u></b>	<b><u>\$ 50,518</u></b>	<b><u>4.3%</u></b>

**Financial Analysis – State Revolving Fund 2025 (dollars in thousands)**

- Assets and deferred outflows increased 3.8% or \$130,333 to \$3,581,171 due to the strategic goal of increasing loans to municipalities and water systems.
- Liabilities and deferred inflows increased by 3.5% or \$79,815 to \$2,359,620 in order to finance the additional loans mentioned above.
- The State Revolving Fund issued debt with proceeds totaling \$181,420; and made bond payments of \$79,005.

<b>Series</b>	<b>Date</b>	<b>Proceeds</b>	<b>Rating</b>
SRF 2025 AB	01/30/2025	\$ 181,420	AAA by S&P; AAA by Fitch

See Note 5 – Long-term liabilities for more detail on the Authority's debt.

- Interest income increased 4.3% to \$74,960 due to the higher interest rate environment throughout the fiscal year.
- Fee income increased by 19.9% to \$8,233 due to higher initiation fees and loan servicing fees.
- Interest expense increased 16.1% to \$68,716 due to the new debt issuance mentioned above and a higher interest rate environment.
- General and administrative expenses increased by 3.0% or \$365 to \$12,718, due to increasing personnel and administrative costs.
- Grant income increased by 24.4% to \$82,921 due to timing of and receipt of capitalization grants.
- Grants and aid expense increased by 95.8%, as a result of disbursing loans funded by cap grants.
- The State Revolving Fund net position increased 4.3% or \$50,518 to \$1,221,551.

### **Currently Known Facts, Decisions, or Conditions**

The Authority issued State Revolving Fund (“SRF”) Bonds on July 2, 2025, in the par amount of \$198.625 million. Proceeds will be used to fund participant loans by reimbursement to the Authority for prior loan disbursements under the SRF Program, to meet state match requirements for capitalization grants, to refund bonds and to pay for costs of issuance.

The Authority issued Single-Family Mortgage Bonds on September 11, 2025, in the par amount of \$115.375 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.

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, 2025

	<b>Assets</b>	<b>Housing Agency Fund</b>	<b>State Revolving Fund</b>	<b>Total</b>
Current assets (substantially restricted):				
Cash and cash equivalents	\$ 534,923	\$ 547,767	\$ 1,082,690	
Investments in mortgage-backed securities	37,245	-	37,245	
Other investments	-	134,059	134,059	
Loans to municipalities or water systems, net	-	201,326	201,326	
Housing Agency loans, net	22,336	-	22,336	
Line of credit receivable	34,248	-	34,248	
Accrued interest receivable	8,954	6,960	15,914	
Other current assets	2,930	122	3,052	
Total current assets	<u>640,636</u>	<u>890,234</u>	<u>1,530,870</u>	
Noncurrent assets (substantially restricted):				
Investments in mortgage-backed securities	1,751,621	-	1,751,621	
Other investments	-	19,507	19,507	
Loans to municipalities or water systems, net	-	2,669,307	2,669,307	
Housing Agency loans, net	137,125	-	137,125	
Capital assets, net of accumulated depreciation	14,317	-	14,317	
Other noncurrent assets	50,414	-	50,414	
Total noncurrent assets	<u>1,953,477</u>	<u>2,688,814</u>	<u>4,642,291</u>	
Total assets	<u>2,594,113</u>	<u>3,579,048</u>	<u>6,173,161</u>	
<b>Deferred Outflows of Resources</b>				
Other post employment benefits	266	21	287	
Pension plan	1,167	105	1,272	
Loss on bond refunding	1,723	1,997	3,720	
Total deferred outflows of resources	<u>3,156</u>	<u>2,123</u>	<u>5,279</u>	
<b>Liabilities</b>				
Current liabilities:				
Long-term liabilities, net	57,357	86,693	144,050	
Accrued interest payable	34,614	41,231	75,845	
Escrow deposits	19,453	-	19,453	
Unearned revenue	47,985	-	47,985	
Accounts payable and other liabilities	4,922	841	5,763	
Total current liabilities	<u>164,331</u>	<u>128,765</u>	<u>293,096</u>	
Noncurrent liabilities:				
Long-term liabilities, net	1,967,384	2,220,144	4,187,528	
Reserves for claims	2,145	-	2,145	
Other liabilities	4,464	319	4,783	
Total noncurrent liabilities	<u>1,973,993</u>	<u>2,220,463</u>	<u>4,194,456</u>	
Total liabilities	<u>2,138,324</u>	<u>2,349,228</u>	<u>4,487,552</u>	
<b>Deferred Inflows of Resources</b>				
Other post employment benefits	597	47	644	
Pension plan	166	15	181	
Accumulated increase in fair value of hedging derivatives	13,721	-	13,721	
Gain on bond refunding	1,394	10,330	11,724	
Total deferred inflows of resources	<u>15,878</u>	<u>10,392</u>	<u>26,270</u>	
<b>Net Position</b>				
Net investment in capital assets	14,317	-	14,317	
Restricted net position:				
Per bond resolutions	253,807	1,007,622	1,261,429	
Per legislation	109,675	-	109,675	
Per other agreements	43,245	213,929	257,174	
Total restricted net position	<u>406,727</u>	<u>1,221,551</u>	<u>1,628,278</u>	
Unrestricted net position	22,023	-	22,023	
Total net position	<u>\$ 443,067</u>	<u>\$ 1,221,551</u>	<u>\$ 1,664,618</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, 2025

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	<b>Housing Agency Fund</b>	<b>State Revolving Fund</b>	<b>Total</b>
Operating revenues:			
Interest on mortgage-backed securities	\$ 77,555	\$ -	\$ 77,555
Interest on loans	4,843	48,820	53,663
Interest on investments	16,598	26,140	42,738
Gain on the sale of mortgage-backed securities	976	-	976
Net increase in fair value of investments and mortgage-backed securities	41,373	801	42,174
Fee income	19,169	8,233	27,402
Other income	1,833	-	1,833
Total operating revenues	<u>162,347</u>	<u>83,994</u>	<u>246,341</u>
Operating expenses:			
Interest expense	70,655	68,716	139,371
General and administrative	22,649	12,718	35,367
Provision (recoveries) for losses	825	(50)	775
Total operating expenses	<u>94,129</u>	<u>81,384</u>	<u>175,513</u>
Net operating income	<u>68,218</u>	<u>2,610</u>	<u>70,828</u>
Non-operating revenue (expense):			
Grant income	219,676	82,921	302,597
Grants and aid	<u>(205,336)</u>	<u>(33,844)</u>	<u>(239,180)</u>
Net non-operating revenue (expense)	<u>14,340</u>	<u>49,077</u>	<u>63,417</u>
Transfers			
Income before transfers	82,558	51,687	134,245
Change in net position	1,169	(1,169)	-
Net position at July 1, 2024	83,727	50,518	134,245
Net position at June 30, 2025	<u>359,340</u>	<u>1,171,033</u>	<u>1,530,373</u>
	<u><b>\$ 443,067</b></u>	<u><b>\$ 1,221,551</b></u>	<u><b>\$ 1,664,618</b></u>

**Iowa Finance Authority**  
 (A Component Unit of the State of Iowa)  
 Statement of Cash Flows  
 (Dollars in thousands)  
 Year Ended June 30, 2025

	<b>Housing Agency Fund</b>	<b>State Revolving Fund</b>	<b>Totals</b>
<b>Cash flows from operating activities:</b>			
Cash receipts for fees and other income	\$ 20,959	\$ 8,192	\$ 29,151
Interest received on loans and mortgage-backed securities	80,655	48,683	129,338
Principal payments on loans and mortgage-backed securities	650,635	202,635	853,270
Purchase of loans and mortgage-backed securities	(1,074,595)	(451,447)	(1,526,042)
Proceeds on sale of mortgage-backed securities	25,105	-	25,105
Custodial deposits received	324,329	-	324,329
Custodial deposits disbursed	(316,714)	-	(316,714)
Cash payments for salaries and related benefits	(9,941)	(2,860)	(12,801)
Cash payments to suppliers	(16,019)	(11,095)	(27,114)
Net cash used in operating activities	<u>(315,586)</u>	<u>(205,892)</u>	<u>(521,478)</u>
<b>Cash flows from noncapital financing activities:</b>			
Proceeds from issuance of bonds	462,527	181,420	643,947
Repayment of bonds	(100,753)	(79,005)	(179,758)
Interest paid	(59,349)	(87,904)	(147,253)
Payments for cost of issuance	(4,536)	(992)	(5,528)
Receipts for grant programs	178,069	82,993	261,062
Payments for grant programs	(174,597)	(12,642)	(187,239)
Net cash provided by noncapital and related financing activities	<u>301,361</u>	<u>83,870</u>	<u>385,231</u>
<b>Cash flows from investing activities:</b>			
Purchases of investments	-	(175,270)	(175,270)
Interest received on investments	16,414	26,142	42,556
Sales/maturities of investments	-	141,066	141,066
Net cash provided by (used in) investing activities	<u>16,414</u>	<u>(8,062)</u>	<u>8,352</u>
<b>Cash flows from capital financing activities:</b>			
Transfers of capital assets	1,169	(1,169)	-
Purchase of capital assets	(2,325)	-	(2,325)
Net cash used in capital financing activities	<u>(1,156)</u>	<u>(1,169)</u>	<u>(2,325)</u>
Change in cash and cash equivalents	1,033	(131,253)	(130,220)
Cash and cash equivalents, beginning of year	<u>533,890</u>	<u>679,020</u>	<u>1,212,910</u>
Cash and cash equivalents, end of year	<u>\$ 534,923</u>	<u>\$ 547,767</u>	<u>\$ 1,082,690</u>
<b>Reconciliation of operating income to net cash used in operating activities:</b>			
Operating income	\$ 68,218	\$ 2,610	\$ 70,828
Interest on investments	(16,374)	(26,140)	(42,514)
Interest on bonds	66,119	67,724	133,843
Payments for cost of issuance	4,536	992	5,528
Net increase in fair value of investments and mortgage-backed securities	(41,616)	(801)	(42,417)
Provision for loan losses	372	-	372
Change in fair value of investment derivatives	242	-	242
Depreciation and loss on disposal of capital assets	1,134	-	1,134
Increase in loans and mortgage-backed securities	(399,832)	(248,812)	(648,644)
Increase in interest receivable on loans and mortgage-backed securities	(1,966)	(137)	(2,103)
Decrease in custodial deposits	7,615	-	7,615
Increase (decrease) in other assets and deferred outflows	(548)	601	53
Decrease in accounts payable, other liabilities, and deferred inflows	(3,486)	(1,929)	(5,415)
Net cash used in operating activities	<u>\$ (315,586)</u>	<u>\$ (205,892)</u>	<u>\$ (521,478)</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, 2025, the Authority issued \$492.6 million of these conduit obligations, and \$15.8 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 2024 through 2026 are 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, 2025, the IADD issued \$22.9 million of these conduit obligations, and \$705.8 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 \$130.3 million was netted against housing loans made with federal funds at June 30, 2025.

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 \$5.4 million was netted against other Housing Agency loans at June 30, 2025.

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 loan losses of \$1.2 million, loan forgiveness of \$44.0 million, and loan fee refunds of \$0.8 million were netted against loans to municipalities or water systems at June 30, 2025.

**(j) Line of Credit Receivable**

On December 31, 2024, 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, 2026. As of June 30, 2025, the balance outstanding was \$34.2 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.

On August 12, 2024, the Authority entered into a contract with Ernst and Young to develop an Enterprise Management System (EMS) to streamline data collection and provide efficiencies for staff and customers. This software development in progress is \$2.3 million at June 30, 2025. The contract has a total expected cost of \$7.2 million.

**(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, 2025, there was a balance of \$7.1 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, 2025, there was a balance of \$28.4 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, 2025, known claims reserve and unallocated claims reserve were \$422 thousand and \$1.723 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, 2025, \$876.2 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, 2025, \$129.0 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, 2025, the Authority held unspent ERA2 funds of \$30.4 million for rapid rehousing, refugee resettlement and coordinated entry programs. There is an additional \$6.1 million of unspent Homeowner Assistance Funds, \$8.7 million of non-federal disaster recovery funds, and \$2.7 million of Water Infrastructure Funds (from the American Rescue Plan Act), for a total of \$47.9 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 guarantees 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):

	<b>June 30, 2025</b>				
	<b>Housing Agency Fund</b>	<b>State Revolving Fund</b>	<b>Total</b>	<b>% of total</b>	<b>Average Maturity (years)</b>
<b>Cash and cash equivalents</b>					
Cash in banks	\$ 65,102	\$ 51,545	\$ 116,647	4%	
Cash in the State Treasurer's pooled money account	101,207	-	101,207	3%	
Money market funds	368,614	496,222	864,836	29%	
<b>Total</b>	<b>534,923</b>	<b>547,767</b>	<b>1,082,690</b>	<b>36%</b>	
<b>Investments</b>					
Certificate of deposit	-	735	735	0%	1.52
U.S. government agency securities	-	16,165	16,165	1%	0.78
Municipal securities	-	6,339	6,339	0%	1.18
U.S. Treasury securities	130,327	130,327	130,327	4%	1.55
<b>Total</b>	<b>-</b>	<b>153,566</b>	<b>153,566</b>	<b>5%</b>	
<b>Investments in MBS</b>					
GNMA mortgage-backed securities	942,807	-	942,807	31%	23.83
FNMA mortgage-backed securities	525,098	-	525,098	17%	23.49
FHLMC mortgage-backed securities	320,961	-	320,961	11%	27.62
<b>Total</b>	<b>1,788,866</b>	<b>-</b>	<b>1,788,866</b>	<b>59%</b>	
<b>Total</b>	<b>\$ 2,323,789</b>	<b>\$ 701,333</b>	<b>\$ 3,025,122</b>	<b>100%</b>	

### **(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 \$51.3 million as of June 30, 2025.

### **(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	June 30, 2025					
	Credit ratings		Housing Agency Fund	% of Total	State Revolving Fund	% of Total
	S&P	Moody's				
Money market funds:						
Morgan Stanley	AAAm	Aaa-mf	\$ 23,065	1.1%	\$ -	0.0%
BlackRock	AAAm	Aaa-mf	-	0.0%	443,139	68.2%
Goldman Sachs Group	AAAm	Aaa-mf	345,549	16.0%	53,083	8.2%
Certificates of deposit	NR	NR	-	0.0%	735	0.1%
U.S. government agency securities	AA+	Aa1	-	0.0%	16,165	2.5%
U.S. Treasury securities	AA+	Aa1	-	0.0%	130,327	20.0%
Municipal securities	AA to AAA	Aa2 to Aaa	-	0.0%	6,339	1.0%
Mortgage-backed securities:						
GNMA	NR	NR	942,807	43.7%	-	0.0%
FNMA	NR	NR	525,098	24.3%	-	0.0%
FHLMC	NR	NR	320,961	14.9%	-	0.0%
Total			\$ 2,157,480	100.0%	\$ 649,788	100.0%

**(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.

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**Note 3 - Loans**

Loans at June 30, 2025, are as follows (dollars in thousands):

	<b>2025</b>		
	<b>Cost</b>	<b>Allowance for losses</b>	<b>Net</b>
Housing Agency Loans			
Loans secured with first mortgages	\$ 45,332	\$ (2,708)	\$ 42,624
Single-Family second mortgage loans	58,092	(581)	57,511
State program loans	33,329	(2,123)	31,206
Federal program loans	158,449	(130,329)	28,120
Total Housing Agency Fund Loans	<u>295,202</u>	<u>(\$135,741)</u>	<u>159,461</u>
State Revolving Fund Loans			
Loans backed by municipal bonds	\$ 2,789,037	\$ (1,187)	\$ 2,787,850
Unsecured planning and design loans	73,416	-	73,416
Unsecured nonpoint source loans	9,367	-	9,367
Forgivable portion of SRF loans	44,859	(44,859)	-
Total State Revolving Fund Loans	<u>2,916,679</u>	<u>(\$46,046)</u>	<u>2,870,633</u>

**Note 4 - Capital Assets**

Capital assets at June 30, 2025, are as follows (dollars in thousands):

	<b>Balance at July 1, 2024</b>	<b>Additions and Transfers</b>	<b>Disposals and Reductions</b>	<b>Balance at June 30, 2025</b>
Non-depreciable assets:				
Land	\$ 886	\$ -	\$ -	\$ 886
Construction in progress*	1,185	2,358	(1,185)	2,358
Total non-depreciable assets	<u>2,071</u>	<u>2,358</u>	<u>(1,185)</u>	<u>3,244</u>
Depreciable assets:				
Buildings and improvements	14,763	1,152	-	15,915
Land improvements	700	-	-	700
Office equipment and vehicles	560	-	-	560
Total depreciable assets	<u>16,023</u>	<u>1,152</u>	<u>-</u>	<u>17,175</u>
Less accumulated depreciation:	(4,967)	(1,135)		(6,102)
Total Capital Assets-Net	<u>\$ 13,127</u>	<u>\$ 2,375</u>	<u>\$ (1,185)</u>	<u>\$ 14,317</u>

\*Construction in progress of \$2,358 is an intangible asset for internally generated software (Enterprise Management System) in development.

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**Note 5 - Long-term Liabilities**

Outstanding bonds payable at June 30, 2025, are as follows (dollars in thousands)

<b>Description</b>	<b>Original amount</b>	<b>Due dates</b>		<b>Interest rate</b>		<b>Balance 6/30/2025</b>
		<b>From</b>	<b>To</b>	<b>From</b>	<b>To</b>	
Housing Agency Bonds and Notes:						
SF 1991 Mortgage Bonds						
SF 2014 B-1 - Term Bonds	D \$ 1,525		02/01/44		3.590	\$ 107
SF 2014 B-2 - Term Bonds	D 11,895		09/01/36		3.050	1,551
SF 2016 B - Term Bonds	20,000	01/01/30	07/01/46		1.920 *	20,000
SF 2016 C - Serial Bonds	19,095		07/01/25		2.600	995
SF 2016 D - Serial Bonds	12,125	07/01/25	07/01/26	2.150	2.300	2,205
SF 2016 D - Term Bonds	17,635	01/01/37	07/01/46		3.500	1,560
SF 2016 E - Term Bonds	15,000	01/01/27	07/01/46		1.920 *	14,690
SF 2017 A - Serial Bonds	11,410		07/01/25		2.600	645
SF 2017 A - Term Bonds	17,330	01/01/33	07/01/47		4.000	2,255
SF 2017 B - Term Bonds	7,500	01/01/33	07/01/47		1.920 *	7,500
SF 2017 C - Serial Bonds	17,265	07/01/25	01/01/28	2.150	2.600	5,025
SF 2017 C - Term Bonds	22,210	01/01/37	01/01/47		3.500	3,665
SF 2017 D - Term Bonds	17,500	01/01/29	01/01/47		1.920 *	17,500
SF 2018 A - Term Bonds	19,630	01/01/38	07/01/47		4.000	4,555
SF 2018 B - Term Bonds	20,000	01/01/30	07/01/47		1.920 *	20,000
SF 2018 C - Term Bonds	17,425	01/01/41	07/01/48		4.000	4,765
SF 2018 D - Term Bonds	15,000	01/01/31	07/01/48		1.920 *	15,000
SF 2019 A - Serial Bonds	2,065		01/01/30		2.600	835
SF 2019 A - Term Bonds	35,910	07/01/32	07/01/47		4.000	16,660
SF 2019 B - Term Bonds	20,000	07/01/33	07/01/47		2.000 *	20,000
SF 2019 D - Serial Bonds	19,280	07/01/25	07/01/32	1.500	2.300	17,320
SF 2019 D - Term Bonds	4,440	01/01/33	07/01/34		2.450	4,440
SF 2019 D - Term Bonds	6,620	01/01/35	07/01/37		2.600	6,620
SF 2019 D - Term Bonds	34,055	01/01/37	01/01/49		3.500	16,920
SF 2019 E - Term Bonds	15,000	07/01/33	01/01/49		1.920 *	15,000
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	01/01/33	01/01/35		2.500	5,070
SF 2020 A - Term Bonds	29,205	07/01/42	01/01/50		3.750	13,210
SF 2020 B - Term Bonds	20,000	01/01/32	07/01/49		1.920 *	20,000
SF 2020 C - Serial Bonds	15,500	07/01/25	01/01/28	2.150	2.450	6,650
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	01/01/33	07/01/35		2.000	3,835
SF 2020 D - Term Bonds	8,160	01/01/36	07/01/40		2.200	8,160
SF 2020 D - Term Bonds	20,825	07/01/41	07/01/50		3.250	10,935
SF 2020 E - Term Bonds	15,000	07/01/33	07/01/49		1.920 *	15,000
SF 2020 F - Serial Bonds	8,000	07/01/25	01/01/27	1.250	1.550	2,395
SF 2021 A - Serial Bonds	35,160	07/01/25	07/01/33	0.450	1.750	25,960
SF 2021 A - Term Bonds	7,185	01/01/34	07/01/35		1.850	7,185
SF 2021 A - Term Bonds	9,395	01/01/36	07/01/38		1.900	7,515
SF 2021 A - Term Bonds	31,455	07/01/38	01/01/47		3.000	18,005
SF 2021 B - Serial Bonds	22,830	07/01/25	07/01/33	0.450	1.950	21,025
SF 2021 B - Term Bonds	8,725	01/01/34	07/01/36		2.000	8,725
SF 2021 B - Term Bonds	16,315	01/01/37	07/01/41		2.200	16,315
SF 2021 B - Term Bonds	15,125	01/01/42	07/01/45		2.350	13,670
SF 2021 B - Term Bonds	29,085	07/01/45	07/01/51		3.000	18,760
SF 2021 D - Serial Bonds	19,035	01/01/27	07/01/33	5.000	1.950	19,035
SF 2021 D - Term Bonds	8,445	01/01/34	07/01/36		2.000	8,445
SF 2021 D - Term Bonds	4,825	01/01/37	07/01/38		2.100	4,825
SF 2021 D - Term Bonds	36,765	01/01/39	07/01/51		3.000	27,065
SF 2021 E - Term Bonds	20,000	01/01/36	07/01/51		1.920 **	20,000
SF 2021 F - Serial Bonds	10,500	07/01/25	07/01/26	0.900	1.100	3,630
SF 2022 A - Serial Bonds	20,025	07/01/25	07/01/33	5.000	2.150	15,420
SF 2022 A - Term Bonds	2,105	01/01/30	07/01/30		1.800	2,105
SF 2022 A - Term Bonds	1,585	01/01/34	07/01/34		2.200	1,585
SF 2022 A - Term Bonds	4,945	01/01/35	07/01/37		2.300	4,945
SF 2022 A - Term Bonds	4,665	01/01/38	07/01/40		2.450	4,665
SF 2022 A - Term Bonds	28,325	07/01/40	01/01/52		3.000	21,950
SF 2022 B - Term Bonds	20,000	01/01/34	01/01/52		1.920 *	20,000
SF 2022 C - Term Bonds	16,123		01/01/53		2.500	10,764

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		<b>From</b>	<b>To</b>	<b>From</b>	<b>To</b>	
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	01/01/35	07/01/37		3.900	5,960
SF 2022 D - Term Bonds	14,090	01/01/38	07/01/42		4.050	14,090
SF 2022 D - Term Bonds	33,825	07/01/43	07/01/52		4.000	27,960
SF 2022 E - Term Bonds	20,000	01/01/35	01/01/52		1.920 *	20,000
SF 2022 F - Serial Bonds	15,000	07/01/25	01/01/31	3.550	4.250	11,170
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	01/01/35	07/01/37		3.850	5,610
SF 2022 G - Term Bonds	11,430	01/01/38	07/01/42		4.100	11,430
SF 2022 G - Term Bonds	4,830	01/01/43	07/01/44		4.150	4,830
SF 2022 G - Term Bonds	32,075	07/01/44	07/01/52		5.000	28,100
SF 2022 H - Term Bonds	20,000	01/01/35	01/01/52		3.600 *	20,000
SF 2022 I - Serial Bonds	12,500	07/01/25	07/01/29	3.750	4.030	9,235
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	01/01/35	07/01/37		4.700	4,815
SF 2022 J - Term Bonds	10,525	01/01/38	07/01/42		4.950	10,525
SF 2022 J - Term Bonds	17,190	01/01/43	07/01/48		5.100	17,190
SF 2022 J - Term Bonds	21,950	01/01/48	07/01/52		6.000	19,480
SF 2022 K - Serial Bonds	7,500	07/01/25	07/01/31	4.800	5.350	6,175
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	01/01/33	07/01/33		3.900	1,710
SF 2023 A - Term Bonds	1,815	01/01/34	07/01/34		4.000	1,815
SF 2023 A - Term Bonds	6,545	01/01/36	07/01/38		4.450	6,545
SF 2023 A - Term Bonds	13,940	01/01/39	07/01/43		4.750	13,940
SF 2023 A - Term Bonds	19,360	01/01/44	07/01/48		4.900	19,360
SF 2023 A - Term Bonds	26,820	01/01/49	07/01/53		5.250	25,000
SF 2023 B - Serial Bonds	6,415	07/01/26	01/01/30	5.110	5.320	4,990
SF 2023 B - Term Bonds	1,085	07/01/25	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	01/01/34	01/01/35		4.150	8,065
SF 2023 C - Term Bonds	10,835	01/01/36	07/01/38		4.450	10,835
SF 2023 C - Term Bonds	20,420	01/01/39	07/01/43		4.850	20,420
SF 2023 C - Term Bonds	34,015	01/01/44	07/01/50		4.950	34,015
SF 2023 C - Term Bonds	30,415	07/01/50	07/01/53		5.500	27,695
SF 2023 D - Serial Bonds	15,000	07/01/25	01/01/30	4.950	5.250	12,040
SF 2023 E - Serial Bonds	2,970	01/01/34	07/01/35	4.100	4.200	2,970
SF 2023 E - Term Bonds	5,510	01/01/36	07/01/38		4.375	5,510
SF 2023 E - Term Bonds	11,745	01/01/39	07/01/43		4.800	11,745
SF 2023 E - Term Bonds	16,660	01/01/44	07/01/48		4.850	16,660
SF 2023 E - Term Bonds	38,315	01/01/49	07/01/53		4.950	38,315
SF 2023 F - Serial Bonds	12,795	07/01/26	07/01/33	5.336	5.754	12,795
SF 2023 F - Term Bonds	2,745	01/01/34	07/01/38		5.804	2,745
SF 2023 F - Term Bonds	3,890	01/01/39	07/01/43		5.976	3,890
SF 2023 F - Term Bonds	5,070	01/01/44	07/01/48		6.026	5,070
SF 2023 G - Serial Bonds	4,190	07/01/33	07/01/35	4.300	4.450	4,190
SF 2023 G - Term Bonds	11,170	01/01/36	07/01/38		4.625	11,170
SF 2023 G - Term Bonds	11,375	01/01/39	07/01/43		4.900	11,375
SF 2023 G - Term Bonds	17,240	01/01/44	07/01/48		5.100	17,240
SF 2023 G - Term Bonds	19,440	01/01/49	01/01/53		5.200	19,440
SF 2023 G - Term Bonds	15,505	01/01/49	07/01/53		5.200	14,565
SF 2023 H - Term Bonds	11,000	07/01/26	01/01/33		5.845	11,000
SF 2024 A - Serial Bonds	3,505	07/01/34	07/01/36	3.700	3.900	3,505
SF 2024 A - Term Bonds	7,845	01/01/37	07/01/39		4.000	7,845
SF 2024 A - Term Bonds	13,410	01/01/40	07/01/44		4.500	13,410
SF 2024 A - Term Bonds	22,480	01/01/45	07/01/49		4.750	22,480
SF 2024 A - Term Bonds	17,760	01/01/50	07/01/54		4.800	17,760
SF 2024 B - Term Bonds	13,810	07/01/25	07/01/34		5.306	13,210
SF 2024 B - Term Bonds	3,655	01/01/35	07/01/39		5.642	3,655
SF 2024 B - Term Bonds	17,045	01/01/50	07/01/54		6.250	16,955
SF 2024 C - Serial Bonds	4,845	07/01/34	07/01/36	3.800	3.850	4,845
SF 2024 C - Term Bonds	7,095	07/01/37	07/01/39		4.000	7,095
SF 2024 C - Term Bonds	28,415	01/01/40	07/01/44		4.500	28,415

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		<b>From</b>	<b>To</b>	<b>From</b>	<b>To</b>	
SF 2024 C - Term Bonds	39,645	01/01/45	07/01/49		4.650	39,645
SF 2024 D - Serial Bonds	18,390	07/01/25	07/01/34	5.133	5.440	17,935
SF 2024 D - Term Bonds	5,390	01/01/35	07/01/39		5.644	5,390
SF 2024 D - Term Bonds	7,780	01/01/40	07/01/44		5.875	7,780
SF 2024 D - Term Bonds	11,935	01/01/45	07/01/49		5.915	11,935
SF 2024 D - Term Bonds	25,860	01/01/50	07/01/54		6.250	25,860
SF 2024 E - Serial Bonds	2,590	01/01/35	07/01/36		3.950	2,590
SF 2024 E - Term Bonds	4,610	01/01/37	07/01/39		4.000	4,610
SF 2024 E - Term Bonds	5,000	01/01/40	01/01/44		5.000	5,000
SF 2024 E - Term Bonds	10,095	01/01/40	07/01/44		4.400	10,095
SF 2024 E - Term Bonds	7,500	01/01/45	01/01/49		5.000	7,500
SF 2024 E - Term Bonds	13,295	01/01/45	07/01/49		4.600	13,295
SF 2024 E - Term Bonds	21,085	01/01/50	07/01/54		4.625	21,085
SF 2024 F - Serial Bonds	11,390	01/01/29	07/01/34	4.244	4.888	11,390
SF 2024 F - Term Bonds	2,010	07/01/25	07/01/26		6.000	2,010
SF 2024 F - Term Bonds	1,385	01/01/27	07/01/27		6.000	1,385
SF 2024 F - Term Bonds	1,485	01/01/28	07/01/28		6.000	1,485
SF 2024 F - Term Bonds	6,595	01/01/35	07/01/39		5.138	6,595
SF 2024 F - Term Bonds	5,955	01/01/40	07/01/44		5.627	5,955
SF 2024 F - Term Bonds	7,875	01/01/45	07/01/49		5.677	7,875
SF 2024 F - Term Bonds	21,360	01/01/50	07/01/54		6.250	21,360
SF 2024 G - Serial Bonds	3,285	01/01/30	07/01/36	3.350	3.900	3,285
SF 2024 G - Term Bonds	15,970	01/01/40	07/01/44		4.350	15,970
SF 2024 G - Term Bonds	21,870	01/01/45	07/01/49		4.500	21,870
SF 2024 G - Term Bonds	15,950	01/01/50	07/01/52		4.550	15,950
SF 2024 G - Term Bonds	15,955	01/01/53	07/01/54		6.250	15,955
SF 2024 H - Serial Bonds	7,885	07/01/25	07/01/31	4.475	4.823	7,885
SF 2024 H - Term Bonds	1,220	01/01/32	07/01/32		4.930	1,220
SF 2024 H - Term Bonds	1,310	01/01/33	07/01/33		5.030	1,310
SF 2024 H - Term Bonds	1,425	01/01/34	07/01/34		5.130	1,425
SF 2024 H - Term Bonds	1,545	01/01/35	07/01/35		5.180	1,545
SF 2024 H - Term Bonds	1,685	01/01/36	07/01/36		5.280	1,685
SF 2024 H - Term Bonds	7,340	01/01/37	07/01/39		5.380	7,430
SF 2025 A - Serial Bonds	1,780	07/01/35	07/01/36	3.850	3.950	1,780
SF 2025 A - Term Bonds	5,780	01/01/37	07/01/40		4.200	5,780
SF 2025 A - Term Bonds	14,015	01/01/41	07/01/45		4.550	14,015
SF 2025 A - Term Bonds	20,095	01/01/46	07/01/50		4.700	20,095
SF 2025 A - Term Bonds	18,330	01/01/51	07/01/55		4.750	18,330
SF 2025 B - Serial Bonds	17,830	01/01/26	07/01/37	4.471	5.538	17,830
SF 2025 B - Term Bonds	4,080	01/01/38	07/01/40		5.618	4,080
SF 2025 B - Term Bonds	5,000	01/01/41	07/01/45		5.857	5,000
SF 2025 B - Term Bonds	6,945	01/01/46	07/01/50		5.897	6,945
SF 2025 B - Term Bonds	20,295	01/01/51	07/01/55		6.250	20,295
SF 2025 C - Serial Bonds	5,870	01/01/30	07/01/37	3.800	4.500	5,870
SF 2025 C - Term Bonds	4,385	01/01/38	07/01/40		4.600	4,385
SF 2025 C - Term Bonds	10,165	01/01/41	07/01/45		4.850	10,165
SF 2025 C - Term Bonds	14,175	01/01/46	07/01/50		5.000	14,175
SF 2025 C - Term Bonds	25,405	01/01/51	07/01/55		5.050	25,405
SF 2025 D - Serial Bonds	16,605	07/01/26	07/01/37	4.336	5.637	16,605
SF 2025 D - Term Bonds	4,715	01/01/38	07/01/40		5.875	4,715
SF 2025 D - Term Bonds	9,680	01/01/41	07/01/45		6.086	9,680
SF 2025 D - Term Bonds	13,625	01/01/46	07/01/50		6.106	13,625
SF 2025 D - Term Bonds	19,425	01/01/51	07/01/55		6.250	19,425
Premium						33,708
Total SF 1991 Mortgage Bonds	2,289,308					2,000,260

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<b>Description</b>	<b>Original amount</b>	<b>Due dates</b>		<b>Interest rate</b>		<b>Balance 6/30/2025</b>
		<b>From</b>	<b>To</b>	<b>From</b>	<b>To</b>	
SF 2009 Mortgage Revenue Bonds						
SF 2013 2 Term Bonds	15,000		07/01/43		2.800	2,594
SF 2013 4 Term Bonds	10,000		08/01/43		2.800	1,110
Total SF 2009 Mortgage Revenue Bonds	<u>25,000</u>					<u>3,704</u>
Multi-Family Housing Bonds						
MF 2007 A – Term Bonds	12,700		08/01/37		3.900 *	10,525
MF FHLB B1 – Term Bonds	D <u>11,500</u>		02/01/26		6.564 **	<u>8,766</u>
Total MF Housing Bonds	<u>24,200</u>					<u>19,291</u>
Total Housing Agency	<u>2,338,508</u>					<u>2,023,255</u>
State Revolving Fund Revenue Bonds						
2010 - Serial Bonds	215,725		08/01/25		2.982	14,340
2010 - Term Bonds	77,165	08/01/26	08/01/30		3.559	77,165
2015 - Serial Bonds	321,530	08/01/25	08/01/29	3.549	5.000	34,790
2016 - Serial Bonds	163,275	08/01/26	08/01/39		5.000	40,015
2017 - Serial Bonds	272,990	08/01/25	08/01/37		5.000	180,285
2017 - Term Bonds	54,815	08/01/38	08/01/42		5.000	22,370
2017 - Term Bonds	19,655	08/01/43	08/01/47		5.000	19,655
2019 A - Serial Bonds	215,990	08/01/25	08/01/42	2.250	5.000	124,935
2019 B - Serial Bonds	42,015	08/01/25	08/01/28	2.905	3.354	31,115
2020 - Serial Bonds	168,740	08/01/25	08/01/40		5.000	163,725
2020 - Term Bonds	15,005	08/01/41	08/01/44		5.000	15,005
2020 - Term Bonds	18,080	08/01/45	08/01/49		5.000	18,080
2021A - Serial Bonds	164,490	08/01/25	08/01/41		5.000	153,910
2021A - Term Bonds	12,745	08/01/42	08/01/46		5.000	12,745
2021A - Term Bonds	9,915	08/01/47	08/01/51		5.000	9,915
2021B - Serial Bonds	20,760	08/01/25	08/01/26	0.794	1.014	9,125
2021B - Term Bonds	10,380	08/01/25	08/01/26	0.158	1.014	4,940
2022A - Serial Bonds	165,530	08/01/25	08/01/42		5.000	160,110
2022A - Term Bonds	15,755	08/01/43	08/01/47		5.000	15,755
2022A - Term Bonds	16,740	08/01/48	08/01/52		5.000	16,740
2022B - Serial Bonds	8,155	08/01/25	08/01/27	2.990	3.250	5,065
2022C - Serial Bonds	D <u>36,000</u>	08/01/31	08/01/33		3.540	<u>36,000</u>
2022D - Serial Bonds	D <u>43,525</u>	08/01/26	08/01/35		3.440	<u>43,525</u>
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	4.440	4.490	44,450
2023C - Serial Bonds	94,810	08/01/25	08/01/43	5.000	5.250	94,810
2023C - Term Bonds	17,820	08/01/44	08/01/48		5.250	17,820
2023C - Term Bonds	14,990	08/01/49	08/01/53		5.250	14,990
2024A - Serial Bonds	206,955	08/01/25	08/01/34		5.000	206,955
2025A - Serial Bonds	135,940	08/01/30	08/01/45		5.000	135,940
2025A - Term Bonds	7,610	08/01/47	08/01/50		5.000	7,610
2025A - Term Bonds	8,000	08/01/51	08/01/55		5.000	8,000
2025B - Serial Bonds	14,975	08/01/27	08/01/29	4.440	4.630	14,975
Premium						251,834
Total State Revolving Fund Revenue Bonds	<u>2,934,530</u>					<u>2,306,694</u>
Total bonds and notes	<u>\$ 5,273,038</u>					<u>\$ 4,329,949</u>

D Direct placement bonds

\* Variable rate as of June 30, 2025; remarketed daily or weekly at prevailing interest rates

\*\* Variable rate as of June 30, 2025; indices are reset weekly or monthly

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**(b) Roll forward**

The following tables summarize the bonds and long-term liabilities activity for the Authority for the year ended June 30, 2025, (dollars in thousands):

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2025</u>	<u>Due within one year</u>
Bonds Payable - Housing Agency Fund					
SF 1991 mortgage bonds	\$ 1,611,876	\$ 462,527	\$ (75,801)	\$ 1,998,602	\$ 48,120
SF 1991 mortgage bonds direct placement	21,975	-	(20,317)	1,658	-
SF 2009 mortgage revenue bonds	4,298	-	(594)	3,704	-
MF bonds	18,225	-	(7,700)	10,525	-
MF bonds direct placement	9,062	-	(296)	8,766	8,766
Total Housing Agency fund	<u>1,665,436</u>	<u>462,527</u>	<u>(104,708)</u>	<u>2,023,255</u>	<u>56,886</u>
Compensated Absences - Housing Agency Fund	1,592	-	(106)	1,486	471
Total Long-Term Liabilities Housing Agency	<u>1,667,028</u>	<u>462,527</u>	<u>(104,814)</u>	<u>2,024,741</u>	<u>57,357</u>
Bonds Payable - State Revolving Fund					
Revenue bonds	2,151,865	181,420	(106,116)	2,227,169	86,635
Revenue bonds direct placement	79,525	-	-	79,525	-
Total State Revolving fund	<u>2,231,390</u>	<u>181,420</u>	<u>(106,116)</u>	<u>2,306,694</u>	<u>86,635</u>
Compensated Absences - State Revolving Fund	-	143	-	143	58
Total Long-Term Liabilities State Revolving Fund	<u>2,231,390</u>	<u>181,563</u>	<u>(106,116)</u>	<u>2,306,837</u>	<u>86,693</u>
Total Long-Term Liabilities	<u>\$ 3,898,418</u>	<u>\$ 644,090</u>	<u>\$ (210,930)</u>	<u>\$ 4,331,578</u>	<u>\$ 144,050</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.

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**(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									Total Housing Agency		
	Housing Agency			Total Direct Placements								
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 48,120	\$ 76,824	\$ 124,944	\$ 8,766	\$ 379	\$ 9,145	\$ 56,886	\$ 77,203	\$ 134,089			
2027	38,540	78,831	117,371	-	52	52	38,540	78,883	117,423			
2028	37,605	77,477	115,082	-	51	51	37,605	77,528	115,133			
2029	38,080	76,075	114,155	-	51	51	38,080	76,126	114,206			
2030	41,100	74,689	115,789	-	51	51	41,100	74,740	115,840			
2031-2035	247,955	350,276	598,231	-	256	256	247,955	350,532	598,487			
2036-2040	313,885	302,181	616,066	1,551	77	1,628	315,436	302,258	617,694			
2041-2045	373,109	238,947	612,056	107	14	121	373,216	238,961	612,177			
2046-2050	451,600	154,965	606,565	-	-	-	451,600	154,965	606,565			
2051-2055	379,624	50,405	430,029	-	-	-	379,624	50,405	430,029			
2056-2060	9,505	264	9,769	-	-	-	9,505	264	9,769			
Total	<u>\$ 1,979,123</u>	<u>\$ 1,480,934</u>	<u>\$ 3,460,057</u>	<u>\$ 10,424</u>	<u>\$ 931</u>	<u>\$ 11,355</u>	<u>\$ 1,989,547</u>	<u>\$ 1,481,865</u>	<u>\$ 3,471,412</u>			
State Revolving Fund												
State Revolving Fund				Total Direct Placements			Total State Revolving Fund					
Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2026	\$ 86,635	\$ 94,074	\$ 180,709	\$ -	\$ 3,190	\$ 3,190	\$ 86,635	\$ 97,264	\$ 183,899			
2027	94,975	90,261	185,236	285	3,184	3,469	95,260	93,445	188,705			
2028	101,180	85,955	187,135	295	3,170	3,465	101,475	89,125	190,600			
2029	103,420	81,323	184,743	305	3,157	3,462	103,725	84,480	188,205			
2030	106,565	76,444	183,009	315	3,144	3,459	106,880	79,588	186,468			
2031-2035	639,985	305,635	945,620	70,660	8,776	79,436	710,645	314,411	1,025,056			
2036-2040	455,280	153,768	609,048	7,665	168	7,833	462,945	153,936	616,881			
2041-2045	244,510	59,755	304,265	-	-	-	244,510	59,755	304,265			
2046-2050	100,070	21,220	121,290	-	-	-	100,070	21,220	121,290			
2051-2055	42,715	4,615	47,330	-	-	-	42,715	4,615	47,330			
2056-2060	-	-	-	-	-	-	-	-	-			
Total	<u>\$ 1,975,335</u>	<u>\$ 973,050</u>	<u>\$ 2,948,385</u>	<u>\$ 79,525</u>	<u>\$ 24,789</u>	<u>\$ 104,314</u>	<u>\$ 2,054,860</u>	<u>\$ 997,839</u>	<u>\$ 3,052,699</u>			
Total Authority												
Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2026	\$ 143,521	\$ 174,467	\$ 317,988									
2027	133,800	172,328	306,128									
2028	139,080	166,653	305,733									
2029	141,805	160,606	302,411									
2030	147,980	154,328	302,308									
2031-2035	958,600	664,943	1,623,543									
2036-2040	778,381	456,194	1,234,575									
2041-2045	617,726	298,716	916,442									
2046-2050	551,670	176,185	727,855									
2051-2055	422,339	55,020	477,359									
2056-2060	9,505	264	9,769									
Total	<u>\$ 4,044,407</u>	<u>\$ 2,479,704</u>	<u>\$ 6,524,111</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. Additionally, variable rate debt for which the Standby Purchase Agreement expires prior to June 30, 2026, is reflected as a current liability. Bond maturities and interest rates are based on those in effect as of June 30, 2025.

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.

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Direct placement bonds have been issued to 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.

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, 2025	Liquidity Provider	Liquidity Expiration	Remarketing Agent	Remarketing Expiration
SF 2016 B	7/1/2046	\$ 20,000	FHLB - Des Moines	3/31/2027	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	9/27/2027	RBC Capital Markets, LLC	1/1/2047
SF 2018 B	7/1/2047	20,000	T.D. Bank, NA	10/13/2026	TD Securities (USA) LLC	7/1/2047
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	TD Securities (USA) LLC	1/1/2049
SF 2020 B	7/1/2049	20,000	T.D. Bank, NA	8/17/2030	TD Securities (USA) LLC	7/1/2049
SF 2020 E	7/1/2049	15,000	T.D. Bank, NA	8/17/2030	TD Securities (USA) LLC	7/1/2049
SF 2021 E	7/1/2051	20,000	FHLB - Des Moines	3/6/2030	Morgan Stanley & Co. LLC	7/1/2051
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	FHLB - Des Moines	3/6/2030	RBC Capital Markets, LLC	1/1/2052
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>244,690</u>				
MF 2007 A	8/1/2037	10,525	Wells Fargo Bank, N.A.	11/1/2027	RBC Capital Markets, LLC	8/1/2037
MF FHLB B1*	2/1/2026	8,766	N/A*	N/A*	N/A*	N/A*
Total Multi-Family		<u>19,291</u>				
Total Housing Agency		<u>\$ 263,981</u>				

\* Index Bonds

**(e) Derivative Instrument Payments and Variable-Rate Debt**

As of June 30, 2025, 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
2026	\$ -	\$ 4,418	\$ (1,907)	\$ 2,511
2027	245	4,058	(1,910)	2,393
2028	505	4,054	(1,816)	2,743
2029	845	4,030	(1,655)	3,220
2030	1,830	4,009	(1,654)	4,185
2031-2035	27,547	18,965	(6,431)	40,081
2036-2040	57,329	14,832	(2,762)	69,399
2041-2045	63,476	9,608	(1,346)	71,738
2046-2050	69,859	3,786	(188)	73,457
2051-2055	10,554	138	-	10,692
Total	<u><u>\$ 232,190</u></u>	<u><u>\$ 67,898</u></u>	<u><u>\$ (19,669)</u></u>	<u><u>\$ 280,419</u></u>

**(f) Bond Refunding**

In prior years, the Authority defeased certain SRF bonds by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the bold bonds. Accordingly, 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, 2025, is shown below (dollars in thousands):

	<u><u>June 30, 2025</u></u>
State Revolving Fund defeased bonds:	
Series 2015	\$ 41,810
Series 2016	<u><u>24,160</u></u>
Total defeased bonds	<u><u>\$ 65,970</u></u>

## 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, 2025 (dollars in thousands):

<b>Bond series</b>	<b>2025</b>			<b>Termination date</b>	<b>Pay</b>	<b>Terms</b>	<b>Counterparty</b>
	<b>Notional Amount</b>	<b>Effective date</b>	<b>Receive</b>				
SF 2016 E	\$ 11,250	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 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 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		04/01/31	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	01/01/23		06/01/42	2.357%	70% SOFR + 0.10%	Wells Fargo Bank N.A
	<u>\$ 178,125</u>						

See Note 6c - Ratings and Definitions for more information on abbreviations

**(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, 2025 (dollars in thousands):

<b>Bond Series</b>	<b>2025 Notional amount</b>	<b>Effective date</b>	<b>Maturity date</b>	<b>Strike rate</b>	<b>Counterparty</b>
MF 2007 A	\$ 10,525	07/01/2024	07/01/2026	SIFMA = 6.0%	Barclays Bank PLC

**(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

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

Barclays Bank, PLC is rated A1 by Moody's and A+ by S&P Global

SIFMA = Securities Industry and Financial Markets Association Swap Index

SOFR = Secured Overnight Financing Rate (Daily Compounded rate)

**(d) Investment Derivatives**

As of June 30, 2025, the Authority had investment derivative instruments with the following maturities (dollars in thousands):

<b>Investment type</b>	<b>Notional value</b>	<b>Fair value</b>	<b>Investment maturities (in years)</b>			
			<b>Less than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More than 10</b>
Investment derivative instruments - swaps & caps	\$ 35,380	\$ 324	\$ -	\$ -	\$ -	\$ 324
Investment derivative instrument – forward MBS sales	2,745	11	11	-	-	-
Investment derivative instruments - MBS purchase commitments	122,762	1,522	1,522	-	-	-
<b>Total</b>	<b>\$ 160,887</b>	<b>\$ 1,857</b>	<b>\$ 1,533</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 324</b>

**(e) Fair Values of Derivatives**

The fair value balances of derivative instruments outstanding at June 30, 2025, classified by type, and changes in the fair value of such derivative instruments as reported in the 2025 financial statements are as follows (dollars in thousands):

<b>Bond series</b>	<b>Type</b>	<b>Fair value 6/30/2025 asset/(liability)</b>		<b>Change in fair value</b>		<b>Fair value 6/30/2024 asset/(liability)</b>	
<b>Hedging derivatives:</b>							
SF 2016 B	Swap	\$	587	\$	(464)	\$	1,051
SF 2016 E	Swap		334		(444)		778
SF 2017 D	Swap		623		(101)		724
SF 2018 B	Swap		308		(838)		1,146
SF 2018 D	Swap		442		(391)		833
SF 2019 B	Swap		536		(321)		857
SF 2019 E	Swap		1,654		(128)		1,782
SF 2020 B	Swap		2,060		(208)		2,268
SF 2020 E	Swap		1,901		(83)		1,984
SF 2021 E	Swap		1,876		(235)		2,111
SF 2022 B	Swap		925		(342)		1,267
SF 2022 E	Swap		671		(321)		992
SF 2022 H	Swap		1,161		(197)		1,358
MF 2007 A	Cap		-		-		-
<b>Total hedging derivatives</b>		<b>\$</b>	<b>13,078</b>	<b>\$</b>	<b>(4,073)</b>	<b>\$</b>	<b>17,151.00</b>
<b>Investment derivatives:</b>							
SF 2015B Retired	Swap	\$	-	\$	(24)	\$	24.00
SF 2015B Retired	Swap		324		(216)		540
NONE	Cap		-		(1)		1
NONE	Basis Swap		-		(3)		3
Forward MBS and cash sales	Forward		11		11		-
MBS purchase commitments	Commitment		1,522		909		613
<b>Total investment derivatives</b>		<b>\$</b>	<b>1,857</b>	<b>\$</b>	<b>676</b>	<b>\$</b>	<b>1,181</b>

***(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, 2025, was 82.36%.

***(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, 2025, was \$13.1 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, 2025, the SIFMA swap index rate is 1.92% and daily SOFR is 4.45%.

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.

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The Authority has the following recurring fair value measurements as of June 30, 2025:

	<b>Assets Measured at Fair Value</b> (Dollars in thousands)			
	<b>2025</b>	<b>Fair Value Measurements Using:</b> <b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
<b>Investments by fair value level</b>				
U.S. Treasury securities	\$ 130,327	\$ -	\$ 130,327	\$ -
State Revolving Fund	16,165	-	16,165	-
U.S. Government Agency securities	1,788,866	-	1,788,866	-
State Revolving Fund	6,339	-	6,339	-
GNMA, FNMA and FHLMC mortgage-backed securities	735	-	735	-
Housing Agency Fund	1,942,432	<u>\$ -</u>	<u>\$ 1,942,432</u>	<u>\$ -</u>
Municipal bonds				
State Revolving Fund	101,207	-	101,207	-
Negotiable certificates of deposit	966,043	-	966,043	-
State Revolving Fund	\$ 2,908,475	<u>\$ -</u>	<u>\$ 2,908,475</u>	<u>\$ -</u>
Total investments by fair value level	<u>1,942,432</u>	<u>\$ -</u>	<u>\$ 1,942,432</u>	<u>\$ -</u>
<b>Investments valued using cost-based measures</b>				
Governmental money market mutual funds				
Housing Agency Fund	368,614	-	368,614	-
State Revolving Fund	496,222	-	496,222	-
State of Iowa Treasurer pooled money fund				
Housing Agency Fund	1,522	-	1,522	-
Total investments valued using cost based measures	<u>966,043</u>	<u>\$ -</u>	<u>\$ 966,043</u>	<u>\$ -</u>
Total investments	<u>\$ 2,908,475</u>	<u>\$ -</u>	<u>\$ 2,908,475</u>	<u>\$ -</u>
<b>Investment derivative instruments</b>				
Basis swaps (SIFMA vs. SOFR)	\$ -	\$ -	\$ -	\$ -
Fixed-to-floating interest rate swaps (liability)	324	-	324	-
Interest rate caps	-	-	-	-
MBS purchase commitments	1,522	-	1,522	1,522
Forward MBS sales	11	-	11	-
Total investment derivative instruments	<u>\$ 1,857</u>	<u>\$ -</u>	<u>\$ 335</u>	<u>\$ 1,522</u>
<b>Hedging derivative instruments</b>				
Fixed-to-floating interest rate swaps	\$ 13,078	\$ -	\$ 13,078	\$ -
Interest rate caps	-	-	-	-
Total hedging derivative instruments	<u>\$ 13,078</u>	<u>\$ -</u>	<u>\$ 13,078</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](http://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 2025, 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, 2025, 2024, and 2023, were \$888, \$792, and \$771 thousand, respectively.

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

At June 30, 2025, the Authority reported a liability of \$3.1 million for its proportionate share of the net pension liability which is recorded within other liabilities in the statement of net position, of which \$2.8 million and \$256 thousand was attributed to the Housing Agency Fund and State Revolving Fund, respectively. The net pension liability was measured as of June 30, 2024, 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, 2024, the Authority's collective proportion was 0.083936 percent, which was an decrease of 0.000057 from its proportion measured as of June 30, 2023.

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For the year ended June 30, 2025, the Authority recognized pension expense of (\$657) thousand. At June 30, 2025, 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	\$ 226	\$ 2	\$ 21	\$ -	\$ 247	\$ 2
Changes of assumptions	-	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	36	-	3	-	39	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	90	164	8	15	98	179
Authority contributions subsequent to the measurement date	815	-	73	-	888	-
<b>Total</b>	<b>\$ 1,167</b>	<b>\$ 166</b>	<b>\$ 105</b>	<b>\$ 15</b>	<b>\$ 1,272</b>	<b>\$ 181</b>

\$888 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, 2026.

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	
<u>June 30,</u>	
2026	\$ (416)
2027	742
2028	9
2029	(123)
2030	(9)
<b>Total</b>	<b>\$ 203</b>

There were no non-employer contributing entities at IPERS.

***(f) Actuarial Assumptions***

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following economic 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 economic assumptions used in the June 30, 2024, actuarial valuation were based on the results of actuarial experience studies effective June 30, 2017.

Demographic assumptions for factors such as retirement, termination, disability, and mortality rates were based on the results of actuarial experience and studies effective June 30, 2022. Mortality rates were calculated using 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	21.0 %	3.52 %
Non-U.S. equity	13.0	5.18
Global smart beta equity	5.0	4.12
Core-plus fixed income	25.5	3.04
Public credit	3.0	4.53
Cash	1.0	1.69
Private equity	17.0	8.89
Private real assets	9.0	4.25
Private credit	5.5	6.62
<b>Total</b>	<b>100.0 %</b>	

**(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	\$ 7,606	\$ 3,100	\$ (675)

**(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](http://www.ipers.org).

**(j) Payables to the Pension Plan**

At June 30, 2025, 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, 2025, is presented below (dollars in thousands):

	<b>Single-Family 1991 MB</b>	<b>Single-Family 2009 MRB</b>	<b>Multi- Family Housing Bonds</b>
<b>Condensed Statement of Net Position</b>			
Current assets	\$ 397,807	\$ 794	\$ 48,212
Noncurrent assets	<u>1,856,048</u>	<u>3,192</u>	<u>30,607</u>
Total assets	2,253,855	3,986	78,819
Deferred outflows of resources	1,723	-	-
Total assets and deferred outflows	<u>\$ 2,255,578</u>	<u>\$ 3,986</u>	<u>\$ 78,819</u>
Current liabilities	\$ 83,415	\$ 9	\$ 19,668
Noncurrent liabilities	<u>1,952,140</u>	<u>3,704</u>	<u>10,525</u>
Deferred inflows of resources	15,115	-	-
Total liabilities	2,050,670	3,713	30,193
Restricted Net Position	<u>204,908</u>	<u>273</u>	<u>48,626</u>
Total liabilities and net position	<u>\$ 2,255,578</u>	<u>\$ 3,986</u>	<u>\$ 78,819</u>
<b>Condensed Statement of Revenues, Expenses, and Change in Net Position</b>			
Operating revenues	\$ 136,175	\$ 271	\$ 3,380
Operating expenses	<u>73,417</u>	<u>130</u>	<u>1,832</u>
Operating income (loss)	62,758	141	1,548
Non-operating revenue (expense)	(2,044)	-	(127)
Transfers	1,530	7	(116)
Change in net position	62,244	148	1,305
Beginning net position	<u>142,664</u>	<u>125</u>	<u>47,321</u>
Ending net position	<u>\$ 204,908</u>	<u>\$ 273</u>	<u>\$ 48,626</u>
<b>Condensed Statement of Cash Flows</b>			
Net cash provided (used) by:			
Operating activities	\$ (293,657)	\$ 698	\$ 8,128
Noncapital financing activities	<u>307,090</u>	<u>(704)</u>	<u>(9,248)</u>
Investing activities	10,442	28	1,173
Net change	23,875	22	53
Beginning cash and cash equivalents	<u>293,133</u>	<u>601</u>	<u>36,574</u>
Ending cash and cash equivalents	<u>\$ 317,008</u>	<u>\$ 623</u>	<u>\$ 36,627</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, 2025, is as follows (dollars in thousands):

Description		
Local housing trust fund grants	\$	16,133
Project-based housing trust fund grants		125
Shelter assistance fund grants		615
Water quality grants		5,579
<b>Total</b>	<b>\$</b>	<b>22,452</b>

***(b) State Revolving Fund Commitments***

The Authority has signed loan agreements under the SRF for which \$491.9 million have not been disbursed as of June 30, 2025.

**(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, 2025, 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 - \$5 million
  - Building Property - 1963 Bell – \$25.2 million
  - Personal Property - 1963 Bell – \$2.2 million
  - Crime Policy, including computer fraud and theft - \$2 million
  - Business Income - \$50,000
- Iowa Title Guaranty purchases insurance for:
  - Professional Liability - \$5 million
  - Crime Policy - \$2 million
  - Treaty Reinsurance – up to \$20 million, ITG self-insures the first \$2 million of loss
  - Facultative Reinsurance – for excess of \$20 million
    - ITG will occasionally self-insure up to an additional \$2 million

### **Note 12 - Subsequent Events**

The Authority issued State Revolving Fund Bonds on July 2, 2025, in the par amount of \$198.63 million. Proceeds will be used to fund participant loans, to meet anticipated State Match requirements for federal capitalization grants, to refund the Authority's refunded bonds, and to pay for costs of issuance.

The Authority issued Single Family Mortgage Bonds on September 11, 2025, in the par amount of \$115.4 million. Proceeds will be used to finance the purchase of mortgage-backed securities, guaranteed by GNMA, Fannie Mae and Freddie Mac, and to finance down payment assistance.

### **Note 13 - Related Party Transactions**

A member of the Authority's Board of Directors is the mayor for the City of Marion, Iowa. At June 30, 2025, the Authority has \$1.063 million in SRF loans outstanding with the City of Marion.

### **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, 2025, is approximately \$5.055 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 17,575 active and 1,740 retired participants in the plan as of January 1, 2024.

### **(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, 2025, the Authority reported a liability of \$856 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, 2024. 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, 2024, the Authority's proportion was 0.462%, which was a decrease of 0.025% from the prior measurement date.

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For the year ended June 30, 2025, the Authority recognized OPEB expense of \$50. At June 30, 2025, 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	\$ 189	\$ 82	\$ 15	\$ 6	\$ 204	\$ 88
Changes of assumptions	30	355	2	28	32	383
Change in proportionate share	47	160	4	13	51	173
<b>Total</b>	<b>\$ 266</b>	<b>\$ 597</b>	<b>\$ 21</b>	<b>\$ 47</b>	<b>\$ 287</b>	<b>\$ 644</b>

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 June 30,	
2026	\$ (35)
2027	(37)
2028	(44)
2029	(40)
2030+	(201)
<b>Total</b>	<b>\$ (357)</b>

**(e) Actuarial Assumptions**

The total OPEB liability in the June 30, 2024 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 (based on 20-year municipal bond yield)	3.44 percent (as of January 1, 2018) 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) 3.65 percent (as of June 30, 2023) 3.93 percent (as of June 30, 2024)
Age of Spouse	Actual age or, if unavailable, males assumed to be 3 years older than females

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, 2024 valuation, the following changes were made:

- Medical, prescription drug, and administrative expense costs were updated to reflect recent experience.
- Medical, prescription drug and administrative trend rates were updated to reflect recent experience and future expectations.
- Actuarial factors used to estimate individual retiree and spouse costs by age and by gender were updated. The new factors are based on a review of historical claims experience by age, gender and status (active vs retired) from Segal's claims data warehouse. This resulted in retiree and spouse costs by gender becoming the same.
- The discount rate was updated from 3.65% to 3.93%

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

	Increase (decrease)
Balance at July 1, 2024	\$ 1,004
Changes for the year:	
Service cost	68
Interest	36
Differences between expected and actual experience	(6)
Benefit payments - implicit subsidy	(19)
Changes in assumptions	(7)
New net deferred inflows/outflows	(126)
New net deferred inflows/outflows due to changes in proportion	(90)
Recognition of net current and deferred outflows/(inflows) due to changes in proportion and differences between employer's contributions and proportionate share of contributions	(4)
Net change	(148)
Balance at June 30, 2025	<u><u>\$ 856</u></u>

***(g) Sensitivity Analysis – Changes to the Discount Rate***

The proportionate share of the total OPEB liability was calculated using a discount rate of 3.93%, 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 (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Authority's proportionate share of the total OPEB liability	\$ 916	\$ 856	\$ 799

***(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 9.0% 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 (6.0%)	Healthcare Cost Trend Rate (7.0%)	1% Increase (8.0%)
Authority's proportionate share of the total OPEB liability	\$ 768	\$ 856	\$ 959

***(i) Payables to the OPEB Plan***

The Authority makes no contributions to this plan; therefore, no payments are outstanding as of June 30, 2025.



Required Supplementary Information  
June 30, 2025

**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, 2025

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the net pension liability	0.083936%	0.089645%	0.088782%	0.090840%	0.086380%	0.091764%	0.101745%	0.101311%	0.098044%	0.102439%
Authority's proportionate share of the net pension liability	\$ 3,100	\$ 4,136	\$ 3,524	\$ 127	\$ 6,026	\$ 5,349	\$ 6,437	\$ 6,688	\$ 6,114	\$ 5,093
Authority's covered payroll	8,390	8,167	7,871	7,669	7,044	6,748	7,312	7,212	6,753	7,088
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	36.95%	50.64%	44.77%	1.66%	85.55%	79.27%	88.03%	92.73%	90.54%	71.85%
Plan fiduciary net position as a percentage of the total pension liability	92.30%	90.13%	91.41%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

**Note:** The amounts presented were determined as of the measurement date, which is one year prior to the Authority's fiscal year-end.

**Iowa Finance Authority**  
 (A Component Unit of the State of Iowa)  
 Schedule of Authority's Contributions (Unaudited)  
 (Dollars in thousands)  
 Year Ended June 30, 2025

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 888	\$ 792	\$ 771	\$ 743	\$ 724	\$ 665	\$ 637	\$ 653	\$ 644	\$ 603
Contributions in relation to the statutorily required contribution	(888)	(792)	(771)	(743)	(724)	(665)	(637)	(653)	(644)	(603)
Contribution deficiency (excess)	<u>\$ -</u>									
Authority's covered payroll	\$ 9,407	\$ 8,390	\$ 8,167	\$ 7,871	\$ 7,669	\$ 7,044	\$ 6,748	\$ 7,312	\$ 7,212	\$ 6,753
Contribution as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	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, 2025

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

	2025	2024	2023	2022	2021	2020	2019	2018
Authority's proportion of the total OPEB liability	0.462%	0.487%	0.485%	0.475%	0.427%	0.427%	0.424%	0.461%
Authority's proportionate share of the total OPEB liability	\$ 856	\$ 1,004	\$ 1,089	\$ 1,017	\$ 909	\$ 909	\$ 848	\$ 859
Authority's covered-employee payroll	8,728	8,491	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	9.8%	11.8%	13.2%	12.7%	12.5%	12.5%	11.5%	11.0%

**Note:** 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.

Iowa Finance Authority  
(A Component Unit of the State of Iowa)  
Notes to Required Supplementary Information (Unaudited)  
(Dollars in thousands)  
Year Ended June 30, 2025

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**(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 rates 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.

Iowa Finance Authority

(A Component Unit of the State of Iowa)

Notes to Required Supplementary Information (Unaudited)

(Dollars in thousands)

Year Ended June 30, 2025

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***(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, 2024, 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 trend rates were updated to reflect recent experience and future expectations.
- Actuarial factors used to estimate individual retiree and spouse costs by age and by gender were updated. The new factors are based on a review of historical claims experience by age, gender and status (active vs retired) from Segal's claims data warehouse. This resulted in retiree and spouse costs by gender becoming the same.
- The discount rate was updated from 3.65% to 3.93%

Effective with the June 30, 2023, actuarial valuation, the following methodology and assumption changes were made:

- Medical, prescription drug, and administrative expense trend rates were updated to reflect recent experience and future expectations.
- The discount rate was updated from 3.54% to 3.65%

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.

Iowa Finance Authority

(A Component Unit of the State of Iowa)

Notes to Required Supplementary Information (Unaudited)

(Dollars in thousands)

Year Ended June 30, 2025

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- 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 17,575 active members and 1,740 retired members as of January 1, 2024.



Other Supplementary Information  
June 30, 2025

**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, 2025

	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	Total Housing Agency	Clean Water Programs	Drinking Water Programs	Total SRF	Total IFA		
<b>Assets</b>														
Current assets (substantially restricted):														
Cash and cash equivalents	\$ 23,910	\$ 317,008	\$ 623	\$ 36,627	\$ 125,171	\$ 1,897	\$ 29,687	\$ 534,923	\$ 361,479	\$ 186,288	\$ 547,767	\$ 1,082,690		
Investments in mortgage-backed securities	41	37,045	159	-	-	-	-	37,245	-	-	-	37,245		
Other investments	-	-	-	-	-	-	-	-	74,634	59,425	134,059	134,059		
Loans to municipalities or water systems, net	-	-	-	-	-	-	-	-	145,915	55,411	201,326	201,326		
Housing Agency loans, net	20	166	-	11,333	9,933	884	-	22,336	-	-	-	22,336		
Line of credit	-	34,248	-	-	-	-	-	34,248	-	-	-	34,248		
Accrued interest receivable	55	8,542	12	276	38	31	-	8,954	4,795	2,165	6,960	15,914		
Other current assets	3,062	798	-	(24)	(216)	(19)	(671)	2,930	(119)	241	122	3,052		
Total current assets	27,088	397,807	794	48,212	134,926	2,793	29,016	640,636	586,704	303,530	890,234	1,530,870		
Noncurrent assets (substantially restricted):														
Investments in mortgage-backed securities	519	1,747,910	3,192	-	-	-	-	1,751,621	-	-	-	1,751,621		
Other investments	-	-	-	-	-	-	-	-	9,469	10,038	19,507	19,507		
Loans to municipalities or water systems, net	-	-	-	-	-	-	-	-	2,100,312	568,995	2,669,307	2,669,307		
Housing Agency loans, net	285	57,724	-	30,607	43,317	5,192	-	137,125	-	-	-	137,125		
Capital assets, net	14,317	-	-	-	-	-	-	14,317	-	-	-	14,317		
Other noncurrent assets	-	50,414	-	-	-	-	-	50,414	-	-	-	50,414		
Total noncurrent assets	15,121	1,856,048	3,192	30,607	43,317	5,192	-	1,953,477	2,109,781	579,033	2,688,814	4,642,291		
Total assets	42,209	2,253,855	3,986	78,819	178,243	7,985	29,016	2,594,113	2,696,485	882,563	3,579,048	6,173,161		
<b>Deferred Outflows of Resources</b>														
Other post employment benefits	194	-	-	-	-	-	72	-	266	21	-	21	287	
Pension plan	895	-	-	-	-	-	272	-	1,167	68	37	105	1,272	
Loss on bond refunding	-	1,723	-	-	-	-	-	-	1,723	1,381	616	1,997	3,720	
Total deferred outflows	1,089	1,723	-	-	-	-	344	-	3,156	1,470	653	2,123	5,279	
Total assets and deferred outflows	\$ 43,298	\$ 2,255,578	\$ 3,986	\$ 78,819	\$ 178,243	\$ 7,985	\$ 29,360	\$ 2,597,269	\$ 2,697,955	\$ 883,216	\$ 3,581,171	\$ 6,178,440		

**Iowa Finance Authority**  
 (A Component Unit of the State of Iowa)  
 Combining Schedules of Net Position  
 (Dollars in thousands)  
 June 30, 2025

	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
<b>Liabilities</b>													
Current liabilities:													
Long-term liabilities, net	\$ 395	\$ 48,120	\$ -	\$ 8,766	\$ -	\$ -	\$ 76	\$ -	\$ 57,357	\$ 64,498	\$ 22,195	\$ 86,693	\$ 144,050
Accrued interest payable	-	34,543	8	63	-	-	-	-	34,614	33,592	7,639	41,231	75,845
Escrow deposits	-	-	-	10,802	-	-	8,651	-	19,453	-	-	-	19,453
Deferred revenue	81	136	-	-	47,768	-	-	-	47,985	-	-	-	47,985
Accounts payable and other liabilities	2,230	616	1	37	182	3	1,853	-	4,922	372	469	841	5,763
Total current liabilities	2,706	83,415	9	19,668	47,950	3	10,580	-	164,331	98,462	30,303	128,765	293,096
Noncurrent liabilities:													
Long-term liabilities, net	802	1,952,140	3,704	10,525	-	-	213	-	1,967,384	1,815,784	404,360	2,220,144	4,187,528
Reserves for claims	-	-	-	-	-	-	2,145	-	2,145	-	-	-	2,145
Other liabilities	2,888	-	-	-	698	-	878	-	4,464	228	91	319	4,783
Total noncurrent liabilities	3,690	1,952,140	3,704	10,525	698	-	3,236	-	1,973,993	1,816,012	404,451	2,220,463	4,194,456
Total liabilities	6,396	2,035,555	3,713	30,193	48,648	3	13,816	-	2,138,324	1,914,474	434,754	2,349,228	4,487,552
<b>Deferred Inflows of Resources</b>													
Other post employment benefits	435	-	-	-	-	-	162	-	597	47	-	47	644
Pension plan	127	-	-	-	-	-	39	-	166	10	5	15	181
Accumulated increase in fair value of hedging derivatives	-	13,721	-	-	-	-	-	-	13,721	-	-	-	13,721
Gain on bond refunding	-	1,394	-	-	-	-	-	-	1,394	8,609	1,721	10,330	11,724
Total deferred inflows of resources	562	15,115	-	-	-	-	201	-	15,878	8,666	1,726	10,392	26,270
<b>Net Position</b>													
Net investment in capital assets	14,317	-	-	-	-	-	-	-	14,317	-	-	-	14,317
Restricted net position:													
Per bond resolutions	-	204,908	273	48,626	-	-	-	-	253,807	620,049	387,573	1,007,622	1,261,429
Per legislation	-	-	-	-	94,332	-	15,343	-	109,675	-	-	-	109,675
Per other agreements	-	-	-	-	35,263	7,982	-	-	43,245	154,766	59,163	213,929	257,174
Total restricted net position	-	204,908	273	48,626	129,595	7,982	15,343	-	406,727	774,815	446,736	1,221,551	1,628,278
Unrestricted net position	22,023	-	-	-	-	-	-	-	22,023	-	-	-	22,023
Total net position	36,340	204,908	273	48,626	129,595	7,982	15,343	-	443,067	774,815	446,736	1,221,551	1,664,618
Total liabilities, deferred inflows, and net position	\$ 43,298	\$ 2,255,578	\$ 3,986	\$ 78,819	\$ 178,243	\$ 7,985	\$ 29,360	\$ -	\$ 2,597,269	\$ 2,697,955	\$ 883,216	\$ 3,581,171	\$ 6,178,440

**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, 2025

	General Operating Account	Housing Agency								State Revolving Fund			Combined	
		Single-Family 1991 MB	Single-Family 2009 MRB	Multi-Family Housing Bonds	Federal and State Programs	Agricultural Development Division	Iowa Title Guaranty Division	Total Housing Agency	Clean Water Programs	Drinking Water Programs	Total SRF	Total IFA		
Operating revenues:														
Interest on mortgage-backed securities	\$ 22	\$ 77,413	\$ 120	\$ -	\$ 319	\$ 217	\$ -	\$ 77,555	\$ -	\$ -	\$ 48,820	\$ 77,555		
Interest on loans	12	2,073	-	2,222	-	-	-	4,843	37,875	10,945	48,820	53,663		
Interest on investments	2,708	10,651	28	1,158	1,966	87	-	16,598	15,714	10,426	26,140	42,738		
Gain on sale of mortgage-backed securities	-	976	-	-	-	-	-	976	-	-	-	976		
Net (decrease) increase in fair value of investments and mortgage-backed securities	10	41,240	123	-	-	-	-	41,373	361	440	801	42,174		
Fee revenue	9,980	3,822	-	-	418	8,042	(3,093)	19,169	6,253	1,980	8,233	27,402		
Other revenue	1,833	-	-	-	-	-	-	1,833	-	-	-	1,833		
Total operating revenues	14,565	136,175	271	3,380	2,285	722	8,042	(3,093)	162,347	60,203	23,791	83,994	246,341	
Operating expenses:														
Interest expense	-	69,553	110	992	-	-	-	70,655	56,954	11,762	68,716	139,371		
General and administrative	10,098	3,755	20	127	5,222	378	6,142	(3,093)	22,649	6,149	6,569	12,718	35,367	
Provision (recoveries) of losses	-	109	-	713	(93)	3	93	-	825	(50)	-	(50)	775	
Total operating expenses	10,098	73,417	130	1,832	5,129	381	6,235	(3,093)	94,129	63,053	18,331	81,384	175,513	
Net operating income (loss)	4,467	62,758	141	1,548	(2,844)	341	1,807	-	68,218	(2,850)	5,460	2,610	70,828	
Non-operating revenue (expense):														
Grant income	76,197	2,200	-	-	141,279	-	-	-	219,676	42,243	40,678	82,921	302,597	
Grants and aid	(76,777)	(4,244)	-	(127)	(124,188)	-	-	-	(205,336)	(18,834)	(15,010)	(33,844)	(239,180)	
Net non-operating revenue (expense)	(580)	(2,044)	-	(127)	17,091	-	-	-	14,340	23,409	25,668	49,077	63,417	
Income before Transfers	3,887	60,714	141	1,421	14,247	341	1,807	-	82,558	20,559	31,128	51,687	134,245	
Transfers	1,491	1,530	7	(116)	317	-	(2,060)	-	1,169	(873)	(296)	(1,169)	-	
Change in net position	5,378	62,244	148	1,305	14,564	341	(253)	-	83,727	19,686	30,832	50,518	134,245	
Net position at July 1, 2024	30,962	142,664	125	47,321	115,031	7,641	15,596	-	359,340	755,129	415,904	1,171,033	1,530,373	
Net position at June 30, 2025	\$ 36,340	\$ 204,908	\$ 273	\$ 48,626	\$ 129,595	\$ 7,982	\$ 15,343	\$ -	\$ 443,067	\$ 774,815	\$ 446,736	\$ 1,221,551	\$ 1,664,618	

## **Statistical Section (unaudited)**

## **Statistical Section (unaudited)**

This part of the Iowa Finance Authority's annual comprehensive 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 74-77)**

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 78-81)**

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

### **Debt Capacity (Page 82)**

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 83-86)**

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 87)**

This table 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, 2025**

**Net Position and Changes in Net Position**  
**(dollars in thousands)**

	Fiscal Year ending June 30,											
	2016		2017		2018		2019		2020		2021	
<b>Housing Agency Fund</b>												
Net investment in capital assets	\$ 2,685	\$ 2,431	\$ 2,332	\$ 4,664	\$ 13,568	\$ 13,956	\$ 14,012	\$ 13,085	\$ 13,127	\$ 14,317		
Restricted	318,934	317,597	312,578	336,512	374,806	393,236	324,327	309,558	328,378	406,727		
Unrestricted	4,491	4,520	5,348	7,835	6,741	6,720	7,328	13,056	17,835	22,023		
<b>Total Housing Agency net position</b>	<b>\$ 326,110</b>	<b>\$ 324,548</b>	<b>\$ 320,258</b>	<b>\$ 349,011</b>	<b>\$ 395,115</b>	<b>\$ 413,912</b>	<b>\$ 345,667</b>	<b>\$ 335,699</b>	<b>\$ 359,340</b>	<b>\$ 443,067</b>		
Change in net position	\$ (1,251)	\$ (1,562)	\$ (4,290)	\$ 28,753	\$ 46,104	\$ 18,797	\$ (68,245)	\$ (9,968)	\$ 23,641	\$ 83,727		
<b>State Revolving Fund</b>												
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Restricted	868,407	891,142	920,057	957,001	995,690	1,019,595	1,043,328	1,113,874	1,171,033	1,221,551		
<b>Total State Revolving Fund net position</b>	<b>\$ 868,407</b>	<b>\$ 891,142</b>	<b>\$ 920,057</b>	<b>\$ 957,001</b>	<b>\$ 995,690</b>	<b>\$ 1,019,595</b>	<b>\$ 1,043,328</b>	<b>\$ 1,113,874</b>	<b>\$ 1,171,033</b>	<b>\$ 1,221,551</b>		
Change in net position	\$ 43,751	\$ 22,735	\$ 28,915	\$ 36,944	\$ 38,689	\$ 23,905	\$ 23,733	\$ 70,546	\$ 57,159	\$ 50,518		
<b>Iowa Finance Authority</b>												
Net investment in capital assets	\$ 2,685	\$ 2,431	\$ 2,332	\$ 4,664	\$ 13,568	\$ 13,956	\$ 14,012	\$ 13,085	\$ 13,127	\$ 14,317		
Restricted	1,187,341	1,208,739	1,232,635	1,293,513	1,370,496	1,412,831	1,367,655	1,423,432	1,499,411	1,628,278		
Unrestricted	4,491	4,520	5,348	7,835	6,741	6,720	7,328	13,056	17,835	22,023		
<b>Total Iowa Finance Authority net position</b>	<b>\$ 1,194,517</b>	<b>\$ 1,215,690</b>	<b>\$ 1,240,315</b>	<b>\$ 1,306,012</b>	<b>\$ 1,390,805</b>	<b>\$ 1,433,507</b>	<b>\$ 1,388,995</b>	<b>\$ 1,449,573</b>	<b>\$ 1,530,373</b>	<b>\$ 1,664,618</b>		
Change in net position	\$ 42,500	\$ 21,173	\$ 24,625	\$ 65,697	\$ 84,793	\$ 42,702	\$ (44,512)	\$ 60,578	\$ 80,800	\$ 134,245		

Iowa Finance Authority  
Statistical Section (unaudited)  
Year Ended June 30, 2025

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Iowa Finance Authority  
Expenses - Housing Agency Fund  
(Dollars in thousands)

	Fiscal Year ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating expense										
Interest expense	\$ 12,046	\$ 12,391	\$ 13,830	\$ 16,143	\$ 19,773	\$ 17,490	\$ 18,884	\$ 32,889	\$ 50,486	\$ 70,655
Employee expense	9,593	10,747	10,403	9,327	9,417	9,489	9,522	10,152	10,696	10,739
Professional services	5,114	5,078	5,073	4,766	6,091	12,129	18,920	13,089	7,324	8,412
Claims and loss expense (recoveries)	4,908	240	394	(3,562)	309	(455)	(500)	738	2,850	825
Other general and administrative expenses	1,879	2,051	2,564	2,969	3,261	3,818	3,167	3,042	3,319	3,498
Total operating expense	33,540	30,507	32,264	29,643	38,851	42,471	49,993	59,910	74,675	94,129
Non-operating expense - grant expense	93,704	86,313	82,316	87,324	93,040	222,164	159,084	148,414	147,532	205,336
Other non-operating expense	-	-	-	4,167	-	-	-	-	-	-
Total expenses	\$ 127,244	\$ 116,820	\$ 114,580	\$ 121,134	\$ 131,891	\$ 264,635	\$ 209,077	\$ 208,324	\$ 222,207	\$ 299,465

Iowa Finance Authority  
Statistical Section (unaudited)  
Year Ended June 30, 2025

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Iowa Finance Authority  
Operating Expense - State Revolving Fund  
(Dollars in thousands)

	Fiscal Year ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating expense										
Interest expense	\$ 29,064	\$ 32,580	\$ 34,969	\$ 38,603	\$ 44,123	\$ 47,125	\$ 51,611	\$ 54,255	\$ 59,212	\$ 68,716
Loan loss expense (recoveries)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(37)	11	(50)
Iowa Finance Authority expense	1,169	1,224	1,474	1,466	1,640	1,430	1,439	1,927	1,835	1,832
Department of Natural Resources expense	7,214	8,694	7,580	8,568	7,379	7,581	7,537	9,289	10,518	10,886
Total operating expense	37,422	42,473	43,998	48,612	53,117	56,111	60,562	65,434	71,576	81,384
Non-operating expense - grant expense	8,100	7,364	4,643	3,794	4,664	3,096	2,994	7,585	17,283	33,844
Total expenses	\$ 45,522	\$ 49,837	\$ 48,641	\$ 52,406	\$ 57,781	\$ 59,207	\$ 63,556	\$ 73,019	\$ 88,859	\$ 115,228

Iowa Finance Authority  
Statistical Section (unaudited)  
Year Ended June 30, 2025

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Iowa Finance Authority  
Expenses - Combined  
(Dollars in thousands)

	Fiscal Year ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating expense										
Interest expense	\$ 41,110	\$ 44,971	\$ 48,799	\$ 54,746	\$ 63,896	\$ 64,615	\$ 70,495	\$ 87,144	\$ 109,698	\$ 139,371
Employee expense	9,593	10,747	10,403	9,327	9,417	9,489	9,522	10,152	10,696	10,739
Professional services	5,114	5,078	5,073	4,766	6,091	12,129	18,920	13,089	7,324	8,412
Claims and loss expense (recoveries)	4,883	215	369	(3,587)	284	(480)	(525)	701	2,861	775
Other general and administrative expenses	10,262	11,969	11,618	13,003	12,280	12,829	12,143	14,258	15,672	16,216
Total operating expense	70,962	72,980	76,262	78,255	91,968	98,582	110,555	125,344	146,251	175,513
Non-operating expense - grant expense	101,804	93,677	86,959	91,118	97,704	225,260	162,078	155,999	164,815	239,180
Other non-operating expense	-	-	-	4,167	-	-	-	-	-	-
Total expenses	\$ 172,766	\$ 166,657	\$ 163,221	\$ 173,540	\$ 189,672	\$ 323,842	\$ 272,633	\$ 281,343	\$ 311,066	\$ 414,693

**Iowa Finance Authority**  
**Statistical Section (unaudited)**  
**Year Ended June 30, 2025**

**Iowa Finance Authority**  
**Revenue Sources - Housing Agency Fund**  
(Dollars in thousands)

	Fiscal Year ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating revenue										
Interest revenue										
Mortgage backed securities	\$ 16,430	\$ 15,942	\$ 17,207	\$ 19,563	\$ 24,507	\$ 26,239	\$ 27,027	\$ 35,209	\$ 53,396	\$ 77,555
Loans	3,466	3,952	3,865	4,016	3,882	3,490	3,736	4,688	5,255	4,843
Cash equivalents and investments	3,529	3,704	4,854	6,255	4,789	2,305	404	10,947	17,683	16,598
Gain on sale of MBS	4,294	5,551	2,817	2,948	4,663	6,123	3,150	661	714	976
Net (decrease) increase in FV of investments and MBS	1,119	(13,331)	(13,524)	17,603	32,883	(6,477)	(101,038)	(38,852)	(9,148)	41,373
Total interest revenue	28,838	15,818	15,219	50,385	70,724	31,680	(66,721)	12,653	67,900	141,345
Fee revenue										
Iowa Title Guaranty	7,265	8,084	7,628	6,600	9,823	16,569	18,583	10,330	7,589	8,042
Single-family	507	539	670	859	426	(41)	537	1,576	2,696	3,822
Section 8	2,500	2,606	2,669	2,728	2,735	2,810	2,893	3,105	3,254	3,389
LIHTC	1,848	1,822	1,927	2,084	1,115	2,314	2,539	2,415	2,807	3,038
Private activity bonds	239	408	394	312	169	169	379	155	260	304
Loans	115	11	116	79	50	130	67	102	244	156
Iowa Agricultural Development Division	572	513	540	477	405	293	356	376	497	418
Total fee revenue	13,046	13,983	13,944	13,139	14,723	22,244	25,354	18,059	17,347	19,169
Other revenue	266	353	290	396	1,037	1,273	1,707	1,707	1,829	1,833
Total operating revenue	42,150	30,154	29,453	63,920	86,484	55,197	(39,660)	32,419	87,076	162,347
Non-operating revenue										
Grant revenue										
Miscellaneous	72	91	-	-	-	-	-	-	-	-
State funds	10,365	11,069	10,478	11,529	13,419	21,926	29,151	31,844	33,413	44,302
Federal funds	73,284	73,943	71,057	74,438	78,092	206,309	151,340	134,093	125,359	175,374
Total non-operating revenue	83,721	85,103	81,535	85,967	91,511	228,235	180,491	165,937	158,772	219,676
Total Housing Agency revenues	\$ 125,871	\$ 115,257	\$ 110,988	\$ 149,887	\$ 177,995	\$ 283,432	\$ 140,831	\$ 198,356	\$ 245,848	\$ 382,023

Iowa Finance Authority  
 Statistical Section (unaudited)  
 Year Ended June 30, 2025

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Iowa Finance Authority Revenue Sources - State Revolving Fund (dollars in thousands)												
	Fiscal Year ending June 30,											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
Operating revenue												
Loan interest	\$ 36,919	\$ 36,944	\$ 38,052	\$ 39,151	\$ 39,911	\$ 40,831	\$ 40,896	\$ 41,501	\$ 44,633	\$ 48,820		
Cash equivalents and investments interest	1,220	1,662	3,628	6,184	4,781	778	1,300	15,107	27,216	26,140		
Net (decrease) increase in FV of investments	(582)	(789)	(519)	575	507	(351)	(1,612)	(316)	632	801		
Fee revenue	4,526	4,913	5,578	5,868	6,329	6,883	7,114	7,468	6,864	8,233		
Total operating revenue	42,083	42,730	46,739	51,778	51,528	48,141	47,698	63,760	79,345	83,994		
Non-operating revenue												
EPA capitalization grants	46,026	29,843	30,846	37,572	44,942	35,047	39,591	79,805	66,673	82,921		
Total State Revolving Fund revenues	\$ 88,109	\$ 72,573	\$ 77,585	\$ 89,350	\$ 96,470	\$ 83,188	\$ 87,289	\$ 143,565	\$ 146,018	\$ 166,915		

**Iowa Finance Authority  
Statistical Section (unaudited)  
Year Ended June 30, 2025**

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**Iowa Finance Authority  
Revenue Sources - Combined  
(Dollars in thousands)**

	Fiscal Year ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Operating revenue</b>										
Interest revenue										
Mortgage backed securities	\$ 16,430	\$ 15,942	\$ 17,207	\$ 19,563	\$ 24,507	\$ 26,239	\$ 27,027	\$ 35,209	\$ 53,396	\$ 77,555
Loans	40,385	40,896	41,917	43,167	43,793	44,321	44,632	46,189	49,888	53,663
Cash equivalents and investments	4,749	5,366	8,482	12,439	9,570	3,083	1,704	26,054	44,899	42,738
Gain on sale of MBS	4,294	5,551	2,817	2,948	4,663	6,123	3,150	661	714	976
Net (decrease) increase in FV of investments and MBS	537	(14,120)	(14,043)	18,178	33,390	(6,828)	(102,650)	(39,168)	(8,516)	42,174
Total interest revenue	66,395	53,635	56,380	96,295	115,923	72,938	(26,137)	68,945	140,381	217,106
Fee revenue										
Iowa Title Guaranty	7,265	8,084	7,628	6,600	9,823	16,569	18,583	10,330	7,589	8,042
Single-family	507	539	670	859	426	(41)	537	1,576	2,696	3,822
Section 8	2,500	2,606	2,669	2,728	2,735	2,810	2,893	3,105	3,254	3,389
LIHTC	1,848	1,822	1,927	2,084	1,115	2,314	2,539	2,415	2,807	3,038
Private activity bonds	239	408	394	312	169	169	379	155	260	304
Loans	115	11	116	79	50	130	67	102	244	156
Iowa Agricultural Development Division	572	513	540	477	405	293	356	376	497	418
State Revolving Fund	4,526	4,913	5,578	5,868	6,329	6,883	7,114	7,468	6,864	8,233
Total fee revenue	17,572	18,896	19,522	19,007	21,052	29,127	32,468	25,527	24,211	27,402
Other revenue	266	353	290	396	1,037	1,273	1,707	1,707	1,829	1,833
<b>Total operating revenue</b>	<b>84,233</b>	<b>72,884</b>	<b>76,192</b>	<b>115,698</b>	<b>138,012</b>	<b>103,338</b>	<b>8,038</b>	<b>96,179</b>	<b>166,421</b>	<b>246,341</b>
<b>Non-operating revenue</b>										
Grant revenue										
Miscellaneous	72	91	-	-	-	-	-	-	-	-
State funds	10,365	11,069	10,478	11,529	13,419	21,926	29,151	31,844	33,413	44,302
Federal funds	73,284	73,943	71,057	74,438	78,092	206,309	151,340	134,093	125,359	175,374
EPA capitalization grants	46,026	29,843	30,846	37,572	44,942	35,047	39,591	79,805	66,673	82,921
Total non-operating revenue	129,747	114,946	112,381	123,539	136,453	263,282	220,082	245,742	225,445	302,597
<b>Total Iowa Finance Authority revenues</b>	<b>\$ 213,980</b>	<b>\$ 187,830</b>	<b>\$ 188,573</b>	<b>\$ 239,237</b>	<b>\$ 274,465</b>	<b>\$ 366,620</b>	<b>\$ 228,120</b>	<b>\$ 341,921</b>	<b>\$ 391,866</b>	<b>\$ 548,938</b>

Iowa Finance Authority  
 Largest SRF Borrowers  
 (dollars in thousands)

<b>as of June 30, 2025</b>		
Participant	Amount	% of Total
Wastewater Reclamation Authority	\$ 393,682	13%
City of Clinton	171,485	6%
City of Sioux City	119,316	4%
City of Fort Dodge	111,156	4%
City of Dubuque	100,453	3%
City of Cedar Rapids	89,565	3%
City of Ames	79,287	3%
City of Des Moines	58,166	2%
City of Indianola	53,782	2%
City of Nevada	51,461	2%
<b>Total Top 10</b>	<b>\$ 1,228,353</b>	<b>42%</b>
 Total Loans Outstanding	 \$ 2,916,679	

<b>as of June 30, 2016</b>		
Participant	Amount	% of Total
Wastewater Reclamation Authority	\$ 261,794	17%
City of Sioux City	131,372	9%
City of Dubuque	104,157	7%
City of Fort Dodge	82,095	5%
City of Clinton	70,734	5%
City of Cedar Rapids	42,657	3%
City of Ames	35,976	2%
Council Bluffs Water Works	30,524	2%
Polk County	26,565	2%
City of Fort Madison	21,337	1%
<b>Total Top 10</b>	<b>\$ 807,211</b>	<b>53%</b>
 Total Loans Outstanding	 \$ 1,523,234	

Iowa Finance Authority  
Statistical Section (unaudited)  
Year Ended June 30, 2025

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	Outstanding Debt (Dollars in thousands)									
	Fiscal Year ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Housing Agency Fund										
Single-family mortgage bonds*	\$ 196,886	\$ 287,488	\$ 396,061	\$ 513,520	\$ 654,641	\$ 780,728	\$ 968,006	\$ 1,312,340	\$ 1,633,852	\$ 2,000,260
Single-family mortgage revenue bonds*	128,399	101,231	79,002	64,799	51,424	15,297	5,691	4,896	4,297	3,704
Multi-family housing bonds*	45,022	43,238	38,146	36,492	34,634	33,129	32,768	31,595	27,288	19,291
Other debt**	-	-	46	-	-	-	-	-	-	-
Total Housing Agency debt	370,307	431,957	513,255	614,811	740,699	829,154	1,006,465	1,348,831	1,665,437	2,023,255
SRF revenue bonds*	942,612	1,079,407	1,192,350	1,413,502	1,587,956	1,782,751	1,938,057	2,136,413	2,231,394	2,306,694
Total debt	\$ 1,312,919	\$ 1,511,364	\$ 1,705,605	\$ 2,028,313	\$ 2,328,655	\$ 2,611,905	\$ 2,944,522	\$ 3,485,244	\$ 3,896,831	\$ 4,329,949

\* Revenue bonds

100.0% 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% 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  
Statistical Section (unaudited)  
Year Ended June 30, 2025

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Iowa Finance Authority  
Demographic Information  
as of June 30,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Population (in thousands) <sup>(1)</sup>	3,131	3,142	3,149	3,155	3,164	3,193	3,200	3,207	3,241	n/a
Personal income (in millions) <sup>(2)</sup>	\$ 144,940	\$ 148,837	\$ 157,102	\$ 164,042	\$ 174,685	\$ 182,208	\$ 188,168	\$ 203,652	\$ 205,965	n/a
Per capita personal income	\$ 46,286	\$ 47,377	\$ 49,896	\$ 51,993	\$ 55,210	\$ 57,065	\$ 58,802	\$ 63,502	\$ 63,550	n/a
Labor force (in thousands) <sup>(3)</sup>	1,691	1,674	1,688	1,735	1,639	1,654	1,718	1,742	1,685	1,731
Employment (in thousands) <sup>(3)</sup>	1,629	1,621	1,645	1,688	1,508	1,588	1,672	1,694	1,638	1,672
Unemployed (in thousands) <sup>(3)</sup>	62	53	43	47	131	66	46	47	47	65
Unemployment rate <sup>(3)</sup>	3.7%	3.2%	2.6%	2.7%	8.0%	4.0%	2.7%	2.7%	2.8%	3.7%

<sup>(1)</sup> 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, 2024 (NST-EST2024-POP)  
Source: U.S. Census Bureau, Population Division; Release Date: December 2024

<sup>(2)</sup> Personal Income by State, 1st Quarter 2025  
Source: Bureau of Economic Analysis

<sup>(3)</sup> Iowa Local Area Unemployment Statistics, Iowa Workforce Development as of August 18, 2025  
<https://www.iowalmi.gov/local-area-unemployment-statistics>

State of Iowa  
Principal Non-Governmental Employers  
Most Recent Calendar Year and Ten Years Prior

**CALENDAR YEAR 2024**

<b>Rank</b>	<b>Employer</b>	<b>Type of Business</b>
1	Hy-Vee Food Stores	Retail Food
2	Wal-Mart Stores Inc	Retail General Merchandise
3	John Deere Shared Services Inc	Machinery Manufacturing
4	Wells Fargo Bank N.A.	Financial Activities
5	Casey's General Stores	Convenience Stores
6	Fareway Stores Inc	Retail Food
7	Rockwell Collins Inc	Equipment Manufacturing
8	Mercy Hospital Medical Center	Health Care Services
9	Amazon.com Services Inc	Warehousing
10	Tyson Fresh Meats Inc.	Food Manufacturing

**CALENDAR YEAR 2015**

<b>Rank</b>	<b>Employer</b>	<b>Type of Business</b>
1	Hy-Vee Food Stores	Retail Food
2	Wal-Mart	Retail General Merchandise
3	Wells Fargo	Financial Activities
4	Mercy Health	Health Care Services
5	Deere and Company	Machinery Manufacturing
6	Casey's General Store	Convenience Stores
7	Rockwell Collins	Equipment Manufacturing
8	Tyson Fresh Meats	Food Manufacturing
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  
 Statistical Section (unaudited)  
 Year Ended June 30, 2025

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Land	\$ 716	\$ 716	\$ 716	\$ 716	\$ -	\$ 886	\$ 886	\$ 886	\$ 886	\$ 886	\$ 886
Construction in progress	-	-	-	-	-	1,130	322	-	47	1,185	2,358
Real estate held for sale	-	-	-	-	1,800	-	-	-	-	-	-
Buildings and improvements	2,410	2,410	2,437	2,751	2,911	11,515	13,291	14,584	14,762	14,762	15,915
Land improvements	18	18	18	18	-	700	700	700	700	700	700
Office equipment and vehicles	2,316	2,368	2,150	608	248	248	412	605	591	560	560
<b>Gross value of assets</b>	<b>5,460</b>	<b>5,512</b>	<b>5,321</b>	<b>4,093</b>	<b>4,959</b>	<b>14,479</b>	<b>15,611</b>	<b>16,775</b>	<b>16,986</b>	<b>18,093</b>	<b>20,419</b>
Accumulated depreciation	2,644	2,827	2,890	1,809	295	911	1,655	2,763	3,901	4,967	6,102
<b>Net book value</b>	<b>\$ 2,816</b>	<b>\$ 2,685</b>	<b>\$ 2,431</b>	<b>\$ 2,284</b>	<b>\$ 4,664</b>	<b>\$ 13,568</b>	<b>\$ 13,956</b>	<b>\$ 14,012</b>	<b>\$ 13,085</b>	<b>\$ 13,126</b>	<b>\$ 14,317</b>

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

**Iowa Finance Authority  
Statistical Section (unaudited)  
Year Ended June 30, 2025**

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

**Fiscal Years Ending June 30,**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Accounting and Finance	8.2	8.0	7.7	7.9	7.3	7.9	8.2	8.3	8.3	7.8
Administration, Marketing, and IT	10.6	13.6	14.8	10.9	8.9	9.9	9.6	11.3	11.4	10.9
<b>Total Administration</b>	<b>18.8</b>	<b>21.6</b>	<b>22.5</b>	<b>18.8</b>	<b>16.2</b>	<b>17.8</b>	<b>17.8</b>	<b>19.6</b>	<b>19.7</b>	<b>18.7</b>
SingleFamily Programs	7.8	8.0	7.2	7.9	8.2	6.3	7.4	8.0	8.5	7.6
MF Compliance	5.1	5.1	5.0	5.0	4.9	4.1	4.4	3.9	4.2	4.0
Section 8	11.1	11.2	10.1	10.1	10.0	10.9	10.5	9.4	8.4	8.8
Low Income Housing Tax Credit	7.1	7.1	6.7	6.7	6.2	6.1	6.3	5.9	5.4	5.4
Other Multifamily	2.9	3.1	3.0	2.4	2.4	2.5	2.7	3.9	2.7	1.8
<b>Multi-family Programs</b>	<b>26.2</b>	<b>26.5</b>	<b>24.8</b>	<b>24.2</b>	<b>23.5</b>	<b>23.6</b>	<b>23.9</b>	<b>23.1</b>	<b>20.7</b>	<b>20.0</b>
Homelessness programs	2.9	3.3	3.1	3.4	3.3	2.3	2.4	2.0	2.2	2.1
HOME program	6.3	6.0	5.5	4.8	3.2	3.0	3.1	4.0	5.1	5.8
Other Federal and State programs	2.2	2.4	2.2	2.2	2.7	6.3	5.2	5.1	3.4	3.6
<b>Federal and State Programs</b>	<b>11.4</b>	<b>11.7</b>	<b>10.8</b>	<b>10.4</b>	<b>9.2</b>	<b>11.6</b>	<b>10.7</b>	<b>11.1</b>	<b>10.7</b>	<b>11.5</b>
Agricultural Development Division	2.6	3.0	2.4	2.4	2.4	2.1	2.2	2.3	2.4	2.4
Residential	14.5	15.5	16.5	13.0	12.7	17.1	17.4	17.1	17.1	17.1
Commercial	3.3	3.8	3.5	3.1	3.6	3.8	3.8	4.2	4.1	4.5
<b>Iowa Title Guranty Division</b>	<b>17.8</b>	<b>19.3</b>	<b>20.0</b>	<b>16.1</b>	<b>16.3</b>	<b>20.9</b>	<b>21.2</b>	<b>21.3</b>	<b>21.2</b>	<b>21.6</b>
Clean water programs	3.7	3.9	3.8	4.0	3.9	3.7	3.7	4.0	4.1	4.7
Drinking water programs	1.3	1.5	1.4	1.5	1.6	1.8	1.8	2.2	2.3	2.5
<b>State Revolving Fund</b>	<b>5.0</b>	<b>5.4</b>	<b>5.2</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>6.2</b>	<b>6.4</b>	<b>7.2</b>
<b>Total Iowa Finance Authority</b>	<b>89.6</b>	<b>95.5</b>	<b>92.9</b>	<b>85.3</b>	<b>81.3</b>	<b>87.8</b>	<b>88.7</b>	<b>91.6</b>	<b>89.6</b>	<b>89.0</b>

	Iowa Finance Authority Operating Indicators Fiscal Year ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>State Revolving Loan Program</b>										
Number of SRF loans originated	120	126	118	124	125	167	121	132	132	148
<b>Single-Family Program</b>										
Number of single-family homebuyers assisted	1,959	2,300	2,058	2,012	2,970	2,413	2,717	2,309	2,661	2,908
<b>Low Income Housing Tax Credit Program</b>										
Number of housing units created or preserved	708	1,117	1,105	600	0*	524	799	364	1,453	816
<b>Compliance Monitoring</b>										
Section 8 project-based rental units	11,942	11,926	11,779	11,742	11,749	11,713	11,678	11,678	11,463	11,440
LIHTC & HOME program rental units	21,573	22,136	22,122	22,892	23,051	25,068	25,049	24,608	25,266	25,589
<b>Loan Servicing</b>										
SRF loans	1,042	1,089	1,131	1,167	1,203	1,250	1,287	1,316	1,368	1,383
Multi-family housing loans	388	377	363	347	337	321	322	310	312	322
Beginning farmer loans	31	45	57	72	68	62	63	68	69	72
Department of Soil Conservation loans	259	255	243	211	201	198	205	195	188	173
<b>Iowa Title Guaranty</b>										
Title guaranty certificates issued ***	77,639	86,074	83,913	80,076	96,349	142,643	146,780	88,653	66,258	67,396
<b>HousingIowa Conference Attendance</b>	551	706	709	810	674	0**	592	854	900	791

Source: Information provided from Departments.

\* 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.

\*\*\* Totals were restated for 2021-2023 to include all certificate types.

## **Compliance Section**

**Iowa Finance Authority**  
 (A Component Unit of the State of Iowa)  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	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	\$ 75,309,895	\$ -
Total Section 8 Project-Based Cluster			75,309,895	-
Emergency Solutions Grants Program	14.231	N/A	3,264,506	3,173,527
Home Investment Partnerships Program (HOME)	14.239	N/A	10,448,698	3,683,217
Home Investment Partnerships Program (HOME ARP)	14.239	N/A	591,146	-
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	N/A	864,623	845,670
National Housing Trust Fund (NHTF)	14.275	N/A	3,959,398	3,272,720
Total United States Department of Housing and Urban Development			<u>94,438,266</u>	<u>10,975,134</u>
United States Department of the Treasury				
Direct Programs:				
COVID-19 - Emergency Rental Assistance Program	21.023	N/A	15,004,504	14,925,627
Passed through the State of Iowa:				
COVID-19 - Homeowner Assistance Fund Program	21.026	(1)	18,168,382	14,941,270
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	(1)	47,179,951	45,950,980
Total United States Department of Treasury			<u>80,352,837</u>	<u>75,817,877</u>
Total federal awards expenditures for year ended June 30, 2025			<u><u>\$ 174,791,103</u></u>	<u><u>\$ 86,793,012</u></u>

Iowa Finance Authority  
(A Component Unit of the State of Iowa)  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

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**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, 2025. 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 the Iowa Finance Authority, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Iowa Finance Authority's basic financial statements and have issued our report thereon dated September 23, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the Iowa Finance Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Iowa Finance Authority'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002 and 2025-003, that we consider to be significant deficiencies.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 the Iowa Finance Authority's response to the findings identified in our audit and described previously. The 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 result of that testing, and not to provide an opinion on the effectiveness of the Iowa Finance Authority'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 Iowa Finance Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Aberdeen, South Dakota  
September 23, 2025



**Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards 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 (the Authority) 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 the Iowa Finance Authority's major federal programs for the year ended June 30, 2025. The 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, the 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, 2025.

***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 the 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 the 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 the 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 the 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 the 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 the 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 the 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 the 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.

### **Report on Internal Control over Compliance**

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Iowa Finance Authority as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Iowa Finance Authority's basic financial statements. We issued our report thereon dated September 23, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Aberdeen, South Dakota  
January 22, 2026

Iowa Finance Authority  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2025

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**Section I – Summary of Auditor's Results**

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**Financial Statements**

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
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	None Reported
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:	No

**Identification of major program:**

<u>Name of Federal Program</u>	<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 Fund Program	21.026
Emergency Solutions Grants Program	14.231
Dollar threshold used to distinguish between Type A and Type B programs	\$ 3,000,000
Auditee qualified as low-risk auditee	No

## Section II – Financial Statement Findings

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### 2025-001      Allowance for Loan Loss                     Significant Deficiency

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

Condition: During our engagement, we discovered a mathematical error in the spreadsheet utilized to calculate the allowance for loan loss for the State Revolving Fund (SRF) at year end resulting in an adjustment to the financial statements. Additionally, we recommended an audit adjustment to the allowance for loan loss for the Housing Agency Fund (HAF) to reflect the allowance on HOME loans pursuant to existing policy.

Cause: A detailed review of the SRF spreadsheet was not performed at a level to discover the mathematical error prior to audit. Additionally, certain HOME loans were assigned reserve percentages that did not reflect policy, which was not detected during the review of year-end allowance.

Effect: Errors noted may affect interim management decisions made during the year.

Recommendation: We recommend:

- Loan committee meetings include periodic evaluation related to specifically identified HOME loans that are delinquent, in various stages of deferral, or awaiting legal documentation. Additionally, changes to reserve percentages be approved and documented.
- The existing policy to be reviewed and updated to ensure it reflects the current environment for HOME loans and provides sufficient flexibility for a variety of loan circumstances to ensure the allowance is determined in accordance with generally accepted accounting principles.
- A more robust review of the year-end allowance for loan loss determinations, including calculations and reserve percentages, since it is an estimate significant to the financial statements.

Views of Responsible Officials: Management agrees with the finding.

### 2025-002      Grant Revenue Adjustment                     Significant Deficiency

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

Condition: During our engagement, we proposed an audit adjustment to the Authority's grant revenue accounts, which, if not recorded, would have resulted in a misstatement to the Authority's financial statements.

Cause: The Authority's internal control system over the recognition of grant revenue for certain advance funded pass-through grant programs did not operate effectively to recognize grant revenue to match the grant expenditure.

Effect: Errors noted may affect interim management decisions made during the year.

Recommendation: We recommend that management implement control procedures for advance funded grant programs to ensure the recognition of revenue when qualifying grant expenditures are incurred.

Views of Responsible Officials: Management agrees with the finding.

**2025-003      General IT Controls  
                    Significant Deficiency**

Criteria: Organizations should select and develop best practice control activities that mitigate identified IT-related risks to acceptable levels to ensure the confidentiality, integrity and availability of information and technology assets.

Condition: During our inquiries related to general IT controls, we noted the following:

1. The in-scope applications within the entity's IT environment have not undergone regular or documented failover testing to validate their resilience and continuity capabilities during system outages or disruptions.
2. The entity has not conducted periodic user access reviews for financially relevant applications. Additionally, certain users possess administrative privileges that are not aligned with their job responsibilities, increasing the risk of unauthorized or inappropriate system changes.
3. Certain in-scope applications do not enforce password parameters (e.g., minimum length, complexity, expiration, and lockout thresholds) that are consistent with the entity's established Information Security Policy.
4. The entity does not have a formalized incident response program, including documented policies, procedures, or defined roles and responsibilities for managing cybersecurity incidents.

Cause:

1. The absence of a formalized failover testing schedule and oversight could stem from limited resource allocation and/or lack of prioritization in the entity's IT risk management strategy.
2. This issue appears to result from the absence of a formal user access program, including defined roles and responsibilities for access reviews.
3. This misalignment could be the result of a lack of centralized oversight over application security configurations, inconsistent implementation of policy requirements across systems, and/or limited integration between application development/maintenance teams and the information security function.
4. This gap appears to be due to the absence of a centralized cybersecurity governance framework and limited prioritization of incident response planning within the broader IT risk management strategy.

Effect:

1. Without routine failover testing, the entity is exposed to increased risk of prolonged service outages, data loss, and operational disruption during system failures. This could hinder the entity's ability to deliver critical public services and maintain compliance with continuity and disaster recovery standards.
2. Failure to review user access and restrict administrative capabilities may lead to unauthorized transactions, data manipulation, or circumvention of internal controls. This exposes the entity to financial misstatement risks, audit findings, and potential non-compliance with applicable regulations and standards.
3. Failure to enforce standardized password parameters increases the risk of unauthorized access, data breaches, and compromise of sensitive government information. It also undermines the entity's overall security posture and may result in non-compliance with internal policies and external regulatory requirements.
4. Without a formal incident response capability, the entity is at increased risk of delayed detection, ineffective containment, and inadequate recovery from cybersecurity incidents. This could lead to prolonged service disruptions, data breaches, reputational damage, and non-compliance with regulatory or oversight requirements.

Recommendation:

1. Establish and implement a formal failover testing program for all in-scope applications, including documented procedures, frequency guidelines, and success criteria. Ensure that test results are reviewed and used to improve system resilience. Additionally, integrate failover testing into the broader IT governance and risk management framework to ensure ongoing accountability and effectiveness.
2. Implement a formal user access review process for all financially relevant applications, to be conducted at regular intervals. Ensure that administrative privileges are assigned based on job roles and responsibilities and enforce segregation of duties through system configuration and policy. Document and retain evidence of reviews.
3. Conduct a comprehensive review of all in-scope applications to assess password configuration settings against the Information Security Policy. Remediate identified gaps by updating application settings, evaluating and formally documenting consideration of system limitations and implementing compensating controls where deemed necessary. Establish ongoing monitoring and governance processes to ensure continued compliance with password standards across all systems.
4. Develop and implement a comprehensive incident response program that includes a formal policy, detailed procedures, defined roles and responsibilities, and escalation protocols. The program should be aligned with industry standards (e.g., NIST SP 800-61) and include regular training, testing, and continuous improvement processes to ensure readiness and effectiveness.

Views of Responsible Officials: Management agrees with the finding.

Iowa Finance Authority  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2025

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**Section III – Federal Award Findings and Questioned Costs**

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**None Reported**



**IOWA FINANCE AUTHORITY**

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**Management's Response to Auditor's Findings:**

**Summary Schedule of Prior Audit Findings and  
Corrective Action Plan  
June 30, 2025**

**Prepared by Management of  
Iowa Finance Authority**

## Summary Schedule of Prior Audit Findings

### *Finding 2024-001*

#### *Initial Fiscal Year Finding Occurred: 2024*

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

*During the engagement, the auditors discovered year-end accounting errors resulting in adjustments to the financial statements, including the schedule of expenditures of federal awards.*

*Status: Repeat as Finding 2025-002*

## Corrective Action Plan

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### *Finding 2025-001*

#### *Finding Summary:*

During the engagement, our auditors discovered a mathematical error in the spreadsheet utilized to calculate the allowance for loan loss for the State Revolving Fund (SRF) at year end resulting in an adjustment to the financial statements. Additionally, our auditors recommended an audit adjustment to the allowance for loan loss for the Housing Agency Fund (HAF) to reflect the allowance on HOME loans pursuant to existing policy.

#### *Responsible Individuals:*

Aaron Smith, Chief Financial Officer

#### *Corrective Action Plan:*

Staff posted the adjusting entries, and the financial statements are presented fairly. We will implement procedures to provide secondary review of journal entries.

#### *Anticipated Completion Date:*

December 31, 2025

### *Finding 2025-002*

#### *Finding Summary:*

During the engagement, our auditors proposed an audit adjustment to the Authority's grant revenue accounts, which, if not recorded, would have resulted in a misstatement to the Authority's financial statements.

#### *Responsible Individuals:*

Aaron Smith, Chief Financial Officer

#### *Corrective Action Plan:*

Staff posted the necessary entries, and the financial statements are presented fairly. We will implement procedures to provide secondary review new program journal entries.

#### *Anticipated Completion Date:*

December 31, 2025

### *Finding 2025-003*

#### *Finding Summary:*

During inquiries related to general IT controls, the auditors noted the following:

- The in-scope applications within the entity's IT environment have not undergone regular or documented failover testing to validate their resilience and continuity capabilities during system outages or disruptions.

- The Authority has not conducted periodic user access reviews for financially relevant applications. Additionally, certain users possess administrative privileges that are not aligned with their job responsibilities, increasing the risk of unauthorized or inappropriate system changes.
- Certain in-scope applications do not enforce password parameters (e.g., minimum length, complexity, expiration, and lockout thresholds) that are consistent with the entity's established Information Security Policy.
- The Authority does not have a formalized incident response program, including documented policies, procedures, or defined roles and responsibilities for managing cybersecurity incidents.

*Responsible Individuals:*

Aaron Smith, Chief Financial Officer

Molly Lopez, Chief Operating Officer

Jess Flaherty, Iowa Department of Management Division of Information Technology

*Corrective Action Plan:*

Management concurs with the findings and has initiated a multi-faceted approach to remediation.

Regarding system resilience and cybersecurity governance, the Authority is actively coordinating with the Iowa Department of Management Division of Information Technology (DoIT) to formalize disaster recovery validation measures (such as annual tabletop exercises and backup restoration testing) and to implement a comprehensive incident response program.

Simultaneously, the Authority has implemented immediate measures to strengthen internal access controls. Management has established a process to conduct user access reviews for all financially relevant applications at least annually to ensure privileges align with current job responsibilities. Furthermore, the Authority has begun updating password parameters (including complexity settings) to align with the Information Security Policy, as necessary and within the technical capabilities of the respective applications.

*Anticipated Completion Date:*

December 31, 2026