IOWA STATE REVOLVING FUND

A Fund of the Iowa Finance Authority

Basic Financial Statements

June 30, 2026

(With Independent Auditor's Report Thereon)



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Officials

Name	Title
Kim Reynolds	Governor
Debi Durham	Director, Iowa Finance Authority
Kayla Lyon	Director, Iowa Department of Natural Resources

Iowa Finance Authority Board of Directors

Nicolas AbouAssaly	Member
Ashley Aust	Member
Tracey Ball	Vice Chair
Jennifer Cooper	Chair
Danielle Michalski	Member
Michel Nelson	Member
Mark Phillips	Member
Gilbert Thomas	Treasurer
Jayme Ungs	Ex-officio voting member
Nate Weaton	Member

Environmental Protection Commission

Jason Ballard	
Jim Christensen	
Rebecca Dostal	
Amy Echard	Vice Chair
Patricia Foley	
Dawn Refsell	
Mark Stutsman	Chair
Kyle Tobiason	
Roger Zylstra	

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the State Revolving Fund of the Iowa Finance Authority as of and for the year ended June 30, 2026, and the related notes to the 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 financial position of the State Revolving Fund of the Iowa Finance Authority, as of June 30, 2026, and the changes in its 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(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 Iowa Finance 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 opinion.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the State Revolving Fund, and do not purport to, and do not, present fairly the financial position of the Iowa Finance Authority or the State of Iowa, as of June 30, 2026, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the Authority adopted new accounting guidance associated with Government Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

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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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 Management's Discussion and Analysis, Schedule of the State Revolving Fund's Proportionate Share of the Net Pension Liability, Schedule of the State Revolving Fund's Contributions, Schedule of the State Revolving Fund's Proportionate Share of the Total OPEB Liability, and Notes to Required Supplementary Information on pages 5 through 9 and 32 through 37 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 an opinion on the financial statements that collectively comprise the State Revolving Fund of the Iowa Finance Authority. The combining financial schedules on pages 38 through 39 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 listing of officials but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2026, on our consideration of the State Revolving Fund of the Iowa Finance 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 State Revolving Fund of the Iowa Finance 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 State Revolving Fund of the Iowa Finance Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Aberdeen, South Dakota
September 29, 2026

INTRODUCTION

This section of the State Revolving Fund's (SRF) annual financial report presents management's discussion and analysis of the financial position and results of operations for the fiscal year ended June 30, 2026. This section provides additional information regarding the activities of the SRF 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* and GASB Statement No. 103, *Financial Reporting Model Improvements.* Please use this information in conjunction with the financial statements and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of four parts: the independent auditor's report, 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 SRF 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 of the SRF'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 SRF.

The Statement of Revenues, Expenses, and Changes in Net Position accounts for the SRF's current year revenues and expenses. This statement measures the results of the SRF's operations during the year and reports the resulting change in net position. It is organized by separating operating revenues and expenses from nonoperating revenue and expenses.

The Statement of Cash Flows primarily provides information about the net change in the SRF's cash and cash equivalents for the fiscal year. It provides information about the SRF's cash receipts, cash payments, and net changes in cash resulting from operating, noncapital financing, and investing 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 SRF-wide basis, and the combining supplementary schedules present the two major SRF programs. SRF-wide financial statements are provided to display a comprehensive view of all SRF funds. All the assets in these funds are substantially restricted as to use by the SRF and are available only in accordance with the applicable bond resolutions, federal and Iowa laws, and other outstanding agreements.

DISCUSSION OF THE FUND

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

The Clean Water SRF funds wastewater treatment, sewer rehabilitation, and storm water quality improvements, as well as non-point source projects. The Drinking Water SRF funds water treatment plants or improvements to existing facilities, water line extensions to existing properties, water storage facilities, wells, and source water protection efforts. Financing for these projects is provided in various forms, including pre-construction planning and design loans and construction loans. 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.

The SRF receives grants from the United States Environmental Protection Agency (EPA) and issues tax-exempt and taxable 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 AND ANALYSIS

The Statement of Net Position presents the State Revolving Fund's financial position as of June 30, 2026, and June 30, 2025, including its assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

State Revolving Fund
Net Position
(Dollars in thousands)

	2026	2025	Change	%
Assets:				
Cash and cash equivalents	$ 715,716	$ 547,767	$ 167,949	30.7%
Investments	137,883	153,566	(15,683)	-10.2%
Loans to municipalities or water systems, net	3,180,175	2,870,633	309,542	10.8%
Other assets	9,050	7,082	1,968	27.8%
Total assets	4,042,824	3,579,048	463,776	13.0%
Deferred outflows	122	2,123	(2,001)	-94.3%
Total assets and deferred outflows	$ 4,042,946	$ 3,581,171	$ 461,775	12.9%
Liabilities:				
Current liabilities	$ 142,419	$ 128,564	$ 13,855	10.8%
Noncurrent liabilities	2,577,249	2,220,664	356,585	16.1%
Total liabilities	2,719,668	2,349,228	370,440	15.8%
Deferred inflows	12,794	10,392	2,402	23.1%
Total liabilities and deferred inflows	2,732,462	2,359,620	372,842	15.8%
Net position:				
Restricted net position	1,310,484	1,221,551	88,933	7.3%
Total net position	1,310,484	1,221,551	88,933	7.3%
Total liabilities, deferred inflows and net position	$ 4,042,946	$ 3,581,171	$ 461,775	12.9%

The Statement of Revenues, Expenses, and Changes in Net Position presents the State Revolving Fund's total revenues recognized and expenses incurred during the fiscal years ending June 30, 2026, and June 30, 2025.

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

	2026	2025	Change	%
Operating revenues:				
Interest income	$ 56,912	$ 74,960	$ (18,048)	-24.1%
Net increase in fair value of investments	-	801	(801)	-100.0%
Fee income	9,398	8,233	1,165	14.2%
Total operating revenues	66,310	83,994	(17,684)	5.9%
Operating expenses:				
Interest expense	-	68,716	(68,716)	-100.0%
General and administrative	13,921	12,718	1,203	9.5%
Provision for (recoveries of) loan losses	(335)	(50)	(285)	570.0%
Total operating expenses	13,586	81,384	(67,798)	-83.3%
Net operating income	52,724	2,610	50,114	1920.1%
Noncapital subsidies:				
Grant income	112,906	-	112,906	100.0%
Grants and aid	(19,794)	-	(19,794)	100.0%
Transfers	(146)	-	(146)	100.0%
Total noncapital subsidies	92,966	-	92,966	100.0%
Net operating income and noncapital subsidies	145,690	2,610	143,080	5482.0%
Nonoperating revenues (expenses):				
Grant income	-	82,921	(82,921)	-100.0%
Grants and aid	-	(33,844)	33,844	-100.0%
Interest on investments	22,906	-	22,906	100.0%
Net increase (decrease) in fair value of investments	(220)	-	(220)	100.0%
Interest expense	(79,443)	-	(79,443)	100.0%
Net nonoperating revenue (expense)	(56,757)	49,077	(105,834)	-215.6%
Transfers	-	(1,169)	1,169	-
Change in net position	88,933	50,518	38,415	76.0%
Net position at beginning of year	1,221,551	1,171,033	50,518	4.3%
Net position at end of year	$ 1,310,484	$ 1,221,551	$ 88,933	7.3%

Note – 2025 amounts have not been restated for the effects of implementation of GASB Statement No. 103. See Note 1 for further information.

Detailed Financial Analysis

Financial Position

The State Revolving Fund's (SRF) assets and deferred outflows of resources increased $461.8 million, or 12.9%, to $4.04 billion in fiscal year 2026. Loans to municipalities and water systems increased $309.5 million, or 10.8%, to $3.18 billion and accounted for approximately two-thirds of the overall increase. The growth reflects continued demand from Iowa communities seeking below-market financing and favorable borrowing terms for drinking water and wastewater infrastructure projects.

In addition to federal capitalization grants and recycled loan repayments, portfolio growth was financed by two series of State Revolving Fund Revenue Bonds issued during the year, generating $527.6 million in bond proceeds. As a result, liabilities and deferred inflows of resources increased $372.8 million, or 15.8%, to $2.73 billion after scheduled debt repayments and other reductions.

Series	Date	Proceeds	Rating
SRF 2025 CD	07/02/2025	$ 209,693	AAA by Fitch; Aaa by Moody's
SRF 2026 AB	05/14/2026	317,865	AAA by S&P; Aaa by Moody's; AAA by Fitch
		$ 527,558	

See Note 4 – Long-Term Liabilities for additional information regarding the State Revolving Fund's outstanding debt.

Cash and cash equivalents increased $168.0 million, or 30.7%, to $715.7 million. The increase was primarily attributable to the timing of bond issuances and loan repayments received near fiscal year-end. The May 2026 issuance of State Revolving Fund Revenue Bonds Series AB generated more than $300 million of bond proceeds, while loan repayments received in June further increased available cash balances pending future loan disbursements.

The State Revolving Fund's net position increased $88.9 million, or 7.3%, to $1.31 billion. The entire net position of the State Revolving Fund is restricted by bond resolutions and other program requirements.

Revenues and Expenditures

Total revenues increased $35.0 million, or 21.0%, to $201.9 million in fiscal year 2026. Grant income increased $30.0 million, or 36.2%, to $112.9 million as capitalization grant activity increased during the year. Loan portfolio growth also contributed to higher revenues, with interest income increasing $4.9 million, or 6.5%, to $79.8 million. Fee income increased $1.2 million, or 14.2%, to $9.4 million due to the loan portfolio increase.

Total expenses decreased $2.4 million, or 2.1%, to $112.8 million. Grant expenditures decreased $14.1 million, or 41.5%, to $19.8 million. Grant revenues and grant expenditures often fluctuate independently from year to year because capitalization grants are recognized when received, while loan forgiveness, an expense derived from the capitalization grant requirements, is recognized as projects are completed. Therefore, annual results can be significantly affected by project schedules and funding cycles.

Interest expense increased $10.7 million, or 15.6%, to $79.4 million as additional State Revolving Fund Revenue Bonds remained outstanding during the year and financed the growth of the loan portfolio. General and administrative expenses increased $1.2 million in 2026, primarily due to administrative costs incurred before reimbursement from a federal grant. The State Revolving Fund also recognized a $0.2 million decrease in the fair value of investments, compared with a $0.8 million increase in fiscal year 2025, reflecting changes in market interest rates and their effect on year-end valuations.

Net Position

Driven primarily by higher capitalization grant revenues, lower grant expenditures, and continued growth in loan interest income, the State Revolving Fund added nearly $89 million to net position during fiscal year 2026 and ended the year with net position of $1.31 billion, the entirety of which is restricted by bond resolutions and other program requirements.

SIGNIFICANT LONG-TERM FINANCING ACTIVITY

As of June 30, 2026, the SRF had $2.67 billion of outstanding bond principal and debt obligations. This represents an increase of 15.9% from the previous year, net of discount and premium. The following table summarizes the change in bonds payable and debt obligations from June 30, 2025, and June 30, 2026:

	2026	2025	Percent Change FY25 to FY26
State Revolving Fund Master Trust Indenture	$2,673,682	$2,306,694	15.9%

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

As of the issuance date of this financial report, management is not aware of any subsequent facts, decisions, or conditions that are expected to have a significant effect on the SRF's financial position or results of operations. Management will continue to monitor economic, legislative, regulatory, and operational developments and will disclose any material matters as appropriate.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the SRF'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

State Revolving Fund
A Fund of the Iowa Finance Authority
Statement of Net Position
(Dollars in thousands)
June 30, 2026

Assets	
Current assets (substantially restricted):	
Cash and cash equivalents	$ 715,716
Other investments	112,681
Loans to municipalities or water systems, net	244,558
Accrued interest receivable	7,691
Other current assets	1,359
Total current assets	1,082,005
Noncurrent assets (substantially restricted):	
Other investments	25,202
Loans to municipalities or water systems, net	2,935,617
Total noncurrent assets	2,960,819
Total assets	4,042,824
Deferred Outflows of Resources	
Other post employment benefits	15
Pension plan	78
Loss on bond refunding	29
Total deferred outflows of resources	122
Liabilities	
Current liabilities:	
Long-term liabilities, current	96,715
Accrued interest payable	44,783
Accounts payable and other liabilities	921
Total current liabilities	142,419
Noncurrent liabilities:	
Long-term liabilities, net	2,577,066
Other liabilities	183
Total noncurrent liabilities	2,577,249
Total liabilities	2,719,668
Deferred Inflows of Resources	
Other post employment benefits	49
Pension plan	26
Gain on bond refunding	12,719
Total deferred inflows of resources	12,794
Net Position	
Restricted net position:	
Per bond resolutions	1,084,916
Per other agreements	225,568
Total restricted net position	1,310,484
Total net position	$ 1,310,484

State Revolving Fund
A Fund of the Iowa Finance Authority
Statement of Revenues, Expenses, and Changes in Net Position
(Dollars in thousands)
Year Ended June 30, 2026

Operating revenues:		
Interest on loans	$	56,912
Fee income		9,398
Total operating revenues		66,310
Operating expenses:		
General and administrative		13,921
Recoveries of loan losses		(335)
Total operating expenses		13,586
Net operating income		52,724
Noncapital Subsidies:		
Grant income		112,906
Grants and aid		(19,794)
Transfers		(146)
Total noncapital subsidies		92,966
Net operating income and noncapital subsidies		145,690
Non-operating revenues (expenses):		
Interest on investments		22,906
Net decrease in fair value of investments		(220)
Interest expense		(79,443)
Net nonoperating revenue (expense)		(56,757)
Change in net position		88,933
Net position at July 1, 2025		1,221,551
Net position at June 30, 2026	$	1,310,484

State Revolving Fund
A Fund of the Iowa Finance Authority
Statement of Cash Flows
(Dollars in thousands)
Year Ended June 30, 2026

Cash flows from operating activities:	
Cash receipts for fees and other income	$ 9,353
Interest received on loans and mortgage-backed securities	56,180
Principal payments on loans and mortgage-backed securities	249,463
Purchase of loans and mortgage-backed securities	(548,481)
Cash payments for salaries and related benefits	(663)
Cash payments to suppliers	(13,898)
Net cash used in operating activities	(248,046)
Cash flows from noncapital financing activities:	
Proceeds from issuance of bonds	527,558
Repayment of bonds	(127,425)
Interest paid	(101,860)
Payments for cost of issuance	(2,818)
Receipts for grant programs	112,301
Payments for grant programs	(29,983)
Transfers	(146)
Net cash provided by noncapital financing activities	377,627
Cash flows from investing activities:	
Purchases of investments	(188,352)
Interest received on investments	22,906
Sales/maturities of investments	203,814
Net cash provided by investing activities	38,368
Change in cash and cash equivalents	167,949
Cash and cash equivalents, beginning of year	547,767
Cash and cash equivalents, end of year	$ 715,716
Reconciliation of operating income to net cash used in operating activities:	
Operating income	$ 52,724
Provision for loan losses	(335)
Increase in loans	(299,018)
Increase in interest receivable on loans	(731)
Increase in other assets and deferred outflows	(599)
Decrease in accounts payable, other liabilities, and deferred inflows	(87)
Net cash used in operating activities	$ (248,046)

(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). The Authority administers programs that support affordable housing, community development, water infrastructure, and agricultural development throughout the state. As a component unit of the State, the Authority's financial statements are included in the State's Annual Comprehensive Financial Report (ACFR).

Chapters 16 and 455B of the Code of Iowa authorize the Authority, in cooperation with the Iowa Department of Natural Resources (DNR), to administer and finance the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) programs. These programs provide financing for eligible wastewater and drinking water infrastructure projects throughout Iowa.

The programs receive annual capitalization grants from the U.S. Environmental Protection Agency (EPA) generally requiring a state match equal to 20% of the award amount. The Authority may issue revenue bonds to satisfy the state match requirements and increase its lending capacity to eligible projects. Program funding also includes supplemental capitalization grants authorized by the Infrastructure Investment and Jobs Act (IIJA).

State Revolving Fund Revenue Bonds are limited obligations of the Authority payable solely from pledged loans and other assets and revenues specified in the bond indentures and do not constitute debt of the State or general obligations of the Authority.

(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 SRF is a major fund of the Authority with a separate set of self-balancing accounts for the assets, liabilities, net position, revenues, and expenses. There are two primary programs of the SRF:

a. Clean Water Program – Used to account for Clean Water State Revolving Fund (CWSRF) activities, including loan repayments, bond proceeds, debt service requirements, investments held within program accounts, EPA capitalization grants, loans to municipalities for wastewater infrastructure projects, and administrative costs. CWSRF revenue bonds are secured by pledged loans and other assets and revenues as provided in the applicable bond resolutions and trust indentures.

b. Drinking Water Program – Used to account for Drinking Water State Revolving Fund (DWSRF) activities, including loan repayments, bond proceeds, debt service requirements, investments held within program accounts, EPA capitalization grants, loans to public water systems for drinking water infrastructure projects, and administrative costs. DWSRF revenue bonds are secured by pledged loan repayments and other assets and revenues as provided in the applicable bond resolutions and trust indentures.

(d) Substantially Restricted Assets

All assets of the SRF are either specifically pledged to bondholders or held on behalf of federal programs.

(e) Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with original maturities of three months or less from the date of purchase are considered to be cash equivalents. These investments are associated with bond issues and various money market funds.

(f) Investments

Investment 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 reported at their unpaid principal balance, net of allowance for loan losses and principal forgiveness, within the SRF. The loans generally have terms of 20 to 30 years and are intended to be held to maturity. Most of the loans are pledged as collateral for the outstanding bonds. Each borrower has entered into a loan agreement with the SRF and has evidenced its commitment to repay the loan by issuing a revenue obligation or a general obligation payable to the SRF.

(h) Provision for Loan Losses

An evaluation of possible credit losses relating to loans to municipalities or water systems is made and a provision for loan losses is charged to provision for (recoveries of) loan losses or grant expense. An allowance for loan losses of $0.9 million, loan forgiveness of $33.8 million, and loan fee refunds of $0.3 million were netted against loans to municipalities or water systems at June 30, 2026.

(i) Bond Issuance Costs

Bond issuance costs are expensed in the period incurred.

(j) 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 and deferred outflows of resources, respectively, and are 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.

(k) 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.

(l) 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, investments, and assets held for scheduled debt service.

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. It is the SRF's policy to first use restricted net position, prior to the use of any unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

(m) Classification of Revenues and Expenses

Beginning with the financial statements for the year ending June 30, 2026, the SRF classifies revenues and expenses in the following categories: Operating revenues which include interest income on loans and fee revenue; operating expenses which include administrative expenses and provision for loan losses; noncapital subsidies comprised primarily of the U.S. Environmental Protection Agency's capitalization grants for the SRF programs and grant expense; and nonoperating revenues and expenses which include the interest income on investments, change in fair value of investments, and bond interest expense.

(n) Fee Income

The SRF receives fee income from program users to offset the cost of program administration. Fee income is recorded in the period earned. Major sources of fee income are loan initiation and servicing fees.

(o) Grant Income

The SRF receives grant income from the Environmental Protection Agency to cover the cost of program administration and for further distribution as loans and grants. Grant income is recorded when all eligibility requirements have been met.

(p) 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.

(q) 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 of the SRF.

(r) Allocation of Shared Costs

The SRF receives an allocation of shared costs incurred by the Authority. These are limited to consumable supplies, utilities, and facility costs and are allocated based on the number of SRF employees housed at the Authority. For the year ended June 30, 2026, the SRF incurred $103 thousand for shared costs. In addition, the Authority pays direct expenses of the SRF and is reimbursed monthly for both the shared and direct costs. As of June 30, 2026, the SRF had an amount due to the Authority of $194 thousand for shared and direct costs.

(s) Adoption of New Accounting Standards

As of July 1, 2025, the SRF adopted Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. This Statement enhances the clarity and consistency of financial reporting requirements related to the following areas: 1) Management's discussion and analysis, 2) Proprietary fund reporting, 3) Unusual or infrequent items, and 4) Budgetary comparison schedules. GASB 103 is required to be reported as a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*.

As a result of implementing GASB Statement No. 103, interest on investments and the net increase/decrease in fair value of investments previously reported as operating revenues are presented as non-operating revenues, interest expense previously reported as operating expenses is presented as non-operating expenses, and grant income, grants and aid, and transfers previously reported as non-operating revenue and expenses are now presented as noncapital subsidies. The implementation of GASB Statement No. 103 had no effect on beginning net position, change in net position, or ending net position.

(2) Cash, Cash Equivalents, and Investments

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

	June 30, 2026		
	Total	**% of total**	**Average Maturity (years)**
Cash and cash equivalents			
Cash in banks	$ 55,075	7%	
Money market funds	660,641	77%	
Total	715,716	84%	
Investments			
Certificates of deposit	495	0%	1.24
U.S. government agency securities	7,997	1%	0.77
Municipal securities	3,246	0%	0.83
U.S. Treasury securities	126,145	15%	2.08
Total	137,883	16%	
Total	$ 853,599	100%	

(a) Deposits

The SRF waives the provisions of Section 12C.22 and has uninsured bank balances of $54.9 million as of June 30, 2026.

(b) Investments

The investment of funds is restricted by the Authority's investment policy approved by the Iowa Finance Authority's Board of Directors, the SRF'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 deposit; commercial paper with qualified corporations; and guaranteed investment contracts with financial institutions meeting certain credit rating standards.

(c) Credit Risk

Credit risk occurs if an issuer or counterparty will not fulfill its obligation to the SRF. Custodial credit risk occurs if a depository institution fails, possibly preventing it from returning the SRF's deposits.

The SRF 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 SRF does business, as outlined in the SRF'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 SRF'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 (dollars in thousands):

	June 30, 2026			
	Credit ratings			
Type/Provider	S&P	Moody's	State Revolving Fund	% of total
Money market funds:				
BlackRock	AAAm	Aaa-mf	$ 606,540	76.0%
Goldman Sachs Group	AAAm	Aaa-mf	54,101	6.8%
Certificates of deposit	NR	NR	495	0.1%
U.S. government agency securities	AA+	Aa1	7,997	1.0%
U.S. Treasury securities	AA+	Aa1	126,145	15.7%
Municipal securities	AA+ to AAA	Aa2 to Aaa	3,246	0.4%
Total			$ 798,524	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 SRF's investments. The SRF'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 SRF has no positions in foreign currency or any foreign-currency-denominated investments.

(3) Loans

Loans at June 30, 2026, are as follows (dollars in thousands):

	2026		
	Cost	Allowance for losses	Net
State Revolving Fund Loans			
Loans backed by municipal bonds	$ 3,091,267	$ (852)	$ 3,090,415
Unsecured planning and design loans	81,177	-	81,177
Unsecured nonpoint source loans	8,583	-	8,583
Forgivable portion of SRF loans	34,107	(34,107)	-
Total State Revolving Fund Loans	$ 3,215,134	$ (34,959)	$ 3,180,175

(4) Long-Term Liabilities

Outstanding bonds payable at June 30, 2026, are as follows (dollars in thousands):

Description		Original amount	Due dates From	Due dates To	Interest rate From	Interest rate To	Balance 6/30/2026
State Revolving Fund Revenue Bonds							
2010 - Term Bonds		$ 77,165	08/01/26	08/01/30		5.272	$ 77,165
2016 - Serial Bonds		163,275		08/01/26		5.000	14,390
2017 - Serial Bonds		272,990	08/01/26	08/01/37		5.000	161,045
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	08/01/26	08/01/42	2.250	5.000	122,860
2019 B - Serial Bonds		42,015	08/01/26	08/01/28	3.110	3.354	23,680
2020 A - Serial Bonds		168,740	08/01/26	08/01/40		5.000	162,310
2020 A - Term Bonds		15,005	08/01/41	08/01/44		5.000	15,005
2020 A - Term Bonds		18,080	08/01/45	08/01/49		5.000	18,080
2021 A - Serial Bonds		164,490	08/01/26	08/01/41		5.000	151,095
2021 A - Term Bonds		12,745	08/01/42	08/01/46		5.000	12,745
2021 A - Term Bonds		9,915	08/01/47	08/01/51		5.000	9,915
2021 B - Serial Bonds		31,140		08/01/26		1.014	5,960
2022 A - Serial Bonds		165,530	08/01/26	08/01/42		5.000	155,200
2022 A - Term Bonds		15,755	08/01/43	08/01/47		5.000	15,755
2022 A - Term Bonds		16,740	08/01/48	08/01/52		5.000	16,740
2022 B - Serial Bonds		8,155	08/01/25	08/01/27	3.150	3.250	3,425
2022 C - Serial Bonds	D	36,000	08/01/31	08/01/33		3.540	36,000
2022 D - Serial Bonds	D	43,525	08/01/26	08/01/35		3.440	43,525
2023 A - Serial Bonds		300,000	08/01/27	08/01/42		5.000	300,000
2023 B - Serial Bonds		44,450	08/01/26	08/01/32	4.440	4.490	44,450
2023 C - Serial Bonds		94,810	08/01/26	08/01/43	5.000	5.250	91,525
2023 C - Term Bonds		17,820	08/01/44	08/01/48		5.250	17,820
2023 C - Term Bonds		14,990	08/01/49	08/01/53		5.250	14,990
2024 A - Serial Bonds		206,955	08/01/26	08/01/34		5.000	205,205
2025 A - Serial Bonds		135,940	08/01/30	08/01/45		5.000	135,940
2025 A - Term Bonds		7,610	08/01/47	08/01/50		5.000	7,610
2025 A - Term Bonds		8,000	08/01/51	08/01/55		5.000	8,000
2025 B - Serial Bonds		14,975	08/01/27	08/01/29	4.440	4.630	14,975
2025 C - Serial Bonds		121,780	08/01/26	08/01/45		5.000	121,780
2025 C - Term Bonds		21,670	08/01/46	08/01/50		5.250	21,670
2025 C - Term Bonds		19,660	08/01/51	08/01/54		5.250	19,660
2025 D - Serial Bonds		35,515	08/01/27	08/01/31	4.178	4.535	35,515
2026 A - Serial Bonds		251,105	08/01/27	08/01/36		5.000	251,105
2026 B - Serial Bonds		29,140	08/01/28	08/01/32	4.008	4.367	29,140
Unamortized Bond Premium							267,378
Total State Revolving Fund Revenue Bonds		$ 2,876,145					$ 2,673,683

(a) Roll forward

The following table summarizes the long-term liabilities (net of premium and discount) activity for the SRF for the year ended June 30, 2026 (dollars in thousands):

	July 1, 2025	Additions	Reductions	June 30, 2026	Due within one year
Bonds Payable					
Revenue bonds	$ 2,227,169	$ 527,558	$ (160,569)	$ 2,594,158	$ 96,410
Revenue bonds direct placement	79,525	-	-	79,525	285
Total Bonds Payable	2,306,694	527,558	(160,569)	2,673,683	96,695
Compensated Absences*	143	-	(45)	98	20
Total Long-Term Liabilities	$ 2,306,837	$ 527,558	$ (160,614)	$ 2,673,781	$ 96,715

* The roll-forward schedule only reports the net change in compensated absences liability.

(b) Maturity

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

	State Revolving Fund					
	Revenue Bonds			Total Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2027	$ 96,410	$ 107,803	$ 204,213	$ 285	$ 3,109	$ 3,394
2028	110,920	107,180	218,100	295	3,099	3,394
2029	119,915	101,999	221,914	305	3,085	3,390
2030	121,070	96,430	217,500	315	3,072	3,387
2031	119,600	90,783	210,383	6,470	2,928	9,398
2032-2036	688,960	360,219	1,049,179	71,855	5,794	77,649
2037-2041	664,045	161,962	826,007	-	-	-
2042-2046	250,570	66,341	316,911	-	-	-
2047-2051	100,895	24,192	125,087	-	-	-
2052-2056	54,395	4,865	59,260	-	-	-
Total	$ 2,326,780	$ 1,121,774	$ 3,448,554	$ 79,525	$ 21,087	$ 100,612

	Total State Revolving Fund		
	Principal	Interest	Total
2027	$ 96,695	$ 110,912	$ 207,607
2028	111,215	110,279	221,494
2029	120,220	105,084	225,304
2030	121,385	99,502	220,887
2031	126,070	93,711	219,781
2032-2036	760,815	366,013	1,126,828
2037-2041	664,045	161,962	826,007
2042-2046	250,570	66,341	316,911
2047-2051	100,895	24,192	125,087
2052-2056	54,395	4,865	59,260
Total	$ 2,406,305	$ 1,142,861	$ 3,549,166

The SRF has the option to redeem bonds at par or at a premium, in some instances. Generally, the redemption option cannot be exercised prior to the time the bonds have been outstanding for 10 years; however, certain special redemptions, as governed by the bond resolutions, are permitted prior to such time. Term bonds are subject to mandatory redemptions, without premium, through sinking fund installments subsequent to the scheduled completion of retirement of the serial bonds of the same issue. The schedule of bond maturities includes the sinking fund installments for the term bonds. Bond maturities and interest rates are based on those in effect as of June 30, 2026.

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

Direct placement bonds have been issued to 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.

(c) Bond Refunding

On July 2, 2025, the Authority issued SRF 2025 Series C bonds with a par value of $163.1 million, of which $15.49 million was used to provide resources to purchase State and Local Government Series (SLGS) securities placed into an escrow to current refund $15.165 million of 2015 SRF bonds. The aggregate difference in debt service cash flows between the refunding debt and the refunded debt was $1.2 million, and the economic gain resulting from the transaction was $0.740 million.

On May 14, 2026, the Authority issued SRF 2026 Series A bonds with a par value of $251.1 million, of which $26.1 million was used to provide resources to purchase SLGS securities placed into an escrow to current refund $25.6 million of 2016 SRF bonds. The aggregate difference in debt service cash flows between the refunding debt and the refunded debt was $5.4 million, and the economic gain resulting from the transaction was $3.6 million.

In current and prior years, the SRF defeased certain bonds by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the irrevocable trust account assets and the liabilities for these defeased bonds are not included in the SRF's basic financial statements.

The amount of defeased debt outstanding at June 30, 2026, is shown below (dollars in thousands):

	June 30, 2026
State Revolving Fund defeased bonds:	
Series 2016	$ 49,785
Total defeased bonds	$ 49,785

(5) 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 SRF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These classifications are summarized in the three broad levels below.

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

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

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

The SRF has the following fair value measurements as of June 30, 2026:

Investments Measured at Fair Value
($ in thousands)

		Fair Value Measurements Using:		
	2026	**(Level 1)**	**(Level 2)**	**(Level 3)**
Investments by fair value level				
U.S. Treasury securities	$ 126,145	$ -	$ 126,145	$ -
U.S. government agency securities	7,997	-	7,997	-
Municipal Bonds	3,246	-	3,246	-
Negotiable Certificates of Deposit	495	-	495	-
Total investments by fair value level	137,883	$ -	$ 137,883	$ -
Investments valued using cost-based measures				
Governmental Money Market Mutual Funds	660,641			
Total investments	$ 798,524			

The SRF 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 SRF's U.S. Treasury securities, U.S. government agency securities, SLGS securities, municipal bonds, 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 SRF'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 SRF also holds investments in Governmental Money Market Mutual Funds, which are included as cash equivalents on the statement of net position. These investments are valued using cost-based measures.

(6) Pension Plan

(a) Plan Description

IPERS membership is mandatory for employees of the SRF, except for those covered by another retirement system. Employees of the SRF are provided with pensions through a cost-sharing, multiple-employer, defined-benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report, which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

(b) Pension Benefits

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

i. A multiplier (based on years of service).

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

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

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

(c) Disability and Death Benefits

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

(d) Contributions

Contribution rates are established by IPERS following the completion of the annual actuarial valuation using IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2026, pursuant to the required rate, Regular members contributed 6.29 percent of pay and the SRF contributed 9.44 percent for a total rate of 15.73 percent.

The SRF's contributions to IPERS for the years ended June 30, 2026, 2025, and 2024, were $56, $73, and $57 thousand, respectively.

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

On June 30, 2026, the SRF reported a liability of $135 thousand for its proportionate share of the net pension liability, which is recorded within other liabilities in the statement of net position. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The SRF's proportion of the net pension liability was based on the SRF's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. On June 30, 2025, the SRF's collective proportion was 0.005533 percent, which was a decrease of 0.001401 from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the SRF recognized pension expense of ($83) thousand. At June 30, 2026, the SRF reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 20	$ -
Net difference between projected and actual earnings on pension plan investments	-	16
Changes in proportion and differences between SRF contributions and proportionate share of contributions	2	10
SRF contributions subsequent to the measurement date	56	-
Total	$ 78	$ 26

$56 thousand reported as deferred outflows of resources related to pensions resulting from the SRF's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2027.

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

Year Ended June 30,		
2027	$	38
2028		(11)
2029		(19)
2030		(12)
Total	$	(4)

There were no non-employer contributing entities at IPERS.

(f) Actuarial Assumptions

The total pension liability in the June 30, 2025, 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
Rates 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, 2025, 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 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 %	3.33 %
Non-U.S. equity	13.0	4.99
Global smart beta equity	5.0	3.87
Core-plus fixed income	25.0	2.84
Public credit	3.0	4.21
Cash	1.0	1.24
Private equity	17.0	7.68
Private real assets	9.0	4.62
Private credit	6.0	6.23
	100.0 %	

(g) Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the SRF 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 SRF's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the SRF's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the SRF'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%)
SRF's proportionate share of the net pension liability	$ 444	$ 135	$ (124)

(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' website at www.ipers.org.

(j) Payables to the Pension Plan

At June 30, 2026, the SRF had no legally required employer or employee contributions not yet remitted to IPERS.

(7) Commitments and Contingencies

The SRF has signed loan agreements for which $628.2 million has not been disbursed as of June 30, 2026.

On August 12, 2025, the Authority entered into a contract for the development of an Enterprise Management System (EMS). The SRF contributed $815 thousand to the Authority's Housing Agency Fund (HAF) in the fiscal year to support costs associated with the project, which is recorded as construction in progress in the HAF. The status of the project is currently under review and there are no additional commitments to the project as of June 30, 2026.

(8) Risk Management

The SRF 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, 2026, the SRF managed its risks as follows:

- The SRF participated in the State of Iowa employee benefit program for health, dental, long-term disability, and life insurance coverage, which are fully insured.
- The SRF 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 SRF 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 SRF is covered by the Authority's insurance policies 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 - $2 million
    - Business Income - $50,000

(9) Related Party Transactions

A member of the Authority's Board of Directors is the mayor of the City of Marion, Iowa. The Authority has $0.9 million in SRF loans outstanding with the City of Marion.

(10) Other Post-Employment Benefits (OPEB)

(a) Plan Description

The SRF'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, 2026, the SRF reported a liability of $49 for its proportionate share of the total OPEB liability. The total OPEB liability was based upon an actuarial valuation performed as of June 30, 2024. The SRF's proportion of the total OPEB liability was based on the ratio of the SRF's headcount of active employees and covered spouses in relation to all active employees and covered spouses of the plan. At June 30, 2025, the SRF's proportion was 0.031%, which was a decrease of 0.003% from the prior measurement date.

For the year ended June 30, 2026, the SRF recognized OPEB expense of ($6). At June 30, 2026, the SRF reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 12	$ 6
Changes of assumptions	1	28
Change in proportionate share	2	15
Total	$ 15	$ 49

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,	
2027	$ (4)
2028	(4)
2029	(4)
2030	(4)
2031+	(18)
Total	$ (34)

(e) Actuarial Assumptions

The total OPEB liability in the June 30, 2025, 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) 5.20 percent (as of June 30, 2025)
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 the 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, 2025, valuation, the following changes were made:

- Medical and prescription drug trend rates were updated to reflect recent experience and future expectations.
- The discount rate was updated from 3.93% to 5.20%.

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

	Increase (decrease)
Balance at July 1, 2025	$ 63
Changes for the year:	
Service cost	7
Interest	4
Benefit payments - implicit subsidy	(2)
Changes in assumptions	(1)
New net deferred inflows/outflows	(12)
New net deferred inflows/outflows due to changes in proportion	(10)
Net change	(14)
Balance at June 30, 2026	$ 49

(g) Sensitivity Analysis – Changes to the Discount Rate

The proportionate share of the total OPEB liability was calculated using a discount rate of 5.2%, 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 (4.2%)	Discount Rate (5.2%)	1% Increase (6.2%)
SRF's proportionate share of the total OPEB liability	$ 52	$ 49	$ 46

(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 6.75% 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 (5.75%)	Healthcare Cost Trend Rate (6.75%)	1% Increase (7.75%)
SRF's proportionate share of the total OPEB liability	$ 44	$ 49	$ 55

(i) Payables to the OPEB Plan

The SRF makes no contributions to this plan; therefore, no payments are outstanding as of June 30, 2026.

Required Supplementary Information
June 30, 2026

State Revolving Fund

(A Fund of the Iowa Finance Authority)

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
SRF's proportion of the net pension liability	0.005533%	0.006934%	0.006498%	0.006357%	0.005919%	0.006015%	0.007482%	0.007609%	0.006958%	0.005179%
SRF's proportionate share of the net pension liability	$ 135	$ 256	$ 300	$ 252	$ 8	$ 420	$ 436	$ 481	$ 459	$ 323
SRF's covered payroll	682	608	592	508	530	572	508	504	381	459
SRF's proportionate share of the net pension liability as a percentage of its covered payroll	19.79%	42.11%	50.68%	49.61%	1.51%	73.43%	85.83%	95.44%	120.47%	70.37%
Plan fiduciary net position as a percentage of the total pension liability	95.27%	92.30%	90.13%	91.41%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%

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

(2) Schedule of SRF's Pension Contributions (Unaudited):

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 56	$ 73	$ 57	$ 55	$ 48	$ 50	$ 54	$ 48	$ 45	$ 34
Contributions in relation to the statutorily required contribution	(56)	(73)	(57)	(55)	(48)	(50)	(54)	(48)	(45)	(34)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
SRF's covered payroll	593	773	608	583	508	530	572	508	504	381
Contribution as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018
SRF's proportion of the total OPEB liability	0.029%	0.034%	0.024%	0.024%	0.024%	0.017%	0.017%	0.017%	0.018%
SRF's proportionate share of the total OPEB liability	$ 49	$ 63	$ 49	$ 54	$ 42	$ 37	$ 37	$ 34	$ 34
SRF's covered-employee payroll	599	637	509	583	508	508	508	504	381
SRF's proportionate share of the total OPEB liability as a percentage of its covered-employee payroll	8.18%	9.89%	9.63%	9.26%	8.27%	7.28%	7.28%	6.75%	8.92%

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

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

(4) Notes to Required Supplementary Information

(a) Pension – Changes of Benefit Terms:

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

(b) Pension – Changes of Assumptions:

The 2022 valuation implemented the following changes:

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

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

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

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

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

(c) OPEB – Funding:

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

(d) OPEB – Changes of Benefit Terms:

There were no significant changes in benefit terms.

(e) OPEB – Changes of Assumptions and Demographic Experience:

Effective with the June 30, 2025, actuarial valuation, the following methodology and assumption changes were made:

- Medical and prescription drug trend rates were updated to reflect recent experience and future expectations.
- The discount rate was updated from 3.93% to 5.20%.

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 and prescription drug 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.
- 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 participants and 1,740 inactive participants as of January 1, 2024.

Other Supplementary Information
June 30, 2026

State Revolving Fund

(A Fund of the Iowa Finance Authority)

State Revolving Fund
A Fund of the Iowa Finance Authority
Combining Schedule of Net Position
(Dollars in thousands)
June 30, 2026

	State Revolving Fund		
Assets	**Clean Water Programs**	**Drinking Water Programs**	**Total SRF**
Current assets (substantially restricted):			
Cash and cash equivalents	$ 494,273	$ 221,443	$ 715,716
Other investments	54,140	58,541	112,681
Loans to municipalities or water systems, net	184,993	59,565	244,558
Accrued interest receivable	5,259	2,432	7,691
Other current assets	851	508	1,359
Total current assets	739,516	342,489	1,082,005
Noncurrent assets (substantially restricted):			
Other investments	8,125	17,077	25,202
Loans to municipalities or water systems, net	2,244,694	690,923	2,935,617
Total noncurrent assets	2,252,819	708,000	2,960,819
Total assets	2,992,335	1,050,489	4,042,824
Deferred Outflows of Resources			
Other post employment benefits	15	-	15
Pension plan	53	25	78
Loss on bond refunding	-	29	29
Total deferred outflows	68	54	122
Total assets and deferred outflows	$ 2,992,403	$ 1,050,543	$ 4,042,946
Liabilities			
Current liabilities:			
Long-term Liabilities, net	$ 71,210	$ 25,505	$ 96,715
Accrued interest payable	36,272	8,511	44,783
Accounts payable and other liabilities	853	68	921
Total current liabilities	108,335	34,084	142,419
Noncurrent liabilities:			
Long-term liabilities, net	2,060,674	516,392	2,577,066
Other liabilities	141	42	183
Total noncurrent liabilities	2,060,815	516,434	2,577,249
Total liabilities	2,169,150	550,518	2,719,668
Deferred Inflows of Resources			
Other post employment benefits	49	-	49
Pension plan	18	8	26
Gain on bond refunding	10,510	2,209	12,719
Total deferred inflows of resources	10,577	2,217	12,794
Total liabilities and deferred inflows	2,179,727	552,735	2,732,462
Net Position			
Net investment in capital assets			
Per bond resolutions	650,827	434,089	1,084,916
Per other agreements	161,849	63,719	225,568
Total restricted net position	812,676	497,808	1,310,484
Unrestricted net position	-	-	-
Total net position	812,676	497,808	1,310,484
Total liabilities, deferred inflows, and net position	$ 2,992,403	$ 1,050,543	$ 4,042,946

State Revolving Fund
A Fund of the Iowa Finance Authority
Combining Schedule of Revenues, Expenses, and Changes in Net Position
(Dollars in thousands)
Year Ended June 30, 2026

	State Revolving Fund		
	Clean Water Programs	Drinking Water Programs	Total SRF
Operating revenues:			
Interest on loans	$ 42,834	$ 14,078	$ 56,912
Fee revenue	6,757	2,641	9,398
Total operating revenues	49,591	16,719	66,310
Operating expenses:			
General and administrative	7,297	6,624	13,921
Recoveries of losses	(335)	-	(335)
Total operating expenses	6,962	6,624	13,586
Net operating income	42,629	10,095	52,724
Noncapital subsidies:			
Grant income	55,651	57,255	112,906
Grants and aid	(9,358)	(10,436)	(19,794)
Transfers	(93)	(53)	(146)
Total noncapital subsidies	46,200	46,766	92,966
Net operating income and noncapital subsidies	88,829	56,861	145,690
Nonoperating revenues (expenses):			
Interest on investments	14,163	8,743	22,906
Net decrease in fair value of investments	(33)	(187)	(220)
Interest expense	(65,098)	(14,345)	(79,443)
Net non-operating revenue	(50,968)	(5,789)	(56,757)
Change in net position	37,861	51,072	88,933
Net position at July 1, 2025	774,815	446,736	1,221,551
Net position at June 30, 2026	$ 812,676	$ 497,808	$ 1,310,484

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 State Revolving Fund of Iowa Finance Authority, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the State Revolving Fund's basic financial statements and have issued our report thereon dated September 29, 2026.

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 opinion on the State Revolving Fund's financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iowa Finance Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State Revolving Fund'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*.

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.

Eide Bailly LLP

Aberdeen, South Dakota
September 29, 2026