Indiana Housing & Community Development Authority

A COMPONENT UNIT OF THE STATE OF INDIANA

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2021

Indiana Housing and Community Development Authority

A Component Unit of the State of Indiana
December 31, 2021

Contents

BKD
CPAs & Advisors

201 N. Illinois Street, Suite 700 | P.O. Box 44998 | Indianapolis, IN 46244-0998
317.383.4000 | Fax 317.383.4200 | bkd.com

Independent Auditors' Report

Board of Trustees
Indiana Housing and Community Development Authority
Indianapolis, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Indiana Housing and Community Development Authority (Authority) (Authority), a component unit of the State of Indiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2021, and the changes in financial position and its cash flows 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. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of the Authority's proportionate share of the net pension liability and the Authority's contributions as listed in the table of contents 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 auditing standards generally accepted in the United States of America, 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 Authority's basic financial statements. The accompanying supplementary information, including the combining schedule of net position, combining schedule of revenues, expenses and changes in net positions and combining schedule of cash flows, as listed in the table of contents is 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BKD, LLP

Indianapolis, Indiana
April 12, 2022

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Management's Discussion and Analysis (Unaudited)
December 31, 2021

Management's discussion and analysis of the Indiana Housing and Community Development Authority's (Authority) financial performance provides an overview of the financial activities for the year ended December 31, 2021. This information is being presented to provide additional information regarding the activities of the Authority. The management's discussion and analysis should be read in conjunction with the independent auditors' report, financial statements and accompanying notes. Notes to the financial statements provide additional information that is essential to a full understanding of the information contained within the financial statements.

Introduction - The Indiana Housing and Community Development Authority

The Authority was created in 1978 as a public body corporate and politic of the State of Indiana (the State). The Authority is entirely self-supporting and does not draw upon the general taxing authority of the State. The Authority has been given certain powers, including the power to enter into contracts and agreements, acquire, hold and convey property, and issue notes and bonds, for the purpose of financing residential housing for persons and families of low and moderate income. The Authority's funding comes from a variety of sources, including sales of its own securities to private investors, grants from the Federal government, program fees, investment interest earnings and interest earned on loan portfolios.

The Authority's financial statements include the operations of funds the Authority has established to achieve its purpose. The financial transactions of the Authority are recorded in the funds that consist of a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows and outflows of resources, net position, revenues and expenses as appropriate. The Authority follows enterprise fund reporting. The Authority is considered a component unit of the State and is discretely presented in the State's financial statements.

This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position of the Authority. Readers are encouraged to consider the information presented in conjunction with the financial statements, which follow this section.

Overview of the Financial Statements

The basic financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These statements provide current and long-term information about the Authority and its activities.

The Statement of Net Position answers the question, "How was our financial health at the end of the year?" This statement provides information about the financial position of the Authority at a specific date. The organization of the statement separates assets and liabilities into current and noncurrent balances. The statement shows the totals of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all of its costs through mortgages and loans, externally funded programs and other revenue sources. This statement also helps answer the question "Is the Authority as a whole better off or worse off as a result of the year's activities?"

The primary purpose of the Statement of Cash Flows is to provide information about the Authority's cash receipts and cash payments during the accounting period. This statement reports cash transactions, including receipts, payments, and net changes resulting from operations, noncapital financing, capital financing and investing activities. It provides answers to such questions as "Where did the cash come from?"; "What was the cash used for?" and "What was the change in cash balance during the reporting period?"

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements.

The financial statements present the activities of the Authority's General Fund, Program Fund, Single Family Fund, Home First Fund, and the Mortgage Backed Security Pass-thru Fund. See Note 1 for a complete description of each of these funds.

Financial Highlights

The following is a comparative analysis between years for the Statements of Net Position:

	2021	2020	Change	% Change
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents				
Unrestricted	$ 176,786,430	$ 136,510,326	$ 40,276,104	30%
Restricted	385,810,319	245,482,131	140,328,188	57%
Accrued interest receivable				
Investments	273,165	309,327	(36,162)	-12%
Investments held against bonds	1,475,401	1,446,942	28,459	2%
Accounts and loan receivable, net	131,685,876	22,550,961	109,134,915	484%
Other assets	8,974,528	95,207	8,879,321	9326%
Total current assets	705,005,719	406,394,894	298,610,825	73%
Noncurrent Assets				
Investments				
Unrestricted	86,343,493	88,076,514	(1,733,021)	-2%
Restricted	22,322,766	33,315,285	(10,992,519)	-33%
Investments held against bonds	562,305,252	515,615,657	46,689,595	9%
Accounts and loans receivable, net	114,952,162	98,912,210	16,039,952	16%
Capital assets, at cost, less accumulated depreciation	634,435	922,580	(288,145)	-31%
Lease assets, less accumulated amortization	4,760,630	5,378,022	(617,392)	-11%
Total noncurrent assets	791,318,738	742,220,268	49,098,470	7%
Total assets	1,496,324,457	1,148,615,162	347,709,295	30%
Deferred Outflows of Resources				
Pension-related	1,352,590	763,588	589,002	77%
Accumulated decrease in fair value of derivative	1,550,318	2,872,898	(1,322,580)	-46%
Deferred refunding costs	1,104,179	1,319,199	(215,020)	-16%
Total deferred outflows of resources	4,007,087	4,955,685	(948,598)	-19%
Total assets and deferred outflows of resources	$ 1,500,331,544	$ 1,153,570,847	$ 346,760,697	30%
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Bonds payable	$ 18,165,000	$ 15,195,000	$ 2,970,000	20%
Accrued interest payable	6,816,286	7,003,353	(187,067)	-3%
Unearned revenue	187,806,345	39,466,853	148,339,492	376%
Government advances	621,952	568,269	53,683	9%
Lease liability	454,093	419,981	34,112	8%
Accounts payable and other liabilities	155,442,366	12,679,837	142,762,529	1126%
Total current liabilities	369,306,042	75,333,293	293,972,749	390%
Noncurrent Liabilities				
Bonds payable	572,707,020	541,317,638	31,389,382	6%
Original issue premium	29,369,663	17,335,947	12,033,716	69%
Bonds payable, net	602,076,683	558,653,585	43,423,098	8%
Notes payable	1,545,526	1,619,401	(73,875)	-5%
Derivative instrument - interest rate swap agreements	1,550,318	2,872,898	(1,322,580)	-46%
Pension liability	1,435,852	3,091,072	(1,655,220)	-54%
Government advances	33,401,584	31,817,297	1,584,287	5%
Lease liability	4,707,435	5,161,528	(454,093)	-9%
Total noncurrent liabilities	644,717,398	603,215,781	41,501,617	7%
Total liabilities	1,014,023,440	678,549,074	335,474,366	49%
Deferred Inflows of Resources				
Pension-related	2,222,819	685,552	1,537,267	224%
Net Position				
Net investment in capital assets	233,537	719,093	(485,556)	-68%
Restricted	225,884,028	246,709,696	(20,825,668)	-8%
Unrestricted	257,967,720	226,907,432	31,060,288	14%
Total net position	484,085,285	474,336,221	9,749,064	2%
Total liabilities, deferred inflows of resources and net position	$ 1,500,331,544	$ 1,153,570,847	$ 346,760,697	30%

Total assets and deferred outflows of resources increased by $346.8 million or 30 percent. Total current assets increased $298.6 million while the noncurrent assets increased by $49.1 million for the net increase in total assets of $347.7 million. Total deferred outflow of resources increased by $0.9 million.

The overall increase in total assets was related to the net change in cash and cash equivalents, investments held against bonds, and receivables of $352.5 million. The breakdown was comprised of: Federal Program of $286.9 million, Single Family $108.8 million, General Fund of $2.5 million, offset by Home First of $33.8 million and MBS Pass Thru of $11.9 million. The Federal Program Fund increase is primarily made up of the increases in cash related to program funding for the Indiana Emergency Rental Assistance (IERA) fund of $155.3 million and Housing Assistance Fund of $16.7 million, as well as $113.9 million in receivables for the reallocation of the funding of IERA 1.0. The net $134.2 million in mortgage bond programs is due to proceeds from the three new bond issuances net of bond repayments and redemptions. The remainder included a net increase in receivables of $12.7 million associated mostly with the new down payment loan programs.

The decrease in the deferred outflows of resources was primarily due to the adjustment in the fair value of the 2017 Series B-3 and 2017 Series C-3 interest rate swaps of $1.3 million and the decrease in the amortization of the deferred refunding costs of $0.2 million. This was offset by the increase in deferred pension of $0.6 million.

There were also increases in total liabilities and deferred inflows of resources of $337.0 million or 50%, comprised of current liabilities of $294.0 million, noncurrent liabilities of $41.5 million, and deferred inflows of resources of $1.5 million. The overall net increase in liabilities is primarily related to bonds payable plus associated premiums of $46.4 million, unearned revenues for federal programs of $148.3 million, and accounts payable of $142.8 million.

The increase in the deferred outflow of resources was due to the increase in deferred pension revenues of $1.5 million.

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $484.1 million at December 31, 2021. This increased $9.7 million or 2% between years. The Authority maintained financial strength throughout 2021 as the importance of housing remained a focus of Hoosiers during the pandemic.

Total net position at December 31, 2021 and 2020 was as follows (in millions of dollars):

	2021	2020
Assets and deferred outflows of resources	$ 1,500.3	$ 1,153.6
Liabilities and deferred inflows of resources	1,016.2	679.2
Net position	$ 484.1	$ 474.4

Operating Analysis

The following is a comparative analysis between years of the Statements of Revenues, Expenses and Changes in Net Position:

	2021	2020	Change	% Change
Revenues				
Interest income				
Investments	$ 3,504,641	$ 5,576,727	$ (2,072,086)	-37%
Investments held against bonds	18,910,660	20,819,589	(1,908,929)	-9%
Loans	1,507,569	1,874,218	(366,649)	-20%
Fee income	6,546,726	5,880,664	666,062	11%
Program income	520,118,679	440,154,437	79,964,242	18%
Sale of Next Home investments	11,242,525	9,830,782	1,411,743	14%
Net increase (decrease) in fair value of investments	(7,052,546)	10,245,139	(17,297,685)	-169%
Other income	1,290,683	1,648,598	(357,915)	-22%
Total revenues	556,068,937	496,030,154	60,038,783	12%
Expenses				
Investment expense (down payment assistance)	6,355,416	8,764,650	(2,409,234)	-27%
Loss on sale of investments	1,576,803	1,355,761	221,042	16%
Interest expense	15,628,770	17,650,656	(2,021,886)	-11%
Issuance costs	2,288,984	1,883,868	405,116	22%
Program expenses	486,933,609	409,673,121	77,260,488	19%
General and administrative expenses	33,536,291	21,030,935	12,505,356	59%
Total expenses	546,319,873	460,358,991	85,960,882	19%
Change in Net Position	9,749,064	35,671,163	(25,922,099)	-73%
Net Position, Beginning of Year	474,336,221	438,665,058	35,671,163	8%
Net Position, End of Year	$ 484,085,285	$ 474,336,221	$ 9,749,064	2%

In 2021, total operating revenues were $556.1 million. This was comprised of federal and state program income of $520.1 million, interest income of $24.1 million, gains on the sale of Next Home mortgages of $11.2 million, $7.8 million in fee and other income, and a net decrease in the fair value of investments of $7.1 million. This compares to $496.0 million of total operating revenues in 2020. The overall increase in revenue of $60.1 million is mostly due to an increase in program income of $80.0 million, gain on sale of Next Home investments of $1.4 million, fee and other income of $0.3 million offset by a reduction in interest income of $4.3 million and the net decrease in fair value of investments of $17.3 million.

The breakdown of the increase in program income is primarily related to the new Indiana Emergency Rental Assistance fund of $99.9 million and the new Low-Income Energy Assistance Program from the American Recovery Act of $22.6 million, along with increases of $15.0 million for Low-Income Energy Assistance Program from the CARES Act, $12.8 million for Emergency Solutions Grant Program from the CARES Act, and $4.5 million for the Community Services Block Grant from the CARES Act offset by the decrease of $42.9 million in the Coronavirus Relief Fund, the decrease of $22.8 million in the Low-Income Energy Assistance Program, and the decrease of $9.6 million in the ER Housing Disaster Relief Fund.

Total operating expenses in 2021 were $546.3 million, which included $487.0 million of federal and state program expenses, $15.6 million of interest expense on bonds, $33.5 million of general and administrative expense, $6.3 million in down payment assistance, $2.3 million in issuance costs and $1.6 million loss on the sale of investments.

This compares to $460.4 million of total operating expenses in 2020. The overall increase of $86.0 million was primarily due to the increase of $77.3 million in program expense between the years, which correlated to the increase in program income, loss on sale of investments increased by $0.2 million, offset by the decrease in down payment assistance of $2.4 million. General and administrative costs also increased $12.5 million, primarily due to the shift and additional costs associated with the new programs coupled with new bond issuances. There was a decrease in interest expense of $2.0 million and an increase in issuance costs of $0.4 million.

The breakdown in the program expense increase was also primarily attributable to the new Indiana Emergency Rental Assistance Program of $85.9 million along with the new Low-Income Home Energy Assistance Program from the American Recovery Act of $22.6 million with increases of $15.0 million for Low-Income Home Energy Assistance Program from the CARES Act, $13.2 million for Emergency Solutions Grant Program from the CARES Act, $4.5 million for Community Services Block Grant from the CARES Act, $1.9 million for the Performance Based Section 8 Contract Program offset by the decrease of $41.7 million in the Coronavirus Relief Fund and the decrease of $23.1 million in the Low-Income Home Energy Assistance Program.

Total operating income/change in net position for 2021 and 2020 was as follows (in millions of dollars):

	2021	2020
Operating revenues, gains and losses	$ 556.1	$ 496.0
Operating expenses	546.3	460.4
Operating income/change in net position	$ 9.8	$ 35.6

Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB No. 31) requires the Authority's investments to be reported at fair value. The change in the fair value of investments is an unrealized gain or loss and has no direct effect on actual cash flows of the Authority. The related adjustment should be tempered with the understanding that the underlying assets primarily are not readily marketable due to their relationship with the bond indentures. The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net decrease of $7.1 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2021 was $16.8 million, resulting in a net decrease in the change in net position of $8.6 million between years.

	2021	2020	Change	% Change
Change in net position	$ 9,749,064	$ 35,671,163	$ (25,922,099)	-73%
Net increase in fair value of investments	(7,052,546)	10,245,139	(17,297,685)	-169%
Change in net position excluding GASB No. 31 adjustment	$ 16,801,610	$ 25,426,024	$ (8,624,414)	-34%

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Management's Discussion and Analysis (Unaudited)
December 31, 2021

The following is a comparative analysis between years of the Statements of Revenues, Expenses and Changes in Net Position for the IHCDA General Fund:

	2021	2020	Change	% Change
Revenues				
Interest income				
Investments	$ 1,310,049	$ 2,163,048	$ (852,999)	-39%
Fee income	6,546,726	5,880,664	666,062	11%
Program income	-	9,627,062	(9,627,062)	-100%
Sale of Next Home investments	11,241,086	9,830,782	1,410,304	14%
Net increase (decrease) in fair value of investments	(432,765)	271,614	(704,379)	-259%
Other income	1,290,683	1,648,598	(357,915)	-22%
Total revenues	19,955,779	29,421,768	(9,465,989)	-32%
Expenses				
Investment expense (down payment assistance)	6,355,416	7,054,474	(699,058)	-10%
Loss on sale of investments	509,671	394,318	115,353	29%
Interest expense	92,631	104,872	(12,241)	-12%
Program expenses	1,927,276	1,802,277	124,999	7%
General and administrative expenses	4,406,709	4,034,319	372,390	9%
Total expenses	13,291,703	13,390,260	(98,557)	-1%
Operating Income	6,664,076	16,031,508	(9,367,432)	-58%
Transfers				
Interfund transfers	132,298	(557,817)	690,115	-124%
Change in Net Position	6,796,374	15,473,691	(8,677,317)	-56%
Net Position, Beginning of Year	123,465,633	107,991,942	15,473,691	14%
Net Position, End of Year	$ 130,262,007	$ 123,465,633	$ 6,796,374	6%

In 2021, total operating revenues for the General Fund were $20.0 million. This was comprised of gains on the sale of Next Home investments of $11.3 million, fees and other income of $7.8 million, interest income of $1.3 million, and decrease in the fair value of investments of $0.4 million. This compares to $29.4 million of total operating revenues in 2020. The overall decrease in revenue of $9.4 million is mostly attributable to the decrease in program income of $9.6 million related to the ER Housing Disaster Relief Fund. There were also decreases in interest income of $0.8 million, the fair value of investments of $0.7 million, other income of $0.4 million consisting of multi-family bond reservations. This was offset by increases of $0.7 million in fee income and $1.4 million in gains on the sale of Next Home investments.

Total operating expenses for the General Fund in 2021 were $13.3 million, which includes $6.4 million in down payment assistance, $4.4 million of general and administrative expenses, $1.9 million in program expenses, $0.5 million in loss on sale of investments, and a negligible change in interest expense. This compares to $13.4 million of total operating expenses in 2020. Total operating expenses decreased by $0.1 million due to an increase between years of $0.1 million in program expense, an increase in general and administrative expenses of $0.4 million and a $0.1 million increase to loss on the sale of investments offset by a decrease in down payment assistance volume of $0.7 million.

There were $0.1 million in inter-fund transfers into the General Fund from the Federal Programs Fund in 2021 and $0.6 million out in 2020 to the Federal Programs Fund. These transfers represented funding support for the administration of some of the federal and state programs.

Total General Fund change in net position for 2021 and 2020 was as follows (in millions of dollars):

	2021	2020
Operating revenues, gains and losses	$ 20.0	$ 29.4
Operating expenses	13.3	13.4
Operating income	6.7	16.0
Interfund transfers	0.1	(0.6)
Change in net position	$ 6.8	$ 15.4

The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net decrease of $0.4 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2021 was $7.2 million resulting in a net decrease in the change in net position of $8.0 million between years. The decrease between years is primarily attributable to the one-time receipt of the ER Housing Disaster Fund receipt of $9.6 million back from Family & Social Services Administration in 2020 offset by the $1.4 million gain on sale of Next Home investments between years.

	2021	2020	Change	% Change
Change in net position	$ 6,796,374	$ 15,473,691	$ (8,677,317)	-56%
Net increase (decrease) in fair value of investments	(432,765)	271,614	(704,379)	-259%
Change in net position without GASB No. 31 adjustment	$ 7,229,139	$ 15,202,077	$ (7,972,938)	-52%

The following is a comparative analysis between years of the Statements of Revenues, Expenses and Changes in Net Position for the IHCDA Program Fund:

	2021	2020	Change	% Change
Revenues				
Interest income				
Investments	$ 43,323	$ 86,991	$ (43,668)	-50%
Loans	1,507,569	1,874,218	(366,649)	-20%
Program income	520,118,679	430,527,375	89,591,304	21%
Total revenues	521,669,571	432,488,584	89,180,987	21%
Expenses				
Interest expense	222,777	246,595	(23,818)	-10%
Program expenses	484,336,181	407,670,793	76,665,388	19%
General and administrative expenses	27,699,390	15,411,845	12,287,545	80%
Total expenses	512,258,348	423,329,233	88,929,115	21%
Operating Income	9,411,223	9,159,351	251,872	3%
Transfers				
Interfund transfers	(132,298)	557,817	(690,115)	-124%
Change in Net Position	9,278,925	9,717,168	(438,243)	-5%
Net Position, Beginning of Year	144,624,337	134,907,169	9,717,168	7%
Net Position, End of Year	$ 153,903,262	$ 144,624,337	$ 9,278,925	6%

In 2021, total operating revenues for the Program Fund were $521.7 million. This was primarily comprised of federal and state program revenues of $520.1 million and interest income of $1.6 million. This compares to $432.5 million of total operating revenues in 2020. The overall increase in revenue of $89.2 million is primarily related to the increase in the program income of $89.6 million with increased funding from the CARES Act and the American Recovery Act.

The majority of the net increase in program income was related to the new Indiana Emergency Rental Assistance fund of $99.9 million and the new Low-Income Energy Assistance Program from the American Recovery Act of $22.6 million, along with increases of $15.0 million for Low-Income Energy Assistance Program from the CARES Act, $12.8 million for Emergency Solutions Grant Program from the CARES Act, and $4.5 million for the Community Services Block Grant from the CARES Act offset by the decrease of $42.9 million in the Coronavirus Relief Fund, the decrease of $22.8 million in the Low-Income Energy Assistance Program.

Total operating expenses for the Program Fund in 2021 were $512.3 million, which primarily includes $484.3 million in program expenses, and $27.7 million of general and administrative expense. This compares to $423.3 million of total operating expenses in 2020. Total operating expenses increased by $88.9 million, which primarily consists of increases in program expense of $76.7 million, and general and administrative expense of $12.3 million.

Total Program Fund change in net position for 2021 and 2020 was as follows (in millions of dollars):

	2021	2020
Operating revenues, gains and losses	$ 521.7	$ 432.5
Operating expenses	512.3	423.3
Operating income	9.4	9.2
Interfund transfers	(0.1)	0.6
Change in net position	$ 9.3	$ 9.8

There was no GASB No. 31 adjustment made to the Authority's Program Fund.

The following is a comparative analysis between years of the Statements of Revenues, Expenses and Changes in Net Position for the IHCDA Single Family Fund:

	2021	2020	Change	% Change
Revenues				
Interest income				
Investments	$ 2,029,806	$ 2,813,103	$ (783,297)	-28%
Investments held against bonds	16,707,773	15,970,367	737,406	5%
Gain on sale of investments	1,439	-	1,439	100%
Net increase (decrease) in fair value of investments	(5,504,493)	11,320,223	(16,824,716)	-149%
Total revenues	13,234,525	30,103,693	(16,869,168)	-56%
Expenses				
Investment expense (down payment assistance)	-	1,710,176	(1,710,176)	-100%
Loss on sale of investments	988,166	841,486	146,680	17%
Interest expense	13,388,521	13,033,960	354,561	3%
Issuance costs	2,288,984	1,883,868	405,116	22%
Program expenses	670,152	200,051	470,101	235%
General and administrative expenses	1,373,442	1,310,871	62,571	5%
Total expenses	18,709,265	18,980,412	(271,147)	-1%
Operating Income (Loss)	(5,474,740)	11,123,281	(16,598,021)	-149%
Transfers				
Interfund transfers	29,614,841	2,412,377	27,202,464	1128%
Change in Net Position	24,140,101	13,535,658	10,604,443	78%
Net Position, Beginning of Year	171,827,700	158,292,042	13,535,658	9%
Net Position, End of Year	$ 195,967,801	$ 171,827,700	$ 24,140,101	14%

In 2021, total operating revenues for the Single Family Fund were $13.2 million, which primarily consisted of interest income of $18.7 million and the impact of the GASB No. 31 adjustment to mark the decrease in investments to market of $5.5 million. This compares to $30.1 million of total operating revenues in 2020. The overall decrease in revenue of $16.9 million which consists primarily of the GASB No. 31 adjustment of $16.8 million.

Total operating expenses for the Single Family Fund in 2021 were $18.7 million, which includes $13.4 million in interest expenses, $2.3 million in bond issuance costs, $1.4 million of general and administrative expense, $0.9 million in loss on sale of investments, and $0.7 million in bad debt expense on program loans. This compares to $19.0 million of total operating expenses in 2020. Total operating expenses decreased by $0.3 million, which primarily consists of $0.4 million in interest expense, bond issuance costs of $0.4 million, general and administrative expenses of $0.1 million, bad debt expense of $0.5 million, and loss on sale of investments of $0.1 million, offset by a decrease in down payment assistance of $1.7 million.

There were $29.6 million in inter-fund transfers into the Single Family Fund in 2021, compared to $2.4 million in inter-fund transfers in 2020. In 2021, this included $29.4 million from Home First Fund for mortgage redemptions and $0.2 million from MBS Pass Thru Funds for excess fees.

Total Single Family Fund change in net position for 2021 and 2020 was as follows (in millions of dollars):

	2021	2020
Operating revenues, gains and losses	$ 13.2	$ 30.1
Operating expenses	18.7	19.0
Operating income	(5.5)	11.1
Interfund transfers	29.6	2.4
Change in net position	$ 24.1	$ 13.5

The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net decrease of $5.5 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2021 was $29.6 million resulting in a net increase in the change in net position of $27.4 million between years. The change between years is primarily attributable to the increase of the $27.2 million inter-fund transfers into the Single-Family Fund.

	2021	2020	Change	% Change
Change in net position	$ 24,140,101	$ 13,535,658	$ 10,604,443	78%
Net increase (decrease) in fair value of investments	(5,504,493)	11,320,223	(16,824,716)	-149%
Change in net position without GASB No. 31 adjustment	$ 29,644,594	$ 2,215,435	$ 27,429,159	1238%

The following is a comparative analysis between years of the Statements of Revenues, Expenses and Changes in Net Position for the IHCDA Home First Fund:

	2021	2020	Change	% Change
Revenues				
Interest income				
Investments	$ 121,436	$ 512,868	$ (391,432)	-76%
Investments held against bonds	312,391	2,318,998	(2,006,607)	-87%
Net decrease in fair value of investments	-	(1,982,410)	1,982,410	-100%
Total revenues	433,827	849,456	(415,629)	-49%
Expenses				
Loss on sale of investments	78,966	119,957	(40,991)	-34%
Interest expense	279,884	2,005,853	(1,725,969)	-86%
General and administrative expenses	42,250	260,900	(218,650)	-84%
Total expenses	401,100	2,386,710	(1,985,610)	-83%
Operating Income (Loss)	32,727	(1,537,254)	1,569,981	-102%
Transfers				
Interfund transfers	(29,432,822)	(2,193,746)	(27,239,076)	1242%
Change in Net Position	(29,400,095)	(3,731,000)	(25,669,095)	688%
Net Position, Beginning of Year	29,400,095	33,131,095	(3,731,000)	-11%
Net Position, End of Year	$ -	$ 29,400,095	$ (29,400,095)	-100%

In 2021, total operating revenues for the Home First Fund were $0.4 million, which consists entirely of interest income. This compares to $0.8 million of total operating revenues in 2020. The overall decrease in revenue of $0.4 million is related primarily to the redemption of the fund in 2021.

Total operating expenses for the Home First Fund in 2021 were $0.4 million, which includes $0.3 million in interest expenses, and $0.1 million in loss on sale of investments. This compares to $2.3 million of total operating expenses in 2020. Total operating expenses decreased by $1.9 million, which correlates primarily to the reduction of interest expense on the bonds.

There were $29.4 million inter-fund transfers out of the Home First related to bond redemptions into the Single-Family Fund in 2021 and $2.2 million in transfers out in 2020. This was due to Home First coming to an end in 2021. The Single Family 2021 Series B bond issuance in June was partially used to redeem $9.4 million in outstanding bond liability from Home First with additional Home First assets used to fulfill all other outstanding liability.

Total Home First Fund change in net position for 2021 and 2020 was as follows (in millions of dollars):

	2021	2020
Operating revenues, gains and losses	$ 0.4	$ 0.8
Operating expenses	0.4	2.4
Operating income	-	(1.6)
Interfund transfers	(29.4)	(2.2)
Change in net position	$ (29.4)	$ (3.8)

The change in net position is shown both with and without the GASB No. 31 adjustment below. There were no fair value adjustments necessary due to the redemption of the indenture. In the current year, there was a net decrease of $29.4 million resulting in a net decrease of $27.7 million between years. The change between years is primarily attributable to the impact inter-fund transfers out of the Home First Fund of $29.4 million and the positive impact of revenues exceeding expenses between years by $1.6 million.

	2021	2020	Change	% Change
Change in net position	$ (29,400,095)	$ (3,731,000)	$ (25,669,095)	688%
Net decrease in fair value of investments	-	(1,982,410)	1,982,410	-100%
Change in net position without GASB No. 31 adjustment	$ (29,400,095)	$ (1,748,590)	$ (27,651,505)	1581%

The following is a comparative analysis between years of the Statements of Revenues, Expenses and Changes in Net Position for the IHCDA MBS Pass-thru Fund:

	2021	2020	Change	% Change
Revenues				
Interest income				
Investments	$ 27	$ 717	$ (690)	-96%
Investments held against bonds	1,890,496	2,530,224	(639,728)	-25%
Net increase (decrease) in fair value of investments	(1,115,288)	635,712	(1,751,000)	-275%
Total revenues	775,235	3,166,653	(2,391,418)	-76%
Expenses				
Interest expense	1,644,957	2,259,376	(614,419)	-27%
General and administrative expenses	14,500	13,000	1,500	12%
Total expenses	1,659,457	2,272,376	(612,919)	-27%
Operating Income (Loss)	(884,222)	894,277	(1,778,499)	-199%
Transfers				
Interfund transfers	(182,019)	(218,631)	36,612	-17%
Change in Net Position	(1,066,241)	675,646	(1,741,887)	-258%
Net Position, Beginning of Year	5,018,456	4,342,810	675,646	16%
Net Position, End of Year	$ 3,952,215	$ 5,018,456	$ (1,066,241)	-21%

In 2021, total operating revenues for the MBS Pass-Thru Fund were $0.8 million, which consisted primarily of interest income of $1.9 million and the impact of the GASB No. 31 negative adjustment to mark the investments to market of $1.1 million. This compares to $3.2 million of total operating revenues in 2020. The overall decrease in revenue of $2.4 million is related to the combined impact of the negative GASB No. 31 adjustment of $1.8 million and the decreased interest income relative to the pay down of investments of $0.6 million.

Total operating expenses for the MBS Pass-Thru Fund in 2021 were $1.7 million, which is primarily the $1.6 million in interest expenses. General and administrative expenses were negligible. This compares to $2.3 million of total operating expenses in 2020. Total operating expenses decreased by $0.6 million, which correlates primarily to the reduction of interest expense on the bonds.

There were $0.2 million inter-fund transfers out of the MBS Pass-Thru Fund in 2021 and $0.2 million in 2020.

Total MBS Pass-Thru Fund change in net position for 2021 and 2020 was as follows (in millions of dollars):

	2021	2020
Operating revenues, gains and losses	$ 0.8	$ 3.2
Operating expenses	1.7	2.3
Operating income	(0.9)	0.9
Interfund transfers	(0.2)	(0.2)
Change in net position	$ (1.1)	$ 0.7

The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net decrease of $1.1 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2021 was less than $0.1 million resulting in a net increase in the change in net position of less than $0.1 million between years. The change between years due to inter-fund transfers out of the MBS Pass Thru Fund and the impact of revenues exceeding expense between years are both negligible.

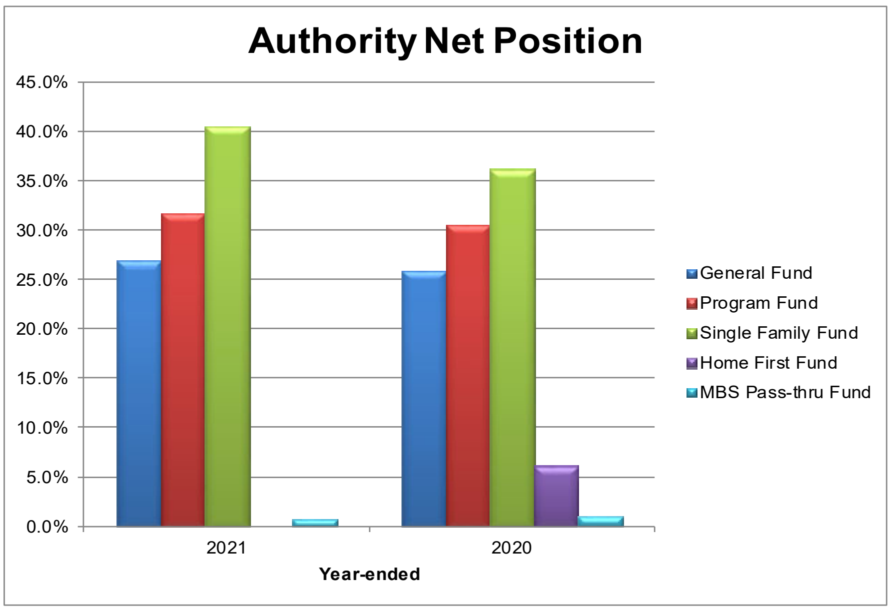
	2021	2020	Change	% Change
Change in net position	$ (1,066,241)	$ 675,646	$ (1,741,887)	-258%
Net increase (decrease) in fair value of investments	(1,115,288)	635,712	(1,751,000)	-275%
Change in net position without GASB No. 31 adjustment	$ 49,047	$ 39,934	$ 9,113	23%

Financial Condition

The Authority operates within financial policies and guidelines set by the members of its Board of Directors. These guidelines require the Authority to maintain adequate liquid asset levels, good mortgage portfolio performance and a sufficient level of unrestricted assets. Net position on December 31, 2021, consisted of $225.9 million restricted by funding sources, $258.0 million unrestricted and available to meet the obligations of the Authority's operations, and $0.2 million net investment in capital assets. Restricted net position decreased $20.8 million or 8 percent, unrestricted net position increased $31.1 million or 14 percent, and the net investment in capital assets decreased $0.5 million or 68 percent.

The decrease of $20.8 million in restricted net position was primarily due to the increase in Federal Programs Fund of $5.1 million, Single Family bond indentures of $3.5 million, General Fund of $1.0 million offset by reductions for Home First Fund of $29.4 million due to bond redemptions and MBS Pass-thru Fund of $1.0 million. The $31.1 million change in unrestricted net position was due to the increase in unrestricted assets for the Single-Family indenture of $20.6 million, the General Fund of $6.3 million and Federal Programs of $4.2 million.

The graph below illustrates the comparative distribution of the net position between the funds:



Capital and Lease Assets

As of December 31, 2021 and 2020, the Authority had $5.4 million and $6.3 million, respectively, invested in capital and lease assets, primarily the building, computer software and hardware. During fiscal year 2020, the Authority adopted GASB Statement No. 87, which resulted in leases being reported in accordance with GASB 87's provisions. Depreciation and amortization expense was $0.9 million in 2021 and $1.0 million in 2020, respectively.

Debt Administration

Total current and noncurrent bonds payable, not including any original issue premium or discount, as of December 31, 2021, was $590.9 million, which increased $34.4 million compared to $556.5 million as of December 31, 2020. This increase was due to the $196.8 million of maturities and redemptions of bonds previously issued by the Authority, offset against the $231.2 million in mortgage revenue bond issuances in 2021. The Authority has maintained its long-term bond ratings of Aaa from Moody's Investors Services and AAA from Fitch Ratings. (The Home First Bond Indenture is only rated by Moody's and the MBS Pass-Thru Indenture is only rated by Fitch.) More detailed information about the Authority's debt is presented in Note 6 to the financial statements.

The following new bonds were issued during 2021 (dollars in thousands):

Bond Series	Tax-Exempt Amount	Taxable Amount	Total	Moody's Rating	Fitch Rating
2021 Series A	$ 55,945	$ -	$ 55,945	Aaa	AAA
2021 Series B	99,205	-	99,205	Aaa	AAA
2021 Series C	76,000	-	76,000	Aaa	AAA
Total	$ 231,150	$ -	$ 231,150		

Economic Factors and Other Financial Information

The primary business activity of the Authority is funding the purchase of single-family home mortgages and administering various federal programs. The Authority's mortgage financing activities are sensitive to the level of interest rates, the spread between the rate available on Authority loans and those available in the conventional mortgage markets and the availability of affordable housing. The availability of long-term tax-exempt financing on favorable terms is a key element in providing the funding necessary for the Authority to continue its mortgage financing activities.

The Authority's single-family programs and investment income are the main sources of revenues. Market interest rates influence both the Single-Family program and investment income revenues. If interest rates continue at current levels, the Authority expects single family and investment income to be stable. If interest rates rise, the Authority expects single family and investment income to increase as new loans are originated, and new investments are purchased at the higher rates. If interest rates fall, the Authority expects single family and investment income to decrease as new loans are originated and new investments are purchased at the lower rates. The Authority also expects a drop in market rates to cause an increase in prepayments on higher rate mortgages. The Authority uses these prepayments to call the corresponding series bonds, which lowers the rate of return on those bond series.

COVID-19 Impact

The COVID-19 Pandemic continues to impact the nation and the State. At this time the Authority cannot predict 1) the duration or extent of the COVID-19 Pandemic or any other outbreak emergency; 2) the duration or expansion of any foreclosure or eviction moratorium affecting the Servicer's ability to foreclose and collect on delinquent mortgage loans; 3) the number of mortgage loans that will be in forbearance or default as a result of the COVID-19 Pandemic and subsequent federal, state and local responses thereto, including the American Rescue Plan Act; 4) whether and to what extent the COVID-19 Pandemic or other outbreak or emergency may disrupt the local or global economy, real estate markets, manufacturing, or supply chain, or whether any such disruption may adversely impact the Authority or its operations; 5) whether or to what extent the Authority or other government agencies may provide additional deferrals, forbearances, adjustments, or other changes to payments on mortgage loans; or 6) the effect of the COVID-19 Pandemic on the State budget, or whether any such effect may adversely impact the Authority or its operations. However, the continuation of the COVID-19 Pandemic and the resulting containment and mitigation efforts could have economic uncertainties arise which may negatively affect the financial position, results of operations and cash flows for the Authority, including the reduction of overall investment position. The duration of these uncertainties and the ultimate financial effects continue to not be reasonably estimated at this time.

Contacting the Authority's Financial Management

This financial report is designed to provide the citizens of Indiana, our constituents and investors with a general overview of the Authority's finances and resources. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at Indiana Housing and Community Development Authority, 30 South Meridian Street Suite 900, Indianapolis, IN 46204 or visit our website at www.in.gov/ihcda/.

BASIC FINANCIAL STATEMENTS

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Net Position
December 31, 2021

	2021
Assets and Deferred Outflows of Resources	
Current Assets	
Cash and cash equivalents	
Unrestricted	$ 176,786,430
Restricted	385,810,319
Accrued interest receivable	
Investments	273,165
Investments held against bonds	1,475,401
Accounts and loans receivable, net	131,685,876
Other assets	8,974,528
Total current assets	705,005,719
Noncurrent Assets	
Investments	
Unrestricted	86,343,493
Restricted	22,322,766
Investments held against bonds	562,305,252
Accounts and loans receivable, net	114,952,162
Capital assets, at cost, less accumulated depreciation	634,435
Lease assets, less accumulated amortization	4,760,630
Total noncurrent assets	791,318,738
Total assets	1,496,324,457
Deferred Outflows of Resources	
Pension-related	1,352,590
Accumulated decrease in fair value of derivatives	1,550,318
Deferred refunding costs	1,104,179
Total deferred outflows of resources	4,007,087
Total assets and deferred outflows of resources	$ 1,500,331,544

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Net Position (Continued)
December 31, 2021

	2021
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Bonds payable	$ 18,165,000
Accrued interest payable	6,816,286
Unearned revenue	187,806,345
Government advances	621,952
Lease liability	454,093
Accounts payable and other liabilities	155,442,366
Total current liabilities	369,306,042
Noncurrent Liabilities	
Bonds payable	572,707,020
Original issue premium	29,369,663
Bonds payable, net	602,076,683
Notes payable	1,545,526
Derivative instruments - interest rate swap agreements	1,550,318
Pension liability	1,435,852
Government advances	33,401,584
Lease liability	4,707,435
Total noncurrent liabilities	644,717,398
Total liabilities	1,014,023,440
Deferred Inflows of Resources	
Pension-related	2,222,819
Net Position	
Net investment in capital assets	233,537
Restricted	
General fund	1,000,000
Program fund	128,049,172
Single Family fund	92,882,641
MBS Pass-thru fund	3,952,215
Total restricted net position	225,884,028
Unrestricted	257,967,720
Total net position	484,085,285
Total liabilities, deferred inflows of resources and net position	$ 1,500,331,544

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2021

	2021
Revenues	
Interest income	
Investments	$ 3,504,641
Investments held against bonds	18,910,660
Loans	1,507,569
Fee income	6,546,726
Program income	520,118,679
Sale of Next Home investments	11,242,525
Net decrease in fair value of investments	(7,052,546)
Other income	1,290,683
Total revenues	556,068,937
Expenses	
Investment expense (down payment assistance)	6,355,416
Loss on sale of investments	1,576,803
Interest expense	15,628,770
Issuance costs	2,288,984
Program expenses	486,933,609
General and administrative expenses	33,536,291
Total expenses	546,319,873
Change in Net Position	9,749,064
Net Position, Beginning of Year	474,336,221
Net Position, End of Year	$ 484,085,285

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Cash Flows
Year Ended December 31, 2021

	2021
Cash Flows From Operating Activities	
Receipts for services	$ 25,836,496
Receipts for program revenue	542,015,555
Principal received on loans receivable	1,284
Interest received on investments	3,540,803
Interest received on investments held against bonds	16,709,921
Interest received on loans	1,507,569
Payments for program expenses	(373,629,196)
Interest paid on bonds and bank loans	(15,600,817)
Debt issuance costs incurred	(2,288,984)
Payments for suppliers and employees	(10,214,731)
Net cash provided by operating activities	187,877,900
Cash Flows From Noncapital Financing Activities	
Proceeds from bond issues	245,355,995
Repayments and redemption of bonds and bank loans	(196,864,492)
Net cash provided by noncapital financing activities	48,491,503
Cash Flows From Capital and Related Financing Activities	
Purchases of capital assets	(20,278)
Payments on lease	(419,981)
Net cash used in capital and related financing activities	(440,259)
Cash Flows From Investing Activities	
Proceeds from sale and maturities of investments	34,213,911
Principal received on investments held against bonds	158,440,067
Purchases of investments held against bonds	(211,749,443)
Purchase of investments	(23,496,500)
Purchase of DPA loans	(12,732,887)
Net cash used in investing activities	(55,324,852)
Net Increase in Cash and Cash Equivalents	180,604,292
Cash and Cash Equivalents, January 1	381,992,457
Cash and Cash Equivalents, December 31	$ 562,596,749
Cash and Cash Equivalents	
Cash	$ 285,774,611
Money market investments	276,822,138
Total cash and cash equivalents	$ 562,596,749

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Cash Flows (Continued)
Year Ended December 31, 2021

	2021
Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities:	
Change in net position	$ 9,749,064
Adjustment to reconcile change in net position to net cash provided by operating activities:	
Net decrease in fair value of investments	7,052,546
Loss on sale of investments	1,575,364
Depreciation	925,815
Amortization of bond premium/discount	(2,172,280)
Changes in operating assets and liabilities:	
Accounts and loan receivable	(112,441,980)
Accrued interest receivable	7,703
Other assets	(8,879,321)
Deferred pension costs	(589,002)
Deferred refunding costs	215,020
Unearned revenue	148,339,492
Accounts payable and other liabilities	142,762,529
Accrued interest payable	(187,067)
Net pension liability	(1,655,220)
Deferred pension revenue	1,537,267
Government advances	1,637,970
Total adjustments	178,128,836
Net cash provided by operating activities	$ 187,877,900

Note 1: Authorizing Legislation and Funds

The Indiana Housing and Community Development Authority (the Authority) was created in 1978 by an act of the Indiana Legislature (the Act). The Authority has been given numerous powers under the Act, including the power to enter into contracts and agreements, acquire, hold and convey property and issue notes and bonds, for the purpose of financing residential housing for persons and families of low and moderate incomes.

The powers of the Authority are vested by the Act in seven members who constitute the Board of Directors, four of whom are appointed by the Governor of Indiana and three of whom serve by virtue of holding other Indiana state offices. The three ex-officio members are the Lieutenant Governor, the State Treasurer, and the Public Finance Director of the State of Indiana. The Authority is considered a component unit of the State of Indiana and is discretely presented in the State's financial statements.

The Act empowers the Authority to (1) make or participate in the making of construction loans and mortgage loans to sponsors of federally assisted multi-family residential housing; (2) purchase or participate in the purchase from mortgage lenders, mortgage loans made to persons of low and moderate income for residential housing; and (3) make loans to mortgage lenders for the purpose of furnishing funds to be used for making mortgage loans to persons and families of low and moderate incomes. The Act authorizes the Authority to issue its bonds and notes to carry out its purposes, and neither the Act nor the Bond Trust Indentures establish any limitation as to the aggregate amount of obligations which the Authority may have outstanding.

The Authority's financial statements include the operations of funds that the Authority has established to achieve its purposes under powers granted to it by the Act. The financial transactions of the Authority are recorded in the funds which consist of a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses, as appropriate. The Authority's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which financial activity is controlled. The Authority's funds are described below.

General Fund

The General Fund was established by the Authority to account for all fee income and charges that are not required to be recorded in other funds and for operating expenses of the Authority.

Program Fund

The Program Fund accounts for grant and loan activity related to various federal and state programs administered by the Authority.

Single Family, Home First and Mortgage-Backed Securities Pass-Thru Funds

The Single Family, Home First and Mortgage-Backed Securities (MBS) Pass-thru funds are bond indentures which use bond proceeds to fund the Single Family Mortgage Programs (the Mortgage Programs).

The Mortgage Programs provide for the purchase of mortgage loans made to eligible borrowers for owner occupied housing, which are then securitized into GNMA, FNMA or FHLMC certificates (collectively MBS). Borrowers meeting certain income guidelines may qualify under the Authority's down payment assistance programs.

Commencing in June 1980, the Authority entered into mortgage purchase agreements with certain commercial banks, savings and loan associations and mortgage banking companies admitted to do business in the State of Indiana whereby the lenders agreed to originate mortgage loans on newly constructed and existing dwellings meeting criteria established by the Authority and to sell them to the Authority.

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

The Authority's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Authority accounts for all of its activity as a proprietary fund, which includes business-type activities that are financed in whole or in part by fees charged to external parties.

Measurement Focus and Basis of Accounting

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires estimates and assumptions that affect the reported amount of assets and liabilities and 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.

The Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of net position.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and on deposit and investments with a maturity of three months or less.

Investment Securities

The Authority reports its investments securities, including MBS, at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest income is recorded on the accrual basis. Realized gains and losses on the sale of investments are determined using the specific-identification method. Changes in the fair value of investments are reported in the statement of revenues, expenses and changes in net position.

Following is a summary of the effects of valuing investment securities at fair value on total assets and deferred outflows of resources, net position and operating income as of and for the year ended December 31, 2021:

	Total Assets and Deferred Outflows of Resources	
	Fair Value	**Cost**
General Fund	$ 143,367,263	$ 144,060,825
Program Fund	527,986,800	527,986,800
Single Family Fund	787,252,634	763,108,185
MBS Pass-thru Fund	41,724,847	37,994,690
Total assets and deferred outflows of resources	$ 1,500,331,544	$ 1,473,150,500

	Net Position	
	Fair Value	**Cost**
General Fund	$ 130,262,007	$ 130,955,569
Program Fund	153,903,262	153,903,262
Single Family Fund	195,967,801	171,823,352
MBS Pass-thru Fund	3,952,215	222,058
Total net position	$ 484,085,285	$ 456,904,241

	Operating Income	
	Fair Value	Cost
General Fund	$ 6,664,076	$ 7,096,841
Program Fund	9,411,223	9,411,223
Single Family Fund	(5,474,740)	29,753
Home First Fund	32,727	32,727
MBS Pass-thru Fund	(884,222)	231,066
Total operating income	$ 9,749,064	$ 16,801,610

Accounts and Loans Receivable

Accounts and loans receivable consist primarily of forgivable and non-forgivable loans made to sub-recipients as part of federal and state programs, forgivable loans provided to individuals for down payment assistance, and reimbursements due from other governments for amounts billed or billable for expenses incurred or services provided. The Authority considers all forgivable loans to be uncollectible and reserves the entire balances in the allowance for uncollectible loans. Any additional allowance for uncollectible accounts or loans is determined by periodic management review based upon historical losses, specific circumstances, and general economic conditions.

Interfund Accounts and Transfers

Funds are transferred from one fund to support expenses of other funds, including operating activities, bond issuances, and bond redemptions in accordance with authority established for the individual fund. To the extent that certain transactions between funds are not paid or received in the current period, net interfund receivable and payable balances are recorded on the statement of net position at the end of the year.

Capital Assets

Capital assets are stated at cost, less accumulated depreciation. The Authority capitalizes fixed asset purchases over $5,000. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from three to ten years.

Lease Assets

At the commencement of the lease term, the Authority, as lessee, recognizes a lease liability and an intangible right-to-use lease asset. The lease asset is amortized in a systematic and rational manner (straight-line method) over the shorter of the lease term or the useful life of the underlying asset.

Deferred Outflows of Resources

The Authority reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its Statement of Net Position. The deferred outflows of resources in the current year are related to pension, debt refunding costs and the accumulated decrease in the fair value of hedging derivative instruments. The deferred outflows of resources related to pension are for contributions made to the defined-benefit plan between the measurement date of the net pension liabilities from the plan and the end of the year. The debt refunding costs are being amortized over the life of the refunding bonds as a part of interest expense. In addition, deferred outflows of resources include the fair value of interest rate swap agreements (see Note 7).

Deferred Inflows of Resources

The Authority's Statement of Net Position reports a separate section for deferred inflows of resources, which is an acquisition of net position that is applicable to a future reporting period. Deferred inflows of resources are reported for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflows of resources is attributable to pension expense over a total of ten years, including the current year.

Compensated Absences

In accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated vacation and personal time is accrued when earned by the employee and the accrual is based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to workers' compensation and natural disasters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The state of Indiana self-insures workers' compensation benefits for all state employees, including Authority employees.

Unearned Revenue

Unearned revenue is reported in the financial statements. The availability period does not apply; however, amounts may not be considered earned due to eligibility requirements or other reasons. As eligibility requirements are met, the corresponding revenue is recognized.

Cost-Sharing Defined-Benefit Pension Plan

The employees of the Authority participate in the Indiana Public Retirement System (INPRS). The Authority recognizes its proportionate share of the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension and pension expense. Deferred outflows and inflows of resources represent changes in the Authority's allocated proportion from the previous year; differences between the Authority's contributions to the Plan and its proportionate share, actual Plan investment earnings and expected amounts, and expected and actual experience on the Plan included in determining pension expense; and the impact of changes in assumptions on the net pension liability, all of which are being amortized into pension expense over the average expected remaining services life, except for the differences between expected and actual investment earnings, which is amortized over five years. Deferred outflows of resources also includes contributions made to the Plan between the Plan's measurement date for the net pension liability and the end of the Authority's fiscal year.

Interest Rate Swap Agreements

The Authority uses interest rate swap agreements to protect against the potential of rising interest rates. The agreements are reported at fair value on the Statement of Net Position; however, changes in fair value are deferred until the termination or expiration of the instruments. The accumulated decrease in the fair value of the interest rate swap agreements is reported as a deferred outflows of resources.

Deferred Refunding Costs

In 2012, the Authority issued 2012 series bonds under the MBS Pass-thru Fund, the proceeds from which were used to redeem bonds with an outstanding swap agreement. As part of the swap termination upon the bond redemption, the Authority was required to pay swap termination fees of $9,114,000 to the counterparty. The Authority capitalized amounts paid in connection with the swap termination fees and is amortizing the balance ratably in proportion to 2012 series redeemed during the year. Accumulated amortization of refunding costs was $8,009,821 at December 31, 2021, and amortization expense, which is reported as part of interest expense, was $215,020 for the year then ended.

Original Issue Premiums and Discounts

Original issue premiums and discounts on bonds are amortized using a method that approximates the effective interest method over the life of the bonds to which they relate.

Net Position

The Authority's resources are classified for accounting and financial reporting purposes into the following net position categories:

- Net investment in capital assets - resources resulting from capital acquisition, net of accumulated depreciation.
- Restricted - net position subject to externally imposed stipulations as to use.
- Unrestricted - net position which are available for use of the Authority.

Use of Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

Overdraws of Section 8 Housing Assistance

HUD Notice PIH 2006-03 and subsequent interpretive guidance issued by HUD requires Section 8 voucher funds to be reported as restricted net position in the Financial Data Schedule filings. Therefore, the Authority includes Section 8 overdraws in net position as restricted.

Operating Revenues

The Authority records all revenues derived from mortgages, investment income and federal programs as operating revenues since these revenues are generated from the Authority's daily operations needed to carry out its statutory purpose.

Program Income

Program income is recognized as earned as the eligible expenses are incurred or activities are completed. Funding received in advance of being earned are recognized as unearned revenue. Program expenses are subject to audit and acceptance by the granting agency and, because of such audits, adjustments could be required.

Fee Income

Fees for Mortgage Credit Certificate and Mortgage Revenue Bond Programs are recorded as fee income in the General Fund as certificates are issued. Rental Housing Tax Credit fees are recognized as applications are submitted. The Authority also receives certain administrative fees for a federal grant program that are recorded as earned.

Bond Issuance Costs

Bond issuance costs are expensed as incurred.

Allocation of Expenses Between Funds

The Program, Single Family, Home First and MBS Pass-thru Funds provide that funds may be transferred to the General Fund for the purpose of paying reasonable and necessary program expenses.

Income Taxes

As an instrumentality of the state, the income of the Authority is exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law.

Note 3: Deposits and Investments

	General Fund	Program Fund	Single Family Fund	MBS Pass-Thru Fund	2021 Total
Current					
Cash and cash equivalents					
Unrestricted	$ 82,102,592	$ 32,433,956	$ 62,249,882	$ -	$ 176,786,430
Restricted	1,000,000	264,451,817	120,301,360	57,142	385,810,319
Total current cash and cash equivalents	83,102,592	296,885,773	182,551,242	57,142	562,596,749
Noncurrent Assets					
Investments					
Unrestricted	43,267,418	-	43,076,075	-	86,343,493
Restricted	-	-	22,322,766	-	22,322,766
Investments held against bonds	-	-	521,847,256	40,457,996	562,305,252
Total noncurrent investments	43,267,418	-	587,246,097	40,457,996	670,971,511
Total cash, cash equivalents, and investments	$ 126,370,010	$ 296,885,773	$ 769,797,339	$ 40,515,138	$ 1,233,568,260

Cash, cash equivalents and investments held by the Authority as of December 31, 2021 were as follows:

	Fair Value	Cost
Deposits		
Cash	$ 285,774,611	$ 285,774,611
Money market mutual funds	276,822,138	276,822,138
Investments		
Federal agency obligations	108,666,260	111,171,654
Federal agency obligations held against bonds	562,305,251	532,618,813
Total cash, cash equivalents and investments	$ 1,233,568,260	$ 1,206,387,216

Investment Policy

General

Indiana Code 5-20-1 authorizes the Authority to invest in obligations of the United States or any of its component states, or their agencies or instrumentalities and such other obligors as may be permitted under the terms of any resolution authorizing the issuance of the Authority's obligations.

Indentures

The Bond Indentures permit investments in the direct obligations of, or obligations guaranteed by, the United States or any of its component states, obligations issued by certain agencies of the Federal government, and investments collateralized by those types of investments. At December 31, 2021, all investments held by the Authority were in compliance with the requirements of the Indentures.

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rate. The Authority's investment policy does not restrict investment maturities. As of December 31, 2021, the Authority had the following investments and maturities (in thousands):

		Investment Maturities (in Years)			
	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
Money market mutual funds	$ 276,822	$ 276,822	$ -	$ -	$ -
Federal agency obligations	108,666	108	47,197	54,185	7,176
Federal agency obligations held against bonds	562,305	-	860	2,209	559,236
	$ 947,793	$ 276,930	$ 48,057	$ 56,394	$ 566,412

Custodial Credit Risk

Custodial credit risk is the risk that the Authority will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party if the counterparty fails. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty of the counterparty's trust department or agent but not in the Authority's name. As of December 31, 2021, the Authority had not entered into any agreements subject to this paragraph.

In 1937, the State created the Public Deposit Insurance Fund (PDIF) to protect the public funds of the state and its political subdivisions deposited in approved financial institutions. The PDIF insures those public funds deposited in approved financial institutions, which exceed the limits of coverage provided by any federal deposit insurance. As of December 31, 2021, all of the Authority's cash was deposited in approved financial institutions.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority's policy for credit risk requires compliance with the provisions of Indiana statutes. The following table provides information on the credit ratings associated with the Authority's investments in debt securities:

	S&P	Fitch	Moody's	Fair Value
Money market mutual funds	AAAm	AAAmmf	Aaa-mf	$ 276,822,138
Federal agency obligations	AA+	AAA	Aaa	108,666,260
Federal agency obligations held against bonds	AA+	AAA	Aaa	562,305,251
				$ 947,793,649

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one issuer. The following table shows investments in issuers that represent five percent or more of total investments.

Investment	Fair Value
Ginnie Mae	57.8%
Blackrock Federal Fund Institutional Money Market	11.4%
Dreyfus Government Cash Management Institutional Money Market	9.8%
Small Business Administration	5.6%

Note 4: Accounts and Loans Receivable

Accounts and loans receivable at December 31, 2021, were as follows:

General Fund:	
Loans provided to sub-recipients of certain programs	$ 40,163
Next Home ownership mortgage down payment assistance loans	13,797,317
Accounts receivable	783,905
Mortgage loans	37,808
FSSA receivable - Emergency Housing Disaster Relief Fund	342,720
	15,001,913
Less: allowance for uncollectible loans	(13,846,143)
	1,155,770
Current	(1,117,962)
Noncurrent	$ 37,808

(Continued)

Single Family Fund	
Down payment assistance loans	$ 17,658,845
Less: allowance for uncollectible loans	(882,942)
Noncurrent	$ 16,775,903
Program Fund:	
Reimbursements due from other governments	$ 129,907,665
Section 1602 tax credit exchange program loans	74,858,790
Tax credit assistance program loans	191,203
Rural rental housing loans	1,434,321
Home investment partnership program loans	18,105,316
Community development block grant loans	15,296,268
Development fund loans	67,504,393
Hardest hit fund loans	167,868,730
	475,166,686
Less: allowance for uncollectible loans	(246,460,321)
	228,706,365
Current	(130,567,914)
Noncurrent	$ 98,138,451

The section 1602 Tax Credit Exchange Program loans, the Hardest Hit Fund loans, and the Next Home Ownership Mortgage Down Payment Assistance (DPA) loans are forgivable, as long as borrowers comply with the provisions of the related agreements. Therefore, these loans are included in the allowance for uncollectible loans. Additionally, the Authority creates allowances for accounts and loans receivable to correspond with their perceived collectability. The General Fund provides the up-front funding for the DPA loans initially, but the cash is reimbursed through the sale of the related securitized loans.

Note 5: Capital and Lease Assets

Capital assets activity for the year ended December 31, 2021 was:

	January 1, 2021	Additions	Disposals	December 31, 2021
Computer software	$ 7,621,445	$ 9,520	$ -	$ 7,630,965
Computer hardware	1,135,048	-	-	1,135,048
Furniture and equipment	-	10,758	-	10,758
	8,756,493	20,278	-	8,776,771
Less accumulated depreciation	(7,833,913)	(308,423)	-	(8,142,336)
Capital assets, net	$ 922,580	$ (288,145)	$ -	$ 634,435

Lease assets activity for the year ended December 31, 2021 was:

	January 1, 2021	Additions	Disposals	December 31, 2021
Building	$ 5,409,827	$ -	$ -	$ 5,409,827
Furniture and equipment	585,587	-	-	585,587
	5,995,414	-	-	5,995,414
Less accumulated amortization	(617,392)	(617,392)	-	(1,234,784)
Leased assets, net	$ 5,378,022	$ (617,392)	$ -	$ 4,760,630

Note 6: Bonds Payable

Bonds payable at December 31, 2021, consist of (dollars in thousands):

Single Family Fund	Original Amount	Balance
2016 Series A-1		
Serial bonds (2.20% to 2.35%), due 2025 - 2026	$ 8,220	$ 3,000
Term bonds (2.85%), due 2031	14,735	1,480
	22,955	4,480
2016 Series A-2		
Serial bonds (1.95% to 2.50%), due 2022 - 2025	23,565	11,345
PAC bonds (3.50%), due 2038	25,990	7,795
	49,555	19,140
2017 Series A-1		
Term bonds (2.60%), due 2026	7,355	5,755
	7,355	5,755
2017 Series A-2		
PAC bonds (4.00%), due 2039	14,070	5,295
	14,070	5,295
2017 Series B-1		
Serial bonds (1.70% to 2.75%), due 2022 - 2028	15,210	10,830
	15,210	10,830
2017 Series B-2		
PAC bonds (4.00%), due 2038	15,740	7,755
	15,740	7,755
2017 Series B-3		
Term bonds (variable), due 2047	17,000	17,000
Term bonds (variable), due 2047	6,000	6,000
	23,000	23,000

Single Family Fund (Continued)	Original Amount	Balance
2017 Series C-1		
Serial bonds (2.35% to 2.85%), due 2024 - 2027	$ 7,355	$ 5,555
	7,355	5,555
2017 Series C-2		
Serial bonds (2.30% to 2.50%), due 2022 - 2024	7,465	3,530
PAC bonds (4.00%), due 2037	12,530	5,620
	19,995	9,150
2017 Series C-3		
Term bonds (variable), due 2037	20,705	20,705
	20,705	20,705
2018 Series A		
Serial bonds (2.05% to 2.60%), due 2022 - 2025	14,480	4,575
PAC bonds (4.00%), due 2048	20,590	15,955
	35,070	20,530
2019 Series A		
Serial bonds (1.95% to 2.45%), due 2022 - 2025	11,165	3,735
PAC bonds (4.25%), due 2048	15,990	13,755
	27,155	17,490
2019 Series B		
Serial bonds (1.20% to 2.25%), due 2022 - 2032	16,240	14,640
Term bonds (2.40%), due 2034	3,420	3,420
Term bonds (2.65%), due 2039	9,835	6,220
PAC bonds (3.50%), due 2049	17,845	16,350
	47,340	40,630
2020 Series A:		
Serial bonds (1.125% to 5.00%), due 2022 - 2032	18,545	17,145
Term bonds (2.55%), due 2035	6,060	6,060
PAC bonds (3.75%), due 2049	20,485	19,570
	45,090	42,775
2020 Series B:		
Serial bonds (1.15% to 5.00%), due 2025 - 2032	31,315	31,315
Serial bonds (5.00%), due 2022 - 2025	12,715	10,670
Term bonds (1.95%), due 2035	14,850	14,850
Term bonds (2.05%), due 2039	21,355	2,870
PAC bonds (3.25%), due 2049	32,980	30,265
	113,215	89,970

Single Family Fund (Continued)	Original Amount	Balance
2021 Series A:		
Serial bonds (1.35% to 5.00%), due 2022 - 2033	$ 16,300	$ 16,300
Term bonds (1.90%), due 2036	5,160	5,160
Term bonds (2.05%), due 2041	9,825	9,825
Term bonds (2.15%), due 2045	6,745	6,745
PAC bonds (3.00%), due 2051	17,915	17,850
	55,945	55,880
2021 Series B:		
Serial bonds (1.30% to 5.00%), due 2022 - 2033	32,625	32,625
Term bonds (1.90%), due 2036	10,690	10,690
Term bonds (2.13%), due 2041	22,685	22,685
PAC bonds (3.00%), due 2050	33,205	33,205
	99,205	99,205
2021 Series C-1:		
Serial bonds (1.95% to 5.00%), due 2027 - 2033	12,940	12,940
Term bonds (2.20%), due 2036	11,460	11,460
Term bonds (2.40%), due 2041	12,745	12,745
Term bonds (2.55%), due 2044	5,135	5,135
PAC bonds (3.00%), due 2049	27,010	27,010
	69,290	69,290
2021 Series C-2:		
Serial bonds (0.30% to 1.15%), due 2022 - 2026	6,710	6,710
	6,710	6,710
Total Single Family Fund	$ 694,960	$ 554,145

MBS Pass-thru Fund	Original Amount	Balance
2012 Series 1		
Term bonds (3.029%), due 2038	$ 73,532	$ 9,148
2013 Series 1		
Taxable term bonds (3.027%), due 2041	62,674	12,364
2013 Series 2		
Taxable term bonds (4.038%), due 2036	51,839	10,010
2014 Series 1		
Taxable term bonds (4.050%), due 2038	28,667	5,205
Total MBS Pass-Thru Fund	$ 216,712	$ 36,727
Total Bonds Payable	$ 911,672	$ 590,872

The Single Family, Home First and MBS Pass-thru bonds are special obligations of the Authority. The bonds are payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures.

The 2017 Series B-3 bond and 2017 Series C-3 bond mature on July 1, 2047, and the interest rate is the E-Pro Daily rate (0.08% at December 31, 2021).

The following are the scheduled amounts of principal and interest payments on bond payable obligations in the five years subsequent to December 31, 2021 and thereafter (all amounts in thousands). The Authority typically has significant prepayments of principal amounts and, therefore, does not expect to make all interest payments in their scheduled amounts.

	Single Family Fund		MBS Pass-thru Fund		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 18,165	$ 15,029	$ -	$ 1,266	$ 18,165	$ 16,295
2023	20,175	15,349	-	1,266	20,175	16,615
2024	20,950	14,739	-	1,266	20,950	16,005
2025	21,075	14,105	-	1,266	21,075	15,371
2026	16,955	13,448	-	1,266	16,955	14,714
2027 - 2031	73,030	60,028	-	6,332	73,030	66,360
2032 - 2036	94,640	51,042	10,010	6,197	104,650	57,239
2037 - 2041	88,680	39,338	26,717	2,544	115,397	41,882
2042 - 2046	111,105	25,646	-	-	111,105	25,646
2047 - 2051	86,135	6,022	-	-	86,135	6,022
2052	3,235	49	-	-	3,235	49
	554,145	254,795	36,727	21,403	590,872	276,198
Original issue premium	28,430	-	940	-	29,370	-
	$ 582,575	$ 254,795	$ 37,667	$ 21,403	$ 620,242	$ 276,198

The summary of bonds payable as of December 31, 2021 was as follows:

Interest Rate Ranges	Maturity Range	Payment Range of Principal	Total
0.3 - 5.0%	2022 - 2052	$3,235 - $31,193	$ 590,872

Changes in Obligations

The following are changes in noncurrent liabilities of the Authority for the year ended December 31, 2021 (dollars in thousands):

	January 1, 2021	Additions	Reductions	December 31, 2021	Due Within One Year	Due Thereafter
Bonds payable	$ 556,512,638	$ 231,150,000	$ 196,790,618	$ 590,872,020	$ 18,165,000	$ 572,707,020
Premium	17,335,947	14,205,995	2,172,279	29,369,663	-	29,369,663
Note payable	1,619,401	-	73,875	1,545,526	-	1,545,526
Net pension liability	3,091,072	1,168,324	2,823,544	1,435,852	-	1,435,852
Lease liability	5,581,509	-	419,981	5,161,528	454,093	4,707,435
Government advances	32,385,566	2,376,574	738,604	34,023,536	621,952	33,401,584
Total long-term obligations	$ 616,526,133	$ 248,900,893	$ 203,018,901	$ 662,408,125	$ 19,241,045	$ 643,167,080

Due to the nature of the net pension liability, which cannot be classified into the amounts due within one year, is included in due thereafter, and as such the related balance is reflected as a long-term obligation above.

The Single Family are subject to optional redemption provisions at various dates at 100 percent of the principal amount, extraordinary optional redemption at par from unexpended or uncommitted funds, prepayments of mortgage loans and proportionate amounts in certain related accounts or excess revenues. The Authority redeemed $196,790,618 of bonds in 2021 from mortgage loan payments and prepayments. The bond redemptions resulted in write-offs of unamortized discount related to the redeemed bonds.

Conduit Debt Obligations

The Authority is authorized by law to issue conduit revenue bonds for the purpose of financing residential housing for persons and families of low and moderate income. Except as described below, the Authority’s revenue bonds are payable solely from revenues of the Authority specifically pledged thereto. The bonds are not, in any respect, a general obligation of the Authority, nor are they payable in any manner from revenues raised by the Authority.

The Authority has issued debt obligations on behalf of certain 501(c) (3) organizations (the Debtors) for the purpose of acquiring and rehabilitating facilities for housing persons of low and moderate income. These bonds and the interest thereof do not constitute a debt or liability of the Authority, but are special obligations between investors and the Debtors payable solely from the payments received by the trustee under the loan agreements and meet the definition of conduit debt in GASB Interpretation No. 2, *Disclosure of Conduit Debt Obligations*. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2021, the Authority had outstanding conduit debt of $232,359,087.

Note 7: Interest Rate Swap Agreements - Hedging Derivative Instruments

The Authority entered into swap agreements with Bank of New York Mellon. The objective of the swap agreements is to create, with respect to the 2017 Series B-3 Bonds in an amount totaling $17,250,000, and the 2017 Series C-3 Bonds in an amount totaling $15,525,000 an approximately fixed rate net obligation. Payments made to the Counterparty by the Authority under this swap agreement are made semi-annually, on the basis of a notional principal amount and a fixed interest rate of 2.420% for 2017 Series B-3 and 2.495% for 2017 Series C-3. Payments received by the Authority from the Counterparty under the swap agreement bear interest at a variable rate calculated by reference to the 3-Month LIBOR Swap Index.

Objective of the Swap: The Authority entered the pay-fixed, receive-variable interest rate swap agreements as a strategy to maintain acceptable levels of exposure to the risk of future changes in the interest rate related to the existing variable rate debt. The primary intention of the swap agreements is to effectively convert the Authority's variable interest rates on its long-term debt to synthetic fixed rates.

Terms, Fair Value and Credit Risk: The terms, including, the fair value and credit rating of the outstanding swaps as of December 31, 2021, are as follows:

Bond Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating S&P/Moody's/Fitch
2017 Series B-3	$ 17,250,000	1/1/2018	2.420%	70% 3 M LIBOR	$ (691,116)	7/1/2047	AA-/Aa2/AA
2017 Series C-3	15,525,000	7/1/2018	2.495%	70% 3 M LIBOR	(859,202)	7/1/2047	AA-/Aa2/AA
				Total	$ (1,550,318)		

The Authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions of the associated bonds.

Fair Value: The fair values of the swap agreements are based upon a third party's discounted cash flow methodology pursuant to the guidance set forth in GASB No. 72, *Fair Value Measurement and Application*. These discounted cash flows consider the net present value of the future scheduled payments from each leg of the swap. For the floating leg of the swap, future coupon rates are estimated based on forward rates derived from the relevant interest rate swap yield curve date (e.g., LIBOR, SIFMA, etc.) as of the valuation date. The present value discounted factors applied to each future scheduled payment is determined by the LIBOR, or Overnight Index Swap, curve data using the zero-coupon method. A credit valuation adjustment is applied, which quantifies the nonperformance risk of both reporting entity as well as the counterparty.

The fair values of the swap agreements are classified as a noncurrent liability on the statement of net position of $1,550,318 as of December 31, 2021. As the swap agreements are effective hedging instruments, the offsetting balance is reflected as a deferred outflow of resources on the Authority's balance sheet at December 31, 2021 of $1,550,318.

Credit Risk: The fair value of each of the swap agreements represents the Authority's credit exposure to the counterparties as of December 31, 2021. Should the counterparties to these transactions fail to perform according to the terms of the swap agreements, the Authority has a maximum possible loss equivalent to the fair value at that date. As of December 31, 2021, the Authority was exposed to credit risk because the swap had a positive fair value. The Authority's exposure to credit risk is in the amount of the derivative instrument's fair value. If the credit ratings fall below the agreed upon threshold, the fair value of the swaps is to be fully collateralized with eligible securities (as defined in the Master Agreement) to be held by a third-party custodian on behalf of the Authority.

Basis Risk: The swap agreements expose the Authority to basis risk should the relationship between LIBOR and the e-PRO rate set by the Authority's lender change in a manner adverse to the Authority. If an adverse change occurs in the relationship between these rates, the expected cost savings may not be realized.

Termination Risk: The Authority or the Counterparty may terminate the swap agreement if the other party fails to perform under the terms of the contract. If the swap agreement is terminated, the associated floating-rate bonds would no longer carry synthetic interest rates. Also, if at the time of the termination the fair value of the swap agreement is not positive, the Authority would be liable to the Counterparty for a payment equal to the swap agreement's fair value.

Rollover Risk: The Authority is exposed to rollover risk if the swap agreement matures or is terminated prior to the maturity of the associated debt. When the swap agreement terminates, the Authority will not realize the synthetic rate offered by the swap agreement on the underlying debt issue.

Swap Payments and Associated Debt: As of December 31, 2021, debt service requirements of the Authority's hedged outstanding variable rate debt and net swap payments (assuming current interest rates remain the same for their term and bonds are called as the swap amortizes) are as follows:

	Principal	Interest	Net Swap Payments	Total
2022	$ -	$ 26,220	$ 767,704	$ 793,924
2023	-	26,220	767,704	793,924
2024	-	26,220	767,704	793,924
2025	-	26,220	767,704	793,924
2026	-	26,220	767,704	793,924
2027 - 2031	-	131,100	3,838,518	3,969,618
2032 - 2036	-	131,100	3,838,518	3,969,618
2037 - 2041	13,370,000	105,346	3,079,238	16,554,584
2042 - 2046	14,310,000	47,092	1,373,739	15,730,831
2047	5,095,000	1,400	40,622	5,137,022
Total	$ 32,775,000	$ 547,138	$ 16,009,155	$ 49,331,293

Note 8: Fair Value Measurements

The Authority has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy as part of the implementation of GASB Statement No. 72. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2 Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Authority makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by the Authority for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2021.

Money Market Fund Shares**:** Valued at the published net asset value (NAV), as reported by each fund, of the shares held by the Authority at the reporting date. These funds are deemed to be actively traded.

Federal Agency Obligations**:** Valued using pricing models maximizing the use of observable inputs for similar securities.

Interest Rate Swaps**:** Valued by a third-party using models which include assumptions about the USD-SIFMA interest rate at the reporting date. The Authority uses the fair value provided by the third-party without adjustment. See Note 7.

For those assets and liabilities measured at fair value, management determines the fair value measurement policies. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Authority's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of these assets and liabilities could result in a different fair value measurement at the reporting date.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Authority's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2021:

	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Money market mutual funds	$ 276,822,138	$ 276,822,138	$ -	$ -
Federal agency obligations	670,971,511	-	670,971,511	-
Total investments measured at fair value	$ 947,793,649	$ 276,822,138	$ 670,971,511	$ -
Hedging Derivative Instruments				
Interest rate swaps	$ 1,550,318	$ -	$ -	$ 1,550,318

Note 9: Lease Liability

The Authority leases furniture and office space, the terms of which expire in various years through 2031. The furniture lease accrues interest at 6.19%. Due to the adoption of GASB No. 87, the Authority added the building lease as a second lease asset. The building lease accrues interest at 5.75%.

Future principal and interest requirements to maturity for the lease liability as of December 31, 2021 are:

	Principal	Interest	Total
2022	$ 454,093	$ 285,500	$ 739,593
2023	442,982	258,458	701,440
2024	410,049	234,530	644,579
2025	443,116	210,090	653,206
2026	478,124	183,698	661,822
2027 - 2031	2,933,164	445,833	3,378,997
	$ 5,161,528	$ 1,618,109	$ 6,779,637

Note 10: Retirement Plan

Plan Description

The Authority contributed to the Public Employees' Retirement Fund (PERF), which is administered by INPRS as a cost-sharing, multiple-employer defined benefit pension plan. PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. The fund provides supplemental retirement benefits to Public Employees' Defined Benefit Account (PERF DB) members and serves as the primary retirement benefit for the My Choice: Retirement Savings Plan for Public Employees (My Choice Plan) members.

New employees hired by the State or a participating political subdivision have a one-time election to join either the Public Employees' Hybrid Plan (PERF Hybrid Plan) or the My Choice Plan, which is covered in the Defined Contributions section below. A new hire that is an existing member of PERF Hybrid Plan and was not given the option for My Choice is given the option to elect My Choice Plan or remain in PERF Hybrid Plan. The PERF Hybrid Plan consists of two components: PERF DB, the employer-funded monthly defined-benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined-contribution component.

Effective January 1, 2018, funds previously known as annuity savings accounts (which were reported within defined-benefit funds) were re-categorized as defined contribution funds based on Internal Revenue Private Letter Rulings PLR-193-2016 and PLR-110249-18. PERF Defined Contribution member balances (previously known as annuity savings accounts) reported within PERF DB were transferred to the appropriate defined-contribution fund as of January 1, 2018.

Retirement Benefits - Defined Benefit Pension

A member who has reached age 65 and has at least ten years of creditable service, or eight years for certain elected officials, is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position, or only four quarters for an elected official. All 20 calendar quarters do not need to be continuous, but they must be in groups of four consecutive calendar quarters. The same calendar quarter may not be included in two different groups. Member contributions paid by the employer on behalf of the member and severance pay up to $2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member’s lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an “ad hoc” basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2021; however, there was an adjustment of 1.00% on January 1, 2022.

The PERF Plan also provides disability and survivor benefits. A member who has at least five years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers’ compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is $180 per month, or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

Retirement Benefits - Defined Contribution Pension

The My Choice Plan is a multiple employer defined contribution pension plan that serves as the primary retirement benefit for the My Choice: Retirement Savings Plan for Public Employees (My Choice) members. New employees hired have a one-time election to join either the PERF Hybrid Plan or My Choice Plan, which both include defined-contribution funds.

The Public Employees’ Hybrid Members Defined Contribution Account (PERF Hybrid DC) is the defined-contribution component of the Public Employees’ Hybrid Plan. The Public Employees’ Defined Benefit Account is the other component of the Public Employees’ Hybrid Plan. Member contributions are set by statute at three percent of compensation, and the employer may choose to make these contributions on behalf of the member. Members are 100 percent vested in their account balance, which includes all contributions and earnings.

My Choice: Retirement Savings Plan for Public Employees (My Choice) is for members who are full-time employees of the State of Indiana or a participating political subdivision that elected to become members of My Choice. Member contributions are set by statute at three percent of compensation, plus these members may receive additional employer contributions in lieu of the Public Employees' Defined Benefit Account. The Authority does not currently offer My Choice to any of its employees. Members are 100 percent vested in all member contributions and vest in employer contributions in increments of 20% for each full year of service until 100% is reached at 5 years.

Investments are self-directed, members may make changes daily, and investments are reported at fair value. Market risk is assumed by the member, and the member may choose among the following eight investment options with varying degrees of risk and return potential: Stable Value Fund, Large Cap Equity Index Fund, Small/Mid Cap Equity Fund, International Equity Fund, Fixed Income Fund, Inflation-Linked Fixed Income Fund, Target Date Funds, and Money Market Fund.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at http://www.inprs.in.gov/.

Significant Actuarial Assumptions

The total pension liability is determined by INPRS actuaries as part of their annual actuarial valuation for each defined-benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

Asset valuation date:	June 30, 2021
Liability valuation date and method:	June 30, 2020 - Member census data as of June 30, 2020 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2020 and June 30, 2021. Standard actuarial roll forward techniques were then used to project the liability computed as of June 30, 2020 to the June 30, 2021 measurement date.
Actuarial cost method:	Entry age normal - level percent of payroll
Experience study date:	Period of five years ended June 30, 2019
Investment rate of return:	6.25%
Cost of living adjustment:	Members were granted a 1.00% adjustment on January 1, 2022 and no adjustment on January 1, 2023. Thereafter, varies per year as follows: 2024 through 2033 - 0.40%, 2034 through 2038 - 0.50%, and 2039 and on - 0.60%.
Projected salary increases:	2.65% - 8.65%
Inflation:	2.00%

The long-term return expectation for the defined-benefit retirement plan has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted-average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	20.0%	3.6%
Private equity	15.0%	7.3%
Fixed income - ex inflation linked	20.0%	1.5%
Fixed income - inflation linked	15.0%	-0.3%
Commodities	10.0%	0.8%
Real estate	10.0%	4.2%
Absolute return	5.0%	2.5%
Risk parity	20.0%	4.4%
Leverage Offset	-15.0%	-1.4%
	100%	

Total pension liability for the Plan was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for the Plan.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of the Plan calculated using the discount rate of 6.75 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
$ 3,755,385	$ 1,435,852	$ (498,944)

Investment Valuation and Benefit Payment Policies

The pooled and nonpooled investments are reported at fair value by INPRS.

Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest from inactive, nonvested members' annuity savings accounts may be requested by members or auto-distributed by the fund when certain criteria are met.

Funding Policy

The State is obligated by statute to make contributions to the PERF Hybrid Plan or the My Choice Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the Plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During the fiscal year ended June 30, 2021, all participating employers were required to contribute 11.2% of covered payroll for members employed by the State. For the My Choice Plan, all participating employers were required to contribute a supplemental 7.1%.

In October 2018, the funding policy was restated to incorporate changes up to that point, and additional edits were made to clarify current practice. In addition, 2018 SEA 373 introduced a new funding mechanism for postretirement benefit increases and restated the actuarially determined contribution. As a result, the funding policy was updated to be in compliance with the new statute.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the Authority reported a liability of $1,435,852 for its proportionate share of the net pension liability. The Authority's proportionate share of the net pension liability was based on the Authority's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2021 measurement date was 0.0010912.

For the year ended December 31, 2021, the Authority recognized pension income of $9,230, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of $114,738. At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 49,110	$ 28,670
Net difference between projected and actual earnings on pension plan investments	-	1,864,324
Changes in assumptions	722,244	322,520
Changes in proportion and differences between the Authority's contributions and proportionate share contributions	207,606	7,305
Authority's contributions subsequent to the measurement date	373,630	-
Total	$ 1,352,590	$ 2,222,819

The Authority reported $373,630 as deferred outflows of resources that will be recognized as a reduction of the net pension liability for the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

2022	$ (299,351)
2023	(262,680)
2024	(148,914)
2025	(532,914)
Total future minimum payments	$ (1,243,859)

Note 11: Commitments and Contingencies

Litigation

The Authority is subject to various claims which arise primarily in the ordinary course of conducting its business. In management's opinion, the ultimate resolution of such matters will not have a material adverse effect on the Authority's financial position or its results of operations.

Investments

The Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of net position.

Excess Investment Earnings

In order to preserve the exemption of federal and state income taxation on interest received by the bond holders, each bond issue is subject to certain Internal Revenue Code (IRC) and U.S. Treasury Regulations for arbitrage. Under these regulations, the Authority is required to pay the Federal government any excess earnings as defined by IRC Section 148(f) on all non-purpose investments if such investments were invested at a rate greater than the yield on the bond issue.

COVID-19

The COVID-19 Pandemic continues to impact the nation and the State. At this time the Authority cannot predict 1) the duration or extent of the COVID-19 Pandemic or any other outbreak emergency; 2) the duration or expansion of any foreclosure or eviction moratorium affecting the Servicer's ability to foreclose and collect on delinquent mortgage loans; 3) the number of mortgage loans that will be in forbearance or default as a result of the COVID-19 Pandemic and subsequent federal, state and local responses thereto, including the American Rescue Plan Act; 4) whether and to what extent the COVID-19 Pandemic or other outbreak or emergency may disrupt the local or global economy, real estate markets, manufacturing, or supply chain, or whether any such disruption may adversely impact the Authority or its operations; 5) whether or to what extent the Authority or other government agencies may provide additional deferrals, forbearances, adjustments, or other changes to payments on mortgage loans; or 6) the effect of the COVID-19 Pandemic on the State budget, or whether any such effect may adversely impact the Authority or its operations. However, the continuation of the COVID-19 Pandemic and the resulting containment and mitigation efforts could have economic uncertainties arise which may negatively affect the financial position, results of operations and cash flows for the Authority, including the reduction of overall investment position. The duration of these uncertainties and the ultimate financial effects continue to not be reasonably estimated at this time.

Note 12: Subsequent Events

Debt Issuance

On January 26, 2022, the Authority issued $85,570,000 of Indiana Housing and Community Development Authority Single Family Mortgage Revenue Bonds, 2022 Series A (2022 Series A Bonds). The 2022 Series A Bonds include serial bonds maturing through 2034, and term bonds, which mature in 2037, 2042, 2045 and PAC bonds due 2052. The 2021 Series A Bonds bear interest at rates ranging from 2.00% to 5.00%.

REQUIRED SUPPLEMENTARY INFORMATION

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Indiana Public Employee's Retirement Fund (PERF)
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability	0.10912%	0.10234%	0.10232%	0.09831%	0.09670%	0.10992%	0.09270%	0.09168%	0.06410%
Authority's proportionate share of the net pension liability	$ 1,435,852	$ 3,091,072	$ 3,381,471	$ 3,339,635	$ 4,314,313	$ 4,988,658	$ 3,775,580	$ 2,409,291	$ 2,195,476
Authority's covered payroll	$ 6,016,439	$ 5,524,718	$ 5,330,879	$ 5,016,583	$ 4,797,552	$ 5,268,120	$ 4,440,142	$ 4,476,208	$ 3,997,291
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	23.9%	55.9%	63.4%	66.6%	89.9%	94.7%	85.0%	53.8%	54.9%
Plan fiduciary net position as a percentage of the total pension liability (a)	92.5%	81.4%	80.1%	78.9%	72.7%	71.2%	73.3%	81.1%	74.3%

(a) 2013 - 2017 were adjusted to reflect defined benefit activity only due to split of the defined benefit/contribution plan effective January 1, 2018.

* The amounts presented for each fiscal year were determined as of June 30. Ten years of information is required to be disclosed and will be added as the information becomes available.

Notes to Schedule:

Benefit changes: House Enrolled Act No. 1001 was passed in April 2021 and granted a 1.00% cost-of-living adjustment effective January 1, 2022 to be paid from the Supplemental Reserve Account. No supplemental benefits were granted for fiscal year 2023.

Changes of assumption: As a result of the Asset-Liability work completed and discussed at the May 7, 2021 Board meeting, the Board made portfolio revisions and adopted a new set of economic assumptions for the June 30, 2021 actuarial valuations as follows:

- The investment return assumption was lowered from 6.75% (as of June 30, 2020) to 6.25%.
- Price inflation was lowered from 2.25% (as of June 30, 2020) to 2.00%.
- General wage inflation was lowered from 2.75% (as of June 30, 2020) to 2.65%.

Legislation granted a 1.00% cost-of-living adjustment effective January 1, 2022 to be paid from the Supplemental Reserve Account. No supplemental benefits were granted for fiscal year 2023. This replaces COLA assumption of 0.4% for fiscal years 2022 and 2023 but does not change the assumption of future years.

Changes in actuarial methods: No changes.

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)
Required Supplementary Information
Schedule of the Authority's Contributions
Indiana Public Employee's Retirement Fund (PERF)
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 697,724	$ 636,878	$ 632,393	$ 588,395	$ 538,661	$ 528,036	$ 475,408	$ 508,439
Contributions in relation to the contractually required contribution	697,724	636,878	632,393	588,395	538,661	528,036	475,408	508,439
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 6,247,065	$ 5,686,451	$ 5,646,363	$ 5,253,524	$ 4,809,471	$ 4,719,016	$ 4,244,707	$ 4,664,251
Contributions as a percentage of covered payroll	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	10.9%

* The amounts presented for each fiscal year were determined as of December 31. Ten years of information is required to be disclosed and will be added as the information becomes available.

Notes to Schedule:

Benefit changes: House Enrolled Act No. 1001 was passed in April 2021 and granted a 1.00% cost-of-living adjustment effective January 1, 2022 to be paid from the Supplemental Reserve Account. No supplemental benefits were granted for fiscal year 2023.

Changes of assumption: As a result of the Asset-Liability work completed and discussed at the May 7, 2021 Board meeting, the Board made portfolio revisions and adopted a new set of economic assumptions for the June 30, 2021 actuarial valuations as follows:

- The investment return assumption was lowered from 6.75% (as of June 30, 2020) to 6.25%.
- Price inflation was lowered from 2.25% (as of June 30, 2020) to 2.00%.
- General wage inflation was lowered from 2.75% (as of June 30, 2020) to 2.65%.

Legislation granted a 1.00% cost-of-living adjustment effective January 1, 2022 to be paid from the Supplemental Reserve Account. No supplemental benefits were granted for fiscal year 2023. This replaces COLA assumption of 0.4% for fiscal years 2022 and 2023 but does not change the assumption of future years.

Changes in actuarial methods: No changes.

SUPPLEMENTARY INFORMATION

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Supplementary Information
Combining Schedule of Net Position
December 31, 2021

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2021 Total
Assets and Deferred Outflows of Resources						
Current Assets						
Cash and cash equivalents						
Unrestricted	$ 82,102,592	$ 32,433,956	$ 62,249,882	$ -	$ -	$ 176,786,430
Restricted	1,000,000	264,451,817	120,301,360	-	57,142	385,810,319
Accrued interest receivable						
Investments	100,755	-	172,410	-	-	273,165
Investments held against bonds	-	-	1,369,871	-	105,530	1,475,401
Accounts and loans receivable, net	1,117,962	130,567,914	-	-	-	131,685,876
Other assets	-	8,974,528	-	-	-	8,974,528
Total current assets	84,321,309	436,428,215	184,093,523	-	162,672	705,005,719
Noncurrent Assets						
Investments						
Unrestricted	43,267,418	-	43,076,075	-	-	86,343,493
Restricted	-	-	22,322,766	-	-	22,322,766
Investments held against bonds	-	-	521,847,256	-	40,457,996	562,305,252
Accounts and loans receivable, net	37,808	98,138,451	16,775,903	-	-	114,952,162
Capital assets, at cost, less accumulated depreciation	586,881	47,554	-	-	-	634,435
Leased assets, less accumulated depreciation	4,760,630	-	-	-	-	4,760,630
Interfund accounts	9,040,627	(6,627,420)	(2,413,207)	-	-	-
Total noncurrent assets	57,693,364	91,558,585	601,608,793	-	40,457,996	791,318,738
Total assets	142,014,673	527,986,800	785,702,316	-	40,620,668	1,496,324,457
Deferred Outflows of Resources						
Pension-related	1,352,590	-	-	-	-	1,352,590
Accumulated decrease in fair value of derivative	-	-	1,550,318	-	-	1,550,318
Deferred refunding costs	-	-	-	-	1,104,179	1,104,179
Total deferred outflows of resources	1,352,590	-	1,550,318	-	1,104,179	4,007,087
Total assets and deferred outflows of resources	$ 143,367,263	$ 527,986,800	$ 787,252,634	$ -	$ 41,724,847	$ 1,500,331,544
Liabilities, Deferred Inflows of Resources and Net Positions						
Current Liabilities						
Bonds payable	$ -	$ -	$ 18,165,000	$ -	$ -	$ 18,165,000
Accrued interest payable	-	-	6,710,756	-	105,530	6,816,286
Unearned revenue	46,000	187,760,345	-	-	-	187,806,345
Government advances	-	621,952	-	-	-	621,952
Capital lease liability	454,093	-	-	-	-	454,093
Accounts payable and other liabilities	4,239,057	150,754,131	449,178	-	-	155,442,366
Total current liabilities	4,739,150	339,136,428	25,324,934	-	105,530	369,306,042
Noncurrent Liabilities						
Bonds payable	-	-	535,980,000	-	36,727,020	572,707,020
Original issue premium	-	-	28,429,581	-	940,082	29,369,663
Bonds payable, net	-	-	564,409,581	-	37,667,102	602,076,683
Notes payable	-	1,545,526	-	-	-	1,545,526
Derivative instrument - interest rate swap agreements	-	-	1,550,318	-	-	1,550,318
Pension liability	1,435,852	-	-	-	-	1,435,852
Government advances	-	33,401,584	-	-	-	33,401,584
Capital lease liability	4,707,435	-	-	-	-	4,707,435
Total noncurrent liabilities	6,143,287	34,947,110	565,959,899	-	37,667,102	644,717,398
Total liabilities	10,882,437	374,083,538	591,284,833	-	37,772,632	1,014,023,440
Deferred Inflows of Resources						
Pension-related	2,222,819	-	-	-	-	2,222,819
Net Position						
Net investment in capital assets	185,983	47,554	-	-	-	233,537
Restricted	1,000,000	128,049,172	92,882,641	-	3,952,215	225,884,028
Unrestricted	129,076,024	25,806,536	103,085,160	-	-	257,967,720
Total net position	130,262,007	153,903,262	195,967,801	-	3,952,215	484,085,285
Total liabilities, deferred inflows of resources and net position	$ 143,367,263	$ 527,986,800	$ 787,252,634	$ -	$ 41,724,847	$ 1,500,331,544

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Supplementary Information
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2021

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2021 Total
Revenues						
Interest income						
Investments	$ 1,310,049	$ 43,323	$ 2,029,806	$ 121,436	$ 27	$ 3,504,641
Investments held against bonds	-	-	16,707,773	312,391	1,890,496	18,910,660
Loans	-	1,507,569	-	-	-	1,507,569
Fee income	6,546,726	-	-	-	-	6,546,726
Program income	-	520,118,679	-	-	-	520,118,679
Gain on sale of Next Home investments	11,241,086	-	1,439	-	-	11,242,525
Net decrease in fair value of investments	(432,765)	-	(5,504,493)	-	(1,115,288)	(7,052,546)
Other income	1,290,683	-	-	-	-	1,290,683
Total revenues	19,955,779	521,669,571	13,234,525	433,827	775,235	556,068,937
Expenses						
Investment expense (down payment assistance)	6,355,416	-	-	-	-	6,355,416
Loss on sale of investments	509,671	-	988,166	78,966	-	1,576,803
Interest expense	92,631	222,777	13,388,521	279,884	1,644,957	15,628,770
Issuance costs	-	-	2,288,984	-	-	2,288,984
Program expenses	1,927,276	484,336,181	670,152	-	-	486,933,609
General and administrative expenses	4,406,709	27,699,390	1,373,442	42,250	14,500	33,536,291
Total expenses	13,291,703	512,258,348	18,709,265	401,100	1,659,457	546,319,873
Operating Income	6,664,076	9,411,223	(5,474,740)	32,727	(884,222)	9,749,064
Transfers						
Interfund transfers	132,298	(132,298)	29,614,841	(29,432,822)	(182,019)	-
Increase (decrease) in Net Position	6,796,374	9,278,925	24,140,101	(29,400,095)	(1,066,241)	9,749,064
Net Position, Beginning of Year	123,465,633	144,624,337	171,827,700	29,400,095	5,018,456	474,336,221
Net Position, End of Year	$ 130,262,007	$ 153,903,262	$ 195,967,801	$ -	$ 3,952,215	$ 484,085,285

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Supplementary Information
Combining Schedule of Cash Flows
Year Ended December 31, 2021

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2021 Total
Cash Flows From Operating Activities						
Receipts for services	$ 25,836,496	$ -	$ -	$ -	$ -	$ 25,836,496
Receipts for program revenue	(46,000)	542,061,555	-	-	-	542,015,555
Principal received on loans receivable	1,284	-	-	-	-	1,284
Interest received on investments	1,307,172	43,323	2,046,783	143,498	27	3,540,803
Interest received on investments held against bonds	-	-	14,761,207	294,132	1,654,582	16,709,921
Interest received on loans	-	1,507,569	-	-	-	1,507,569
Payments for program expenses	(1,927,276)	(371,031,768)	(670,152)	-	-	(373,629,196)
Interest paid on bonds and bank loans	(92,631)	(222,777)	(13,496,734)	(327,056)	(1,461,619)	(15,600,817)
Debt issuance costs incurred	-	-	(2,288,984)	-	-	(2,288,984)
Investment expense	-	-	-	-	-	-
Payments for suppliers and employees	(9,119,270)	-	(1,038,711)	(42,250)	(14,500)	(10,214,731)
Interfund activity	3,795,078	(4,467,451)	672,373	-	-	-
Net cash provided by (used in) operating activities	19,754,853	167,890,451	(14,218)	68,324	178,490	187,877,900
Cash Flows From Noncapital and Related Financing Activities						
Proceeds from bond issues	-	-	245,355,995	-	-	245,355,995
Repayments and redemption of bonds and bank loans	-	(73,875)	(171,889,999)	(14,160,000)	(10,740,618)	(196,864,492)
Transfers	132,298	(132,298)	29,614,841	(29,432,822)	(182,019)	-
Net cash provided by (used in) noncapital and related financing activities	132,298	(206,173)	103,080,837	(43,592,822)	(10,922,637)	48,491,503
Cash Flows From Capital and Related Financing Activities						
Purchases of capital assets	(20,278)	-	-	-	-	(20,278)
Payments on capital lease	(419,981)	-	-	-	-	(419,981)
Net cash used in capital and related financing activities	(440,259)	-	-	-	-	(440,259)
Cash Flows From Investing Activities						
Proceeds from sale and maturities of investments	9,759,553	-	14,733,560	9,720,798	-	34,213,911
Principal received on investments held against bonds	-	-	128,195,837	19,503,583	10,740,647	158,440,067
Purchases of investments held against bonds	-	-	(211,749,443)	-	-	(211,749,443)
Purchase of DPA loans	-	-	(12,732,887)	-	-	(12,732,887)
Purchase of investments	(20,000,000)	-	(3,496,500)	-	-	(23,496,500)
Net cash provided by (used in) investing activities	(10,240,447)	-	(85,049,433)	29,224,381	10,740,647	(55,324,852)
Net Increase (Decrease) in Cash and Cash Equivalents	9,206,445	167,684,278	18,017,186	(14,300,117)	(3,500)	180,604,292
Cash and Cash Equivalents, January 1	73,896,147	129,201,495	164,534,056	14,300,117	60,642	381,992,457
Cash and Cash Equivalents, December 31	$ 83,102,592	$ 296,885,773	$ 182,551,242	$ -	$ 57,142	$ 562,596,749
Cash and Cash Equivalents						
Cash	$ 19,638,544	$ 266,136,067	$ -	$ -	$ -	$ 285,774,611
Money market investments	63,464,048	30,749,706	182,551,242	-	57,142	276,822,138
Total cash and cash equivalents	$ 83,102,592	$ 296,885,773	$ 182,551,242	$ -	$ 57,142	$ 562,596,749

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Supplementary Information
Combining Schedule of Cash Flows (Continued)
Year Ended December 31, 2021

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2021 Total
Reconciliation of Change in Net Position to Net Cash Provided by (Used in) Operating Activities:						
Change in net position	$ 6,664,076	$ 9,411,223	$ (5,474,740)	$ 32,727	$ (884,222)	$ 9,749,064
Adjustment to reconcile change in net position to net cash provided by (used in) operating activities:						
Net decrease in fair value of investments	432,765	-	5,504,493	-	1,115,288	7,052,546
Loss on sale of investments	509,671	-	986,727	78,966	-	1,575,364
Depreciation	887,445	38,370	-	-	-	925,815
Amortization of bond premium/discount	-	-	(1,832,526)	(72,160)	(267,594)	(2,172,280)
Changes in operating assets and liabilities:						
Accounts and loan receivable	6,759,285	(119,201,265)	-	-	-	(112,441,980)
Accrued interest receivable	(2,877)	-	(97,063)	75,963	31,680	7,703
Other assets	3,795,078	(13,346,772)	672,373	-	-	(8,879,321)
Deferred pension costs	(589,002)	-	-	-	-	(589,002)
Deferred refunding costs	-	-	-	-	215,020	215,020
Unearned revenue	(46,000)	148,385,492	-	-	-	148,339,492
Accounts payable and other liabilities	1,462,365	140,965,433	334,731	-	-	142,762,529
Accrued interest payable	-	-	(108,213)	(47,172)	(31,682)	(187,067)
Net pension liability	(1,655,220)	-	-	-	-	(1,655,220)
Deferred pension revenue	1,537,267	-	-	-	-	1,537,267
Government advances	-	1,637,970	-	-	-	1,637,970
Total adjustments	13,090,777	158,479,228	5,460,522	35,597	1,062,712	178,128,836
Net cash provided by (used in) operating activities	$ 19,754,853	$ 167,890,451	$ (14,218)	$ 68,324	$ 178,490	$ 187,877,900