NOTES TO THE FINANCIAL STATEMENTS

STATE OF INDIANA

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June 30, 2022

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(schedule amounts are expressed in thousands)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government (State of Indiana) and its component units. Blended component units, although legally separate entities, are in substance part of the government's operations; data from these units are combined with data of the primary government. Discretely presented component units are reported in one column in the government-wide financial statements. This column contains the governmental fund types, proprietary fund types, and colleges and universities. This is to emphasize that, as well as being legally separate from the government; they also provide services to and benefit local governments and/or the citizens of the State of Indiana. Of the component units, the Indiana War Memorials Foundation, Indiana Housing and Community Development Authority, Ports of Indiana, Indiana State Fair Commission, Indiana Comprehensive Health Insurance Association, the Indiana Political Subdivision Risk Management Commission, and the Hoosier START Deferred Compensation Matching Plan have a December 31, 2021, fiscal year-end.

Blended Component Units

The following component units are reported under the blended method as the primary government appoints a voting majority of the board and is able to impose its will. These units, although legally separate from the State, are reported as part of the State because they entirely or almost entirely provide services to or benefit the State.

The Bureau of Motor Vehicle Commission (BMVC) was established per Indiana Code 9-14-9 to develop and update Bureau of Motor Vehicles (BMV) policy, establish standards for the operation and maintenance of license branches, and submit budget proposals for the BMVC, BMV, and license branches. The BMVC has significant interrelated operations with the BMV and license branches. The BMVC is responsible for the accurate and timely distribution of the fees and taxes (excise and wheel) collected at the license branches for driver licenses, auto and watercraft registrations, and license plates.

The BMVC consists of five individuals and includes the commissioner of the BMV who serves as the chairperson. The other four members are appointed by the governor. No more than two of the governor’s appointees may be members be of the same political party. The BMVC is reported as a non-major governmental fund.

The Indiana Homeland Security Foundation was established per Indiana Code 10-15-2-1 to assist the Indiana Department of Homeland Security (IDHS) in developing projects that benefit public safety in local communities. The foundation administers the Indiana Homeland Security fund which funds these IDHS projects. The foundation has significant interrelated operations with the IDHS. Foundation funds are aligned with the Indiana Strategy for Homeland Security of the IDHS. The Indiana Homeland Security Foundation is reported as a non-major governmental fund.

The Indiana Natural Resources Foundation was established per Indiana Code 14-12-1 to promote, support, assist, sustain and encourage charitable, educational and scientific programs, projects and policies of the Indiana Department of Natural Resources. The Indiana Natural Resources Foundation is reported as a non-major governmental fund.

The Healthy Hoosiers Foundation was established per Indiana Code 16-19-3-30 to support the purposes and programs of the Indiana State Department of Health, which may include programs intended to reduce infant mortality, increase childhood immunizations, reduce obesity, and reduce smoking rates. The Healthy Hoosiers Foundation is reported as a non-major governmental fund.

The Indiana War Memorials Foundation was established per Indiana Code 10-18-1 for the benefit of, to perform the functions of, and to carry out the purposes of the Indiana War Memorials Commission. The Foundation provides cultural and recreational services. The Indiana War Memorials Foundation is reported as a non-major governmental fund.

The Indiana State Library Foundation was established per Indiana Code 4-23-7.1-42 to support the programs of the State Library and libraries in the state. The Indiana State Library Foundation is reported as a non-major governmental fund.

The Governor’s Residence Commission was established per Indiana Code 4-23-15 to provide the governor of the state of Indiana a suitable and fitting residential site located at the seat of state government; and to make provision to maintain, remodel, expand, finish, refinish, furnish or refurnish, construct or reconstruct such residential site either of the existing mansion and any expansion thereof, or any other acquired site for such governor's mansion, all as may be required from time to time. The Governor’s Residence Commission is reported as a non-major governmental fund.

Discretely Presented Component Units

The following are discretely presented component units of the State of Indiana. The component units that are included in the State’s reporting entity because the primary government appoints a voting majority of their governing bodies and is able to impose its will on each organization are: Indiana Economic Development Corporation, Indiana Destination Development Corporation, Indiana Finance Authority, State Lottery Commission of Indiana, Indiana Stadium Convention and Building Authority, Indiana Bond Bank, Indiana Housing and Community Development Authority, Indiana Secondary Market for Education Loans, Inc., White River State Park Development Commission, Ports of Indiana, Indiana Comprehensive Health Insurance Association, Indiana Political Subdivision Risk Management Commission, Indiana State Museum and Historic Sites Corporation, Indiana Motorsports Commission, the Hoosier START Deferred Compensation Matching Plan, and each of the seven colleges and universities. The following component units are included in the State’s reporting entity because the primary government appoints a voting majority of their governing bodies and these organizations provide specific financial benefits or impose specific financial burdens on the primary government: Indiana Board for Depositories, Indiana State Fair Commission, and the Indiana Public Retirement System.

The Indiana Economic Development Corporation (IEDC) was created per Indiana Code 5-28-3 to improve the quality of life for the citizens of Indiana by encouraging the diversification of Indiana’s economy and the orderly economic development and growth of Indiana, the creation of new jobs, the retention of existing jobs, the growth and modernization of existing industry, and the promotion of Indiana. The IEDC leads the state of Indiana’s economic development efforts, helping businesses launch, grow, and locate in the state. The IEDC manages many initiatives, including performance-based tax credits, workforce training grants, innovation and entrepreneurship resources, public infrastructure assistance, and talent attraction and retention efforts. The IEDC Board of Directors is composed of 12 members, consisting of the Governor and 11 individuals appointed by the Governor. At least five members of the board must belong to the same political party as the Governor, and at least three members must belong to another major political party, but none may be members of the general assembly. The IEDC is reported as a non-major discretely presented governmental component unit. The separately issued audited financial statements may be obtained by writing the Indiana Economic Development Corporation, One North Capital Avenue, Suite 700, Indianapolis, IN 46204.

The Indiana Destination Development Corporation (IDDC) was created per Indiana Code 5-33 to assist in the development and promotion of Indiana’s tourist resources, facilities, attractions, and activities. The IDDC Board of Directors is composed of 7 members, consisting of the Governor, the Secretary of Commerce and 5 members appointed by the Governor that are from the private sector tourism industry. None of the members may be from the general assembly. The IDDC is reported as a non-major discretely presented governmental component unit. The IDDC does not issue their own separately audited financial statements.

The Indiana Finance Authority (IFA) was created per Indiana Code 5-1.2-3-1 as a body both corporate and politic, and though separate from the State of Indiana (State); the exercise by the IFA of its powers constitutes an essential governmental function. Indiana’s constitution restricts State incurrence of debt. As a result, the General Assembly created the IFA and authorized it to issue revenue bonds and other obligations to finance projects for lease to the State.

The IFA finances and refinances state hospitals, state office buildings, state garages, correctional facilities, recreational facilities, highways, bridges, airport facilities, and other related facilities for the benefit of the State. The IFA also provides low interest loans to Indiana communities for environmental improvements. It also promotes business and employment opportunities by issuing tax-exempt financing for industrial development projects, rural development projects, childcare financing, and educational facility projects.

The IFA's revenue bonds and notes are special and limited obligations of the IFA, payable from lease rental revenue, bond or note proceeds and investment income. The IFA's revenue bonds are not general obligations of the IFA nor are they State debt within the meaning of any constitutional provision or limitation. The IFA cannot compel the General Assembly to make appropriations to pay lease rentals. The authority is composed of five members, consisting of the budget director or their designee, who serves as chairman, the Treasurer of State or their designee, and three members appointed by the governor of which no more than two may be from the same political party. The Authority is reported as a major discretely presented proprietary component unit. IFA's separately issued audited financial statements may be obtained by writing the Indiana Finance Authority, One North Capital Avenue, Suite 900, Indianapolis, IN 46204.

The State Lottery Commission of Indiana, created per Indiana Code 4-30-3, is composed of five members appointed by the Governor. Net proceeds from the Lottery are distributed to the State to be used to supplement teachers' retirement, local police and firefighters' pensions, and the Build Indiana Fund. A portion of the Build Indiana Fund is then used to supplement the Motor Vehicle Excise Tax Replacement Fund. The Commission is reported as a major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the State Lottery Commission of Indiana, 1302 North Meridian Street, Suite 100, Indianapolis, IN 46202.

The Indiana Stadium and Convention Building Authority was established per Indiana Code 5-1-17, as an entity of the State to finance, design, construct, and own the new Indiana Stadium in Indianapolis and the expansion of the adjacent Indiana Convention Center. The Building Authority is governed by a seven member board, comprised of four appointments by the Governor, two appointments by the Mayor of the City of Indianapolis and one appointment by the Governor following nomination from one of the counties surrounding Marion County. The Authority is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Stadium and Convention Building Authority, One North Capital Avenue, Suite 900, Indianapolis, IN 46204.

The Indiana Bond Bank, created per Indiana Code 5-1.5-2, is controlled by a board composed of the Treasurer of State, Director of Public Finance and five appointees of the Governor. The Bond Bank issues debt obligations and invests the proceeds in various projects of State and local governments. The Bond Bank is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Bond Bank, 10 West Market Street, Suite 2410, Indianapolis, IN 46204.

The Indiana Housing and Community Development Authority was created per Indiana Code 5-20-1-3 for the purpose of financing residential housing for persons and families of low and moderate incomes. The Authority's board consists of the Public Finance Director of the Indiana Finance Authority, the Lieutenant Governor, the State Treasurer and four persons appointed by the Governor. The Lieutenant Governor chairs the board. The Authority is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Housing and Community Development Authority, 30 South Meridian Street, Suite 1000, Indianapolis, IN 46204.

The Indiana Board for Depositories was established per Indiana Code 5-13-12 to ensure the safekeeping and prompt payment of all public funds deposited in Indiana banks. The Board, consisting of the Governor, Treasurer of State, Auditor of State, Chairman of the Commission for Financial Institutions, State Examiner of the State Board of Accounts and four members appointed by the Governor, provides insurance on public funds in excess of the Federal Deposit Insurance Corporation limit. The Board is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Board for Depositories, One North Capitol Avenue, Suite 900, Indianapolis, IN 46204 or at https://www.in.gov/tos/deposit/.

The Indiana Secondary Market for Education Loans, Inc. (ISM), d/b/a INvestEd, was created per Indiana Code 21-16-5 to purchase education loans in the secondary market, lend money for the origination of education loans, and originate loans to consolidate education debt. The Governor appointed the original Board of Directors. ISM provides in its articles of incorporation that changes in the composition of its directors or in its bylaws are subject to the approval of the Governor. ISM is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Secondary Market for Education Loans, Inc., d/b/a INvestEd, 11595 North Meridian Street, Suite 200, Carmel, IN 46032.

The White River State Park Development Commission created per Indiana Code 14-13-1-5 has the responsibility to design and implement a plan for the establishment and development of park, exposition, educational, athletic, and recreational projects to be located within one mile from the banks of the Indiana White River in a consolidated first-class city and county, and is authorized to acquire additional land and property. The Commission has 10 voting members which consist of the director or their designee, the executive of the city of Indianapolis or their designee, the president of Indiana University or their designee, and seven members appointed by the governor. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana White River State Park Development Commission, 801 West Washington Street, Indianapolis, IN 46204.

The Ports of Indiana is a body both corporate and politic created per Indiana Code 8-10-1-3 to construct, maintain, and operate public ports with terminal facilities and traffic exchange points for all forms of transportation on Lake Michigan and the Ohio and Wabash Rivers. The Ports of Indiana Commission consists of seven members appointed by the governor. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Ports of Indiana, 150 West Market Street, Suite 450, Indianapolis, IN 46204.

The State Fair Commission was established per Indiana Code 15-13-2 as the trustee for and on behalf of the people of the State of Indiana to administer the State Fairgrounds as trust property of the State of Indiana. The Commission is responsible for holding the annual Indiana State Fair in August, as well as providing accessible, cost-effective, secure, and modern facilities for the variety of events held at the Fairgrounds and other properties it owns. The Commission consists of eight members; five of which are appointed by the governor, and three are ex officio members. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana State Fair Commission, 1202 East 38th Street, Indianapolis, IN 46205.

The Indiana Comprehensive Health Insurance Association was created per Indiana Code 27-8-10-2.1 to assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the Association for coverage. The board of directors of the Association consists of nine members whose principal residence is in Indiana. Four members are appointed by the insurance commissioner from the members of the Association, one of which must be a representative of a health maintenance organization. Two members are appointed by the commissioner and shall be consumers representing policyholders. Other members are the state budget director or designee and the commissioner of the department of insurance or designee. One member appointed by the commissioner must be a representative of health care providers. The Association is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Comprehensive Health Insurance Association, 9465 Counselors Row, Suite 200, Indianapolis, IN 46240.

The Indiana Political Subdivision Risk Management Commission was created per Indiana Code 27-1-29 to administer the Political Subdivision Risk Management Fund (Basic fund) and the Political Subdivision Catastrophic Liability Fund (Catastrophic fund). These funds aid political subdivisions in protecting themselves against liabilities. The Commission consists of eleven members appointed by the governor. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Political Subdivision Risk Management Commission, c/o Indiana Department of Insurance, 311 West Washington Street, Suite 103, Indianapolis, IN 46204.

The Indiana State Museum and Historic Sites Corporation was created per Indiana Code 4-37 and is responsible for operating and administering the Indiana State Museum and eleven Historic Sites across the State. The eleven Historic Sites include Angel Mounds, Corydon Capitol, Culbertson Mansion, J.F.D. Lanier Mansion, Levi Coffin, Limberlost, New Harmony, T.C. Steele, Gene Stratton-Porter, Vincennes, and the Whitewater Canal. The Corporation is governed by a thirty member board of trustees of which twenty-five are voting members and five are non-voting members. Of the twenty-five voting members, thirteen persons are appointed by the governor and twelve are appointed by the board. The five non-voting members include the chief executive officer, the governor or governor’s designee, one member of the House of Representatives, one member of the Senate, and the director of the Department of Natural Resources or the director’s designee. The Corporation is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana State Museum and Historic Sites Corporation, 650 West Washington Street, Indianapolis, IN 46204.

The Indiana Motorsports Commission was established per Indiana Code 5-1-17.5-15 as a separate body corporate and politic, as an instrumentality of the state, to finance and lease real and personal property improvements for the benefit of an owner of a qualified motorsports facility within a motorsports investment district. The commission is governed by a board of directors composed of five directors of which one is the budget director, or the budget director's designee, and four directors appointed by the governor. The commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Motorsports Commission, One North Capital Avenue, Suite 900, Indianapolis, IN 46204.

Each of the seven colleges and universities included in this report was established by individual legislation to provide higher education opportunities to the citizens of Indiana. The authority to administer the operations of each institution is granted to a separate board of trustees for each of the seven institutions. The number and makeup of the board of trustees of each college and university is prescribed by legislation specific for that institution. Four universities have nine member boards; two have ten member boards; and Ivy Tech Community College has a fourteen-member board of trustees. Appointments to the boards of trustees are made by the Governor and by election of the alumni of the respective universities. Indiana University and Purdue University are reported as major discretely presented component units. The separately issued audited financial statements for the colleges and universities may be obtained by writing to: Indiana University, BL143 P Music Practice, 1024 E. 3rd St., Bloomington, IN 47405; Purdue University, 2550 Northwestern Ave., Suite 1100, West Lafayette, IN 47906-4182; Ball State University, Administration Bldg., 301, 2000 West University Avenue, Muncie, IN 47306; Indiana State University, Office of the Controller, 200 N. 7th Street, Terre Haute, IN 47809-1902; Ivy Tech Community College, Attn: AVP, Controller, 50 West Fall Creek Parkway, North Drive, Indianapolis, IN 46208-5752; University of Southern Indiana, 8600 University Boulevard, Evansville, IN 47712; and Vincennes University, 1002 North 1st Street, Vincennes, IN 47591.

Fiduciary in Nature Component Unit

The Indiana Public Retirement System (INPRS) was established per Indiana Code 5-10.5-2-1 as an independent body corporate and politic. INPRS is not a department or agency for the State, but is an independent instrumentality exercising essential government functions. The INPRS board is composed of nine trustees appointed by the Governor which includes the director of the budget agency or the director's designee as an ex officio voting member of the board. The board of trustees administers the following plans: Public Employees' Defined Benefit Account (PERF DB); Teachers' Pre-1996 Defined Benefit Account (TRF Pre-'96 DB); Teachers' 1996 Defined Benefit Account (TRF '96 DB); 1977 Police Officers' and Firefighters' Retirement Fund ('77 Fund); Judges' Retirement System (JRS); Excise, Gaming and Conservation Officers' Retirement Fund (EG&C); Prosecuting Attorneys' Retirement Fund (PARF); Legislators' Defined Benefit Fund (LE DB); Public Employees' Defined Contribution Account (PERF DC); My Choice: Retirement Savings Plan for Public Employees (PERF MC DC); Teachers' Defined Contribution Account (TRF DC); My Choice: Retirement Savings Plan for Teachers (TRF MC DC); Legislators' Defined Contribution Fund (LE DC); Special Death Benefit Fund (SDBF); Retirement Medical Benefits Account Plan (RMBA); and Local Public Safety Pension Relief Fund (LPSPR). For more information on the plans see Note V(E) Employee Retirement Systems and Plans. All of these funds have been aggregated for presentation from INPRS' financial statements. INPRS is included as a component unit because the primary government appoints a voting majority of its governing body and has financial accountability. The Indiana Public Retirement System was determined to be significant for note disclosure purposes involving the fiduciary in nature component units. The separately issued audited financial statements may be obtained by writing the Indiana Public Retirement System, One North Capitol Avenue, Suite 001, Indianapolis, IN 46204.

The Hoosier START Deferred Compensation Matching plan is an IRS section 401(a) plan. It is one of the plans administered as part of the State of Indiana Public Employee Deferred Compensation Plan (the Plan), doing business as (d/b/a) Hoosier S.T.A.R.T. It is a defined contribution multiple-employer pension plan for all State Employees as well as the employees of participating local political subdivisions. The Plan is governed by the Deferred Compensation Committee which was created through I.C. 5-10-1.1-4 and consists of five members appointed by the State Board of Finance. The Committee serves as the Trustee of the Plan and is responsible for prudent administration of the Plan which includes design of the Plans' investment platform, establishing investment policy objectives and guidelines, prudent selection of Investment Managers, and ongoing monitoring. The Indiana Auditor of State serves as administrator of the Plan and is responsible for all services involved in the administration of the Plan providing oversight and administration of the Plan. The Plan uses a third-party plan administrator to provide recordkeeping and administrative services to the Plan. For more information on the plans see Note V(E) Hoosier START Deferred Compensation Matching Plan – 401(a). The separately issued audited financial statements may be obtained by writing the Indiana Auditor of State, 200 W. Washington St., 240 State House, Indianapolis, IN 46204 or from https://www.in.gov/auditor/hoosierstart/deferred-compensation-committee/.

Related Organizations

The primary government appoints a voting majority of the board of the Indiana Education Savings Authority (IESA) created per Indiana Code 21-9. The IESA serves as the governing board of Indiana's tax-advantaged CollegeChoice 529 Savings Plans which are CollegeChoice Direct, CollegeChoice Advisor, and CollegeChoice CD. The primary government's accountability for IESA does not extend beyond making the appointments to the board. The primary government is not able to impose its will on IESA nor is it financially accountable for IESA. The State had no related party transactions with IESA during fiscal year 2022.

The primary government appoints a voting majority of the board of the Achieving a Better Life Experience Authority (ABLE) created per Indiana Code 12-11-14-09. The authority serves as the governing board of Indiana's tax-advantaged ABLE Savings Plan, INvestABLE Indiana. The primary government's accountability for ABLE does not extend beyond making the appointments to the board. The primary government is not able to impose its will on ABLE nor is it financially accountable for ABLE. ABLE expended $269.9 thousand of state appropriations for operating expenses during fiscal year 2022.

The primary government's officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointment.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information about the overall government. They exclude information about fiduciary activities, including component units, which are fiduciary in nature, such as INPRS. They distinguish between the primary government and its discretely presented component units as disclosed in Note I(A). They also distinguish between governmental activities and business-type activities of the State. Governmental activities rely primarily on taxes and intergovernmental revenues for their support. Business-type activities, on the other hand, rely primarily on fees and charges for services provided for their support.

The statement of activities matches the State's direct functional expense with the functional program revenue to identify the relative financial burden of each of the State's functions. This format identifies the extent to which each function of the government draws from the general revenues of the government or is self-financing through fees and intergovernmental aid. Certain indirect costs are included in the program expense reported for individual functions of government. Program revenues derive directly from the program itself or from parties outside the State's taxpayers, as a whole. They reduce the net cost of the function to be financed from the general revenues. Program revenues include charges for services, program-specific operating grants and contributions, and program-specific capital grants and contributions. Revenues that do not meet the criteria of program revenues are general revenues. These include all taxes; even those levied for a specific purpose and are reported by type of tax. Investment income is considered general revenue in the general fund.

Separate financial statements are presented for the State's governmental, proprietary, and fiduciary funds. Governmental fund financial statements are the balance sheet and the statement of revenues, expenditures, and changes in fund balances. Major governmental funds are presented in separate columns and non-major funds are aggregated in a separate column. Proprietary and fiduciary funds are reported using the statement of net position and the statement of changes in net position. In addition proprietary funds include a statement of cash flows.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement Focus and Basis of Accounting

The government-wide statements and the proprietary and fiduciary fund statements use the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities, and deferrals resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Government-mandated nonexchange revenues and voluntary nonexchange revenues, including federal government mandates on the State, certain grants and entitlements, and most donations, are recognized in the period when all applicable eligibility requirements have been met.

Governmental funds are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For the State of Indiana, “available” means collectible within one month of the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and related liabilities, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Individual and corporate income tax, sales tax, cigarette tax, alcoholic beverage tax, motor fuel tax, fines, and penalties are accrued using one month’s revenues.

Gaming taxes are accrued based on the gaming day. Vehicle licenses are received daily via electronic funds transfer with a one to three working day delay, so revenues for the first several working days in July are reviewed for materiality and accrued accordingly.

Financial Statement Presentation

A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Governmental funds are used to account for the government's general government activities. Governmental funds include the general fund, special revenue funds, capital projects funds, debt service funds and permanent funds.

The *General Fund* is the State’s primary operating fund. It is maintained to account for resources obtained and used for those services traditionally provided by State government, which are not required to be accounted for in another fund. The General Fund is a major fund.

The *special revenue* funds account for specific revenue sources that are legally restricted or committed to expenditure for specific purposes except for major capital projects.

The following special revenue funds are presented as major.

- The *Public Welfare-Medicaid Assistance Fund* receives federal grants and State appropriations which are used to administer the Medicaid program. Federal grant revenues, hospital assessment fees, quality assessment fees, Intermediate Care Facility for Individuals with Disabilities fees, and other resources disclosed under interfund transfers in Note IV(B) are reported in this fund.

- The *U.S. Department of Health and Human Services Fund* receives federal grants that are used to carry out health and human services programs. Federal grant revenues, vital record fees, child support annual fees, and other resources disclosed under interfund transfers in Note IV(B) are reported in this fund.

- The *Federal COVID-19 Fund* provides federal grant dollars to cover costs that are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019. The fund includes the CARES Act, the Coronavirus Relief Fund, and additional funds provided for existing grant programs.

- The *ARPA-Economic Stimulus Fund* contains the federal grant dollars received through the American Rescue Plan Act of 2021, a coronavirus rescue package designed to facilitate the State of Indiana’s recovery from the economic and health effects of the COVID-19 pandemic.

The *capital projects funds* account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or fiduciary funds. There are no major capital project funds.

The *permanent funds* are used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for the benefit of the government or its citizens. There are no major permanent funds.

Proprietary funds focus on the determination of operating income, changes in net position, financial position and cash flows. Operating revenues and expenses are the revenues and expenses that pertain to the fund's principal operations. Nonoperating revenues and expenses are those revenues and expenses resulting from secondary or auxiliary activities of the fund. Nonoperating items include investment revenue and expense. Proprietary funds include both enterprise funds and internal service funds.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where it has been decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The State reports the following major enterprise fund:

- The *Unemployment Compensation Fund* collects employer taxes and the federal share of unemployment compensation. Benefits are paid to eligible individuals.

Internal service funds account for operations that provide goods and services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The goods and services provided include fleet management, information technology and communication, aviation, printing, products of correctional industries, self-insurance, and centralized accounting. Major fund reporting requirements do not apply to internal service funds. Combined totals for all internal service funds are reported as a separate column on the face of the proprietary fund financial statements.

Fiduciary funds account for assets held by or on behalf of the government in a trustee capacity or as an agent on behalf of others. They cannot be used to support the State's own programs. Fiduciary funds include pension and other employee benefit trust funds, private-purpose trust funds, and custodial funds.

Pension and other employee benefit trust funds are used to report resources held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution pension plans, other postemployment benefit plans, and other employee benefit plans. Pension and other employee benefits trust funds include the Indiana Public Retirement System, State Police Retirement Fund, State Police Supplemental Trust, Hoosier START Deferred Compensation Plan, Hoosier START Deferred Compensation Matching Plan, State Employee Retiree Health Benefit Trust Fund – DB, and the State Employee Retiree Health Benefit Trust Fund – DC.

Private-purpose trust funds are used to account for trust arrangements in which both the principal and interest may be spent for the benefit of individuals, private organizations or other governments. Private Purpose funds include the Abandoned Property Fund and the Private Purpose Trust Fund.

Custodial funds are used to report all fiduciary activities that are not held in one of the three other types of fiduciary funds. They are also used to report the external portion of a pool that is not held in a trust fund. The Treasurer of State, local units of government, and quasi-governmental units in Indiana have the opportunity to invest in a common pool of investments that preserves the principal of the public's funds, remains highly-liquid, and maximizes the return on the investment of public funds known as TrustINdiana. This fund is operated by the state treasurer. Custodial funds include Local Distributions, Child Support, patient and inmate accounts, and the external portion of TrustINdiana, which is presented in a separate column in the fiduciary fund statements.

D. Eliminating Internal Activity

Interfund activity including those from cash overdrafts in funds, interfund services provided or used, interfund loans and prepaid expenditures of internal service funds are eliminated as internal balances in the government-wide statement of net position. This is to minimize the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, interfund loans and interfund services provided and/or used reported in the governmental funds balance sheet has been eliminated in the government-wide statement of net position.

Eliminations were made in the statement of activities to remove the “doubling-up” effect of internal service fund activity. The effect of similar internal events that are, in effect, allocations of overhead expenses from one function to another or within the same function have also been eliminated, so that the allocated expenses are reported only by the function to which they were allocated. The effect of interfund services provided and used between functions has not been eliminated in the statement of activities since to do so would misstate both the expenses of the purchasing function and the program revenues of the selling function.

E. Assets, Liabilities, and Equity

1. Deposits, Investments, and Securities Lending

For purposes of reporting cash flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity (generally three months or less from the date of acquisition).

Cash balances of most State funds are commingled in general checking accounts and several special purpose banking accounts. The available cash balance not necessary beyond immediate need is pooled and invested. Interest earned from investments purchased with pooled cash is deposited in the general fund, except as otherwise provided by statute.

Investments and secured lending transactions are stated at fair value. Money market investments and participating interest-earning investment contracts that mature within one year of purchase are reported at cost, which approximates fair value. Fair value is determined by quoted market prices which approximates fair value. Investments that do not have an established market are reported at estimated fair value.

Indiana Code 5-13-9 and 5-13-10.5 authorizes the Treasurer to invest in deposit accounts issued or offered by a designated depository; securities backed by the full faith and credit of the United States Treasury; securities issued by any U.S. government agency; AAA money market mutual funds with a portfolio limited to direct obligations of the U.S., obligations of any federal agency, and/or repurchase agreements fully collateralized with U.S. government obligations or U.S. agency obligations; highest rated commercial paper; highest rated supranational issues; and repurchase agreements that are fully collateralized, as determined by the current market value computed on the day the agreement is effective, by interest-bearing obligations that are issued, fully insured or guaranteed by the United States or any U.S. government agency.

The Treasurer of State is authorized by statute to accept as collateral safekeeping receipts for securities from: (1) a duly designated depository or (2) a financial institution located either in or out of Indiana, having physical custody of securities, with a combined capital and surplus of at least $10 million, according to the last statement of condition filed by the financial institution with its governmental supervisory body. The Treasurer may not deposit aggregate funds in deposit accounts in any one designated depository in an amount aggregating at any one time more than 50% of the combined capital, surplus and undivided profits of that depository as determined by the last published statement.

The Indiana Public Retirement System (INPRS) Board of Trustees administers sixteen funds including eight Defined Benefit retirement plans and five Defined Contribution retirement plans, two other postemployment benefit funds, and one custodial fund. Indiana law requires the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as fiduciary for all assets under its control. The INPRS Board of Trustees is required to diversify investments in accordance with the prudent investor standards. At June 30, 2022, cash and investments of the funds were held by banks or trust companies under custodial agreements with INPRS. The INPRS Board of Trustees contracts with investment counsel, trust companies or banks to assist INPRS in its investment program. The Investment Policy Statement adopted by the INPRS Board of Trustees and the asset allocation approved by the Board of Trustees contains target allocations and allowable ranges that are expected to meet target rates of return over a long period of time while minimizing risk. The investments of INPRS are subject to the provisions of IC 5-10.3-5-3(a) and IC 5-10.4-3-10(a). See Note IV(A) for more information.

Investments which are authorized for the State Police Retirement fund include: U.S. Treasury and Agency obligations, State and municipal obligations, domestic corporate bonds/notes, common stock and equity securities, foreign stocks and bonds, mortgage pool investments, and repurchase agreements. The investments of the State Police Retirement fund are subject to the provisions of IC 10-12-2-2. See Note IV(A) for more information.

2. *Receivables and Payables*

In the government-wide and proprietary fund financial statements, revenues are recognized on the flow of economic resources measurement focus. Material receivables are recognized as follows. Uncollected taxes due in the following periods are subject to accrual:

- Individual income tax – Individual withholding tax is due from employers by the 20th day after the end of the month collected. Estimated payments are due from individuals by the 15th of the month immediately following each quarter or the calendar year.

- Corporate income tax - Due quarterly on the 20th day of April, June, September, and December with the last payment due on April 15th for a calendar year taxpayer.

- Sales tax – Due by the 20th day after the end of the month collected.

- Fuel tax – Gasoline tax is due the 20th day after the end of the month collected. Special fuel tax, depending on the status of the taxpayer, is due by the 15th day after the end of the month collected or the 15th day after the end of the quarter collected. Motor carrier surtax is due at the end of the month following the end of the quarter.

- Financial institutions tax – same laws as corporate income taxes (see above) for making payments.

- Alcohol and tobacco taxes – Cigarette distributors must purchase tax stamps within 6 days after they accept delivery of the cigarettes. Cigarette tax is due within 30 days of the issuance of the tax stamp. Alcoholic beverage tax is due by the 20th day after the end of the month collected.

In the governmental fund financial statements, revenue is recognized on the flow of current financial resources. Material receivables are subject to accrual for receipts collected in the month of July. Governmental funds also include long term receivables for loans made to other governmental entities and for money due the state under the National Opioid Settlement. The portion of these long term receivables not due in the next fiscal year is $428.1 million.

The State of Indiana does not collect property tax, which is collected by local units of government.

Unavailable revenue is the liability for the portion of income taxes receivable net of the allowance for doubtful accounts, federal grants receivable, and long-term receivable not available in the current reporting period. It is reported under deferred inflows of resources.

3. *Interfund Transactions and Balances*

The State has the following types of interfund transactions in the governmental fund and proprietary financial statements:

- Interfund services provided and used (reciprocal interfund activity) – Charges for goods or services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund.

- Interfund Transfers (non-reciprocal interfund activity) – Legally authorized transfers whereby the two parties do not receive equivalent cash, goods or services are reported as transfers.

The types of assets and liabilities resulting from these transactions are:

- Interfund loans – These are balances arising from the short-term and long-term portion of interfund transactions.

- Interfund services provided/used – These are balances arising in connection with reciprocal interfund activity or reimbursements. Balances relating to discretely presented component units are presented as ‘Due from/to component units’.

- Interfund services provided and interfund loans are eliminated in the government-wide statements because they are provided by one governmental activity on behalf of another or by one business-type activity on behalf of another.

4. *Inventories and Prepaid Items*

Inventories for the Inns & Concessions, Institutional Industries and Administrative Services Revolving funds are valued at cost. The costs of governmental fund-type inventories are recorded as expenditures when purchased. The first in/first out (FIFO) method is used for valuation of inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The consumption rather than the purchases method is used for prepaids as expenditures or expenses are recorded for the cost of prepaid items when consumed rather than when purchased.

5. Restricted Net Position

Certain net positions are classified as restricted net position because their use is completely restricted by bond indentures, contracts, grantors, contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation. Net position restricted by enabling legislation for governmental activities totals $1.3 billion, of which $0.5 billion is permanent funds principal, $0.5 billion is for the Economic Stabilization Fund as discussed in Note V (D), $0.2 billion restricted portion of the Opiod Settlement receivable and $0.1 billion is prepaid expenses.

6. Capital Assets

Capital outlays are reported as expenditures in the governmental funds and as assets in the government-wide statements to the extent the State's $20,000 capitalization threshold for external financial reporting is met.

The Indiana Department of Transportation (INDOT) uses the modified approach for reporting its infrastructure. The Department of Natural Resources (DNR) uses the depreciation approach for reporting its infrastructure.

Under the modified approach, the State has determined that the condition level for INDOT infrastructure assets to be maintained is:

- A network average International Roughness Index based on the right wheel path (IRI RWP) of no more than 101 and no more than 12.5% of all pavements in the unacceptable range for Interstates, National Highway System (NHS) Non-Interstate roads, and Non-NHS roads,
- An average sufficiency rating of 87% for interstate bridges,
- An average sufficiency rating of 85% for NHS Non-Interstate bridges, and
- An average sufficiency rating of 83% for Non-NHS bridges.

The Bridge Division, Program Engineering, and Road Inventory Division of INDOT are responsible for determining the appropriate condition level of the infrastructure assets.

No amounts are capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential.

INDOT projects are capitalized based on capitalization and preservation percentages assigned to three hundred ninety-three (393) work types. For example, the cost for constructing a new bridge would likely be 100% capitalized; whereas, the cost for adding travel lanes to a road would likely be assigned a work type code resulting in capitalization at 50% and preservation at 50%.

The State maintains an inventory of these infrastructure assets and performs periodic condition assessments to establish that the predetermined condition level is being maintained. Road pavement condition assessments are performed annually on all INDOT state routes, including interstates. Condition assessments of all bridges are determined on a bi-annual basis. Sufficiency ratings of all bridges are determined on an annual basis by the Federal Highway Administration based on annual submittal of bridge condition data.

The State makes annual estimates of the amounts that must be expended to preserve and maintain these infrastructure assets at the predetermined condition levels.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

Capital assets are depreciated in the proprietary and similar trust funds using the straight-line method on both the fund basis and the government-wide basis. Both the government-wide statements and proprietary and similar trust funds use the following estimated useful lives:

Assets	Months
Buildings and other structures including improvements to buildings and other structures	240-480
Computer software	48
Infrastructure (not using modified approach)	240-720
Furniture, machinery, and equipment	12-168
Motor pool vehicles	96-168

The State of Indiana maintains several collections of works of art, historical treasures, and similar assets that are not capitalized. While the collections are maintained by different agencies, each collection is:

- Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- Protected, kept unencumbered, cared for, and preserved.
- Subject to an organizational policy that either prohibits sale or requires the proceeds from sales of collection items to be used to acquire other items for collections.

The State's major collections are:

- The Commission on Public Records, State Archives Collection consists of historical and legal documents that are generated on: paper or paper substitutes; photographic or chemically based media; magnetic or machine readable media; or any other materials, regardless of form or characteristics.
- The State Library has two collections, the Manuscript Collection and the Indiana History Collection. These collections include historical documents and works of art, most of it of Indiana origin.

Other collections include the Historical Bureau's Indiana Governors' Portrait Collection, the Department of Administration's Statehouse Collection, and the Indiana Arts Commission's Collection. These collections consist primarily of art objects.

7. Compensated Absences

Full-time employees of the State of Indiana are permitted to accumulate earned but unused vacation and sick pay benefits. Vacation leave accumulates at the rate of one day per month and sick leave at the rate of one day every two months plus an extra day every four months. The vacation day accrual rate increases at five, ten, and twenty years of employment.

Personal leave days are earned at the rate of one day every four months; any personal leave accumulated in excess of three days automatically becomes part of the sick leave balance. Upon separation of service, in good standing, employees will be paid for a maximum of thirty (30) unused vacation leave days. In addition, qualifying retiring employees are paid an additional payment up to a maximum of $5,000, which is made up of unused vacation leave over 30 days, unused personal leave, and unused sick leave. In 2022, 22.5 hours of personal leave was authorized for newly-hired employees to address recruitment concerns due to the regulatory requirement that vacation leave cannot be used until a newly-hired employee has been employed for six months. At the four-months' of employment mark, the earning rules stated above apply.

The legislative and judicial branches, and the separately elected offices may elect to participate in a leave conversion program which allows their employees to convert a portion of accrued but unused vacation and sick leave into the Hoosier START Deferred Compensation Plan. An employee must have at least 300 hours of vacation or sick leave accrued in order to participate in this plan. There is a sliding scale which determines how many hours are converted from those hours the employee has accrued. The hours converted are deposited into the Hoosier START Deferred Compensation Plan at 60% of the employee's hourly rate. The legislative and judicial branches, the offices of the Attorney General, Auditor of State, Secretary of State, and Lieutenant Governor participated in this program for calendar year 2022 for their employees.

Matured vacation and personal leave and salary-related payments that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported as long term liabilities in the government-wide, proprietary, and fiduciary fund financial statements.

8. Long-Term Obligations

Long-term debt and other obligations are reported in the government-wide statements and the proprietary funds statements as liabilities in the applicable governmental activities, business-type activities, or proprietary fund.

9. Fund Balance

In the fund financial statements, fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned. A brief description of each category is as follows:

Nonspendable – represents amounts that are either not in spendable form, such as prepaid expenditures, and activity that is legally or contractually required to be maintained intact, such as a principal balance in a permanent fund.

Restricted – represents amounts restricted to specific purposes because of constraints placed on their use that are either externally imposed such as by grantors or imposed by law through constitutional provisions or enabling legislation.

Committed – represents amounts that can only be used for a specific purpose pursuant to constraints imposed by the government's highest level of decision making authority. The State of Indiana's highest level of decision making authority is the General Assembly. The formal action necessary would be the enactment of a State law that specifically establishes, modifies, or rescinds a fund balance commitment.

Assigned – represents amounts that are constrained by the government's intent to be used for specific purposes as expressed by the governing body itself or the official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The State Budget Agency has the authority per the biennial budget bill to make assignments of fund balances for specific purposes except for those restricted by law. The State Board of Finance comprised of the Governor, Auditor of State and Treasurer of State is empowered to make assignments of funds except for trust funds per I.C. 4-9.1-1-7.

Unassigned – represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Only the general fund may report a positive unassigned fund balance; whereas, other governmental funds may need to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

Funds on the State's accounting system are assigned one of the five fund balance classifications. If a fund has resources that are both restricted and unrestricted, then expenditures are applied first to restricted fund balance and then unrestricted amounts. A fund's unrestricted fund balance would have committed amounts reduced first, assigned amounts second, and unassigned amounts third when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

F. Use of Estimates

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

The allowance for doubtful accounts for taxes receivable, the estimate of claims payable for the Medicaid fund, the estimate of additions for the Local Distributions fund, and the estimated useful lives of capital assets are among the most sensitive accounting estimates affecting the financial statements.

The additions for the Local Distributions fund, a custodial fund, are estimated using the most recent actual known local option income tax collections which are for the calendar year two years prior to the current fiscal year. Adjustments to the estimate are made for units of local government that have changed their local income tax rates during the following two calendar years, for actual collections during the six months prior to the end of the current fiscal year, and for interest earned. The economy, any rate changes that are made in the current calendar year after preparation of the financial statements, and any unknown errors can impact the estimation process and cause actual results to differ.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

As described in Note I, Summary of Significant Accounting Policies, differences exist between the government-wide and the governmental fund financial statements. These differences are summarized in the reconciliations that follow the governmental fund financial statements.

A. Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

In the government-wide financial statements, capital assets are considered economic resources and are capitalized at cost or estimated historical cost at time of acquisition. Where applicable, these costs are offset by accumulated depreciation or amortization.

The government-wide statements use the flow of economic resources and accrue receivables that are not available soon enough in the subsequent period to pay for the current period's expenditures. Also under the flow of economic resources, payables that do not require the use of current financial resources are accrued. These receivables and payables are not accrued in the fund financial statements.

Internal service funds are used by management to charge the costs of certain activities to individual funds. In the government-wide financial statements, the assets and liabilities of internal service funds are included in governmental activities in the statement of net position. In the proprietary fund financial statements, internal service fund balances are segregated and reported as their own fund type.

B. Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

In the government-wide financial statements, the cost for capital outlays, except for governmental infrastructure, is allocated over the assets' useful lives and is reported as depreciation or amortization expense.

The government-wide statements use the flow of economic resources and therefore do not report revenues and expenses dependent on the availability of financial resources, as is reported in the fund financial statements. Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements. Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund financial statements. Net pension liabilities and other postemployment benefits do not require the use of current financial resources and are not reported as expenditures in the fund financial statements.

Internal service funds are used by management to charge the costs of certain activities to individual funds. In the government-wide financial statements, the expenses of internal service funds are included in governmental activities in the statement of activities. In the proprietary fund financial statements, internal service fund balances are segregated and reported as their own fund type.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Equity

At June 30, 2022, various funds had a deficit fund balance. Two major funds, the US Department of Health & Human Services special revenue fund and the Federal COVID-19 special revenue fund, had deficit fund balances caused by overdrafts from pooled cash and investments. These overdrafts will be repaid as grant revenues are collected. Non-major fund deficits are as follows.

Fund	Deficit Fund Balance
Governmental Funds	
US Department of Agriculture	$ (150,701)
US Department of Labor	(9,011)
US Department of Education	(71,594)
US Department of Homeland Security	(2,596)

These deficits resulted from overdrafts in pooled cash and investments or expenses exceeding grant revenues. The deficits will be recovered as grant revenues are collected or transfers in occur.

B. Fund Balance

The State of Indiana reports its fund balances for governmental funds as nonspendable, restricted, committed, assigned, and unassigned. The detail of the fund balance classifications at June 30, 2022 is as follows:

	General Fund	Public Welfare - Medicaid Assistance Fund	US Department of Health and Human Services	Federal COVID-19	ARPA - Economic Stimulus Fund	Non-Major Funds
Fund Balances:						
Nonspendable:						
Permanent fund principal	-	-	-	-	-	502,835
Prepaid expense	111,753	-	-	-	-	17,071
Restricted:						
Administration	531,746	-	-	-	-	-
Public Health	-	-	-	-	-	6,150
Natural Resources	-	-	-	-	-	150
Other Purposes	-	-	-	-	-	3,338
Committed:						
Administration	3	-	-	-	-	2,066
Public Health	-	-	-	-	-	222,053
Economic Development	14,545	-	-	-	-	61,330
Environmental	-	-	-	-	-	129
Natural Resources	-	-	-	-	-	12,519
Secondary Education	-	-	-	-	-	587,870
Roads & Bridges	34,451	-	-	-	-	1,375
Other Purposes	-	-	-	-	-	22,342
Assigned:						
Administration	404,357	-	-	-	3,315	278,234
Corrections	867,625	-	-	-	22	30,726
Police & Protection	41,350	-	-	-	80	372,388
Mental Health	84,075	-	-	-	360	53,601
Public Health	52,479	116,714	-	-	176	382,694
Child Services	1,153,480	-	-	-	991	130,611
Disability & Aging	38,722	-	-	-	5	18,542
Economic Development	12,975	-	-	-	40	64,163
Environmental	37,280	-	-	-	-	171,393
Natural Resources	989	-	-	-	121	281,735
Higher Education	149,599	-	-	-	-	17,378
Secondary Education	796,871	-	-	-	363	26,329
Roads & Bridges	198,864	-	-	-	279	1,791,180
Capital Outlay	767,375	-	-	-	-	136,606
Other Purposes	400,156	-	-	-	4	148,611
Unassigned:	3,853,051	-	(482,339)	(175,557)	-	(233,902)
Total	**$ 9,551,746**	**$ 116,714**	**$ (482,339)**	**$ (175,557)**	**$ 5,756**	**$ 5,109,517**

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits, Investments, and Securities Lending

Primary Government

Other than Major Moves Construction Fund and Next Level/Generation Trust Fund, Investment Trust Funds, and Pension and Other Employee Benefit Trust Funds

Investment Policy

Indiana Code, Title 5, Article 13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. However, the Major Moves Construction Fund and the Next Level/Generation Trust Fund have separate investment authority as established under Indiana Code 8-14-14 and Indiana Code 8-14-15, respectively. The Treasurer of State shall invest these funds in the same manner as the public employees' retirement fund under Indiana Code 5-10.3-5 with the exception that monies may not be invested in equity securities. For more information, please see the INPRS policy in note IV(A) INPRS. There are no formal deposit investment policies for the investment of these funds other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk.

Indiana Code 5-13-9 and Indiana Code 5-13-10.5 authorizes the Treasurer to invest in deposit accounts issued or offered by a designated depository; municipal securities issued by an Indiana local governmental entity if the issuer has not defaulted on any obligation within the twenty years preceding the date of the purchase; AAA rated money market mutual funds with a portfolio made up of direct obligations of the United States, obligations issued by any federal agency, instrumentality, or federal government sponsored enterprise or repurchase agreements fully collateralized by the same obligations allowed to be owned within the money market mutual fund; commercial paper rated in the highest rating category by one nationally recognized rating service with a stated final maturity of 270 days or less from date of purchase; securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States; obligations issued by United States agencies and instrumentalities, or federal government sponsored enterprises; supranational issuers having the highest investment credit rating by at least two nationally recognized credit rating agencies; repurchase agreements that are fully collateralized, as determined by the current fair value computed on the day the agreement is effective, by interest bearing obligations that are issued, fully insured or guaranteed by the United States or any U.S. government agency; and the State's local government investment pool.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statute does not establish any parameters or guidelines related to interest rate risk.

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2022:

Investment Type	Fair Value Totals	Investment Maturities (in Years) Less than 1	1 - 5	6 - 10
U.S. Treasuries	$ 4,472,264	$ 3,864,807	$ 607,457	$ -
U.S. Agencies	5,110,541	3,757,147	1,353,394	-
Supranationals	1,727,663	1,714,448	13,215	-
Municipal Bonds	91,971	63,614	25,474	2,883
Commercial Paper	547,859	547,859	-	-
Local Govt Investment Pool	318,035	318,035	-	-
Non-U.S. Fixed Income	65,000	20,000	45,000	-
Certificate of Deposits	308,459	308,459	-	-
Money Market Mutual Funds	2,010,000	2,010,000	-	-
Total	$ 14,651,792	$ 12,604,369	$ 2,044,540	$ 2,883

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2022, the balance of the State of Indiana's deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. The Treasurer of State is authorized by statute (IC 5-13-10.5-5) to accept safekeeping receipts or other reporting for securities from: (1) a duly designated depository as prescribed in this article; or (2) a financial institution located either in or out of Indiana having physical custody of securities with a combined capital and surplus of at least ten million dollars ($10,000,000) according to the last statement of condition filed by the financial institution with its governmental supervisory body. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodian's failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Indiana Code 5-13-9, IC 5-13-10, and IC 5-13-10.5 authorizes the State Treasurer to invest or reinvest in securities fully guaranteed and issued by (1) the United States Treasury, (2) a federal agency, (3) a federal instrumentality, or (4) a federal government sponsored enterprise, as well as other securities that are AAA rated or insured through the Public Deposit Insurance Fund or the FDIC. The allowable investments are noted above under the Investment Policy Statement section in more detail. The State Treasurer recognizes credit (quality) risk as a market and strategic risk factor in all investments.

The following table provides information on the credit quality ratings for investments in debt securities as well as investments in external investment pools, and money market funds, as of June 30, 2022. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The table reflects the greatest risk rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each type of investment, not exempt from disclosure:

Investment Type	Greatest Risk Rating	Fair Value
U.S. Agencies	AA	$ 4,874,853
	A	144,913
	BBB	57,323
	BB	23,486
	B	9,966
Supranationals	AAA	1,727,663
Commercial Paper	A-1	547,859
Certificate of Deposits	NR	308,459
Municipal Bonds	NR	91,971
Non-US Fixed Income Bonds	A	65,000
Local Govt Investment Pool	NR	318,035
Money Market Mutual Funds	AAA	2,010,000
Total		$ 10,179,528

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Indiana Code 5-13-10-3 states that the State Treasurer may not deposit aggregate funds in deposit accounts in any one designated depository in an amount aggregating at any one time more than fifty percent (50%) of the combined capital, surplus, and undivided profits of that depository as determined by its last published statement of condition filed with the State Board for Depositories.

At June 30, 2022, investments in any one issuer, not exempt from disclosure, that represent 5% or more of the total investments were:

FFCB 5.70% $905,728
FHLB 22.11% $3,516,259
IBRD 8.27% $1,315,668

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of June 30, 2022, there were no deposits or investments denominated in foreign currencies, thus there was no foreign currency risk.

Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities, to broker-dealers and other entities (borrowers), for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Securities may be lent under this section only if the agreement under which the securities are lent is collateralized by: (1) cash; or (2) non-cash collateral; in excess of the total fair value of the loaned securities.

The State's custodial banks manage the securities lending programs and receive cash or securities as collateral. The types of securities lent during the year may include U.S. Treasury and agency obligations, corporate bonds/notes, and foreign bonds. Collateral securities and cash are initially pledged at 102% of the fair value of the securities lent. Cash received as collateral is reported as an asset and a liability on the balance sheet. Securities received as non-cash collateral are not reported on the balance sheet, because the State does not have the ability to pledge or sell them without a borrower default. Generally, there are no restrictions on the amount of assets that can be lent at one time, except for the Indiana Public Retirement System (discretely presented component unit), which allows no more than 40% to be lent at one time.

Cash collateral received is invested by the custodian banks. Cash collateral is generally invested in securities of a longer term with the mismatch of maturities generally 0-35 days. The weighted average maturity gap at June 30, 2022, was 2.77 days.

At year end, the State had no credit risk exposure to any borrowers because the amount the State owes the borrowers exceeds the amounts the borrowers owe the State. The contracts with the State's custodian require them to indemnify the funds if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the funds for income distributions by the securities' issuers while the securities are on loan.

As of June 30, 2022, the fair values of the underlying securities on loan were:

Security Type	Fair Value
U.S. Treasuries	$ 2,891,336

The fair values of the collateral received for each investment type were:

Security Type	Fair Value
U.S. Treasuries	$ 2,943,525

The percentage of collateral received for underlying securities on loan was 101.81%.

The fair values of the cash and non-cash collateral received were:

Collateral Type	Fair Value
Non-cash collateral	$ 343,212
Cash collateral (liability to borrowers)	2,600,313
Total	**$ 2,943,525**

Events of the market crisis of late 2008 negatively impacted the value of the State's securities lending cash collateral reinvestment pool. Since that time, the State, with the agreement of its' custodial bank, has been injecting capital into the pool using securities lending revenues to restore the value of the cash collateral reinvestment pool. As of June 30, 2022, the fair value of the cash collateral reinvestment pool was 98.99% of the fair value of the cash collateral received from the borrowers.

Fair Value of reinvested cash collateral by type:

Collateral Type	Fair Value
Certificates of deposit	122,590
Repurchase agreements	195,194
Asset backed securities	2,340
Floating rate notes	2,252,477
Receivable/(Payable)	1,339
Total	**$ 2,573,940**

The quality rating of the reinvested cash collateral investments as described by Standard and Poor's at June 30, 2022, is as follows:

S&P Rating	Fair Value of Cash Collateral	% of Portfolio
AA	820,142	31.9
A	1,499,029	58.2
CC	2,340	0.1
NR	252,429	9.8
Total	**$ 2,573,940**	**100.0**

Fair Value Measurement – Primary Government

The Primary Government categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

U.S. Treasury securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The U.S. Agency securities, supranational securities and commercial paper are classified in Level 2 of the fair value hierarchy are valued using other observable inputs other than quoted prices in an active market. The certificates of deposits are valued at cost-based measures and are classified as Level 2. The Non-U.S. Government bonds and municipal bonds classified in Level 3 have no observable inputs and there is no market activity regarding those investments, so they have been valued using cost-based measures. The local government investment pool is valued using the fair value valuation methodology and is marked to fair value daily using the most recent market bid price as obtained from one or more market makers and is thus classified in Level 2 of the fair value hierarchy. The money market mutual funds are valued at the daily closing price as reported by the funds and are deemed to be actively traded and are classified in Level 1 of the fair value hierarchy.

The following table summarizes the valuation of the investments by the fair value hierarchy levels as of June 30, 2022:

		Fair Value Measurements Using		
Investment Type	**June 30, 2022**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
U.S. Treasuries	$ 4,472,264	$ 4,472,264	$ -	$ -
U.S. Agencies	5,110,541	-	5,110,541	-
Supranationals	1,727,663	-	1,727,663	-
Commercial Paper	547,859	-	547,859	-
Municipal Bonds	91,971	-	-	91,971
Non-US Govt Bonds	65,000	-	-	65,000
Certificate of Deposits	308,459	-	308,459	-
Local Government Investment Pool	318,035	-	318,035	-
Money Market Mutual Funds	2,010,000	2,010,000	-	-
Total Fixed Income Securities	$ 14,651,792	$ 6,482,264	$ 8,012,557	$ 156,971

Major Moves Construction Fund and Next Level/Generation Trust Fund

Investment Policy

Indiana Code, Title 5, Article 13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. However, the Major Moves Construction Fund, Next Generation Trust Fund, and the Next Level Indiana Trust Fund have separate investment authority as established under Indiana Code 8-14-14, Indiana Code 8-14-15.2, and Indiana Code 8-14-15.1, respectively. The Next Generation Trust Fund and the Next Level Indiana Trust Fund are included in the Next Level/Generation Trust Fund non-major permanent fund. The Treasurer of State shall invest the funds in the Major Moves Construction Fund and the Next Generation Trust Fund in the same manner as the public employees' retirement fund under Indiana Code 5-10.3-5, except the funds may not be invested in equity securities. The Next Level Indiana Trust Fund allows for investment of not more than 50% of the money in the trust, $250,000,000, to be invested in investments that: (a) maximize risk appropriate returns, which may include the purchase of equity or debt securities; and (b) make significant investments in Indiana funds and companies. At least 50% of the money in the trust, $250,000,000 or greater, may be invested by the Treasurer of State in the same manner as the public employees' retirement fund, excluding investment in equity securities. An Investment Policy Statement for the Major Moves Construction Fund and Next Generation Trust Fund for the investment of these funds has been adopted by the Treasurer of State. An Investment Policy Statement for the Next Level Indiana Trust Fund for the investment of these funds has been adopted by the Next Level Indiana Trust Fund Investment Board. The Investment Policy Statements are written in conformity with the applicable investment statutes and in accordance with prudent investor standards. There is no formal deposit policy other than compliance to State Statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk. The Investment Policy Statements establish asset allocations and investment structures for both Funds. These asset allocations and investment structures were established with consideration given to each Fund's objectives, time horizons, risk tolerances, performance expectations, and liquidity requirements.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. The Funds' policy for controlling its exposure to interest rate fluctuations should be viewed with the appropriate perspective. The Funds' manager's long-term strategy was employed to achieve the Funds' objectives, but there was consideration given to the short-term liquidity needs to meet disbursements required by the Fund. The asset allocation and investment manager structure was designed to tolerate some interim fluctuations in fair value while maintaining a long-term return objective of 2.21%.

The following table provides the interest rate risk disclosure for the Major Moves Construction Fund and Next Level/Generation Trust Fund as of June 30, 2022:

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6- 10**	**More than 10**
U.S Treasuries	$ 463,309	$ 396,219	$ 53,747	$ 1,932	$ 11,411
U.S. Agencies	69,250	24,940	44,310	-	-
Commercial Paper	21,918	21,918	-	-	-
Government Asset and Mortgage Backed	21,320	248	1,188	231	19,653
Collateralized Mortgage Obligations					
Government CMOs	4,639	2,023	523	256	1,837
Corp CMOs	5,266	3,862	-	-	1,404
Corporate Bonds	107,935	10,298	67,490	19,465	10,682
Corporate Asset Backed	20,645	9,423	6,172	741	4,309
Private Placements	61,394	23,005	18,975	6,326	13,088
Municipal Bonds	10,577	1,297	8,561	507	212
Local Government Investment Pool	1,600	1,600	-	-	-
Non US Government/Corp Bonds	11,934	2,955	4,515	1,067	3,397
Mutual Funds/Commingled Funds	75,256	75,256	-	-	-
Total Fixed Income Securities	**$ 875,043**	**$ 573,044**	**$ 205,481**	**$ 30,525**	**$ 65,993**

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2022, the balance of the State of Indiana's deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians' failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

All investment managers must adhere to the following guideline related to the specific limitation on holdings:

The purchase of securities in the maximum amount invested in any single issuer of a non-agency mortgage-backed, asset-backed, or corporate security shall be limited to an initial cost of 2.5% of the fair value of an Investment Manager's portfolio. This limit shall not apply to U.S. Government securities, or mortgage-back securities that are issued by an agency of the U.S. Government. Through capital appreciation, no such holding should exceed 3.5% of the fair value of the total holdings of such Investment Manager's portfolio.

The following table provides information on the credit quality ratings for investments in debt securities, short-term money market funds, bond mutual funds and bond commingled funds, municipal securities, asset-backed, and mortgage-backed securities as of June 30, 2022. The following table below reflects the "greatest risk" rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each type of investment, not exempt from disclosure, in the Major Moves Construction Fund and Next Level/Generation Trust Fund.

	Greatest Risk	
Investment Type	**Ratings**	**Fair Value**
U.S. Agencies	AAA	$ 42,858
	AA	1,452
	NR	24,940
Government Asset And Mortgage Backed	AA	19,405
	NR	1,915
Commercial Paper	A-1	21,918
Collateralized Mortgage Obligations		
Government CMO's	AAA	76
	AA	4,563
Corporate CMO's	A	145
	BBB	453
	B	272
	CCC & Below	3,349
	NR	1,047
Non US Govt/Corp Bonds	AA	201
	A	1,126
	BBB	3,361
	BB	3,055
	B	369
	CCC & Below	302
	NR	3,520
Corporate Bonds	AAA	625
	AA	1,767
	A	28,302
	BBB	62,551
	BB	11,513
	B	3,017
	CCC & Below	160
Corporate Asset and Mortgage Backed	AAA	8,076
	AA	1,425
	A	1,741
	BBB	641
	BB	174
	B	1,687
	CCC & Below	6,897
	NR	4
Private Placements	AAA	23,937
	AA	5,219
	A	7,358
	BBB	14,729
	BB	3,449
	B	2,175
	CCC & Below	1,139
	NR	3,388
Local Government Investment Pool	NR	1,600
Municipal Bonds	AAA	634
	AA	5,742
	A	3,989
	BBB	123
	CCC & Below	89
Money Market Mutual Funds	A	300
	NR	74,956
Total		$ 411,734

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools. For Intermediate and Core Fixed Income Managers, securities in any one issuer should be limited to not more than 5% of the investment manager's portion of the Fund portfolio measured at fair value. For Core Plus Fixed Income Managers, the exposure of each manager's portfolio should be limited to not more than 10% of the manager's portion of the Fund portfolio measured at fair value.

As of June 30, 2022, investments in any one issuer, not exempt from disclosure, that represent 5% or more of the total investments (in thousands) was:

FHLMC 6.85% $68,189

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Major Moves Construction Fund and Next Level/Generation Trust Funds' foreign currency exposure is focused primarily in fixed income securities. The exposure to foreign currency fluctuation is as follows:

Currency	Fair Value	% of Total Fair Value
Argentina Peso	$ 173	0.02%
Australian Dollar	1,341	0.13%
Brazil Real	714	0.07%
Canadian Dollar	2,642	0.27%
Chilean Pese	2	0.00%
Chinese R Yuan HK	(866)	-0.09%
Chinese Yuan Renminbi	403	0.04%
Colombian Peso	(9)	0.00%
Euro Currency	(2,351)	-0.24%
Indian Rupee	206	0.02%
Indonesian Rupiah	1,631	0.16%
Japanese Yen	2,107	0.21%
Mexican Peso	1,898	0.19%
New Zealand Dollar	(30)	0.00%
Norwegian Krone	414	0.04%
Peruvian Sol	(119)	-0.01%
Polish Zloty	1	0.00%
Pound Sterling	1,114	0.11%
Russian Ruble	196	0.02%
Singapore Dollar	2	0.00%
South African Rand	711	0.07%
South Korean Won	22	0.00%
Thailand Baht	30	0.00%
Subtotal	10,232	1.03%
U.S. Dollar	985,743	98.97%
Total Fair Value	**$ 995,975**	**100.00%**

Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise, in excess of the total fair value of the loaned securities.

At year end, there were no securities on loan and therefore, no credit risk exposure.

Fair Value Measurement

The Major Moves Construction Fund and Next Level/Generation Trust Fund categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

U.S. Treasury securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The U.S. agency securities, municipal bonds, corporate bonds, and other debt securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs other than quoted prices in an active market. The local government investment pool is valued using the fair value valuation methodology and is marked to fair value daily using the most recent fair value bid price as obtained from one or more market makers and is thus classified in Level 2 of the fair value hierarchy. Those money market mutual funds that are valued at the daily closing price as reported by the funds and are deemed to be actively traded and are classified in Level 1 of the fair value hierarchy. The international commingled mutual fund was not priced in an active market and had no observable inputs thus was classified in Level 3.

The following table summarizes the valuation of the investments by the fair value hierarchy levels as of June 30, 2022:

Investment Type	June 30, 2022	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasuries	$ 463,309	$ 463,309	$ -	$ -
U.S. Agencies	69,250	-	69,250	-
Commercial Paper	21,918	-	21,918	-
Govt Asset and Mortgage Backed	21,320	-	21,320	-
Collateralized Mortgage Obligations				
Govt CMO's	4,639	-	4,639	-
Corporate CMO's	5,266	-	5,266	-
Corporate Bonds	107,935	-	105,871	2,064
Corporate Asset Backed	20,645	-	20,645	-
Private Placements	61,394	-	61,394	-
Local Government Investment Pool	1,600	-	1,600	-
Non US Govt/Corp Bonds	11,934	-	11,934	-
Municipal Bonds	10,577	-	10,577	-
Mutual/Commingled Funds	75,256	1,331	1,207	72,718
Total Fixed Income Securities	**$ 875,043**	**$ 464,640**	**$ 335,621**	**$ 74,782**

TrustINdiana, Local Government Investment Pool (Custodial Fund)

Investment Policy

Indiana Code, Title 5, Article 13, Chapter 9, Section 11 established the local government investment pool (TrustINdiana) within the office and custody of the Treasurer of State. The Treasurer of State shall invest the funds in TrustINdiana in the same manner, in the same type of instruments, and subject to the same limitations provided for the deposit and investment of state funds by the Treasurer of State under Indiana Code 5-13-10.5. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk. However, pursuant to IC 5-13-9-11(g)(7), no less than fifty percent of funds available for investment shall be deposited in banks qualified to hold deposits of participating local government entities. Investment criteria have been established to create the principles and procedures by which the funds of TrustINdiana shall be invested and to comply with state statute relating to the investment and deposit of public funds.

Valuation of Investments

Securities, other than repurchase agreements, are valued at the most recent fair value bid price as obtained from one or more market makers for such securities. Repurchase agreements are recorded at cost, which approximates fair value. The underlying investments of the Pool are marked-to-fair value on a daily basis.

Security transactions are recorded on a trade-date basis. Realized gains and losses on sales of investments are calculated on an identified cost basis. Interest income, including any amortization of premium or accretion of discount, is recorded on the accrual basis.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2022:

Investment Type	Fair Value		Investment Maturities (in Years) Less than 1	
Fixed Income Securities				
Commercial Paper	$	705,466	$	705,466
Repurchase Agreements		8,560		8,560
Money Market Mutual Funds		187,327		187,327
Total	**$**	**901,353**	**$**	**901,353**

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2022, the balances of all bank deposits were covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodian's failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. TrustINdiana limits its investments in any one issuer to the highest rating category issued by one nationally recognized statistical rating organization.

The following table provides information on the credit quality ratings for investments in TrustINdiana as of June 30, 2022. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The table reflects the greatest risk rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations for each type of investment, not exempt from disclosure, in TrustINdiana.

Investment Type	Greatest Risk Ratings	Fair Value
Repurchase Agreements	A1	$ 8,560
Commercial Paper	A1	$ 705,466
Money Market Mutual Funds	AAA	187,327
Total		**$ 901,353**

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. As noted above, TrustINdiana is required to be comprised of no less than 50% of deposits in banks from an approved list maintained by the State of Indiana. In addition, TrustINdiana limits its investments in any one issuer of commercial paper to a maximum of 5% of assets per commercial paper issuer and 10% of assets per ultimate commercial paper issuer. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools.

At June 30, 2022, there were no investments in any one issuer, not exempt from disclosure that represents 5% or more of the total investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment or a deposit. TrustINdiana's investment policy prohibits investment in foreign investments, thus there was no foreign currency risk.

Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent under an agreement which requires the loaned securities to be collateralized in the form of (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise, in an amount at least equal to 102% of the current fair value of the loaned securities. The net income earned through securities lending is recorded as additional income to the Pool. As of June 30, 2022, there were no securities on loan and therefore, no credit risk exposure.

Fair Value Measurement

TrustINdiana categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. 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. Fair Value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

The money market mutual funds are valued at the daily closing price as reported by the funds and are deemed to be actively traded, thus classified as Level 1 of the fair value hierarchy. The commercial paper and repurchase agreements classified in Level 2 of the fair value hierarchy are valued using other observable inputs other than quoted prices in an active market.

The following table summarizes the valuation of the TrustINdiana's investments by the fair value hierarchy levels as of June 30, 2022:

		Fair Value Measurements Using	
Investment Type	**June 30, 2022**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
Fixed Income Securities			
Commercial Paper	$ 705,466	$ -	$ 705,466
Repurchase Agreements	8,560	-	8,560
Money Market Mutual Funds	187,327	187,327	-
Total	**$ 901,353**	**$ 187,327**	**$ 714,026**

Pension and Other Employee Benefit Trust Funds

State Police Pension Fund

Investments of the State Police Pension Trust are combined in a co-invested internal investment pool known as the Group Trust Fund and held by the Treasurer of the State of Indiana. The State Police Pension Trust owns approximately 77.00% of the fair value of the assets in the Pool as of June 30, 2022. The remaining assets are split between two State Police other postemployment benefit (OPEB) trusts at 20.06% and 2.94% which are reported as part of the State Employee Retiree Health Benefit Trust Fund (see note IV(A) State Employee Retiree Health Benefit Trust Fund-DB). The following tab summarizes the allocation of the internal investment pool as of June 30, 2022:

Fund	Allocation %	Fair Value
State Police Retirement Fund	77.00%	$ 547,627
State Police OPEB 115HT	20.06%	142,652
State Police OPEB 401h	2.94%	20,892
Total Internal Investment Pool		$ 711,171

A summary of the investment holdings reported by the Group Trust Fund at fair value by asset type is as follows on June 30, 2022:

Asset Type	Fair Value
Cash and cash equivalents	44,197
Corporate bonds	17,005
Collateralized mortgage obligations	125
Private placements	496
Municipal bonds	4,448
U.S. government mortgage backed	270
U.S. treasuries	5,951
Domestic equity	95,752
International equity	14,994
Mutual funds	88,791
Commingled fixed income/equity funds	260,056
Hedge funds	68,628
Private equity	110,458
Total internal investment pool	$ 711,171

The net assets of the Pool are reported on the Statement of Fiduciary Net Position as follows on June 30, 2022:

Investment in internal investment pool	$ 547,627
Interest receivable	390
Total State Police Retirement Fund	$ 548,017

Investment Policy

The disclosures that follow for investments are reported with respect to the State Police Pension Trust's position in the internal investment pool.

Investment Policy

The Indiana State Police Pension Trust was established in 1937 to provide pension, death, survivor, and other benefits to present and former employees of the department and their beneficiaries who meet the statutory requirement for such benefits.

Subject to the provisions of IC 10-12-2, the Trustee, with the approval of the Department and the Pension Advisory Board, shall invest the trust fund assets with the same care, skill, prudence, and diligence, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The Trustee shall also diversify such investments in accordance with prudent investment standards. There is no formal deposit policy other than compliance to State statute. The Trustee shall maintain a written investment policy governing the investment and reinvestment of the Group Trust Fund.

The following was the Group Trust's adopted asset allocation policy as of June 30, 2022:

Asset Class	Target Allocation (%)
Broad domestic equity	31.0
Hedge funds	25.0
Core U.S. fixed	22.0
Global ex U.S. equity	11.0
Core real estate	5.0
Short duration gov't/credit	4.0
Cash and equivalents	2.0
Total	**100.0**

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The Group Trust does not have a formal policy on credit risk.

The following table provides information on the credit quality ratings for investments in debt securities, short-term money market funds, bond mutual/commingled funds, municipal securities, asset-backed, and mortgage backed securities for the State Police Pension Trust. The table reflects the "greatest risk" rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each investment type, not exempt from disclosure, in State Police Pension Trust.

Investment Type	Greatest Risk Ratings	Fair Value
U.S. Government Mortgage Backed	AA	$ 208
Collateralized Mortgage Obligations	NR	96
Corporate Bonds	AA	218
	A	1,844
	BBB	8,380
	BB	1,675
	B	977
Private Placements	AA	57
	A	189
	BBB	136
Municipal Bonds	AAA	147
	AA	1,894
	A	1,138
	BBB	246
Commingled Fixed Income / Commingled		-
Equity Funds	NR	200,252
Total		**$ 217,457**

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2022, the balance of the State Police Pension Trust deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investments – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the customer. None of the Indiana State Police Pension Trust's investments are exposed to custodial credit risk because they are held in the name of the Group Trust. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodian's failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fair value for the majority of fixed income securities is determined by using quoted fair value prices by independent pricing services. Investments that do not have an established market are reported at net asset value; these include commingled funds, private equity funds and hedge funds. The alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Holdings are generally valued by a general partner or investment manager on a quarterly basis. Valuation assumptions are based upon the nature of the investment and the underlying business. Additionally, valuation techniques will vary by investment type and involve a certain degree of judgement.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Group Trust has 34 different investments managers. Each investment manager is retained by the Trust to implement a specific investment style and strategy and shall adhere to the specific limitations on holdings outlined in each investment manager's securities guidelines. The securities guidelines for each investment manager is negotiated and agreed upon in writing on a case-by-case basis and referenced in Appendix D of the Investment Policy Statement.

At June 30, 2022, investments in one mutual fund and five commingled fixed income / commingled equity funds each represented 5 percent or more of the total investments.

Fidelity 500 Index Fund	47,007	8.58%
Echo Street Goodco Select II	35,958	6.57%
Brandywine US Fixed Income	44,306	8.09%
GQC Partners International	39,788	7.27%
Loomis Sayles ABS Strategy	39,712	7.25%
Columbus Unconstrained Bond	40,489	7.39%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. The Group Trust's policy for controlling its exposure to interest rate fluctuations should be viewed with the appropriate perspective. A long-term strategy was employed to achieve the Trust's objectives, but there was consideration given to the short-term liquidity needs to meet disbursements required by the Fund. The asset allocation and investment manager structure was designed to tolerate some interim fluctuations in fair value while maintaining a long-term return objective to exceed the actuarial assumed interest rate of 6.25%.

The following table provides the interest rate risk disclosure for the Indiana State Police Pension Trust's position in the Pool:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1 - 5	6- 10	More than 10
U.S. Treasuries	$ 4,583	$ 400	$ 3,020	$ 1,163	$ -
U.S. Government Mortgage Backed	208	-	10	89	109
Collateralized Mortgage Obligations	96	-	-	96	-
Corporate Bonds	13,094	882	6,056	5,894	262
Private Placements	382	-	325	57	-
Municipal Bonds	3,425	242	2,009	1,031	143
Commingled Fixed Income Funds	200,252	200,252	-	-	-
Total	$ 222,040	$ 201,776	$ 11,420	$ 8,330	$ 514

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was a loss of 10.65%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Group Trust's foreign currency exposure is focused primarily in international and global equity holdings. As of June 30, 2022, the Trust did not have any investments held in foreign currencies, as such no exposure to foreign currency risk.

Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) non-cash collateral if the State is indemnified by the custodian holding the non-cash collateral, in excess of the total market value of the loaned securities. The fair value of the required collateral must be in an amount at least equal to 102% of the current fair value of the loaned securities.

As of June 30, 2022, the Group Trust did not have any securities on loan and therefore, no credit risk exposure.

Fair Value Measurement

The Group Trust internal investment pool categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2 and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

If the fair value is measured using inputs from different levels in the fair value hierarchy, the measurement should be categorized based on the lowest priority level input that is significant to the valuation. The Trust's assessment of significance of a particular input to the fair value measurement in its entirety required judgment, and considers factors specific to the investment. Investments measured at fair value using net asset value per share (or equivalent) as a practical expedient to fair value are not classified in the fair value hierarchy; however, separate disclosures for these investments are required.

Fixed income and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical investments.

Fixed income investments classified in Level 2 of the fair value hierarchy are normally valued based on price data obtained from observed transactions and fair value price quotations from broker dealers and/or pricing vendors. Valuation estimates from service providers' internal models use observable inputs such as interest rates, yield curves, credit/risk spreads and default rates. Matrix pricing techniques value securities based on their relationship to benchmark quoted prices.

Fixed income investments classified in Level 3 (if any) include valuations using significant unobservable inputs, valuations using proprietary information, inputs that cannot be corroborated by observable market data and securities valued with last trade date due to limited trading volume.

The following table summarizes the valuation of the State Police Pension Trust's proportion of investments in the Pool by the fair value hierarchy levels as of June 30, 2022:

		Fair Value Measurements Using	
Investment Type	June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Fixed Income Investments			
U.S. Treasuries	$ 4,583	$ 4,583	$ -
U.S. Government Mortgage Backed	208	-	208
Collateralized Mortgage Obligations	96	-	96
Corporate Bonds	13,094	-	13,094
Private Placements	382	-	382
Municipal Bonds	3,425	-	3,425
Total Fixed Income Investments	**21,788**	**4,583**	**17,205**
Equity Investments			
Domestic Equity	73,732	73,732	-
International Equity	11,546	11,546	-
Mutual Funds	68,373	68,373	-
Total Equity Investments	**153,651**	**153,651**	**-**
Total Investments by Fair Value	**175,439**	**$ 158,234**	**$ 17,205**
Investment measured at the Net Asset Value (NAV)			
Commingled Fixed Income / Equity Funds	200,252		
Multi-Strategy Hedge Funds	52,846		
Private Equity	85,057		
Total Investments measured at NAV	**338,155**		
Total Investments measured by Fair Value	**$ 513,594**		

The valuation methods for investments measured at the NAV per share (or its equivalent) are described below:

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled fixed income / equity funds	$ 200,252	$ -	Daily	1 day
Private equity	85,057	20,528	N/A	N/A
Multi-strategy hedge funds	52,846	3,600	Semi-Annually	95 days
Total investments measured at the NAV	**$ 338,155**	**$ 24,128**		

Commingled Fixed Income/Commingled Equity – There are 5 fixed income or equity funds which are considered to be commingled in nature. Each are valued at the net asset value of the units held at the end of the period based upon fair value of the underlying securities.

Private Equity - Consisting of 16 private equity funds, this strategy invests across a range of strategies, geographies, and industries. These underlying portfolio company investments cannot be redeemed with the funds, but rather the funds will make distributions of capital to the Trust as the funds sell the underlying portfolio company investments.

Multi-Strategy Hedge Funds – This type invests in 9 hedge funds that are comprised of investments across hedge fund strategies. Four broad categories are, equity hedge, event driven, macro, and relative value. "Multi" references the multiple underlying sub-strategies within each category.

State Employee Retiree Health Benefit Trust Fund-DB

Investment Policy

The State Retiree Health Benefit Trust Fund – DB fund is comprised of the State Police Retiree Health Benefit Trust Fund (ISP), the State Personnel Plan Trust Fund (SPP), and the Conservation and Excise Police Trust Fund (CEP).

The State Police Retiree Health Benefit Trust Fund consists of sections 401(h) and 115 established pursuant to the Internal Revenue Service that are separate accounts established within the State Police Pension Fund for the purpose of paying benefits for sickness, accident, hospitalization, and medical expenses. The assets in this account may be co-invested for investment purposes only with the other accounts of the Indiana State Police Pension Fund. The investment authority for these funds, is established under Indiana Code IC 5-10-8-6 and 10-12-2-2.

IC 10-12-2-2 reads as follows:

The trust fund may not be commingled with any other funds; and shall be invested only in accordance with state laws for the investment of trust funds, together with such other investments as are specifically designated in the pension trust. Subject to the terms of the pension trust, the Trustee, with the approval of the Department and the Pension Advisory Board, may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other action necessary to fulfill its duty as a fiduciary for the trust fund. The Trustee shall invest the trust fund assets with the same care, skill, prudence, and diligence, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The Trustee shall also diversify such investments in accordance with prudent investment standards.

IC 5-10-8-6(d)(2) reads as follows:

Notwithstanding IC 5-13, the treasurer of state shall invest the money in these trust funds not currently needed to meet the obligations of the trust fund in the same manner as money may be invested by the Indiana State Police Pension Trust under IC 10-12-2-2. The trustee shall also comply with the prudent investor rule set forth in IC 30-4-3.5.

Investments of the State Police Retiree Health Benefit Trust Fund are combined in a co-invested internal investment pool known as the Group Trust Fund and held by the Treasurer of the State of Indiana. The State Police OPEB 115HT and the State Police OPEB 401(h) own approximately 20.06% and 2.94%, respectively. The remaining assets belong to the State Police Pension Trust at 77.00%. The following chart summarizes the allocation of the internal investment pool as of June 30, 2022:

Fund	Allocation %	Fair Value
State Police Retirement Fund	77.00%	$ 547,627
State Police OPEB 115HT	20.06%	142,652
State Police OPEB 401h	2.94%	20,892
Total Internal Investment Pool		$ 711,171

A summary of investment holdings reported by the Group Trust Fund at fair value by asset type is as follows on June 30, 2022:

Asset Type	Fair Value
Cash and cash equivalents	44,197
Corporate bonds	17,005
Collateralized mortgage obligations	125
Private placements	496
Municipal bonds	4,448
U.S. government mortgage backed	270
U.S. treasuries	5,951
Domestic equity	95,752
International equity	14,994
Mutual funds	88,791
Commingled fixed income/equity funds	260,056
Hedge funds	68,628
Private equity	110,458
Total internal investment pool	$ 711,171

The disclosures that follow for investments are reported with respect to the State Police Retiree

Health Benefit Trust Fund's position in the Group Trust Fund's internal investment pool.

An investment Policy Statement for the State Police Retiree Health Benefit Trust Fund has been adopted by the Treasurer of State, the State Police Department, and the State Police Pension Board. The Investment Policy Statements are written in conformity with the applicable investment statutes and in accordance with prudent investment standards. There is no formal deposit policy other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk. The Investment Policy Statement establishes target asset allocations and investment structures based on the Fund's objectives with consideration given to risk tolerances, performance expectations, and liquidity requirements

The State Personnel Plan Trust Fund and the Conservation and Excise Police Trust Fund were established pursuant to HEA 1123 of the 2012 Indiana General Assembly. These trust funds were created to provide for the prefunding of annual required contributions and for covering the OPEB liability of covered individuals.

The SPP Trust Fund is administered by the State Personnel Department. The investment authority for the SPP Trust Fund is established under IC 5-10-8-7(i)(2).

IC 5-10-8-7(i)(2) reads as follows:

Notwithstanding IC 5-13, the treasurer of state shall invest the money in the trust fund not currently needed to meet obligations of the trust funds in the same manner as money may be invested by the public employees' retirement fund under IC 5-10.3-5. However, the trustee may not invest the money in the trust in equity securities. The trustee shall also comply with the prudent investor rule set forth in IC 30-4-3.5.

There is no formal deposit or investment policy for SPP, other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk

Indiana Code, Title 5, Article 13, Chapters 9, 10, 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments.

The Conservation and Excise Police Trust Funds are administered by the Department of Natural Resources and the Alcohol and Tobacco Commission. The investment authority for the CEP Trust Funds is established under IC 5-10-8-6(d)(2), as defined above. An Investment Policy Statement for the Conservation and Excise Police Trust Funds has been adopted by the Treasurer of State. The Investment Policy Statements are written in conformity with the applicable investment statutes and in accordance with prudent investment standards. There is no formal deposit policy other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk. The Investment Policy Statement establishes target asset allocations and investment structures based on the Fund's objectives with consideration given to risk tolerances, performance expectations, and liquidity requirements.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The following is a combined summary of the Interest Rate Risk Disclosure for all State Retiree Health Benefit Trust Funds-DB as of June 30, 2022:

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6- 10**	**More than 10**
U.S. Treasuries	$ 48,238	$ 46,989	$ 902	$ 347	$ -
U.S. Agencies	-	-	-	-	-
U.S. Government Mortgaged Backed	62	-	3	27	32
Corporate CMOs	29	-	-	29	-
Corporate Bonds	3,910	263	1,809	1,760	78
Munis	1,023	72	600	308	43
Mutual Funds	11,136	11,136	-	-	-
Private Placements	114	-	97	17	-
Commingled Fixed Income Funds	59,804	59,804	-	-	-
Money Market Mutual Funds	738	738	-	-	-
Total Fixed Income Securities	$ 125,054	$ 119,002	$ 3,411	$ 2,488	$ 153

*State Police Retiree Health Benefit Trust Funds are reported based on their position in the internal investment pool

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2022, the balance of any bank deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana or the Trust. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The following table provides information on the credit quality ratings for investments, not exempt from disclosure, in the State Retiree Health Benefit Trust Fund – DB.

	Greatest Risk	
Investment Type	**Ratings**	**Fair Value**
US Gov Mortgage Backed	AA	$ 62
Corporate CMOs	NR	29
Corporate Bonds	AA	65
	A	551
	BBB	2,502
	BB	500
	B	292
Munis	AAA	44
	AA	566
	A	340
	BBB	73
Mutual Funds Fixed	NR	11,136
Private Placements	AA	17
	A	56
	BBB	41
Commingled Fixed Income	NR	59,804
Money Market Mutual Funds	NR	738
Total		$ 76,816

*State Police Retiree Health Benefit Trust Funds are reported based on their position in the internal investment pool

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools.

At June 30, 2022, there were no investments in any one issuer, not exempt from disclosure that represent 5% or more of the total investments.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, for the three OPEB plans administered through trusts was: SPP 0.2%, ISPP -11.7%, and CEPP -14.1%.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

As of June 30, 2022, there were no deposits or investments denominated in foreign currencies, thus there was no foreign currency risk.

Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) non-cash collateral if the State is indemnified by the custodian holding the non-cash collateral, in excess of the total fair value of the loaned securities.

At year end, there were no securities on loan and therefore, no credit risk exposure.

Fair Value Measurement

The State Retiree Health Benefit Trust – DB funds categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

If the fair value is measured using inputs from different levels in the fair value hierarchy, the measurement should be categorized based on the lowest priority level input that is significant to the valuation. The Trust’s assessment of significance of a particular input to the fair value measurement in its entirety required judgment, and considers factors specific to the investment. Investments measured at fair value using net asset value per share (or equivalent) as a practical expedient to fair value are not classified in the fair value hierarchy; however, separate disclosures for these investments are required.

Fixed income and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical investments.

Fixed income investments classified in Level 2 of the fair value hierarchy are normally valued based on price data obtained from observed transactions and fair value price quotations from broker dealers and/or pricing vendors. Valuation estimates from service providers’ internal models use observable inputs such as interest rates, yield curves, credit/risk spreads and default rates. Matrix pricing techniques value securities based on their relationship to benchmark quoted prices.

Fixed income investments classified in Level 3 (if any) include valuations using significant unobservable inputs, valuations using proprietary information, inputs that cannot be corroborated by observable market data and securities valued with last trade date due to limited trading volume.

Disclosures that follow include State Police Retiree Health Benefit Trust investments, which are held in the Group Trust internal investment pool. These investments are reported with respect to their position in the Pool.

The following table summarizes the valuation of the State Retiree Health Benefit Trust – DB investments by the fair value hierarchy levels as of June 30, 2022:

		Fair Value Measurements Using		
Investment Type	June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Securities				
U.S. Treasuries	$ 48,238	$ 48,238	$ -	$ -
U.S. Agencies	-	-	-	-
Government Asset & Mortgage Backed	62	-	62	-
Corporate CMOs	29	-	29	-
Corporate Bonds	3,910	-	3,910	-
Municipal Bonds	1,023	-	1,023	-
Mutual Funds	11,136	-	11,136	-
Private Placements	114	-	114	-
Money Market Mutual Funds	738	738	-	-
Total Fixed Income Securities	65,250	48,976	16,274	-
Equity Investments				
Domestic Equity	22,019	22,019	-	-
International Equity	3,448	3,448	-	-
Mutual Funds	36,422	20,419	16,003	-
Other Equity Investments	2,478	-	-	2,478
Total Equity Investments	64,367	45,886	16,003	2,478
Total Investments by Fair Value Level	129,617	$ 94,862	$ 32,277	$ 2,478
Investments Measured at Net Asset Value (NAV)				
Commingled Fixed Income	59,804			
Hedge Funds	15,782			
Private Equity	25,401			
Total Investments Measured at NAV	100,987			
Total Investments by Fair Value	$ 230,604			

*State Police Retiree Health Benefit Trust Funds are reported based on their position in the internal investment pool

The valuation methods for the State Police Retiree Health Benefit Trust's portion of pooled investments measured at the NAV per share (or its equivalent) are described below:

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled Fixed Income / Equity Funds	$ 59,804	$ -	Daily	1 day
Private Equity	25,401	6,130	N/A	N/A
Multi-Strategy Hedge Funds	15,782	1,075	Semi-Annually	95 days
Total investments measured at the NAV	**$ 100,987**	**$ 7,205**		

Commingled Fixed Income/Commingled Equity – There are 5 fixed income or equity funds in the Pool which are considered to be commingled in nature. Each are valued at the net asset value of the units held at the end of the period based upon fair value of the underlying securities.

Private Equity – Consisting of 16 private equity funds in the Pool, this strategy invests across a range of strategies, geographies, and industries. These underlying portfolio company investments cannot be redeemed with the funds, but rather the funds will make distributions of capital to the Pool as the funds sell underlying portfolio company investments.

Multi-Strategy Hedge Funds – This type invests in 9 hedge funds that are comprised of investments across hedge fund strategies. Four broad categories are equity hedge, event driven, macro, and relative value. "Multi" references the multiple underlying sub-strategies with each category.

Hoosier START Deferred Compensation Plan and Deferred Compensation Matching Plan

The State of Indiana Public Employee Deferred Compensation Plan (the Plan), doing business as (d/b/a) Hoosier S.T.A.R.T. is a defined contribution multiple-employer pension plan for all State Employees as well as the employees of participating local political subdivisions. The Plan is comprised of two legally separate retirement plans - the Deferred Compensation Plan (the "457 Plan") for State employees and local political subdivisions and the Deferred Compensation Matching Plan (the "401a Plan") for State employees and local political subdivisions. Each plan is reported as a separate fiduciary activity in the fiduciary financial statements. Below is a summary of the investments in each plan:

Fund	Fair Value
Deferred Compensation Plan	$ 1,686,943
Deferred Compensation Matching Plan	231,792
	$ 1,918,735

Investment Policy

The purpose of this Investment Policy Statement (IPS) is to reflect the overall investment objectives of the Plans, the methodology for choosing and overseeing the investments, and the evaluation measures used to evaluate the Plans' investments. The Plans' investment program is defined in the various sections of the IPS by:

- Stating in a written document the Indiana Deferred Compensation Committee's (hereafter the "Committee") objectives, and guidelines in the investment of all Plans' assets. The five-member Committee is established under the Indiana Code 5-10-1.1-4.
- Encouraging effective communications between the Committee, the Investment Consultant, the Investment Managers, and the participants.
- Setting forth an investment structure for managing all Plans' assets. This structure includes various asset classes and investment management styles. The Plans intend to provide an appropriate range of investment options that will span the risk/return spectrum.
- Establishing the criteria and procedures for selecting investment options and Investment Managers.
- Establishing formalized criteria to monitor, evaluate and compare the performance results achieved by the Investment Managers on a regular basis.
- Demonstrate that the Committee is fulfilling its fiduciary responsibilities in the management of the investments of the Plans solely in the interests of participants and beneficiaries of the Plans.
- Conform to best practices of peers and as indicated in leading policy standards recommended by the Uniform Management of Public Employee Retirement Systems Act, the Uniform Prudent Investor Act, and the Public Pension Systems Statements of Key Investment Risks and Common Practices to Address Those Risks.

The Committee, with the assistance of the Investment Consultant, has chosen to adopt a structure that provides:

- Target Date Options - offer a diversified and professionally managed option designed around a specific time horizon.
- Core Investment Options - include the basic building blocks (broad asset classes) participants need to create a diversified portfolio.
- Specialty/Legacy Options - allow participants to invest in options beyond the selected Core Investment Options.

Credit Risk

The investment policy statement documents the Stable Value Fund Credit Quality Minimums and Other Credit Quality information as follows:

Credit Quality Minimum:

- Agency MBS (AAA)
- Non-Agency MBS (AAA)
- CMBS (AAA)
- Corporates (BBB-)
- ABS (AAA)
- 20% Minimum in Cash and Government debt

Other Credit Quality:

- Portfolio Credit Quality Minimum AA-
- A minimum of 2 credit rating agencies (Moody's, S&P, and Fitch) must rate all securities.

In the event of 2 split rated securities, the lower rating will be used. In the event of 3 split ratings, the middle rating will be used.

Custodial Credit Risk

Custodial credit risk for investments is a risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent, but not in the name of Plan. Investment managers are not allowed, under any circumstances, to take possession, custody, title, or ownership of any managed assets.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a plan's investment in a single issuer. Following is a listing of each of the four Plan's investments with single issuers in excess of 5 percent of fiduciary net position and 5 percent of total investments in each plan as of December 31, 2021:

For the overall plan assets, the following issuers represented over 5% of total plan asset holdings:

Issuer	*Amount*
State Street	*$650,941*
Indiana Stable Value Fund	*361,845*
Vanguard	*297,424*
T. Rowe Price	*127,397*
Bank of New York	*119,955*
Fidelity	*112,906*
PIMCO	*103,978*

Interest Rate Risk

From the Investment Policy Statement, the following limits include all quality and duration guidelines and serve as the foundation for account management for the Stable Value Fund:

- Duration - Total Portfolio Duration of less than 4 years
- 144a Securities - 144a Securities must have Reg Rights and 144a max 20%
- Maximum Sector Allocations
    - FNMA agency Debt 5%
    - FHLMC agency debt 5%
    - Foreign government debt 10%, Corporate debt not issued in the US 10%
    - Other agency debt (non-FNMA, FHLMC 5%)
    - TIPS 20%
    - US government guaranteed bank debt 20%
    - Commercial Paper 25%
        - Asset-backed CP 10%
        - Corporate CP 25%
    - Agency MBS 50%
    - Non-Agency MBS 10% (Alt-A max 5% and prime max 10%)
    - CMBS 20% (20% super senior max, 5% mezzanine max)
    - Corporates 40%
        - Industrials 20%
        - Utilities 20%
        - Financials 20%
    - Corporates rated BBB+ and below 25%
    - ABS 30%
    - Maximum combination of Non-Agency MBS, Corporates, CMBS, & ABS 50%
    - Max allocation to a single issue 2%
    - Max allocation to a single issuer 3%

<u>Security Restrictions</u>

- No Home Equity Loans
- No Non-Agency Sub Prime or Option ARM Debt
- No US Government Agency Subordinated Debt
- All debt must be denominated in USD
- Securities have a maximum maturity of 30 years
- WAL of any CMBS security cannot exceed 10 years

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan invests in multiple equity funds which hold underlying investments in mostly large issuers in developed countries with liquid markets.

Fair Value Measurement

Investment oversight and policy oversight of plan assets is the fiduciary responsibility of the Deferred Compensation Committee (Committee). Accordingly, the Committee must sufficiently diversify the portfolio to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to do so. Primary risk measures are volatility in the Plan's assets, funded status and contribution rates. Indiana law permits the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as a fiduciary for all assets under its control. The Plan has adopted an investment option structure that provides target date options, core investment options, and specialty/legacy options.

Fair value is defined as the price that would be received by the Plan for an asset or paid by the Plan to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the Plan's principal or most advantageous market for the asset or liability. There has been established a fair value hierarchy which requires the Plan to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and gives the lowest priority to unobservable inputs (Level 3 measurements). The three levels of inputs within the fair value hierarchy are defined as follows:

Level 1 Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Plan has the ability to access as of the measurement date.

Level 2 Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Significant unobservable inputs that reflect the Plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In some cases, a valuation technique used to measure fair value may include inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following descriptions of the valuation methods and assumptions used by the Plan to estimate the fair value of investments apply to investments held directly by the Plan:

Mutual funds: The fair values of mutual fund investments are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). Mutual funds include U.S. equity funds, U.S. fixed income funds, and international equity funds.

For other investments for which there is no active market, the Plan uses the net asset value (NAV) as such investments have significant unobservable valuation inputs and are excluded from the valuation hierarchy. These investments include:

Collective trust funds: This investment type includes multiple funds. Share prices/NAV reported on plan summary reports are generally obtained directly from the fund house or other investment provider. The collective trust funds include a variety of investment choices that are diversified across a range of risk levels, assets classes, and investment strategies in order to accommodate the varying levels of needs and risk tolerance of plan participants in constructing portfolios to meet their financial goals.

Stable value fund: The Stable Value Fund holds guaranteed investment contracts (GICs) with insurance companies at contract value and wrapped managed fixed income portfolios. The Stable Value Fund is an investment option that seeks to provide safety of principal and a stable credited rate of interest, while generating competitive returns over time compared to other comparable investments. Share prices reported on plan summary reports are generally obtained directly from the fund house or other investment provider. As of December 31, 2021, the Stable Value Fund portfolio consists of a money market fund, a managed income fund, and a stable value wrap with a fair value of $366 million, which was $6.4 million greater than the fair value protected by the wrap contract.

The Stable Value Fund utilizes two fully benefit-responsive synthetic guaranteed investment contracts (GICs). A guaranteed investment contract (GIC) is a contract between an insurance company and an investor, typically a pension fund or an employer-sponsored retirement plan. The investor agrees to deposit a sum of money with the insurer for a specified period of time, and the insurer promises to pay the investor an agreed-upon interest rate, as well as to return its principal.

There were no unfunded commitments or redemption notice periods for investments measured at net asset value. The following changes were made in 2021 to Plan investment options:

- The Indiana Stable Value Fund's portfolio construction was adjusted to 65% MetLife Core, 30% Fidelity MIP II and 5% Dreyfus Government Cash Management, allowing for higher crediting rate potential.

- A share class exchange was completed for the Fidelity Diversified International Fund, transitioning from the Retail share class to the K6 share class, to reduce the Fund's net expense for participants.

- The white-label structure for the State of Indiana Inflation-Linked Bond Fund was removed in order to slightly reduce the Fund's expense. The investment option is now titled "State Street U.S. Inflation Protected Bond Index Fund."

The following table summarizes the valuation of the Hoosier Start's investments by the fair value hierarchy levels as of December 31, 2021.

		Fair Value Measurements Using
Investment Type	**December 31, 2021**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**
Equity Investments		
Mutual Funds	$ 657,999	$ 657,999
Total Investments by Fair Value	**657,999**	**$ 657,999**
Investment Measured at the Net Asset Value (NAV)		
Collective trust funds	898,891	
Investments Not Subject to Fair Value		
GICs at contract value	361,845	
Total Investments	**$ 1,918,735**	

Indiana Public Retirement System (INPRS)

Investment Guidelines and Limitations

Oversight of INPRS assets is the fiduciary responsibility of the INPRS Board. As stated in IC 5-10.3-5-3 (a) and IC 5-10.4-3-10 (a) “The Board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.” Accordingly, the INPRS Board must sufficiently diversity the portfolio to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to do so. Primary risk measures are volatility in the plan’s assets, funded status, and the contribution rates.

Indiana law permits the INPRS Board to establish investment guidelines, limits on all types of investments, and take other actions necessary to fulfill its duty as a fiduciary for all assets under its control. On June 30, 2022, cash and investments were held by banks or trust companies under custodial agreements with INPRS. The Investment Policy Statement, adopted by the Board, includes target asset allocations and allowable ranges that are expected to meet rates of return over a period while minimizing risk.

The following Defined Benefits global asset classes, target allocations and target ranges were approved by the Board based on a formal asset-liability study and shall remain in place until revised by the Board. An asset-liability study is conducted every five years.

To maximize the probability of achieving the target rate of return over a 30-year time horizon, INPRS’s Board of Trustees approved a new asset allocation on May 7, 2021 that included the increased use of leverage. The explicit leverage enables the Plan to obtain additional investment exposure, which results in an asset allocation that exceeds 100% of invested assets. Beginning in fiscal year 2022, the plan’s target allocation for total exposure is 115%.

Global Asset Classes	Target Allocation - %	Target Range - %
Public Equity	20	17.0-23.0
Private Markets	15	10.0-20.0
Fixed Income - Ex Inflation - Linked	20	17.0-23.0
Fixed Income - Inflation - Linked	15	12.0-18.0
Commodities	10	7.0-13.0
Real Estate	10	5.0-15.0
Absolute Return	5	0.0-10.0
Risk Parity	20	15.0-25.0

The defined contribution plans are structured to provide members with a choice of diverse investment options that offer a range of risk and return characteristics appropriate for members. Members can self-direct their investment options or leave their contributions invested in the default target date retirement fund. The offered investment options undergo periodic reviews by the INPRS Board.

The Special Death Benefit Fund (SDBF) and the Retirement Medical Benefits Account Plan (RMBA) are 100% invested in intermediate term fixed income investments in a commingled fund. The Local Public Safety Pension Relief Fund (LPSPR) is invested 100% in high quality, short-term money market instruments.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts invested.

For the year ended June 30, 2022, the annual money-weighted rates of return on defined benefit pension trust fund investments are as follows:

Defined Benefit Pension Trust Funds	Annual Money Weighted Rate of Return
Public Employees' Defined Benefit Account	-6.60%
Teachers' Pre-1996 Defined Benefit Account	-5.90%
Teachers' 1996 Defined Benefit Account	-6.60%
1977 Police Officers' and Firefighters' Retirement Fund	-6.60%
Judges' Retirement System	-6.50%
Excise, Gaming and Conservation Officers' Retirement Fund	-6.60%
Prosecuting Attorneys' Retirement Fund	-6.40%
Legislators' Defined Benefit Fund	-6.20%

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, INPRS's deposits may not be returned. Deposits are exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution. At June 30, 2022, $886.7 million of cash deposits were uninsured and uncollateralized and therefore exposed to credit risk. The following table shows cash deposits and short-term investments as of June 30, 2022.

Cash Deposits	Total
Demand Deposit Account – Bank Balances (Insured by FDIC up to $250 thousand per financial institution)	$ 8,388
Held with Custodian Bank (Uncollateralized)	878,583
Short-term Investment Funds held at Bank (Collateralized)	1,811,937
Total	**$ 2,698,908**

Custodial Credit Risk for Investments

Custodial credit risk for investments is a risk if the securities are uninsured, are not registered in the name of INPRS, and are held by either the counterparty or the counterparty's trust department or agent, but not in the name of INPRS. INPRS's custody agreement with the custodian requires the custodian to segregate the securities on the custodian's books and records from the custodian's property. In addition, investment managers are not allowed, under any circumstances, to take possession, custody, title, or ownership of any managed assets.

Method Used to Value Investments

Public Equity investments are comprised of domestic and international stocks as well as commingled equity instruments. Equity securities traded on a national or international exchange are valued at the official closing price or last reported sales price of the instrument. International equities are then adjusted to reflect the exchange rate as of June 30, 2022 of the underlying currency. Commingled equities are not traded on a national security exchange and are valued at the net asset value of the units held at June 30, 2022, based on the fair value of the underlying securities.

Private Market investments are valued using current estimates of fair value obtained from the general partner or investment manager. Holdings are generally valued by a general partner or investment manager on a quarterly or semi-annual basis. Investments in private markets are generally considered illiquid long-term investments. Due to the inherent uncertainty that exists in the valuation of alternative investments, the realized value upon sale of an asset may differ significantly from the fair value.

Fixed Income securities are comprised of U.S. Government, U.S. government-sponsored agencies, publicly traded debt and commingled debt instruments. Securities traded on national and international exchanges are valued based on published market prices and quotations. Securities that are not traded on a national security exchange are valued using a matrix pricing approach. Commingled securities are valued at the net asset value of the units held as of June 30, 2022 based on the fair value of the securities.

Commodities, including derivative instruments, are reported at fair value and involve, to varying degrees, elements of market risk to the extent of future market movements in excess of amounts recognized in the Financial Statements. Derivative instruments are considered investments and not hedges for accounting purposes. The fair value of all derivative financial instruments is reported in the Statement of Fiduciary Net Position. The change in the fair value is recorded in the Statement of Changes in Fiduciary Net Position as Net Investment Income (Loss). Gains and losses arising from this activity are recognized in the Statement of Changes in Fiduciary Net Position as incurred.

Real Assets, Absolute Return and Risk Parity investments are valued by the manager or independent appraiser based on reported net asset values, cash flow analysis, purchases and sales of similar investments, new financings, economic conditions, other practices used within the industry, or other information provided by the underlying investment advisors. Due to the inherent uncertainty in privately held securities, the fair value may differ from the values that would have been used if a ready market for such securities existed, and the differences can be material.

INPRS relies on third party resources to verify the methodology and calculation used for investment valuation and performance metric reported by the custodian.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates adversely affect the fair value of the investments. The Investment Policy Statement recognizes interest rate risk as a market risk factor. While INPRS does not have a formal stated policy regarding interest rate risk, it is monitored regularly at the Plan level, and within the fixed income asset classes as part of achieving the long-term actuarial rate of return. Duration is a measure of interest rate risk. The longer a fixed-income investment is to maturity, the more susceptible the value of the fixed-income investment is to market interest rate changes. Short-Term Investments excludes cash with custodian of approximately $878.6 million. Securities with no available duration include term loans, commingled funds, private placements, commit to purchase SWAPS, and new positions where availability of modeling characteristics are pending.

As of June 30, 2022 the duration of the fixed income portfolio is as follows:

Debt Security Type	Fair Vale	% of All Debt Securities	Portfolio Weighted Average Effective Duration (Years)
Short Term Investments			
Short Term Investments	$ 1,811,937	14.3	0.08
Commercial Paper	3,349	0.0	0.02
U.S. Treasury Obligations	288,822	2.3	0.18
Non-U.S. Government	36,262	0.3	0.47
Total Short-Term Investments	2,140,370	16.9	
Fixed Income Investments			
U.S. Governments	5,429,137	43.0	12.70
U.S. Agencies	8,425	0.1	11.15
Non-U.S. Government	2,739,075	21.7	7.24
Corporate Bonds	726,688	5.8	3.56
Asset-Backed Securities	302,854	2.4	0.62
Commingled Fixed Income Funds	252,391	2.0	2.53
Duration Not Available	1,029,354	8.2	N/A
Total Fixed Income Investments	10,487,924	83.1	
Total Debt Securities	**$ 12,628,294**	**100.0**	

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with the Investment Policy Statement, when building the most diversified investment portfolio, emphasis is given to risk allocation, not capital allocation. As a result, INPRS regularly monitors success in achieving the targeted risk diversification that is inherent in the approved asset allocation. Credit ratings, obtained from several industry rating services for Fixed Income Securities and Short-Term Investments are shown in the table below. The most conservative rating of Standard and Poor's, Moody's, and Fitch are utilized in the schedule below. Short-Term Investments excludes cash with custodian of approximately $878.6 million. Unrated investments primarily consist of money market sweep vehicles, private placement, term loans and asset-backed securities, commercial mortgages, CMO/REMIC's, and commingled debt funds.

Credit Rating	Short-Term Investments	Fixed Income Securities	Total	Percentage of All Debt Securities
AAA	$ -	$ 399,976	$ 399,976	3.2
U.S. Government Guaranteed	-	5,447,869	5,447,869	43.1
AA	288,822	1,044,039	1,332,861	10.5
A	-	293,248	293,248	2.3
BBB	3,349	549,031	552,380	4.4
BB	-	527,960	527,960	4.2
B	-	336,297	336,297	2.7
Below B	-	265,700	265,700	2.1
Unrated	1,848,199	1,623,804	3,472,003	27.5
Total	**$ 2,140,370**	**$ 10,487,924**	**$ 12,628,294**	**100.0**

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a plan's investment in a single issuer. As of June 30, 2022, INPRS does not have investments in any single issuer that represent 5 percent or more of the Fiduciary Net Position other than U.S. Government securities which are not subject to the GASB 40 disclosure requirements. To limit business and liquidity risk arising due to the allocation of a large percentage of assets to a single investment manager, the Board has placed an upper limit on the concentration of assets placed with an investment manager as follows:

- No investment manager shall manage more than 15% of INPRS assets in actively managed portfolios.
- No investment manager shall manage more than 20% of INPRS assets in passively managed portfolios.
- No investment manager will manage more than 25% of the INPRS assets in a combination of actively and passively managed portfolios.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. INPRS has defined a foreign exchange risk management policy to effectively manage the Fund's performance volatility associated with foreign currency risk.

Foreign investments included in the Fiduciary Net Position as of June 30, 2022 are below. Short-term, fixed income, and equity investments include income accruals. Other investments include foreign holdings of other investments, derivatives, and receivables/payables. The percentage shown in the table is with respect to DB pooled investments. Totals less than $5 million are included in Other.

	Investment Held in Foreign Currency					
Currency	Short Term	Fixed Income	Equity	Other Investments	Total	% of Total [1]
Australian Dollar	$ 3,162	$ 56,569	$ 55,577	$ (52,555)	$ 62,753	0.1
Brazilian Real	573	60,244	34,041	34,823	129,681	0.3
Canadian Dollar	5,666	106,783	83,708	(108,811)	87,346	0.2
Chilean Peso	(281)	10,116	-	10,238	20,073	-
Chinese R Yuan HK	(170)	-	-	41,958	41,788	0.1
Chinese Yuan Renminbi	3,263	42,549	77,191	(5,147)	117,856	0.3
Colombian Peso	1,664	38,130	-	(1,291)	38,503	0.1
Czech Koruna	(1,277)	23,748	3,770	13,017	39,258	0.1
Danish Krone	1,691	16,917	53,017	(17,453)	54,172	0.1
Egyptian Pound	-	6,797	-	(671)	6,126	-
Euro Currency Unit	18,138	804,208	579,789	(742,151)	659,984	1.6
Hong Kong Dollar	1,827	84	239,357	(9)	241,259	0.6
Hungarian Forint	1,184	17,860	266	2,519	21,829	0.1
Indian Rupee	10	(332)	54,578	(1,583)	52,673	0.1
Indonesian Rupiah	1,137	83,958	7,033	(2,356)	89,772	0.2
Japanese Yen	3,141	204,819	401,099	(195,046)	414,013	1.0
Malaysian Ringgit	27,555	65,900	1,893	(5,911)	89,437	0.2
Mexican Peso	(1,414)	51,027	4,793	34,949	89,355	0.2
New Taiwan Dollar	15	-	77,935	(8,403)	69,547	0.2
New Zealand Dollar	1,028	9,694	1,041	(37,309)	(25,546)	(0.1)
Norwegian Krone	163	2,106	13,039	8,760	24,068	0.1
Peruvian Sol	673	32,307	-	(14,506)	18,474	-
Polish Zloty	1,772	32,920	1,839	7,551	44,082	0.1
Pound Sterling	(714)	458,085	154,270	(477,345)	134,296	0.3
Romania Leu	-	8,537	-	18,238	26,775	0.1
Russian Ruble (New)	147	1,745	12,861	-	14,753	-
Saudi Arabia Riyal	108	-	7,692	-	7,800	-
Singapore Dollar	1,244	2,307	15,736	5,577	24,864	0.1
South African Rand	231	123,867	21,907	(39,471)	106,534	0.3
South Korean Won	554	(308)	104,597	(9,520)	95,323	0.2
Swedish Krona	975	67,656	59,560	(75,157)	53,034	0.1
Swiss Franc	8,591	-	181,751	10,539	200,881	0.5
Thailand Baht	204	33,539	2,662	49,092	85,497	0.2
Other	7,798	16,112	15,481	(25,512)	13,879	-
Total	**$ 88,658**	**$ 2,377,944**	**$ 2,266,483**	**$ (1,582,946)**	**$ 3,150,139**	**7.4 %**

(1) Total of foreign currency risk, as a percentage of all pooled investments.

Securities Lending

The INPRS Board has authorized the custodian to enter into a securities lending program agreement under which securities held by the custodian on behalf of INPRS may be loaned. The purpose of such a program is to provide additional revenue. The policy requires the following:

- Securities that are loaned in exchange for cash or securities collateral must be at least 102% of the market value of domestic securities on loan and 105% of the market value of international securities on loan, with a simultaneous agreement to return the collateral for the same securities in the future. In no event shall the acceptable collateral be less than the total market value of loaned securities. Securities shall not be loaned in excess of 40% of the market value.

- The custodian and/or securities lending sub-agent is required to provide agreed upon indemnification to INPRS from and against any losses, damages, costs, and expenses which arise from a borrower defaulting on a loan or filing for bankruptcy.

- A maximum of 25% of the cash collateral may be invested with a single counterparty.

- All collateral investments have a maturity of the next business day.

- As of June 30, 2022, there was no security lending credit risk exposure as the collateral pledged of $330.5 million, exceeded the fair value of securities on loan, as shown below. All reinvested cash collateral investments consist of repurchase agreements which are not rated by any of the rating agencies.

Security Type	Fair Value of Securities on Loan
U.S. Governments	$ 119,036
Corporate Bonds	23,413
International Bonds	45,716
Domestic Equities	82,827
International Equities	38,370
Total	**$ 309,362**

Repurchase Agreements

A repurchase agreement is an agreement in which cash is transferred to a broker-dealer or financial institution in return for transfer of security to the custodian and promise to repay cash plus interest. These repurchase agreements are assets whereby security collateral is held by the custodian. An obligation under a reverse repurchase agreement is the same as a repurchase agreement, but from the perspective of the buyer rather than a seller. Obligations under reverse repurchase agreements are liabilities whereby security collateral is held at the broker-dealer or financial institution's custodian.

INPRS's Investment Policy Statement allows prudent use of securities lending, repurchase, and reverse repurchase agreements. Repurchase agreements that may create explicit leverage in the portfolio are prohibited; however, repurchase transactions (including triparty repurchase transactions) collateralized with U.S. Government securities are permitted. Repurchase transactions are required to be collateralized at 102% at time of purchase and marked to fair value on each business day.

Investments under Repurchase Agreements (exclusive of Securities Lending) as of June 30, 2022 are as follows. At June 30, 2022, there was no reverse repurchase risk as the cash collateral value posted was less than the fair value of the liability held.

Repurchase Agreements by Collateral Type	Cash Collateral Received	Fair Value
U.S. Treasury	$ 82,400	$ 82,400

Obligations Under Reverse Repurchase Agreements by Collateral Type	Cash Collateral Posted	Fair Value
U.S. Treasury	$ 219,297	$ 219,730

Fair Value Measurement

GASB Statement No. 72, requires investments measured at fair value to be categorized under a fair value hierarchy. The categorization of INPRS's investments within the hierarchy is based on the valuation transparency of the instrument and should not be perceived as the risk of the particular investment. The three-tier hierarchy is summarized as follows:

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

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

Level 3 – Valuations reflect practices where significant inputs are unobservable.

U.S. Treasury Obligations generally include investments in money market securities that are reported at either fair value or at cost plus accrued interest, which approximates fair value.

U.S. Government, U.S. corporate obligations, Equity and Derivative securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt and Derivative securities classified in Level 2 are valued using either a bid evaluation or a matrix based pricing technique. Bid evaluations are typically based on market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Index linked debt securities are valued by multiplying the external market price by the applicable day's index ratio. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. Equity and equity derivatives classified in Level 2 are securities whose values are derived daily from associated traded securities.

Investments classified as Level 3 are valued using best available sources such as property appraisals, discounted cash flow models and public market comparisons of similar assets where applicable. The values are supplied by advisors or general partners who hold those or similar assets in investment vehicles they oversee. These pricing sources may or may not be indicative of realizable exit values attainable for the assets.

The remaining investments not categorized under the fair value hierarchy are measured at the Net Asset Value (NAV). The NAV for these investments is provided by the investment manager and may be sold at an amount different than NAV. To manage risk relating to Absolute Return investments, assets are placed in limited liability vehicles to protect INPRS from losing more than its invested capital.

The following table summarizes INPRS's investment assets and liabilities measured at fair value as of June 30, 2022, presented in the fair value hierarchy. Also shown are investments at amortized cost, and NAV to allow reconciliation to the Total Pooled Investments in the Statement of Fiduciary Net Position.

		Fair Value Measurements Using		
Investment Type (1)	**June 30, 2022**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments by Fair Value Level				
Short Term Investments (2)				
BNY - Mellon Cash Reserves	$ 24,085	$ -	$ 24,085	$ -
U.S. Treasury Obligations	288,822	288,822	-	-
Non-U.S. Governments	36,262	-	36,262	-
Commercial Paper	3,349	-	3,349	-
Total Short Term Investments	352,518	288,822	63,696	-
Fixed Income Investments				
U.S. Governments	5,429,137	5,429,137	-	-
Non-U.S. Governments	3,096,444	-	3,044,133	52,311
U.S. Agencies	11,376	-	11,376	-
Corporate Bonds	736,760	-	226,886	509,874
Asset-Backed Securities	273,099	-	273,099	-
Total Fixed Income Investments	9,546,816	5,429,137	3,555,494	562,185
Equity Investments				
Domestic Equities	2,918,438	2,916,917	1,521	-
International Equities	2,763,922	2,760,201	3,721	-
Total Equity Investments	5,682,360	5,677,118	5,242	-
Total Investments by Fair Value Level	**15,581,694**	**$ 11,395,077**	**$ 3,624,432**	**$ 562,185**
Investments Measured at the Net Asset Value (NAV)				
Commingled Short Term Funds	42,357			
Commingled Fixed Income Funds	941,108			
Commingled Equity Funds	2,217,438			
Private Markets	6,756,408			
Absolute Return	3,777,915			
Real Estate	2,743,215			
Risk Parity	6,465,934			
Total Investments Measured at the Net Asset Value (NAV)	**22,944,375**			
Investment Derivatives				
Total Futures	(258,439)	$ (258,439)	$ -	$ -
Total Options	2,177	(180)	2,357	-
Total Swaps	(7,295)	-	(7,295)	-
Total Investment Derivatives	**(263,557)**	**$ (258,619)**	**$ (4,938)**	**$ -**
Investments Not Subject to Fair Value Leveling				
Cash at Brokers	878,583			
Repurchase Agreements	82,400			
Short-Term Investments	1,745,495			
Pooled Synthetic GIC's at Contract Value	2,275,539			
Securities Lending Collateral	167,504			
Total Investments Not Subject to Fair Value Leveling	5,149,521			
Total Investments (less Securities Lending Collateral)	**$ 43,412,033**			

(1) The amounts disclosed above will differ from the Asset Allocation Summary. The investment type combines assets according to the security type assigned to each investment by the Custodian. The Asset Allocation Summary groups assets according to the investment objective of each investment manager.
(2) Short Term Investments include highly liquid assets, both pooled and non-pooled that are an integral part of the pension investments.

The valuation method for investments measured at the net asset value (NAV) per share or equivalent, at June 30, 2022, is presented as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled Short Term Funds (1)	$ 42,357	$ -	Daily	1 day
Commingled Fixed Income Funds (1)	941,108	-	Daily	1 day
Commingled Equity Funds (1)	2,217,438	-	Daily	1 day
Private Markets (2)	6,756,408	3,497,473	Not Eligible	N/A
Real Estate Funds (3)	2,743,215	1,160,841	Quarterly	30-90 days
Absolute Return (4)	3,777,915	171,433	Monthly, Quarterly, Semi-Annually	30-120 days
Risk Parity (5)	6,465,934	-	Daily, Weekly, Monthly	3-5 days
Total	**$ 22,944,375**	**$ 4,829,747**		

(1) *Commingled Short Term, Fixed Income and Equity Fund*s - There are three short-term funds, 15 fixed income funds and three equity funds, which are considered to be commingled in nature. These investments are valued at the net asset value of the units held at June 30, 2022, based upon the fair value of the underlying securities.

(2) *Private Markets* - There are 305 funds that invest across a range of strategies, geographies, and industries within private equity and private credit. The underlying portfolio investments cannot be redeemed with each fund, but rather the fund will make distributions of capital as the fund liquidates the underlying portfolio investments over the typical 10-year term in the case of private equity, and the typical 7-year term in the case of private credit.

(3) *Real Estate Funds* - There are 50 funds invested primarily in U.S. commercial real estate, of which 40 funds are classified as illiquid, or approximately 45% of the value of the real estate fund investments. These funds have underlying portfolio investments that cannot be redeemed with the funds, but rather these funds will make distributions of capital as the funds liquidate their underlying portfolio investments over the average 10-year life of the funds. There are ten real estate funds that have been classified as liquid due to the open-ended structure of the fund. Open-ended funds generally offer periodic distributions of net cash flow, which can be reinvested, as well as quarterly redemption windows.

(4) *Absolute Return* - The portfolio consists of 33 fund holdings that cover a broad spectrum of investment strategies and investment horizons which result in distinct fund redemption terms to prevent asset-liability mismatches. These funds attempt to generate returns in excess of the plan's target actuarial rate of return over a full market cycle with minimal beta to the plan's primary long-only market exposures (equities, credit, rates, and commodities). Fund redemption periods range from weeks (alternative beta) to years (drawdown vehicles), but as a whole, on a weighted-average basis, the portfolio maintains a liquidity profile of less than one year. The valuation process for the majority of absolute return funds are done monthly.

(5) *Risk Parity* **-** This portfolio, which consists of four funds is constructed to accrue various asset class risk premiums, including equity, without long-term reliance on any single asset class. The structure of these investments provides a reasonable level of liquidity and investments may be redeemed in accordance to the terms set forth by each investment management agreement. Investments are considered to be liquid, market-priced instruments, and 100% of the NAV is independently calculated by the fund administrators. Fair values are reported as NAV per share.

It is probable that illiquid investments will be sold at an amount different from the NAV of the ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been estimated using recent observable transaction information for similar investments and non-binding bids received from potential buyers of the investments (one quarter in arrears plus current quarter cash flows).

Derivative Financial Instruments - Activity

A derivative is a contract between two or more parties whose value is based on an agreed-upon underlying financial asset (similar to a security) or set of assets (similar to an index). Common underlying instruments include bonds, commodities, currencies, interest rates, market indexes, and stocks. The following derivative instruments are included in Investments:

Futures

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date.

Options

Options are agreements that give the owner of the option the right, but not obligation, to buy (in the case of a call) or to sell (in the case of a put) a specific amount of an asset for a specific price on or before a specified expiration date.

Swaps

Swaps are derivative instruments in which one party exchanges a stream of fixed cash flows for floating cash flows. A notional amount of principal is required to compute the actual cash amounts and is determined at contract inception.

The following table summarizes INPRS' derivative instruments outstanding as of June 30, 2022:

Investment Derivatives	Change in Fair Value	Fair Value	Notional
Futures			
Index Futures - Long	$ (452)	$ (452)	$ 43,131
Commodity Futures - Long	(245,559)	(245,559)	3,537,662
Commodity Futures - Short	(1,859)	(1,859)	(36,384)
Fixed Income Futures - Long	(10,340)	(10,339)	3,825,674
Fixed Income Futures - Short	(98)	(98)	(125,271)
Currency Futures - Long	(132)	(132)	5,128
Total Futures	(258,440)	(258,439)	7,249,940
Options			
Currency Spot Options Bought	1,820	7,016	837,584
Currency Spot Options Written	(2,583)	(9,521)	(666,390)
Interest Rate Options Bought	1,343	2,260	29,300
Interest Rate Options Written	(7,045)	(8,982)	(569,700)
Credit Default Index Swaptions Written	10	(203)	(118,100)
Market Index - Options and Hybrids	(19)	9,825	7,038
Options on Futures	(422)	1,782	1,410,060
Total Options	(6,896)	2,177	929,792
Swaps			
Interest Rate Swaps - Pay Fixed Receive Variabl	18,741	30,577	685,513
Interest Rate Swaps - Pay Variable Receive Fixe	(18,643)	(22,100)	616,827
Inflation Swaps - Pay Fixed Receive Variable	(909)	(581)	4,600
Zero Coupon Swaps - Pay Fixed Receive Variabl	3,397	3,615	173,124
Zero Coupon Swaps - Pay Variable Receive Fixe	(11,434)	(11,337)	360,597
Credit Default Swaps Single Name - Buy Protecti	28	(48)	2,200
Credit Default Swaps Single Name - Sell Protecti	(1,595)	(3,289)	94,342
Credit Default Swaps Index - Buy Protection	719	67	6,831
Credit Default Swaps Index - Sell Protection	(1,982)	(4,199)	51,062
Total Swaps	(11,678)	(7,295)	1,995,096
Total Derivatives	**$(277,014)**	**$(263,557)**	**$10,174,828**

The table below summarizes the swap maturity profile of derivative instruments as of June 30, 2022.

Swap Type	Swap Maturity Profile at June 30, 2020					
	< 1 yr	1 - 5 yrs	5 -1 0 yrs	10 - 20 yrs	20 + yrs	Total
Interest Rate Swaps - Pay Fixed Receive Variable	$ -	$ 8,538	$ 13,820	$ 1,541	$ 6,678	$ 30,577
Interest Rate Swaps - Pay Variable Receive Fixed	-	(9,890)	(6,994)	(4,376)	(840)	(22,100)
Inflation Swaps - Pay Fixed Receive Variable	-	-	-	(581)	-	(581)
Zero Coupon Swaps - Pay Fixed Receive Variable	-	1,520	2,076	19	-	3,615
Zero Coupon Swaps - Pay Variable Receive Fixed	-	(7,714)	(3,623)	-	-	(11,337)
Credit Default Swaps Single Name - Buy Protection	-	-	(48)	-	-	(48)
Credit Default Swaps Single Name - Sell Protection	(52)	(1,508)	(1,730)	-	-	(3,290)
Credit Default Swaps Index - Buy Protection	-	67	-	-	-	67
Credit Default Swaps Index - Sell Protection	-	(2,085)	(2,104)	-	(9)	(4,198)
Total Swap Fair Value	**$ (52)**	**$ (11,072)**	**$ 1,397**	**$ (3,397)**	**$ 5,829**	**$ (7,295)**

Derivative Instruments – Risk Management

INPRS's Investment Policy Statement allows derivatives transactions by investment managers who possess recognized expertise in derivative overlay strategies to offset, or hedge, unintended market exposures in underlying funds that remain in a lock-up period. Direct purchases of physical commodities is prohibited; however, swaps and instruments that constitute a security or authorized derivatives are permitted.

INPRS effectively manages credit risk relating to derivative instruments by following these guidelines:

- To avoid counterparty risk, derivative transactions are executed through the use of listed options and futures traded on registered exchanges, whenever possible. Non-exchange traded options, forwards, or swaps are executed only if the counterparty is rated “A” or better by at least one of the Nationally Recognized Statistical Rating Organizations (“NSRSOs”).

- Exchange-traded commodity futures, options, and other instruments are traded on any exchange regulated by the Commodities Futures Trading Commission (“CFTC”) of the United States and/or the Financial Services Authority (“FSA”) of the United Kingdom.

- For non-exchange traded derivatives, counterparty creditworthiness is at a minimum of “A3” as defined by Moody’s Investor Service, “A-” by Standard & Poor’s, and/or “A-” by Fitch. Unrated counterparties are not selected unless such counterparty is a wholly-owned affiliate of a parent organization that guarantees payment and meets the above counterparty creditworthiness standards.

- Derivative instruments are standardized and exchange-traded (e.g., futures) and/or privately-negotiated and over-the counter (e.g., swap agreements). Underlying risk exposures may be to cash commodities and/or commodity derivatives. Risk exposures for exchange-traded instruments shall lie with exchange clearinghouses and with approved counterparties for non-exchange traded transactions.

- The fair value of commodities collateral is maintained at 100 percent or greater of the net option-adjusted notional value of any commodities overlay exposure at the consummation of any new commodities overlay position. If the collateral fair value falls below the net option-adjusted value of the overlay, the investment manager(s) adjust their portfolio at the earliest feasible opportunity to bring the collateral value up to the notional value of the overlay.

Derivative Instruments – Counterparty Credit Risk

Counterparty credit risk exists on all open over-the-counter positions. INPRS investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, posting collateral exposure, and monitoring procedures, in addition to adherence to the standard International Swaps and Derivatives Association and Credit Support Annex agreements.

As of June 30, 2022, the aggregate fair value of investment derivatives in an asset position subject to counterparty credit risk was approximately $37.1 million, of which $34.3 million was uncollateralized.

The table below summarizes the counterparty positions as of June 30, 2022:

		Fair Value			Collateral	
Swaps Counterparty	S&P Rating	Receivable/ Unrealized Gain	Payable/ (Unrealized Loss)	Fair Value	Posted	Received
Bank of America	A-	$ 761	$ (447)	$ 271	$ 530	$ (2,110)
Banque Nationale De Paris	A+	302	(426)	(392)	210	(1,290)
Barclays	BBB	401	(639)	(633)	883	(5,876)
Chicago Mercantile Exchange	AA-	10,900	(17,310)	(4,202)	2,005	-
Citigroup	BBB+	322	(400)	(396)	2,460	(2,400)
Deutsche Bank	A-	231	(196)	23	-	(430)
Goldman Sachs	BBB+	1,338	(1,352)	(524)	12,650	(150)
HSBC Securities Inc	A-	12	(5)	(4)	3,270	(2,930)
Intercontinental Exchange, Inc.	A-	3,083	(4,977)	(4,749)	4,071	-
JPMorgan Chase Bank	A-	59	(205)	(130)	1,600	(1,410)
London Clearing House	A	16,714	(20,120)	3,790	-	-
Morgan Stanley	A-	537	(774)	(627)	4,358	(490)
Nomura Securities International, Inc.	BBB+	2,421	(1,946)	262	-	(60)
Standard Chartered	BBB+	37	-	16	1,960	(3,550)
Total		**$ 37,118**	**$ (48,797)**	**$ (7,295)**	**$ 33,997**	**$ (20,696)**

Derivative Instruments – Foreign Currency Risk

Foreign currency forward contracts and futures contracts are exposed to foreign currency risk. At June 30, 2022, INPRS's investments included a foreign currency contract receivable balance of $7.0 billion and an offsetting foreign currency contract payable of $7.0 billion. In addition, the net loss for the year ended June 30, 2022, due to foreign currency transactions was $3.39 billion.

Derivative Instruments – Synthetic Guaranteed Investment Contracts (GICs)

The Defined Contribution Stable Value Fund consists of fully benefit-responsive synthetic guaranteed investment contracts (GICs). The Stable Value Fund is an investment option that seeks to provide safety of principal and a stable credited rate of interest, while generating competitive returns over time compared to other comparable investments. As of June 30, 2022, the Stable Value Fund portfolio of well diversified high-quality investment grade fixed income securities had a fair value of $1.9 billion, which was $411.1 million less than the fair value protected by the wrap contract.

Derivative Instruments – Interest Risk

INPRS has exposure to interest rate risk due to investments in interest rate swaps, inflation swaps and forward mortgage-backed securities (TBAs).

Derivative instruments as of June 30, 2022, subject to interest rate risk are:

Reference Currency	Pays	Receives	Fair Value	Notional
Interest Rate Swap - Pay Fixed Receive Variable:				
U.S. Dollar	0.75% to 1.75%	3M USD LIBOR BBA	$ 4,056	$ 23,170
South Korean Won	1.75% to 3.70%	3M KRW KWCDC COD	3,143	47,093
Polish Zloty	0.25% to 7.31%	6M PLN WIBOR	1,184	39,570
Euro Currency Unit	-0.25% to 1.00%	6M EURIBOR REUTERS	6,191	64,347
Hungarian Forint	7.0% to 8.50%	6M HUB BUBOR REUTERS	494	13,897
Chilean Peso	3.73% to 8.20%	CLP CLICP BLOOMBERG	1,655	50,894
Czech Koruna	4.49% to 6.00%	6M CZK PRIBOR PRBO	781	69,703
Mexican Peso	6.40% to 9.50%	28D MXN TIIE BANXICO	1,384	65,784
Israeli Shekel	2.50% to 2.75%	3M ILS TELBOR REFERENCE BANKS	754	90,823
Chinese Yuan Renminbi	2.5% to 2.75%	7D CHINA FIXING REPO RATES	22	2,569
Malaysian Ringgit	3.00% to 3.25%	3M MYR-KLIBOR-BNM	218	22,886
Singapore Dollar	1.25%	6M SGD SOR REUTERS	432	3,521
Thailand Baht	1.00%	6M THB THBFIX REUTERS	3,584	48,927
Pound Sterling	0.50% to 0.75%	GBP SONIA COMPOUND	5,778	28,782
South African Rand	5.95% to 7.40%	3M ZAR JIBAR SAFEX	817	54,049
Hong Kong Dollar	3.20%	HKD HIBOR BLOOMBERG 3M	84	59,498
Total			**$ 30,577**	**$ 685,513**
Interest Rate Swap - Pay Variable Receive Fixed:				
U.S. Dollar	3M USD LIBOR BBA	0.64% to 1.85%	$ (2,338)	$ 23,100
South Korean Won	3M KRW KWCDC COD	1.75% to 2.00%	(3,441)	47,487
Polish Zloty	6M PLN WIBOR	1.19% to 6.94%	(992)	25,607
Euro Currency Unit	6M EURIBOR REUTERS	0.65% to 1.00%	(1,593)	33,768
Hungarian Forint	6M HUB BUBOR REUTERS	4.79% to 7.50%	(943)	16,105
Chilean Peso	CLP CLICP BLOOMBERG	3.25% to 7.77%	(662)	53,098
Czech Koruna	6M CZK PRIBOR PRBO	1.12% to 6.22%	(178)	17,475
Mexican Peso	28D MXN TIIE BANXICO	4.84% to 9.07%	(1,046)	60,616
Chinese Yuan Renminbi	7D CHINA FIXING REPO RATES	2.50% to 2.90%	409	71,098
Maylaysian Ringgit	3M MYR-KLIBOR-BNM	3.75%	16	7,249
Singapore Dollar	6M SGD SOR REUTERS	2.25% to 2.75	1	5,935
Thailand Baht	6M THB THBFIX REUTERS	1.50% to 3.25%	(3,233)	49,755
Pound Sterling	GBP SONIA COMPOUND	0.75%	(3,235)	23,196
South African Rand	3M ZAR JIBAR SAFEX	6.96% to 8.75%	(359)	11,777
New Zealand Dollar	3M NZD BBR FRA	3.00%	(728)	59,937
Canadian Dollar	CAD-BA-CDOR 3M	1.00% to 2.06%	(3,778)	110,624
Total			**$ (22,100)**	**$ 616,827**

B. Interfund Transaction

Interfund Loans

As explained in Note III(A), temporary cash overdrafts in various funds are reported as interfund loans from the General Fund. As of June 30, 2022, the following funds had temporary cash overdrafts covered by loans from the General Fund: U.S. Department of Health and Human Services Fund, $474.7 million, Federal COVID-19 Fund, $111.7 million, U.S. Department of Agriculture, $50.7 million and US Department of Labor, $14.9 million. There is also reported an $8.0 million loan from the Motor Vehicle Highway Fund to the State Highway Fund, which is not expected to be repaid within the next fiscal year. Also, reported is an interfund loan from the Fund 6000 Programs Fund to Other Special Revenue Funds for $4.9 million and a $1.4 million interfund loan between funds within Other Special Revenue Funds for license fees. There is also reported an interfund loan from the General Fund to the Common School Fund for $8.4 million for loans that are uncollectible and will need to be repaid from other sources.

The following is a summary of the Interfund Loans as of June 30, 2022:

	Loans To Governmental Funds	Loans From Governmental Funds
Governmental Funds		
General Fund	$ 651,943	$ 8,367
US Department of Health and Human Services	-	474,674
Federal COVID-19 Fund	-	111,675
Nonmajor Governmental Funds	22,674	79,901
Total Governmental Funds	674,617	674,617
Total	**$ 674,617**	**$ 674,617**

Interfund Services Provided/Used

Interfund Services Provided of $11.6 million represents amounts owed by various governmental funds to the Institutional Industries Fund and the Administrative Services Revolving Funds, both internal service funds, for goods and services rendered.

The following is a schedule of Interfund Services Provided/Used as of June 30, 2022:

	Interfund Services Provided To Governmental Funds	Interfund Services Used By Governmental Funds
Governmental Funds		
General Fund	$ -	$ 6,964
Public Welfare - Medicaid Assistance	-	7
U.S. Department of Health & Human Services	-	1,079
Federal COVID-19		37
ARPA - Economic Stimulus Fund		134
Nonmajor Governmental Funds	-	3,407
Total Governmental Funds	-	11,628
Proprietary Funds		
Internal Service Funds	11,628	-
Total Proprietary Funds	11,628	-
Total	**$ 11,628**	**$ 11,628**

Due From/Due To Component Units

The $5.0 million represents funds the General Fund borrowed in June 2004, interest free, from the Indiana Board for Depositories, a discretely presented component unit. Per Public Law 93-2013, Section 4, repayments to the Indiana Board for Depositories are to be made in annual increments of $5.0 million each July beginning July 2013. The interfund balance of $21.9 million represents the accrued distribution amount from the State Lottery Commission to the Lottery Surplus Fund.

The following is the schedule of Due From/Due To component units, as of June 30, 2022:

	Due From Primary Government	Due To Component Units	Due From Component Units	Due To Primary Government
Governmental Funds				
General Fund	$ -	$ 5,000	$ -	$ -
Nonmajor Governmental Funds	-	-	21,892	-
Total Governmental Funds	-	5,000	21,892	-
Component Units				
Board for Depositories	5,000	-	-	-
State Lottery Commission	-	-	-	21,892
Total Component Units	5,000	-	-	21,892
Total	**$ 5,000**	**$ 5,000**	**$ 21,892**	**$ 21,892**

Interfund Transfers

Major Governmental Funds

Transfers constitute the movement of money from the fund that receives the resources to the fund that utilizes them. These numerous transfers generally result from legislation passed by the Indiana General Assembly that directs how the transfers are made. In the case of the General Fund, many appropriations are made in the General Fund and then transferred during the year to the funds where these appropriations are used. Also in the case of the General Fund, various taxes and other revenues are collected in other funds and transferred to the General Fund. Following are the principal purposes of the State's interfund transfers:

General Fund – $188.6 million was transferred in from the Medicaid Assistance Fund for unused State match for Medicaid, hospital assessment fees, quality assessment fees, and indirect costs. $311.2 million was transferred in from the State Gaming Fund which was wagering taxes. $284.8 was transferred in from the Lottery Surplus fund as part of the excise tax cut replacement distribution. $85.2 million was received from the Fund 6000 Programs Fund for General Fund portion of financial institutions tax.

The following were transfers out from the General Fund: The Public Welfare Medicaid Assistance Fund received $2.4 billion in transfers for Medicaid current obligations and for Medicaid administration. $310.0 million was transferred to the U.S. Department of Health and Human Services Fund from the General Fund largely for state match related to federal grants.

Medicaid Assistance Fund – The Medicaid Assistance Fund received a transfer of $2.4 billion from the General Fund to support the state Medicaid program. $506.3 million was transferred in from the Healthy Indiana Plan trust fund to support the Healthy Indiana Plan.

Transfers out included $188.6 million to the General Fund for unused State match for Medicaid, hospital assessment fees, quality assessment fees, and indirect costs.

U.S. Department of Health and Human Services Fund – $310.0 million was transferred to the U.S. Department of Health and Human Services Fund from the General Fund largely for state match related to federal grants.

ARPA – Economic Stimulus Fund - $1.6 million was transferred in from the General Fund for state match related to federal grants.

Proprietary Funds

Internal Service Funds

$3.2 million in excess net income was transferred out of the Institutional Industries fund into the General Fund per statute.

A summary of interfund transfers for the year ended June 30, 2022 is as follows:

	Transfers in	Transfers out	Net transfers
Governmental Funds			
General Fund	$ 938,472	$ (3,107,694)	**$ (2,169,222)**
Public Welfare-Medicaid Assistance Fund	2,939,366	(188,559)	**2,750,807**
US Department of Health and Human Services Fund	323,505	(2,186)	**321,319**
Federal COVID-19	-	(196)	**(196)**
ARPA-Economic Stimulus Fund	1,622	-	**1,622**
Nonmajor Governmental Funds	2,923,894	(3,826,590)	**(902,696)**
Proprietary Funds			
Internal Service Funds	1,553	(3,187)	**(1,634)**
Total	**$ 7,128,412**	**$ (7,128,412)**	**$ -**

C. Receivables

Primary Government – Governmental Activities

Taxes Receivable/Tax Refunds Payable as of June 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities			
	General Fund	Special Revenue Funds	Capital Projects Funds	Total Primary Government
Income taxes	$ 1,596,998	$ -	-	**$ 1,596,998**
Sales taxes	1,242,071	33,815	-	**1,275,886**
Fuel taxes	-	208,983	-	**208,983**
Gaming taxes	4,570	15,029	-	**19,599**
Unemployment	-	-	-	**-**
Inheritance taxes	-	-	-	**-**
Alcohol and tobacco taxes	46,699	29,644	1,936	**78,279**
Insurance	470	-	-	**470**
Financial institutions taxes	-	8,723	-	**8,723**
Other taxes	10,003	2,344	-	**12,347**
Total taxes receivable	2,900,811	298,538	1,936	**3,201,285**
Less allowance for uncollectible accounts	(1,160,117)	(78,497)	(7)	**(1,238,621)**
Net taxes receivable	**$ 1,740,694**	**$ 220,041**	**$ 1,929**	**$ 1,962,664**
Tax refunds payable	**$ 297,574**	**$ 7,067**	**$ -**	**$ 304,641**

Primary Government – Business-Type Activities

The accounts receivable amount reported on the financial statements of the Unemployment Compensation fund is comprised of funds due from Indiana employers (employer receivables) and from overpayments made to Unemployment Insurance recipients (claimant receivables). A major portion of the accounts receivable, $22.4 million of employer receivables and $505.8 million of claimant receivables for a total of $528.2 million, will not be collected within one year. Accounts receivable as of June 30, 2022 is as follows:

	Business - Type Activities Unemployment Compensation
Employer	$ 33,167
Claimant	576,650
Total receivable	**$ 609,817**

D. Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows.

Primary Government – Governmental Activities

	Balance, July 1, As restated	Increases	Decreases	Balance, June 30
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 2,619,863	$ 82,024	$ (1,611)	$ 2,700,276
Right-to-use leased land	35,982	819	-	36,801
Infrastructure	12,949,168	49,453	(14,813)	12,983,808
Construction in progress	1,022,671	739,449	(174,966)	1,587,154
Total capital assets, not being depreciated/amortized	16,627,684	871,745	(191,390)	17,308,039
Capital assets, being depreciated/amortized:				
Buildings and improvements	2,941,131	137,432	(7,176)	3,071,387
Right-to-use leased buildings and improvements	175,212	18,059	-	193,271
Furniture, machinery, and equipment	710,012	32,828	(29,049)	713,791
Right-to-use leased furniture, machinery, and equ	170	140	-	310
Computer software	900,136	48,194	(10,421)	937,909
Infrastructure	34,187	1,033	-	35,220
Total capital assets, being depreciated/amortized	4,760,848	237,686	(46,646)	4,951,888
Less accumulated depreciation/amortization for:				
Buildings and improvements	(1,851,910)	(66,324)	4,539	(1,913,695)
Right-to-use leased buildings and improvements	-	(24,462)	-	(24,462)
Furniture, machinery, and equipment	(470,341)	(46,069)	26,265	(490,145)
Right-to-use leased furniture, machinery, and equ	-	(64)	-	(64)
Computer software	(300,568)	(157,831)	8,955	(449,444)
Infrastructure	(29,217)	(326)	-	(29,543)
Total accumulated depreciation/amortization	(2,652,036)	(295,076)	39,759	(2,907,353)
Total capital assets being depreciated/amortized, net	2,108,812	(57,390)	(6,887)	2,044,535
Governmental activities capital assets, net	**$ 18,736,496**	**$ 814,355**	**$ (198,277)**	**$ 19,352,574**

Primary Government – Business-Type Activities

	Balance, July 1	Increases	Decreases	Balance, June 30
Business-Type Activities:				
Buildings and improvements	$ 566	40	-	606
Furniture, machinery, and equipment	509	34	-	543
Total capital assets, being depreciated	1,075	74	-	1,149
Less accumulated depreciation for:				
Buildings and improvements	(334)	(41)	-	(375)
Furniture, machinery, and equipment	(398)	(38)	-	(436)
Total accumulated depreciation	(732)	(79)	-	(811)
Total capital assets being depreciated, net	343	(5)	-	338
Business-type activities capital assets, net	**$ 343**	**$ (5)**	**$ -**	**$ 338**

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	$	33,675
Public safety		47,671
Health		3,144
Welfare		164,394
Conservation, culture and development		14,784
Education		1,291
Transportation		30,117
Total depreciation/amortization expense - governmental activities	**$**	**295,076**
Business-type activities:		
Inns and Concessions	$	79
Total depreciation expense - business-type activities	**$**	**79**

E. Accounts Payable

Accounts Payable as of June 30, 2022 are as follows:

Governmental Activities	Vendors payable	Medicaid payable	Salaries and benefits payable	Claims and settlements	Total Accounts Payable
General Fund	$ 214,316	$ -	$ 71,335	$ -	$ 285,651
Public Welfare- Medicaid Assistance Fund	664	370,919	45	-	371,628
US Department of Health and Human Services	82,377	182	8,453	-	91,012
Federal COVID-19	138,473		54	-	138,527
ARPA - Economic Stimulus Fund	9,147		85	-	9,232
Non-Major Governmental Funds	732,670		40,195	-	772,865
Total Governmental Funds	1,177,646	371,101	120,167	-	1,668,914
Internal Service Funds	51,455	-	3,501	-	54,956
Adjustment to government -wide	261,129	138,893	-	37,146	437,168
Total	**$ 1,490,230**	**$ 509,994**	**$ 123,668**	**$ 37,146**	**$ 2,161,038**

F. Leases

The future minimum lease obligations, the net present value of these minimum lease payments as of June 30, 2022 and the assets acquired through capital leases are as follows:

Future minimum lease payments			
	Leases		
	Governmental Activities		
Year ending June 30,	**Principal**	**Interest**	**Future Minimum Lease Payments**
2023	$ 25,990	$ 2,403	$ 28,393
2024	27,897	2,211	30,108
2025	27,043	1,782	28,825
2026	25,014	1,384	26,398
2027	23,595	1,014	24,609
2028-2032	57,721	1,651	59,372
2033-2037	12,737	173	12,910
2038-2042	513	2	515
Total minimum lease payments	**$ 200,510**	**$ 10,620**	**$ 211,130**
Assets acquired through leases			
Land	$ 36,801		
Building	$ 193,271		
Machinery and equipment	310		
less accumulated amortization	(24,526)		
	$ 205,856		

The State has entered into various lease agreements with aggregate payments of $20,000 or more to finance the acquisition of buildings, land and equipment. These lease agreements qualify as leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the government-wide statements.

G. Financed Purchases

The state entered into various finance purchase lease agreements to finance IT equipment, vehicles, and construction projects. The underlying assets are used as collateral for the purchase. The future minimum payments under the finance purchase agreements as of June 30, 2022, is as follows:

Future minimum payments	Financed Purchases Governmental Activities		
Year ending June 30,	Principal	Interest	Future Minimum Lease Payments
2023	$ 73,470	$ 26,144	$ 99,614
2024	76,374	24,561	100,935
2025	77,626	20,901	98,527
2026	81,432	17,069	98,501
2027	83,504	14,999	98,503
2028-2032	198,296	24,317	222,613
2033-2037	53,780	4,498	58,278
Total minimum lease payments	**$ 644,482**	**$ 132,489**	**$ 776,971**

The state entered into a financed purchase lease agreement for IT equipment on February 18, 2022. Annual payments of principal only $132 thousand are due on May 1 ending May 1, 2024. No interest is charged. It was issued at $396 thousand.

The state entered into a financed purchase lease with the Indiana Finance Authority on July 1, 2022 to construct the Neurological Diagnostic Institute. The principal on this agreement when issued is $127,165 thousand. The interest rates on the bonds IFA used to fund the project range from 2.159% to 3.6624% until maturity on July 1, 2036 The current monthly lease payment is $1,020 thousand through June 2023.

H. Long-Term Obligations

Changes in long-term obligations for the primary government for the year ended June 30, 2022 were as follows:

Changes in Long-Term Obligations	Balance, July 1, as Restated	Increases	Decreases	Balance, June 30	Amounts Due Within One Year	Amounts Due Thereafter
Governmental activities:						
Compensated absences	$ 207,020	$ 113,970	$ (112,756)	$ 208,234	$ 93,921	$ 114,313
Net pension liability	11,392,203	1,284,423	(2,894,949)	9,781,677	-	9,781,677
Net OPEB liability	54,177	48,069	(55,514)	46,732	-	46,732
Pollution remediation	35,499	3,436	(7,042)	31,893	3,535	28,358
OPEB DC liability	44,041	-	(20,640)	23,401	-	23,401
Financed purchases	759,772	127,561	(242,851)	644,482	73,470	571,012
Asset retirement obligations	7,775	3,099	-	10,874	-	10,874
Leases	211,364	19,018	(29,872)	200,510	25,990	174,520
	$ 12,711,851	**$ 1,599,576**	**$ (3,363,624)**	**$ 10,947,803**	**$ 196,916**	**$ 10,750,887**
Business-type activities:						
Compensated absences	$ 798	$ 291	$ (263)	$ 826	$ 281	$ 545
Claims liability	22,724	643	(727)	22,640	999	21,641
	$ 23,522	**$ 934**	**$ (990)**	**$ 23,466**	**$ 1,280**	**$ 22,186**

Long term obligations of governmental activities include lease obligations of governmental funds as presented in Note IV(F), financed purchases liabilities as presented in Note IV(G), net pension liabilities as presented in Note V(E) (employee retirement systems and plan), other postemployment benefits as presented in Note V(F), pollution remediation as presented in Note V(G), asset retirement obligations as presented in Note V(H), and compensated absence obligations. The General Fund typically has been used to liquidate any other long-term liabilities.

Long-term obligations of the business-type activities consist of claims liability of the Indiana Residual Malpractice Insurance Authority and compensated absences of the Inns and Concessions Fund.

I. Prior Period Adjustments and Reclassification

For the fiscal year ended June 30, 2022, certain changes have been made to the financial statements to more appropriately reflect financial activity of the State of Indiana. These prior period adjustments and restatements are reflected in the beginning net position in the government-wide statement of activities.

In the fund financial statements for the General Fund and the government-wide statements, there was an increase in fund balance of $.9 million due to an error in the classification of certain liabilities.

In the fund statements for the Special Revenue funds and the government-wide statements, net position decreased $70.7 million due to errors in the recording of grant revenues and $1.8 million due liabilities not recorded for the Indiana War Memorial Commission.

In the fund statements for the Special Revenue funds, net position increased $141.6 million due to an understatement in grant receivable in the Medicaid program.

For the government-wide statements, there is an increase of $5.5 million in net position for capital assets. This was the result of not capitalizing capital assets by June 30, 2021 that were acquired prior to this date and for corrections to acquisition cost by state agencies. Net position increased $38.2 million for software projects that were incorrectly reported in the prior year.

Net position in the government-wide statements increased $1.1 million due to the implementation of GASB 87 relating to leases.

In the fiduciary funds, custodial fund statements net position decreased $214.6 million to the understatement of liabilities due to local units of government. In addition, Pension and Other Employee Benefit Trust Funds net position increased $1.7 billion due to the implementation of GASB 97.

For the discrete component units, net position decreased $5.2 million due to the implementation of GASB 87 by the State's colleges and universities.

The following schedule reconciles June 30, 2021 net position as previously reported, to beginning net position, as restated:

	Governmental Activities	Fiduciary Funds	Discretely Presented Component Units
June 30, 2021, fund balance/net position as reported	$ 20,540,814	$ 48,685,043	$ 20,368,335
Change in accounting principle	1,057	1,685,772	(5,242)
Correction of errors	(27,902)	(214,610)	-
Reclassifications of funds	-	-	-
Balance July 1, 2021 as restated	**$ 20,513,969**	**$ 50,156,205**	**$ 20,363,093**

V. OTHER INFORMATION

A. Risk Management

The State of Indiana is exposed to various risks of loss. This includes damage to property owned by the agencies; personal injury or property damage liabilities incurred by a state officer, agent, or employee; errors, omissions, and theft by employees; certain employee health benefits; employee death benefits; and unemployment and worker's compensation costs for State employees.

The State records an expenditure for any loss as the liability is incurred or replacement items are purchased. The State purchases immaterial amounts of commercial insurance related to errors, omissions, and theft by employees. Settlements related to commercial insurance have not exceeded coverage in the past three fiscal years.

The State does have risk financing activity for the State employees' disability, certain State employees' health benefits, Conservation and Excise Officers' health benefits, and certain health, disability and death benefits for State Police officers. These are reported in four individual Internal Service Funds.

The State employees' disability program is financed partially by State employees through payroll withholdings and by the funds from which employees are paid. The employees' health benefits, the Conservation and Excise health benefits, and the State Police traditional health plan are funded by the employees who have selected certain health care benefit packages and the funds from which those employees are paid. An insurance carrier provides claims administration services for the health insurance programs.

Located below is the table of claim liabilities. The liabilities are not maintained in the accounting records of the State. The claim liabilities for the health insurance programs and the State Disability fund were estimated based on the historical experience rate of claims paid that were for service dates incurred during a prior fiscal year. The unrestricted net position in these funds is reserved for future catastrophic losses.

	State Police Health Insurance Fund	State Employee Disability Fund	State Employees' Health Insurance Fund	Conservation and Excise Officers Health Insurance Fund	Total
2022					
Unpaid Claims, July 1	$ 3,503	$ 3,581	$ 38,613	$ 799	**$ 46,496**
Incurred Claims and Changes in Estimate	26,927	18,033	395,336	3,437	**443,733**
Claims Paid	(26,467)	(17,875)	(394,406)	(3,499)	**(442,247)**
Unpaid Claims, June 30	**$ 3,963**	**$ 3,739**	**$ 39,543**	**$ 737**	**$ 47,982**
2021					
Unpaid Claims, July 1	$ 3,934	$ 4,194	$ 40,327	$ 740	**$ 49,195**
Incurred Claims and Changes in Estimate	26,980	16,922	344,908	4,521	**393,331**
Claims Paid	(27,411)	(17,535)	(346,622)	(4,462)	**(396,030)**
Unpaid Claims, June 30	**$ 3,503**	**$ 3,581**	**$ 38,613**	**$ 799**	**$ 46,496**

B. Contingencies and Commitments

Litigation

The State does not establish reserves for judgments or other legal or equitable claims against the State. Judgments and other such claims must be paid from the State's unappropriated balances and reserves, if any.

With respect to tort claims only, the State's liability is limited to: (A) $300,000 for a cause of action that accrues before January 2006; (B) $500,000 for a cause of action that accrues between 2006 and 2008; or (C) $700,000 for a cause of action that accrues on or after January 2008, for injury to or death of one person in any one occurrence and $5 million for injury to or death of all persons in that occurrence.

The Indiana Attorney General's office estimates a total payment for liabilities and litigation expenses of

$11 million to be made from the Tort Claim Fund during the next fiscal year. During the fiscal year ending June 30, 2022, the State paid $17.5 million for settlements, judgments, claims and litigation expenses from the Tort Claim Fund.

The following is a summary of certain significant litigation and claims currently pending against the State involving amounts exceeding $5 million individually or in the aggregate. This summary is not exhaustive, either as to the description of the specific litigation or claims described, or as to all of the litigation or claims currently pending or threatened against the State.

The Indiana Attorney General's office is currently handling the following cases that could result in significant liabilities to the State:

In 2017, Plaintiff filed a complaint against the Indiana Department of Environmental Management, the Indiana State Department of Health, and the State of Indiana. There are over 100 individual plaintiffs alleging negligence and negligent infliction of emotional distress against the State Defendants and the City of East Chicago, the East Chicago Housing Authority, and the East Chicago Department of Public and Environmental Health, seeking damages for alleged physical and emotional harms caused by their alleged exposure to lead, arsenic, and other contamination while residents at the West Calumet Housing Complex and/or while students at Carrie Gosch Elementary School in East Chicago, Indiana since the late 1990's. The State Defendants filed their answer along with a motion to dismiss. This motion was later found to be moot. State Defendants filed a motion staying discovery pending the outcome of a motion for judgment on the pleadings. That motion was granted. The Motion for Judgment on the Pleadings was filed July 9, 2018. Following further briefing and a hearing, the Motion for Judgment on the Pleadings was denied November 9, 2018. The Order denying the Motion to Dismiss required additional discovery. Initial discovery deadlines were set. The State's Motion to Certify for Interlocutory Appeal was filed on December 10, 2018. A Notice of Appeal was filed April 25, 2019. The parties completed briefing of the matter on appeal. On June 10, 2020, the Indiana Court of Appeals upheld the Trial Court's denial of the Defendants' Motion for Judgment on the Pleadings and remanded the matter for continued proceedings. A case management plan was entered on February 9, 2021. On October 1, 2021, the case was consolidated with a second, substantially similar case for purposes of discovery and pretrial proceedings. The parties are currently working through discovery. Written discovery shall be completed by January 6, 2023. All non-party and non-expert discovery shall be completed by May 5, 2023. Depositions shall be taken by August 4, 2023. Dispositive motions shall be filed by October 4, 2023. Pretrial conference set for May 16, 2024.

In 2018, Plaintiff's estate filed a Complaint against the Indiana the Department of Correction alleging failure to protect, conspiracy, and failure to intervene pursuant to 42 U.S.C. Section 1983 and also negligent or willful and wanton conduct, negligent infliction of emotional distress, and wrongful death. The Plaintiff, a prisoner, died after setting a fire in his cell that he likely set himself. Plaintiff's estate is requesting compensatory and punitive damages and attorney's fees and costs. Defendants filed a Motion for Summary Judgment on March 29, 2021. Plaintiff filed its response on May 25, 2021. Defendants filed their reply. On February 15, 2022, the court granted the MSJ in part and denied in part, dismissing some defendants but leaving most of the claims for settlement or trial. Settlement conferences did not resolve the case. A final pretrial conference is set for April 19, 2023. A jury trial is set for June 20, 2023.

In 2022, Plaintiffs filed a class action lawsuit against the Attorney General, Treasurer, and others, alleging that the defendants have wrongfully withheld interest earnings on unclaimed property in state custody and not compensating the owners. The State Defendants filed a motion for judgment on the pleadings arguing that the case is moot. The motion is fully briefed and under advisement.

Other Loss Contingencies

The U.S. Office of Inspector General (USOIG) has issued multiple audit reports on Indiana's Medicaid Assistance Program. The State has worked with the Centers for Medicare and Medicaid Services (CMS) to resolve the findings. As of June 30, 2022, there were $37.1 million in findings which the Family and Social Services Administration (FSSA) believes to be probable for having to be repaid and therefore, has been accrued as an expense and payable in the government-wide financial statements. An additional $22.3 million is reasonably possible to need to be repaid. FSSA management is continuing to work with CMS on a settlement of these findings.

Construction Commitments

As of June 30, 2022, the Indiana Department of Transportation had unliquidated construction commitments totaling $1.88 billion for road and bridge projects. It is anticipated that these projects will be financed with approximately 19.6% Traditional State funds, 4% Local funds, 55% Traditional

Federal funds, 5.3% American Recovery Plan Act funds, 5.2% Federal COVID-19 funds, 8.5% Toll Road Lease Amendment Proceeds funds, and 2.4% Major Moves funds.

The Indiana Department of Administration, Public Works Division, had remaining construction commitments totaling $104.0 million for building and improvement projects of the State's agencies as of June 30, 2022. These projects are to be funded through State appropriations, the State Highway Department Fund, capital projects funds, and federal funds.

The State had $160.9 million in total commitments for software in development as of June 30, 2022. These commitments are to be funded through the General Fund, federal funds, and state dedicated funds.

Encumbrances

Significant encumbrances by major funds and non-major funds in the aggregate as of June 30, 2022 were as follows:

Governmental Funds	Encumbrances
General Fund	$ 2,162,020
Public Welfare - Medicaid Assistance	15,105
US Department of Health & Human Services	742,591
Federal COVID-19	510,909
ARPA - Economic Stimulus Fund	198,138
Non-Major Governmental Funds	3,664,243
Total	**$ 7,293,006**

C. Other Revenue

Other revenue represents revenue received which cannot accurately be included with any of the other revenue sources. In most cases, the amount of “other revenue" received by a fund is insignificant in comparison with total revenues received.

D. Economic Stabilization Fund

Indiana Code (IC) 4-10-18 establishes the Counter-Cyclical Revenue and Economic Stabilization Fund ("Rainy Day Fund") within the state's General Fund to assist in stabilizing revenue during periods of economic recession. The fund receives funding through calculated transfers as prescribed by Indiana Code.

The State Budget Director is required to annually calculate State of Indiana Adjusted Personal Income (API) and its growth rate over the previous year. API growth rates exceeding 2% trigger an appropriation from the General Fund into the Rainy Day Fund. API growth rates less than 2% trigger an appropriation from the Rainy Day Fund to the General Fund. Additionally, any balance in the Rainy Day Fund at the end of the fiscal year exceeding 7% of total General Fund revenues for the same period is transferred from the Rainy Day Fund to the General Fund.

In fiscal year 2022, the API growth rate did not trigger a transfer into or out of the Rainy Day Fund. Also, the Rainy Day Fund did not exceed 7% of total General Fund revenues for fiscal year 2022.

Loans can be made from the Rainy Day Fund to local units of government for specific purposes. The Rainy Day Fund cash and investment balance at the end of fiscal year 2022 was $543.1 million. There were no outstanding loans as of fiscal year end.

E. Employee Retirement Systems and Plans

The State of Indiana sponsors pension plans that are included in the State's financial statements. They are reported and administered as described in Note I (A).

<u>Summary of Significant Accounting Policies (Pensions)</u>

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to or deductions from fiduciary net position have been determined on the same basis as they are reported for all of the plans by their respective trustees. The Indiana Public Retirement System is the trustee for all of the plans except for the State Police Retirement Fund and the State Police Supplemental Trust Fund which are administered by the Treasurer of the State of Indiana as Trustee under a Pension Trust Agreement with the Indiana Department of State Police and the Deferred Compensation Matching Plan which is administered by the Auditor of the State of Indiana with the Deferred Compensation Committee as the Trustee. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The State sponsors the following defined benefit single-employer plans:

<u>State Police Retirement Fund (Presented as a pension and other employee benefit trust fund)</u>

Plan description. The State Police Retirement Fund (SPRF) is a defined benefit, single-employer PERS, and is administered by the Treasurer of the State of Indiana as Trustee under a Pension Trust Agreement with the Indiana Department of State Police. Indiana Code 10-12-2-2 grants authority to the Department to establish and operate an actuarially sound pension plan governed by a pension trust. It also authorizes the Department to make annual contributions as necessary to prevent any deterioration in the actuarial status of the trust. The State Police Retirement Fund issues a publicly available financial report that can be obtained by writing the State Police Retirement Fund, c/o Treasurer of State, 200 W. Washington Street, Room 242 State House, Indianapolis, IN 46204.

The SPRF includes the Pre-1987 Benefit System and the 1987 Benefit System. The term "Pre-1987 Benefit System" shall refer to the plan and the benefits provided to employee beneficiaries who are first employed as employees by the Department before July 1, 1987, and who did not elect to be covered by the 1987 Benefit System in accordance with the provisions of Section 31 of the Trust Agreement. Any benefits provided to former employees who qualified for such benefits under the terms of the Trust Agreement as in effect prior to July 1, 1987, shall also be deemed part of the Pre-1987 Benefit System. The term "1987 Benefit System" shall refer to the plan and the benefits provided to employee beneficiaries who are first employed as employees by the Department on or after July 1, 1987, and to those employee beneficiaries who were first employed before July 1, 1987, provided they elected to be covered by the 1987 Benefit System in accordance with the provisions of Section 31 of the Trust Agreement.

Retirement benefits provided.

<u>Pre-1987 Plan:</u> The Pre-1987 Plan provides that the basic monthly pension amount may not exceed by more than $20 an amount equal to one-half of the member's average monthly wages (not including overtime) received during the highest paid consecutive 12 months prior to retirement. However, this amount may not exceed the monthly salary of a sixth-year trooper.

In addition to the basic retirement benefit described above, a plan member with over 20 years of service will receive the following incremental increases:

2% of the basic amount for each of the next 2 years over 20 years;
3% of the basic amount for each of the next 2 years over 22 years;
4% of the basic amount for each of the next 2 years over 24 years;
5% of the basic amount for each of the next 2 years over 26 years;
6% of the basic amount for each of the next 2 years over 28 years;
7% of the basic amount for each of the next 2 years over 30 years;
8% of the basic amount for each of the next 2 years over 32 years.

However, the total of these additional amounts may not exceed 70% of the basic pension amount, according to IC 10-12-3-7 (c).

<u>1987 Plan</u> The 1987 Plan provides that the basic monthly pension amount may not exceed one-half of the member's average monthly salary received during the member's highest-paid three years before retirement. Members retiring from July 1, 1987, through June 30, 1988, may not receive a basic monthly benefit greater than 50% of the maximum salary of a first sergeant. Members retiring from July 1, 1988, through June 30, 1989, may not receive a basic monthly benefit greater than 50% of the maximum salary of a captain. In addition to the basic retirement benefit described above, a Plan member with over 25 years of service will receive the following incremental increases:

5% of basic amount for each of the next 3 years over 25 years;
6% of basic amount for each of the next 2 years over 28 years;
7% of basic amount for each of the next 2 years over 30 years;
8% of basic amount for each of the next 2 years over 32 years.

However, the total of these additional amounts may not exceed 70% of the basic pension amount, according to IC 10-12-4-7(e).

Disability and survivor benefits provided. The regular disability benefit for a disabled member may not exceed the maximum basic pension amount. If the member's disability was incurred in the line of duty, the member is entitled to an additional $40 per month for each dependent parent and dependent child under age 18.

If a member is permanently and totally disabled by a catastrophic personal injury that: (1) is sustained in the line of duty after January 1, 2001; and (2) permanently prevents the member from performing any gainful work; the member is entitled to a disability benefit equal to the member's salary at the commencement of the disability in lieu of the regular disability benefit. The member is also entitled to increases in the disability benefit equal to the salary increases that the member would have received had the member remained in active service.

A member who meets the conditions listed in IC 5-10-13 has a presumption that a total or partial disability or death resulting from a health condition caused by AIDS, anthrax, hepatitis, HIV, meningococcal meningitis, smallpox, or tuberculosis is a disability or death incurred in the line of duty. In addition, a member who meets the conditions listed in IC 5-10-15 has a presumption that a total or partial disability resulting from an exposure-related cancer, or heart or lung disease is a disability incurred in the line of duty. These presumptions may be rebutted by competent evidence. A meeting or hearing held to rebut a presumption may be held as an executive session under IC 5-14-1.5-6.1(b) (1). A presumption affects only the determination as to whether a disability or death was incurred in the line of duty and does not change the requirements for determining eligibility for disability benefits.

A member's survivor is entitled to a supplemental death benefit of not more than $14,500 for employee beneficiaries who die before July 1, 2013. For employee beneficiaries who die after June 30, 2013, the amount of supplemental death benefits may not exceed $20,000. The maximum monthly pension payable to surviving spouses or a dependent mother and father of a member killed in the line of duty may not exceed the current basic monthly pension amount paid to retirees or, upon a retiree's death, one-half of the deceased officer's monthly benefit.

A dependent child entitled to survivor benefits may receive a maximum of 30% of the basic monthly pension currently being paid to retirees. Total benefits paid to all of a member's surviving dependent children may not exceed the basic monthly pension currently being paid to retirees.

Employees covered by benefit terms. As of June 30, 2022, the following employees were covered by the benefit terms of the SPRF:

	Pre-1987 Plan	1987 Plan
Inactive employees or beneficiaries currently receiving benefits	696	915
Inactive employees entitled to but not yet receiving benefits	1	179
Active employees	10	1,149
Total	**707**	**2,243**

Contributions. Members of the Pre-1987 Plan contribute 5% of the member's wages (not including overtime and limited to sixth-year trooper pay). Members of the 1987 Plan contribute 6% of the member's wages (not including overtime). A member who receives a disability pension does not make contributions to the member's fund.

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal cost actuarial method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is being funded over a thirty-year closed period which commenced July 1, 2010.

Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level dollar of payroll method. The funding policy for normal cost and unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis. For the year ended June 30, 2022, the State's contribution rate was 25.35 percent of covered payroll resulting in total contributions of $29.9 million.

<u>Deferred Retirement Option Program:</u> The Deferred Retirement Option (DROP) for the State Police Retirement Fund was established in 2001 pursuant to the Pension Trust Agreement and is governed by the Department of the State Police and the Treasurer of the State of Indiana (Trustee). Members of the Pre-1987 and 1987 plans that are eligible to retire may elect to accumulate a DROP benefit while continuing to work. At the time of their election, the member executes an irrevocable election to retire on a DROP retirement date and remain in active service, but the member does not contribute to the fund during the DROP period. For the Pre-87 Plan, when an employee has completed 20 years of service or more, he/she may irrevocably elect to enter the DROP for a period ending the earlier of (1) 60 consecutive months, (2) completion of 34 years of service, or (3) attainment of age 65. An employee on disability cannot enter the DROP. From the date the employee enters the DROP, he/she will not be credited with any additional years of service. The employees DROP accrual will be equal to the basic monthly retirement benefit. At the end of the DROP period, the employee must separate from employment and retire. Upon separation, the employee will receive their accumulated DROP benefit in the form of a lump sum payment, a rollover to another retirement program, or a combination of both. For the 1987 Plan, all DROP requirements are the same as the Pre-87 plan, except that the employee must have completed 25 years of service or more. The DROP and future retirement monthly benefit is calculated as of the member's DROP entry date. At the time of retirement, the member must choose among the available options for distribution of the accumulated benefit under the DROP. As of June 30, 2022, the amount held by the plan pursuant to the DROP is $2.3 million.

Net Pension Liability

The SPRF's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the SPRF at June 30, 2021 were as follows:

Total pension liability	$ 734,254
Plan fiduciary net position	(620,855)
SPRF's net pension liability	**$ 113,399**
Plan fiduciary net position as a percentage of the total pension liability	84.6%

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Pre-1987 Plan	1987 Plan
Interest rate/investment return	6.25%	6.25%
Interest on member balances	3.00%	3.00%
Future salary increases, which includes inflation and cost of living increases	3.50%	9% age 26 & younger; reduced 0.5% through age 35; 4% age 36 and older

Mortality rates for employees were based on the SOA Pub-2010 Safety Employees Mortality Tables with 3 year set forward for males and no set forward for females. Mortality rates for healthy retirees were based on the SOA Pub-2010 Safety Retirees Mortality Tables with 3 year set forward for males and not set forward for females. Mortality rates for beneficiaries were based on the SOA Pub-2010 General Contingent Survivor Mortality Tables with no set forward for males and 2 year set forward for females. Mortality rates for disabled retirees were based on the SOA Pub-2010 Disabled Retirees Mortality tables with no set forward for males or females. All mortality used MP-2020 Mortality Improvement Scale (with annual updates).

The most recent comprehensive experience study was completed in 2019 and was based on member experience through June 30, 2019. The demographic assumptions were updated as needed for the June 30, 2020 actuarial valuation based on the results of the study.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates of expected future rates of return (expected returns, net of pension plan investment expense) were developed for each major asset class. These estimated returns were combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Development of the long-term investment return is shown below.

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Broad domestic equity	31.0	6.6
Global ex U.S. equity	11.0	6.8
Short duration gov't/credit	4.0	1.5
Core U.S. fixed	22.0	1.8
Hedge funds - alternatives	25.0	4.0
Core Real Estate	5.0	5.8
Cash and equivalents	2.0	1.0
Total	**100.0**	

Discount rate. The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/20	$ 677,189	$ 498,710	$ 178,479
Changes for the year:			
Service cost	19,104	-	19,104
Interest	45,437	-	45,437
Plan amendments	3,408	-	3,408
Differences between expected and actual experience	(9,392)	-	(9,392)
Changes of assumptions or other inputs	37,122	-	37,122
Contributions - employer	-	36,748	(36,748)
Contributions - employee	-	5,339	(5,339)
Net investment income	-	119,479	(119,479)
Benefit payments, including refunds of employee contributions	(38,614)	(38,614)	-
Administrative expense	-	(807)	807
Net changes	57,065	122,145	(65,080)
Balances at 6/30/21	**$ 734,254**	**$ 620,855**	**$ 113,399**

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the SPRF, calculated using the discount rate of 6.25%, as well as what the SPRF's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
Net pension liability	202,283	113,399	38,623

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the State Police Retirement Fund. This report may be obtained by writing the State Police Retirement Fund, c/o Treasurer of State, 200 W. Washington Street, Room 242 State House, Indianapolis, IN 46204.

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

For the year ended June 30, 2022, the State recognized pension expense of $22.5 million for the SPRF. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,730	$ 21,939
Changes of assumptions or other inputs	32,927	16,750
Net difference between projected and actual earnings on pension plan investments	-	46,116
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	29,863	-
Total	**$ 68,520**	**$ 84,805**

Deferred outflows of resources in the amount of $29.9 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/ (Deferred Inflows of Resources)
2023	(5,728)
2024	(12,222)
2025	(14,571)
2026	(16,367)
2027	2,740

<u>State Police Supplemental Trust Fund (Presented as a pension and other employee benefit trust fund)</u>

Plan description. The State Police Supplemental Trust (SPST) is a defined benefit, single-employer pension plan and is administered by the Treasurer of the State of Indiana as Trustee under a Pension Trust Agreement with the Indiana Department of State Police. Indiana Code 10-12-2-4 and 10-12-2-5 grant authority to the Department of the State Police to establish and operate a fund for death and disability benefits. The State Police Supplemental Trust Fund issues a publicly available financial report that can be obtained by writing the State Police Retirement Fund, c/o Treasurer of State, 200 W. Washington Street, Room 242 State House, Indianapolis, IN 46204.

The SPST includes the Pre-1987 Benefit System and the 1987 Benefit System. The term "Pre-1987 Benefit System" shall refer to the plan and benefits provided employee beneficiaries who are first employed as employees by the Department before July 1, 1987, and who did not elect to be covered by the 1987 Benefit System in accordance with provision of Section 31 of the State Police Retirement Fund (SPRF). Any benefits provided to former employees who qualified for such benefits under the terms of the Trust Agreement as in effect prior to July 1, 1987, shall also be deemed part of the Pre-1987 Benefit System. The term "1987 Benefit System" shall refer to the plan and the benefits provided to employee beneficiaries who are first employed as employees by the Department on or after July 1, 1987 and to those employee beneficiaries who were first employed before July 1, 1987, provided they elect to be covered by the 1987 Benefit System in accordance with the provision of Section 31 of the SPRF Trust Agreement.

In relation to the SPRF, the membership of the SPST is generally made up of active members and disabled members of the SPRF with the following exceptions:

- The SPST does not include active SPRF members who elected a DROP
- The SPST does not include inactive SPRF members who are currently receiving SPRF retirement benefits.

Retirement benefits provided.

<u>Line of Duty Death Benefits.</u> For the Pre-1987 plan, the benefit valued was 50 percent of current salary (but in no event greater than the sixth-year trooper rate), plus $20. Benefits are assumed to increase with the sixth-year trooper rate. Dependent children are paid 30 percent of the beneficiary's benefit until they reach age 18 or 23 if enrolled in school full time. For the 1987 plan, the benefit valued was 50 percent of the average of the highest 36 consecutive months of salary. Dependent children are paid 30 percent of the beneficiary's benefit until they reach age 18 or 23 if enrolled in school full time.

<u>Line of Duty Disability Benefits.</u> For the Pre-1987 Plan, the benefit valued was 50 percent of current salary (but in no event greater than the sixth-year trooper pay), plus $20. Benefits are assumed to increase with the sixth-year trooper rate and are payable until the participant has earned 34 years of service. The plan also pays medical expenses. Benefits are increased by $40 for each dependent child under 18. For the 1987 Plan, the benefit valued was 50 percent of the average of the highest 36 consecutive months of salary. Benefits are assumed to increase with assumed salary increases and are payable for a minimum of two years and until the participant has earned 25 years of service. The plan also pays medical expenses. Benefits are increased by $40 for each dependent child under 18.

<u>Non-Line of Duty Disability Benefits</u>. For the Pre-1987 Plan, the benefit valued was 50 percent of current salary (but in no event greater than the sixth-year trooper pay), plus $20. Benefits are assumed to increase with the sixth-year trooper rate and are payable until the participant has earned 34 years of service, but not for a period longer than the accrued service at date of disability. For the 1987 Plan, the benefit valued was 50 percent of the average of the highest 36 consecutive months of salary. Benefits are assumed to increase with assumed salary increases and are payable for a minimum of two years and until the participant has earned 25 years of service.

Catastrophic Injury Disability Benefits. For the Pre-1987 Plan, the benefit valued was 100 percent of current salary. Benefits are assumed to increase with salary increases and are payable until the participant has earned 34 years of service. The plan also pays medical expenses. Benefits are increased by $40 for each dependent child until they reach the age of 18 or 23 if enrolled in school full time. For the 1987 Plan, the benefit valued was 100 percent of current salary. Benefits are assumed to increase with salary increases and are payable until the participant has earned 25 years of service. The Plan also pays medical expenses. Benefits are increased by $40 for each dependent child until they reach the age of 18 or 23 if enrolled in school full time.

Employees covered by benefit terms. As of June 30, 2022, the following employees were covered by the benefit terms of the SPST:

	Pre-1987 Plan	1987 Plan
Inactive employees or beneficiaries currently receiving benefits	12	41
Active employees	10	1,112
Total	**22**	**1,153**

Contributions. The SPST is one hundred percent funded by the State of Indiana using annual appropriations on a pay-as-you-go basis to cover current period expenses. The plan is not pre-funded. The amount paid for pensions as the benefits came due during fiscal year 2022 was $4.4 million.

Total Pension Liability

The SPST Plan's total pension liability was measured as of June 30, 2021.

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Pre-1987 Plan	1987 Plan
Interest rate/investment return	2.18%	2.18%
Future salary increases, which includes inflation and cost of living increases	3.50%	9% age 26 & younger; reduced 0.5% through age 35; 4% age 36 and older
Inflation	2.25%	2.25%

There are no Disability incidence rates assumed for participants in the Pre-1987 plan. Disability incidence rates for participants in the 1987 plan are assumed to be 150% of the 1964 OASDI table. 2% of disabilities are assumed to be catastrophic.

Mortality rates for active and terminated vested participants were based on the SOA PubS-2010 Safety Employees Mortality Tables with 3 year set forward for males and no set forward for females. Mortality rates for retirees were based on the SOA PubS-2010 Safety Retirees with 3 year set forward for males and no set forward for females. Mortality rates for beneficiaries were based on SOA PubS-2010 General Contingent Survivors with no set forward for males and 2 year set forward for females. Mortality rates for retirements due to disability were based on SOA PubS-2010 General Disabled Retirees with no set forward for males and no set forward for females. All mortality tables are using MP-2020 Mortality Improvement Scale.

The most recent comprehensive experience study was completed in 2019 and was based on member experience through June 30, 2019. The demographic assumptions were updated as needed for the June 30, 2020 actuarial valuation based on the results of the study.

Discount rate. The discount rate used to measure the total pension liability was 2.18%. This rate was chosen in accordance with GASB #67 and #68, which requires that the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The 2.18% is the June 30, 2021 value of the S&P Municipal Bond 20 Year High Grade Rate Index.

New assumptions were needed beginning in 2020 to properly value the medical insurance premiums for active participant disabilities that occurred in the line of duty. The disability incidence rate table above was used at all ages. Disabled participants are assumed to remain disabled until they reach eligibility for the disabled retirement benefit, age 55 in most instances. The assumed claims cost is based on the average premium reimbursement per covered life in the past two years. This amount, $905/month, was then age-graded 1% for each year above or below age 40. Finally, the claims cost is trended forward for future expected premiums using the post-retirement medical trend assumption of 8% at 2021, graded down 0.5% per year until reaching the ultimate rate of 4.5% at 2028.

Changes in the Total Pension Liability

		Increase (Decrease) Total Pension Liability (a)
Balances at 6/30/20	$	23,565
Changes for the year:		
Service cost		5,194
Interest		704
Differences between expected and actual experience		(40)
Changes of assumptions or other inputs		989
Benefit payments, including refunds of employee contributions		(4,200)
Net changes		2,647
Balances at 6/30/21	**$**	**26,212**

Sensitivity of the total pension liability to changes in the discount rate. The following presents the total pension liability of the SPST, calculated using the discount rate of 2.18%, as well as what the SPST's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.18%) or 1-percentage-point higher (3.18%) than the current rate:

	1% Decrease (1.18%)	Current Rate (2.18%)	1% Increase (3.18%)
Total pension liability	28,846	26,212	24,069

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the State Police Supplemental Trust Fund. This report may be obtained by writing the State Police Retirement Fund, c/o Treasurer of State, 200 W. Washington Street, Room 242 State House, Indianapolis, IN 46204.

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

For the year ended June 30, 2022, the State recognized pension expense of $6.6 million for the SPST. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,235	$ 2,190
Changes of assumptions or other inputs	3,160	1,208
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	4,442	-
Total	**$ 13,837**	**$ 3,398**

Deferred outflows of resources in the amount of $4.4 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2023	692
2024	692
2025	692
2026	692
2027	692
Thereafter	2,537

Excise, Gaming and Conservation Officers' Retirement Fund (Presented as part of INPRS – a fiduciary in nature component unit)

Plan description. The Excise, Gaming and Conservation Officers' Retirement Fund (EG&C) is a single-employer (the State of Indiana) defined benefit plan established to provide retirement, disability, and survivor benefits to certain employees of the (1) Indiana Department of Natural Resources, (2) Indiana Alcohol and Tobacco Commission and (3) any Indiana State excise police officer, Indiana State conservation enforcement officer, gaming agent or any gaming control officer who is engaged exclusively in the performance of law enforcement duties. The EG&C is administered by the INPRS Board of Trustees in accordance with IC 5-10-5.5, IAC 4, and other Indiana pension law.

Retirement benefits provided. A member is eligible for full retirement benefits if the member is: 1) age 65 if employed by age 50 with 15 years of creditable service, 2) age 65 if employed after age 50 with 10 years of service. Mandatory retirement occurs on the first day of the month after age 65 or 15 years of creditable service, 3) age 55 if age and creditable service total at least 85 (“Rule of 85”), or 4) age 50 with 25 years of service. Participants are eligible for early retirement benefit at age 45 if the participant has 15 years of creditable service but the benefit is reduced by .25 percent for each month the participant is younger than age 60. The annual benefit is equal to 25 percent times the average annual salary. The average annual salary equals the average annual salary of the five highest years in the 10 years immediately preceding an officer’s retirement date. Percentage is increased by 1.66 percent for each completed year of creditable service after 10 years. Total percentage may not exceed 75 percent. Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12-4 and administered by the INPRS board. For the year ended June 30, 2022, postretirement benefits of $39 thousand were issued to members as a COLA.

Disability and survivor benefits provided. If a participant becomes disabled in the line of duty, the benefit is the member’s salary times the degree of impairment without a reduction for early commencement. If not in the line of duty, the member’s salary used to calculate the benefit is reduced 50 percent. A minimum benefit may apply.

Eligible survivors of an active member who dies in the line of duty receives 100 percent of the member’s benefit. Survivors of active member who die not in the line of duty or inactive members with more than 15 years of service who dies receive 50 percent of the member’s benefit. The minimum benefit is calculated as if the member had at least 25 years of service and age 50. For inactive members with less than 15 years of creditable service, the benefit consists of contributions plus interest. While receiving a benefit, a spouse or parent (for their lifetime), or dependents(s) (until age 18) receives 50 percent of the member’s benefit. If the spouse is more than five years younger than the member, the benefit is actuarially adjusted.

Deferred Retirement Option Plan. In accordance with IC 5-10-5.5-22, members eligible to retire with an unreduced benefit may elect to earn a DROP benefit while continuing to work. Members execute an irrevocable election to retire on a DROP retirement date and remain in active service while contributing to the fund until that date. The DROP retirement date must be not less than 12 months and not more than 36 months after their DROP entry date, and cannot be after the member reaches mandatory retirement age. The DROP and future retirement monthly benefit are calculated as of the members’ DROP entry date. At retirement, members must choose among the available options for distribution of the accumulated benefit under the DROP. As of June 30, 2022, the amount held by the fund under the DROP is $1.6 million.

Employees covered by benefit terms. As of June 30, 2022, EG&C membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	257
Inactive vested members entitled to but not yet receiving benefits	8
Inactive non-vested members entitled to a distribution of contributions	144
Active members: vested and non-vested	411
Total	**820**

Based on census data as of June 30, 2021 used for the June 30, 2022 actuarial valuation.

Contributions. Contributions are determined by the INPRS Board based on an actuarial valuation. Employers contribute 20.8 percent, with 0.85 percent from July 2021 to December 2021 and 0.94 percent from January 2022 to June 2022 funding a supplemental reserve account for postretirement benefits administered by the INPRS Board. Members are required to contribute 4 percent of annual salary. Employers may pay all or part of the member contribution for the member.

Financial report. INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Net Pension Liability

The EG&C's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.25%
Interest on member balances	3.30%
Future salary increases	2.65% to 4.90%, based on service
Inflation	2.00%
Cost of living increases	Jan. 1, 2022 - 1.00%
	Beginning Jan. 1, 2024 - 0.40%
	Beginning Jan. 1, 2034 - 0.50%
	Beginning Jan. 1, 2039 - 0.60%

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables (amount-weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. Specific mortality table variants and adjustments are used for different subpopulations.

The most recent comprehensive experience study was completed in February 2020 and was based on member experience between June 30, 2014 and June 30, 2019. The demographic assumptions were updated as needed for the June 30, 2020 actuarial valuation. Economic assumptions were updated and approved by the Board in May 2021 following the completion of an Asset-Liability study and first used in the June 30, 2021 actuarial valuation.

The long-term return expectation for this INPRS defined benefit retirement plan was 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. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.25% selected by the Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	20.0	3.6
Private markets	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)
Total	**100.0**	

Discount rate. Total pension liability was calculated using the discount rate of 6.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and, where applicable, from 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 of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the 6.25% long-term assumed investment rate of return. Based on these assumptions, the EG&C's defined benefit pension 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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/20	$ 163,978	$ 146,359	$ 17,619
Changes for the year:			
Service cost	4,049	-	4,049
Interest	11,081	-	11,081
Plan amendments	159	-	159
Differences between expected and actual experience	(1,099)	-	(1,099)
Changes of assumptions or other inputs	10,403	-	10,403
Contributions - employer	-	7,083	(7,083)
Contributions - employee	12	1,333	(1,321)
Net investment income	-	37,369	(37,369)
Benefit payments, including refunds of employee contributions	(7,735)	(7,735)	-
Administrative expense	-	(95)	95
Net changes	16,870	37,955	(21,085)
Balances at 6/30/21	**$ 180,848**	**$ 184,314**	**$ (3,466)**

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the EG&C, calculated using the discount rate of 6.25%, as well as what the EG&C's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
Net pension liability (Asset)	21,617	(3,466)	(24,092)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

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

For the year ended June 30, 2022, the State recognized pension expense of $.8 million for the EG&C. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to pensions for the EG&C from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,085	$ 1,135
Changes of assumptions or other inputs	8,603	4,446
Net difference between projected and actual earnings on pension plan investments	-	19,353
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	6,714	-
Total	**$ 22,402**	**$ 24,934**

Deferred outflows of resources in the amount of $6.7 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2023	(3,518)
2024	(2,524)
2025	(1,132)
2026	(3,326)
2027	1,254

Prosecuting Attorneys' Retirement Fund (Presented as part of INPRS – a fiduciary in nature component unit)

Plan description. The Prosecuting Attorneys' Retirement Fund (PARF) is a single-employer (the State of Indiana) defined benefit plan established to provide retirement, disability, and survivor benefits to prosecuting attorneys. Members serve as a: (1) prosecuting attorney or a chief deputy prosecuting attorney; or (2) deputy prosecuting attorney, (3) executive director, or (4) assistant executive director of the Indiana Prosecuting Attorneys Council. The PARF is administered by the INPRS Board of Trustees in accordance with IC 33-39-7 and other Indiana pension law. PARF members are also members of the PERF Hybrid Plan. According to statute, benefits payable from the PARF are reduced by any benefits payable from the PERF DB.

Retirement benefits provided. A participant is entitled to a full retirement benefit if the participant is: (1) age 65 with at least 8 years of creditable service; or (2) age 55 if age and creditable service total at least 85. A participant is eligible for early retirement benefits at age 62 and 8 years of creditable service with a reduction in the full benefit by 0.25 percent for each month less than age 65. Annual benefit equals highest 12 consecutive months of salary (state-paid portion only) before separation from services times percentage for years of service. 24 percent at eight years of service; increased by three percent per year for years nine through 11; 50 percent at year 12; increased by one percent per year for years 13 through 22 with a maximum of 60 percent, and reduced for any PERF DB benefit. There is no postretirement benefit adjustment provided under this plan.

Disability and survivor benefits provided. A qualified member with 22+ years of creditable service receives full benefit. Less than 22 years of creditable service receives the full benefit reduced by one percent for each year under 22. Benefit to be no lower than 50 percent.

While in active service, a spouse or dependent children receives the greater of $12,000 annually or 50 percent of benefit for the later of age 62 or the age the day before death. If death occurs while the participant is receiving a benefit, a spouse (for their lifetime), or dependent children (until age 18 unless disabled) receives the greater of $12,000 annually or 50 percent of the member's benefit.

Employees covered by benefit terms. As of June 30, 2022, PARF membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	201
Inactive vested members entitled to but not yet receiving benefits	91
Inactive non-vested members entitled to a distribution of contributions	142
Active members: vested and non-vested	200
Total	**634**

Based on census data as of June 30, 2021 used for the June 30, 2022 actuarial valuation.

Contributions. Employer contributions are determined by the INPRS Board based on an actuarial valuation and appropriations are received from the state's general fund. For fiscal year 2022, the appropriation from the state's general fund totaled $4.0 million and the Actuarially Determined Contribution (ADC) was $4.0 million.

Members are required to contribute six percent of the state-paid portion of salary for a maximum period of 22 years of creditable service. In addition, members are required to contribute three percent as participants of the PERF DC plan. Employers may pay all or part of the member contributions for the member.

Financial report. INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Net Pension Liability

The PARF's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.25%
Interest on member balances	3.30%
Future salary increases	2.65%
Inflation	2.00%
Cost of living increases	N/A

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables (amount weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. Specific mortality table variants and adjustments are used for different subpopulations.

The most recent comprehensive experience study was completed in February 2020 and was based on member experience between June 30, 2014 and June 30, 2019. The demographic assumptions were updated as needed for the June 30, 2020 actuarial valuation. Economic assumptions were updated and approved by the INPRS board in May 2021 following the completion of an Asset-Liability study and first used in the June 30, 2021 actuarial valuation.

The long-term return expectation for this INPRS defined benefit retirement plan was 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. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.25% selected by the Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	20.0	3.6
Private markets	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)
Total	**100.0**	

Discount rate. Total pension liability was calculated using the discount rate of 6.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and, where applicable, from 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 of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the 6.25% long-term assumed investment rate of return. Based on these assumptions, the PARF defined benefit pension 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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/20	$ 107,049	$ 67,876	$ 39,173
Changes for the year:			
Service cost	2,165	-	2,165
Interest	7,193	-	7,193
Differences between expected and actual experience	(298)	-	(298)
Changes of assumptions or other inputs	6,203	-	6,203
Contributions - employer	-	4,402	(4,402)
Contributions - employee	-	1,459	(1,459)
Net investment income	-	17,492	(17,492)
Benefit payments, including refunds of employee contributions	(5,289)	(5,289)	-
Administrative expense	-	(71)	71
Net changes	9,974	17,993	(8,019)
Balances at 6/30/21	**$ 117,023**	**$ 85,869**	**$ 31,154**

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the PARF, calculated using the discount rate of 6.25%, as well as what the PARF's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
Net pension liability	45,969	31,154	18,960

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

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

For the year ended June 30, 2022, the State recognized pension expense of $88 thousand for the PARF. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to pensions for the PARF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 250
Changes of assumptions or other inputs	3,192	193
Net difference between projected and actual earnings on pension plan investments	-	9,126
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	4,044	-
Total	**$ 7,236**	**$ 9,569**

Deferred outflows of resources in the amount of $4.0 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2023	175
2024	(1,938)
2025	(2,036)
2026	(2,578)

Legislators' Retirement System - Legislators' Defined Benefit Fund (Presented as part of INPRS – a fiduciary in nature component unit)

Plan description. The Legislators' Retirement System is governed by the INPRS Board of Trustees. The Legislators' Defined Benefit Fund (LE DB) is a single-employer (the State of Indiana) defined benefit plan, providing retirement, disability, and survivor benefits to members of the General Assembly who were serving on April 30, 1989, and filed an election under IC 2-3.5-3-1(b). The fund is closed to new entrants. Administration of the fund is generally in accordance with IC 2-3.5 and other Indiana pension law.

Retirement benefits provided. A participant is entitled to an unreduced monthly retirement benefit (1) at age 65 with at least 10 years of creditable service; (2) at age 60 with at least 15 years of creditable service, or (3) at age 55 if age and creditable service total at least 85. A participant is entitled to early retirement at age 55 and 10 years of creditable service (reduce full benefit by 0.1 percent per month between ages 60 and 65, and by 5/12 percent per month between ages 55 and 60). Early retirement benefits are applicable when the member is no longer serving in the General Assembly and is not receiving, nor entitled to receive, compensation from the state for work in any capacity.

The annual retirement benefit equals the lesser of: $40 multiplied by 12 months multiplied by years of service before November 8, 1989, or the highest consecutive three-year average annual salary.

Postretirement adjustments are granted by the Indiana General Assembly on an ad hoc basis pursuant to IC 5-10.2-12-4, IC 2-3.5-4-13 and administered by the INPRS Board. For the year ended June 30, 2022, postretirement benefits of $2 thousand were issued to members as a COLA.

Disability and survivor benefits provided. Any active member that qualifies for social security disability with at least five years of creditable service may receive an unreduced benefit for the duration of their disability. If death occurs while in active service, a spouse or dependent children receives 50 percent of the benefit for the later of age 55 or age the day before the member's death. If death occurs while receiving a benefit, a spouse (for their lifetime), or dependents (until age 18 unless disabled) receives 50 percent of the member's benefit.

Employees covered by benefit terms. As of June 30, 2022, LE DB membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	76
Inactive vested members entitled to but not yet receiving benefits	6
Active members: vested and non-vested	4
Total	**86**

Based on census data as of June 30, 2021 used for the June 30, 2022 actuarial valuation.

Contributions. Employer contributions are actuarially determined and derive from the state's General Fund, a portion of which will be allocated to fund a supplemental reserve account for postretirement benefits administered by the INPRS Board. For the year ended June 30, 2022, the State of Indiana appropriated $0.2 million for employer contributions. The Actuarially Determined Contribution (ADC) for the LE DB was $23 thousand.

Financial report. INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Net Pension Liability

The LE DB's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.25%
Future salary increases	2.65%
Inflation	2.00%
Cost of living increases	Jan. 1, 2022 - 1.00%
	Beginning Jan. 1, 2024 - 0.40%
	Beginning Jan. 1, 2034 - 0.50%
	Beginning Jan. 1, 2039 - 0.60%

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables (amount weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. Specific mortality table variants and adjustments are used for different subpopulations.

The most recent comprehensive experience study was completed in February 2020 and was based on member experience between June 30, 2014 and June 30, 2019. The demographic assumptions were updated as needed for the June 30, 2020 actuarial valuation.

The long-term return expectation for this INPRS defined benefit retirement plan was 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. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.25% selected by the Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target Allocation (%)**	**Long-Term Expected Real Rate of Return (%)**
Public equity	20.0	3.6
Private markets	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)
Total	**100.0**	

Discount rate. Total pension liability was calculated using the discount rate of 6.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and, where applicable, from 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 of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the 6.25% long-term assumed investment rate of return. Based on these assumptions, the LE DB defined benefit pension 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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/20	$ 3,127	$ 2,924	$ 203
Changes for the year:			
Interest	199	-	199
Plan amendments	7	-	7
Differences between expected and actual experience	(49)	-	(49)
Changes of assumptions or other inputs	90	-	90
Contributions - employer	-	208	(208)
Contributions - nonemployer contributing entities	-	30	(30)
Net investment income	-	730	(730)
Benefit payments, including refunds of employee contributions	(341)	(341)	-
Administrative expense	-	(36)	36
Net changes	(94)	591	(685)
Balances at 6/30/21	**$ 3,033**	**$ 3,515**	**$ (482)**

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the LE DB, calculated using the discount rate of 6.25%, as well as what the LE DB's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
Net pension liability (asset)	(284)	(482)	(658)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

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

For the year ended June 30, 2022, the LE DB recognized pension income of $18 thousand. At June 30, 2022, the LE DB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	378
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	183	-
Total	**$ 183**	**$ 378**

Deferred outflows of resources in the amount of $0.2 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2023	(101)
2024	(86)
2025	(83)
2026	(108)

Judges' Retirement System (Presented as part of INPRS – a fiduciary in nature component unit)

Plan description. The Judges' Retirement System (JRS) is a single-employer (State of Indiana) defined benefit plan providing retirement, disability, and survivor benefits to members. Membership consists of individuals who served, are serving, or shall serve as a regular judge, magistrate, or justice of the (1) Supreme Court of the state of Indiana, (2) Court of Appeals, (3) Indiana Tax Court, (4) Circuit Court of a Judicial Circuit, or (5) county courts including: Superior, Criminal, Probate, Juvenile, Municipal, and County. Administration of the fund is generally in accordance with IC 33-38 and other Indiana pension law. The JRS is governed through the INPRS Board of Trustees.

Retirement benefits provided. A member is entitled to a full benefit 1) at age 65 with at least eight years of creditable service, or 2) at age 55 if age and creditable service total at least 85. A member is entitled to an early retirement benefit at age 62 and at least eight years of creditable service but the full benefit is reduced by 0.1 percent for each month less than age 65.

The annual retirement benefit equals individual salary, or salary of office at retirement multiplied by percentage for years of service: 24 percent at eight years of service; increased by three percent per year for years nine through 11; 50 percent at year 12; increased by one percent per year for years 13 through 22 with a maximum of 60 percent.

Postretirement benefit increases for members (not survivors or disabled members) are equal to the change in the salary of the office at retirement. For the year ended June 30, 2022, a postretirement benefit adjustment of 2.45 percent occurred and was administered by the INPRS Board.

Disability and survivor benefits provided. A qualified member with 22+ years of creditable services receivables an unreduced disability benefit. Members with less than 22 years of creditable service receive the full benefit reduced by one percent for each year under 22 years of creditable service with the benefit to be no lower than 50 percent. If death occurs while in active service with 8+ years of service, or while receiving a benefit, a spouse or dependent children (for their lifetime) receive the greater of $12,000 annually or 50 percent of benefit entitled at the date of death.

Employees covered by benefit terms. As of June 30, 2022, the Judges' Retirement System membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	421
Inactive vested members entitled to but not yet receiving benefits	28
Inactive non-vested members entitled to a distribution of contributions	39
Active members: vested and non-vested	469
Total	**957**

Based on census data as of June 30, 2021 used for the June 30, 2022 actuarial valuation.

Contributions. Employer contributions are determined by the INPRS Board based on an actuarial valuation and are received from the state general fund and certain court and docket fees. For the year ended June 30, 2022, the fund received $17.6 million in employer contributions, with appropriations of $10.4 million and $7.2 million in docket and court fees. The Actuarially Determined Contribution (ADC) was $19.0 million.

Members are required to contribute six percent of the member's salary for a maximum period of 22 years of creditable service. Employers may pay all or part of the member contribution for the member.

Financial report. INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Net Pension Liability

The JRS' net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.25%
Interest on member balances	3.30%
Future salary increases	2.65%
Inflation	2.00%
Cost of living increases	2.65%

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables (amount weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. Specific mortality table variants and adjustments are used for different subpopulations.

The most recent comprehensive experience study was completed in February 2020 and was based on member experience between June 30, 2014 and June 30, 2019. The demographic assumptions were updated as needed for the June 30, 2020 actuarial valuation.

The long-term return expectation for this INPRS defined benefit retirement plan was 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. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.25% selected by the Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	20.0	3.6
Private markets	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)
Total	**100.0**	

Discount rate. Total pension liability was calculated using the discount rate of 6.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and, where applicable, from 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 of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the 6.25% long-term assumed investment rate of return. Based on these assumptions, the JRS defined benefit pension 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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/20	$ 592,510	$ 554,121	$ 38,389
Changes for the year:			
Service cost	17,970	-	17,970
Interest	40,244	-	40,244
Differences between expected and actual experience	(6,219)	-	(6,219)
Changes of assumptions or other inputs	26,217	-	26,217
Contributions - employer	-	18,621	(18,621)
Contributions - employee	366	4,041	(3,675)
Net investment income	-	140,228	(140,228)
Benefit payments, including refunds of employee contributions	(28,916)	(28,916)	-
Administrative expense	-	(102)	102
Net changes	49,662	133,872	(84,210)
Balances at 6/30/21	**$ 642,172**	**$ 687,993**	**$ (45,821)**

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the JRS, calculated using the discount rate of 6.25%, as well as what the JRS' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
Net pension liability (asset)	30,237	(45,821)	(109,675)

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

For the year ended June 30, 2022, the JRS recognized pension income of $2.0 million. At June 30, 2022, the JRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 914	$ 5,774
Changes of assumptions or other inputs	19,930	13,192
Net difference between projected and actual earnings on pension plan investments	-	72,459
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	17,564	-
Total	**$ 38,408**	**$ 91,425**

Deferred outflows of resources in the amount of $17.6 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2023	(19,667)
2024	(18,138)
2025	(12,983)
2026	(19,793)

The State sponsors the following cost-sharing multiple-employer plans:

Public Employees' Defined Benefit Account (Presented as part of INPRS – a fiduciary in nature component unit)

Plan description. Public Employees' Defined Benefit Account (PERF DB) is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.3, IC 5-10.5, 35 IAC 1.2.and other Indiana pension law. The PERF DB is a component of the Public Employees' Hybrid plan (PERF Hybrid).

PERF Hybrid consists of two components: PERF DB, the monthly employer-funded defined benefit component, along with the Public Employees' Defined Contribution Account (PERF DC), a member-funded account. First time new employees hired by the State or a participating political subdivision who offers a choice have a one-time election to join either the PERF Hybrid plan or My Choice: Retirement Savings Plan for Public Employees (PERF MC DC). A new hire that is an existing member of PERF Hybrid and was not given the option for the PERF MC DC plan is given the option to elect PERF MC DC or remain in PERF Hybrid.

Members who have service in both the PERF DB and either the Teachers' 1996 Defined Benefit Account or the Teachers' Pre-1996 Defined Benefit Account, have the option of choosing from which of these funds they would like to retire.

Retirement benefits provided. A member is entitled to a full retirement benefit 1) at age 65 with at least 10 years of creditable service (eight years for certain elected officials), 2) at age 60 with at least 15 years of creditable service, 3) at age 55 if age and creditable service total at least 85, 4) at age 55 with 20 years of creditable service and active as an elected official in the PERF-covered position, or 5) at age 70 with 20 years of creditable service and still active in the PERF-covered position. A member is entitled to an early retirement benefit at age 50 and a minimum of 15 years of creditable service. The benefit is reduced to 44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59.

The lifetime annual benefit equals years of creditable service multiplied by the average highest five-year annual salary multiplied by 1.1 percent (minimum of $180 per month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than $2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12-4 and administered by the INPRS Board. For the year ended June 30, 2022, postretirement benefits of $4.1 million were issued to members as a COLA.

Disability and survivor benefits provided. An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of $180 per month). If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death. If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment: Five Year Certain & Life, Joint with 100 percent Survivor Benefits, Joint with Two-Thirds Survivor Benefits, or Joint with One-Half Survivor Benefits.

Employees covered by benefit terms. As of June 30, 2022, there were 1,233 participating political subdivisions in addition to the State. As of June 30, 2021, PERF DB membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	97,083
Inactive vested members entitled to but not yet receiving benefits	34,413
Active members: vested and non-vested	120,967
Total	**252,463**

Based on census data as of June 30, 2021 used for the June 30, 2022 actuarial valuation.

Contributions. Contributions are determined by the INPRS Board based on an actuarial valuation. Employers contribute 11.2 percent of covered payroll, with 0.44 percent from July 2021 to December 2021 and 0.72% from January 2022 to June 2022 funding a supplemental reserve account for postretirement benefit increases. Contributions from employers with PERF MC DC plan members who offered PERF Hybrid prior to July 1, 2016 fund PERF DB's unfunded liability at 8.0 percent of covered payroll for the State and 7.3 percent for political subdivisions as of June 30, 2021. No member contributions are required.

Financial report. INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.25%
Future salary increases	2.65% - 8.65%, based on service
Inflation	2.00%
Cost of living increases	Jan. 1, 2022 - 1.00%
	Beginning Jan. 1, 2024 - 0.40%
	Beginning Jan. 1, 2034 - 0.50%
	Beginning Jan. 1, 2039 - 0.60%

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables (amount weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. Specific mortality table variants and adjustments are used for different subpopulations.

The most recent comprehensive experience study was completed in February 2020 and was based on member experience between June 30, 2014 and June 30, 2019. The demographic assumptions were updated as needed for the June 30, 2020 actuarial valuation. Economic assumptions were updated and approved by the INPRS board in May 2021 following the completion of an Asset-Liability study and first used in the June 30, 2021 actuarial valuation.

The long-term return expectation for this INPRS defined benefit retirement plan was 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. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.25% selected by the Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	20.0	3.6
Private markets	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)
Total	**100.0**	

Discount rate. Total pension liability was calculated using the discount rate of 6.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and, where applicable, from 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 of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the 6.25% long-term assumed investment rate of return. Based on these assumptions, the PERF DB defined benefit pension 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.

Sensitivity of the State's proportionate share of the net pension liability to changes in the discount rate. The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
State's proportionate share of the net pension liability (asset)	908,800	347,475	(120,744)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

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

At June 30, 2022, the State reported a liability of $347.5 million for its proportionate share of the net pension liability. The PERF DB net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the State's proportion was 26.42 percent, which was an increase of 0.36 percentage points from its proportion measured as of June 30, 2020. An estimate of the proportion related to the Indiana Destination Development Corporation (IDDC) was excluded from the State's proportion as IDDC PERF benefits were submitted as part of the State. The proportion related to IDDC was approximately .05 percent.

For the year ended June 30, 2022, the State recognized pension income of $17.1 million. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,885	$ 6,938
Changes of assumptions or other inputs	174,783	78,049
Net difference between projected and actual earnings on pension plan investments	-	451,165
Changes in the employer proportion and differences between the employer's contributions and the employer's proportionate share of contributions	28,863	-
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	162,514	-
Total	**$ 378,045**	**$ 536,152**

Deferred outflows of resources in the amount of $162.5 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2023	(82,107)
2024	(68,340)
2025	(41,209)
2026	(128,965)

<u>Teachers' 1996 Defined Benefit Account (Presented as part of INPRS – a fiduciary in nature component unit)</u>

Plan description. Teachers' 1996 Defined Benefit Account (TRF '96 DB) is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability, and survivor benefits. Membership in the TRF '96 DB is required for all legally qualified and regularly employed licensed teachers who serve in the public schools of Indiana, teachers employed by the State at state institutions, and certain INPRS personnel. Faculty members and professional employees at Ball State University and Vincennes University have the option of selecting membership in the fund or an alternate university plan not administered by INPRS. Membership in the TRF '96 DB is optional for teachers employed by charter schools, employees and officials of the Indiana State Board of Education who were Indiana licensed teachers before their employment with the Board, and teachers employed by special management teams as defined under IC 20-31. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.4, 35 IAC 14, and other Indiana pension law. The TRF ’96 DB is a component of the Teachers’ Hybrid Plan. The Teachers Hybrid Plan consists of two components: TRF ’96 DB, the monthly employer-funded defined benefit component, along with TRF DC, a member-funded account.

Retirement benefits provided. A member is entitled to a full retirement benefit 1) at age 65 with at least 10 years of creditable service, 2) at age 60 with at least 15 years of creditable service, 3) at age 55 if age and creditable service total at least 85, 4) at age 55 with 20 years of creditable service and active as an elected official in the TRF-covered position, or 5) at age 70 with 20 years of creditable service and still active in the TRF-covered position. A member is entitled to an early retirement benefit at age 50 and minimum of 15 years of creditable service. The benefit is 44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59.

The lifetime annual benefit equals the years of creditable service multiplied by the average highest five-year annual salary multiplied by 1.1 percent (minimum of $185 per month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than $2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12-4 and administered by the INPRS Board. For the year ended June 30, 2022, postretirement benefits of $0.9 million were issued to members as a COLA.

Disability and survivor benefits provided. An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of $185 per month). Under certain conditions, active TRF ’96 DB members may qualify for a classroom disability benefit of at least $125 per month. If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member’s death. If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member’s selected form of payment: Five Year Certain & Life, Joint with 100% Survivor Benefits, Joint with Two-Thirds Survivor Benefits, or Joint with One-Half Survivor Benefits.

Employees covered by benefit terms. As of June 30, 2022, the number of participating employers was 381 in addition to the State. As of June 30, 2022, TRF ’96 DB membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	9,035
Inactive vested members entitled to but not yet receiving benefits	7,496
Active members: vested and non-vested	59,567
Total	**76,098**

Based on census data as of June 30, 2021 used for the June 30, 2022 actuarial valuation.

Contributions. Contributions are determined by the INPRS Board based on an actuarial valuation. Employers contribute 5.5 percent of covered payroll, with 0.14 percent from July 2021 to December 2021 and 0.21% from January 2022 to June 2022 funding a supplemental reserve account for future postretirement benefit increases. No member contributions are required.

Financial report. INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.25%
Future salary increases	2.65% - 11.90%, based on service
Inflation	2.00%
Cost of living increases	Jan. 1, 2022 - 1.00%
	Beginning Jan. 1, 2024 - 0.40%
	Beginning Jan. 1, 2034 - 0.50%
	Beginning Jan. 1, 2039 - 0.60%

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables (amount weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. Specific mortality table variants and adjustments are used for different subpopulations.

The most recent comprehensive experience study was completed in February 2020 and was based on member experience between June 30, 2014 and June 30, 2019. The demographic assumptions were updated as needed for the June 30, 2020 actuarial valuation.

The long-term return expectation for this INPRS defined benefit retirement plan was 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. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.25% selected by the Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	20.0	3.6
Private markets	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)
Total	**100.0**	

Discount rate. Total pension liability was calculated using the discount rate of 6.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and, where applicable, from 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 of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the 6.25% long-term assumed investment rate of return. Based on these assumptions, the TRF '96 DB defined benefit pension 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.

Sensitivity of the State's proportionate share of the net pension liability to changes in the discount rate. The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
State's proportionate share of the net pension liability (asset)	2,670	(1,444)	(4,761)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

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

At June 30, 2021, the State reported an asset of $1.4 million for its proportionate share of the net pension liability. The TRF '96 DB net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the State's proportion was 0.31 percent, which was a decrease of 0.01 percentage points from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the State recognized pension expense of $13.5 million. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 414	$ 474
Changes of assumptions or other inputs	1,895	800
Net difference between projected and actual earnings on pension plan investments	-	2,566
Changes in the employer proportion and differences between the employer's contributions and the employer's proportionate share of contributions	109,047	306
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	622	-
Total	**$ 111,978**	**$ 4,146**

Deferred outflows of resources in the amount of $0.6 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2023	12,898
2024	12,974
2025	12,996
2026	12,838
2027	13,568
Thereafter	41,936

The State is a non-employer contributing entity in a special funding situation for the following pension plan:

<u>Teachers' Pre-1996 Defined Benefit Account (Presented as part of INPRS – a fiduciary in nature component unit)</u>

Plan description. Teachers' Pre-1996 Defined Benefit Account (TRF Pre-'96 DB) is a pay-as-you-go cost-sharing, multiple-employer defined benefit plan providing retirement, disability, and survivor benefits for teachers, administrators, and certain INPRS personnel hired before July 1, 1996. Membership in TRF Pre-'96 DB is closed to new entrants. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.4, 35 IAC 14, and other Indiana pension law. TRF Pre-'96 DB is a component of the Teachers' Hybrid Plan. The Teachers' Hybrid Plan consists of two components: TRF Pre-'96 DB, the monthly employer-funded defined benefit component, along with TRF DC, a member-funded account.

Retirement benefits provided. A member is entitled to a full retirement benefit 1) at age 65 with at least 10 years of creditable service, 2) at age 60 with at least 15 years of creditable service, 3) at age 55 if age and creditable service total at least 85, 4) at age 55 with 20 years of creditable service and active as an elected official in the TRF-covered position, or 5) at age 70 with 20 years of creditable service and still active in the TRF-covered position. A member is entitled to an early retirement benefit at age 50 and minimum of 15 years of creditable service. The benefit is 44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59.

The lifetime annual benefit equals the years of creditable service multiplied by the average highest five-year annual salary multiplied by 1.1 percent (minimum of $185 per month). The average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than $2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12-4 and administered by the INPRS Board. For the year ended June 30, 2022, postretirement benefits of $6.0 million were issued to members as a COLA.

Disability and survivor benefits provided. An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of $185 per month). Under certain conditions, active TRF members may qualify for a classroom disability benefit of at least $125 per month. If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death. If death occurs while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment: Five Year Certain & Life, Joint with 100% Survivor Benefits, Joint with Two-Thirds Survivor Benefits, or Joint with One-Half

Survivor Benefits.

Employees covered by benefit terms. As of June 30, 2022, the number of participating employers was 333 in addition to the State. The State of Indiana makes contributions as the sole nonemployer contributing entity. As of June 30, 2022, TRF Pre-'96 DB membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	53,157
Inactive vested members entitled to but not yet receiving benefits	1,875
Active members: vested and non-vested	7,291
Total	**62,323**

Based on census data as of June 30, 2021 used for the June 30, 2022 actuarial valuation.

Contributions. According to statute, the TRF Pre-'96 DB is funded primarily by appropriations from the state general fund and lottery proceeds. The Actuarially Determined Contribution (ADC) for the TRF Pre-'96 DB was $1,552.6 million. This includes a base appropriation of $975.6 million and $30.0 million of lottery proceeds to fund the supplemental reserve account for postretirement benefits, and $2.2 million of employer contributions from grant monies. In addition, TRF Pre-'96 DB received a special appropriation of $545.4 million in fiscal year 2022 per the excess reserve provisions of IC 4-10-22-3. No member contributions are required.

Financial report. INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.25%
Future salary increases	2.65% - 11.90%, based on service
Inflation	2.00%
Cost of living increases	Jan. 1, 2022 - 1.00% Beginning Jan. 1, 2024 - 0.40% Beginning Jan. 1, 2034 - 0.50% Beginning Jan. 1, 2039 - 0.60%

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables (amount weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. Specific mortality table variants and adjustments are used for different subpopulations.

The most recent comprehensive experience study was completed in February 2020 and was based on member experience between June 30, 2014 and June 30, 2019. The demographic assumptions were updated as needed for the June 30, 2020 actuarial valuation.

The long-term return expectation for this INPRS defined benefit retirement plan was 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. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.25% selected by the Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	20.0	3.6
Private markets	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)
Total	**100.0**	

Discount rate. Total pension liability was calculated using the discount rate of 6.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and, where applicable, from 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 of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the 6.25% long-term assumed investment rate of return. Based on these assumptions, the TRF Pre-'96 DB defined benefit pension 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

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

At June 30, 2022, the State reported a liability of $9,263.4 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the State's proportion was 100.00 percent, which was the same as its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the State recognized pension expense of $1,131.5 million. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	-	539,542
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	1,550,495	-
Total	**$ 1,550,495**	**$ 539,542**

$1.6 billion reported as deferred outflows of resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2023	(148,631)
2024	(124,495)
2025	(119,303)
2026	(147,113)

Sensitivity of the State's proportionate share of the net pension liability to changes in the discount rate. The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
State's proportionate share of the net pension liability	10,577,668	9,263,437	8,131,722

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Pension Amounts Summary – Defined Benefit Plans

A summary of the pension amounts disclosed in the notes for the defined benefit plans is provided in the following table.

Plan	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Net Pension Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
SPRF	$ 734,254	$ 620,855	$ 113,399	$ -	$ 68,520	$ 84,805	$ 22,486
SPST	26,212	-	26,212	-	13,837	3,398	6,590
EG&C	180,848	184,314	-	3,466	22,402	24,934	833
PARF	117,023	85,869	31,154	-	7,236	9,569	88
LE DB	3,033	3,515	-	482	183	378	(18)
JRS	642,172	687,993	-	45,821	38,408	91,425	(2,026)
PERF DB	4,637,894	4,290,419	347,475	-	378,045	536,152	(17,084)
TRF '96 DB	23,102	24,546	-	1,444	111,978	4,146	13,508
TRF Pre-'96 DB	14,338,188	5,074,751	9,263,437	-	1,550,495	539,542	1,131,519
Total	**$ 20,702,726**	**$ 10,972,262**	**$ 9,781,677**	**$ 51,213**	**$ 2,191,104**	**$ 1,294,349**	**$ 1,155,896**

The State contributes to the following defined contribution plans:

My Choice: Retirement Savings Plan for Public Employees – State Employees' Defined Contribution Plan (Presented as part of INPRS – a fiduciary in nature component unit)

My Choice: Retirement Savings Plan for Public Employees (PERF MC DC) is a multiple employer defined contribution fund providing retirement benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elected to participate in the retirement fund. PERF MC DC is a primary defined contribution benefit plan for members making this election. Administration of the account is generally in accordance with other Indiana pension law.

First time new employees hired by the State of Indiana or a political subdivision who offer a choice have a one-time election to join either PERF Hybrid or PERF MC DC. A state hire that is an existing member of PERF Hybrid plan and was not given the option for PERF MC DC is given the option to elect PERF MC DC or remain in PERF Hybrid.

The PERF MC DC plan may be funded with an employer variable rate contribution. As of June 30, 2022, the employer contribution is 3.2 percent for state employees and up to 3.9 percent for political subdivision members. Political subdivisions may match 50 percent of a member's voluntary contributions.

Member contributions under the PERF MC DC are set by statute and the INPRS Board at three percent of covered payroll. The employer may choose to make these contributions on behalf of the member. Under certain limitations, voluntary member contributions up to 10 percent can be made solely by the member.

The state contributed 3.2% to PERF MC DC members' accounts during the fiscal year ended June 30, 2022. PERF MC DC members totaled 8,365 as of June 30, 2022.

Members are entitled to the sum total of vested contributions plus earnings 30 days after separation from employment (retirement, termination, disability, or death). As of January 1, 2021, members at least 62 years of age with five qualifying years of service may take an in-service distribution of their PERF MC DC account. Additionally, members that are normal retirement age may take a withdrawal after separation without the 30 day wait period. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity. PERF MC DC members are 100 percent vested in their member contributions. PERF MC DC members vest in employer contributions in increments of 20 percent for each full year of service until 100 percent is reached at 5 years.

Upon providing proof of the member's qualification for social security disability benefits, the member is entitled to the sum total of vested contributions plus earnings. The amount may be paid in a lump sum, direct rollover to another eligible retirement plan, or a monthly annuity.

The survivor benefit is that the beneficiary is entitled to the sum total of vested contributions plus earnings. The amount may be paid in a lump sum, direct rollover to another eligible retirement plan, or a monthly annuity. The amount a beneficiary is entitled to if a member dies after having selected an annuity or having withdrawn from the account depends upon the annuity option selected by the member and the amount of benefits the member received.

Legislators' Retirement System – Legislators' Defined Contribution Fund (Presented as part of INPRS – a fiduciary in nature component unit)

The Legislators' Defined Contribution Fund (LE DC) is a single-employer (State of Indiana) defined contribution fund that provides retirement benefits to members of the General Assembly. Administration of the fund is generally in accordance with IC 2-3.5 and other Indiana pension law.

Members are entitled to the total of vested contributions plus earnings. Effective January 1, 2021, a member at least 59 1/2 years of age may take an in-service distribution of their account. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, monthly annuity, or installment options.

If a participant dies their beneficiary is entitled to the total of contributions plus earnings. The amount can be paid in a lump sum, direct rollover to another eligible retirement plan, or a monthly annuity.

Contributions are determined by the INPRS Board and confirmed by the State Budget Agency. The employer contribution rate is 14.2 percent of covered payroll. This rate may not exceed the sum contribution rates for State of Indiana employer and member PERF Hybrid plans. The member contribution is five percent of member's salary. The employer may choose to make contributions on behalf of the member.

Deferred Compensation Matching Plan - 401(a) (Presented as a pension and other employee benefit trust fund)

The State of Indiana contributes to the State of Indiana Deferred Compensation Matching Plan (401(a)), doing business as Hoosier S.T.A.R.T., a defined contribution pension plan, for its eligible employees. Generally, these are employees eligible to participate in the INPRS pension plans. The 401(a) plan is governed by the Deferred Compensation Committee and is administered by the Indiana Auditor of State in accordance with IC 5-10-1.1.

Benefit terms other than the contribution rate for the 401(a) plan are established and may be amended by the Deferred Compensation Committee and the Indiana Auditor of State. The contribution rate is determined and may be amended by the State Budget Agency. Benefits are paid following a participant's separation from service, death, disability, or an unforeseeable emergency as outlined in the plan documents. Upon separation from service or a disability, a participant may elect to have benefits commence on a date no later than age 70 1/2. Upon death, the value of the participant's account will be paid to the beneficiary. The plan permits payout options in the form of lump sums, periodic payments of a fixed amount or duration, or life contingent annuities. For each employee in the pension plan, the State contributes $15 per paycheck to an individual employee account. Other than rollovers, employees are not permitted to contribute to the 401(a) plan. Participants are immediately vested in their accounts and rollover accounts. For the year ended June 30, 2022, the State recognized pension expense of $10.2 million.

As of December 31, 2021, 35 employers in addition to the state participated in the deferred compensation matching plan. As of December 31, 2021, membership in the plan consisted of:

Inactive employees or beneficiaries currently receiving benefit payments	27,826
Participants with no ending account balance	2,544
Active employees	29,498
Total	**59,868**

F. Other Postemployment Benefits

Defined Benefit Plans

Plan Descriptions. The State of Indiana sponsors and contributes to four single-employer defined benefit healthcare plans: State Personnel Plan (SPP); Legislature Plan (LP); Indiana State Police Plan (ISPP); and the Conservation and Excise Police Plan (CEPP). The SPP and LP are administered by the State Personnel Department. The Indiana State Police administers the ISPP. The CEPP is administered by the Indiana State Excise Police and Indiana Conservation Officers Health Insurance Committee. The SPP, ISPP, and CEPP are administered through trusts that meet the criteria in GASB 74. The LP is not administered through a trust that meets the requirements of GASB 74 and is not accumulating assets.

Benefits Provided. All four plans provide medical plan health care benefits to eligible State employee retirees and beneficiaries. The medical benefits provided to retirees are the same benefit options afforded active employees. Benefit provisions for each plan are established and may be amended by Indiana Code 5-10-8 et seq. Separate financial reports are not issued for these plans.

Employees covered by benefit terms. As of June 30, 2021, membership in the plans consisted of:

	SPP	ISPP	CEPP	LP
Inactive employees or beneficiaries currently receiving benefit payments	411	1,058	212	38
Active employees	25,318	1,662	241	115
Total	**25,729**	**2,720**	**453**	**153**

Contributions. Actuarially determined contributions (ADC) are determined for these plans by the actuary. The state determines the contributions to make for these plans after considering its other needs and the OPEB participants' needs.

For the SPP, the state contributes at least the ADC annually.

The ISPP has established a 401(h) and section 115 trust for the purpose of funding retiree OPEB. Contributions to the 401(h) and section 115 trust are made from the following sources: 1) Medicare Part D retiree drug subsidy reimbursement; 2) excess long-term disability fund; 3) retiree premiums 4) state contributions for ISP active employees in accordance with the OPEB DC plan (501 plan); and 5) discretionary contributions from the ISP healthcare fund up to $1 million. Additionally, active ISP employees contribute $20 per paycheck towards the 401(h) trust account. This ISP funding policy is expected to continue for the foreseeable future.

The annual cost of the CEPP is financed on a pay-as-you-go basis from state subsidies, active/retiree contributions, and a discretionary contribution from the CEPP reserve fund.

Retiree participants pay the full premium rate as determined by the administrators of these plans.

Financial Statements: As separately issued financial statements are not available for the State Employee Retiree Health Benefit Trust Fund-DB, summarized financial statements are as follows:

State of Indiana
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2022

	SPP	ISPP	CEPP	Total
Assets				
Cash, cash equivalents and non-pension investments	$ 69	$ 3,393	$ 970	**$ 4,432**
Receivables:				
Interest	26	-	86	**112**
Total receivables	26	-	86	**112**
Pension and other employee benefit investments at fair value:				
Debt Securities	46,869	-	-	**46,869**
Mutual Funds and Collective Trust Funds	-	-	27,140	**27,140**
Equity in internal investment pool	-	163,544	-	**163,544**
Other	-	-	2,478	**2,478**
Total investments at fair value	46,869	163,544	29,618	**240,031**
Total assets	**46,964**	**166,937**	**30,674**	**244,575**
Liabilities:				
Accounts/escrows payable	-	25	-	**25**
Benefits payable	468	642	239	**1,349**
Total liabilities	**468**	**667**	**239**	**1,374**
Net Position				
Restricted for:				
OPEB benefits	46,496	166,270	30,435	**243,201**
Total net position	**$ 46,496**	**$ 166,270**	**$ 30,435**	**$ 243,201**

State of Indiana
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2022

	SPP	ISPP	CEPP	Total
Additions:				
Member contributions	$ -	$ 799	$ -	**$ 799**
Employer contributions	1,776	13,492	4,825	**20,093**
Net investment income (loss)	92	(21,354)	(4,815)	**(26,077)**
Other	-	100	-	**100**
Total additions	1,868	(6,963)	10	**(5,085)**
Deductions:				
Benefits to participants or beneficiaries	1,983	4,678	1,581	**8,242**
Administrative	226	296	132	**654**
Total deductions	2,209	4,974	1,713	**8,896**
Net increase (decrease) in net position	(341)	(11,937)	(1,703)	**(13,981)**
Net position restricted for other post employment benefits, July 1:	46,837	178,207	32,138	**257,182**
Net position restricted for pension and other employee benefits, June 30	**$ 46,496**	**$ 166,270**	**$ 30,435**	**$ 243,201**

Net OPEB Liability

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the three plans administered through trusts at June 30, 2021 were as follows:

	SPP	ISPP	CEPP
Total OPEB liability	$62,697	$168,917	$52,984
Plan fiduciary net position	46,837	178,207	32,138
Net OPEB liability (asset)	$15,860	$ (9,290)	$20,846
Plan fiduciary net position as a percentage of the total OPEB liability	74.7%	105.5%	60.7%

The components of the net OPEB liability for the three OPEB plans administered through trusts at June 30, 2022 was:

	SPP	ISPP	CEPP
Total OPEB liability	$73,633	$172,737	$48,748
Plan fiduciary net position	46,496	166,270	30,435
Net OPEB liability	$27,137	$ 6,467	$18,313
Plan fiduciary net position as a percentage of the total OPEB liability	63.1%	96.3%	62.4%

Actuarial assumptions. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Description	SPP	ISPP	CEPP	LP
Inflation	2.00%	2.00%	2.00.%	2.00%
Salary increases	2.65% for general wage inflation plus merit and productivity increases based on the assumptions approved from the INPRS 2020 Experience Study.	Pre-1987 Plan, 3.5%. 1987 Plan as follows: Age 26, 9.0%; age 31, 6.5%, and age 36+, 4.0%	2.25% for general wage inflation plus merit and productivity increases based on the assumptions approved from the INPRS 2020 Experience Study.	2.00% for general wage inflation plus 0.65% merit and productivity increases.
Investment rate of return	3.00%	6.20%	6.20%	2.19%
Healthcare cost trend rates	8.0% decreasing 0.5% per year to an ultimate rate of 4.5%	8.0% decreasing 0.5% per year to an ultimate rate of 4.5%	8.0% decreasing 0.5% per year to an ultimate rate of 4.5%	8.0% decreasing 0.5% per year to an ultimate rate of 4.5%

For SPP, mortality rates were based on the following: For Healthy Judges/PARF employees and retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020 with a 1-year setback for males and a 1-year setback for females. For all other healthy employees and retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020 with a 3-year set forward for males and a 1 year set forward for females. For disabled retirees: SOA Pub-2010 General Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2020 with a 140% load. For surviving spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020 with no set forward for males and a 2-year set forward for females. For LP, mortality rates were based on the following: For Healthy employees and retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020 with a 1-year setback for males and a 1-year setback for females. For disabled retirees: SOA Pub-2010 General Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2020 with a 140% load. For surviving spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020 with no set forward for males and a 2-year set forward for females. For ISPP and CEPP, mortality rates were based on the following: For Healthy employees and retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020 with a 3-year set forward for males no set forward for females. For disabled retirees: SOA Pub-2010 General Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2020. For surviving spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020 with no set forward for males and a 2-year set forward for females.

For SPP and CEPP, the most recent comprehensive experience study was completed in February 2020 and was based on member experience between June 30, 2014 and June 30, 2019. For ISPP, the most recent comprehensive experience study was completed in July 2020 and was based on member experience between June 30, 2011 through June 30, 2019. For LP, the most recent comprehensive experience study was based on professional judgement and limited experience through 2008.

Discount Rate. For SPP for the June 30, 2021 valuation, the long-term expected rate of return on OPEB plan investment is 3.00%. This was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage and adding in expected inflation (2.00%). The best estimates of arithmetic real rates of return for each major asset class included in the SPP OPEB Plan's target asset allocation as of June 30, 2021 are summarized in the following table:

State Personnel Plan

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
U.S. Bond	100.0	1.0

The discount rate used to measure the total OPEB liability for SPP was 2.96 percent as of June 30, 2021 and applied to all periods of projected benefit payments to determine the total OPEB liability. The change in the discount rate from the 2020 to the 2021 actuarial valuations was .27%, lowering the rate to 2.96%. The projection of cash flows used to determine the discount rate assumed that the State's contributions to this plan will be made at a rate equal to the actuarially determined rate. The discount rate of 2.96% was used in calculating the actuarially determined contribution for this plan

For ISPP for the June 30, 2021 valuation, the long-term expected rate of return on OPEB plan investments is 6.20%. This was developed in consultation with the group's asset advisor using a building-block approach in which expected future rates of return are developed for each major asset class. The expected future nominal rates of return are shown below. Inflation is expected to be 2.00% the best estimate of arithmetic real rates of return for each major asset class included in the ISPP OPEB Plan's target asset allocation as of June 30, 2021 are summarized in the following table.

State Police Plan

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Broad US Equity	31.0	6.6
Global ex-US Equity	11.0	6.8
Domestic Fixed	22.0	1.8
Short Duration	4.0	1.5
Cash Equivalents	2.0	1.0
Hedge Funds	25.0	4.0
Real Estate	5.0	5.8
Total	**100.0**	

The discount rate used to measure the total OPEB liability for ISPP was 6.20 percent as of June 30, 2021 and applied to all periods of projected benefit payments to determine the total OPEB liability. There was no change in the discount rate from the 2020 to the 2021 actuarial valuations. The projection of cash flows used to determine the discount rate assumed that the State will continue to make contributions equal to the benefit payments each year plus additional prefunding contributions of $17.0 million per year (based on actual pre-funding contributions over the past four years) until the trust is sufficient to pay all future benefits. The discount rate of 6.20 was used in calculating the actuarially determined contribution for this plan.

For CEPP for the June 30, 2021 valuation, the long-term expected rate of return on OPEB plan investment is 6.20%. This was developed in consultation with the group's asset advisor using a building-block approach in which expected future rates of returned are developed for each major asset class. The expected future nominal rates of return as provided by the entity's investment advisor are shown below. Inflation is expected to be 2.00%. The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Conservation & Excise Officers Plan

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Broad US Equity	45.0	6.6
Global ex-US Equity	15.0	6.8
Domestic Fixed	23.0	1.8
Short Duration	5.0	1.5
Cash Equivalents	2.0	1.0
Hedge Funds	10.0	4.0
Total	**100.0**	

The discount rate used to measure the total OPEB liability for CEPP was 6.20 percent as of June 30, 2021 and applied to all periods of projected benefit payments to determine the total OPEB liability. There was no change in the discount rate from the 2020 to the 2021 actuarial valuations. The projection of cash flows used to determine the discount rate assumed that the State will continue to make contributions equal to the benefit payments each year plus additional pre-funding contributions of $3.1 million per year (based on actual pre-funding contributions over the past five years). The discount rate of 6.20% was used in calculating the actuarially determined contribution for this plan.

For LP for the June 30, 2021 valuation, the discount rate used to measure the total OPEB liability was 2.19% and applied to all periods of projected benefit payments to determine the total OPEB liability. The change in the discount rate from the 2020 to the 2021 actuarial valuations was 0.47%, lowering the rate to 2.19%.

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

Description	SPP	ISPP	CEPP	LP
Inflation	2.00%	2.00%	2.00%	2.00%
Salary increases	2.65% for general wage inflation plus merit and productivity increases based on the assumptions approved from the INPRS 2020 Experience Study.	Pre-1987 Plan, 3.5%. 1987 Plan as follows: Age 26, 9.0%; age 31, 6.5%, and age 36+, 4.0%	2.65% for general wage inflation plus merit and productivity increases based on the assumptions approved from the INPRS 2020 Experience Study.	2.00% for general wage inflation plus 0.65% for merit and productivity increases
Investment rate of return	3.00%	6.20%	6.20%	4.09%
Healthcare cost trend rates	7.5% decreasing 0.5% per year to an ultimate rate of 4.5%	7.5% decreasing 0.5% per year to an ultimate rate of 4.5%	7.5% decreasing 0.5% per year to an ultimate rate of 4.5%	7.5% decreasing 0.5% per year to an ultimate rate of 4.5%

For SPP, mortality rates were based on the following: For Healthy Judges/PARF employees and retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020 with a 1-year setback for males and a 1-year setback for females. For all other healthy employees and retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020 with a 3-year set forward for males and a 1 year set forward for females. For disabled retirees: SOA Pub-2010 General Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2020 with a 140% load. For surviving spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020 with no set forward for males and a 2-year set forward for females. For LP, mortality rates were based on the following: For Healthy employees and retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020 with a 1-year setback for males and a 1-year setback for females. For disabled retirees: SOA Pub-2010 General Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2020 with a 140% load. For surviving spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020 with no set forward for males and a 2-year set forward for females. For ISPP and CEPP, mortality rates were based on the following: For Healthy employees and retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020 with a 3-year set forward for males no set forward for females. For disabled retirees: SOA Pub-2010 General Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2020. For surviving spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020 with no set forward for males and a 2-year set forward for females.

For SPP and CEPP, the most recent comprehensive experience study was completed in February 2020 and was based on member experience between June 30, 2014 and June 30, 2019. For ISPP, the most recent comprehensive experience study was completed in July 2020 and was based on member experience between June 30, 2011 through June 30, 2019. For LP, the most recent comprehensive experience study was based on professional judgement and limited experience through 2008.

Discount Rate. For SPP for the June 30, 2022 valuation, the long-term expected rate of return on OPEB plan investment is 3.00%. This was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage and adding in expected inflation (2.00%). The best estimates of arithmetic real rates of return for each major asset class included in the SPP OPEB Plan's target asset allocation as of June 30, 2022 are summarized in the following table:

State Personnel Plan

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
U.S. Bond	100.0	1.0

The discount rate used to measure the total OPEB liability for SPP was 3.04% as of June 30, 2022 and applied to all periods of projected benefit payments to determine the total OPEB liability. The change in the discount rate from the 2021 to the 2022 actuarial valuations was .08%, increasing the rate to 3.04%. The projection of cash flows used to determine the discount rate assumed that the State's contributions to this plan will be made at a rate equal to the actuarially determined rate. The discount rate of 3.04% was used in calculating the actuarially determined contribution for this plan

For ISPP for the June 30, 2022 valuation, the long-term expected rate of return on OPEB plan investments is 6.20%. This was developed in consultation with the group's asset advisor using a building-block approach in which expected future rates of return are developed for each major asset class. The expected future nominal rates of return are shown below. Inflation is expected to be 2.00% the best estimate of arithmetic real rates of return for each major asset class included in the ISPP OPEB Plan's target asset allocation as of June 30, 2022 are summarized in the following table.

State Police Plan

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Broad US Equity	31.0	6.6
Global ex-US Equity	11.0	6.8
Domestic Fixed	22.0	1.8
Short Duration	4.0	1.5
Cash Equivalents	2.0	1.2
Hedge Funds	25.0	4.1
Real Estate	5.0	5.8
Total	**100.0**	

The discount rate used to measure the total OPEB liability for ISPP was 6.20 percent as of June 30, 2022 and applied to all periods of projected benefit payments to determine the total OPEB liability. There was no change in the discount rate from the 2021 to the 2022 actuarial valuations. The projection of cash flows used to determine the discount rate assumed that the State will continue to make contributions equal to the benefit payments each year plus additional prefunding contributions of $16.1 million per year (based on actual pre-funding contributions over the past four years) until the trust is sufficient to pay all future benefits. The discount rate of 6.20 was used in calculating the actuarially determined contribution for this plan.

For CEPP for the June 30, 2022 valuation, the long-term expected rate of return on OPEB plan investment is 6.20%. This was developed in consultation with the group's asset advisor using a building-block approach in which expected future rates of returned are developed for each major asset class. The expected future nominal rates of return as provided by the entity's investment advisor are shown below. Inflation is expected to be 2.00%. The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Conservation & Excise Officers Plan		
Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Broad US Equity	45.0	6.6
Global ex-US Equity	15.0	6.8
Domestic Fixed	23.0	1.8
Short Duration	5.0	1.5
Cash Equivalents	2.0	1.2
Hedge Funds	10.0	4.1
Total	**100.0**	

The discount rate used to measure the total OPEB liability for CEPP was 6.20 percent as of June 30, 2022 and applied to all periods of projected benefit payments to determine the total OPEB liability. There was no change in the discount rate from the 2021 to the 2022 actuarial valuations. The projection of cash flows used to determine the discount rate assumed that the State will continue to make contributions equal to the benefit payments each year plus additional pre-funding contributions of $3.4 million per year (based on actual pre-funding contributions over the past five years). The discount rate of 6.20% was used in calculating the actuarially determined contribution for this plan.

For LP for the June 30, 2022 valuation, the discount rate used to measure the total OPEB liability was 4.09% and applied to all periods of projected benefit payments to determine the total OPEB liability. The change in the discount rate from the 2021 to the 2022 actuarial valuations was 1.90%, increasing the rate to 4.09%.

Changes in the Net/Total OPEB Liability

State Personnel Plan	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/20	$ 52,311	$ 47,137	$ 5,174
Changes for the year:			
Service cost	3,207	-	3,207
Interest	1,714	-	1,714
Differences between expected and actual experience	3,307	-	3,307
Changes of assumptions or other inputs	7,075	-	7,075
Contributions - employer	-	4,559	(4,559)
Net investment income	-	58	(58)
Benefit payments, including refunds of employee contributions	(4,917)	(4,917)	-
Administrative expense	-	-	-
Net changes	10,386	(300)	10,686
Balances at 6/30/21	**$ 62,697**	**$ 46,837**	**$ 15,860**

Indiana State Police	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at 6/30/20	$ 177,448	$ 158,657	$ 18,791
Changes for the year:			
Service cost	4,993	-	4,993
Interest	11,209	-	11,209
Differences between expected and actual experience	(28,391)	-	(28,391)
Changes of assumptions or other inputs	7,029	-	7,029
Contributions - employer	-	22,322	(22,322)
Contributions - employee	-	828	(828)
Net investment income	-	131	(131)
Benefit payments, including refunds of employee contributions	(3,371)	(3,371)	-
Administrative expense	-	(360)	360
Net changes	(8,531)	19,550	(28,081)
Balances at 6/30/21	**$ 168,917**	**$ 178,207**	**$ (9,290)**

Conservation & Excise Police Plan	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/20	$ 49,275	$ 27,172	$ 22,103
Changes for the year:			
Service cost	1,131	-	1,131
Interest	3,092	-	3,092
Differences between expected and actual experience	(1,883)	-	(1,883)
Changes of assumptions or other inputs	2,447	-	2,447
Contributions - employer	-	4,301	(4,301)
Net investment income	-	1,856	(1,856)
Benefit payments, including refunds of employee contributions	(1,078)	(1,078)	-
Administrative expense	-	(113)	113
Net changes	3,709	4,966	(1,257)
Balances at 6/30/21	**$ 52,984**	**$ 32,138**	**$ 20,846**

Legislature Plan	Increase (Decrease)
	Total OPEB Liability (a)
Balances at 6/30/20	$ 8,110
Changes for the year:	
Service cost	39
Interest	211
Differences between expected and actual experience	1,308
Changes of assumptions or other inputs	835
Benefit payments, including refunds of employee contributions	(477)
Net changes	1,916
Balances at 6/30/21	**$ 10,026**

Changes since last year's valuation, which was for the fiscal year ending June 30, 2020 are as follows:

For SPP, the mortality assumption has been updated from using the MP-2019 improvement scale to use the MP-2020 improvement scale. The base mortality tables are unchanged. This change led to a slight decrease in liabilities. The baseline payroll growth rate has been updated from 2.75% to 2.65% based on the assumptions used in the 2021 INPRS actuarial valuation. This change led to a slight increase in liabilities. The turnover rate for State employees has been updated to follow the State employee turnover rate table from the 2021 INPRS actuarial valuation. This change has led to an increase in liabilities.

For ISP, the mortality assumption has been updated from using the MP-2019 improvement scale to use the MP-2020 improvement scale. The base mortality tables are unchanged. This change led to a slight decrease in liabilities.

For CEPP, the mortality assumption has been updated from using the MP-2019 improvement scale to use the MP-2020 improvement scale. The base mortality tables are unchanged. This change led to a slight decrease in liabilities. The baseline payroll growth rate has been updated from 2.75% to 2.65% based on the assumptions used in the 2021 INPRS actuarial valuation. This change led to a slight increase in liabilities.

For LP, the mortality assumption has been updated from using the MP-2019 improvement scale to use the MP-2020 improvement scale. The base mortality tables are unchanged. This change led to a slight decrease in liabilities. The baseline payroll growth rate has been updated from 2.75% to 2.65% based on the assumptions used in the 2021 INPRS actuarial valuation. This change led to a slight increase in liabilities.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability for the three OPEB plans administered through trusts calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

June 30, 2021 valuation:

State Personnel Plan		
Net OPEB Liability		
1% Decrease (1.96%)	Current Rate (2.96%)	1% Increase (3.96%)
21,663	15,860	10,557

State Police Plan		
Net OPEB Liability (Asset)		
1% Decrease (5.20%)	Current Rate (6.20%)	1% Increase (7.2%)
9,103	(9,290)	(25,261)

Conservation & Excise Officers Plan		
Net OPEB Liability		
1% Decrease (5.20%)	Current Rate (6.20%)	1% Increase (7.20%)
28,534	20,846	14,553

June 30, 2022 valuation:

State Personnel Plan		
Net OPEB Liability		
1% Decrease (2.04%)	Current Rate (3.04%)	1% Increase (4.04%)
34,023	27,137	20,865

State Police Plan		
Net OPEB Liability (Asset)		
1% Decrease (5.20%)	Current Rate (6.20%)	1% Increase (7.2%)
24,488	6,467	(9,257)

Conservation & Excise Officers Plan		
Net OPEB Liability		
1% Decrease (5.20%)	Current Rate (6.20%)	1% Increase (7.20%)
25,479	18,313	12,468

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability for the LP OPEB plan that is not administered through a trust calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

Legislature Plan		
Total OPEB Liability		
1% Decrease (1.19%)	Current Rate (2.19%)	1% Increase (3.19%)
11,398	10,026	8,906

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability for the three OPEB plans administered through trusts calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

June 30, 2021 valuation:

	Net OPEB Liability (Asset)		
	1% Decrease (7.0% decreasing to 3.5%)	Current Rate (8.0% decreasing to 4.5%)	1% Increase (9.0% decreasing to 5.5%)
SPP	9,036	15,860	23,974
ISP	(26,756)	(9,290)	11,340
CEPP	13,915	20,846	29,529

June 30, 2022 valuation:

	Net OPEB Liability (Asset)		
	1% Decrease (6.5% decreasing to 3.5%)	Current Rate (7.5% decreasing to 4.5%)	1% Increase (8.5% decreasing to 5.5%)
SPP	18,575	27,137	37,382
ISP	(12,176)	6,467	28,536
CEPP	11,454	18,313	26,958

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability for the LP OPEB plan that is not administered through a trust calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

Legislature Plan		
Total OPEB Liability		
1% Decrease (7.0% decreasing to 3.5%)	Current Rate (8.0% decreasing to 4.5%)	1% Increase (9.0% decreasing to 5.5%)
8,957	10,026	11,305

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OEPB

State Personnel Plan - For the year ended June 30, 2022 the State recognized OPEB expense of $5.1 million. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,816	$ 2,285
Changes of assumptions or other inputs	7,793	5,381
Net difference between projected and actual earnings on OPEB plan investments	1,974	-
Employer's contributions to the OPEB plan subsequent to the measurement date of the net OPEB liability	1,776	-
Total	$ 19,359	$ 7,666

Deferred outflows of resources in the amount of $1.8 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2023	1,679
2024	1,497
2025	1,403
2026	2,188
2027	553
Thereafter	2,597

Indiana State Police Plan - For the year ended June 30, 2022 the State recognized OPEB income of $26.1 million. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 92,732
Changes of assumptions or other inputs	6,025	60,984
Net difference between projected and actual earnings on OPEB plan investments	14,171	-
Employer's contributions to the OPEB plan subsequent to the measurement date of the net OPEB liability	13,492	-
Total	$ 33,688	$ 153,716

Deferred outflows of resources in the amount of $13.5 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2023	(31,434)
2024	(31,842)
2025	(32,243)
2026	(26,790)
2027	(8,160)
Thereafter	(3,051)

Conservation & Excise Police Plan - For the year ended June 30, 2022 the State recognized OPEB income of $74 thousand. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,590	$ 7,256
Changes of assumptions or other inputs	5,987	18,658
Net difference between projected and actual earnings on OPEB plan investments	380	-
Employer's contributions to the OPEB plan subsequent to the measurement date of the net OPEB liability	4,825	-
Total	$ 16,782	$ 25,914

Deferred outflows of resources in the amount of $4.8 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2023	(2,631)
2024	(2,703)
2025	(2,745)
2026	(2,840)
2027	(3,119)
Thereafter	81

Legislature Plan - For the year ended June 30, 2022 the State recognized OPEB expense of $0.2 million. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,046	$ 922
Changes of assumptions or other inputs	1,080	77
Employer's contributions to the OPEB plan subsequent to the measurement date of the total OPEB liability	527	-
Total	**$ 2,653**	**$ 999**

Deferred outflows of resources in the amount of $0.5 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2023	(76)
2024	307
2025	467
2026	429

Defined Contribution Plan

Plan Description. The State of Indiana sponsors one single employer defined contribution OPEB plan, the Retirement Medical Benefits Account Plan (RMBA). The plan is administered in accordance with IC 5-10-8.5. RMBA allows for certain medical care expense premiums to be reimbursed from individual accounts established for retired participants under IC 5-10-8.5-9. RMBA became effective for participants who retired on or after July 1, 2007. The plan is administered by the INPRS Board of Trustees.

Retired participants include: (a) participants who are eligible for a normal, unreduced or disability retirement benefit. (b) participants who have completed at least ten years of service as an elected or appointed officer on their last day of service. (c) participants who are a member of the PERF My Choice plan who are of normal retirement age on their last day of service and whose last day of service is after June 30, 2021

Individual account balances are comprised of annual contributions and earnings on investments after deduction of costs to manage the plan. Annual contributions range between $500 and $1,400, based on the participant's age while in service. Individual account balances are reset after a break in service of more than 30 days. IC 5-10-8.5-16 provides a one-time credit for an additional contribution to a participant's account, if, by June 30, 2017, the participant was eligible for an unreduced pension benefit and had completed at least 15 years of service or had completed 10 years of service as an elected or appointed officer. The one-time additional contribution is credited to a participant's account after the participant's last day of service. Participants lose their right to this one-time contribution if there is a break in service for more than 30 days between July 1, 2007 and June 30, 2017.

Contributions for self-funded agencies and employees not funded by the state budget is recovered by an annual charge per employee determined each year. The annual charge for FY 2022 was $1,026, which was due by June 30. The remaining funding is through appropriation of cigarette taxes (IC 6-7-1-28.1(7)) received throughout the year.

The Plan administrator reimburses premiums for medical, dental, vision and long-term care for retired participants and their spouses and dependent children. The reimbursements are deducted from the participant's individual account balance and end when the participant's individual account balance is exhausted. If a retired participant dies without a surviving spouse or dependent children, unused amounts are forfeited. Forfeitures are used to reduce the contributions required from the employer.

The amount of reimbursed retiree medical expenses during the fiscal year ending June 30, 2022 was $17.1 million. As of June 30, 2022, the state owes contributions of $23.4 million to the plan to fulfill its obligation towards additional contributions per IC 5-10-8.5-16. Forfeitures of retiree medical benefits for the fiscal year ending June 30, 2022 totaled $17.3 million.

As of June 30, 2022 participation in the plan was as follows:

Inactive employees or beneficiaries currently receiving benefit payments	8,418
Active employees	27,363
Total	**35,781**

Financial report. INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

A summary of the OPEB amounts disclosed in the notes is provided in the following table.

Plan	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Net OPEB Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
OPEB DB							
SPP	$ 62,697	$ 46,837	$ 15,860	$ -	$ 19,359	$ 7,666	$ 5,074
ISP	168,917	178,207	-	9,290	33,688	153,716	(26,130)
CEPP	52,984	32,138	20,846	-	16,782	25,914	(74)
LP	10,026	-	10,026	-	2,653	999	174
Total OPEB DB	**294,624**	**257,182**	**46,732**	**9,290**	**72,482**	**188,295**	**(20,956)**
RMBA-DC	23,401	-	23,401	-	-	-	20,640
Total OPEB	**$ 318,025**	**$ 257,182**	**$ 70,133**	**$ 9,290**	**$ 72,482**	**$ 188,295**	**$ (316)**

G. Pollution Remediation Obligations

Nature and source of pollution remediation obligations:

Four state agencies have identified themselves as responsible or potentially responsible parties to remediate forty-five pollution sites. Obligating events for the cleanup of these sites include being compelled to take action because the pollution creates an imminent danger to public health or welfare or the environment, being named by a regulator to remediate hazardous wastes and contamination, and voluntarily assuming responsibility because of imminent threats to human health and the environment.

Amount of the estimated liability, methods and assumptions used for the estimate, and the potential for changes:

The State's total estimated liability is $31.9 million of which $3.5 million is estimated to be payable within one year and $28.4 million estimated to be payable in more than one year. State agencies calculated their estimated liabilities using various approaches including existing agreements, contractor bids/surveys, records of decisions from regulators, matching requirements under the Superfund law, previous actual costs to cleanup similar sites, investigation activities, well known and recognized estimation methods, and through the sampling and knowing the size and volume of existing contamination at a site. Superfund site estimated liabilities also applied a rolling thirty-year liability as this was the number of years determined to be reasonably estimable. The estimated liabilities of state agencies are subject to annual review and adjustment for changes in agreements, laws, regulations, court decisions, price increases or decreases for goods and services used in cleanup, and other relevant changes that come to light.

Estimated recoveries reducing the liability:

The estimated recoveries total $13.9 million. Of this total, $0.2 million is unrealizable or has not yet been realized and has been applied to reduce the State's total estimated liability. Estimated recoveries include the proceeds from the sale of stock, bankruptcy court settlements, coverage of allowable costs by the State's Excess Liability Trust Fund (ELTF), credits received for work performed on Superfund sites, and federal funds. The ELTF state law states that if insufficient funds exist to pay claims neither the State nor the Fund are liable for unpaid claims. The State recognized $3.7 million of program revenue for seven sites whose realized recoveries exceeded the pollution remediation liability.

H. Asset Retirement Obligations

GASB Statement No. 83, Certain Asset Retirement Obligations (GASB 83), establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. In accordance with the statement, the State has recognized asset retirement obligations of $10.9 million as of June 30, 2022, related to decommissioning costs for various wastewater treatment plants. This obligation was recognized using the best estimate of the current value of outlays expected to be incurred based on vendor quotes and engineering estimates. Additionally, the Indiana Department of Environmental Management approves plans for each decommissioning. The corresponding deferred outflow of resources is amortized over the estimated remaining useful life of the associated tangible capital assets. These assets have remaining estimated lives ranging from zero to thirty years. No restricted assets are set aside for payment of the asset retirement obligations.

I. Tax Abatements

The State provides tax abatements through seven programs which are the (1) Coal Gasification Technology Investment Credit, (2) Economic Development for a Growing Economy (EDGE) Credit, (3) Hoosier Business Investment Credit, (4) Industrial Recovery Credit, (5) Research Expense Credit, (6) Venture Capital Investment Credit, and (7) Neighborhood Assistance Program Credit. The Indiana Economic Development Corporation (IEDC) approves the tax credits for programs (1) through (6). The Indiana Housing and Community Development Authority (IHCDA) approves the tax credits for the Neighborhood Assistance Program Credit. The following is a summary of these programs where the taxes abated exceeded $1 million individually or in the aggregate.

Coal Gasification Technology Investment Credit

The Coal Gasification Technology Investment Credit is created by IC 6-3.1-29. This program was created to foster job creation and higher wages, reduce air pollution as a result of the generation of electricity through fossil fuels, and promote investment in integrated coal gasification power plants and fluidized bed combustion technology. This program provides a credit against a taxpayer's adjusted gross income tax, financial institutions tax, insurance premiums tax liability, or utility receipts tax. The credit must be claimed on the taxpayer's annual state income tax return or returns filed with the Indiana Department of Revenue. The credit is administered by the Indiana Economic Development Corporation (IEDC) and is for a qualified investment in an integrated coal gasification power plant equal to the sum of 10% of the taxpayer's qualified investment for the first $500 million invested; 5% of the taxpayer's qualified investment that exceeds $500 million, only if the facility is dedicated primarily to serving Indiana retail electric or gas utility consumers. For qualified investment in fluidized bed combustion technology, the credit is equal to the sum of 7% of the taxpayer's qualified investment for the first $500 million invested; 3% of the taxpayer's qualified investment that exceeds $500 million. Qualified investment is defined as a taxpayer's expenditures for all real and tangible personal property incorporated in and used as part of an integrated coal gasification power plant or a fluidized bed combustion technology and transmission equipment and other real and personal property located at the site of an integrated coal gasification power plant or a fluidized bed combustion technology that is employed specifically to serve the integrated coal gasification power plant or fluidized bed combustion technology. In order to award a tax credit under this program, the IEDC must determine the taxpayer's proposed investment satisfies the requirements of IC 6-3.1-29. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-29. The State has made no other commitments other than to reduce the applicable taxes as part of this program.

Economic Development for a Growing Economy (EDGE) Credit

The Economic Development for a Growing Economy Credit is created by IC 6-3.1-13. This program was created to foster job creation in Indiana, job retention in Indiana, and to foster employment in Indiana of students who participate in a course of study that includes a cooperative arrangement between an educational institution and an employer for the training of students in high wage, high demand jobs that require an industry certification. This program provides a credit against a taxpayer's adjusted gross income tax, financial institutions tax, or insurance premiums tax liability. The credit must be claimed on the taxpayer's annual state income tax return filed with the Indiana Department of Revenue. The credit is administered by the Indiana Economic Development Corporation (IEDC). The amount and duration of this tax credit shall be determined by the IEDC. The credit may be stated as a percentage of the incremental income tax withholdings attributable to the applicant's project and may include a fixed dollar limitation. In the case of a credit awarded for a project to create new jobs in Indiana, the credit amount may not exceed the incremental income tax withholdings. However, the credit amount claimed for a taxable year may exceed the taxpayer's state tax liability for the taxable year, in which the excess may, at the discretion of the IEDC, be refunded to the taxpayer. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-13. The State has made no other commitments other than to reduce the applicable taxes as part of this program. In order to receive a tax credit, the taxpayer must commit to the creation or retention of full-time, permanent jobs for Indiana residents at the project location and new capital investment in Indiana.

Hoosier Business Investment Credit

The Hoosier Business Investment Credit is created by IC 6-3.1-26. This program was created to foster job creation and create higher wages in Indiana. This program provides a credit against a taxpayer's adjusted gross income tax, financial institutions tax, or insurance premiums tax liability. The credit must be claimed on the taxpayer's annual state income tax return filed with the Indiana Department of Revenue. The credit is administered by the Indiana Economic Development Corporation (IEDC) and may not exceed 10% of the taxpayer's qualified investment in a taxable year for qualified investment that is not a logistics investment and 25% of the qualified investment made in a taxable year if the qualified investment is a logistics investment. Qualified investment is defined as the amount of the taxpayer's expenditures in Indiana for the purchase of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, finishing, distribution, transportation, or logistical distribution equipment; the purchase of new computers and related equipment; costs associated with the modernization of existing telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, finishing, distribution, transportation, or logistical distribution facilities; onsite infrastructure improvements; the construction of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, finishing, distribution, transportation, or logistical distribution facilities; costs associated with retooling existing machinery and equipment; costs associated with the construction of special purpose building and foundations for use in the computer, software, biological sciences, or telecommunications industry; costs associated with the purchase of machinery, equipment or special purpose buildings used to make motion pictures or audio productions; and a logistics investment as further described in IC 6-3.1-26-8.5 that are certified by the IEDC under this chapter as being eligible for the credit. The term does not include property that can be readily moved outside Indiana. In order to award a tax credit under this program, the IEDC must determine the following conditions exist, the applicant's project will raise the total earnings of employees of the applicant in Indiana or substantially enhance the logistics industry by creating new jobs, preserving existing jobs that otherwise would be lost, increasing wages in Indiana, or improving the overall Indiana economy, in the case of a logistics investment being claimed by the applicant; the applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment and strengthening the economy of Indiana; receiving the tax credit is a major factor in the applicant's decision to go forward with the project and not receiving the tax credit will result in the applicant not raising the total earnings of the applicant's employees in Indiana, or other employees in Indiana in the case of a logistics investment being claimed by the applicant; awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data; the credit is not prohibited by the relocation of jobs from one location in Indiana to another location in Indiana; in the case of a qualified investment that is not being claimed as a logistics investment by the applicant, the average wage that will be paid by the taxpayer to its employees (excluding highly compensated employees) at the location after the credit is given will be at least equal to one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-26. The State has made no other commitments other than to reduce the applicable taxes as part of this program. In order to receive a tax credit, the taxpayer must commit to the creation or retention of full-time, permanent jobs for Indiana residents at the project location and new capital investment in Indiana.

Industrial Recovery Credit

The Industrial Recovery Credit is created by IC 6-3.1-11. This program was created to foster the rehabilitation of property located within an industrial recovery site. This program provides a credit against a taxpayer's adjusted gross income tax, financial institutions tax, or insurance premiums tax liability. The credit must be claimed on the taxpayer's annual state income tax return filed with the Indiana Department of Revenue. The credit is administered by the Indiana Economic Development Corporation (IEDC) and may not exceed 15% for a plant that was in service at least fifteen years ago but less than thirty years ago, 20% for a plant that was placed in service at least thirty years ago but less than forty years ago, and 25% if a plant was placed in service at least forty years ago. Qualified investment is defined as the amount of the taxpayer's expenditures for rehabilitation of property located within an industrial recovery site. Rehabilitation is defined as the remodeling repair, or betterment of real property in any manner or enlargement or extension of real property. Plant is defined as a building or complex of buildings used, or designed and constructed for use, in production, manufacturing, fabrication, assembly, processing, refining, finishing, or warehousing of tangible personal property, whether the tangible personal property is or was for sale to third parties or for use by the owner in the owner's business. In order to award a tax credit under this program, the IEDC must consider the following factors; the level of distress in the surrounding community caused by the loss of jobs at the vacant industrial facility; evidence of support for the designation by residents, businesses, and private organizations in the surrounding community; evidence of a commitment by private or governmental entities to assist in the financing of improvements or redevelopment activities benefiting the vacant industrial facility; whether the industrial recovery site is within an economic revitalization area designated under IC 6-1.1-12.1. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-11. The State has made no other commitments other than to reduce the applicable taxes as part of this program. In order to receive a tax credit, the taxpayer must commit to new capital investment in Indiana within the statutory parameters.

Research Expense Credit

The Research Expense Credit is created by IC 6-3.1-4. The program was created to incentivize research investment in Indiana. This program provides a credit against a taxpayer's adjusted gross income tax liability. The credit must be claimed on the taxpayer's annual state income tax return filed with the Indiana Department of Revenue. The program is administered by the Indiana Department of Revenue (DOR), with the exception of the aerospace technology portion which is administered by the Indiana Economic Development Corporation (IEDC). The credit may be calculated one of two ways, listed below, as elected by the taxpayer. For Indiana qualified research expense incurred after December 31, 2007, the credit is equal to 15% of the Indiana qualified research expense less the taxpayer's base amount of Indiana qualified research expense, up to $1 million. For qualified research expense in excess of $1 million, the credit amount is equal to 10%. For Indiana qualified research expense incurred after December 31, 2009, the taxpayer's research expense tax credit is equal to 10% of the part of the taxpayer's Indiana qualified research expense for the taxable year that exceeds 50% of the taxpayer's average Indiana qualified research expense for the 3 taxable years preceding the taxable year for which the credit is being determined. If the taxpayer did not have Indiana qualified research expense in any 1 of the 3 taxable years preceding the taxable year for which the credit is being determined, the amount of the research expense tax credit is equal to 5% of the taxpayer's Indiana qualified research expense for the taxable year. Indiana qualified research expense is defined as qualified research expense that is incurred for research conducted in Indiana. Qualified research expense means qualified research expense as defined in Section 41(b) of the Internal Revenue Code. The tax credit will be recaptured if the DOR determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-4. The State has made no other commitments other than to reduce the applicable taxes as part of this program.

Venture Capital Investment Credit

The Venture Capital Investment Credit is created by IC 6-3.1-24. This credit was created to improve access to capital for fast growing Indiana companies by providing individual and corporate investors an incentive to invest in early-stage firms. This program provides a credit against a taxpayer's adjusted gross income tax, financial institutions tax, insurance premiums tax, or state gross retail and use tax liability. The credit must be claimed on the taxpayer's state income tax return or returns filed with the Indiana Department of Revenue. The credit is administered by the Indiana Economic Development Corporation (IEDC) and is equal to 20% of the taxpayer's qualified investment capital provided to the qualified Indiana business or $1.0 million, whichever is less. Starting on January 1, 2022, the credit is equal to 25% of the taxpayer's qualified investment capital, up to $1.0 million for qualified Indiana businesses, or 30% up to $1.5 million for qualified Indiana businesses that are women- or minority-owned. Qualified Indiana business is defined as an independently owned and operated business that is certified as a qualified Indiana business by the IEDC. Qualified investment capital is defined as debt or equity capital that is provided to a qualified Indiana business. However, the term does not include debt that is provided by a financial institution (as defined in IC 5-13-4-10) after May 15, 2005 and is secured by a valid mortgage, security agreement, or other agreement or document that establishes a collateral or security position for the financial institution that is senior to all collateral or security interests of other taxpayers that provide debt or equity capital to the qualified Indiana business. In order to award a tax credit under this program, the IEDC must certify the taxpayer's proposed investment plan. The proposed investment plan must include the name and address of the taxpayer, the name and address of each proposed recipient of the taxpayer's proposed investment; the amount of the proposed investment; a copy of the certification issued by the IEDC stating the business being invested in is a qualified Indiana business, and any other information required by the IEDC. The IEDC must determine that the proposed investment would qualify for the taxpayer credit under this program, and the amount of proposed investment would not result in the total amount of tax credits certified for the calendar year exceeding $12.5 million. The total amount of credits that may be approved by the IEDC for a calendar year may not exceed $12.5 million. Starting on January 1, 2022, the total amount of credits that may be approved by the IEDC for a calendar year may not exceed $20.0 million, with not more than $7.5 million set aside for a taxpayer's investment in a qualified Indiana investment fund. A qualified Indiana investment fund is certified by the IEDC and must have a substantial presence in Indiana. The credit is equal to 20% of the taxpayer's qualified investment capital, up to $5 million. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-24. The State has made no other commitments other than to reduce the applicable taxes as part of this program.

Neighborhood Assistance Program Credit

The Neighborhood Assistance Program (NAP) Credit is created by IC 6-3.1-9. The IHCDA distributes state tax credits to eligible non-profit organizations through an application approval process that they use to raise funds for their activities of community services, crime prevention, education, job training, and neighborhood assistance in economically disadvantaged areas or households. Each fiscal year, NAP State tax credits are capped at $2.5 million and the maximum credit per donor is $25,000. NAP tax credits are distributed to donors at 50% of the contribution amount and are subtracted from a donor's adjusted gross income or financial institutions tax liability on their annual state income tax returns. Unused portions of the credit may not be carried forward or carried back and the credit is nonrefundable. The State has made no other commitments other than to reduce the applicable taxes as part of this program.

The state tax abatements for the fiscal year ended June 30, 2022 are:

Tax Abatement Program	**Amount of Taxes Abated**
Coal Gasification Technology Investment Credit	
Corporate Income Tax	$ 15,000
Economic Development for a Growing Economy (EDGE) Credit	
Individual Income Tax	8,621
Corporate Income Tax	57,314
Hoosier Business Investment Credit	
Individual Income Tax	1,497
Corporate Income Tax	3,888
Industrial Recovery Credit	
Individual Income Tax	6,828
Corporate Income Tax	15,386
Neighborhood Assistance Credit	
Individual Income Tax	2,031
Corporate Income Tax	(D)
Research Expense Credit	
Individual Income Tax	30,911
Corporate Income Tax	43,186
Venture Capital Investment Credit	
Individual Income Tax	4,796
Corporate Income Tax	11

(D) - *Non-disclosable per Indiana Code 6-8.1-7-2.*

J. Subsequent Events

Primary Government

Additional Automatic Taxpayer Refund

In August 2022, the Indiana General Assembly authorized an additional automatic taxpayer refund (AATR) in the amount of $200 per qualifying citizen. Approximately 4.3 million taxpayers that qualify would receive the AATR. In addition, approximately 469,000 to 626,000 individuals that meet certain requirements could potentially receive the ATR. If all of these individuals file a tax return by the end of calendar year 2023, General Fund distributions would increase by an estimated $958 million to $990 million in FY 2023. However, a portion of the distributions may be paid in fiscal year 2024.

Transfer Excess Reserves to Pension Stabilization Fund

In September 2022, $2.5 billion was transferred from the General Fund to the Indiana Public Retirement System's (component unit) TRF pre '96 plan. Indiana Code 4-10-22-1.5 requires the State Budget Agency to transfer prior fiscal year excess General Fund reserves that exceed $2.5 billion (not to exceed $2.5 billion) to the TRF pre-'96 plan.

Component Units

Indiana Comprehensive Health Insurance Association

The Department of Insurance issued a final order approving a plan of dissolution for the Indiana Comprehensive Health Insurance Association in September 2022. Activity will terminate and be dissolved effective December 31, 2022. Indiana code 27-8-10-0.5 (j) requires all remaining funds on the date of final dissolution to be transferred to the state general fund.

Indiana State Park Inn Authority

Indiana Code 14-19-11-4 creates the Indiana State Park Inn Authority as a separate legal organization effective July 1, 2022. For the year ended June 30, 2022, the activity associated with state park inns is reported as an enterprise fund of primary government. It will be treated as a blended component beginning in fiscal year 2023.