



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

November 6, 2012

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Auditor of State David A. Vaudt today released an audit report on the Iowa Agricultural Development Authority for the year ended June 30, 2012.

The Iowa Agricultural Development Authority reported total revenues of \$430,683 for fiscal year 2012, a decrease of 24.4% from the prior year. Revenues included \$196,484 from beginning farmer loan program fees, \$130,669 from interest income on loans, \$63,650 from tax credit program fees and \$16,255 from interest income on cash and investments. Expenses of the Iowa Agricultural Development Authority for fiscal year 2012 totaled \$431,483, a 23.2% decrease from the prior year, and included general and administrative expenses of \$334,088, direct expenses for the beginning farmer loan program of \$58,747 and expenses of \$26,996 for the Iowa Agricultural Youth Institute. The Authority reported a decrease in net assets of \$800 during the year.

A copy of the audit report is available for review in the Iowa Agricultural Development Authority's Office, in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/reports/1360-0014-B000.pdf>.

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IOWA AGRICULTURAL DEVELOPMENT AUTHORITY

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

JUNE 30, 2012

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Iowa Agricultural Development Authority

Officials

Governor

Honorable Terry E. Branstad

Director, Department of Management

David Roederer

Director, Legislative Services Agency

Glen P. Dickinson

Board Members

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jayme J. Ungs	Chair	2016
Cheryl Adam	Vice Chair	2016
Lisa Irlbeck	Treasurer	2016
Cindy Hall	Member	2014
Gregory Steelsmith	Member	2014
Annette Townsley	Member	2014
Lyle Borg	Member	2018
John Fredrickson	Member	2018
Mark Leonard	Member	2018
Honorable Bill Northey	Member Ex-Officio	Indefinite
Honorable Michael L. Fitzgerald	Member Ex-Officio	Indefinite
Jeff Ward	Executive Director	(Resigned Feb. 2012)
Steve Ferguson (Began July 2012)	Executive Director	Indefinite

Iowa Agricultural Development Authority



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Independent Auditor's Report

To the Board Members of the Iowa
Agricultural Development Authority:

We have audited the accompanying financial statements of the Iowa Agricultural Development Authority, a component unit of the State of Iowa, as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements listed in the table of contents. These financial statements are the responsibility of the Iowa Agricultural Development Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Iowa Agricultural Development Authority are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the component units of the State of Iowa that is attributable to the transactions of the Iowa Agricultural Development Authority. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2012, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Iowa Agricultural Development Authority as of June 30, 2012, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2012 on our consideration of the Iowa Agricultural Development Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis on pages 7 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the 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 U.S. generally accepted auditing standards, 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Iowa Agricultural Development Authority's basic financial statements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis 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 financial statements. The information has been subjected to the auditing procedures applied in our 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material aspects in relation to the basic financial statements taken as a whole.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 24, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Iowa Agricultural Development Authority (Authority) provides this Management's Discussion and Analysis of the Authority's annual financial statements. This narrative overview and analysis of the financial activities of the Authority is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the Authority's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- Total revenues of the Authority decreased 24.4%, or approximately \$139,000, from fiscal year 2011 to fiscal year 2012. The decrease was due primarily to a decrease in the change in the allowance for loan losses of \$53,000 and a decrease in Beginning Farmer Loan Program (BFLP) fees of approximately \$69,000. The allowance was changed from 3% of loans receivable to 1% in fiscal year 2011. The decrease in the estimate of allowance for loan losses was deemed appropriate as there have been minimal past due payments and no loan losses since the Loan Participation Program's inception in 1997. The decrease in BFLP fees is due to higher land prices, resulting in fewer beginning farmers being able to purchase land and applying to use the BFLP. There were few Loan Participation Program (LPP) applications in fiscal year 2012 as a result of lower interest rates available at the Farm Service Agency (FSA) and local banks and the LPP interest rate not being a competitive rate. The Authority's Board plans to adjust the interest rate on the LPP so more beginning farmers will be inclined to use this program.
- The dollar volume of bonds issued under the Beginning Farmer Loan Program (BFLP) decreased when compared to fiscal year 2011. The Authority continues to lead the nation in both the number and dollar volume of loans. The BFLP loan fees represent the major portion of revenue for the Authority and we continually promote and market the program. Land prices continue to make it difficult for beginning farmers to purchase agricultural production assets and the BFLP represents an important tool in helping aspiring beginning farmers to reach their goal of farm ownership. The number of applications approved during fiscal year 2012 was somewhat less than during fiscal year 2011. However, the average loan size was up slightly as land prices continue to increase. In January 2007, the Authority began offering the Beginning Farmer Tax Credit Program. This program provides a state income tax credit to agricultural asset owners who lease their assets to qualified beginning farmers. This program has been hugely successful, with over 1,137 applications received to date. This program had a positive effect on revenues as the Authority was able to implement and operate the program with existing staff.
- Expenses of the Authority decreased 23.2%, or approximately \$131,000, in fiscal year 2012 from fiscal year 2011. Approximately \$68,000 of the decrease is related to employee compensation within the Administrative/BFLP Fund. During fiscal year 2012, the Authority was without an Executive Director for approximately four months and without a BFLP Program Planner for approximately two and a half months. Therefore, expenses were higher in the prior year. Approximately \$30,000 of the decrease is related to legal expenses for the BFLP program. Legal expenses were higher in fiscal year 2011 due to 93 BFLP closings in fiscal year 2011 compared to 60 BFLP closings in fiscal year 2012.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Iowa Agricultural Development Authority's basic financial statements. The Authority's basic financial statements consist of two basic areas. Income, expenses, assets and liabilities are allocated to the Administrative/BFLP Fund and the Rural Rehabilitation Trust Fund (RRTF). The RRTF is further divided between the Loan Participation Program (LPP) and the Trust Fund accounts. The tax credit programs are maintained within the Administrative/BFLP Fund.

The RRTF is managed by the Authority through a Use Agreement executed with the U.S. Department of Agriculture. The Use Agreement allows the Authority to use the fund for assistance to low income farmers, agricultural educational programs and administrative expenses. The fund is currently used for the Loan Participation Program, the Iowa Agricultural Youth Institute (IAYI) and contributions to ag education groups. Also, the Use Agreement allows the Authority to annually use 3% of the fund for administrative expenses.

The Administrative/BFLP Fund consists of revenues generated from the Beginning Farmer Loan Program and the tax credit program and general administrative expenses required to operate the office. Only program specific costs, such as legal fees and IAYI expenses, are allocated to the RRTF.

The Authority does not receive General Fund monies from the State of Iowa. The Authority is a self-funded agency which charges modest loan origination and closing fees. The fees and investment income pay the Authority's operating expenses.

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Authority's financial activities.

The Basic Financial Statements consist of a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows. These provide information about the activities of the Authority as a whole and present an overall view of the Authority's finances.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Supplementary Information provides detailed information about the individual funds. The Budgetary Comparison Schedule of Revenues and Expenses – Budget to Actual further explains and supports the financial statements with a comparison of the Authority's budget for the year.

COMPARISON WITH PRIOR YEAR AND SIGNIFICANT FINANCIAL FACTORS

The Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities and net assets of the Authority as a whole at the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the Authority to readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and noncurrent assets, current and noncurrent liabilities and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the

Authority's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the Authority owes to outside vendors and creditors. The statement also presents the available assets which can be used to satisfy those liabilities.

Net Assets

	June 30,	
	2012	2011
Current and other assets	\$ 6,049,872	\$ 6,082,600
Capital assets, net of accumulated depreciation	11,472	15,710
Total assets	6,061,344	6,098,310
Current liabilities	43,255	51,634
Noncurrent liabilities	29,056	56,843
Total liabilities	72,311	108,477
Net assets:		
Invested in capital assets, net of related debt	11,472	15,710
Restricted	5,299,998	5,312,964
Unrestricted	677,563	661,159
Total net assets	\$ 5,989,033	\$ 5,989,833

Total net assets at year-end were \$5,989,033, a decrease of \$800 from the previous year-end. This decrease is due primarily because of lower interest earned on CD's and lower BFLP and LPP application fees collected.

The RRTF represents 88.5% of the Authority's net assets. Approximately 56.5% of these assets are liquid and available for additional program development. The remainder of the assets is loans to Iowa farmers which represent a significant investment in helping Iowa's low-income farmers. The net assets of the RRTF decreased \$12,966 in fiscal year 2012.

The Authority is very liquid, which can provide an operating cushion in adverse times. Likewise, this liquid position can potentially have an adverse or positive impact on earnings in times of interest rate volatility. The Authority continues to explore investment options to enhance the return on investable funds and will begin extending maturities on investments to maximize returns as the yield curve indicates. This will be done while maintaining safe, secure investments and complying with state investment guidelines and Authority policy.

Liabilities are limited to various accounts payable and compensated absences. The accounts payable balance decreased over the previous year due a decrease in the liability associated with the state employee retirement incentive program (SERIP).

Statement of Revenues, Expenses and Changes in Fund Net Assets

Changes in net assets presented in the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Fund Net Assets. The purpose of the statement is to present the revenues earned by the Authority, both operating and non-operating, and the expenses incurred by the Authority.

Changes in Net Assets

	Year ended June 30,	
	2012	2011
Operating revenues:		
Interest on loans	\$ 130,669	\$ 147,987
Program fees	262,309	307,793
Iowa Agricultural Youth Institute contributions	14,450	31,325
Decrease in the estimate of allowance for loan losses	7,000	60,000
Total operating revenues	414,428	547,105
Operating expenses:		
General and administrative	334,088	416,453
BFLP direct expenses	58,747	88,788
LPP direct expenses	417	471
Iowa Agricultural Youth Institute	26,996	34,357
Grants to agricultural development and education programs	11,235	21,979
Total operating expenses	431,483	562,048
Operating loss	(17,055)	(14,943)
Non-operating revenues:		
Interest on investments	16,255	22,734
Change in net assets	(800)	7,791
Net assets beginning of year	5,989,833	5,982,042
Net assets end of year	\$ 5,989,033	\$ 5,989,833

The loan application and closing fees collected as part of the BFLP typically represent the largest source of revenue for the Authority. The BFLP volume was down for the year, creating a decrease in revenues from fiscal year 2011, from \$307,793 to \$262,309.

Interest income from loans decreased 11.7% compared to the previous year, and year end net loans outstanding decreased approximately \$424,000 from the previous year-end. The decrease in outstanding loans is due to only one new loan being issued in fiscal year 2012. The decrease in loan activity is due primarily to the 5% fixed interest rate on loans the Authority issues. Borrowers are able to find more competitive interest rates by utilizing other programs.

The most significant factor affecting the Authority's income is interest income on cash and investments. The volatility of investment interest rates can dramatically affect the Authority's operating statement. The Authority again had several certificate of deposit investments mature during the year and we continued to reinvest short term to take advantage when interest rates begin to rise. Also, the yield curve is flat, so there is no incentive to invest long term. The Authority is authorized to use alternative investment options and we continue to explore these as investment opportunities to enhance income.

The Authority had a decrease in expenses of 23.2% in fiscal year 2012. Most of this decrease was due to a decrease in employee salaries and compensation due to vacancies in the Executive Director and Program Planner positions for a portion of fiscal year 2012.

The Authority is a significant sponsor of the Iowa FFA Foundation. Support of agricultural education programs is an authorized use of the RRTF and the sponsorship is paid from that fund. The Authority's Board strongly believes support of the FFA and its programs help ensure the future of agriculture in Iowa and cultivate a base of potential beginning farmers for the Authority's programs.

Statement of Cash Flows

The Statement of Cash Flows is an important tool in helping readers assess the Authority's ability to generate future net cash flows, its ability to meet its obligations as they come due and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities.

Cash Flows

	Year ended June 30,	
	2012	2011
Cash provided (used) by:		
Operating activities	\$ 382,812	\$ 228,601
Capital and related financing activities	(1,622)	(11,753)
Investing activities	105,148	9,260
Net increase in cash	486,338	226,108
Cash and cash equivalents beginning of year	2,596,464	2,370,356
Cash and cash equivalents end of year	3,082,802	2,596,464
Investments	609,639	692,951
Cash and investments end of year	\$ 3,692,441	\$ 3,289,415

Cash provided by operating activities includes investment, repayment and interest on loans, fees and contributions and grants made, net of payments to employees and suppliers. Cash used by capital and related financing activities represents the purchase of capital assets. Cash provided by investing activities includes the sale and purchase of certificates of deposit and investment income received. For the year ended June 30, 2012, the Authority originated one new LPP loan and received \$580,858 in loan payments. The result was a net increase in cash.

ACTUAL VERSUS BUDGET

Revenues were below budget projections for the year by \$103,607, mainly due to a decrease in anticipated BFLP program fees of approximately \$103,500. The Authority had an increase in revenue from tax credit program fees of \$24,650. Revenues were below budget projections for IAYI sponsor contributions by \$11,850.

As indicated earlier, BFLP fee income represents a significant portion of total revenue. Continuing high land prices is affecting the volume of BFLP applications, as BFLP volume was lower than the previous year and budget expectations. The Authority actively markets the BFLP program and promotes the use of companion programs which assist beginning farmers with down payment and interest rate reductions. Continued marketing efforts will be done in fiscal year 2013 in an attempt to increase BFLP volume. In addition, several enhancements made to the BFLP program in the summer of 2008 at both the state and federal level should increase the use of the program in future years.

Overall expenses were below budget projections by approximately \$78,000. Employee compensation expense was below the budget amount by approximately \$54,000 due to vacancies in the Executive Director and Program Planner positions for a portion of fiscal year 2012.

Additionally, IAYI expenses were below the budgeted amount by approximately \$8,000. This is due to fewer IAYI attendees than in previous years. There were a number of other youth conferences, county fairs, 4-H and FFA events that took attention away from the IAYI Conference in 2012.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Farmland values have remained strong. In addition, it appears outside investor purchases of farmland have slowed, thus providing more opportunity for beginning farmers. This should have a positive effect on BFLP volume and income in the coming year.

We continue to see an increase in bankers using the Farm Service Agency (FSA) 50/45/5 program with our BFLP program. This program assists beginning farmers with down payments and also reduces the risk to the participating bank. Use of this program helps beginning farmers who otherwise might not qualify for credit and should further enhance our beginning farmer loan numbers. The Authority has a memorandum of understanding (MOU) with FSA whereby we cross-promote each other's programs. This has proven to be a very successful marketing arrangement for both parties.

During 2008, the maximum BFLP bond was increased from \$250,000 to \$450,000 at the federal level. Subsequently, the loan maximum increased to \$469,200 on January 1, 2009, to \$471,100 on January 1, 2010 and \$477,000 on January 1, 2011. For 2012, the maximum loan amount is \$488,600. Also, the maximum net worth of a qualified beginning farmer was increased from \$300,000 to \$500,000 during 2008, to \$600,000 for 2009, \$555,600 for 2010 and \$577,825 for 2011. For 2012, the maximum net worth is \$647,165. This has increased the eligible pool of applicants for the program.

The Authority remains susceptible to investment rate risk due to our level of liquid assets. Our investments in CD's have intentionally been kept short term the past few years based on the shape of the yield curve. The Authority is now well positioned to take advantage of rising interest rates in the future as the yield curve returns to a more normal shape.

It is anticipated the BFLP loan volume in fiscal year 2013 will increase from fiscal year 2012. The BFLP program continues to be the most successful program of its kind in the nation and is continually modeled by startup programs around the nation. In addition, the current ag real estate market prices are continuing to increase, which creates a challenge for beginning farmers. However, commodity prices are at record highs.

In summary, the Authority is well positioned to provide assistance to Iowa's beginning farmers. Our programs assist beginning farmers get their start in production agriculture, which creates new businesses in Iowa.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers and citizens of the state of Iowa with a general overview of the Iowa Agricultural Development Authority's finances and to show the Authority's accountability for monies under its discretion. If you have questions about the report or need additional financial information, contact the Iowa Agricultural Development Authority, 505 Fifth Avenue, Suite 327, Des Moines, IA 50309.

Basic Financial Statements

Iowa Agricultural Development Authority

Iowa Agricultural Development Authority

Statement of Net Assets

June 30, 2012

Assets	
Current assets:	
Cash and investments	\$ 734,299
Loans receivable, net	173,215
Accrued interest receivable	46,428
Total current assets	<u>953,942</u>
Noncurrent assets:	
Restricted cash	2,958,142
Loans receivable, net	2,137,788
Capital assets, net of accumulated depreciation	11,472
Total noncurrent assets	<u>5,107,402</u>
Total assets	<u>6,061,344</u>
Liabilities	
Current liabilities:	
Accounts payable	38,210
Compensated absences	5,045
Total current liabilities	<u>43,255</u>
Noncurrent liabilities:	
Accounts payable	22,488
Compensated absences	6,568
Total noncurrent liabilities	<u>29,056</u>
Total liabilities	<u>72,311</u>
Net Assets	
Invested in capital assets	11,472
Restricted net assets	5,299,998
Unrestricted net assets	677,563
Total net assets	<u>\$ 5,989,033</u>

See notes to financial statements.

Exhibit B

Iowa Agricultural Development Authority

Statement of Revenues, Expenses and Changes in Fund Net Assets

Year ended June 30, 2012

Operating revenues:	
Interest income on loans	\$ 130,669
Beginning Farmer Loan Program (BFLP) fees	196,484
Loan Participation Program (LPP) fees	2,175
Tax Credit Program fees	63,650
Iowa Agricultural Youth Institute sponsor contributions	10,150
Iowa Agricultural Youth Institute registration contributions	4,300
Decrease in the estimate of allowance for loan losses	7,000
Total operating revenues	<u>414,428</u>
Operating expenses:	
General and administrative	334,088
BFLP direct expenses	58,747
LPP direct expenses	417
Iowa Agricultural Youth Institute	26,996
Grants to agricultural development and education programs	11,235
Total operating expenses	<u>431,483</u>
Operating loss	(17,055)
Non-operating revenues:	
Interest income on cash and investments	<u>16,255</u>
Change in net assets	(800)
Net assets beginning of year	<u>5,989,833</u>
Net assets end of year	<u>\$ 5,989,033</u>

See notes to financial statements.

Iowa Agricultural Development Authority

Statement of Cash Flows

Year ended June 30, 2012

Cash flows from operating activities:		
Investment in loans	\$ (150,000)	
Repayments on loans	580,858	
Interest income on loans	136,984	
Fees and contributions	276,759	
Grants to agricultural development and education programs	(11,235)	
Cash paid to suppliers	(160,740)	
Cash paid to employees	(289,814)	
Net cash provided by operating activities		\$ 382,812
Cash flows from capital and related financing activities:		
Acquisition of furniture and equipment		(1,622)
Cash flows from investing activities:		
Interest on cash and investments	12,009	
Sale of investments	176,909	
Purchase of investments	(83,770)	
Net cash provided by investing activities		105,148
Net increase in cash and cash equivalents		486,338
Cash and cash equivalents beginning of year		2,596,464
Cash and cash equivalents end of year		3,082,802
Investments		609,639
Cash and investments end of year		\$ 3,692,441
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss		\$ (17,055)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	\$ 5,860	
Allowance for loan losses	(7,000)	
Changes in assets and liabilities:		
Decrease in accounts payable	(11,374)	
Decrease in investment in loans, net	430,858	
Decrease in accrued interest receivable on loans	6,315	
Decrease in compensated absences	(24,792)	
Total adjustments		399,867
Net cash provided by operating activities		\$ 382,812

See notes to financial statements.

Iowa Agricultural Development Authority

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

The Iowa Agricultural Development Authority (the Authority), a component unit of the State of Iowa, was created in 1980 under Chapter 175 of the Code of Iowa as a public instrumentality and agency of the State of Iowa to undertake programs which assist beginning farmers in purchasing agricultural land and improvements and depreciable agricultural property for the purpose of farming. Chapter 175 of the Code of Iowa has been amended to include a Loan Participation Program and to expand the Beginning Farmer Loan Program to include an Individual Agricultural Development Bond Program. Chapter 175 of the Code of Iowa also includes an operating Loan Guarantee Program and an Agricultural Loan Assistance Program, which are currently inactive.

The Authority, under the Individual Agricultural Development Bond Program, issues federally approved tax-exempt development bonds, the proceeds of which are to provide authorized agricultural and soil conservation financing. The bonds are payable solely from repayments of the loans, which have been assigned, without recourse, to the participating lending institutions. Participating lending institutions receive a federal tax exemption for the interest earned on the loans. These obligations do not constitute a debt of the State nor of the Authority, and neither is liable for any repayments. Therefore, the loans and bonds are not recorded in the Authority's financial statements.

Under Chapter 175 of the Code of Iowa, the Authority applied to the Secretary of Agriculture of the United States and received the trust assets previously held by the United States for the dissolved Iowa Rural Rehabilitation Corporation (IRRC). The assets are subject to the provisions of an agreement which specify certain limitations on the use of such assets and the types of securities in which the assets may be invested.

In fiscal year 1997, the Authority started the Loan Participation Program. The Authority transferred \$2,000,000 from the IRRC to the program. The program is designed to assist lenders and qualified farmers by participating on a last-in, last-out basis in a loan for the purchase of agricultural property. The Authority will participate in qualifying loans to low income farmers up to the lesser of \$150,000 or 30% of the purchase price.

In fiscal year 2007, the Authority began administering the Beginning Farmer Tax Credit Program for the State of Iowa. To operate this program, the Authority receives application fees for each tax credit certificate issued.

The Authority conducts the Iowa Agricultural Youth Institute annually.

The financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The more significant of the Authority's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the Authority has included all funds, organizations, boards, commissions and authorities. The Authority has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Authority to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Authority. The Authority has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Authority are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Authority applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Net Assets

Cash, Cash Equivalents and Investments – The Authority considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2012 include certificates of deposit of \$609,639.

Loans Receivable – Interest on loans is accrued and credited to operations based primarily on the principal amount outstanding. Accrual of interest income on any loan is discontinued when, in the opinion of management, there is reasonable doubt as to the ability to timely collect interest or principal.

Capital Assets – Furniture and equipment are recorded at cost and depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from five to ten years.

Compensated Absences – Employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory time for subsequent use or for payment upon termination, death or retirement. The cost of earned vacation, sick leave and compensatory time are recorded as liabilities. These liabilities for compensated absences are based on current rates of pay.

Allowance for Loan Losses – The allowance for loan losses is established through a provision for loan losses charged to operations. Loans are charged against the allowance for loan losses when management believes collection of the principal is unlikely.

The allowance for loan losses is maintained at a level believed adequate by management to absorb potential losses in the loan portfolio. Management's determination of the adequacy of the allowance is based on an evaluation of the portfolio, past loan experience, current economic conditions and other relevant factors.

Beginning Farmer Loan Program Fees – Beginning farmer loan program fees include application and closing fees received in conjunction with the Individual Agricultural Development Bond Program.

Loan Participation Program Fees – Loan participation program fees include application and closing fees received in conjunction with the Loan Participation Program.

Tax Credit Program Fees – Tax credit program fees include application fees received in conjunction with managing the Iowa Beginning Farmer Tax Credit Act.

Grants to Agricultural Development and Education Programs – Contributions in the form of grants are made to various agricultural development and educational programs. Grants are recorded as expended by the Authority and unexpended amounts revert to the Authority at the expiration of the grant period.

Budgets and Budgetary Accounting – Authority staff prepare an annual budget for general operations. The budget is approved and monitored by the Authority's Board.

(2) Cash, Cash Equivalents and Investments

The Authority's deposits in banks and with the Treasurer of State throughout the period and at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Authority is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Authority's Board; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Authority had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Furniture and equipment	\$ 69,735	1,622	(522)	70,835
Less accumulated depreciation	(54,025)	(5,860)	522	(59,363)
Total capital assets, net	\$ 15,710	(4,238)	-	11,472

(4) Lease Agreements

The Authority has entered into non-cancelable, operating leases for office space and certain office equipment. The following is a schedule of the future minimum lease payments under the agreements in effect at June 30, 2012.

Year Ending June 30,	Office Space	Office Equipment	Total
2013	\$ 19,953	1,361	21,314
2014	19,953	1,361	21,314
2015	19,953	1,361	21,314
2016	19,952	680	20,632
2017	9,976	-	9,976
Total minimum lease payments	\$ 89,787	4,763	94,550

Rent expense for office space and office equipment for the year ended June 30, 2012 totaled \$9,976 and \$1,361, respectively. On July 16, 2010, the Authority entered into an extension to the current office space lease that will extend the lease until December 31, 2016. Under the lease extension, lease payments will remain at current levels. The Authority received a one year rent abatement from January 1, 2011 to December 31, 2011.

(5) Loans Receivable

The following is a summary of loans receivable at June 30, 2012:

Loans receivable	\$ 2,334,003
Less allowance for loan losses	(23,000)
Net loans receivable	2,311,003
Less current portion	173,215
Noncurrent loans receivable	<u>\$ 2,137,788</u>

(6) Pension and Retirement Benefits

The Authority contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.38% of their annual covered salary and the Authority is required to contribute 8.07% of covered payroll. Contribution requirements are established by state statute. The Authority's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$16,319, \$16,322 and \$14,927, respectively, equal to the required contributions for each year.

(7) Other Retirement Benefits

State Employee Retirement Incentive Program (SERIP)

On February 10, 2010, the Governor signed into law a State Employee Retirement Incentive Program (SERIP) for eligible executive branch employees. To be eligible, an employee must have been employed on February 10, 2010, be age 55 or older on July 31, 2010 and terminate employment no later than June 24, 2010.

Participants in the SERIP will receive the following incentives:

- 1) Unused sick leave – A cash payment of the monetary value of the participant's accrued sick leave balance, not to exceed \$2,000. The payment is calculated by multiplying the number of hours of accrued sick leave by the participant's regular hourly rate of pay at the time of retirement. This payment was made in fiscal year 2010 on the participant's last pay check.
- 2) Health insurance – A minimum of five years of state contributions toward the premiums of a state-sponsored health insurance plan, either through the Sick Leave Insurance Program (SLIP), SERIP or a combination of both programs.
- 3) Unused vacation leave and years of service incentive – Cash payments for the entire value of the participant's accrued but unused vacation leave and, for participants with at least ten years of state employment, \$1,000 for each year of state employment, up to 25 years of employment. The total unused vacation leave and years of service incentive shall be paid in five equal installments beginning in September 2010 and ending in 2014.

SERIP is financed on a pay-as-you-go basis by the Authority. One Authority employee retired under this program and the amounts due have been recorded as accounts payable. The liability for the expected future health insurance benefits is \$10,069 at June 30, 2012 and the liability for the unused vacation leave and years of service incentive payments is \$23,318 at June 30, 2012.

For the year ended June 30, 2012, one Authority employee received health insurance benefits totaling \$4,056 and unused vacation leave and years of service incentive payments totaling \$7,773 under SERIP.

(8) United States Department of Agriculture Use Agreement

Effective June 30, 1980, all of the trust assets held by the United States in trust for the dissolved Iowa Rural Rehabilitation Corporation were transferred to the Authority, subject to the provisions of an agreement specifying the use of such assets for loans (as defined in the agreement), grants, establishment of reserves and other rural rehabilitation purposes as agreed between the Authority and the Federal government. The agreement provides, among other things, the annual cost of administration of the program shall not exceed 3% of the book value thereof during any fiscal year without the prior written approval of the U.S. government. During the year ended June 30, 2012, the Authority transferred \$156,000 to its Administration Fund for costs of administration. The calculated percentage was 2.94% for the year ended June 30, 2012. At June 30, 2012, net assets related to the Iowa Rural Rehabilitation Corporation Program were \$5,299,998.

(9) Risk Management

State employee benefits for health, dental, long-term disability and life insurance coverage are insured through commercial insurers. There were no significant reductions in insurance coverage for the prior year and settlements have not exceeded coverage for the past three fiscal years.

The State of Iowa self-insures on behalf of its agencies for losses related to workers' compensation, its motor vehicle fleet, property damage and torts. A contingent fund exists under Section 29C.20 of the Code of Iowa to provide compensation for loss or damage to state property (casualty losses).

Supplementary Information

Iowa Agricultural Development Authority

Budgetary Comparison Schedule of Revenues and Expenses -
Budget to Actual

Year ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Between Actual and Final Budget
Revenues:				
Interest income on loans	\$ 135,000	135,000	130,669	(4,331)
Interest income on investments	23,640	23,640	16,255	(7,385)
Beginning Farmer Loan Program (BFLP) fees	300,000	300,000	196,484	(103,516)
Loan Participation Program (LPP) fees	6,650	6,650	2,175	(4,475)
Tax Credit Program fees	39,000	39,000	63,650	24,650
Iowa Agricultural Youth Institute sponsor donations	22,000	22,000	10,150	(11,850)
Iowa Agricultural Youth Institute registration fees	7,500	7,500	4,300	(3,200)
Other Income	500	500	-	(500)
Decrease in the estimate of allowance for loan losses	-	-	7,000	7,000
Total revenues	\$ 534,290	534,290	430,683	(103,607)
Expenses:				
Employee compensation	\$ 320,000	319,000	265,002	53,998
Travel	8,000	5,000	3,083	1,917
Supplies and other	5,000	5,000	6,468	(1,468)
Postage	3,000	3,000	2,316	684
Printing	800	800	722	78
Telephone	2,200	3,000	3,175	(175)
Board expenses	9,000	9,000	8,442	558
Professional services	11,200	11,200	12,904	(1,704)
Office and computer equipment	10,000	10,000	6,908	3,092
Rent	9,700	12,700	12,147	553
Administrative services	12,000	12,000	2,833	9,167
Advertising and promotions	4,000	4,000	4,160	(160)
Legal fees	65,000	65,000	57,003	7,997
Public notices	1,350	1,350	1,058	292
Staff education and training	1,000	1,200	1,171	29
Iowa Agricultural Youth Institute	35,000	35,000	26,996	8,004
Grants to agricultural development and education programs	12,500	12,500	11,235	1,265
Depreciation	-	-	5,860	(5,860)
Total expenses	\$ 509,750	509,750	431,483	78,267

The Authority did not budget for depreciation or the decrease in the estimate of allowance for loan losses. See accompanying independent auditor's report.

Iowa Agricultural Development Authority

Balance Sheet by Program Fund

June 30, 2012

	<u>Administrative / BFLP Fund</u>
Assets	
Current assets:	
Cash and investments	\$ 734,299
Loans receivable, net	-
Interest receivable	7,529
Total current assets	<u>741,828</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Loans receivable, net	-
Furniture and equipment, net of accumulated depreciation	11,472
Total noncurrent assets	<u>11,472</u>
Total assets	<u><u>\$ 753,300</u></u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 30,164
Compensated absences	5,045
Total current liabilities	<u>35,209</u>
Noncurrent liabilities:	
Accounts payable	22,488
Compensated absences	6,568
Total noncurrent liabilities	<u>29,056</u>
Total liabilities	<u>64,265</u>
Net Assets	
Invested in capital assets	11,472
Restricted net assets	-
Unrestricted net assets	677,563
Total net assets	<u>689,035</u>
Total liabilities and net assets	<u><u>\$ 753,300</u></u>

See accompanying independent auditor's report.

Iowa Rural Rehabilitation Fund			
	Loan Participation Program		Grand Total
Trust		Total	
-	-	-	734,299
-	173,215	173,215	173,215
1,049	37,850	38,899	46,428
1,049	211,065	212,114	953,942
892,904	2,065,238	2,958,142	2,958,142
-	2,137,788	2,137,788	2,137,788
-	-	-	11,472
892,904	4,203,026	5,095,930	5,107,402
893,953	4,414,091	5,308,044	6,061,344
8,046	-	8,046	38,210
-	-	-	5,045
8,046	-	8,046	43,255
-	-	-	22,488
-	-	-	6,568
-	-	-	29,056
8,046	-	8,046	72,311
-	-	-	11,472
885,907	4,414,091	5,299,998	5,299,998
-	-	-	677,563
885,907	4,414,091	5,299,998	5,989,033
893,953	4,414,091	5,308,044	6,061,344

Iowa Agricultural Development Authority

Schedule of Revenues, Expenses and Changes in Fund Net Assets by Program Fund

Year ended June 30, 2012

	<u>Administrative / BFLP Fund</u>
Operating revenues:	
Interest income on loans	\$ -
Beginning Farmer Loan Program (BFLP) fees	196,484
Loan Participation Program (LPP) fees	-
Tax Credit Program fees	63,650
Iowa Agricultural Youth Institute sponsor contributions	-
Iowa Agricultural Youth Institute registration contributions	-
Decrease in estimate of allowance for loan losses	-
Total operating revenues	<u>260,134</u>
Operating expenses:	
General and administrative	334,088
BFLP direct expenses	58,747
LPP direct expenses	-
Iowa Agricultural Youth Institute	-
Grants to agricultural development and education programs	-
Total operating expenses	<u>392,835</u>
Operating income (loss)	(132,701)
Nonoperating revenues:	
Interest income on cash and investments	<u>7,668</u>
Change in net assets before transfers	<u>(125,033)</u>
Transfers in	156,000
Transfers out	(18,801)
Total transfers	<u>137,199</u>
Change in net assets	12,166
Net assets beginning of year	<u>676,869</u>
Net assets end of year	<u>\$ 689,035</u>

See accompanying independent auditor's report.

Iowa Rural Rehabilitation Fund			
Trust	Loan Participation Program	Total	Grand Total
-	130,669	130,669	130,669
-	-	-	196,484
-	2,175	2,175	2,175
-	-	-	63,650
10,150	-	10,150	10,150
4,300	-	4,300	4,300
-	7,000	7,000	7,000
14,450	139,844	154,294	414,428
-	-	-	334,088
-	-	-	58,747
-	417	417	417
26,996	-	26,996	26,996
11,235	-	11,235	11,235
38,231	417	38,648	431,483
(23,781)	139,427	115,646	(17,055)
7,327	1,260	8,587	16,255
(16,454)	140,687	124,233	(800)
-	18,801	18,801	174,801
(156,000)	-	(156,000)	(174,801)
(156,000)	18,801	(137,199)	-
(172,454)	159,488	(12,966)	(800)
1,058,361	4,254,603	5,312,964	5,989,833
885,907	4,414,091	5,299,998	5,989,033

Iowa Agricultural Development Authority
 Schedule of Operating Expenses by Program Fund
 Year ended June 30, 2012

	General and Administrative	Beginning Farmer Loan Program
Employee compensation	\$ 265,002	-
Travel	3,083	-
Supplies and other	6,051	-
Postage	2,316	-
Printing	722	-
Telephone	3,175	-
Board expenses	8,442	-
Professional services	12,904	-
Office and computer equipment	6,908	-
Rent	12,147	-
Administrative services	2,147	686
Advertising and promotions	4,160	-
Legal fees	-	57,003
Public notices	-	1,058
Staff Education & Training	1,171	-
Iowa Agricultural Youth Institute	-	-
Grants to agricultural development and education programs	-	-
Depreciation	5,860	-
Total	<u>\$ 334,088</u>	<u>58,747</u>

See accompanying independent auditor's report.

Iowa Rural Rehabilitation Fund			
Trust	Loan Participation Program	Total	Grand Total
-	-	-	265,002
-	-	-	3,083
-	417	417	6,468
-	-	-	2,316
-	-	-	722
-	-	-	3,175
-	-	-	8,442
-	-	-	12,904
-	-	-	6,908
-	-	-	12,147
-	-	-	2,833
-	-	-	4,160
-	-	-	57,003
-	-	-	1,058
-	-	-	1,171
26,996	-	26,996	26,996
11,235	-	11,235	11,235
-	-	-	5,860
38,231	417	38,648	431,483

Iowa Agricultural Development Authority



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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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 Members of the Iowa
Agricultural Development Authority:

We have audited the accompanying financial statements of the Iowa Agricultural Development Authority, a component unit of the State of Iowa, as of and for the year ended June 30, 2012, which collectively comprise the Iowa Agricultural Development Authority's basic financial statements listed in the table of contents, and have issued our report thereon dated October 24, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of the Iowa Agricultural Development Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Iowa Agricultural Development Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Iowa Agricultural Development Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Iowa Agricultural Development Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the accompanying Schedule of Findings, we identified a deficiency in internal control over financial reporting we consider to be a material weakness and another deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of the 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 a material misstatement of the Iowa Agricultural Development Authority's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item (A) to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item (B) to be a significant deficiency.

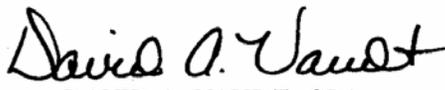
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Iowa Agricultural Development Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. 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 non-compliance or other matters which are required to be reported under Government Auditing Standards.

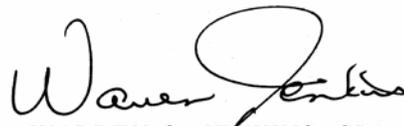
The Iowa Agricultural Development Authority's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Authority's responses, we did not audit the Iowa Agricultural Development Authority's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the State of Iowa and other parties to whom the Iowa Agricultural Development Authority may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Agricultural Development Authority during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 24, 2012

Iowa Agricultural Development Authority

Schedule of Findings

Year ended June 30, 2011

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One or two individuals may have control over the following areas for which no compensating controls exist:
- a. There is a lack of segregation of duties in collecting, deposit preparation and recording cash.
 - b. There is lack of segregation of duties in maintaining detailed accounts receivable records and posting receipts.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Authority should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – The Iowa Agricultural Development Authority (IADA) is very sensitive to the issue of segregation of duties. By the end of this next fiscal year we will explore the possibilities of bringing in an existing staff person to help reduce potential problems with internal controls.

Conclusion – Response accepted.

- (B) Personal Use of Procurement Card – The former Executive Director used the Authority's procurement card for two personal purchases for which he paid U.S. Bank directly.

Recommendation – The Authority should ensure the current procurement card policy is followed and Authority procurement cards are used only for Authority business.

Response – This problem has been rectified as staff will no longer carry Authority cards. Cards will remain locked in file cabinet and used only as needed, per state procurement card guidelines.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

No matters were noted.

Iowa Agricultural Development Authority

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager
Brooke A. Robb, Staff Auditor
Stephen J. Hoffman, Assistant Auditor
Benjamin D. Scieszinski, Auditor Intern

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, looped initial "A".

Andrew E. Nielsen, CPA
Deputy Auditor of State